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PROCEEDINGS AND DEBATES OF THE 100th CONGRESS, FIRST SESSION

SENATE—*Monday, April 27, 1987*

(Legislative day of Tuesday, April 21, 1987)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the Honorable WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

I will bless the Lord at all times; His praise shall continually be in my mouth. My soul shall make its boast in the Lord; the humble shall hear thereof and be glad. O magnify the Lord with me, and let us exalt His name together.—Palms 34:1-3.

We do praise You, O Lord! Worthy are You to receive our worship—our adoration—our love. We so easily forget You—so easily allow ourselves to be overwhelmed by the temporal, to be immersed in the transitory. We begin to think and act as though that is all there is to reality. Your word declares "that which is seen is temporal, that which is unseen is eternal." Deliver us from the prison of the visible and the tangible. Help us hear the cry of our spirits longing to reach beyond the transitory to the transcendent. Help us to resist the gravity pull of the mundane. Help us to stretch our souls and reach for heaven. Touch our lives today with the exhilaration of immortality. We pray in the name of Him who is life and light. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. STENNIS].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, April 27, 1987.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WILLIAM PROXMIRE, a Senator from the State of Wisconsin, to perform the duties of the Chair.

JOHN C. STENNIS,
President pro tempore.

Mr. PROXMIRE thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order, the majority leader is recognized.

Mr. BYRD. I thank the Chair.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, I ask unanimous consent that the time of the distinguished Republican leader, if he does not use it now or does not use it all now, may be reserved to him for later in the day.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SUPPLEMENTAL APPROPRIATIONS BILL WRONG ON ALL COUNTS

Mr. DOLE. Mr. President, late last week the House passed an "urgent" supplemental appropriations bill that does everything but what it should do.

The bill, which intended to provide much-needed funds for a number of programs in the Defense and State Departments—doesn't. The House deleted the entire $651 million for foreign aid, which means that several friendly Central American countries and the Philippines, fledgling democracies anxiously awaiting our help, will be left emptyhanded.

As for the request for the Defense Department, the original request was cut in half by the House Appropriations Committee. And then all money slated for the strategic defense initiative [SDI] was gutted. I find this, and I know the administration finds this omission both unconscionable and unacceptable.

In its wisdom, the House just dropped funding in these two critical areas. And to make it worse, the Democrats decided to tell the administration how to conduct its arms control policy.

Not only did the House place a ban on most nuclear weapons testing, but it also required the administration to comply with arms limits contained in the unratified SALT II Treaty.

ARMS CONTROL

The last time I looked, the Constitution gave the executive branch the power to negotiate treaties, and the Senate the authority to ratify them. The House isn't mentioned.

I can say categorically that if—either in committee or on the floor—there are attempts to put arms control language in the supplemental, we will be debating this bill for a very, very long time.

There is a time and a place for every issue. I would never attempt to deprive any Senator of the opportunity to debate arms control but this urgent supplemental is not, let me repeat not, the place to do it. And neither, by the way, is the debt ceiling bill we will have to pass in the middle of May.

As far as I know, Congress has no authority to tell this administration, or any administration, it has to adhere to a treaty that was never ratified. And months ago, I made it known, in a letter to the President, that if any such attempts were made, I would do everything in my power to prevent such an imposition, including calling up the original SALT Treaties for a Senate vote.

I hope it doesn't come to that. I hope that we in the Senate will act more wisely, more responsibly, provide the money for worthy programs, and leave the falderol for another time, another place.

BUDGET BUSTER

The Office of Management and Budget issued a 14-page, detailed description of objections it has to the

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

House-reported supplemental, and it became worse after floor action.

There was an attempt to bring the supplemental back into budgetary compliance. The House lopped off close to $2 billion with an across-the-board cut. When the administration submitted its request, it submitted nearly $3 billion in spending offsets or rescissions. The House chose to ignore these proposals, and instead sends us a package that is $3 billion over the outlay total for 1987, resulting in a major breach of the Gramm-Rudman-Hollings law.

The White House is counting on the Senate to return the supplemental to its original goal—to put back what belongs in this spending measure, and hold back amendments that have absolutely nothing to do with the issues at hand. I, for one, intend to do what I can to fulfill that very reasonable expectation.

BICENTENNIAL MINUTE

APRIL 27, 1789: THE SENATE'S FIRST CHAPLAIN

Mr. DOLE. Mr. President, this month in my Bicentennial minutes, I have been focusing on events that took place 198 years ago, following the achievement of the Senate's first quorum on April 6, 1789. On April 27 of that year, the Senate opened its session with a prayer by the Reverend Samuel Provoost, the Episcopal Bishop of New York. Then, as Reverend Provoost looked on, the Senate took up two matters that were of direct interest to him.

First, the Senate agreed to a resolution providing that, following the administration of President Washington's oath on April 30. Both Houses would proceed to nearby St. Paul's Chapel for a worship service. That service was to be conducted by Bishop Provoost. The Senate's action in this instance has, in the intervening two centuries, served as a foundation for religious involvement with Presidential inaugurations.

Also, on April 27, 1789, the Senate formally received a letter from Bishop Provoost accepting an appointment as the Senate's official chaplain. Earlier, on April 15, a special Senate committee had recommended a system for the appointment of chaplains. That plan, which both Houses accepted, provided that the Senate first select a chaplain and report that action to the House. The House would then select its chaplain, with the requirement that he be from a different religious denomination. The resolution also provided that the chaplains would "commence their services in the Houses which appoint them, but shall interchange weekly." On May 1, the House appointed William Linn, a Presbyterian minister. These clergymen alternately served the Senate and House for 2 years, until Congress moved from New York City to Philadelphia.

From Bishop Provoost in 1789 to Reverend Halverson today, the Senate has had 61 official chaplains. Among the denominations represented have been Episcopalians, 18; Methodists, 18; Presbyterians, 13; Baptists, 6; Unitarians, 2; Congregationalist, 1; Lutheran, 1; Roman Catholic, 1, and one Reverend Mr. Goodman, who served in 1836, of unknown affiliation.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BYRD). Without objection, it is so ordered.

The Chair inquires of the Senator: Does the Senator wish to utilize the majority leader's time or does he wish to speak during the period for morning business?

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may speak for 5 minutes as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

WE LIVE IN A NUCLEAR WORLD—NOW AND FOREVER

Mr. PROXMIRE. Mr. President, what realistic prospect is there that the United States and the Soviet Union could agree on a treaty abolishing nuclear weapons in the next 10 or 15 or 20 years? Both President Reagan and Secretary Gorbachev have announced this as their ultimate aim. Many observers believe the two leaders. Many dream of that happy day—perhaps early in the next century, when nuclear weapons will become no more than a terrible memory. What stands in the way of this ultimate achievement?

All of mankind yearns for a nuclear free world. Both superpower leaders call for it. Why can't we achieve it? Here's why. The obstacles are far greater than most have imagined. Of course it is well known that the two superpower leaders have each blamed the other. Secretary Gorbachev argues that the fault lies with President Reagan because any reduction of nuclear weapons by the U.S.S.R. while the President insists on building up our country's missile defenses through SDI would put the Soviet deterrent in serious jeopardy. It would lose its credibility. The President blames the Soviets because they have turned down the first essential step in moving toward the elimination of all missiles. That step requires roughly equal and therefore fairer reduction of missiles on both sides. Suppose somehow President Reagan or some future President someday agrees with the U.S.S.R. that both sides should reduce nuclear weapons by 50 percent. Would the world then be on a path toward substantial and continuous mutual reduction of nuclear weapons, eventually to zero? No way. Consider the obstacles. Obviously, even with the best will in the world, both superpowers will not continue to reduce their nuclear arms significantly unless other countries—specifically England, France, and China—do also.

What prospect is there that all three of these countries will give up what constitutes a far more impressive deterrent than many appreciate? A recent analysis of United Kingdom nuclear plans estimates that by 1995 the United Kingdom will have 500 nuclear warheads. By that same year, France will have 600 nuclear warheads. The same analysis estimates that the United Kingdom will have the capability of killing 65 million Russians. The French could kill more than 80 million Soviet residents. China has a formidable nuclear arsenal right now. Would France, the United Kingdom, and China all agree to join the superpowers in their abolition of nuclear weapons? Why not? Because the nuclear arsenal of each of these countries represents the ultimate and most convincing deterrent against overwhelming Soviet power. Why is this necessary? For France and the United Kingdom, doesn't the North Atlantic Treaty Organization [NATO] provide ample protection with or without nuclear weapons? Answer: With nuclear weapons yes, NATO is at least equal to the Warsaw Pact and probably superior. Without nuclear weapons, Warsaw Pact superiority in tanks, planes, military personnel, and chemical warfare agents would hand the Communist nations a clear and decisive advantage.

So why would either the United Kingdom or France voluntarily hand that advantage over to the Soviet Union by abolishing their modest but powerful nuclear deterrent? It is a very long shot that one of the two would agree to give up its nuclear deterrent. It is almost impossible that both would. Why wouldn't the same apply to China? China's nuclear deterrent is a pale shadow of the immense nuclear power of the U.S.S.R., but its relatively small and relatively primitive nuclear arsenal could inflict enormous, unacceptable damage to Soviet cities. And the sheer fact that the population of China exceeds the Soviet population by four to one suggests that in such a terrible mutual holocaust, more Chinese might survive than Russians.

There's more. If both superpowers agree to destroy the nuclear weapons that give them superpower status, why in the world would countries like Pakistan, India, Israel, and South Africa agree? After all, don't each of these countries have the economic and technological capacity to develop a nuclear arsenal? Couldn't such an arsenal provide a strong guarantee against any outside attack from any nation?

Finally, how could the powers agreeing to abolish nuclear weapons develop confidence in any conceivable verification proposal? How simple and easy it would be to stash away a few hundred or even a few thousand nuclear warheads to be deployed promptly during the threat of any military confrontation. Even unannounced international inspection could have little reliability. The fact is that nuclear weapons are here to stay. The challenge ahead is to achieve and maintain peace in a world which is now and forever henceforth, nuclear.

TO MAKE AMERICA MORE COMPETITIVE, STOP HOSTILE TAKEOVERS

Mr. PROXMIRE. Mr. President, the time has come to take a long hard look at the merger mania that has smacked this country's economy in the past few years. The merger mania has sparked a roaring boom in insider trading. It is a marvelous money machine for corporate raiders, arbitrageurs, and especially investment pool managers. It also gives stockholders a short-term uphill ride to temporarily higher stock values. As a means of making outrageous amounts of money for manipulators and fellow travelers while serving no productive economic purpose, there has never been anything quite like it. It is worse. Much worse. Why is it so bad? Here's why. The corporate raiders swoop in on a corporation. What is their target? Their favorite prey is a corporation that is well run. According to scholarly studies, the typical thrift firm enjoys a higher return on equity than most corporations. The firm is plowing much of its earnings back into research and development to improve the firm's products and reduce their cost. The corporation is also diverting some of its resources to improving the skills of its employees through substantial manpower training. It is buying newer, more efficient, cost-saving equipment. Each of these actions is designed to make the corporation more competitive and more productive in the long run. But there is a price. These initiatives also reduce the corporation's reported short-term quarterly earnings. That's in the short run. But each of these strategies will improve the long run profitability of the firm. The ideal takeover victim has one other desirable quality. It has conscientiously held down its long-term debt. It has done this so that interest will take a smaller part of its earnings. It has also maintained a low debt so that it can weather a cyclical downturn. It can cruise through the rough seas of recession or even depression thanks to its low debt, high equity position.

Now, Mr. President, this Senator submits that this is the ideal profile for an American firm. This is precisely the kind of firm we should be cheering for. This is what we need at a time when our country is suffering from the rough, tough, low cost, high quality competition from Europe and Asia that is costing this country millions of jobs and has converted our Nation from the leading creditor nation in the world to the grim status of the world's No. 1 debtor nation.

Now why is it that the profile I have just sketched of the ideal, highly competitive, competently managed, big on research and development and small on debt concern—why is this the ideal target for the hostile corporate raiders? Just think what a corporate raider can do when taking over a firm like this. Once the takeover boys control this ideal target, they can make a quick and easy bundle by wrecking the long-term prospects of the firm. Here's how: They stop the millions the firm is pouring into research and development. They end the corporation's policy of spending more millions to improve the skills of their employees. They stop the purchase and installation of the newest and most efficient equipment. In the process, for a year or two, they save a bundle. Quarterly profits increase. Cash flow zooms. And, of course, the value of the stock rises on the exchanges with the good news on bottom line profits in the quarterly reports. That's not the half of it. Then, the raiders play their ace. They use the unused borrowing capacity of the corporation to borrow whatever it takes to pay them back for the money they borrowed to take the corporation over.

So what is the net result? Some of our country's most efficient and productive companies, fine competitors with a solid future of low-cost, high-quality performance and with equity-debt positions that would permit the firms to survive a recession or even a first-class depression, lost their future. And I mean really lose. Come the next recession, some of those firms won't survive. What kind of contribution to our country's competitiveness does this common scenario of the hostile takeover represent?

Of course, this is not always the case in a hostile takeover. Sometimes it is quite different. Often, in fact very often, the hostile takeover doesn't succeed. The corporation wins. It defeats the takeover. Is this a victory for the economy? Usually far from it. How does the targeted firm win? The takeover target can win most easily by making itself tough, repulsive and unproductive. How does it do this? When its stock goes into play, the corporation knows why. It stops spending on research. It kills its manpower training program. It ends the purchase of more efficient equipment. And then it plays its top card. It goes up to its ears in debt. It borrows billions. It uses the billions to buy its own stock. This accomplishes two things. It bids up the price of its stock making it immediately less attractive to the takeover people. And it shoves the corporation into debt so that the takeover people will have more trouble borrowing to pay off the debt they incurred in buying the corporation's stock.

There's more. In many cases, publicly owned corporations have gotten the message loud and clear. They haven't been put into play. Not yet. But they know that they are vulnerable. They don't want to be taken over. So what do they do? They kill those long-term research, training and better equipment programs. That savings makes their quarterly profits look better. They deliberately go up to their necks in debt. They borrow large amounts. They spend the proceeds to buy and retire their company stock. Corporations in this country have begun programs of takeover prevention in a big way. The huge run-up in corporate debt is one indication. The dropoff in the purchase of new equipment and manpower training and the doldrums for corporate research and development is another. What does this do to American competitiveness? It obviously suffers.

All of us want to see our American corporations more competitive, less deeply in debt, less vulnerable to the next recession. So what do we do about it? Answer: we take steps which this Senator will discuss in coming days to slow down the hostile takeovers that are having such a perverse affect on our economy.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

(Mr. PROXMIRE assumed the chair.)

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. (Mr. DASCHLE). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

Mr. BYRD. Mr. President, I ask that morning business be closed.

The PRESIDING OFFICER. If there is no further morning business, morning business is closed.

SENATE SCHEDULE

Mr. BYRD. Mr. President, the Senate will proceed today, as I had indicated last week, with debate and action on the concurrent resolution on the budget. I had indicated that there would be no rollcall votes today, and of course, that commitment will be kept.

The distinguished Republican leader, the distinguished chairman of the Senate Budget Committee, the distinguished ranking member of the Senate Budget Committee, and I have discussed the mode of procedure for today, so that all commitments will be kept and that the time on the resolution will be running.

Normally, the motion to proceed is not debatable; and, consequently, at some point today, there would likely be a vote thereon, although Senators could find ways to prevent such a vote today. But we do not want that to happen, and we do not need to have it happen.

Upon adoption of the motion to proceed, the resolution that is called up would be open to amendment and a motion to recommit with instructions.

I think the principals I have named heretofore have agreed on the following procedure, which I will shortly put into the form of a unanimous consent request.

Mr. President, I will shortly make the motion to proceed to the consideration of Calendar Order No. 93, Senate Concurrent Resolution 49, with the understanding that in my request there be time for debate on that motion. Even though under the rule it is not debatable, it will be debatable and will be debated.

At some point during the day, the Senate will recess over until tomorrow and 8 hours against the overall time on the resolution would be charged regardless as to whether or not less than 8 hours are consumed.

The Senate would resume consideration, on tomorrow at 10 a.m., of the resolution and again under the request the motion would continue to be debatable. We all understand that normally, no time is running at all until the resolution itself is before the Senate.

The vote on the motion to proceed, under the request, will occur tomorrow at 2 p.m., which would be immediately after the two party conferences have held their regularly scheduled party luncheons.

At that time, once the motion is agreed to, if it is agreed to, then the resolution would be open to amendments and debate and any other motions that are available.

There will be no rollcall votes today, and even though the resolution is not before the Senate today, time would run as though the resolution were before the Senate, and some debate will be had.

So, on the one hand, we are avoiding the vote on a nondebatable motion today, because it will be rollcall vote; on the other hand, even though the resolution is not before the Senate, time would run today in the amount of 8 hours. Tomorrow, the same situation would obtain up until the hour of 2 o'clock with 4 hours having been charged against the resolution as though it were before the Senate. The vote on the motion to proceed then would occur tomorrow at 2 p.m. And it will be my intention to recess over so as to allow 2 hours of debate tomorrow beginning at 10 o'clock running until 12 on the resolution.

Mr. DOMENICI. Mr. President, reserving the right to object, whenever the distinguished majority leader is referring to the 8 hours and the 4 hours counting, he is referring to that time being taken off the 50 hours statutorily provided for in the budget resolution.

Mr. BYRD. Yes.

I thank the distinguished Senator for clarifying that for the Senate.

So that is about the long and the short of it, Mr. President. I will now proceed to make a request.

Mr. President, I ask unanimous consent that I may have 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1988

MOTION TO PROCEED AND UNANIMOUS-CONSENT REQUEST

Mr. BYRD. Mr. President, I move that the Senate proceed to the consideration of Calendar Order No. 93, Senate Concurrent Resolution 49.

Now, Mr. President, I ask unanimous consent that the vote occur on this nondebatable motion tomorrow at 2 p.m.; provided further that during this calendar day, Senators may debate this motion as though the resolution were before the Senate and that 8 hours be charged against the 50 hours on the resolution—even though the resolution is not before the Senate—at the close of this day when the Senate recesses over; provided further that on tomorrow the Senate resume consideration of the motion to proceed to the consideration of Calendar Order No. 93, Senate Concurrent Resolution 49, at 10 a.m.; that the Senate recess at 12 noon to the hour of 2 p.m., to accommodate the regular party conferences; and that the 4 hours running between 10 a.m. and 2 p.m. be charged again against the overall 50 hours on the resolution as through the resolution were before the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Now, Mr. President, in closing I wish to thank the Republican leader and the two managers of the resolution. What this means is there will be no rollcall votes today. The motion to proceed is pending before the Senate but time is running on the resolution itself and being charged against the resolution in the amount of 8 hours today and 4 hours tomorrow, but the vote will not be taken on the normally nondebatable motion until 2 p.m. tomorrow. At 2 p.m. tomorrow the Senate will proceed to vote on the motion to proceed.

Mr. President, I ask unanimous consent that there be no quorum call at 2 p.m., that the Senate proceed immediately at that time to vote on the motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Later the following occurred:)

Mr. BYRD. Mr. President, this request has been cleared with the Republican leader. I ask unanimous consent that, in the charging of the 8 hours today and the 4 hours tomorrow against the 50 hours on the resolution, the time come equally from both sides.

The PRESIDING OFFICER. Without objection, it is ordered.

(Conclusion of later proceedings.)

The PRESIDING OFFICER. The Republican leader.

Mr. DOLE. Mr. President, I thank the distinguished majority leader.

What we have done in effect is take 12 hours off the 50. That is still more than enough—there would be 38 hours of debate, that is 19 hours on each side. And we agreed to vote on the motion to proceed at 2 p.m. That is in essence what we have done.

It would be my hope, and the hope of the distinguished ranking Republican on the Budget Committee, if the vote on the motion is successful, to avoid another 2 or 3 hours of debate on building a tree, by permitting it be done by unanimous consent.

My view is we ought to get on with the budget. We ought to dispose of it one way or the other as quickly as we can.

There will be probably substitutes offered. And it would seem to me, it is in our interest to try to complete action on this by the end of the week. I know many Senators probably will be thankful for the fact that we have reduced the debate by 12 hours, because I would guess that some will want to depart here sometime on Friday afternoon.

So, if we could shave a little time off as we go along, it might make that possible.

In the final analysis, I think the distinguished Senator from New Mexico, Senator DOMENICI, has a pretty good idea, having worked with the distinguished chairman of the committee over the years, on what may develop, on the direction we might eventually wish to go. I would hope that we can cooperate wherever possible with the majority.

We may not be able to do that. But both the Senator from New Mexico, Senator DOMENICI, and I do want everyone's rights preserved. And they are preserved under this agreement.

All we have done is take 12 hours off the statutory 50 and agreed to vote on the motion to proceed at 2 o'clock tomorrow. If the motion fails, then that will be that. If it succeeds, then I am not quite certain what the next step is. But I think I have a fair idea, and at that time someone cannot interpose an objection.

If there is an objection, then the majority leader will do what he would do in any event, and that is I assume build the tree and then go to the motion to recommit, and so on.

I thank the majority leader and both the Senators from Florida and New Mexico.

Mr. BYRD. Mr. President, I again thank the Republican leader and the two managers. As the Republican leader has indicated, the debate will go forward today without a rollcall vote on the motion to proceed being taken today, which permits the time to be charged, which is, I think, advisable and appropriate.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, I want to thank the majority leader and the minority leader for helping us begin this debate. I think both sides now understand where we are. The majority leader had already announced there would be no votes on Monday. This preserves the arrangement and assures that before we have votes tomorrow, everyone will appreciate the situation on the floor.

Mr. President, I also want to say that as the Senator from Florida comes to the floor for the first time as manager of a budget resolution, I find myself where the Senator from New Mexico has been on numerous occasions. On some of those occasions, perhaps, he found himself where the Senator from Florida finds himself now, not exactly knowing where the votes are and not exactly knowing the final direction this resolution will go. Although I have always had great admiration for my friend from New Mexico, perhaps I now have a little more appreciation for the challenge he has had over the years trying to chair the Budget Committee and how difficult it is trying to steer through a budget resolution.

I think we are going to have an interesting debate as we put together this resolution.

Everyone in the abstract believes we need to limit spending in the Federal Government. Everyone believes we need to have a guidepath such as the budget resolution provides, to help us limit spending. Everyone believes we need to reduce the terrible $2 trillion national debt. The interest, everyone understands, is a drag on our national economy, and a major hindrance internationally as we seek to trade abroad.

Yet somehow, Mr. President, when it comes down to specifics and putting a plan on paper, there are always some programs all of us find sacrosanct. We cannot bring outselves to restrain those programs. They are like our children and somehow we do not want to discipline them. And yet we all see other programs that are not our favorites and we are perfectly willing to cut them. Even so, it turns out they are someone else's children and they are also protected.

We can start to consider what we do between domestic spending and defense spending. We get into what we do between spending in general and what to do in revenues. Mr. President, I am finding out, as my distinguished colleague from New Mexico, I am sure, has found out in the past, when you put a plan down on paper, it becomes your plan. Then, suddenly, you begin to hear from everyone in your State and from groups that you have supported in the past voicing concern and alarm about cuts in their programs. But it is interesting to note how much greater the alarm and how much greater the concern when you propose those plans as Chairman than when you simply discussed them as a committee member.

So it is easier to shoot at a budget resolution than it is to put one together. It is easier to propose substitutes than it is to fashion an original. Somehow, through all of that, Mr. President, the time comes when you must try to make bread, and I think that is where we are now.

Sometimes in the Senate, we have a habit of easing into things. We might try to find a way to bypass or avoid things altogether. But when the Senate is at its best, we deal with issues as we find them and we try to make the words clear and let the facts talk. So, as we begin today and go forward tomorrow, I hope we can speak directly to some issues and see if they are at the center or the fringe of this debate.

I think that we have to begin with the question of deficit reduction targets.

According to the Gramm-Rudman-Hollings law, the deficit in fiscal year 1988 is to be $108 billion. Is that the central issue here? If we reach that figure, can we claim success? If we miss it, are we guilty of betrayal? I am sure we are going to hear a lot about that.

If we were to accept the administration's budget and economic assumptions of the Office of Management and Budget, the arithmetic would put the deficit at $108 billion. It would be possible to say that we are in technical compliance with the law. But would it be possible to claim we were at peace with our conscience? I have some doubts about that.

The administration's budget gets to $108 billion by using some levers and some pulleys which include asset sales. Those devices will make the dificit lower this year, but the relief is temporary. The assets we sell this year just mean dollars lost and deficits higher in the year to come. We have already had some experience with that, Mr. President. We used some asset sales to reach a target last year and found they do nothing to reduce the structural deficit.

The administration has proposed some new programs—catastrophic health insurance, the super collider. Those programs were sent up after the administration's budget was submitted. They do not appear in the budget calculations.

We know they are going to cost tremendous sums of money. We know they cost even more in the outyears. So we have a budget that appears to hit this year's target but in reality it does not. In fact, because the economic assumptions in the White House budget are optimistic, actually misses the target by some $26 billion.

Those are not criticisms. They add up to description of a plan that fired at the target and missed. So the administration's budget is not really a success, but it certainly cannot be called a betrayal.

We also have, and have reported out of the committee, a sequester option to consider. It would reach the $108 billion target. It is the underlying measure as we start this debate. It would hit the $108 billion target, but it would hit it face first. It would be like me trying to make a dive. It usually was a pancake. I did not quite get in head first.

All of the deficit reduction under the sequester option comes from spending cuts.

(Mr. HEFLIN assumed the chair.)

Mr. CHILES. In 1988, the domestic spending would be reduced some $31 billion in outlays, and national defense spending would be cut nearly $30 billion in outlays. For defense that would mean a $60 to $80 billion reduction in the budget authority or about a 25-percent cut.

Mr. President, I do not have to tell you how serious a cut that would be to our existing defense, or how much our domestic programs would be hurt if we had a cut of that magnitude. Yet, the sequester plan it complies with the targets of Gramm-Rudman-Hollings technically. But in every other way sequester would be a disaster for the country. I hope that as reasonable and prudent elected Members of this Senate we will divine a sensible and responsible plan to replace the sequester option.

Since sequester would take place, if we cannot agree on a budget of choice, it would be the outcome of collective failure. And since it would ravage defense spending, and do the same to domestic programs, those who suggest betrayal might have a very good case. But besides the administration plan and the sequester budget, we have Senator HOLLINGS' that makes drastically higher revenues the cornerstone of the effort to reach the target in 1988. Mr. President, that plan is also good faith attempt to follow on the admonition of Gramm-Rudman-Hollings. It does reach $108 billion. And it does it with a major increase in revenues.

Mr. President, each of these proposals either reaches or claims to reach the fiscal 1988 target, and, therefore, can claim some measure of success. The trouble is they are successful in an area that is not, in this Senator's opinion, the key measure of accomplishment in a deficit reduction effort. The measures that count, I think, are whether we make annual reductions of at least $36 billion in the deficit and whether we can put together a plan to reach the target of zero in 1991. It is the 1991 goal of a deficit down to zero is what Gramm-Rudman-Hollings is all about. We were trying to propose a mechanism to force Congress to begin to leverage down these tremendously high deficits, to reduce the structural deficit over a period of some 5 years, in increments that would allow you to get down to a zero in 1991.

By that measure, the $108 billion figure is something like a ship in a bottle when we are actually stranded in an ocean of red ink. We can spend a lot of time squeezing that ship inside the bottle but I think we ought to be constructing a vessel to carry us to that promised land of zero deficits.

The $108 billion target is a technicality spawned by a design error. In 1986 when the Gramm-Rudman-Hollings law took effect we assumed the deficit was going to be approximately $170 billion. It turned out to be closer to $220 billion—some $50 billion higher. We all remember our colleagues in the House decided they wanted to impose stricter discipline on some of the movers of Gramm-Rudman-Hollings. They refused to allow any adjustment to the glidepath, refused to recalculate to the reality of a $220 billion starting point rather than $170 billion. They wanted to force a sequester in the first year. And they did.

But at the same time, it was carefully designed so that sequester would be limited. Only about $10 or $11 billion was requested that first year. But from that year on, Mr. President, from that time on, we were on a faulty glidepath, and it was therefore impossible to meet our targets in the future years.

So Gramm-Rudman-Hollings contained no mechanism for readjustment or catchup, even though we started with $40 to $50 billion more deficit than the designers themselves assumed.

For fiscal year 1987, it looks as if we are going to be $40 to $50 billion over the target again. And again, there is no mechanism for adjustment, readjustment, or catchup. As a result, the technical compliance for the target for this year gives us a choice among accounting gymnastics, unrealistic domestic spending cuts, equally unrealistic defense spending cuts, assets sales, or a misplaced sense of guilt, all largely because the surveyors misplaced those original reference stakes when they laid out the plan.

So as we begin this debate, the plan before us is the sequester option, and it is true to the $108 billion mark. There is no question about that. It is mathematic perfection. But it is nothing else. It is nothing more than a serious mistake rather than a serious option. It is not a matter of political pressure against passing those spending cuts. I do not think anyone in here could recommend either the defense or in the domestic sequester as sound national policy.

So I intend to offer as a substitute to the sequester plan the proposal approved by the Senate Budget Committee with two exceptions. One of those exceptions is that we use dual economic assumptions, OMB and CBO, and the other is it contain sense of the Senate language to the effect that none of the cuts in the Medicare proposal would come from beneficiaries, but they would all be from cost savings.

Mr. President, President Reagan says his budget meets the Gramm-Rudman-Hollings target. The Congressional Budget Office says it does not, that it is some $26 billion short. Somehow, Mr. President, we must be able to play on the same field that the President plays on if we are going to be able to go forward in this process. Therefore we will also use those OMB assumptions just as the President did. We will do that only to avoid being stopped before debate can begin, to avoid having a majority work its will, or be forced to vote on just the sequester resolution of a plan that contains a very high revenue figure. But there is one major difference, Mr. President, between what we are doing in using the OMB assumptions and what the President has used. We are not pretending our plan reaches $108 billion. We talked about it in the committee all the time. We used the CBO assumptions along with the plan to show that it only reduces the deficit $37 billion in the first year.

We trust that we will put together a plan that will hopefully get down to zero over 4 years. We use CBO so that we can compare apples with apples, so that we can have a valid comparison between our plan and the President's budget, and so that we can avoid a technical point of order that would make our budget need 60 votes in order to be considered and at the same time we use the CBO budget assumptions to score what we actually do.

If you prefer to use the assumptions of the Office of Management and Budget, you can see for yourself how the plan compares to the administration's budget, the fiscal year 1988 target. With these economics, both the President's plan and the committee plan reach the $108 billion target. You can also see how the plans compare using the assumptions of the Congressional Budget Office. We think those are more valid.

For fiscal year 1988, the deficit would be $133.7 billion with the committee budget and $134.3 billion with the President's budget. Either way you count, our deficit is lower than the President's.

A key difference is that the committee budget is a balanced mix of savings, one-third over the 4 years from domestic cuts, one-third from restraint on military spending, and one-third on new revenues to be used only for deficit reduction.

The committee plan cuts borrowing at least by $100 billion and eliminates the deficits all together in 1991.

The administration does not even claim to meet that goal.

Mr. President, at some point the Senate has to decide between the instant gratification of hitting a $108 billion target or the ultimate success of wiping the deficit out all together. Success this year is certainly no guarantee we will reach the zero goal. Depending on what extremes you might go to to reach this year's target, you can even damage the long-range aims.

Mr. President, I think that well could happen if you put in a bunch of asset sales.

It seems to me that solid, balanced deficit reduction means much more than pretended success for 1 year. It means more than reaching a 1-year goal by jeopardizing national defense or unhinging the national economy with massive tax increases. The $108 billion target is as much a phantom as the assumed $170 billion deficit was at the beginning of this effort.

What is real achievable under the committee budget is the elimination of the deficit by 1991 while trying to invest in tomorrow's future.

Mr. President, I am sure some will say that we still have to reach the $108 billion goal because if we do not, we will slip further behind. If we settle for $130 billion, for example, the deficit might end up closer to $160 billion. But they base those conclusions on what happened this year when the deficit was supposed to be $144 billion, ending up closer to $180 billion. Why is that, Mr. President? I think it is because we have relied on one-shot items like asset sales. That is why we missed the target.

No one has proposed a $108 billion plan that does not include asset sales. To me, these kinds of things are phony. If you phony a little now to reach $108 billion, you will phony more until that deficit figure means nothing whatsoever.

We read in the past week about the madness of the credit markets. We have seen interest rates go up as the dollar weakens. We have seen the stock market vacillating 50 and 60 points a day up or down.

Now, it seems to me this ought not to be the time for partisan withdrawal to the sidelines. We need Republican involvement and we need Presidential involvement because we need to get the job done right now.

I hope that before this debate is over we will have joint involvement. We sought that at the committee level. We seek that now. We desperately also need the President's involvement.

I noticed with interest a story this morning in the Wall Street Journal that talks about whether the President is beginning to understand, that his legacy is going to be this terrible deficit unless we come to grips with it.

The article points out that the deficit will probably increase $1.3 trillion during his watch. It will be very hard for the President to say that is Jimmy Carter's deficit. The President might be successful in arms control, as we hope that he will be. He may be successful in many other areas. He also needs the success, and the country needs it too, to see a plan constructed jointly with the President and the Congress that really comes to grips with this structural deficit. We need some leadership from the President. I hope it will be forthcoming. I have been hoping that since the beginning of this session of the Congress. I hope that we do not go up until the fall, in October, before we have that kind of participation.

I think we have an opportunity even this week to try to put together some kind of bipartisan effort, and I hope that will happen.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me first commend the distinguished chairman, the distinguished Senator from Florida, in talking about discipline and talking about disciplining children.

I think he would agree that that is one area that I have more claim to fame than he.

Mr. CHILES. More children or more discipline?

Mr. DOMENICI. Both.

I assume we are equally evenhanded and since I have many more children than he, I assume that he would agree that on that equity of discipline or inequity, that I am quite experienced in it.

This budget does have some problems with equity of treatment with reference to regions of the country, but we will leave that alone and talk about it later.

Mr. President, I would like to begin by commending my good friend, the chairman of the Budget Committee, for his hard work and his persistence in putting forward a budget plan. I genuinely regret that I cannot support his budget proposal. When we get rid of all of the procedural discussion here that basically part of the prerogative of the majority is to put in motion tomorrow, after the pending business becomes a budget resolution, a budget resolution called the sequester resolution which nobody wants, I understand the majority has the prerogative of using the procedures in such a way that we fill the tree with amendments and that the Democratic budget that came out of the distinguished chairman's committee will eventually, if not tomorrow or the next day, be the subject matter of a vote.

Obviously, he has shared with us today, as I understand it, the fact that he will change the economics in it to the OMB economics in the President's budget, so that it will not be subject to a point of order in terms of not reaching the Gramm-Rudman-Hollings totals.

Obviously, in his usual candor, he does not seek to deceive. He clearly says that is a procedural issue in his opinion and if asked what is the real deficit, I assume he will suggest that that ultimate Chiles substitute, on which the majority will insist on having a vote tomorrow, if carried out it probably will not reach the 108 under Gramm-Rudman-Hollings.

Tomorrow we ought to spend a little time, either before the motion is voted on or after, with this economic assumption situation. It is very interesting and intriguing. We ought to talk about it because it is sort of fun. Can you imagine what all of those people, including all of those States out there in the Union that have voted for a constitutional amendment for a balanced budget, are going to think about this? All you have to do to have a balanced budget is change the economics, and when you change the economics you change things $40, $50, $60, $70 billion. I think I could come up with 1 day after tomorrow where we could increase spending everywhere—everywhere—and have a budget that meets Gramm-Rudman-Hollings because, as long as you give me a day or so to get it priced out, we could do whatever we would want with it.

That is not the purpose in my opening remarks, and to this point I am only suggesting that we are really playing some games with economics and, frankly, we may all have to do that before we are finished in order to get a budget or else we would have to expect 60 votes in behalf of some budget.

The role of chairman of the Budget Committee, which I was privileged to occupy for about 6 years, is a very difficult and sometimes thankless job. No one is ever completely satisfied. The general sense of apathy about budget issues this year at least in my humble opinion makes the task even more difficult—not less important but more difficult. Yet the chairman perservered. He continued with hard work and he brought a budget issue before the full subcommittee and in that regard he should be commended.

But Mr. President, the issue facing the Senate is much broader than any one set of budget numbers. The real issue before the Senate is how to establish a consensus on budget issues, a consensus that the Members of this body intend to implement, that can be enforced, that the American people can expect will be the final result when the fiscal year's activities of appropriating and other activities are completed, and if at all possible a consensus that is acceptable to the President of the United States.

In this regard it should come as no surprise to anyone that the chairman's proposal is unacceptable to me and to most of the Members on this side of the aisle. I will be so bold as to say that it is not even remotely acceptable to the President, but obviously that comes as no surprise to anyone. This budget adds significant amounts of taxes above the amounts the President recommended. Many Members feel strongly about taxes, and so does the President. But for this Senator I do not oppose this budget entirely because of the taxes. Rather, it is because the budget recommended by the chairman flips the priorities that I and many others have worked so hard to put in place and which this President has supported so strongly.

Let me review the facts for a moment. For most of the postwar period prior to 1970, defense spending exceeded 9 percent of gross national product. Now, I only tell the Senate that because it clearly indicates that Presidents like John F. Kennedy and Harry Truman, when confronted with decisions—and their names come to mind because each had a very difficult decision with the Soviet Union—were able to accomplish in those situations in a very real sense American policy and the Soviet Union decided to change its course of conduct. It is pretty obvious to this Senator why. Aside from those two men being strong minded and understanding our role in the world, did you hear what kind of a defense they had behind them? Nine percent of our gross national product was going to the defense of our country and the free world. After 1970, defense spending growth slowed sharply from 8.5 percent of GNP in 1970 to 6 percent in 1973. Then it fell to a post-Second World War low of 5 percent of GNP in 1980.

Now, anyone who has studied America's capabilities in defending itself and its partnership with the free world will say that 5 percent of GNP in 1980 represented the collapse of the United States willpower as a free world leader. Contrary to what is assumed by many, we did not wait until President Reagan took office. The U.S. Congress decided at that point in history, 1979, for a 1980 budget, enough is enough. And a budget resolution, in my opinion, serves broad policy ideas much better than the micropolicies of which program is going up $20 or $50 million, because as you really watch the process those kinds of things occur in the appropriation process. But enough was enough. And even before Ronald Reagan took office a budget resolution was finally produced that said defense cannot go down any more. Cannot go down from where? From 5 percent of GNP. In that budget resolution, which was cosponsored by Senator HOLLINGS in the Budget Committee, we said, "Let us start it growing at 5 percent." It passed there, it held through both Houses, and we started to build back America's defenses. In fact, it was in that 1980 budget resolution that that occurred. The budget resolution in the following year, fiscal year 1981, recommended a real growth of almost 9 percent in defense budget authority. We did this because of a strong bipartisan sense that the share of national resources devoted to national defense was insufficient to provide for our security and to contribute to the free world's security, even in peacetime. These were not intended to be one-time, temporary increases. We sought a modest but permanent increase in the level of defense spending for this country.

Back in 1980, there was also a concern about growth in domestic spending. Entitlements took a huge leap in the 1970's, the same decade that our defense build-down reached the absolute rock bottom, rising from about 5 percent of GNP in 1970 to about 9.4 percent in 1980.

For purposes of this discussion, and so that GNP means something, let me just say that wherever I use GNP, we could substitute for each percent roughly $50 billion. That is a rough approximation of 1 percent of the GNP—about $50 billion.

Discretionary domestic spending, which stood at about 5 percent of GNP in 1970, even rose during the decade of the 1970's while defense came down. It rose to about 5.8 percent, almost 6 percent, of our gross national product.

Over the past 6 years, Congress and the President, while differing on many things and differing perhaps in terms of quantity, worked together to reverse two of these trends. Defense spending was increased from about 5.3 percent of GNP in 1981, and I just stated that it had started back up, by act of Congress, in the waning months of the Carter administration.

So, from about 5.3 percent of GNP in 1981, it had risen to 6.6 percent in the 1986 appropriation bill which the President signed, when that 13-appropriations-bill monster was sent to him. It had gone up to about 6.6 percent of GNP. Discretionary spending had been cut from about 5.6 percent of 1981 to about 4.1 percent in 1986.

Entitlements, on the other hand, had actually increased from 9.5 in 1981 to about 9.9 in 1986. We have all gone through that entitlement debate year after year for the last 4 or 5 years, and clearly there is little desire on the part of Congress to make any changes there.

If anything, my good friend the chairman will have difficulty holding the small entitlement changes that he has in his budget through this body and through the House and through the Ways and Means Committee and the Finance Committee. So it is going to remain about the same.

These numbers—these shares of the national pie, so to speak—are relevant as we head into this budget debate.

Both the House-passed budget and the Chiles budget plan flop back to the pre-1981 priorities. If the chairman's budget was implemented fully, defense spending would stand at 5.1 percent of GNP in 1991, when he reaches that glory day of a balanced budget. That is how he gets there. Defense will be back down to about 5.1 percent of GNP.

Remember: In the waning days of the decade of the 1970's, it had reached absolute bottom in terms of build-down, and it was at 5 percent of GNP then. Actually, 1991 will be lower than 1981 in terms of percent of GNP, if that is relevant in any way to our commitment to national defense.

Let me repeat: By 1991, defense spending will be about its lowest level since World War II—lower than under President Kennedy, lower than under President Nixon, lower than under President Johnson.

At the appropriate time in the debate, I will address more directly my concerns about this unilateral retreat on defense which is embodied in the committee's recommended budget plan. Frankly, I believe it is a significant retreat.

Under the plan which will be before the Senate, and which the majority will insist that we at least cast a first vote on and make the starting point for debate—and if not amended and if not worked on, would obviously be the budget before us—under that plan, by 1991, entitlements would be virtually unchanged, at about 9.3 percent of GNP. Only discretionary spending would be reduced as a share of GNP under the chairman's plan. But I remind Senators here that that restraint would be achieved under a very optimistic assumption.

What is that assumption? That for 4 consecutive years in the nondefense budget authority, we would have a freeze. That is part of this proposal—that part, without any enforcement, without any reconciliation; that for 4 consecutive years, we would hold the discretionary part of this budget, nondefense discretionary, at a freeze. It is only in that way that one part of this huge budget pie would indeed be reduced—other than the huge reduction in defense that I have just described in macronumbers, and, as we move through the debate, that I and others, hopefully, will debate in much more detail, in terms of what it really means in readiness, in personnel, in pay, in weapons systems, and across the board.

I regret to say, with all the deference I can muster, that a budget plan that is styled "a vision of the future" is a revisitation of the past. In short, if we take it, in 4 years we will have undone all that we accomplished in the 1980's.

It is unrealistic to believe that this President would support such a budget under any circumstances. I know that my friend from Florida could clearly say that we have heard nothing from him to this point on any of it. It is not realistic to assume that we know what he would be for in terms of an overall budget, and I do not disagree with that.

More to the point, however, it is even more unrealistic to believe that Congress can accomplish anything of substance on the budget, in face of his opposition, and with this low a defense number.

We have a clear choice during this debate. I am pleased that the distinguished chairman has indicated—at least implied—that perhaps when we have finished the process and procedure and permitted that first vote, so that the Chiles proposal will be the subject before the Senate, there is at least an implication or some tacit notion on his part that perhaps we ought to be able then to amend it or work on something that would be better, that might get a broader base of support; and I even heard—and I agree with him—almost a wish, a longing, for the President's involvement.

I do not want to mislead anyone. I do not have any magic formula for or precise pieces of that consensus; nor do I want anyone to assume that I am acting in any way on behalf of anyone other than myself at this point, and certainly not the President. But I do intend to propose, at the appropriate time, an alternative to this proposal that I have been talking about. This alternative would be some real growth in defense, in contrast to the deep cuts in the proposal that will be before us.

It would also have some additional domestic spending cuts and because these cuts provide more spending restraint my proposal would require less by way of taxes. My alternative will request that Congress send a 2-year defense appropriation bill to the President at the level specified in the budget resolution for those 2 years. It would further reconcile taxes and spending for 2 years in keeping with the 2-year defense commitment.

I think there are some who ought to understand why the Senator from New Mexico is suggesting that not only because I am hopeful that we can yet work with the President but frankly I really think that Congress has done to budget resolutions with reference to defense spending leads me to believe that there is no way that we could vote in new taxes expect significant increases in defense in a budget resolution unless it was done for 2 years on both sides of the equation because the history has been to the contrary.

Even with new revenues in the past budget resolutions, the defense numbers have not reached the level proposed in the Senate budget resolution or, I say, Mr. President, to the levels in the conferred-upon resolution between the House and the Senate.

It will also be my intention to include some new enforcement mechanisms, enforcement of what you assume when you vote on budget resolution is growing weaker and weaker with the passage of each year, ways to get around things, new approaches to estimating, new uses of gimmicks abound and I am not here critical of anyone. That is just the nature of the evolution of the process. So I propose to include some new enforcement mechanisms just so that what Congress votes and tells the American people the budget will look like will indeed be what it comes out to be 9 months later when we finish the remainder of the work, when it comes to defense that it will be as we expect it not only this year but next year.

It will be my hope that we will change some rules to enable the Appropriations Committee to pass appropriations for defense and several other domestic bills for 2 years as I just indicated.

Second, it will repeal the so-called Fazio exemption and bind the House Appropriations Committee on outlays just like the Senate. Clearly, for purpose of this discussion today, I will go no further than to just describe those two, but there is a growing concern in the U.S. Senate that we have two sets of rules that we play by. The U.S. Senate appropriations is bound by one set, the House appropriations by another, and the two items that I have just mentioned, the Fazio exemption and the appropriation outlay binding effects on each subcommittee, are two items wherein the House has one set of rules and the Senate another.

The third thing that I would hope to do would be to give the President at least some reasonable enforcement of spending restraint through some enhanced rescission process. Clearly there are many who are fearful of giving this President or any President too much power and undo the balance between the President, that is the executive, and the legislative, but I think there is a growing bipartisan consensus that in undoing both by case law and other interpretations of the Budget Impoundment Act as it pertains to deferrals and rescissions clearly the balance has to be at least slightly reinstated in behalf of this President or any President if the legacy of deficits that my good friend, the chairman, alluded to are to be broadly addressed across the board in ways that are meaningful.

These are actually very modest changes in existing procedures but they would prove essential, at least in my opinion, in implementing budget promises, just as they were agreed to locking in savings over several years.

This is a reasonable, I think, and workable proposal. Indeed, if I were able to get a commitment from the House to accept several of these enforcement proposals, particularly a 2-year defense appropriation, who knows, this might be the way to open the door to the White House and to the President. Whether it is or not is another question. I have been wrong on this point in the past and I could be wrong now.

The observation I want to leave with my colleagues as we enter this budget debate is this: The budget issue is not just politics and process. It is very important economics. There is a real possibility that the budget deficit could rise next year, if this year ends in a budget stalemate, given our present precarious economic, financial, and trade situations. It is my opinion that this, indeed, could prove disastrous, but if it is the intention of Members to pass an unworkable budget plan, one that ultimately would not be enforced, simply to get it done or for any other series of reasons to embarrass the President, let me suggest stalemate will be the natural outcome and any such victory will have a very short celebration. It will be a hollow victory. We, on this side, have been there before. Purely political solutions are inevitably poor and lousy policy.

Therefore, I hope we can begin this debate with an air of openness and compromise and that, in addition, we can begin a real dialog on what can be achieved, how this process can best serve the American people both for those here, those in the future, and obviously I do not think there is any higher responsibility on our part than to think about the future a bit and I hope we will do that.

Mr. President, as I indicated, I do not think this is the time or the place on the motion to proceed to discuss the Chiles proposal which he has indicated to us the majority party intends with two changes, one being some language on Medicare and the other to change the economics so that it will not be subject to a point of order, so I think I am safe in calling the budget that came out of the committee as the chairman's budget. There will be ample time to discuss its details.

Today I attempted to discuss two aspects, the revenue and the defense aspect as matters of broad policy. There are many other areas that, as the distinguished chairman indicated, you discipline in one area and it sounds good and you find that there is another group that thought you did not discipline the right child. But, frankly, I believe we need a good budget. I believe we need a bipartisan one. I do not know if that can occur.

I believe we need the President's support. I do not know if that can occur. But this is the week and we will all find out.

I yield the floor.

Mr. CHILES. Mr. President, I want to just say to my good friend from New Mexico that I listened with great interest to his statement. I think I have heard some very hopeful tones in his statement. I look forward to pursuing those as we go forward.

I repeat that I now understand a little better where the distinguished Senator from New Mexico was over the last 6 years while I was on the other side.

Several things he said are tremendously important. I think we are in agreement on the need for a bipartisan budget, the need for having the President participate, and in the need for structural deficit reduction over a period of years in this fragile economy. If we do not do something substantial to lower that deficit, we run great risks for the country.

Those are certainly common goals and they are goals that I think we can pursue.

The Senator from New Mexico said that he looked forward in talking tomorrow a little bit about the economic games that are being played. That will be an interesting discussion. I look forward to that as well.

It is, I think, like the Olympic games when the President, like the chairman of the Olympics, is the one who said let the games begin. We started with the President in the beginning of the games and some of the rest of us have now had to become participants.

I look forward to further discussions about defense. I certainly recognize the Senator from New Mexico and the position and strong feelings he has taken on defense. I also recognize, I think, a feeling that he has had at times when he has had to present a defense number that was lower than many felt was necessary and he sometimes was criticized for not being strong enough on defense. I feel that jacket a little bit now as I am sure the Senator from New Mexico has felt that jacket tighten a little.

I join with him in his recitation of the history and just remind him that, when we increased that Carter budget as he spoke about, the Senator from Florida was also a cosponsor of that resolution.

Mr. DOMENICI. Indeed. Will the Senator yield?

Mr. CHILES. Yes.

Mr. DOMENICI. Mr. President, I was remiss in mentioning that. My principal cosponsor was Senator HOLLINGS, but there is just no question the distinguished Senator from Florida was right there and voting, not only voting "aye," but staunchly supporting it.

Mr. CHILES. Yes; and I also participated in the buildup as we went forward into the years 1981 and other years. I believe very strongly that this country has to have a very strong national defense. I think we have to provide for it. I look forward to discussing tomorrow that I think the American people believe that way and I think the American people are ready to pay for a strong national defense, and to do that by paying for it and do not feel that you just borrow money to have your national defense. They recognize that if you continue to do that, you will not have that strong a national defense because if you do not have a strong economy, you are not going to have a strong defense.

I look forward to discussing how, in an effort to bring this deficit down, we restrained defense. We also restrained the domestic spending. We had to restrain them both. The revenues that we put into this, Mr. President, it is interesting, we did not put revenues in this to provide money for domestic spending. We put revenues in this to provide for deficit reduction.

We created a deficit reduction trust fund. We said any new revenue has to go into that deficit reduction trust fund and can only be spent to reduce the deficit.

Mr. President, if there is a movement in this Senate to say that we need real revenues to increase defense, that I think could be a very healthy movement. I hope that maybe there will be a majority in this Senate that would be willing to say this country ought to pay for a strong defense. That certainly is an area that, I think, we could look forward to discussing as we go forward in this debate, because I think that is going to have to be the mix if we are going to bring it about.

We talk about reconciling on entitlement programs, $10.4 billion in 1988 and $74 billion over a period of some 4 years.

Now, I will look forward to plans that would reconcile more than that on the entitlement side, if there are. I do not know what programs we cut more. Do we cut Medicare more? Do we cut the farm programs more? I do not think anybody in here wants to go and look at Social Security now, but those are items that we can certainly look for.

On the domestic side, we provide cuts of $13.7 billion in 1988 and $102 billion over the 4 years. My good friend from New Mexico has said that he does not expect that we would be able to keep that kind of restraint into the outyears in domestic programs. I would just point out to him we would have to keep the same restraint that we are talking about in the defense program and that may be iffy, too.

I think that we have laid groundwork today to be able to begin some discussion tomorrow first on the motion to proceed and then I would hope that at some time during tomorrow we could have a vote on the adoption of the committee substitute as we have referred to it today so that we could begin the process and let the Senate be able to work its will in a budget resolution.

Before going further, Mr. President, I want to ask a couple of sort of housekeeping unanimous-consent agreements. I ask unanimous consent that the following members of the staff of the Committee on the Budget and its members be allowed to remain on the floor during consideration of Senate Concurrent Resolution 49 and, should the Senate proceed to consider any one of them, Senate Concurrent Resolutions 48, 50, and 51.

The PRESIDING OFFICER. Is there objection? Without objection it is so ordered.

Mr. CHILES. I send the list to the desk and ask unanimous consent that it be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

STAFF OF THE COMMITTEE ON THE BUDGET

REGULAR FLOOR PRIVILEGES

Majority staff

Dennis Beal,[1] Rick Brandon,[1] Jim Carr, Barbara Chow, Alan Cohen,[1] Jeff Colman, Douglas Cook, Bill Dauster,[1] Kathy Deignan, Randy DeValk, Lisa Faulkner, John Hilley, Steve Hornburg, Mark Logan,[1] Doug Olin,[1] Kate Sparks, James Stasny, Kim Wallace, and Dave Williams.

Minority staff

Bruce Blanton, Hal Brayman, Micheal Carozzsa, Charlie Flickner, Gail Fosler, Carol Hartwell, Paul Heilig, Bill Hoagland,[1] Bill Hughes, Rob Johnson, Carole McGuire, Anne Miller, Michelle Mrdeza, Nell Payne, and Austin Smythe.

Nondesignated

Wendy Counihan and Sue Nelson.[1]

FIFTEEN MINUTE FLOOR PRIVILEGES

Lisa Bartko, Liz Beall, Michelle Edwards, Mary Jo Gillen, Noreen Kelly, Susan Latham, Francine Nelson, Angeline Nicholas, Laura O'Shea, Vanessa Palmer, Richard Rasmussen, Patricia Smith, Beth Strader, and Maggie Taylor.

STAFF OF MEMBERS OF THE COMMITTEE ON THE BUDGET

REGULAR FLOOR PRIVILEGES

Staff member

Barry Strumpf, Laura Hudson, Lance Simmens, Joan Huffer, Chris McLean, Mitchell Ostrer, Tom Stubbs, David Poisson, Neil Fiske, Bill Johnstone, Mary Eccles, Jeff Anders, Tony Coppolino, Valerie Baldwin, Barbara Thompson, Joe Cobb, Kris Kolesnik, Cesar Conda, Dave Juday, Tom Dwyer, Hal Lewis, and Rachel Sotsky.

Senator on whose behalf request is made

Senator Hollings, Senator Johnston, Senator Sasser, Senator Riegle, Senator Exon, Senator Lautenberg, Senator Simon, Senator Sanford, Senator Wirth, Senator Fowler, Senator Conrad, Senator Dodd, Senator Armstrong, Senator Kassebaum, Senator Boschwitz, Senator Symms, Senator Grassley, Senator Kasten, Senator Quayle, Senator Danforth, Senator Nickles, and Senator Rudman.

Mr. CHILES. Mr. President, I ask unanimous consent that the presence and use of small electric calculators be permitted on the floor of the Senate during consideration of Senate Concurrent Resolution 49 and, should the Senate proceed to consider any of them, Senate Concurrent Resolution 48, Senate Concurrent Resolution 50, and Senate Concurrent Resolution 51.

The PRESIDING OFFICER. Is there objection? Hearing no objection, it is so ordered.

Mr. CHILES. I yield the floor.

(Mr. REID assumed the Chair.)

Mr. DOMENICI. Mr. President, I understand we have agreed that we are going to be using 8 hours off the budget resolution, even though we are not yet on it. I have only a couple more minutes, but I wonder if I might just indicate to Senators who might be interested that we do have some time.

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[1] These individuals have privileges to be admitted without pass under a previous letter to the Sergeant at Arms.

In the event they wanted to discuss this matter or ask some questions, the Senator from New Mexico will remain on the floor, unless the distinguished Senator from Florida wants to close up sooner, for another 15 minutes to see if any on our side wants to come down. So I just put that word out.

Otherwise, it would seem to me that the distinguished majority leader left the indication that we might indeed recess if we are not doing anything. That is not my prerogative. I think that maybe those Senators who are wondering whether we were going to stay here this afternoon for a long time to discuss this issue would want to know that we are probably not going to do that.

Mr. President, I want to make one more point without going into details. I cannot express to the Senate how concerned I am about the defense situation. Frankly, I believe that we can all find some inequities in terms of the burden that has been placed on the shoulders of the American people as the bastion of freedom to defend this free world.

I have heard a number of eloquent remarks, even in the Budget Committee, about: "Why don't we have more sharing of this responsibility out there in the world, perhaps by our allies, our free industrial trading partners, and the like?"

Nothing would please the Senator from New Mexico more than if we could really find a way to make that happen. I truly believe we have been given much freedom and we have been given much leadership in this world and we going to have to, for a while longer, bear an enormous amount of the responsibility of containing the Soviet Union and of making sure that we are the real deterrent to their kind of appetite with reference to the world.

I truly believe that because our two countries are negotiating through their Chief Executives with reference to certain aspects of nuclear weaponry that we should not mislead ourselves. I do not think there are any experts around, Mr. President, including those on both sides of the aisle in the U.S. Senate who have studied the issues, and who we might, as Members of this U.S. Senate, perceive as two experts—I do not think any of those kinds of men and women are saying—who are saying we are going to be able to dramatically reduce our defense spending because of these negotiations, or even if they were to succeed using the whole array of possible successes, I do not believe there is a great body of informed thinking that that will permit us to dramatically reduce our defense spending.

As a matter of fact, Mr. President, I read much of late about the Soviet Union wanting to change its internal economic affairs because of stagnation. I read about the implication that part of that hope is that they might be able to put more of their resources into something other than defense. Mr. President, we see no evidence of that. We see evidence to the contrary, and it does seem to me that if the United States wants to help, if we as Members of Congress want to be real participants in getting the Soviet Union to negotiate to the maximum extent in a verifiable manner with reference to the scourge called nuclear weapons, it seems to me that the best way to be on the side of making that work is to not send out a signal that we have peaked in our willingness to support the national defense function of this Government.

It seems to me that exactly the opposite is the order of the day. From what we know about history, we would do more good, in this Senator's opinion, to get this defense back on an increased growth path however slight, make a multiyear commitment that we are going to do that, and have the courage to vote for it. And if we need to make some adjustments in other parts of this budget, do it; and if we need some revenues for that, do it.

It seems to me that is the real message and the one that would most help this President as he seeks—with a lot of prayers from around this Nation and the world, and a lot of hope—to negotiate out some nuclear disarmament agreements with the Soviet Union well beyond those that are currently being discussed most openly. But the big one dealing with the intercontinental ballistic missiles should follow onto the current discussions.

Mr. President, I repeat for the Senators on our side of the aisle that we are not going to be in this afternoon at least debating this motion. But we will have another 2 hours tomorrow morning from 10 to 12. We do not have to use it on this issue. I will be available if there are Senators who want to ask questions. To the best of my ability I will answer them. I think the distinguished Senator from Florida has laid clearly before the Senate what the majority party intends to do; wants the motion to proceed as adopted, if adopted, and clearly they do intend in one way or another to fill the amendment tree and then to have in the not-too-distant future a vote on the basic Chiles proposal as it came out of committee. That should not preclude thereafter amendments, and depending upon how much time we have used obviously that will be amendable, and there can be a substitute for it if anyone wants to. But that is where we will be tomorrow, and maybe at some time within a few hours after the 2 o'clock vote.

I am prepared staffwise and otherwise to inform Senators as to what all that means, and once again to go into details if that is what is desired as to what I perceive to be in the so-called Chiles proposal. I would be glad to do that for the remainder of the afternoon and during the 2 hours of discussion tomorrow.

I yield the floor.

Mr. CHILES. Mr. President, my understanding is that there is at least one member from our side that wishes to come to the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, let me note that this is a concurrent resolution and, as such, does not require the President's signature. This is a significant point, Mr. President. For too long we have played a game with the White House—each branch of government attempting to shirk responsibility and pass the buck. But we in Congress are not afforded that luxury today, because this budget resolution is strictly Congress' product. Accordingly, we shoulder a profound responsibility.

Moreover, I bear an added responsibility, as one of the three cosponsors of Gramm-Rudman-Hollings. It is not enough for me to stand here during the next several days making points of order, noting that this proposal or that proposal fails to conform to the law as enacted by Congress and signed by the President. It is also incumbent upon me to state precisely how I would fashion this budget resolution to bring it into compliance with Gramm-Rudman-Hollings.

I rise today knowing full well that the membership is in large measure not yet present. Nonetheless, it is time to summon the attention of my colleagues in the Senate as well as the people across this country, because I am gravely concerned about the course on which we are presently embarked.

The present course, Mr. President, is a sorry reprise of the same old smoke and the mirrors, the double accounting of CBO and OBM figures, the finessing of parliamentary rules, and so on. We are presented with a resolution roughly similar to the plan proposed by the President in January and the resolution passed by the House earlier this month.

This course is a collision course. It promises not only to shatter the regime of discipline embodied in Gramm-Rudman-Hollings, but also to send an ominous and irretrievable message to the financial and business markets. That message is that the U.S.

Government intends to monetize the debt, that we are willing to inflate and debase our currency in order to lessen the burden of that debt—clearly, an economic downward spiral from which we cannot extricate ourselves. This is a prescription for economic decline. It is a course that, once embarked on, will allow no return. Our last chance is to face up to our debt disease this week and next week in the U.S. Senate. If we fail to bite the bullet in Congress this spring, then it is all too obvious we are not going to do it in an election year next year, 1988. In turn, this means that the President who takes office in 1989 can only submit a plan to take effect by 1990. In other words, we will defer real action on the deficit until the end of the decade. And, of course, by then it will be too late. The Federal Reserve will have no choice but to monetize the debt.

Of course, all this is not lost on investors and business people. They are very alert and very competitive. They can be expected to make decisions and choices that will intensify the downward economic spiral.

The symptoms of the debt disease are already apparent. We see a major acceleration of retail prices, indeed, the first quarter performance points to a doubling of the inflation rate projected by the President earlier this year. Interest rates on U.S. Government securities are up a full percentage point. Skittish investors have turned Wall Street into a roller coaster. All this is the direct and predictable consequence of the budget follies being indulged in by the President and Congress. We think we are so clever with our fanciful figures and bogus budget projections. We may be fooling the public at large, but we are not fooling the decisionmakers in the marketplace.

Mr. President, I want to emphasize that we are not playing tennis against an opponent. We are playing, in a sense, golf against ourselves. We are in charge, since it is our concurrent budget resolution and it is strictly our responsibility. Most of us have had experience at the State and local level, and we know that no aldermen or mayor, no State assemblyman or Governor, can get away with these kinds of shenanigans.

It is an embarrassment, to be frank. Of course, the big difference is that, at the State and local level, they cannot print money. They have to exert discipline.

My distinguished former chairman, the former mayor of Albuqueque, knows this. He could not run that city with the same legerdemain we use in the Federal Government.

The distinguished Senator from Florida and the distinguished Senator from New Mexico and the rest of us on the Budget Committee tried hard in the early years of 1981, 1982, 1983, 1984, and 1985, to hold the line on entitlements. Yet we have not been able to hold the line on entitlements. They are now about 48 percent of our Nation's budget. Likewise, we have not held the line on defense, though in the last year and seemingly this year, growth will be no more than perhaps an inflationary increase.

We argued for a budget freeze. I would remind the distinguished Chief of Staff down at the White House that when he was majority leader, he counseled that I submit my freeze proposal that was at the same time the President was singing the praises of Kemp-Roth and moonshine economics, promising that we would have a balanced budget by 1983, or, at latest, by 1984. Our distinguished former colleague and former majority leader called the President's plan a riverboat gamble. It had earlier been described by the Vice President as voodoo economics. So we all understood from the very first blush that when we cut revenues by some 25 percent, as we did under Kemp-Roth in 1981, we salvaged the Federal budget in a fundamental and mortal way.

The two great competing budget priorities are, of course, domestic needs and defense. In 1981, the domestic crowd had no intention whatever of trying to hold the line, and the defense crowd had no intention of trying to hold the line either. Indeed, this is what led us to Gramm-Rudman-Hollings. I credit my Republican colleagues with agreeing in 1985 to a budget freeze, to holding the line on COLA's and holding the line on Social Security. That was not an easy political thing to do. We trooped to the White House to describe our compromise, and, of course, we thought we were going to get the President's support. Instead, we were immediately torpedoed. The President started the conversation by stating to Senator DOLE and Senator DOMENICI and others around the Cabinet table, "Speaker O'Neill came over yesterday afternoon and we had a little toddy and we went outside underneath that oak tree. The Speaker turned to me and said, 'Mr. President, I'll take your defense spending if you take my Social Security spending.'" And the President said, "Fine business, we will be glad to do that. Of course, there won't be any taxes."

"Oh," said Speaker O'Neill, "I'm against taxes. I have learned from Mondale not to even talk about taxes. No taxes."

So in reality they agreed to increases in domestic spending and increases in defense, and they agreed that nobody was going to pay for it. That is when I joined with my distinguished colleague, the Senator from Texas [Mr. GRAMM] in this mechanism used at the State level whereby we forced truth in budgeting, in a graduated process, bringing the deficit down each year to a lower level whereby in 1991 we will have government back into the black.

We agreed to split the cuts between defense and domestic spending. We included the idea of raising revenues in Gramm-Rudman-Hollings, and last year the process worked very well. We knew the deficit was projected to be about $221 billion in fiscal year 1986. We got it down to about $171 billion. Recently, Mr. Feldstein, the former Chairman of the Council of Economic Advisers, and Mr. Paul Volcker, the head of the Federal Reserve, testified before the Budget Committee in the Senate that Gramm-Rudman-Hollings is working, and that we ought to adhere to the $108 billion target.

But now, unfortunately, I understand, that we are going to abandon the $108 billion target. We had quite a little set to in the Budget Committee about using CBO figures. For the past 3 years there has been an unwritten rule that we would not start the game with smoke and mirrors, by using discredited Office of Management and Budget figures. Mr. President, there is a consensus in our Government, Republican and Democrat, conservative and liberal, President and Congress, have all agreed we need a $1 trillion Government. All the proposed budgets—for year before last, last year, this year, next year, whether presented by the President, the House, the Senate, conservative or liberal, some emphasing defense, some emphasizing domestic programs—they are all right near that $1 trillion mark. We need the $1 trillion Government, but we do not want to pay for it. And politically what we end up doing is like Rome with bread and circuses. We are buying the people's votes with the fruits of the next generation.

The time has come, Mr. President, to stop spending our children's and our grandchildren's money and start spending some of our own. I am sure Senator GRAMM, Senator RUDMAN, myself and perhaps others will take to the floor to make points of order to try to force adherence to the Gramm-Rudman-Hollings discipline. It is the law. If we do not act now, we are not going to act next year. And the President, trying to act in 1989, really cannot do anything effectively until 1990. So it means for 3 more years we will continue with tax and tax, spend and spend.

Now, I bring up a proposal that is not in any way new. In fact, I am rather tired of the new religion of "new ideas" that we listen to here in Washington. What we need is old ideas, not new ideas. If we can get a common defense, not a defense by the poor and disadvantaged, but what they said in that Constitution, a common defense meaning a draft, we would be better off. If we can get a competitive trade policy, not this so-called free trade, we would be better off. And if we could get to the old ideal here of just paying the bills, then we would be on the right course in our country.

Another excellent old idea is to repeal the indexing of tax rates. I will never forget how this idea was sold. They said we would make the spendthrift Congress stand up and be counted—so when we voted for a program we would have to stand up and vote the revenues to finance it. We have been waiting for 6 years now, and nobody is standing up. We have run $200 billion deficits year after year under this stand-up-and-be-counted nonsense. How then do we bring the 1988 deficit down to $108 billion? To begin with, we must levy a long-overdue $10 per barrel oil import fee. In 1981, I was told that an oil import fee of $10 a barrel would be the political kiss of death with New England voters. I was told not to raise that particular issue or I would be a gone gosling. Yet the former Senator from Colorado not only recommended an oil import fee, he swept Maine, New Hampshire, Vermont, Connecticut, Massachusetts, and Rhode Island. He won them all recommending a $10 a barrel import oil fee. Not only is it a good idea, it is a necessary idea. We need the revenues and we need to start promoting conservation and, at the same time, boosting the economies of Louisiana, Oklahoma, Texas, and other States.

More to the point, we need the $14.8 billion that would be raised by an oil import fee.

Next we must cut back the scheduled reduction of the corporate tax. The corporate tax rate at present is some 46 percent and is due by July 1 to be reduced to 34 percent. For calendar year 1987, it will average at 40 percent.

I propose that just for 1 year, let us freeze it at that 40-percent rate. Nobody is hurt. Corporations are already reaping the windfall of a tax cut this year. By holding the line at 40 percent for 1 more year, we can pick up $8.2 billion in revenues. You have there, in other words, $23 billion in new revenue—$14.8 billion from a $10 oil import fee and $8.2 billion from returning the top corporate rate at 40 percent.

I agree with the $5 billion in new revenues proposed by the President. But we must go further. By extending telephone tax and through other marginal taxes, we reach $33 billion in new revenues.

These are not fanciful proposals, nor are they fixed in concrete. They are honest proposals, honest offers. If necessary, make counterproposals, and I will go along with your revenues. But, by all means, let us find sufficient revenues to bring the deficit down to $108 billion.

I do not propose $33.7 billion in revenues because I want $33.7 billion. I just know that the Government needs new revenues at that level.

In brief, I propose spending cuts of $29 billion and new revenues of $33.7 billion. This does not trash defense. We must at least permit inflation increases in our defense budget.

We clearly need a bill with higher budget authority, including $100 million or so in new outlays to education. We all talk about competing in trade, and the key to this end is education. We want clean air, we want highways built, we want a catastrophic illness insurance system, and we must provide these things.

Mine is a realistic proposal, and I am proud that it received bipartisan support in the Budget Committee.

Next, I propose a value-added tax. We all remember Al Ullman's martyrdom on the altar of VAT. He had an idea whose time had not come, but its time has now arrived.

I have no use for claims that a VAT tax is regressive. All taxes are regressive. I have been careful to exempt housing, health care, and food from the VAT, and that will safeguard the lower income brackets in America.

The value-added tax ends up, then, as a tax on excess consumption, whereby the more you buy, the more you are taxed; the less you spend, the less you are taxed.

This value-added tax can be instituted over the next 18 months. All VAT revenues will go into a trust fund. They will be earmarked for deficit and debt reduction. This proposal has been submitted to the Finance Committee for their study. The plan says that once we get the Government back into the black in 1991—we actually have a $14.8 billion surplus under this plan—we can then go to paying down the national debt.

I know now difficult the job of chairman of the Budget Committee can be. I had that responsibility when we were in deep trouble in 1980. In fact, I was the one who went to President Carter and said, "Mr. President, you're going to end up with a deficit bigger than the one you inherited from President Ford." He was not willing to accept that situation, so, at his urging, we enacted the first reconciliation bill in the history of the U.S. Government, cutting spending already approved by a Congress. And, incidentally, we did this after the 1980 election. At that time, there was no political pressure, to cut the deficit other than our consciences, which would not permit us to run a large deficit.

As in 1980, success today will require give and take, plus a lot of hard work. But I would hope that we are prepared to join hands here today and realize the gravity of our situation. The budget plan proposed by the Budget Committee chairman is nothing less than a shirking of our responsibility. It does not meet the deficit targets set by law. It destroys budget discipline. It breaks faith with the American people.

I look upon the distinguished Presiding Officer, Mr. REID, and the others who were elected with less money and fewer resources than their opponents, and despite the personal appearance of the President advocating their defeat. The failure of the Republicans in 1986 was not because the President had become unpopular, but because his program had run its course.

What America was saying, in my judgment, when we elected Democratic Senators from North Carolina, South Carolina, Georgia, Florida, Alabama, Louisiana, and on around, was: "Yes, Mr. President, you gave those Democrats a good spanking. We have cut spending as much as we can. But we can't continue on with your policy of cutting revenues and leaving the bills unpaid." Interest costs are now the fastest growing item in the national budget, exceeding $500 million every day. If inflation goes up, instead of $200 billion a year, it will go nearer to $250 billion or $260 billion. So the American people out there are insisting, "Pay the bills."

A Washington Post poll says that the American people do not want new taxes. I say, the Washington Post does not know how to ask the question. The question is, "Do you believe the U.S. Government should pay its bills?"

I think that other than a few supply side kooks over 95 percent of the American people would answer, "Yes, I believe that the U.S. Government ought to pay its bills."

That is the position we find ourselves in here this afternoon. The problem is not the process, it is the people making the decisions. Everyone likes to blame the process. When we lose the marines in Lebanon, it is the process. When we lose the astronauts and the *Challenger*, it is the process. When we do not get anything done here, it is the process.

I repeat: It is not the process, it is people shirking their duties. The President is opposed to paying any bills. He hides behind a constitutional amendment debate and submits budgets that are totally irresponsible with respect to the law that he himself signed.

When you have that kind of leadership, then the 535 congressional Members all say, "Well, if that is the name of the game I am not going to risk acting responsibly. It does not pay to act responsibly. Indeed, that is the quickest way I know to lose public office. As a consequence, individual Members say, I am going to play the same game and let us all blame it on the process."

Senator CHILES' budget proposal is a sure formula for a 1988 deficit of $160 billion to $170 billion deficit. Look at every one of the budgets in recent years from the day they emerge from committee until the day they are finally enacted into law. They have all ballooned at the rate of $35 billion to $40 billion. Accordingly, if Senator CHILES proposes a deficit of $133 billion or $134 billion, and $30 billion or $35 billion and you have another $170 billion deficit in 1988. So why go about raising $18 billion in taxes, breaking the law and the discipline and still ending up next year in the same disgraceful predicament of $170 billion deficits?

So, Mr. President, I thank the distinguished Senator from Florida and our leader for yielding me the time on this particular occasion. It is time for people to focus their attention on the gravity of our predicament. I am reminded of the old story of the cavalry lieutenant. He graduated from West Point and was always told by those in training that you have to treat the mules gently. He gets out in the field after his commission and he is found in the early morning trying to lead a mule out of the stall, and he is pulling and tugging and nothing happens. The old sergeant of the regular Army walks up with a stick and hits the mule on the head. The lieutenant protests and says, "I thought you said treat them gently?" The sergeant says, "Yes, but you've got to get their attention first."

The question is how in the Lord's world we get the attention of the Congress and the President to start acting responsibly just like any other city council and any other legislature in this Nation? Time is short. The moment to act is now.

I thank my distinguished colleague and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield to the distinguished Senator from Texas—how much time would he like?

Mr. GRAMM. Why not give me 10 minutes?

Mr. DOMENICI. I yield 10 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 10 minutes.

Mr. GRAMM. Mr. President, I thank the distinguished Senator from New Mexico for yielding. We are going to have a long debate on the budget and I do not want to keep everyone here through noontime today, but there are a couple points I wish to make that I think are important at this juncture of the debate. One of those points has to do with economic assumptions.

Economic assumptions are very important to the budget because what happens in terms of the final outcome of Federal policy depends very critically on what happens in the economy. Little changes in GNP make big impacts on both the revenues and the outlays of the Government. And often in trying to predict what is going to happen, economists are terribly good at explaining after the fact why it happened, not very good at explaining before the fact what is going to happen.

So there are legitimate differences and this has been a source of the problem ever since I have been engaged in the budget process, this now being the ninth year.

I will have to say, however, Mr. President, that there is a cynicism about the budget process and the budget and about economic assumptions in this year's budget cycle that I have never seen before.

I certainly can remind my colleagues—in fact all of us here were here during the era when David Stockman was head of OMB and where there were continual charges, especially after the fact, that David Stockman rigged the numbers.

But let me say, Mr. President, that David Stockman never ever once came close to rigging the numbers the way we are now seeing them rigged.

Certainly, there were those who could and did and maybe should have accused David Stockman of mixing wishes with reality. Certainly, in trying to show a balanced budget in the outyears, it is clear in retrospect that whether the charge was just at the time, it certainly proved to be correct that the budget was assuming the economy was going to respond far more strongly than it did. In fact, the problem was we were already in a recession before the first budget started. So whether or not the Stockman assumptions would have proved out in the absence of a recession that started beforehand, that is all debatable, but there is no comparison between Stockman's manipulation of the numbers and assumptions with that of the budget adopted in the House of Representatives.

I would like to very briefly talk about the House budget because it is relevant to what we are going to do.

Let me just review basically what they did on assumptions and then come back and talk about what we are doing.

First of all, Chairman GRAY and members of the Budget Committee spent 3 months attacking OMB assumptions, calling them totally unrealistic, phony, irresponsible, and said that they would put us in a position of an unacceptable sequester order.

Now, there was no doubt about the fact if you go back and look at all that rhetoric, no one believed in the OMB assumptions, no one thought they were desirable or acceptable. But guess what? When the House Budget Committee reached a point of bringing its budget to the floor, not only did they accept the President's assumption, but in something unheard of to this point, they said, "Well, we will not actually adjust the assumptions in our budget; we will take the Reagan assumptions and convert them into assumed outlay reductions and we will use them to reduce our projected growth in outlays."

The budget they produced that way, however, did not meet the Gramm-Rudman-Hollings targets.

So having taken assumptions they have cussed for 3 months and assumed them as budget outlays, they then come back with a plug on revenues of $10.6 billion.

Now you ask them what is that $10.6 billion? They said that is not revenues. That is just a plug.

Now, Mr. President, with $10.6 billion of nonrevenue revenues and $14 billion of nonspending cuts spending cuts, they then send a letter out to Members of the House of Representatives in which the chairman of the Budget Committee says this budget meets the Gramm-Rudman-Hollings targets.

Now, I submit, Mr. President, that this is something a little bit new in the budget process. This is not mixing wishes with reality. This is an absolute phoniness and an absolute cynicism toward the process that we have not seen before. And, quite frankly, it alarms me. It alarms me because it shows that what has happened here is that we are engaged in a political debate where the House was trying to pass a budget with nobody giving any real consideration as to what the budget means—could it be enforced; would it meet the targets; what do we do come October 1 when we are looking at a potential of a sequester order?

The objective was to simply meet the requirement of passing a budget with no real concern about whether the budget had any relationship whatsoever to reality. The only reason the budget is relevant is because it sets out parameters of what we are going to do for the coming fiscal year.

It never ceases to amaze me how Members of Congress cast a vote on the budget and, in the process, set levels of defense that clearly will affect the actions of our appropriating and authorizing committees and then they turn around and, come time to spend money on defense, they suddenly are prodefense. What a paradox it is that every person here on the floor today was an outspoken proponent of increasing the Carter defense budget and yet we are debating today a movement toward a budget that would take defense, as a percentage of GNP, back to where it was in 1980 when we started. Does anybody here believe that the

Soviet Union is weaker today than it was in 1980; that the threat is any less severe than it was in 1980? I do not think so.

But yet how can we argue that in going back and projecting a level of defense spending as a percentage of GNP—which, quite frankly, is the only number that is very meaningful; that is, in going back to roughly 5 percent, which was where we were when we started in 1980—that we are not in fact going back to a policy that this Congress and most of its Members clearly repudiated in 1980.

But, you know, the problem that I see goes a little bit deeper than the phony economic assumptions, than the cynicism of the process and the defense problem. Let me just look at the House budget and then I will turn to the Senate budget.

In the House, as compared to last year—and it is so important that people understand that Government does not use the same language as the public uses. If you go out on the street and you ask somebody, "Have you cut spending?" If they say, "Yes," you know they are spending less than they used to spend, less than they spent last year. It is a never ending source of confusion that when we say we cut spending, we are spending less than we would have spent, not less than we did spend.

So you have the seeming paradox that the President proposes a budget that raises spending by almost $15 billion over last year and yet virtually every newspaper in America runs a headline "Reagan Proposes Massive Cuts in Spending." Medicare is one of the fastest-growing items in the Reagan budget, and yet we see headline after headline, "Reagan Proposes Massive Cuts in Medicare." The problem is we are using a different language.

Now, let me go back to the language of the person in the street. In the language of the person in the street, the House has adopted a budget that raises defense by 0.8 percent above last year's level in nominal terms. Now, we are looking at somewhere between a 4- and 5-percent inflation rate depending on the weighting you want to give these first few months, so that is a pretty substantial real reduction in defense spending. Now, if you went over to the House and you asked them——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GRAMM. I ask for 10 more minutes.

Mr. DOMENICI. I yield 10 more minutes.

The PRESIDING OFFICER. Without objection, that is the order.

Mr. GRAMM. "Why did you impose such a binding constraint on defense spending?" They would say, "because of the deficit problem." And within the logic of having to deal with the deficit, you might say, "Well, that makes sense."

The problem is when you come down and look at nondefense. Leaving out Social Security, which we have taken off budget, and leaving out debt payment or interest payments on the debt, which we had to pay contractually, when you look at the rest of spending lumped into this category nondefense and remembering that they increased defense spending only by 0.8 percent, you would think that, by the logic of having to control spending due to the deficit, when you look down and add up how much nondefense spending rose, you would find, well, it grew about 0.8 percent. It is not so.

In fact, in their budget, nondefense spending grew by 7.1 percent. In fact, nondefense spending in the House budget grows faster than the automatic pilot government with all the built-in growth in every program under existing law.

Now, people stand up and say, "We have got to have taxes. We have got to have taxes to balance the budget." And certainly taxes, other things being the same, reduce the deficit and could help produce a balanced budget.

But how interesting it is in the House that they adopted a budget that increased all spending. If you take just defense and then call everything else nondefense, their budget increases nondefense spending 2½ times as much as it increases taxes. Now, how can you stand up and say we are raising taxes to try to balance the budget and then raise nondefense spending 2½ times as much as you raise taxes?

I submit, Mr. President, that the problem is that we have got economy in only one part of the budget and that is in the defense budget. The truth is, whether you take this budget or you take the budget that will be offered as a substitute tomorrow or at some point, the truth is, for all practical purposes, the only thing that is being cut is defense.

I would feel better, with all this talk about revenues, if we had come in and made, whether we did it the same way as the President or not, the kind of binding reductions in the growth of entitlements. If we were terminating programs, if we were cutting back defense and, after having done all that, we discovered we were not meeting the targets and somebody stood up and said, "Look, we made all these cuts. We have reduced programs. We have eliminated programs that were established a long time ago and that now only have constitutents that are benefiting through working in the program rather than those who are largely getting benefits," and if at that point they said we have got to have revenues, I would be willing to listen.

But the truth is that we are not making any real, legitimate attempt to reduce the growth in nondefense spending. People stand up and cuss the President's budget and criticize the assumptions. And, of course, you can always criticize assumptions. But the truth is that the Reagan budget contains a substantial reform in entitlements. Everybody says we have got to do something about entitlements.

The President proposes a budget that severely constrains the growth of entitlements. And what do we do? We throw out those savings, by and large, and do not give them any serious consideration.

When we are saying we have got to raise taxes, what are we really saying? When you are looking at this budget—and I wish we were just talking about $1 trillion, because now we are talking about a lot more than $1 trillion. We passed $1 trillion way back. We came by so fast nobody even saw the road sign.

When you are saying we have got to raise taxes to meet these budget targets, what are you really saying? When you put it in the language of the guy on the street, what does that mean?

Well, it means that we have looked at the budget, that we have looked at the working men and women of America, and we have concluded that there is more fat in the family budget than there is in the Federal budget; that the benefit the working men and women of America will get by being able to spend their money themselves is lower than the benefit they will get by spending it for them and by being able to preserve the built-in growth in Federal programs.

I do not think there are many people when you define it in those terms who really believe that. There may be people in this body who believe that there is more fat in the budget of the average working American than there is in the Federal budget. But I am not one of them. And I doubt very frankly if the majority hold that opinion. But that is exactly what we are saying when we are saying that we have to raise taxes; that there is more fat in the family budget than there is in the Federal budget.

Mr. President, I am not comparing the so-called Chiles budget with the budget of the House of Representatives. Quite frankly, I think that the distinguished chairman of the Budget Committee has tried to operate within the parameters that make sense. We clearly have moved here toward the OMB economic assumptions because of the budget point of order, the 60 votes, and we all understand that. And it is very hard to adopt a budget. It is easy to criticize it. I understand that, and I am in sympathy with those who want to adopt the budget. The problem is that the economic assumptions are generated to some extent by what you do. One of the complaints I have always had is that people who propose controlling spending set out economic assumptions, and then people who propose raising taxes adopt the same economic assumptions, and there is no way that spending control generates the same economic impact as raising taxes.

We talk about new revenues in the President's budget and act as if selling Conrail has the same impact on the economy as not lowering the marginal tax rate from 38 to 28 percent. We all know that is not accurate.

I hope that my colleagues will reject the Chiles budget. I hope that in doing so we make it clear that, No. 1, we are not going to raise nondefense spending by 6 percent and hold the growth in defense spending to 1.4 percent. If the budget problem is so severe that defense cannot grow, it is severe enough that nondefense ought not to grow. And if we are so foolish as to adopt that budget, I hope the President will come out and tell the American people that there is an asymmetry between defense and nondefense, and that Congress may be able to prevent him from spending money on defense that he believes is vitally important, but they cannot force him to spend money on other things. I hope that he will set up a veto strategy to try to prevent this roughly $30 to $50 billion, depending on which budget you are talking about, from being added to the current level of spending.

So we have a tough decision to make here. It is my hope that there can ultimately be a compromise. If people are willing to come up with real savings that Ronald Reagan has proposed, saving that same money not just this year but from now on, and combine that with defense savings, and if that does not get us home I am willing to listen to all kinds of ideas. But I, for one, am not willing to talk about raising taxes to try to meet the targets of the budget when we are raising nondefense spending twice as much in the House budget as we are proposing raising taxes. That is not going to get us home. And I think that is basically our problem.

So I am deeply concerned about this game we play about economic assumptions. What is important is not what you assume but what you do about it. And the tragedy here is that by assuming baselines that the people proposing the budgets have already said they do not believe in, we are thereby eliminating the necessity to do something about it. And I think that is your problem.

I remind my colleagues that when the debt ceiling expires on May 15, we are going to vote on reimposing the automatic trigger mechanism in the Gramm-Rudman-Hollings law. Come the 15th of August, whether we are successful on that or not, there is going to be a sequester order, and we had better act now to try to escape that.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GRAMM. I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am not aware of anyone else on our side that desires time. I am prepared, unless we have to await the majority leader, to yield the floor for the day.

Mr. CHILES. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRAHAM). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SUNNY VON BULOW NATIONAL VICTIM ADVOCACY CENTER

Mr. THURMOND. Mr. President, during my tenure as chairman of the Committee on the Judiciary, two major bills enhancing the rights of crime victims were passed out of the committee; the Victim and Witness Protection Act of 1982, and the Comprehensive Crime Control Act of 1984.

While working on this legislation, it was gratifying to learn of the work that private organizations were doing at the national and local levels on behalf of the victims of crime; for example: The victims committee of the American Bar Association, the National District Attorneys Association, the National Sheriffs Association, the National Organization for Victims Assistance, and Crime Victims for Court Reform.

I was pleased to learn recently of the establishment of a new national victim resource center: The Sunny von Bulow National Victim Advocacy Center of Fort Worth, TX, whose purpose is to promote responsiveness of the judicial system to the rights of the victims of crime. One of the major programs of the center is the crime victims litigation project, which has been established to promote the legal rights of crime victims in the civil courts. This will be accomplished by assisting attorneys who are representing victims who have been grievously injured either by the perpetrators of a crime or through the negligence of third parties.

Mr. President, this program should be of great value to crime victims attorneys. Without objection, I ask unanimous consent that the text of an announcement about the crime victims litigation project be printed in the RECORD.

There being no objection, the text of the announcement was ordered to be printed in the RECORD, as follows:

NEW SERVICE FOR CRIME VICTIMS' ATTORNEYS

The Sunny von Bulow National Victim Advocacy Center, a national, non-profit, tax-exempt organization whose purpose is to promote responsiveness of the judicial system to the rights of victims of crimes, has announced the establishment of its Crime Victims Litigation Project (CVLP).

Prompted by the fact that there has theretofore been no central legal resource in the country dealing specifically and exclusively with the rapidly emerging field of litigation on behalf of crime victims, the CVLP has established a database of some 3,000 appellate cases and other authorities pertaining to such litigation.

Areas covered in the database include:

(1) *Victim v. Perpetrator Suits;* (2) *Third Party Suits:* (A) Governmental Failure to Protect; (B) Negligence in Handling Prisoners and Mental Patients, (Negligent Release; Escape Cases; Failure to Supervise; Failure to Warn;) (C) Landlords, Innkeepers, Schools, Hospitals, Other Premises, Common Carriers (Failure of Security, Failure of Supervision, Negligent Employment and Retention); (D) Employment Related (Failure of Security, Failure of Supervision, Negligent Employment and Retention); (E) Other Issues. The database is updated on a daily basis from the Advance Sheets; cases in which plaintiffs and defendants prevailed are included.

The CVLP is directed by Frank Carrington, Attorney at Law, a nationally known authority on victims' rights litigation, former Chairman of the Victims Committee of the American Bar Association and former member of the President of the United States' Task Force on the Victims of Crime.

The CVLP operates on a not-for-profit basis. There is no charge for its assistance in *pro bono* victims' litigation cases and only charges for actual out-of-pocket costs (retrieval of cases and authorities, printing, copying, mailing, etc.) in fee-generating cases. All charges will be approved in advance by requesting attorneys. The service covers situations in which attorneys are involved in victim litigation cases or are considering involvement in such cases. A cross-referral service for attorneys will be provided at no charge.

For further information, please contact: Frank Carrington, Esq., 4530 Oceanfront, Virginia Beach, VA (23451), (804) 422-2692 or (804) 428-1825.

MESSAGES FROM THE PRESIDENT RECEIVED DURING RECESS

Under the authority of the order of the Senate of February 3, 1987, the Secretary of the Senate, on April 24, 1987, during the recess of the Senate, received a message from the President of the United States, transmitting sundry nominations; which were referred to the appropriate committees.

(The nominations received on April 24, 1987 are printed in today's RECORD at the end of the Senate proceedings.)

ANNUAL REPORT ON ADMINISTRATION OF RADIATION CONTROL FOR HEALTH AND SAFETY ACT—MESSAGE FROM THE PRESIDENT RECEIVED DURING RECESS—PM 37

Under the authority of the order of the Senate of February 3, 1987, the Secretary of the Senate, on April 24, 1987, during the recess of the Senate, received the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with Section 360D of the Public Health Service Act, I am submitting the report of the Department of Health and Human Services regarding the administration of the Radiation Control for Health and Safety Act during calendar year 1986. The cost to prepare this report was $10,780.

The report recommends that Section 360D of the Public Health Service Act that requires the completion of this annual report be repealed. All the information found in this report is available to the Congress on a more immediate basis through Congressional committee oversight and budget hearings and the FDA Annual Report. This annual report serves little useful purpose and diverts FDA resources from more productive activities.

RONALD REAGAN.

THE WHITE HOUSE, *April 24, 1987.*

BUDGET OF THE GOVERNMENT OF THE DISTRICT OF COLUMBIA—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 38

Under the authority of the order of the Senate of February 3, 1987, the Secretary of the Senate, on April 27, 1987, during the recess of the Senate, received the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Governmental Affairs:

To the Congress of the United States:

In accordance with the District of Columbia Self-Government and Governmental Reorganization Act, I am transmitting the 1988 Budget of the District of Columbia Government.

There are two issues that affect both the 1988 Budget submitted to the Congress on January 5, 1987, and the 1988 Budget of the District of Columbia Government that I would like to bring to your attention. First, I want to reaffirm my concern that none of the funds appropriated for the District of Columbia should be used for abortion unless the life of the mother would be endangered if the fetus were carried to term. Accordingly, I will support an amendment that goes beyond Section 116 in the accompanying District of Columbia Budget request and restricts the use of both the District's Federal and locally generated funds for abortion.

Secondly, I request your support for the initiative in the 1988 Budget that requires the District Government to directly bill the Federal establishments for the water and sewer services provided. In response to the fact that the District has had the technical capacity to bill individual Federal establishments since 1985, the 1988 Budget provides for the Federal establishments to make their water and sewer payments directly to the District Government. Thus, the 1988 Budget does not include an amount in the Federal Payment to District of Columbia for water and sewer services provided. The Budget provides for Federal establishments to make these payments directly. Although I understand the Comptroller General's office has expressed doubt about this proposal, I believe that existing law permits this change in billing practice, which will produce efficiency and accountability for the services provided. I urge the Congress to enact this needed reform.

RONALD REAGAN.

THE WHITE HOUSE, *April 27, 1987.*

MESSAGES FROM THE HOUSE

At 1:09 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1827. An act making supplemental appropriations for the fiscal year ending September 30, 1987, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has signed the following enrolled bills:

H.R. 14. An act to designate certain river segments in New Jersey as study rivers for potential inclusion in the national wild and scenic river system; and

H.R. 1963. An act to amend the Surface Mining Control and Reclamation Act of 1977 to permit States to set-aside in a special trust fund up to 10 per centum of the annual State funds from the Abandoned Mine Land Reclamation Fund for expenditure in the future for purposes of abandoned mine reclamation, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore (Mr. STENNIS.)

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent, and referred as indicated:

H.R. 1827. An act making supplemental appropriations for the fiscal year ending September 30, 1987, and for other purposes; to the Committee on Appropriations.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1072. A communication from the Secretary of Transportation, transmitting, pursuant to law, the eighth annual report on administration to the Offshore Oil Pollution Compensation fund; to the Committee on Energy and Natural Resources.

EC-1073. A communication from the Assistant Secretary of the Interior (Water and Science), transmitting, pursuant to law, a proposed contract with the Belle Fourche Irrigation District, Pick-Sloan Basin Program, South Dakota; to the Committee on Energy and Natural Resources.

EC-1074. A communication from the Director of the Office of Alcohol Fuels, Department of Energy, transmitting, pursuant to law, notice of a delay in the submission of the "Annual Report on the Use of Alcohol in Fuels"; to the Committee on Energy and Natural Resources.

EC-1075. A communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report on the Outer Continental Shelf Oil and Gas Leasing and Production Program for fiscal year 1986; to the Committee on Energy and Natural Resources.

EC-1076. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain excess oil and gas lease payments; to the Committee on Energy and Natural Resources.

EC-1077. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain excess oil and gas lease payments; to the Committee on Energy and Natural Resources.

EC-1078. A communication from the Secretary of Energy, transmitting, pursuant to law, the annual report of the Bonneville Power Administration for 1986; to the Committee on Energy and Natural Resources.

EC-1079. A communication from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to provide for an equitable distribution of the costs associated with the Oregon and California land grant fund; to the Committee on Energy and Natural Resources.

EC-1080. A communication from the Chief of the United States Forest Service, transmitting, pursuant to law, notification that new legal descriptions and maps of the Tongass National Forest have been provided to the Chairman of the Senate Committee on Energy and Natural Resources and the Chairman of the House Committee on Interior and Insular Affairs; to the Committee on Energy and Natural Resources.

EC-1081. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1082. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1083. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the preliminary report on the Agency's implementation plan for indoor air quality and radon gas research; to the Committee on Environment and Public Works.

EC-1084. A communication from the Administrator of General Services, transmitting, pursuant to law, the annual report under the Architectural Barriers Act for fiscal year 1986; to the Committee on Environment and Public Works.

EC-1085. A communication from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to amend section 123 of the River and Harbor Act of 1970 to clarify the authority of the Secretary of the Army to continue to fill Confined Disposal Facilities, and for other purposes; to the Committee on Environment and Public Works.

EC-1086. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to amend sections 5315 and 5316 of title 5, United States Code, to raise the position of the Chief Counsel for the Internal Revenue Service, Department of the Treasury from Level V to Level IV of the Executive Schedule; to the Committee on Finance.

EC-1087. A communication from the Chairman of the Railroad Retirement Board, transmitting a draft of proposed legislation to amend the Railroad Retirement Tax Act to require rail sector financing of certain railroad retirement costs currently borne by the general taxpayer and to increase contributions to the rail industry pension fund, and for other purposes; to the Committee on Finance.

EC-1088. A communication from the Administrator of the Agency for International Development, transmitting a draft of proposed legislation to amend section 108 of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Relations.

EC-1089. A communication from the Secretary General of the North Atlantic Assembly, transmitting, pursuant to law, the annual report and recommendations of the Assembly for 1986; to the Committee on Foreign Relations.

EC-1090. A communication from the Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to April 10, 1987; to the Committee on Foreign Relations.

EC-1091. A communication from the Secretary of State, transmitting, pursuant to law, the annual report on the Department's activities related to minority recruitment and equal employment efforts for fiscal year 1986; to the Committee on Foreign Relations.

EC-1092. A communication from the Acting Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a Presidential determination authorizing the provision of emergency military assistance to the Philippines; to the Committee on Foreign Relations.

EC-1093. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to provide for the United States approval and acceptance of a proposed amendment to the Articles of Agreement of the International Bank for Reconstruction and Development; to the Committee on Foreign Relations.

EC-1094. A communication from the Secretary of Commerce, transmitting, pursuant to law, a monthly report on imports during 1986 of strategic and critical materials from countries of the Council for Mutual Economic Assistance; to the Committee on Foreign Relations.

EC-1095. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-15 adopted by the Council on March 31, 1987; to the Committee on Governmental Affairs.

EC-1096. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-17 adopted by the Council on March 31, 1987; to the Committee on Governmental Affairs.

EC-1097. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 7-16 adopted by the Council on March 31, 1987; to the Committee on Governmental Affairs.

EC-1098. A communication from the Chairman of the Federal Trade Commission, transmitting, pursuant to law, the annual report of the Commission under the Government in the Sunshine Act for calendar year 1986; to the Committee on Governmental Affairs.

EC-1099. A communication from the Administrator of General Services, transmitting, pursuant to law, a report on the costs of operating privately owned vehicles to government employees while engaged on official business; to the Committee on Governmental Affairs.

EC-1100. A communication from the Chief Judge of the Superior Court of the District of Columbia, transmitting, pursuant to law, the Jury System Plan of the Superior Court of the District of Columbia; to the Committee on Governmental Affairs.

EC-1101. A communication from the Chairman of the Interstate Commerce Comission, transmitting, pursuant to law, the annual report of the Commission under the Government in the Sunshine Act for calendar year 1986; to the Committee on Governmental Affairs.

EC-1102. A communication from the Inspector General of the Department of Labor, transmitting, pursuant to law, notice of a computer matching program; to the Committee on Governmental Affairs.

EC-1103. A communication from the Assistant Administrator of the Environmental Protection Agency (Administration and Resources Management), transmitting, pursuant to law, notice of a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-1104. A communication from the Special Counsel of the Merit Systems Protection Board, transmitting, pursuant to law, a report on the findings and conclusions resulting from an investigation into allegations of violations of law and regulation, abuse of authority, and gross waste of funds by the mismanagement of research funds at the Veterans Administration Medical Center, Syracuse, New York; to the Committee on Governmental Affairs.

EC-1105. A communication from the Director of the National Park Service, Department of the Interior, transmitting, pursuant to law, the 1986 annual report covering the disposal of surplus Federal real property under the public benefit discount program for parks and recreation purposes; to the Committee on Governmental Affairs.

EC-1106. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Annual Audit of the Washington Convention Center for Fiscal Years 1986 and 1985"; to the Committee on Governmental Affairs.

EC-1107. A communication from the Secretary to the Postal Rate Commission, transmitting, pursuant to law, a final ruling entitled "Amendment to Domestic Mail Classification Schedule: Change in Service, 1986, Collect on Delivery Service"; to the Committee on Governmental Affairs.

EC-1108. A communication from the Principal Deputy Assistant Secretary of the Interior (Policy, Budget, and Administration), transmitting, pursuant to law, the annual report of the Department on competition advocacy for calendar year 1986; to the Committee on Governmental Affairs.

EC-1109. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Annual Audit of the D.C. Lottery and Charitable Games Control Board for Fiscal Years 1986 and 1985"; to the Committee on Governmental Affairs.

EC-1110. A communication from the Executive Director of the Federal Retirement Thrift Investment Board, transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-1111. A communication from the Secretary of Transportation, transmitting, pursuant to law, the annual report of the Department on competition advocacy for calendar year 1986; to the Committee on Governmental Affairs.

EC-1112. A communication from the Secretary of the Postal Rate Commission, transmitting, pursuant to law, the annual report of the Commission under the Government in the Sunshine Act for calendar year 1986; to the Committee on Governmental Affairs.

EC-1113. A communication from the Administrator of General Services, transmitting a draft of proposed legislation to amend the Federal Property and Administrative Services Act of 1949, as amended, and 31 U.S.C. 3726 relative to the General Supply Fund, and for other purposes; to the Committee on Governmental Affairs.

EC-1114. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a list of the reports issued by the General Accounting Office for March 1987; to the Committee on Governmental Affairs.

EC-1115. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the annual report under the Indian Health Care Improvement Act for fiscal year 1985; to the Select Committee on Indian Affairs.

EC-1116. A communication from the Chairman of the Farm Credit Administration transmitting, pursuant to law, the Administration's 1986 Freedom of Information report; to the Committee on the Judiciary.

EC-1117. A communication from the Assistant Attorney General of the U.S. transmitting a draft of proposed legislation to clarify certain rights available to State Prisoners; to the Committee on the Judiciary.

EC-1118. A communication from the Acting Director of the Selective Service System transmitting, pursuant to law, the

System's 1986 Freedom of Information report; to the Committee on the Judiciary.

EC-1119. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, the report on refugee resettlement in the U.S.; to the Committee on the Judiciary.

EC-1120. A communication from the Controller of the Boys Clubs of America transmitting, pursuant to law, the audited financial report for 1986; to the Committee on the Judiciary.

EC-1121. A communication from the Chairman of the Securities and Exchange Commission transmitting, pursuant to law, the Commission's 1986 Freedom of Information report; to the Committee on the Judiciary.

EC-1122. A communication from the Director of the Administrative Office of the U.S. Courts transmitting a resolution adopted by the Conference requesting Congress to address the pay problems of bankruptcy judges and magistrates; to the Committee on the Judiciary.

EC-1123. A communication from the Secretary of the Interior transmitting, pursuant to law, the Department's 1986 Freedom of Information report; to the Committee on the Judiciary.

EC-1124. A communication from the Attorney General of the U.S. transmitting, pursuant to law, a report on and legislative proposal relative to methods to control diversion of legitimate and essential chemicals to the illegal production of drugs; to the Committee on the Judiciary.

EC-1125. A communication from the Secretary of the Postal Rate Commission transmitting, pursuant to law, interim rules relative to the Freedom of Information Act; to the Committee on the Judiciary.

EC-1126. A communication from the Chairman of the U.S. Sentencing Commission transmitting, pursuant to law, the initial set of sentencing guidelines; to the Committee on the Judiciary.

EC-1127. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, the consolidated report on the Administration of the Public Health Services; to the Committee on Labor and Human Resources.

EC-1128. A communication from the Secretary of Health and Human Services transmitting a draft of proposed legislation on child abuse prevention and treatment; to the Committee on Labor and Human Resources.

EC-1129. A communication from the Secretary of Education transmitting, pursuant to law, final regulations for the Law School Clinical Experience Program; to the Committee on Labor and Human Resources.

EC-1130. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, a report on the risks of thyroid cancer; to the Committee on Labor and Human Resources.

EC-1131. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, a report on Alcohol and Health; to the Committee on Labor and Human Resources.

EC-1132. A communication from the Secretary of Labor and Human Resources transmitting, pursuant to law, notice of final funding priority for special recreation programs for individuals with handicaps; to the Committee on Labor and Human Resources.

EC-1133. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, the 1985 annual report on the National Health Service Corps and the NHSC Scholarship Program; to the Committee on Labor and Human Resources.

EC-1134. A communication from the Secretary of Health and Human Resources transmitting, pursuant to law, a report on HHS integration pilot projects; to the Committee on Labor and Human Resources.

EC-1135. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, the 1986 report on compliance by States with personnel standards for radiologic technicians; to the Committee on Labor and Human Resources.

EC-1136. A communication from the Executive Secretary of Defense transmitting, pursuant to law, the 4th quarter report for 1986 on DOD procurement from Small and other businesses; to the Committee on Small Business.

EC-1137. A communication from the Administrator of the Veterans Administration transmitting a draft of proposed legislation to revise and clarify VA authority to furnish certain health care benefits; to the Committee on Veterans Affairs.

EC-1138. A communication from the Administrator of the Veterans Administration transmitting a draft of proposed legislation to clarify the authority of the Chief Medical Director regarding certain health care employees; to the Committee on Veterans Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-100. A resolution adopted by the Rio Grande Compact Commission favoring appropriations for drainage works at Cochiti Pueblo, New Mexico; to the Committee on Appropriations.

POM-101. A resolution adopted by the Senate of the State of New Mexico; to the Committee on Appropriations.

"SENATE MEMORIAL 112

"Whereas, the Navajo nation is greatly handicapped and its people undergo great hardship because of the inadequate roads and the consequent lack of transportation during the harsh winter months and during spring floods; and

"Whereas, the Navajo people have always answered the call of the country in coming to the mutual defense of our land; and

"Whereas, the Navajo people deserve the support of the government which has been freely furnished to other areas;

"Now, therefore, but it resolved by the Senate of the State of New Mexico that the Congress of the United States is requested to appropriate thirty million dollars ($30,000,000) to be expended for the completion of Navajo roads N-5 and N-36 on the Navajo Reservation, including a bridge over the San Juan river at Hogback; and

"Be it further resolved that a copy of this Memorial be transmitted to the President Pro Tempore of the Senate of the United States, the Speaker of the United States House of Representatives and to each member of the New Mexico delegation to the Congress of the United States."

POM-102. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Appropriations:

"ASSEMBLY JOINT RESOLUTION NO. 18

"Whereas, The unique character of the Lake Tahoe Basin is of national significance deserving of further protection and management; and

"Whereas, The environmental quality of the Lake Tahoe Basin is seriously jeopardized by overdevelopment of sensitive areas; and

"Whereas, There are significant environmental constraints to further development in the Lake Tahoe Basin; and

"Whereas, The Santini-Burton Act, Public Law 96-586, provides money for the acquisition of environmentally sensitive land; now, therefore, be it

"Resolved by the Assembly and the Senate of the State of Nevada, jointly, That the Nevada Legislature requests the Congress of the United States to continue to appropriate money to finance the purchase of environmentally sensitive land under the authority of the Santini-Burton Act; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the Vice President of the United States as President of the Senate, to the Speaker of the House of Representatives, to all members of the Nevada Congressional Delegation, and to the Secretary of the Department of Agriculture; and be it further

"Resolved, That this resolution becomes effective upon passage and approval."

POM-103. A concurrent resolution adopted by the Legislature of the State of North Dakota; to the Committee on Banking, Housing, and Urban Affairs.

"HOUSE CONCURRENT RESOLUTION NO. 3064

"Whereas, the rights of the citizens of the United States to economic freedom, domestic tranquility, and prosperity without excessive interest and taxation should not be abridged nor denied by any private corporation using any debt instrument or note as a basis for credit and currency; and

"Whereas, by passage of the Federal Reserve Act of 1913 [38 Stat. 251; 12 U.S.C. 221], Congress established the Federal Reserve System, which is composed of a Board of Governors, 12 regional Federal Reserve Banks and member banks, the Federal Open Market Committee, and several councils; and

"Whereas, the Federal Reserve System operates on a fractional reserve banking basis and possesses wide discretionary authority to issue federal reserve notes, determine the cost and availability of money and credit, and to direct and influence the monetary policy of the United States; and

"Whereas, the termination of fractional reserve banking and the establishment of the United States Monetary Commission would ensure an equitable and sound monetary policy;

"Now, therefore, be it resolved by the House of Representatives of the State of North Dakota, the Senate concurring therein:

"That the Fiftieth Legislative Assembly urges the Congress of the United States to enact legislation to terminate all fractional reserve banking practices in the United States and to establish the United States Monetary Commission; and

"Be it further resolved, that the legislation provide for the initiation of a United States Treasury Credit Monetary System, and grant the United States Treasury, when authorized by the United States Monetary Commission, the sole and exclusive power to create all money and establish the value thereof; and

"Be it further resolved, that the Secretary of State forward copies of this resolution to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the North Dakota Congressional Delegation."

POM-104. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Commerce, Science, and Transportation.

"ASSEMBLY JOINT RESOLUTION No. 10

"Whereas, The motor carrier industry lacks adequate representation in the United States Department of Transportation because there is no separate, central administration for motor carriers such as those which exist for the aviation, maritime and railroad industries; and

"Whereas, Of all modes of transporting freight, the motor carrier industry is the largest, carrying the most freight, traveling the most miles, employing over 7,000,000 people, and affecting the daily lives of all Americans; and

"Whereas, Each year, the motor carrier industry transports freight which is worth more than $200,000,000,000, representing a substantial percentage of the gross national product and three-quarters of the nation's total annual expenditures for the transportation of freight; and

"Whereas, The motor carrier industry includes 5,000,000 medium and heavy-duty trucks which hauled 2,000,000,000 tons of freight in 1986 and travled 138,000,000,000 miles; and

"Whereas, The motor carrier industry plays a vital role in the nation's economy by providing service to every community and rural area in the nation, and contributes significantly to the health, safety and well-being of the citizens of this country; and

"Whereas, The creation of a motor carrier administration within the United States Department of Transportation would improve the industry's record of safety by coordinating safety regulations and providing assistance in research and development; and

"Whereas, The creation of a motor carrier administration would aid in the development of a coherent and comprehensive federal policy of transportation; and

"Whereas, Without a motor carrier administration, members of Congress and administrative agencies do not have an adequate source of information on which to base sound legislative and regulatory decisions; and

"Whereas, It is in the best interests of motor carriers and members of the public to establish a federal program coordinating motor carriers within the United States Department of Transportation by consolidating the various existing federal agencies which regulate the trucking industry into a motor carrier administration to provide increased efficiency at a low cost; and

"Whereas, Legislation was introduced in the 99th Congress to establish a motor carrier administration within the United States Department of Transportation and similar legislation is expected to be introduced in the 100th Congress; now, therefore, be it

"Resolved by the Assembly and Senate of the State of Nevada, jointly, That the Nevada Legislature urges the Secretary of the Department of Transportation to support the establishment of a motor carrier administration; and be it further

"Resolved, That the Congress of the United States is urged to enact legislation establishing a motor carrier administration within the United States Department of Transportation; and be it further

"Resolved, That copies of this resolution be prepared and transmitted by the Chief Clerk of the Assembly to the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives, the Secretary of the United States Department of Transportation and to each member of the Nevada Congressional Delegation; and be it further

"Resolved, That this resolution becomes effective upon passage and approval."

POM-105. A concurrent resolution adopted by the Legislature of the State of Indiana; to the Committee on Environment and Public Works:

"HOUSE CONCURRENT RESOLUTION No. 22

"Whereas, Lake Michigan is at a record high and continues to rise; and

"Whereas, the forty two miles of Lake Michigan shoreline are of great importance to the people of the United States, particularly in northern Indiana and Illinois; and

"Whereas, the high waters of Lake Michigan have already caused millions of dollars of damage by eroding the shoreline, and if appropriate action is not taken soon, will continue its destruction; and

"Whereas, the waters of Lake Michigan are endangering the economic development, the infrastructure and the environment along the Indiana Lake Michigan shoreline; and

"Whereas, erosion is destroying homes, business and industrial structures, recreational property, roads and other constructions: Therefore,

"Be it resolved by the House of Representatives of the General Assembly of the State of Indiana, the Senate concurring:

"SECTION 1. That we urge Congress to take all steps necessary to stop the erosion of the Lake Michigan shoreline of Indiana.

"SECTION 2. That copies of this Resolution be sent to the presiding officers and to the majority and minority leaders of both houses of Congress and to each member of Congress representing the people of Indiana."

POM-106. A joint resolution adopted by the Legislature of the State of New Mexico; to the Committee on Environment and Public Works:

"SENATE JOINT MEMORIAL 17

"Whereas, the domestic production of oil and gas has fallen to historic lows and this decline will be increased unless oil and gas exploration is encouraged and assisted; and

"Whereas, under existing law, oil and gas exploration and production wastes are currently exempt from classification as hazardous under the Resource Conservation and Recovery Act and their disposal is conducted safely and successfully in accordance with state regulations; and

"Whereas, millions of dollars would be wasted if the State was required to dispose of oil and gas exploration and production wastes under the Resource Conservation and Recovery Act with no appreciable benefit to the environment;

"Now, therefore, be it resolved by the legislature of the State of New Mexico that the Federal Environmental Protection Agency is respectfully requested and urged to recommend to the Congress of the United States that state regulation of oil and gas exploration and production wastes be exempt from Federal preemption and that the individual states be allowed to continue to regulate the disposal of such wastes; and

"Be it further resolved that copies of this memorial be transmitted to the Administration of the Environmental Protection Agency, the President Pro Tempore of the United States Senate, the Speaker of the United States House of Representatives and each Member of the New Mexico Congressional Delegation."

POM-107. A resolution adopted by the Executive Council of the Episcopal Church relating to refugee and immigration policy of the United States Government; to the Committee on the Judiciary.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. WALLOP (for himself and Mr. McCLURE):

S. 1096. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, to permit the use of park entrance, admission, and recreation use fees for the operation of the National Park System, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. CHAFEE (for himself and Mr. RUDMAN):

S. 1097. A bill to provide for the continuation of parallel imports under section 526 of the Tariff Act of 1930; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. INOUYE (for himself, Mr. MATSUNAGA, Mr. ADAMS, Mr. BAUCUS, Mr. BOREN, Mr. BRADLEY, Mr. BUMPERS, Mr. BURDICK, Mr. CRANSTON, Mr. DASCHLE, Mr. DECONCINI, Mr. DIXON, Mr. FORD, Mr. GORE, Mr. HEFLIN, Mr. JOHNSTON, Mr. KERRY, Mr. LAUTENBERG, Mr. LEVIN, Mr. MELCHER, Mr. MOYNIHAN, Mr. NUNN, Mr. PELL, Mr. REID, Mr. RIEGLE, Mr. ROCKEFELLER, Mr. SASSER, Mr. STENNIS, Mr. WIRTH, Mr. D'AMATO, Mr. DANFORTH, Mr. DOLE, Mr. DOMENICI, Mr. DURENBERGER, Mr. EVANS, Mr. GARN, Mr. HEINZ, Mr. KARNES, Mrs. KASSEBAUM, Mr. KASTEN, Mr. McCAIN, Mr. McCLURE, Mr. MURKOWSKI, Mr. NICKLES, Mr. PACKWOOD, Mr. PRESSLER, Mr. STAFFORD, Mr. STEVENS, Mr. WALLOP, Mr. WEICKER, and Mr. WILSON):

S. Res. 193. A resolution to express the sense of the Senate that the period commencing on May 23, 1987, and ending on May 30, 1987, is recognized as "Hokule'a Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WALLOP (for himself and Mr. McCLURE):

S. 1096. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, to permit the use of park entrance, admission, and recrea-

tion use fees for the operation of the National Park System, and for other purposes; to the Committee on Energy, and Natural Resources.

LAND AND WATER CONSERVATION FUND ACT AMENDMENTS

● Mr. WALLOP. Mr. President, I am introducing a bill today which is similar to one which was reported unanimously by the Committee on Energy and Natural Resources and passed the Senate by unanimous consent in the 99th Congress. The bill is similar to S. 2204, as reported, and passed in the Senate during the 99th Congress by the Committee on Energy and Natural Resources. It would authorize new fees and increases in existing fees for admission into units of the National Park System. Funds collected from entrance fees along with recreation user fees are made available in specific ways without further appropriation to the National Park Service for certain park purposes.

Mr. President, section 4(a) of the Land and Water Conservation Fund Act of 1965 authorizes the assessment of entrance fees at federally owned, operated, and maintained recreational areas. An entrance fee is a charge for entering designated national parks, monuments, recreational areas, seashores, historic and memorial parks, and sites administered by the National Park Service or recreational areas administered by the Forest Service. Entrance fees may be assessed on a single-visit basis or an annual basis through the purchase of the Golden Eagle Passport. The law limits the Park Service's ability to charge entrance fees at "designated units" within its system. Under Park Service regulations, a site can be classified as a designated unit if: First, the area is a unit of the National Park System; second, the area is administered primarily for scenic, scientific, historical, cultural, or recreational purposes; third, the area has recreational facilities or services provided at Federal expense; and recreational facilities or services provided at Federal expense; and fourth, the nature of the area is such that entrance fee collection is administratively and economically practical.

In October 1979, Public Law 96-87 was enacted which froze all entrance fees at the January 1, 1979, level. Since fees had not been increased in most parks since 1972, fees were affectively frozen at levels originally established in 1972. These levels totaled no more than $1.50 for a walk-in type entrance to no more than $3 for a vehicular entrance fee. The charge for a Golden Eagle Passport is established by law at $10. Golden Age Passports and so-called Golden Access Passports continue to be issued without a fee. As of March 1986, the National Park Service charged entrance fees at 59 of its 337 units.

This bill repeals the freeze on entrance fees for units of the National Park System, permitting fees to be set administratively by the Secretary of the Interior in accordance with the criteria in section 4 of the Land and Water Conservation Fund Act of 1965. The bill caps entrance fees at $3 for walk-in type units and $5 for most vehicular access parks, and $10 per vehicle at major parks.

The bill increases the charge for a Golden Age Passport from a fee of $10 per year to $25. An annual admission permit fee of $15 for specific park areas would be made available for those who visit only one or two parks in their immediate vicinity. The Golden Age Passport, now issued free of charge, would cost a one-time fee of $10. The legislation exempts urban recreation areas to which access is publicly available at multiple locations from being designated as entrance fee units.

With only a few exceptions, entrance and recreational user fees now collected at National Park System units are deposited into general receipts of the Treasury. The bill makes available, without further appropriation, all entrance and user fees collected by the National Park Service for certain specified purposes in the National Park System.

The bill authorizes the use of volunteers to collect entry and user fees and authorizes the collecting agency to pay any surety bond. The legislation also repeals a 1979 provision which prohibits the Secretary from charging for transportation systems at Denali National Park, AK, and prohibits the Secretary from charging an entrance fee at the U.S.S. *Arizona* Memorial and the Statue of Liberty.

Mr. President, the present fee system is authorized for one visitor-year by the provisions in House Joint Resolution 738, Public Law 99-591, the fiscal year 1987 continuing resolution. A limit of $5 per vehicle was established for a single visit entrance fee to a unit of the National Park System. All revenues from entrance and user fee receipts go to the general fund of the Treasury and a direct appropriation of $15 million was given to the National Park Service as an advance distribution of fees to be collected. The $15 million figure does not represent an estimate of fiscal year 1987 fee collection. The $15 million was given up front to the National Park Service in a 50-50 formula distribution to collecting parks and on the basis of park operating budgets. Other appropriations in other accounts supplemented the National Park Service budget request to the tune of about $50 million. This figure approximates the additional revenue that entrance and recreational user fees bring in.

Mr. President, my preference is to assess and collect in one fiscal year and disburse those funds collected in a formula in the next fiscal year without further appropriation.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Subsection 12(b) of the Act of August 18, 1970, as amended (16 U.S.C. 1a-7(b)), relating to the preparation of general management plans for units of the National Park System, is amended by striking out "(b)" and inserting in lieu thereof "(b)(1)" and inserting the following new paragraphs at the end thereof:

"(2) As a component of each general management plan, a resources management plan shall be prepared by the Director of the National Park Service. The resources management plan shall identify the natural and cultural resources of the unit and set forth methods and actions by which such resources shall be preserved, protected, and managed in accordance with the laws applicable to such unit. Resources management plans and actions in support thereof shall be developed and conducted in accordance with appropriate scientific information applicable to the resources of the unit and their use by visitors. The Director shall assure that unit managers are appropriately trained and have access to needed information and research in developing and implementing resources management plans.

"(3) From funds available for operation of the National Park System, the sum of $2,000,000 annually shall be available to the Director of the National Park Service for matching grants to educational institutions, public or private agencies or organizations, or persons for the conduct of research, monitoring, and study of natural and cultural resources within the National Park System and for the development of appropriate methods of management and interpretation of such resources. Such grants shall be matched by an equal amount of funds from the grantee or by services equal in value, in the judgment of the Director, to the funds granted.".

SEC. 2. (a) Section 4(a) of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 4601-6a(a)), is further amended as follows:

(1) Paragraph (1) is amended by striking out "$10" and inserting in lieu thereof "$25" in the first sentence.

(2) Paragraph (1) is further amended by striking out "(1)" and inserting in lieu thereof "(1)(A)" and adding the following new subparagraph:

"(B) For admission into a specific designated unit of the National Park System, or into several specific units located in a particular geographic area, the Director of the National Park Service is authorized to make available an annual admission permit for a reasonable fee but not to exceed $15 for any such permit regardless as to whether it is for admission to one or more units. The permit shall convey the privileges of, and shall be subject to the same terms and conditions as, the Golden Eagle Passport, except that it shall be valid only for admission into the specific unit or units of the National Park System indicated at the time of purchase.".

(3) Paragraph (2) is amended by adding the following sentences at the end thereof: "No fee for a single visit may exceed $3 for a single visit permit as defined in section 71.7(b)(2) of title 36 of the Code of Federal Regulations or $5 for a single visit permit as defined in section 71.7(b)(1) of title 36 of the Code of Federal Regulations. For the purpose of this paragraph any reference to section 71.7(b)(1) or 71.7(b)(2) of title 36 of the Code of Federal Regulations shall be deemed to be a reference to those regulations which were in effect on September 1, 1986. In the case of the following parks, the fee for a single visit permit applicable to those persons entering by private, noncommerical vehicle (the permittee and all persons accompanying him in single vehicle) shall be no more than $10 per vehicle and the fee for a single visit permit applicable to persons entering by any means other than a private, noncommerical vehicle shall be no more than $5 per person: Big Bend, Everglades, Glacier, Grand Canyon, Grand Teton, Mesa Verde, Mount Ranier, Rocky Mountain, Yellowstone, and Yosemite National Parks. In the case of Yellowstone and Grand Teton, a single visit fee collected at one unit shall also admit the vehicle or person who paid such fee for a single visit to the other unit.".

(4) Paragraph (4) is amended by striking out "without charge" and inserting in lieu thereof "for a fee of $10" in the second sentence, and by striking out "other" in the third sentence.

(5) Paragraph (3) is amended by adding the following new sentence at the end thereof:

"Notwithstanding any other provision of this Act, no admission fee may be charged at any unit of the National Park System which provides significant outdoor recreation opportunities in an urban environment and to which access is publicly available at multiple locations.".

(6) By adding the following new paragraph (6):

"(6)(A) No later than 60 days after the date of enactment of this paragraph, the Secretary of the Interior shall submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the United States House of Representatives, a list of units of the National Park System and the entrance fee proposed to be charged at each unit (hereinafter in this paragraph referred to as 'the list').

"(B) Following submittal of the list to the respective Committees, any proposed changes to the list, including the addition or deletion of park units or the increase or decrease of fee levels at park units shall not take effect until 60 days after the proposed change has been submitted to the Committees.".

(b) Section 4 of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 4601-6a), is further amended as follows:

(1) Subsection (e) is amended by adding the following after the final period: "When authorized by the head of the collecting agency, volunteers may sell permits and collect fees authorized or established pursuant to this section, and funds appropriated or otherwise available to the collecting agency shall be available to cover the cost of any surety bond as may be required of any such volunteer in performing such authorized services under this subsection.".

(2) Subsection (f) is amended to read as follows:

"(f) The head of any Federal agency, under such terms and conditions as he deems appropriate, may contract, with any public or private entity to provide visitor reservation services. Any such contract may provide that the contractor shall be permitted to deduct a commission to be fixed by the agency head from the amount charged the public for providing such services and to remit the net proceeds therefrom to the contracting agency.".

(3) Add the following new subsections at the end thereof:

"(i) All receipts from fees collected pursuant to this section by any Federal agency (or by any public or private entity under contract with a Federal agency) shall be covered into a special account for that agency established in the Treasury of the United States. The preceding sentence shall not apply to fees collected by the United States Fish and Wildlife Services. Notwithstanding any other provision of law, amounts covered into such special account for each such agency during each fiscal year shall be available for obligation or expenditure by the agency after the end of such fiscal year, to be used for resource protection, research, interpretation and maintenance activities related to resource protection at facilities managed by that agency at which outdoor recreation is available. The preceding sentence shall not apply in the case of fees collected by the National Park Service (or by any public or private entity under contract with the National Park Service). Amounts covered into the special account for the National Park Service during each fiscal year shall be allocated among park system units in accordance with subsection (j) in the first fiscal year after the year in which such funds are covered into the special account. Notwithstanding any other provisions of law, such amounts shall be available for obligation or expenditure by the Director of the National Park Service to be used in such first fiscal year as follows:

" '(1) In the case of receipts from fees collected for admission to units of the national park system: for resource protection, research, and interpretation at units of the national park system.

" '(2) In the case of receipts from user fees collected for units of the national park system: for resource protection, research, interpretation, and maintenance activities related to resource protection at units of the national park system.

" '(j)(1) Half of the funds made available to the Director of the National Park Service under subsection (i) in each fiscal year shall be allocated among units of the national park system in accordance with paragraph (2) of this subsection and half shall be allocated in accordance with paragraph (3) of this subsection. Amounts allocated to a unit for any fiscal year and not expended in that fiscal year shall remain available for expenditure at that unit until expended.

" '(2) The amount allocated to each unit under this paragraph for each fiscal year shall be a fraction of the total allocation to all units under this paragraph. The fraction for each unit shall be determined by dividing the operating expenses at that unit during the prior fiscal year by the total operating expenses at all units during the prior fiscal year.

" '(3) The amount allocated to each unit under this paragraph for each fiscal year shall be a fraction of the total allocation to all units under this paragraph. The fraction for each unit shall be determined by dividing the user fees and admission fees collected under this section at that unit during the prior fiscal year by the total of user fees and admission fees collected under this section at all units during the prior fiscal year.

" '(k) When authorized by the head of the collecting agency, volunteers at designated areas may sell permits, and collect fees, authorized or established pursuant to this section. The head of such agency shall insure that such volunteers have adequate training regarding (1) the sale of permits and the collection of fees, (2) the purposes and resources of the areas in which they are assigned, and (3) the provision of assistance and information to visitors to the designated areas. The Secretary shall require a surety bond for any such volunteer performing services under this subsection. Funds available to the collecting agency may be used to cover the cost of any such surety bond. The head of the collecting agency may enter into arrangements with qualified public or private entities pursuant to which such entities may sell (without cost to the United States) annual admission permits (including Golden Eagle Passports) at any appropriate location. Such arrangements shall require each such entity to reimburse the United States for the full amount to be received from the sale of such permits at or before the agency delivers the permits to such entity for sale.

" '(l) (1) Where the National Park Service provides transportation to view all or a portion of any national park, the Director of the National Park Service may impose a charge for such services in lieu of an admission fee under this section. The amount of any fee imposed under this paragraph shall not exceed the maximum amount of the admission fee which could otherwise be imposed under subsection (a).

" '(2) Notwithstanding any other provision of law, half of the charges imposed under paragraph (1) shall be retained by the national park at which the service was provided. The remainder shall be covered into the special account referred to in subsection (i) in the same manner as receipts from fees collected pursuant to this section. Fifty percent of the amount retained shall be expended only for maintenance of transportation systems at the park where the charge was imposed. The remaining fifty percent of the retained amount shall be expended only for activities related to resource protection at such park.'.".

(c) Section 402 of the Act of October 12, 1979 (93 Stat. 664), is hereby repealed.

(d) The Secretary of the Interior shall not charge any entrance or admission fee at the U.S.S. Arizona Memorial in the State of Hawaii and the Statue of Liberty National Monument in the States of New York and New Jersey.

(e) Title I of Public Law 96-514 is amended by striking out the following: "Notwithstanding the provision of Public Law 90-401, revenues from recreation fee collections by Federal agencies shall hereafter be paid into the Land and Water Conservation Fund, to be available for appropriation for any or all purposes authorized by the Land and Water Conservation Fund Act of 1965, as amended, without regard to the source of the revenues.".●

● Mr. McCLURE. Mr. President, I am cosponsoring a bill today, which will be offered as an amendment in the nature of a substitute to H.R. 1320, an act to amend the Land and Water Conservation Fund Act of 1965 and for

other purposes, more popularly known as the park fee bill.

The bill which I am cosponsoring today is similar to the one which was reported unanimously by the Senate Energy and Natural Resources Committee in the 99th Congress with some important modifications. These modifications are as follows.

The fee structure is basically the same as established by Congress in Public Law 99-591 with the exception of the 10 major parks at which the vehicular entrance fee is set at $10 and individual entrance fee is set at $5.

Mr. President, we have also adopted the provisions of the House-passed act that provide for the return and use of entrance and recreational user fees to the land managing agencies in a very equitable way that:

First, measures the need of the national park unit;

Second, provides an incentive to collect;

Third, supplements the budget in a tight budget time;

Fourth, distributes the fund to units of the national park system that have the greatest use and financial need and have the potential for the highest revenues; and

Fifth, provides the Forest Service, Corps of Engineers, and TVA with the return of the recreational user fees from campgrounds, boat docks, et cetera to supplement their budgets. It does not expand or provide authority to charge entrance fees on lands administered by these agencies.

Mr. President, we have retained provisions prohibiting entrance fees at the Statue of Liberty National Monument and the U.S.S. *Arizona* National Monument. I urge my colleagues to examine this bill as we review the fee structures in an equitable way.●

By Mr. CHAFEE (for himself and Mr. RUDMAN):

S. 1097. A bill to provide for the continuation of parallel imports under section 526 of the Tariff Act of 1930; to the Committee on Finance.

PRICE COMPETITIVE PRODUCTS ACT

● Mr. CHAFEE. Mr. President, American consumers save billions of dollars a year due to the availability of parallel imports, or "gray market" merchandise. These products are threatened by a recent court decision. The legislation I am introducing today is vitally needed in order to maintain consumer access to this merchandise, by clarifying the law with respect to imports of trademarked goods. Joining me as a cosponsor of this measure is Senator RUDMAN.

Parallel imports are genuine, trademarked articles manufactured abroad and purchased by independent American importers. These include such trademarked goods as Japanese cameras, Swiss and Japanese watches, fine foreign perfumes, tires, crystal, electronic goods, and computer chips (semiconductors) which are sold to U.S. consumers at discounts of 25 to 40 precent less than identical products sold by foreign distributors. The products are manufactured in the same plants, but imported and sold through different channels at vastly different prices.

There are two routes by which genuine trademarked goods are brought to U.S. consumers; through a U.S. authorized distributor, owned or controlled by the foreign manufacturer, or through independent U.S. importers who purchase the goods from foreign authorized distributors. Other than price, the products are identical.

For many decades, some overseas manufacturers have been setting up subsidiary companies in the United States, which they own and direct. The foreign firms designate their American subsidiaries as the executive importers and distributors of their trademarked perfumes, watches, cameras, and other such products in this country.

The foreign firms see the United States as a lucrative market, where they can demand—and get—higher prices for their goods than anywhere else in the world. They set prices on the goods higher here than they do overseas, often by as much as 30 to 40 percent.

For many years, Treasury Department regulations have permitted independent American importers to compete with foreign-owned importers. The American independents, often small businesses, buy these popular products overseas on the open market at the lower "world" price. The independents can then pay to ship them back to the United States, pay U.S. customs duties, and still sell them to retailers for 30 to 40 percent less than the manufacturers' own distributors are charging for the same products.

This huge price difference has led to the enormous growth of "price competitive" retail stores and catalog/showroom businesses, which buy their goods from the independent importers. Such stores—from large chain stores to individual mom and pop neighborhood stores—sell upward of $100 billion worth of goods each year, employ hundreds of thousands of Americans and also make an enormous investment in the good will of trademarks through their widespread advertising and marketing of parallel imports. All in all, then, they make a very valuable contribution to our economy. Price-conscious Americans who shop at these stores may be saving billions of dollars annually.

The difference in prices is quite remarkable. Seiko watches, for example, which are sold for $125 to $175 by authorized dealers, may be sold for less than $50 by discount retailers who buy from independent importers. Similar savings can be made on imported perfumes. Here are some examples of very popular brands: 1.7 ounces of Chloe toilet water spray—authorized dealer price $24, parallel import price $18. Lauren spray cologne—authorized dealer price for 2 ounces is $27.50, but $19.20 on the gray market.

Until recently the same price savings could be made on 35 mm camera purchases. Here are a few examples: Last year an Olympus camera which sold for $290 at American discount stores cost $325 when bought from the authorized distributor. The price comparisons for a Nikon motor drive was $156 versus $230, a Minolta camera $150 versus $189. More recently, Japanese camera manufacturers have decided to equalize their world and U.S. prices, and parallel importation of their cameras has dried up. The Japanese stopped their dual pricing system; that is, they stopped charging U.S. consumers more, and the parallel imports stopped. Other manufacturers could do the same if they wanted to stop parallel imports.

Most courts have upheld the longstanding customs regulations against the attacks of authorized distributors. However, a recent decision of the U.S. Court of Appeals for the District of Columbia Circuit, *Copiat* v. *United States,* 790 F. 2d 903, struck down these regulations on the basis of a narrow reading of the legislative history behind section 526 of the Tariff Acts of 1922 and 1930. The court explicitly acknowledged that consumer and other benefits would be lost, but stated that these arguments should more properly be addressed to Congress.

The Copiat decision is in conflict with decisions of two other Federal circuit courts of appeal; the court of appeals for the Federal circuit in 1985 in *Vivitar* v. *United States,* 761 F. 2d 1552, which the Supreme Court declined to review, and the second circuit court of appeals in 1986, in *Olympus* v. *United States,* 792 F. 2d 315. The Copiat decision has been stayed pending appeal to the Supreme Court, which has agreed to hear the case in the fall.

Meanwhile, two more Federal circuit courts have ruled on parallel imports. In one, the ninth circuit court of appeals recently upheld parallel importation in a private suit against an independent importer under the Lanham Trademark Act. *NEC* v. *Cal ABCO,* CV 85-1344-CBM, Feb. 24, 1987. In another, the second circuit court of appeals on April 7, 1987, decided a private suit against an independent importer. *Original Appalachian Artworks, Inc.* v. *Granada Electronics, Inc.,* Docket No. 86-7670. And in December 1986, the ITC ruled against parallel importation of cabbage patch kids dolls on copyright infringement grounds.

Working out the issues through the judicial process could take years and leave the matter highly uncertain in the interim. For example, if the customs regulations were ultimately struck down, parallel importers, which are small businesses whose trade necessarily requires long lead times, could be bankrupted before Congress could act.

It is also highly anomalous to leave to the courts the question of what Congress intended more than half a century ago, when in the interim parallel importation has developed, under longstanding customs policy and regulations, into a major industry providing billions of dollars in savings, and when the Congress has repeatedly acknowledged with approval the existence of the customs regulations and the parallel import trade. This was most recently evidenced by the Senate's rejection in conference and the subsequent resounding defeat on October 15, 1986, on the floor of the House of Representatives by a vote of 297 to 113, of the Mrazek amendment to the omnibus appropriations continuing resolution, which would have effectively barred parallel importation of wine and liquor.

As a result, positive legislation is urgently needed now. The legislation which I introduce today makes clear current congressional intent in favor of parallel importation and avoids leaving it to the Supreme Court to divine what congressional intent was more than 50 years ago. The legislation protects parallel importation and consumer savings in three ways.

First, it adds to section 526 a new subsection (F) which codifies the current customs regulations and the 50-year-old policy allowing parallel importation of genuine, trademarked articles in the case where related parties own the trademarks here and abroad.

Second, my bill settles the issue the same way in trademark infringement suits, most of which have followed the customs regulations, by making clear that the Lanham Trademark Act of 1946 does not restrict the importation or sale of foreign-made articles bearing a genuine trademark.

Third, the bill eliminates an end-run around the customs trademark regulations which some manufacturers have attempted by copyrighting their trademarks, labels, or packaging, and then suing independent importers claiming copyright infringement. The courts have been split on this issue, too, and the ITC, as noted above, has recently used this theory to strike down parallel importation because of copyrights on the design of cabbage patch kids dolls and on the "adoption papers" packaged with the dolls. As in the case of trademark attacks, the Congress should settle this issue once and for all as well.

Parallel markets are legal in Japan, France, Germany, and in every other country which is a major American trading partner. It would be entirely inappropriate for the U.S. Government to provide protection to foreign manufacturers whose own governments do not provide comparable protection for discriminatory pricing by American manufacturers.

Finally, contrary to foreign manufacturers' claims, there are no warranty or other consumer "deception" problems with parallel imports. The Magnuson-Moss Warranty Act requires manufacturers of consumer products sold in the United States to honor the written warranties provided with their products unless they explicitly disclaim those warranties in writing. The purchaser of a parallel import can also look to the discount retailer from whom the product was purchased for warranty service, under the extensive network of existing Federal, State, and municipal consumer protection laws and agencies, as well as private sector consumer hotlines. In fact, most discount retailers offer even more extensive warranties than the manufacturers. Sales of parallel imports would not continue to rise year after year if consumers were being deceived or confused by buying from price-competitive sources. A recent staff report of the Federal Trade Commission, the principal Federal agency charged with consumer protection and warranties, underlines that there are no warranty or consumer deception problems with parallel imports, and if, there were any, there is amply existing authority to redress them.

Mr. President, I ask that the text of the bill and the FTC staff report be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1097

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Price Competitive Products Act of 1987".

SEC. 2. Section 526 of the Tariff Act of 1930 (19 U.S.C. 1526) is amended by adding at the end thereof the following:

"(f)(1) Nothing in this Act or the Act of July 5, 1946 (60 Stat. 427; chapter 540) shall restrict the importation or sale of foreign-made articles bearing a trademark or trade name identical with one owned and registered by a citizen of the United States or a corporation or association created or organized within the United States if—

"(A) both the foreign and the United States trademark or trade name are owned by the same person or business entity;

"(B) the foreign and domestic trademark or trade name owners are parent and subsidiary companies or are otherwise subject to common ownership or control; or

"(C) the articles of foreign manufacture bear a recorded trademark or trade name applied under authorization of the United States owner.

"(2) For purposes of this subsection—

"(A) The term 'common ownership' means individual or aggregate ownership of more than 50 percent of the business entity.

"(B) The term 'common control' means effective control in policy and operations and is not necessarily synonymous with common ownership.

"(3) Notwithstanding any provision of title 17, United States Code, the importation or sale of any article that could otherwise be legally imported shall not be restricted by reason of a copyright in its trademark or in the label, package, design, instructions for use, or other material accompanying the article.".

COMMENTS OF THE BUREAUS OF COMPETITION, CONSUMER PROTECTION AND ECONOMICS OF THE FEDERAL TRADE COMMISSIONER* ON GRAY MARKET POLICY OPTIONS FACING THE UNITED STATES CUSTOMS SERVICE

I. INTRODUCTION

Under a longstanding Customs Service policy, known as the "related parties" exception, products bearing genuine trademarks may be imported into the U.S. without the permission of the U.S. trademark holder, provided that the U.S. trademark holder is related to the foreign trademark holder. Such imported items are known as gray market imports. The Customs Service has proposed requiring that these imports be labeled as unauthorized imports or that all trademarks they bear be removed (demarking).

The staff of the Federal Trade Commission ("FTC" or "Commission") strongly recommends that the proposal be rejected. Even if it were established that gray market imports could cause some sort of damage in the market place, the Customs Service proposals are not the appropriate method of solving the problem. If, for example, the problem is considered to be "free riding" by unauthorized importers on the promotional efforts of authorized U.S. distributors, the dispute is about contractual obligations of the foreign manufacturers and should be resolved privately between the firms involved. If the problem is that consumers are deceived about the services associated with gray market goods, the FTC iself has jurisdiction to act under Section 5 of the FTC Act.

II. SUMMARY OF THE FTC STAFF'S COMMENTS

According to the Customs Service request for comments,[1] proponents of changing the current policy contend that these new trade restrictions would increase consumer welfare because the related party exception "discourages U.S. trademark owners from investing in marketing or servicing of trademarked products by permitting others to 'free ride' on these investments." Proponents of the proposed regulations also "argue that the influx of gray market goods may deceive or confuse consumers about the source of the trademarked products and therefore about the quality or availability of warranties on those products."

The FTC staff recommends against adopting either of the proposed restrictions for two reasons.

First, there are alternative private and public remedies for potential free rider or deception problems, if they exist. Even if international free rider problems do exist, firms can deal with them privately, just as they do domestically, where the government does not intervene to stop free rider problems of this sort. If gray market imports

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Footnotes at end of article.

pose consumer deception problems, these problems already fall within the jurisdiction of the Commission under Section 5 of the FTC Act.[2] The Customs Service proposals are a far more intrusive solution than are more carefully targeted remedies aimed at particular consumer deception problems.

Second, there are several equally plausible theories for gray market imports. In additon to the free rider and consumer deception theories, there are other theories that imply that gray market imports involve significant consumer benefits. The available data on gray market imports are much too sketchy and anecdotal to determine reliably which theory or theories are valid. Without such information, there is insufficient reason to consider adopting government trade restrictions on gray market goods. Blanket government restrictions on gray market imports, such as those proposed by the Customs Service, are inappropriate where so many private remedies are available, where conflicting explanatory theories abound, and where there are such great uncertainties about the reliability of the empirical evidence about potential costs and benefits to consumers.

These conclusions are discussed below. The free rider and consumer deception hypotheses are treated in Section III, parts A and B. Alternative explanations are discussed in Section IV. Available empirical data are analyzed in Section V. A summary of our conclusions is presented in Section VI.

III. THE FREE RIDER AND CONSUMER DECEPTION EXPLANATIONS

A. Free rider

While there are potential free rider problems at both the domestic and international levels in product distribution, they can best be addressed through private contractual agreements between manufacturers and distributors. Because distributors benefit from promotional activities and services provided by other distributors even if they do not contribute to them, manufacturers often seek to develop vertical restraints, on distributors including exclusive territories. Without such restraints, distributors may lack sufficient incentives to provide high-quality services and promotional programs and to build a brand's reputation. Because a brand's reputation is an important aid to consumer choice, inadequate investment in reputations will injure consumers. In addition, inability to establish a reputation may undermine incentives to produce high quality goods. Free rider problems may also occur if the identity of the distributor acts as a signal of product quality when consumers cannot readily ascertain quality in other ways.[3]

Because manufacturers can be expected to recognize potential free rider problems and because they are free to contract with distributors, most free rider problems could be addressed by the manufacturers' own private initiatives.[4] This applies to gray market imports as well as to domestic transshipments.[5] Consequently there is reason to doubt that gray market imports stem largely from free rider problems. Of course, there might be unexpected circumstances that result in loopholes in private enforcement efforts, but these should disappear as new private methods of addressing these loopholes are developed.

Even if free riding might persist despite private enforcement efforts, it does not automatically follow that government should step in and enforce these private contracts as the Customs Service proposals would do. In general, private contractual relationships that benefit the contractual parties should be enforced through private efforts. In addition, the benefits of solving any residual free rider problems through government action has to be weighed against the costs of the government intervention.

B. Consumer deception

If authorized imports and gray market goods were identical, then it seems unlikely that any risk of consumer deception would exist. Similarly, if differences between gray market and authorized imports are obvious, well known, or easily discoverable, little risk of deception exists. A risk of consumer deception may arise, however, if consumers are not aware of material differences between gray market goods and authorized imports. Such differences could conceivably arise from differences in services provided with the product, other products included in the transaction, or the principal product itself.[6] However, the FTC already has authority to deal with consumer deception problems, including deception problems involving gray market imports, and to date has not determined that there is any need to take action in this area.

Consumer confusion about the actual characteristics of gray market goods could potentially cause both immediate and longer term injury to consumers. Immediate injury would result if consumers pay for a characteristic that is not actually included in the product. Longer term injury would occur if consumers dissatisfied with gray market goods could not differentiate higher quality authorized imports. In such circumstances, consumers eventually might be willing to pay a price premium sufficient to cover incremental costs associated with producing or distributing the higher quality authorized import, and the higher quality product might disappear from the market.

As noted in the appendix, Commission staff investigations of consumer deception in connection with gray market goods have not produced evidence of substantial systematic deception to date.

C. Relabeling and demarking remedies

Neither the relabeling proposal nor the demarking proposal is consistent with both the fee rider and consumer deception theories for gray market imports. Relabeling is more relevant to consumer deception while demarking is more relevant to free riding.

If authorized imports and gray market goods have different characteristics, including services and warranties, that are the source of consumer confusion, a label that specifies the distribution channel would directly reduce this problem. Demarking would also accomplish this by alerting consumers to the likelihood of differences, but this solution could remove too much information. Trademarks serve an important function in identifying superior quality manufacturers even if they are also identified with particular distribution channels. Demarking would eliminate consumers' ability to identify superior manufacturer quality and could cause consumers to undervalue the demarked product.[8] Moreover, if deception of the type allegedly posed by gray markets is a problem, the generally preferred solution is to make sure that consumers have access to information about material differences. This is a less intrusive remedy that addresses the problem directly and does not destroy potentially valuable consumer information in the process, as disparaging relabeling or demarking might.

There are private remedies available if there are consumer deception problems. Any measure that enables consumers to distinguish between gray market and authorized imports would effectively eliminate whatever consumer deception problems might exist. Authorized distributors could affix additional trademarks indicating that their items are authorized for U.S. distribution and have been distributed in the authorized manner. Similarly, authorized distributors could inform customers of the advantages of their products, e.g., warranty terms.[9]

Although either relabeling or demarking would have the effect of slowing or disrupting imports of gray markets goods and would therefore serve to shelter the U.S. trademark holder's investments in promotion or services, only demarking directly addresses possible free rider problems. Free riding on promotion requires that consumers perceive the gray market imports to be the same as the authorized goods. This perception would be eliminated by demarking if demarking really disguised the brand. Relabeling would not remove free riding on promotions conducted by manufacturers or authorized distributors because the advertised trademark would still be apparent.

IV. ALTERNATIVE EXPLANATIONS

A number of alternative explanations for gray market imports apart from free rider or consumer deception have been developed in conjunction with the debate over retail price maintenance. The recent Federal Trade Commission staff report, cited earlier,[10] reviewed several of these in addition to variations of the free rider hypothesis. Although the theoretical foundations and empirical support for these alternative explanations for gray market imports are often as extensive as those of the free rider and consumer deception explanations, the Customs Service proposals mention only the price discrimination explanation. The explanation based on lags in adjusting to exchange rate changes, in particular, has not received any attention.

A. Exchange rate adjustment lags

Manufacturers' output constraints,[11] strategic output and pricing considerations,[12] barriers to entry,[13] and long-run marketing considerations [14] may make foreign suppliers reluctant to change their U.S. prices in lock step with changes in exchange rates. To the extent that foreign suppliers base their decisions on these longer run considerations, their pricing decisions may differ from those of independent middlemen. The available evidence on trade reactions to changes in exchange rates suggests that lags are extremely common.[15] Some degree of lag may also arise from differences in the inventory positions of potential arbitragers [16] or from differences in the speed with which firms recognize demand and cost shifts.[17]

Where suppliers either individually or collectively do not respond to exchange rate changes with prompt price adjustments, sufficient price differences may emerge to encourage gray market goods. Whether the emergence of a gray market is good, bad, or indifferent for consumers in these situations depends on the cause of the lag in the supplier's response to exchange rate changes. In many cases, however, gray markets improve consumer welfare by internationalizing markets.[18]

B. Distributor collusion

Imposition of geographic restrictions by manufacturers might conceivably stem from the insistence of colluding retailers or wholesalers who are seeking to raise their margins.[19] by limiting intrabrand competition from gray market goods, across-the-board restrictions on gray market goods might therefore allow retailers or wholesalers to raise their margins for all brands in an industry. Since excessive retail or wholesale margins would reduce the demand experienced by manufacturers, manufacturers might be expected to resist retailer or wholesaler collusion. Facilitating gray market imports might be a way in which manufacturers resist disributor collusion of this type. If so, gray market imports benefit consumers by helping manufacturers to limit distributors' markups. Use of the Customs Service to police collusive agreements imposed by distributors would harm consumers and would not be an appropriate use of government funds.

C. Disciplining exclusive distributors[20]

A potential source of conflict between manufacturers (or their vertically integrated wholesalers) and distributors is the size of the distributor margin. A distributor with exclusive distribution rights for a brand may seek to widen its margin, e.g. in response to an unanticipated increase in market power when the dollar is appreciating. In this case, manufacturers may have incentives to discipline their distributors.[21] In some cases, manufacturing firms may find that gray markets are an efficient way to discipline their retailers.

Since the purpose of gray market imports in this context may be to reduce market power, Customs Service restrictions on gray market imports could harm consumers by disrupting manufacturers' efforts to discipline retailers.

D. Price discrimination

Another potential explanation for gray market goods is price discrimination against American consumers practiced by foreign manufacturers. In considering the price discrimination explanation, it is important to note that price discrimination can produce greater harm to consumers in the international context than in the domestic context. When price discrimination takes place domestically, the profits remain in the U.S. In contrast, when the price discriminating firm is foreign, the profits from the price discrimination are transferred out of the U.S. economy entirely.

Rather than charging the same prices relative to costs in all locations,[22] some firms might find it feasible to charge higher prices to U.S. consumers. For an individual firm to practice geographic price discrimination of this sort, it must be able to exercise some market power with its particular brand(s).[23] To exercise such market power, the seller would have to differentiate its brand from other brands and restrict arbitrage, including gray market imports. Even then market power would be short lived unless barriers to entry were high or entry lags were long due either to inherent characteristics or to government intervention (such as patents).

Geographic price discrimination also might originate through collusion among manufacturers. Collusion would limit the threat of interbrand competition to geographic price discrimination. Success would still depend, however, on entry barriers and on limiting arbitrage from gray market imports.

Another potential source of price discrimination that might give rise to gray market goods is cartelization imposed by foreign governments. Foreign governments may assist cartelization simply to transfer wealth from the importing nation to the exporting nation. Political pressure on the exporting nation to limit the volume of exports may also lead the foreign government to limit exports to the U.S. Ironically, the discrimination and emergence of the gray market in this case would stem from U.S. pressure to limit imports.[24]

Whatever the source of the price discrimination, gray markets develop as independent improting firms, retailers, or even individuals purchase at lower prices abroad and sell at higher prices in the U.S. Since price discrimination may harm U.S. consumers and impose efficiency losses on the U.S. economy,[25] gray markets benefit consumers under this explanation.

Perhaps more important than the actual competition effects of gray market goods are the potential competition effects. Manufacturers are not likely to even attempt to price discriminate or collude against U.S. consumers if gray markets can rapidly undercut the discrimination or collusion. Any effort by the Customs Service to make gray marketing more difficult in the future might therefore harm consumers of goods whose prices are now constrained by the threat of gray market imports.

E. Inefficiencies induced by regulation

Some retailers might be more efficient in carrying out some distribution functions that are usually provided by the manufacturers. If this is the case, distribution costs could be reduced if manufacturers were able to offer their products at a lower price to retailers who would undertake such distribution functions. Such cost-related discounts, however, may be discouraged by perceptions of U.S. pricing regulations,[26] which may make the process of justifying a price difference of this type both costly and problematical.

The gray market might provide an avenue through which manufacturers with foreign operations can offer lower prices to retailers who assume more of the distribution costs.[27] If so, retailers taking advantage of gray market opportunities would be substituting some of their own services for the manufacturers' services that are not provided for gray market goods. This arrangement would not be economically attractive to gray market importers unless they could provide these services at a lower cost than the authorized distributor.[28]

Where gray markets facilitate efficient wholesale pricing, Customs Service efforts to restrict gray market imports would impose efficiency losses on the U.S. economy and higher prices on U.S. consumers.

V. EMPIRICAL EVALUATION OF ALTERNATIVE EXPLANATIONS

In the previous sections, several alternative theoretical explanations for gray market imports were identified. Apart from the free rider and consumer deception theories, these theories generally suggest that consumers are likely to benefit from gray market imports. In this section, we examine the empirical support for the various theories. We find that there is insufficient basis to conclude that gray market imports are caused by free rider or consumer deception problems.

We focus on four characteristics of gray market imports that shed some light on the alternative explanations:[29] gray market imports were not observed in most industries before 1981; manufacturers' wholesale prices and profits often have differed across countries when gray market imports have been prominent; manufacturers' efforts to curtail gray market imports have sometimes been inconsistent or less complete than one might expect if free riding were the main cause of gray market imports; and systematic and material consumer deception has not been found in the Commission's investigations of gray markets. These characteristics are discussed below.

A. Lack of gray markets before 1981

If gray market goods were largely a free rider or consumer deception phenomenon, appreciable levels of gray market imports would probably have been observed for many years, in particular before the rapid appreciation of the dollar that began in 1980.[30] For example, at the purely domestic level, secret sales by authorized dealers to unauthorized dealers in other geographic areas have been repeatedly reported within the U.S. where no exchange rate issues exist.[31] In addition, gray market flows not only to but from the U.S. most likely would have occurred regularly, since manufacturers and distributors would find it profitable to free ride on promotion and services offered by distributors abroad or to deceive consumers abroad as well as in the U.S. Instead, in several industries, we find no mention of gray market imports prior to 1980–81, and only limited amounts of reverse gray market flows have been observed, and these have occurred only when the dollar has declined in value.[32]

The reported lack of gray market imports before the 1980s suggests that free riding or consumer deception are unlikely to be the sole incentives underlying gray market imports in the 1980s. However, there could be an interaction between free rider incentives and lags in exchange rate adjustments. For example, a product sold in both Europe and the U.S. might be promoted with extensive national advertising only in the U.S. with costs per unit of 20 cents. If transactions costs were 25 cents per unit through gray market channels, no gray market activity would be observed. However, if a currency revaluation took place and prices in the U.S. were ten cents higher as a result, extensive gray market imports might occur. While it would be true that the revaluation triggered the gray market imports, most of the reason would be incentives to free ride. There is insufficient data to evaluate this possibility empirically.

B. Wholesale price differences

Wholesale price differences between countries (even after adjusting for cost differences including transportation) were apparently common in several industries when the dollar was rising. In the Commerce Department survey, several respondents acknowledged this. This may be due to adjustment lags. Neither the free rider nor the consumer deception therories predict these wholesale price and profit differences.

C. Modest manufacturer efforts to curtail gray markets

Although some foreign manufacturers whose products are gray marketed have evidenced substantial interest in curtailing gray markets, many manufacturers have failed to take seemingly low-cost actions (for example, labeling products distributed through authorized channels) that might solve their problem.[23] Other manufacturers have taken actions that seem inconsistent with full opposition to gray market imports.

Under a free rider hypothesis, manufacturers should oppose gray market imports, and ambiguous manufacturer behavior toward gray market imports should be rare. This observed ambiguous behavior is consistent with the retail discipline and distributor collusion hypotheses.

D. Lack of substantial systematic consumer deception

In the Commission staff's investigations of complaints about deception from gray market imports, insufficient evidence has been found to recommend Commission intervention under Section 5 of the F.T.C. Act. We conclude that consumer deception is not widespread enough to justify government intervention of the type contemplated by the Customs Service.

VI. SUMMARY

The Customs Service proposal to relabel or demark gray market goods is based on two conclusions: (1) government restrictions are appropriate if sellers are free riding or deceiving consumers and (2) free riding and/or deception are the reasons for gray market imports. Our analysis leads us to reject both of these conclusions. First, there are less intrusive available remedies for free riding and consumer deception problems. Second, the empirical evidence is insufficient to conclude that gray market imports are caused by free riding or consumer deception.

Alternative Remedies: Even if free riding or consumer deception were found, several factors argue against the type of governmental restrictions on international trade the Customs Service has proposed. Most importantly, private remedies such as additional labeling efforts by manufacturers, changes in promotional strategies, additional private enforcement of vertical contractual agreements, or new forms of product differentiation might be expected to develop to alleviate any substantial remaining consumer confusion and free riding. This is the approach that has been taken with domestic free riding problems. In addition, alternative public remedies are also available. In particular, Section 5 of the F.T.C. Act already vests the Commission with authority to intervene where gray market imports deceive consumers.

Inconclusive Empirical Evidence: The analysis in this comment identifies a number of alternative reasons why gray market imports might occur. Some of these theories suggest that gray market goods benefit consumers. The available empirical evidence is not systematic or complete enough to enable us to accept or reject any of the theories for gray market imports. The possibility that gray markets arise because of lags in manufacturers' adjustments to exchange rate changes appears to be consistent with many of the reported characteristics of gray market imports, but some of the evidence is inconsistent even with this explanation. Therefore, although fuller empirical information might conceivably allow the Customs Service to conclude that free riding or consumer deception underlie some gray market imports, the current information is inadequate to reach such a conclusion. Given the extensive array of private remedies available, it is also questionable whether residual free rider problems could account for a substantial level of gray market activity.

In addition to these two principal reasons for rejecting the Customs Service proposals, two additional potential costs of the Customs Service proposal weigh against the proposals and require consideration. First, if the Customs Service were to restrict gray market goods, it could result in higher cost for consumers who would increasingly import gray market goods directly under Section 1526(d) of the Tariff Act of 1930, which explicitly allows importation of gray market goods for personal use.[34] Forcing consumers to do the importing directly themselves rather than allowing a firm to act for them is likely to raise consumers' costs if there are economies of scale in searching for gray market goods and importing them.[35] Second, U.S. trade relationships with other countries are not necessarily robust and rational, especially in the area of import restrictions. U.S. consumers, as well as consumers around the world, have a great deal to lose from disruption of free trade relationships. For this reason, government-imposed blanket trade restrictions that may invite retaliatory trade restrictions in other countries pose a risk of substantially harming consumers generally.

Given the contrasting implications of the alternative explanations for gray market goods, the inconclusive empirical information, and the additional potential costs of the Customs Service proposals noted above, the FTC staff concludes that the proposals could pose a significant risk of harming consumers rather than helping them both in the short run and the long run. The FTC staff therefore advises against changing the Customs Service gray market rules.

FOOTNOTES

* These comments represent the views of the Bureaus of Competition, Consumer Protection, and Economics of the Federal Trade Commission and do not necessarily represent the views of the Commission or of any individual Commissioner. The Commission, however, has authorized the submission of these comments.

[1] *Federal Register*, Vol. 51, No. 116, June 17, 1986.

[2] The FTC also has regulations requiring that retailers make any warranty available for consumer inspection before purchase. (See 16 CFR 702). If no warranty is applicable on a gray market purchase, the FTC regulations could help prevent deception concerning warranty coverage. It should also be noted that the large price differences themselves might be expected to alert consumers to potential differences between authorized imports and gray market imports.

[3] T.R. Overstreet, Jr., *Resale Price Maintenance: Economic Theories and Empirical Evidence*, Washington, D.C.: The Federal Trade Commission, 1983, page 60.

[4] Of course, manufacturers' vertical restraints have to be consistent with U.S. antitrust laws before they can be implemented.

Even if vertical restraints eliminate all intrabrand free riding, there may still be interbrand spillover effects from one brand's promotional efforts to other brand's promotional efforts. Thus, the problem of free riding in intrabrand competition is not unique.

Even if private remedies were ineffective, the benefits of the Customs Service proposals would still have to be traded off against potential market power or other costs of consumers of government restrictions on gray market imports.

The manufacturer may also have alternative public remedies available. Recent legal research (B. Coggio, J. Gordon, and L. Coruzzi, "The History and Present Status of Gray Goods," *The Trademark Reporter*, Vol. 75, September/October 1985, pages 433-496.) suggests that free rider issues in gray markets could be pursued in U.S. courts under legal theories of unjust enrichment, third-party beneficiary, and/or inteference with contractual relations. The Court of International Trade could also be approached on a unsurpation or infringement theory.

[5] In an international context, some private remedies may be available that are not available in domestic markets. For example, the manufacturer might be able to alter its trademark, labeling, product specifications, promotions, pricing, or distribution contracts in different countries to reduce or eliminate free riding. The manufacturer could use a different trademark in each country to discourage gray market trade. The manufacturer could also discourage gray marketing by producing goods with distinguishing features for different countries.

Some additional remedies may be more effective in the international context, although they are available domestically as well. For example, the manufacturer could promote the effectiveness of its authorized distribution system in maintaining quality over long shipping distances. The manufacturer could find that its efforts to identify the distributors that sell to gray market importers and to terminate these distributors or limit shipments to them are more effective when the goods have to cross national boundaries.

[6] One potential problem with gray market goods is incompatibility for use in the U.S. In some cases, such as automobiles, these problems are addressed by changing the product once it has arrived in the U.S. In other cases, where the value of the product is not high enough to warrant such modifications, gray markets have not generally emerged. An example is cellular phones where frequency differences have discouraged gray market imports despite reportedly attractive price differences between countries. "Conversion with a Gray Marketeer," *Consumer Electronics*, July 1985, pages 49-50.

[7] See G. Akerlof, "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics*, August 1970, pages 488-500.

[8] Similarly, relabeling might cause consumers to perceive greater quality risk than in fact exists and to undervalue the gray market product. This might occur, for example, if the label disparaged the quality of the gray market product.

[9] Since authorized dealers will reap the benefits, there is some logic in having them bear the burden of distinguishing their product. In contrast, the Customs Service proposals put the burden on gray market suppliers and on the tax payers. If the Customs Service does become involved in policing gray market imports, an alternative to imposing a burden on tax payers would be to have authorized importers reimburse the Customs Service for the cost of the service.

[10] T.R. Overstreet, Jr., cited at footnote 3.

[11] If a foreign producer faces contractual (or political) obligations in its home market with respect to price or price and quantity, is producing at capacity, and faces a lag in adding new capacity, it may be forced to price discriminate against U.S. consumers. These are the conditions necessary to preclude diversion from one country to another as envisioned by R. Landes and R. Posner, "Market Power in Antitrust Cases," *Harvard Law Review*, Vol. 94, March 1981, pages 937-996.

[12] A foreign supplier cooperating in a cartel with U.S. producers might price discriminate against U.S. consumers to avoid disrupting the cartel. A territorial division of markets between foreign producers and U.S. firms might also promote price discrimination. Foreign producers might similarly price discriminate against U.S. consumers to avoid political action by U.S. producers directed at increasing tariffs or other trade restrictions. (The fact that trade restraints can be imposed on a country-by-country basis may remove much of the free rider problem in organizing voluntary export restraints of this type.)

Other strategic considerations might also be important. For example, efforts to establish first mover advantages in a particular geographic area may encourage geographic price discrimination. For an example of such first mover advantages, see M.T. Flaherty, "Market Share Determination in International Semiconductor Markets," Cambridge, Mass.: Harvard Business School Working Paper 1-782-04, April 1984.

[13] Barriers to entry or exit may give importing firms an incentive to dampen exchange rate changes in their pricing. When the importing country's currency is appreciating, such barriers may make importers reluctant to expand their distribution networks or to build additional capacity to meet increases in demand that may be temporary, especially when these expansion efforts involve sunk costs. When the importing country's currency is depreciating, barriers to entry or exit may make the importers reluctant to effectively abandon their home market by allowing their prices to fully reflect the exchange rate changes. The reason is that they realize that the decline in demand may be temporary and that the firm's expected present value may be higher by staying in the market

during the low demand period because it allows them to avoid exit costs or later reentry costs. For a discussion of the role of sunk costs in determining responses to demand changes, see, for example, W. Baumol, "Constestable Markets: An Uprising in the Theory of Industry Structures," *American Economic Review*. Vol. 72, May 1982, pages 1-15.

[14] Some retailers of imports may be risk averse with respect to price variations. A seller facing such customers may find it attractive to offer long term supply contracts in which the seller insures the buyer against changes in exchange rates. The premium on this type of contract takes the form of higher than short run competitive prices when the buyer's currency is appreciating and lower than competitive prices when the buyer's currency is depreciating. Alternatively, there may be substantial costs associated with frequently changing prices. For instance, if retailers have printed catalogues or have customers, such as the U.S. government, that demand long term supply contracts, frequent price changes may be quite costly. Consistent with this hypothesis, D. Carlton reports that price stability is positively related to the length of association between buyers and sellers in his article "The Rigidity of Prices," *American Economic Review*. Vol. 26, No. 2. September 1986, pages 637-658.

Two respondents to the Commerce Department survey indicated that dampening exchange rate fluctuations was necessary to stabilize their distribution system. See question A.6.e. Gray market importers apparently cannot offer this type of price stability. Gray market importers do not participate in bids to supply GSA for this reason, for example.

[15] See for example, R. Dornbusch, "Exchange Rate Dynamics," *Journal of Political Economy*, Vol. 84, 1976, pages 1161-1176; F. Giavazzi and C. Wyplosz, "The Real Exchange Rate, The Current Account and the Speed of Adjustment," Essex Economic Paper #194, 1984; C. Wilson, "Anticipated Shocks and Exchange Rate Dynamics," *Journal of Political Economy*. Vol. 87, 1979, pages 639-647.

[16] Because of transactions costs associated with switching accounting systems (or associated with operating a second accounting system with more economically meaningful figures) or because of legal constraints, different suppliers may be operating with different inventory systems or with similar systems but with different inventory levels. These differences in accounting systems may cause different suppliers to adjust to changes in exchange rates at different speeds. For example, if the authorized distributor in the U.S. is operating under a LIFO inventory system, while gray market importers are buying from foreign dealers with FIFO inventory systems, the U.S. authorized distributor would perceive higher marginal costs than the gray market importers, even though their economic opportunity costs might be identical, as long as the U.S. currency was appreciating. See J. Hilke, *Firm Size and Regulatory Compliance Costs: The Case of LIFO Regulations*, FTC Staff Report, 1984, for a discussion of the costs of switching accounting systems and of the cash flow implications of different accounting systems.

[17] Some gray market suppliers are professional arbitragers who focus their entire attention on responding quickly to exchange rate adjustment imperfections. Firms that are concerned with manufacturing and distribution arrangements might not be as proficient in detecting and responding to exchange rate adjustment situations. Arbitragers generally perform the role of identifying adjustment problems by executing trades that take advantage of the problem. In accord with this explanation, many gray market goods reportedly are bought and sold in several currencies before reaching the U.S. See "Camera Prices in a Shambles," *New York Times*, December 11, 1982, pages 41, 43. Lags in adjusting to exchange rate changes apparently occur with airline tickets, where failure of the airlines to adjust ticket prices to reflect exchange rate changes prompts the emergence of travel agencies that specialize in arbitraging these differences. See "Travel Agents Woo Clients by Offering Rebates and Other Money-Saving Deals," *Wall Street Journal*, September 3, 1986, page 29.

[18] In a macroeconomic context, gray markets help internationalize the market by increasing the rate of response to exchange rate changes. To the extent that such trade changes are necessary to balance financial flows, rapid trade changes help to dampen exchange rate fluctuations.

[19] To do this, distributors must be able to coerce the manufacturer into adopting policies that would be against its best interests absent the threat. See Overstreet, *supra* note 3.

[20] For discussions of this argument, see Overstreet, *supra* note 3, pages 25-32, and R. Steiner, "Basic Relationships in Consumer Goods Industries," *Research in Marketing*, Vol. 7, 1984, pages 165-208.

[21] Some evidence consistent with this argument has been reported in camera sales. Hasselblad camera company decided to meet gray marketing in the U.S. by offering direct consumer rebates for authorized imported cameras. See "'Gray Market' Hits Camera, Watch Sales," *Advertising Age*, August 15, 1983, pages 3 and 62. The use of direct rebates to consumers rather than wholesale discounts may indicate uncertainty that wholesale discounts would be fully passed along to consumers.

Porsche, another company with significant gray market imports, announced plans to abolish its traditional franchise system, although it later reconsidered its plans after being sued by the Porsche dealer association. See "Lower Price Porsche Due for U.S. in 1986," *Automotive News*, May 20, 1985, pages 1 and 62.

Several respondents to the Commerce Department survey noted strained relationships with retailers as a result of gray market imports. See question B.5.

[22] See W. Landes and R. Posner, "Market Power in Antitrust Cases," *Harvard Law Review*, Vol 94, March 1981, pages 937-996. For a critique, see R. Schmalensee, "Another Look at Market Power in Antitrust," Cambridge, Mass.: MIT Sloan School Working Paper 1238-81, July 1981.

[23] Evidence of price discrimination in the sale of premium priced automobiles within Europe is presented in Y. Martens and V. Ginsburg, "Product Differentiation and Price Discrimination in the European Community: The Case of Automobiles," *Journal of Industrial Economics*, Vol. 34, No. 2, December 1985, pages 151-166.

[24] Japanese construction equipment manufacturers were reportedly reluctant to lower their U.S. prices for this reason while the dollar was rising. "Gray Market: Boon or Bane for Equipment Users?" *Construction Equipment*, September 15, 1985, pages 55-60, especially page 58.

[25] Price discrimination has a variety of potential welfare effects. The maximum loss of efficiency would occur if price discrimination is perfect, but all of the transfer to producers is consumed in enforcing the discrimination. No efficiency loss would occur if price discrimination were perfect and no resources were consumed in enforcing the discrimination. If these resources were transferred out of the country, however, U.S. consumers would be harmed without any compensating gain by U.S. producers. In this case, although there would be no efficiency loss, there would be a loss in U.S. welfare. Other varieties of price discrimination and other levels of enforcement costs or international transfers would produce intermediate levels of social loss or inefficiency in the U.S.

[26] The Robinson-Patman Act bars price discrimination between retailers that is not cost-justified. Several commentators have suggested that the burden of proving that price differences are cost-justified has been quite onerous. See, for example, R. Posner, *The Robinson-Patman Act; Federal Regulation of Price Differences*, Washington, D.C.: American Enterprise Institute, 1970; U.S. Department of Justice, *Report on the Robinson-Patman Act*, 1977; and F. Scherer, *Industrial Market Structure and Economic Performance*, 2nd ed., Chicago: Rand McNally, 1980, page 578.

[27] To the extent this scenario is true, one would not expect foreign manufacturers to be enthusiastic about Customs Service restrictions on gray markets.

[28] It is possible that a whole class of retailers will fit into this category and that this class of retailers will be in competition with another class of retailers that require the higher cost services provided by the manufacturer. During the evolution of retailing from one type of retailer to another, manufacturers might be under pressure from the older form of retailer not to offer the cost-justified discount to the newer form of retailer. (This sort of conflict over retail innovations in the grocery business contributed significantly to passage of the Robinson-Patman Act. See M. Adelman's well known analysis, *A&P: A Study in Price-Cost Behavior and Public Policy*, Cambridge, Mass.: Harvard University Press, 1959.) See also Overstreet, *supra* note 3 at pages 25-32 and the case studies described on pages 106-160. Consistent with this interpretation, many retailers of gray market goods are discount or mail order firms including large retail chains that provide their own warranties and other services. See the Commerce Department survey results, page 6.

[29] See the appendix for details.

[30] For free riding to be the dominant cause of gray market imports, but for gray marketing to be dormant until 1981, all of the gray market industries must have had free rider incentives that were just shy of the shipping and related transaction costs of establishing channels of gray market distribution.

[31] See Overstreet, *supra* note 3, for discussion of cases. Also see, D. Coursey, "Compaq's Canion: Micro Gray Mart Is IBM's Fault," *Management Information Systems Week*, April 7, 1986, pages 21, 46.

[32] A small volume of reverse gray market trade has been reported to the FTC staff by camera distributors, but it has occurred only over the last few months as the dollar has declined.

[33] Failure to take more costly actions does not necessarily imply a lack of interest in stopping gray market imports, just a recognition that such efforts are too costly relative to the expected benefits.

[34] For a discussion, see A. Parten, "Olympus Corp. v. United States: A Study in Imperfect Parallels," unpublished, University of Virginia Law School, 1986.

[35] See, for example, "Auto 'Gray Market' Takes Off," *L. A. Times*, December 30, 1984, Section V, pages 23.

The existence of the personal exemption from gray market restrictions also raises the possibility that restrictions on gray market imports could result in efforts to circumvent the restrictions through cooperative buying arrangements. This could make the new restriction difficult to enforce without violating the intent of the personal exemption section of the statute.

APPENDIX A. THE NATURE AND EXTENT OF THE GRAY MARKET

Empirical information on the nature and extent of the gray market is quite limited. The most widely cited source of data on gray markets is the Department of Commerce survey of 1984.[1] Scattered news reports and public releases by firms involved in importing gray market goods or in opposing gray market imports make up the rest of the publicly available information. On the basis of these largely anecdotal sources and the Commission's own investigations of alleged consumer deception in gray markets, the following are characteristics reported about gray market imports:

1. The volume of gray market imports into the United States has increased and decreased with the relative value of the dollar.[2] Few gray market goods were import-

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[1] "Economic Effects of Parallel Imports: A Preliminary Analysis," U.S. Department of Commerce, Patent and Trademark Office, 1985.

[2] The Commerce Department survey, *supra* note 1, asked for the time path of gray market imports. Respondents indicated that gray market goods increased after 1981 while the value of the dollar was increasing. This $7 Billion Gray Market: Where It Stops, Nobody Knows," *Business Week*. April 15, 1985, pages 86-87; "'Gray Market' Fight Isn't Black and White," *The National Law Journal*, October 28, 1985, pages 1, 22-23; "'Gray Market' in Camera Imports Starts to undercut Official Dealers," *Wall Street Journal*, April 1, 1982, page 29; "Importers See Red Over Gray Market," *Advertising Age*, July 21, 1980, page 57; and "Gray Market: Boon or Bane for Equipment Users?" *Construction Equipment*, September 15, 1985, pages 55-60. Active gray markets for construction and other industrial equipment did not appear until fairly late in the rise of the dollar in the 1980s. See "Gray Market Expands to Industrial Goods," *Inc.*, July 1985, page 22.

Some firms involved in gray market imports of construction equipment into the U.S. were active in 1970s in gray market exports from the U.S. to Japan. See "Gray Market: Boon or Bane for Equipment Users?" *Construction Equipment*, September 15, 1985, pages 55-60.

ed into the United States prior to 1981, except for photographic equipment which appeared in substantial quantities beginning in the mid 1970s.[3] Since the value of the dollar began falling against other major currencies in 1985, gray market imports have declined significantly.[4]

2. The brands involved in gray markets are usually premium brands that are among the most highly differentiated in their category in the United States.[5] Part of this differentiation has been accomplished through media advertising by the manufacturers.[6] The value of gray market imports has apparently been greatest in the premium-priced automobile, watch, and camera equipment businesses. Gray market imports are also commonly reported in premium tires, perfumes, ski equipment, wines, and consumer electronics.

3. U.S. wholesale prices for products with significant gray market activity were commonly substantially higher than comparable foreign wholesale prices when the dollar was appreciating.[7] Cost differences do not appear sufficient to explain all these wholesale price differences.[8] However, sometimes wholesale prices were similar, but U.S. retail margins were higher.[9]

4. Manufacturers have engaged in varying degrees of private efforts to curtail gray market imports[10] under the current Customs Service policy. While some manufacturers have made efforts to discourage gray market trade, several available private remedies, such as labeling authorized imports or using different trademarks in different countries have not been widely utilized.

5. Imported gray market products are usually physically close substitutes for the authorized imported products.[11] The principal differences involve service sold with the product,[12] particularly warranties,[13] although slight model differences are common.[14]

6. Sufficient evidence of systematic nondisclosure of material facts, which might justify Commission intervention under its Section 5 authority, has not been found by the Commission staff in any of the investigations of gray market goods initiated by the Commission in the 1980s. Although au-

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[3] Several respondents to the Commerce Department survey indicated that no gray market activity was known to them prior to the increase in the value of the dollar in the 1980s. For cameras, Pentax and Hasselblad found no gray market activity until after 1980. Nikon experienced gray market activity earlier. The earlier advent of gray markets in cameras may have stemmed from a tactical shift in the distribution policies of Canon, a Japanese manufacturer. In the mid-1970s. Canon discontinued using Bell and Howell as its U.S. distributor and simultaneously undertook a major expansion of output in Japan. This apparently resulted in expanded output by several Japanese manufacturers (because of their concern about maintaining their market shares) and substantial pressure on Japanese distributors to increase Japanese sales. This may have reduced prices in Japan generally and led to gray market exports before the currency revaluations of the 1980s. See "'Gray Market' in Camera Imports Starts to Undercut Offical Dealers," *New York Times*, December 11, 1982, pages L41 and L43.

[4] See, for example, "Dollar's Drop Drubs Gray Marketeers," *Washington Post*, May 4, 1986, page F3, and "Is the Gray Market Dead or Alive?," *Modern Tire Dealer*, July 1985, pages 17-18. In fact, many gray market automobile importers have reportedly existed. See "Dollar Dulls Auto Gray Market," *Journal of Commerce and Commerical*, March 4, 1986, page 1A(2).

[5] That is, the brands have no very close substitutes. For a recent discussion, see R. Caves and P. Williamson, "What Is Product Differentiation, Really?," *Journal of Industrial Economics*, 24:2, December, 1985, pages 113-132. Reported gray market activity has been particulary intense in brands that have the highest prices. See generally, "A Cheaper Way to Get the Goods." *Insight*. October 21, 1985, pages 56-58. The respondents to the Commerce Department survey emphasized these products too. See question A.1. for a listing.

Although gray market goods have predominately been highly differentiated premium products, gray markets have also arisen in some industrial products where an unexpected supply situation in one country has developed. This reportedly occurred for computer chips and construction equipment in 1985. In both cases, unanticipated declines in world demand were followed by growth in U.S. demand relative to foreign demand. See "The $7 Billion Gray Market: Where It Stops, Nobody Knows," *Business Week*, April 15, 1985, pages 86-87, and "Gray Market: Boon or Bane for Equipment Users?" *Construction Equipment*, September 15, 1985, pages 55-60.

[6] See the Commerce Department survey results, question B.3. Camera, perfume, and ski boot respondents reported advertising and promotion costs as 15% to 30% of sales. Consumer electronics respondents reported advertising costs of 5% of sales.

[7] Several firms replying to the Commerce Department survey confirmed charging different prices in different countries. None of the respondents denied following this practice. See question 6.d. for these responses. Nikon, Nordica, Minolta, and Evinrude each noted wide differences in the prices that they charge at the wholesale level at least partly based on demand differences. K-Mart responded that price differences were the primary incentive for its gray market imports.

At the request of F.T.C. staff, buyers for the U.S. Army and Air Fore Exchange Service reported data on the wholesale prices paid by their buyers in different countries for products that have been subject to gray marketing. Although the number of observations is limited, the data confirm that wholesale prices did differ across countries in several instances. The data are listed in Appendix A.

Numerous press accounts note large wholesale price differences across national boundaries. See, for example, "The Gray Market: Where a $200 Watch Can be Bought for $140," *Washington Post*, December 16, 1985, pages L1-L2; "The $7 Billion Gray Market: Where It Stops, Nobody Knows," *Business Week*, April 15, 1986, pages 86-87; "What Price Mercedes?" *Forbes*, August 27, 1984, pages 134, 136, 139.

When some foreign manufacturers have equalized prices across areas, gray markets have largely disappeared. For example, Michelin tires were gray marketed until it recently equalized prices across areas. Since this pricing action, gray markets have been nearly eliminated. See "Is the Gray Market Alive or Dead?" *Modern Tire Dealer*, July 1986, pages 17-18.

[8] Consistent with this interpretation, foreign manufacturers were reported to have earned unusually high profits by not lowering their U.S. wholesale prices as the dollar rose in value. See "Watching From Abroad with Mixed Emotions," *Fortune*, August 19, 1985, page 32. Wholesale prices have also reportedly differed by enough to make it profitable to buy at retail in Europe for export to the U.S. See "The $7 Billion Gray Market: Where It Stops, Nobody Knows," *Business Week*, April 15, 1986, pages 86-87.

With the recent drop in the value of the dollar, Japanese firms, in particular, are reportedly taking much lower profit margins, transferring production to other countries, or making extra cost cutting efforts in order to protect their market shares in the U.S. The stature of U.S. competitors appears to play a role in these decisions. For example, Fuji has apparently raised its prices for film across the world except in the U.S. where Kodak has its most dominant position. See "As the Japanese Yen Grows Stronger, Why Aren't Import Prices Soaring?" *Wall Street Journal*, July 30, 1986, page 21.

[9] Some veteran gray market importers attribute gray marketing to higher distributor profits for authorized dealers as well as to currency fluctuations. See "Conversation with a Gray Marketeer," *Consumer Electronics*, July 1985, pages 49-50. Some of the data supplied for the Commerce Department survey showed both higher wholesale and higher retail margins in the U.S. See question A.6.b.

[10] Some manufacturers present a somewhat split policy on gray market goods. For example, although Mercedes makes efforts to discourage gray market goods through publicity and contacts with financial and insurance institutions, it provides a delivery center, factory tours, and dining facilities for U.S. citizens buying their cars at the factory. See "A Cheaper Way to Get the Goods," *Insight*. October 21, 1983, pages 56-58. Camera manufacturers reportedly undertook substantial enforcement efforts to find and dismiss dealers in Hong Kong who sold to the U.S. gray market during the mid-1970s. Since then, supply sources have shifted to Europe. See "The $7 Billion Gray Market: Where It Stops, Nobody Knows," *Business Week*, April 15, 1986, pages 86-87. At the time, the presence of various export licensing requirements in Japan suggests that Japanese manufacturers who were intent on monitoring gray market exports from Japan could do so. See "Conversation with a Gray Marketeer," *Consumer Electronics*, July 1985, pages 49-50.

Few efforts by authorized importers or manufacturers to use labels to distinguish authorized imports from gray market imports were reported in the Committee Department survey of gray market practices. (See responses to question B.13 in the survey.) However, some camera manufacturers do require that retailer advertisements affirmatively state that the product is guaranteed by the manufacturer in order to be eligible for cooperative advertising incentives. See *Vivitar Corp, vs United States*, 593 F. Supp. 420, 435 (C.I.T. 1984); "'Gray Market' Fight Isn't Black and White," *National Law Journal*, October 28, 1985, pages 1, 22 and 23; and "Gray Market in Camera Imports Starts to Undercut Official Dealers," *Wall Street Journal*, April 1, 1982, page 29. Pirelli Tire Company also reportedly decided to delete all of the DOT Codes from tires not designated for distribution in the U.S. See "Pirelli Ends DOT Code on Future non-USA Tires," *Tire Review*, November 1985, page 19.

[11] An exception is European automobiles. The automobiles available in Europe lack emission control devices required in the U.S. as well as several required safety features. All automobiles imported into U.S. have to be refitted to include these items. Even with the adjustments, which usually cost several thousand dollars, European wholesale prices were considerably lower than U.S. wholesale prices during the early to middle 1980s. See "What Price Mercedes?" *Forbes*, August 27, 1984, pages 134, 136, and 139.

Claims concerning deterioration of quality in unauthorized distribution channels have been made for several gray market products including wines, ski, equipment, batteries, records, perfumes, and photographic equipment. See the Department of Commerce survey, question B.5.

[12] The most common bundling is with warranty or repair work. Submissions to the Commerce Department survey included a number of consumer complaints indicating that some consumers apparently assumed that warranty service was included when it was sold. Consumer complaints received by the Better Business Bureau of Metropolitan New York, the center of U.S. gray market activity, have also focused on repair problems. Complaints of this type have involved calculators, typewriters, cameras, electronic keyboards, and electronic toys. See "No Guarantees for Guarantees in Gray Market," *Wall Street Journal*, February 5, 1985, page 33.

Consumer Reports recently reported that retailers stocking gray market photography goods now routinely offer products both with and without manufacturer warranties at different prices. See the May 1985 issue, pages 300-301. In this way consumers have greater choice with gray market goods in the market. The same article also reported that a convention has emerged in advertising under which authorized imports are advertised as "U.S. warranty included" while gray market goods do not carry this message. Gray market retailers commonly offer their own warranties to replace the manufacturer warranty. See also "The $7 Billion Gray Market: Where It Stops, Nobody Knows," *Business Week*, April 15, 1985, pages 85-86.

[13] Retail chains that participate substantially in the gray market supply their own services and warranties to substitute for those of the manufacturers that are not available on gray market goods. See the Commerce Department survey, *supra* note 1.

[14] Some automobile gray markets, in particular, are attributed to manufacturers' decisions not to sell a particular configuration in the U.S. See "Warranty War Next for Automobile Marketers?" *Advertising Age*, November 11, 1985, page 40.

thorized importers have shared with us anecdotal evidence of consumer injury allegedly resulting from various practices associated with the sale of gray market goods, there was insufficient evidence of a systematic problem to warrant Commission action. In addition, investigations of importers of gray market products conducted by the FTC's Division of Marketing Practices in 1983 and 1984 failed to yield sufficient evidence to substantiate claims of consumer injury resulting from the warranty practices of gray market importers.

APPENDIX A.—FIG. I CONSISTENCY OF FACTS [1] AND EXPLANATIONS

Industry characteristics	Explanations						
	Free ride	Cons. decpt.	Price discr.	Collusion	Discip. retl.	Reg. inef.	Exch. lags
Positive correl. with exch. rates	Yes	Yes	Yes	Yes	Yes	(?)	Yes.
No gray market prior to 1981	No	No	(?)	(?)	Yes	No	Yes.
Primarily highly differentiated products	Yes	(?)	Yes	(?)	Yes	(?)	Yes.
Extensive promotional activities at the national distr. level	Yes	Yes	Yes	(?)	Yes	Yes	(?).
Wholesale prices different	No	No	Yes	Yes	No	(?)	Yes.
Higher U.S. retail margins	Yes	No	(?)	(?)	Yes	Yes	Yes.
Low manufacturer enforcement in some industries	No	(?)	(?)	(?)	Yes	Yes	Yes.
No systematic cons. deception	NPR	No	NPR	NPR	NPR	NPR	NPR.

[1] As noted in Section III, the available information on gray market goods is neither complete nor particularly systematic. Hence, the empirical analysis is subject to error. Although the exact distribution of gray market goods among various potential characteristics is unknown, the available information is sufficient to conclude that there is diversity in the characteristics of gray market goods. A question mark appears in the table where the fact has mixed association with the explanation. "NPR" appears where the fact does not have a predictable relationship to the explanation.

The individual cells in this matrix indicate whether the particular fact about gray market imports is generally consistent with the matching explanation. A question mark is used when the fact is not uniformly consistent or inconsistent with the explanation.

APPENDIX B.—WHOLESALE [1] AND RETAIL [2] PRICES OF SOME GRAY MARKET GOODS

Product and date	Authorized retailer price [2]	Gray market price [2]	Prices paid by post exchange [1]		
			U.S. wholesale	Japan wholesale	West Germany wholesale
Gucci watch (9000):					
September 1986			167.88	167.88	167.88
September 1985	295.00	145.00			
Opium perfume (¼ oz):					
September 1986			37.30		21.00
September 1985	32.50	30.00	36.00		21.00
September 1983			30.00		
Minolta rangefin. (Frdm. II):					
September 1986			(3)	99.13	
September 1985	169.99	69.95	94.95	66.09	
Nikon FE-2 (body):					
September 1986			(3)	274.99	
September 1985	239.00	209.00	(3)	179.59	
September 1983			276.84	172.55	
Seiko wt. (522118) (522048) (xux06):					
September 1986			121.00		
September 1985			121.00		
September 1983			110.00	110.00	110.00
Olympus OM4 (body):					
September 1986				385.88	
September 1985	315.00	289.00		294.00	

[1] Price paid by buyers for the Army and Air Force Exchange Service. These buyers purchase goods in each country for use in the exchange posts at U.S. military bases in each country. They report the prices that they have paid to the Dallas headquarters of the exchange service. Buyers are instructed not to purchase any goods that they have reason to believe are gray market goods. They purchase exclusively from local authorized distributors in each country. The exchange service undertakes no international trading of its own. Data were made available by G.L. Haynie, Deputy Chief, Public Affairs, Headquarters Army and Air Force Exchange Service, Dallas, Texas.

[2] Retail prices reported for the Washington area by Insight magazine, "A Cheaper Way to Get Goods," October 21, 1985, pages 56–58.

[3] Discontinued.●

ADDITIONAL COSPONSORS

S. 12

At the request of Mr. CRANSTON, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 12, a bill to amend title 38, United States Code, to remove the expiration date for eligibility for the educational assistance programs for veterans of the All-Volunteer Force; and for other purposes.

S. 79

At the request of Mr. METZENBAUM, the names of the Senator from North Dakota [Mr. CONRAD], the Senator from Michigan [Mr. RIEGLE], and the Senator from West Virginia [Mr. ROCKEFELLER] were added as cosponsors of S. 79, a bill to notify workers who are at risk of occupational disease in order to establish a system for identifying and preventing illness and death of such workers, and for other purposes.

S. 104

At the request of Mr. INOUYE, the names of the Senator from Missouri [Mr. BOND], the Senator from Delaware [Mr. ROTH], and the Senator from New York [Mr. D'AMATO] were added as cosponsors of S. 104, a bill to recognize the organization known as the National Academies of Practice.

S. 271

At the request of Mr. HUMPHREY, the name of the Senator from Indiana [Mr. QUAYLE] was added as a cosponsor of S. 271, a bill to amend section 1001 of the Public Health Service Act to permit family planning projects to offer adoption services.

S. 625

At the request of Mr. DOMENICI, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 625, a bill to amend the Federal Election Campaign Act of 1971 to limit candidate expenditures of personal funds.

S. 652

At the request of Mr. CRANSTON, the names of the Senator from Connecticut [Mr. DODD], and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of S. 652, a bill to amend the Export Administration Act of 1979 with respect to the export of goods and technology subject to export controls for national security purposes.

S. 726

At the request of Mr. MCCONNELL, the names of the Senator from North Dakota [Mr. BURDICK], and the Senator from Illinois [Mr. SIMON] were added as cosponsors of S. 726, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide States with assistance to establish or expand clearinghouses to locate missing children.

S. 818

At the request of Mr. DOMENICI, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 818, a bill to provide permanent authorization for White House Conference on Small Business.

S. 819

At the request of Mr. PRESSLER, the name of the Senator from Texas [Mr. GRAMM] was added as a cosponsor of S. 819, a bill to amend the Internal Revenue Code of 1986 to permit taxpayers to elect to deduct either State and local sales taxes or State income taxes.

S. 983

At the request of Mr. DANFORTH, the name of the Senator from Mississippi [Mr. STENNIS] was added as a cosponsor of S. 983, a bill to provide for the establishment of rural enterprise zones, and for other purposes.

S. 1027

At the request of Mr. HUMPHREY, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of S. 1027, a bill to prohibit trade between the Soviet puppet regime in Afghanistan and the United States.

SENATE JOINT RESOLUTION 3

At the request of Mr. DOLE, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of Senate Joint Resolution 3, a joint resolution proposing an amendment to the Constitution relating to a Federal budget and tax limitation.

SENATE JOINT RESOLUTION 107

At the request of Mr. SPECTER, the names of the Senator from Illinois [Mr. DIXON], the Senator from Alabama [Mr. SHELBY], the Senator from New York [Mr. MOYNIHAN], the Senator from Washington [Mr. ADAMS], the Senator from Florida [Mr. CHILES], the Senator from Connecticut [Mr. DODD], and the Senator from Missouri [Mr. DANFORTH] were added as cosponsors of Senate Joint Resolution 107, a joint resolution to designate April 1987, as "Fair Housing Month."

SENATE JOINT RESOLUTION 115

At the request of Mr. SYMMS, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of Senate Joint Resolution 115, a joint resolution making an urgent supplemental appropriation for emergency assistance to the Polish independent trade union organization NSZZ "Solidarnosc" for the fiscal year ending September 30, 1987, and for other purposes.

SENATE JOINT RESOLUTION 116

At the request of Mr. DURENBERGER, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of Senate Joint Resolution 116, a joint resolution expressing the sense of the Congress that Federal aid for refugee assistance programs should not be reduced, and for other purposes.

SENATE CONCURRENT RESOLUTION 15

At the request of Mr. KARNES, his name was added as a cosponsor of Senate Concurrent Resolution 15, a concurrent resolution expressing the sense of the Congress that no major change in the payment methodology for physicians' services, including services furnished to hospital inpatients, under the Medicare Program should be made until reports required by the 99th Congress have been received and evaluated.

SENATE RESOLUTION 193—DESIGNATING "HOKULE'A WEEK"

Mr. INOUYE (for himself, Mr. MATSUNAGA, Mr. ADAMS, Mr. BAUCUS, Mr. BOREN, Mr. BRADLEY, Mr. BUMPERS, Mr. BURDICK, Mr. CRANSTON, Mr. DASCHLE, Mr. DECONCINI, Mr. DIXON, Mr. FORD, Mr. GORE, Mr. HEFLIN, Mr. JOHNSTON, Mr. KERRY, Mr. LAUTENBERG, Mr. LEVIN, Mr. MELCHER, Mr. MOYNIHAN, Mr. NUNN, Mr. PELL, Mr. REID, Mr. REIGLE, Mr. ROCKEFELLER, Mr. SASSER, Mr. STENNIS, Mr. WIRTH, Mr. D'AMATO, Mr. DANFORTH, Mr. DOLE, Mr. DOMENICI, Mr. DURENBERGER, Mr. EVANS, Mr. GARN, Mr. HEINZ, Mr. KARNES, Mrs. KASSEBAUM, Mr. KASTEN, Mr. MCCAIN, Mr. MCCLURE, Mr. MURKOWSKI, Mr. NICKLES, Mr. PACKWOOD, Mr. PRESSLER, Mr. STAFFORD, Mr. STEVENS, Mr. WALLOP, Mr. WEICKER, and Mr. WILSON) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 193

Whereas the Polynesian Voyaging Society's double-hulled sailing canoe, the *Hokule'a,* will return to Oahu on May 23, 1987, after a two and one half year voyage of rediscovery;

Whereas the *Hokule'a* was born out of scientific controversy, and proved that early Polynesian migration could, indeed, have sailed from the west against the prevailing direction of the winds, as ancient chants had described;

Whereas the *Hokule'a* proved that early Polynesian migration could have been purposefully performed with sophisticated noninstrument navigation;

Whereas the *Hokule'a* greatest success may have been in gathering together the people of Hawaii with other Pacific islanders to work towards a common goal;

Whereas the people of Hawaii are inviting the Pacific island dignitaries, who became a part of Hawaii's goodwill lei, to celebrate the return of the *Hokule'a* with them;

Whereas the celebration of the return of the *Hokule'a* might be an appropriate occasion for a friendly gesture to be made between the United States and the Pacific islanders;

Whereas this celebration would provide an opportunity for mainland Americans and the people of Hawaii to share with the Pacific islanders, the goodwill of the return of the *Hokule'a;* and

Whereas The *Hokule'a* represents the spirit of challenge that generates exploration and discovery in every age, whether it be ancient Polynesians navigating the vast Pacific by the stars and their senses, or astronaut Ellison Onizuka, who said, "If everything else (navigational) fails, we can still use the stars to get home", or navigator Nainoa Thompson, settling scientific controversy and proving the truths of ancient songs by navigating the Pacific as the ancients did: Now, therefore, be it

Resolved, That it is the Sense of the Senate that the period commencing on May 23, 1987, and ending on May 30, 1987, is recognized as "*Hokule'a* Week".

● Mr. INOUYE. Mr. President, 900 years ago, a father sang a welcoming chant as his son's voyaging canoe returned from Tahiti to the shore of Kaua'i. The chant Moi'keha, was echoed by his son from his canoe, as it has been repeated from generation to generation in Hawaii.

For the first time in 900 years, the Moi'keha chant will be sung for its original purpose, the return of a voyaging canoe, the *Hokule'a,* on the 23d of May, at Kualoa Beach, HI.

It was the Moi'keha chant, among other cultural evidence, that first stimulated the scientific controversy over the migration patterns in Polynesia. Some said that migration was only possible from the east because sailing against the easterly trade winds would have been impossible. Any migration from this direction was considered accidental without navigational instruments.

But still those who listened to the chants believed the ancients must have had ways of sailing what Capt. James Cook considered, "the most extensive nation on Earth."

It seemed the only way to prove the truth of the chants was to build a replica of the double-hulled canoe with identical materials used by the ancients, and to sail, without any navigational equipment as they did, the incredible voyages described by the chants.

Thus, the *Hokule'a* was born. Along with the *Hokule'a,* the Polynesian Voyaging Society was established to research and gather materials true to those available in ancient times, for the use in making the canoes.

The first voyage of *Hokule'a* was in 1976, from Hawaii to Tahiti and back. A navigator from Micronesia, Mau Pialug, was asked to sail her without instruments as did the ancients. Without ever having sailed those waters, Mau navigated the 2,000-mile stretch of open ocean by relying purely on the stars, his sense of the currents, and the position of the canoe in relation to the rising and setting Sun. This trip proved that man could sail such long distances as did the ancients, without modern equipment.

On the second Tahiti voyage in 1980, Nainoa Thompson of Hawaii became the first Polynesian in almost a century to navigate a voyage without instruments. He studied noninstrument navigation from Micronesian navigator Mau Pialug and the position of the stars from Will Kyselka at the Bishop Museum Planetarium.

The 1985-87 Voyage of Rediscovery has covered three times the distance of the earlier voyages. It demonstrates that migration could have originated from the west as the chants described.

The first leg of this voyage was from Hawaii to Tahiti. Initially, Nainoa was able to navigate the open ocean by the stars. Much of this leg was overcast however, leaving him to a different art of navigating by the wave and swell patterns. This was the third noninstrument voyage from Hawaii to Tahiti, and amazingly all three landed within 60 miles of each other.

From Tahiti, the *Hokule'a* sailed to the Cook Islands and then to New Zealand. From New Zealand it sailed to Tonga; from Tonga to Samoa; from Samoa to the Cook Islands and back to Tahiti.

From Tahiti to the Cook Islands, the navigation involved short open stretches with small islands as targets.

Sailing from tropical zones into temperate carries the risk of being becalmed between wind directions. As the chants proscribed, the *Hokule'a* sailed during a time when the easterly winds could be utilized.

Between New Zealand and Tonga, the *Hokule'a* crew demonstrated their greatest accuracy and skill by sailing from the Kermadec Islands to Tonga in 40-plus knot winds.

From Vavau to Tonga, the crew threaded between a myriad of reefs and islands at night with the help of a Tongan pilot. Man's capacity to sense his surroundings by the feel of the current under his boat and by the ocean sounds and smells seemed almost magical on this leg of the trip.

Finding Samoa in overcast weather and gale-force winds proved other ancient techniques to be sophisticated in accurately targeting islands in bad weather.

It was the voyage from Samoa to the Cook Islands, however, that proved the ancient chants true. Thirty-five days had been allotted for this supposedly impossible sail into the prevailing tradewinds. Instead, *Hokule'a* caught an anomalous wind, as the ancients must have done, and sailed the distance in 9 days.

To prove the sail was not a fluke, *Hokule'a* sailed in the same direction, from the Cooks to Tahiti. While 25 days had been scheduled for this trip, *Hokule'a* did it in 9.

As of this moment, the *Hokule'a* is in Tautira, Tahiti. From there it will sail to the Tuamotus and on to the Marquesas, completing the journey on its last leg from the Marquesas to Hawaii on May 23, 1987. It is believed that the first migration from the South Pacific came from the Marquesas to Hawaii. This will be the first voyage in modern time that follows this path.

Hokule'a is a scientific success, in proving that early Polynesian migration could have sailed as ancient chants describe, from the west, against the prevailing direction of easterly tradewinds. In doing so, it has enhanced our knowledge of ocean currents, the winds, and sailing techniques.

Hokule'a cultural achievement was uniting "the most extensive nation on Earth" in a common goal. This is shared and expressed by the welcomes received from the diverse locations. The people of Polynesia, joined by dignitaries from the Pacific Islands and the U.S. mainland, will celebrate the return of *Hokule'a* on May 23, 1987.

The *Hokule'a* has also provided some worthy educational activities. There are newly opened exhibits at the Bishop Museum and the Lawrence Hall of Science in Berkeley, CA. Scholarly journals have also been published on the increased knowledge acquired as a result of the voyages of the *Hokule'a*.

Hokule'a represents the spirit of challenge that generates exploration and discovery in every age, whether it be ancient Polynesians navigating the vast Pacific by the stars and their senses or the late Astronaut Ellison Onizuka, who said, "If everything else fails, we can still use the stars to get home."

America is built on the spirit of challenge, of discovery. We cannot celebrate that spirit too often. May 23, 1987, represents the culmination of 11 years of challenge, voyaging and discovery by *Hokule'a* as well as 11 years of extending America's goodwill throughout the Pacific.●

● Mr. MATSUNAGA. Mr. President, I am pleased to join the senior Senator from Hawaii [Mr. INOUYE] in introducing this resolution providing for the observance of *Hokule'a* Week, May 23–30, 1987.

Hawaii's world famous Polynesian voyaging canoe, the *Hokule'a*, will be returning to Honolulu that week following a 2½-year voyage throughout the South Pacific during which the vessel's crew proved that prehistoric Polynesian migrations could indeed have sailed from west to east, against the prevailing direction of the winds. Although there is much scientific evidence indicating that the early Polynesians did sail from west to east, many anthropologists doubted their ability to accomplish such a feat without sophisticated navigational equipment. The *Hokule'a*, using only the stars and other navigational aids available in prehistoric times, sailed from Samoa to the Cook Islands—west to east—in July 1986.

A gala welcome, including guests from all of the Pacific island nations visited by the *Hokule'a* during its most recent voyage, is being prepared in Honolulu. In addition to providing significant new scientific evidence about the earliest inhabitants of the South Pacific, the Hawaiian crew of the *Hokule'a* also proved to be outstanding ambassadors of goodwill for the United States. They deserve our congratulations and thanks for their efforts in behalf of science and diplomacy. I hope that this resolution to designate May 23-30, 1987, as *Hokule'a* Week will be given early, favorable consideration by the Senate.●

AMENDMENTS SUBMITTED

FIRST CONCURRENT RESOLUTION ON THE BUDGET

SIMON AMENDMENTS NOS. 171 THROUGH 173

(Ordered to lie on the table.)

Mr. SIMON submitted three amendments intended to be proposed by him to the concurrent resolution (S. Con. Res. 48) setting forth the congressional budget for the U.S. Government for the fiscal years 1988, 1989, and 1990; as follows:

AMENDMENT No. 171

On page 2, increase the amount on line 12 by $300,000,000.

On page 2, increase the amount on line 13 by $700,000,000.

On page 2, increase the amount on line 14 by $800,000,000.

On page 2, increase the amount on line 18 by $300,000,000.

On page 2, increase the amount on line 19 by $700,000,000.

On page 2, increase the amount on line 20 by $800,000,000.

On page 3, increase the amount on line 14 by $300,000,000.

On page 3, increase the amount on line 15 by $700,000,000.

On page 3, increase the amount on line 16 by $800,000,000.

On page 3, increase the amount on line 20 by $300,000,000.

On page 3, increase the amount on line 21 by $700,000,000.

On page 3, increase the amount on line 22 by $800,000,000.

On page 4, increase the amount on line 16 by $300,000,000.

On page 4, increase the amount on line 17 by $700,000,000.

On page 4, increase the amount on line 18 by $800,000,000.

On page 4, increase the amount on line 22 by $300,000,000.

On page 4, increase the amount on line 23 by $700,000,000.

On page 4, increase the amount on line 24 by $800,000,000.

On page 5, increase the amount on line 10 by $800,000,000.

On page 5, increase the amount on line 11 by $800,000,000.

On page 5, increase the amount on line 12 by $800,000,000.

On page 5, increase the amount on line 13 by $800,000,000.

On page 5, increase the amount on line 17 by $300,000,000.

On page 5, increase the amount on line 18 by $700,000,000.

On page 5, increase the amount on line 19 by $800,000,000.

On page 19, increase the amount on line 25 by $800,000,000.

On page 20, increase the amount on line 9 by $800,000,000.

On page 20, increase the amount on line 10 by $300,000,000.

On page 20, increase the amount on line 18 by $800,000,000.

On page 20, increase the amount on line 19 by $700,000,000.

On page 21, increase the amount on line 2 by $800,000,000.

On page 21, increase the amount on line 3 by $800,000,000.

On page 43, increase the first amount on line 1 by $300,000,000.

On page 43, increase the second amount on line 1 by $700,000,000.

On page 43, increase the amount on line 2 by $800,000,000.

On page 50, increase the amount on line 18 by $300,000,000.

On page 50, increase the first amount on line 19 by $700,000,000.

On page 50, increase the second amount on line 19 by $300,000,000.

AMENDMENT No. 172

On page 2, increase the amount on line 11 by $1,000,000,000.

On page 2, increase the amount on line 12 by $1,100,000,000.

On page 2, increase the amount on line 13 by $1,300,000,000.

On page 2, increase the amount on line 14 by $1,400,000,000.

On page 2, increase the amount on line 17 by $1,000,000,000.

On page 2, increase the amount on line 18 by $1,100,000,000.

On page 2, increase the amount on line 19 by $1,300,000,000.

On page 2, increase the amount on line 20 by $1,400,000,000.

On page 3, increase the amount on line 13 by $1,000,000,000.

On page 3, increase the amount on line 14 by $1,100,000,000.

On page 3, increase the amount on line 15 by $1,300,000,000.

On page 3, increase the amount on line 16 by $1,400,000,000.

On page 3, increase the amount on line 19 by $1,000,000,000.

On page 3, increase the amount on line 20 by $1,100,000,000.

On page 3, increase the amount on line 21 by $1,300,000,000.

On page 3, increase the amount on line 22 by $1,400,000,000.

On page 4, increase the amount on line 15 by $1,000,000,000.

On page 4, increase the amount on line 16 by $1,100,000,000.

On page 4, increase the amount on line 17 by $1,300,000,000.

On page 4, increase the amount on line 18 by $1,400,000,000.

On page 4, increase the amount on line 21 by $1,000,000,000.

On page 4, increase the amount on line 22 by $1,100,000,000.

On page 4, increase the amount on line 23 by $1,300,000,000.

On page 4, increase the amount on line 24 by $1,400,000,000.

On page 5, decrease the amount on line 11 by $100,000,000.

On page 5, decrease the amount on line 12 by $300,000,000.

On page 5, decrease the amount on line 13 by $400,000,000.

On page 5, increase the amount on line 16 by $1,000,000,000.

On page 5, increase the amount on line 17 by $1,100,000,000.

On page 5, increase the amount on line 18 by $1,300,000,000.

On page 5, increase the amount on line 19 by $1,400,000,000.

On page 24, increase the amount on line 9 by $1,000,000,000.

On page 24, decrease the amount on line 17 by $100,000,000.

On page 24, increase the amount on line 18 by $1,100,000,000.

On page 25, decrease the amount on line 2 by $300,000,000.

On page 25, increase the amount on line 3 by $1,300,000,000.

On page 25, decrease the amount on line 11 by $400,000,000.

On page 25, increase the amount on line 12 by $1,400,000,000.

On page 42, decrease the first amount on line 17 by $1,000,000,000.

On page 42, decrease the amount on line 18 by $1,100,000,000.

On page 42, decrease the second amount on line 19 by $1,300,000,000.

On page 42, decrease the amount on line 21 by $1,400,000,000.

On page 42, increase the amount on line 24 by $1,000,000,000.

On page 43, increase the first amount on line 1 by $1,100,000,000.

On page 43, increase the second amount on line 1 by $1,300,000,000.

On page 43, increase the amount on line 2 by $1,400,000,000.

On page 47, decrease the amount on line 12 by $1,000,000,000.

On page 47, decrease the second amount on line 13 by $1,100,000,000.

On page 47, decrease the amount on line 15 by $1,300,000,000.

On page 47, decrease the second amount on line 16 by $1,400,000,000.

On page 50, decrease the first amount on line 10 by $1,000,000,000.

On page 50, decrease the amount on line 11 by $1,100,000,000.

On page 50, decrease the second amount on line 12 by $1,300,000,000.

On page 50, decrease the amount on line 14 by $1,400,000,000.

On page 50, increase the amount on line 17 by $1,000,000,000.

On page 50, increase the amount on line 18 by $1,100,000,000.

On page 50, increase the first amount on line 19 by $1,300,000,000.

On page 50, increase the second amount on line 19 by $1,400,000,000.

AMENDMENT No. 173

On page 2, increase the amount on line 11 by $700,000,000.

On page 2, increase the amount on line 12 by $700,000,000.

On page 2, increase the amount on line 13 by $600,000,000.

On page 2, increase the amount on line 14 by $600,000,000.

On page 2, increase the amount on line 17 by $700,000,000.

On page 2, increase the amount on line 18 by $700,000,000.

On page 2, increase the amount on line 19 by $600,000,000.

On page 2, increase the amount on line 20 by $600,000,000.

On page 3, increase the amount on line 13 by $700,000,000.

On page 3, increase the amount on line 14 by $700,000,000.

On page 3, increase the amount on line 15 by $600,000,000.

On page 3, increase the amount on line 16 by $600,000,000.

On page 3, increase the amount on line 19 by $700,000,000.

On page 3, increase the amount on line 20 by $700,000,000.

On page 3, increase the amount on line 21 by $600,000,000.

On page 3, increase the amount on line 22 by $600,000,000.

On page 4, increase the amount on line 15 by $700,000,000.

On page 4, increase the amount on line 16 by $700,000,000.

On page 4, increase the amount on line 17 by $600,000,000.

On page 4, increase the amount on line 18 by $600,000,000.

On page 4, increase the amount on line 21 by $700,000,000.

On page 4, increase the amount on line 22 by $700,000,000.

On page 4, increase the amount on line 23 by $600,000,000.

On page 4, increase the amount on line 24 by $600,000,000.

On page 5, decrease the amount on line 11 by $100,000,000.

On page 5, decrease the amount on line 12 by $100,000,000.

On page 5, increase the amount on line 13 by $100,000,000.

On page 5, increase the amount on line 16 by $700,000,000.

On page 5, increase the amount on line 17 by $700,000,000.

On page 5, increase the amount on line 18 by $600,000,000.

On page 5, increase the amount on line 19 by $600,000,000.

On page 25, increase the amount on line 22 by $700,000,000.

On page 26, decrease the amount on line 5 by $100,000,000.

On page 26, increase the amount on line 6 by $700,000,000.

On page 26, decrease the amount on line 14 by $100,000,000.

On page 26, increase the amount on line 15 by $600,000,000.

On page 26, decrease the amount on line 23 by $100,000,000.

On page 26, increase the amount on line 24 by $600,000,000.

On page 42, increase the amount on line 24 by $700,000,000.

On page 43, increase the first amount on line 1 by $700,000,000.

On page 43, increase the amount on line 1 by $600,000,000.

On page 43, increase the amount on line 2 by $600,000,000.

On page 43, decrease the amount on line 12 by $700,000,000.

On page 43, decrease the amount on line 13 by $700,000,000.

On page 43, decrease the amount on line 14 by $600,000,000.

On page 43, decrease the amount on line 16 by $600,000,000.

On page 49, decrease the amount on line 6 by $700,000,000.

On page 49, decrease the second amount on line 7 by $700,000,000.

On page 49, decrease the first amount on line 9 by $600,000,000.

On page 49, decrease the amount on line 10 by $600,000,000.

On page 50, increase the amount on line 17 by $700,000,000.

On page 50, increase the amount on line 18 by $700,000,000.

On page 50, increase the amount on line 19 by $600,000,000.

On page 50, increase the amount on line 19 by $600,000,000.

● Mr. SIMON. Mr. President, this week the Senate begins work on its version of the Federal budget for fiscal year 1988, Senate Concurrent Resolution 48. We must reduce our Federal deficit. It is keeping interest rates high and driving our export market into the ground. The only sensible way to bring our deficit down is to get America back to work. With unemployment running at 7 percent, this country is losing valuable resources that could be building our economy and reducing our deficit.

The chairman of the Budget Committee has done an admirable job in piecing together a plan. However, there is room for improvement. I will offer three amendments to remedy some of the largest problems. The amendments are printed at the close of my remarks. My amendments focus on three areas: Community development funding, Medicare, and lump-sum distributions for Federal retirees.

COMMUNITY DEVELOPMENT FUNDING

The first amendment increases CDBG and UDAG funding to the freeze level. These programs will continue to contribute over $1.2 billion to deficit reduction during the next 4 years. With the demise of general sharing and the restrictions imposed on local bonding authority by the tax bill, it's all the more important that the current levels of funding on the community development block grant and urban development action grant be maintained.

The Nation's cities and towns, both large and small, continue to rely on these programs to meet their needs to replace aging infrastructure and to provide housing and other assistance to low- and moderate-income citizens.

Other proposals to restore these funds would take the money from Function 450. While I appreciate the rationale, I believe this approach may be shortsighted. We need to bolster our technological edge if we are ever to compete on the world economy. The major investment needed to attain that edge should be supported, not be curtailed. My amendment calls for a $1.8 billion increase in funding to be offset with increased revenues. This approach allows us to preserve vital funding for our cities without robbing our scientific community of its funding.

MEDICARE

I also will offer an amendment to restore $1 billion to Function 570 Medicare funds. The committee resolution recommends a total $3.3 billion cut. We are only fooling ourselves if we try to argue that a $3.3 billion cut in Medicare will not effect beneficiaries. Hospitals, rural and urban alike, are struggling to keep their doors open. Sicker and quicker is the name of the game for beneficiaries. Substantial cuts in Medicare have been enacted over the years, and here we are proposing additional cuts.

Cuts in labor, staffing, salaries, inventories, and lengths of stay have already been made by hospitals. I am particularly concerned with what we are doing to the rural hospital in this country.

The Medicare population is expected to increase 20 percent in the next decade, with the over 85 population increasing 50 percent. It is my sense that we are reaching the point where we simply cannot serve more people with fewer dollars without sacrificing quality and access.

My amendment restores $1 billion to the account. The increased spending is to be offset with increased revenues. The Medicare Program would continue to bear its fair share of the deficit reduction burden, shouldering $2.3 billion worth of cuts. I believe this is more than sufficient.

FEDERAL RETIREES

Finally, I will offer an amendment to restore funding for the lump sum distribution to Federal employees. Lump sum distribtution allows retirees to receive all of their own retirement contributions upon retirement.

Agreeing to the committee's proposal would deal yet another blow to Federal retirees. Our retired Government workers were just hurt by the elimination of the 3 year recovery rule in last year's tax bill. My amendment would avoid the "kicking people when they are down" syndrome.

The committee assumes $700 million in savings from the elimination of the lump sum rule. Therefore, I propose to restore $700 million to continue the lump sum distribution. Federal employee related spending is still expected to come up with $1.3 billion worth of savings. I believe this is excessive and stand ready to raise the amount I will restore if the circumstances allow it.

Federal retirees deserve fair treatment. My amendment will ensure them of that.

I urge all of my colleagues to give these three amendments close consideration. They are worthy of all our support.●

NOTICES OF HEARING

SUBCOMMITTEE ON FEDERAL SERVICES, POST OFFICE, AND CIVIL SERVICE

Mr. PRYOR. Mr. President, I would like to announce that the Governmental Affairs Subcommittee on Federal Services, Post Office, and Civil Service will hold a hearing on April 27, 1987, on S. 541, the postal employees appeal rights bill.

The hearing is scheduled for 10 a.m., in room SD-342, Senate Dirksen Office Building. For further information, please call Ed Gleiman, subcommittee staff director, on 224-2254.

AUTHORITY FOR COMMITTEES TO MEET

SPECIAL COMMITTEE ON AGING

Mr. BYRD. Mr. President, I ask unanimous consent that the Special Committee on Aging, be authorized to meet during the session of the Senate on Monday, April 27, 1987, at 10 a.m. to hold a hearing on the Role of the Older Americans Act in Assuring Access to Quality Home Care.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Monday, April 27, 1987, at 9 a.m. to conduct a hearing on "Mine Safety: The Wilberg Incident."

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Government Affairs, be authorized to meet during the session of the Senate on Monday, April 27, 1987, at 9:30 a.m. to hold hearings on the nomination of Norma Pace to membership on the Postal Service Board of Governors.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS, AND FORESTS

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Public Lands, National Parks, and Forests of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Monday, April 27, at 10 a.m. to receive testimony on H.R. 1320, National Park Service entrance fee legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

BUILD AND THE NEHEMIAH HOUSING PROGRAM

● Mr. SARBANES. Mr. President, with the recent passage of S. 825, the Housing and Community Development Act of 1987, the Senate took an important step in halting the decline of Federal housing programs. By an overwhelming vote of 71-27, the Senate spoke in a bipartisan voice to cease the steady erosion of the Federal effort in housing that has taken place during the Reagan years. A key provision of the bill will establish a new Nehemiah Housing Program that will help rebuild distressed neighborhoods and promote homeownership for families who otherwise would not be able to purchase a home. An effective church-sponsored nonprofit organization in my State, Baltimoreans United in Leadership Development [BUILD], through its support and testimony, played an important role in getting the Nehemiah provision in the Housing bill.

Based on the successful Nehemiah project in Brooklyn, NY, which was sponsored by local churches and nonprofit groups, this pioneering new program provides the opportunity for communities across the country to provide homeownership for many low and moderate-income people. With a Federal interest-free loan of up to $15,000, the active participation of church and nonprofit organizations, and a commitment from local governments, this initiative offers a tremendous prospect to establish stable neighborhoods in distressed areas.

I want to commend BUILD for its efforts in support of the Nehemiah Program. Testimony during Senate Banking Committee consideration of this legislation by Ms. Carol Reckling, president of BUILD, established the great need for this new program.

I am pleased that the Nehemiah Program is included in the Senate-passed legislation and is included in the companion legislation under consideration in the House of Representatives. BUILD has laid the groundwork for a new and innovative program to provide decent housing for thousands of Americans.●

"THE YEAR OF THE VOLUNTEER" IN MINNESOTA

● Mr. DURENBERGER. Mr. President, in my home State of Minnesota, 1987 is being celebrated as the Year of the Volunteer. This week, April 26–May 2, 1987, is being celebrated as "Volunteer Recognition Week," with the theme of "Volunteers Move Minnesota."

One of the things that makes representing Minnesota in the U.S. Senate such a privilege is the simple fact that Minnesotans care. They care about what we do here in Washington and what happens in the larger world outside; most of all, they care about their children's education, their families' health and their neighbors welfare. And, they find ways to translate their concern into action. Minnesotans by the thousands donate their time as well as their hard-earned money and material goods to causes and institutions that they believe in and which need their support.

In the United States, voluntarism has deep roots in the origins and structure of our society. The early settlers joined together for barn raisings, communities worked together to promote the health and education of their citizens and benevolent organizations developed to perform needed services—everything from fire fighting to providing for the care of orphans, widows, and the handicapped. At all levels of society, people have translated concerns and goals into positive voluntary action.

In Minnesota, we are proud of the level and quality of social services that our citizens enjoy. We also know that we could not enjoy such services if volunteer involvement were not a major factor in their availability. In 1982, the Minneapolis-St. Paul nonprofit service sector consisted of about 1,350 organizations and spent about $1.5 billion. The labor that these services provided, had they been paid at the average nonagricultural wage rate of $9.61 per hour, would have amounted to something like $8 million. This amounts to a lot of time, a lot of money, and most of all, a lot of compassion. I firmly believe that the entire country could benefit from the example that Minnesota is setting.

One of the examples of what volunteers are capable of achieving is the partnership engaged in by the Salvation Army, Pilgrim and Anderson's Cleaners, the St. Paul Pioneer/Press Dispatch and WCCO-TV. Through their work, winter clothing was donated and distributed to thousands of children of low-income families in the Minneapolis-St. Paul area. I hope that my colleagues will not underestimate the importance of warm clothing in Minnesota's less than tropical climate.

Minnesota's Year of the Volunteer is a great idea. It gives us an opportunity to study the history, contributions, extent of involvement, and capacities of volunteer organizations, and the individuals who compose them. Once we fully understand what volunteers do for our society and what they are capable of doing, we will be able to expand on their commitment in new ways, to the benefit of us all.

Mr. President, in 1985 Americans contributed a total of 16.1 billion hours of their time to volunteer work. The labor that went into this work, again based on the average nonagricultural wage, was worth over $110 billion. This figure amounts to nearly half of the U.S. fiscal year 1987 Federal deficit. Simply put, Mr. President, this country depends on volunteers.

Keep in mind though, that this contribution came from about 50 percent of the population of the United States—this is an admirable figure, but it is still only half. What I see in this country is not only an existing reliance on the commitment of volunteers, but a vast resource that remains to be tapped. I encourage my colleagues to join me in recognizing and supporting volunteer efforts throughout this country.●

KEYNOTE ADDRESS OF MRS. MATILDA R. CUOMO AT ITALIAN LANGUAGE CONFERENCE

● Mr. MOYNIHAN. Mr. President, earlier this month, Mrs. Matilda R. Cuomo delivered the keynote address at the Italian Government's Italian Language Conference in Rome. With eloquence we have come to expect from the Cuomo family, Mrs. Cuomo discussed her concern about the decline in Italian language studies. I commend her remarks to the attention of the Senate, and ask that the text of her speech be printed in the RECORD.

The speech follows:

KEYNOTE ADDRESS BY MATILDA R. CUOMO FIRST LADY OF NEW YORK STATE ITALIAN LANGUAGE CONFERENCE

It is a delight to return to the country of my parents, with two of my children, to participate in the Italian Government's conference on "The Dissemination of Italian Language and Culture in the United States."

To the Italian Government and each of our Italian hosts who worked so hard to make this conference a reality, I say "Grazie."

To each of the Italian delegates, to my fellow New Yorkers and fellow Americans, I say "buon lavoro."

We come to this historic city, to seek greater communication and understanding between the people—especially the young people—of Italy and the United States.

We come to promote the study of the Italian language, so that we can be enriched; so that more Americans can discover, firsthand, the abundant treasures of Italian culture; and, so that we can promote the well-being of both of our nations.

Today, I want to focus on three topics.

First, I want to say a few words about my own experience as an Italian-American. Then I want to describe the "due case" initiative between New York State and Italy. "Due case," I am proud to say, is prototype for my husband's "New York State International Partnership Program." Third, I will address, in greater detail, the goal of this conference to promote the study of Italian language and culture in the United States.

My Italian-American heritage has always been meaningful to me. My father and my father-in-law were both the sons of native Italians, born in America and returned to Italy as young children. Both were brought up in Italy—my father-in-law in Nocera Inferiore, Salerno, and my father in Meri, in the province of Messina. They both emigrated to New York as young married men, and both of their wives followed a year later with their oldest sons, both of whom were named Frank.

The stories of Andrea and Immaculata Cuomo and Carmelo and Maria Raffa had much in common.

From my parents, I gained an appreciation for the richness of the tradition of Italy in art, letters, law, medicine, science, and music.

They also brought special values with them—a love of family, ethnic pride, a sense of obligation to those who need help, a respect for hard work, and a passion to reach for their dreams.

They brought a faith in the future, and a willingness to give up nearly everything for the next generation. What they did for us, we do for our children, and hope they do for theirs. This was the legacy of millions of Italian-Americans. One generation struggled, so the next generation could have a better life.

Now, a new generation of Italian-Americans yearns to rediscover its roots, while many Americans from other ethnic backgrounds are beginning to discover Italy, too.

To develop these opportunities, my husband and the government of Italy have established a broad partnership of economic, cultural, scientific and academic cooperation. We call it "due case, una tradizione."

Two houses, one tradition. That simple phrase describes so well the bonds between us—the solid foundation, warm friendship, mutual interest, common cultural heritage, and ethnic ties between New Yorkers and Italians. All of these exchanges will take place under the umbrella of "The New York State International Partnership Program," which is being coordinated by Vincent Tese of the New York State Urban Development Corporation.

I am pleased to serve as co-chair of "due case" with John Brademas, president of New York University. The governor wants "due case" to serve as a model for similar cooperation with Canada, France, Japan and China—and other nations with strong bonds to what we call, "the family of New York."

Three important "due case" initiatives are already underway.

First, this fall, the New York State Department of Commerce, in cooperation with the Italian Government, will bring a delegation of state financial experts, investors, and government officials to Italy. They will visit industrial and commercial sites, and discuss with their Italian counterparts ways to expand trade and investment between Italy and New York State.

Second, a high-technology delegation from Italy will be our guests, to tour major university research and development centers supported by New York State.

The third "due case" initiative is indispensable. If we are going to understand each other and expand opportunities, we must promote the study of the Italian Language and Italian culture in the United States.

We may be beginning this effort at an advantageous time. For more than a decade, foreign languages had become an endangered species in the United States. Consider what has been happening:

Only three percent of American high school graduates, and only five percent of our college graduates, reach a meaningful proficiency in a second language—and many of these students come from bilingual homes.

That low proficiency level is not surprising. As recently as three years ago, only 17 of 50 states required foreign language study in high school. One in five high schools did not offer any foreign language instruction at all.

Only one percent of elementary schools offer any foreign language classes at all. Even though languages are learned best when learned early.

A UNESCO study of ten and fourteen year olds in nine countries placed American students next to last in their comprehension of foreign cultures.

Those taking languages often study with teachers who have no firsthand experience with their area of study—most Italian teachers, for example, have not been to Italy.

Language illiteracy among our scholars is equally troubling. Forty percent of American foreign scholars cannot conduct research in the language of their specialty. Our universities, for example, award degrees to specialists in Italian politics who do not even speak Italian.

As for the diplomatic corps, the United States is the only major world power with no language requirement for entering its Foreign Service. In 1987, we still fill key posts with ambassadors who do not speak the local language and can not read the local newspaper.

This afternoon, panelists at this conference will discuss whether the United States, given its limitations in foreign languages is putting its national security at risk. Were we at risk in Tehran, in 1978, the year the Shah fell, when only six of 60 embassy officers knew Farsi, the language of the country? Our national security may well be at risk again as we fail to develop scholars who are knowledgeable as to the nature and culture of the Soviet Union and nations of the Middle East, Africa, and Asia.

Foreign language deficiencies are also impairing America's ability to compete in a competitive world economy and reduce its trade deficit. An accepted axiom of international business is that "you can buy in any language, but to sell, you better know the language of your customer."

In 1979, President Carter's special language commission issued a stinging report. It said the nation's incompetence in foreign languages and international studies was "scandalous."

Despite that indictment, until recently, under the current administration, "school has been out" for federally funded language programs. Each year, Congress has had to fight at the 11th hour to restore programs the administration sought to eliminate.

Today, as I indicated, there is growing evidence that we are starting to put the bad news behind us. We have been turning it around.

While the rest of the world must continue to learn English to keep from being left behind, today, more Americans understand they need to learn the other languages, or we will be left behind.

In the absence of federal leadership, thirty states now mandate language studies in their public schools. New York has been leading the way; and we are starting with the younger students.

Three years ago, New York was the first state to mandate two years of a second language for all public school students, before they complete ninth grade. In addition, those who want to receive the state's prestigious "regents" diploma, must now complete at least two additional years of high school language study, and pass a comprehensive exam.

We are seeing similar progress elsewhere. More American high school students are taking foreign languages than any time in two decades. In only 6 years, in New York State, the number of language students has nearly tripled.

In higher education, over 90 colleges and universities, including Yale, have added foreign language requirements for admission or graduation. College teaching positions in languages shot up by 50% in just two years.

This is good news, but we want to make sure that this new interest in foreign languages in our country properly and adequately includes the Italian language. Until now, the general upturn in language studies has not be reflected in a marked increase in the study of Italian. Nationally, interest in Italian has remained low; behind Spanish, French, Latin, German, Russian and Japanese.

To date, only 2% of all language students study Italian. In New York State, nearly one out of seven residents is an Italian-American but only 4 in 100 language students study the Italian language.

Nationwide, there are a number of reasons for these low enrollments. First, school boards with limited resources offer only one or two languages. All to offer, Italian is not one of them.

Of 30 states responding, to date, to a survey by the American Council on the Teaching of Foreign Languages, only 12 teach Italian in their public schools. Eighteen others do not, including Indiana, North Carolina, Tennessee, Texas and Utah.

Even among the twelve states that do teach Italian, enrollment levels in many are virtually meaningless. Delaware reported 11 Italian language students, Iowa had 16, New Mexico—3.

In some cases, Italian is not offered because there is a critical shortage of qualified teachers. In other cases, low enrollments result from a disproportionate emphasis in the schools on the British and French contribution to our country, and too little mention of the Italian contribution.

If students had the opportunity to learn and be excited about the Italian influence on our democracy and law, more would want to study Italian and learn about Italy. If students were exposed to the culture of contemporary Italy, more would want to study Italian. For this is the language that Dante called the beautiful language of song: "Dobbiamo Construire la Lingua Bella della Canzone."

Finally, there are low Italian language enrollments because the Italian-American community, of which I am a member, has been too complacent in allowing our culture and heritage to slip away with each generation.

Surely, though, learning Italian should appeal to all Americans, not just Italian Americans. For, Italian is a passport to appreciation of some of the world's greatest novels, poems, operas, and works of history and philosophy. It is a way of enriching the human personality.

If the revival of language studies in America has been influenced, as well, by the desire to compete more successfully in global markets, then American students are mistaken in overlooking Italian.

They are overlooking one of the world's most vibrant economies. Italy's gross national product is expected to grow at a faster rate this year than West Germany, France, Britain, or Japan. They are overlooking an economy that is overtaking Britain, as number five in the free-world. This is stunning progress. All Italians should feel very proud. More American students should take note: studying Italian is "relevant" today.

Together at this conference, Italians and Americans, we must develop strategies for getting out the word. I have an 8-point program for your consideration.

First, we must encourage language studies in the earliest grades, when they are easier for students to learn.

Second, we must see that Italian is offered in more elementary schools and high schools.

Third, we must create more opportunities for teachers to study in Italy. Appreciating the culture, sights, and sounds of Italy are as important to teaching Italian, as knowing the correct grammar and inflection. How can teachers in Buffalo, New York or Boise, Idaho be excited by the Sistine Chapel, if they have never been to Rome? How can they be enthralled by the vitality of modern Italy, if they have never had the opportunity to visit here.

Fourth, students also need more opportunities to study in Italy. It has been said, "the way to learn a language is to breathe it in. Soak it up! Live it!" In "due case" we are working to make this happen. We have begun to create and exchange correspondence programs between students and teachers in an elementary school in New York State and Italy. If all goes well, we could expand the program to encompass each of the five New York cities with large Italian populations and five sister cities in Italy.

Fifth, we can make studying Italian more exciting and meaningful for students unable to come to Italy. This can be done in several ways.

We can encourage less grammar and more conversation in the classroom.

We can make better use of video cassette technology by encouraging Italian television to develop programming for American students that is informative, but also fun to watch.

We can encourage universities to use satellite technology to receive daily transmissions of RAI television programming. Columbia University, in New York, has successfully implemented a similar program which utilizes Moscow television for its Russian studies students.

Italian can also become more exciting and meaningful by encouraging new relationships between Italian language programs and professionals in science, law, computers, industry and high-technology.

My sixth strategy—we should support Columbia University President Michael Soverns' proposals to create a national endowment for the study of foreign languages and foreign culture. I understand Senator Paul Simon, of Illinois, plans to introduce a bill in Congress to create such an endowment. We should make sure it passes.

Seventh, we should strongly support an amendment by Senators Claiborne Pell, Christopher Dodd and Paul Simon to the 1987 foreign trade bill, that will provide $35 million in block grants for foreign language training in elementary and secondary schools. It will also provide $40 million for teacher training in language and area studies, international business education, and the translation of scientific materials.

Eighth, the Italian-American communities in each state should form a task force to assess the quality of Italian language instruction and to implement our program. These task forces would help advise local school boards, city hall, state education departments, and state legislatures.

With this eight-point program, we can begin to turn around Italian language studies. While "all roads do (not yet) lead to Rome," we are building a new "appian way." The traffic will soon be picking up. We must assure the success of this program.

At the tower of Babel, Human kind was dispersed to distant lands and given a multitude of languages. Since those early days, we have come so far to elevate the human condition. With this progress the world also has become a much smaller place.

To achieve greater prosperity, to attain new understanding, to build new bridges, we need to speak each other's languages.

Now is the time to rally our best efforts and resources, to communicate better than we ever have before. We need to encourage our children to learn, in their earliest years, that other people are different, but beautiful in their uniqueness. Our children need to find out early, that they can learn much about themselves, through discovering others. They must learn to appreciate and respect each other when young, so they can learn to love each other when older.

At this conference, may your enthusiasm, your motivation, and your beautiful spirit help broaden the channels of communication and deepen the levels of understanding between Italians and Americans. For this is the magnificent country where Dante said: "il paese la dove il si suona—this is the country where the word 'yes' is heard."

May our progress here, be a model for new partnerships, crossing all borders, and spanning all continents.

Thank you.●

NATIONAL ADOPTION WEEK

● Mr. D'AMATO. Mr. President, it is again my privilege to support legislation sponsored by the able Senator from Utah, Senator HATCH, proclaiming November 22 through 28, 1987, as "National Adoption Week." The Nation would benefit greatly from this legislation.

In proposing this resolution, we seek to heighten public awareness of adoption as a viable alternative for children and adults who do not have a permanent, secure family life.

The family is the basic component of American civilization. That American family life is essential for the stability of our Nation is widely understood. A nation is only as strong as its people. Productive and law-abiding citizens result from a stable family life.

Consider the child who has no family, or the couple who, for whatever reason, is unable to bear children? How unfortunate it is that people needlessly suffer the absence of family life, the rewards of growing up under the guidance of loving parents, and the experience of the emotional involvement and responsibility of rearing a child.

Also consider that while the number of couples wanting to adopt has risen substantially since the 1960's, it remains small compared to the roughly 36,000 awaiting adoption but who remain in foster care or institutions because of various public or private barriers. A large obstacle, many couples capable of adopting are unaware of the available services offered by existing adoption agencies and organizations.

During "National Adoption Week" this year, a long list of Federal, State, and local government agencies, adoptive parents and advocacy groups, civic and church groups, as well as various businesses will sponsor activities and provide information about available adoption services.

Mr. President, adoption is the most viable alternative for childless parents and for children without a home. Adoption is an important part of the lives of millions of American families, and can be the start of a new and fulfilling life for still many more.

It is appropriate that "National Adoption Week" take place during Thanksgiving, a special time for many family members to join together, to share experiences, and to feel the personal joys of kinship. It is an experience available to all who choose to adopt. "National Adoption Week" can spread this message.

I urge speedy consideration and passage of this legislation.●

ARBITRATION DAY

● Mr. MOYNIHAN. Mr. President, on May 7, 1987, the American Arbitration Association is celebrating Arbitration Day. This esteemed organization has existed for 61 years, during which time it has asserted that individuals should resolve disputes amongst themselves and enabled them to do just that.

This organization has 32 offices nationwide with over 60,000 arbitrators and mediators serving on its fair and impartial panels. With such competent and dedicated individuals, this organization administers 47,000 cases annually.

Robert Coulson, the president of the American Arbitration Association has noted that 48 organizations from different parts of the arbitration and mediation field are cosponsoring this event. Arbitration Day will provide an opportunity to spotlight the use of alternative methods to resolve disputes in nine areas: construction, consumer affairs, insurance, international trade, private sector labor relations, interest arbitration, securities, and textile and apparel disputes. The Honorable Judith S. Kaye, associate judge of the New York State Court of Appeals, will attend these proceedings and give her views on the importance of private arbitration in resolving disputes

On this day, two awards will be presented for exceptional service in the arbitration field. The first will be presented to George Nicolau, chairman of Major League Baseball's tripartite arbitration panel, president-elect of the Society of Professionals in Dispute Resolution [SPIDR], and a member of the New York City Office of Collective Bargaining. He will receive the Distinguished Service Award for the Arbitration of Labor-Management Disputes.

The second award will be presented to James F. Henry, president and founder of the Center for Public Resources and its noted Legal Program. The CPR Legal Program is a nonprofit initiative to develop private alternatives to the high costs of litigation. Mr. Henry will receive the Whitney

North Seymour, Sr., Medal for his contribution to the responsible use of alternative dispute resolution. Previous recipients include Chief Justice Warren E. Burger, Griffin Bell, and Eleanor Holmes Norton.

Arbitration Day has been recognized by both Governor Cuomo and Mayor Koch. I join them in commending the American Arbitration Association for its innovative work and continuing service in the field of voluntary dispute resolution and extend best wishes for a most successful and enlightening event.●

NATIONAL ACADEMIES OF PRACTICE

● Mr. D'AMATO. Mr. President, I rise today to cosponsor S. 104, legislation which will provide a Federal charter for the National Academies of Practice. I commend my colleague from Hawaii, Mr. INOUYE, for bringing this legislation to the attention of the Congress.

The National Academies of Practice is an organization representing distinguished practitioners from each of the various health care disciplines. These individuals have been selected by their peers for their significant contributions to the practices of applied medicine, dentistry, osteopathy, podiatry, optometry, psychology, nursing, social work, and veterinary medicine.

Brought together under the umbrella of the National Academies of Practice, these practitioners will serve as a vital source of policy expertise for the Congress and the executive branch. Given the numerous health care decisions that are being made on the Federal level, it is essential that policymakers in Washington have access to qualified and exemplary practitioners.

Again, I commend Mr. INOUYE for supporting interdisciplinary activity in the health care industry, and I encourage my colleagues to join me in supporting S. 104.●

AFGHANISTAN: LETTERS FROM THE STATE OF VERMONT

● Mr. HUMPHREY. Mr. President, last December the brutal Soviet occupation of Afghanistan entered its eighth year. The horrible condition of human rights in Afghanistan was recently described in a United Nations report as: "A Situation Approaching Genocide."

As chairman of the Congressional Task Force on Afghanistan, I have received thousands of letters from Americans across the Nation who are outraged at the senseless atrocities being committed today in Afghanistan. Many of these letters are from Americans who are shocked at this Nation's relative silence about the genocide taking place in Afghanistan.

In the weeks and months ahead, I plan to share some of these letters with my colleagues. I will insert into the RECORD two letters each day from various States in the Nation. Today, I submit two letters from the State of Vermont and ask that they be printed in the RECORD.

The letters follow:

DEAR MR. HUMPHREY: We are very concerned about the people of Afghanistan and wish you people in Washington could do something about it. It looks to us like another Nazi Germany and we said we would not let that happen again but it is happening and people are being wiped off the map.

We hope everyone who reads the Reader's Digest will write to you and let you know of our concern.

Sincerely,

LEONA CHAMBERLAND.

CHESTER, VT.

DEAR SENATOR HUMPHREY: I have just finished reading an article in this month's Reader's Digest entitled "Agony in Afghanistan". Once again I find myself sitting here in my nice comfortable home thinking about how awful this situation is half-way around the globe in Afghanistan. Other articles I have read on the same subject have left me feeling the same way, but please bear with me as I share some of my feelings with you.

During the time we had forces fighting in Vietnam this country became a house divided. There was hardly a day that went by without mention of the war in the news media. The coverage it received, to a great extent, shaped our policy regarding our military objectives in that entire region. I believe that the results of that war have been felt in almost every major foreign policy decision we have made since then, causing us to be more timid than bold when formulating our position. I say this even though I feel that our President, along with some members of Congress, has tried hard to get this country to understand that the only thing the Soviets fear is a force greater than theirs. Senator, we are the only nation with enough resolve to be that force. The President, and Congress, have done much to make our Armed Forces just that, an armed force. However, a strong military is only part of the anwser to a world at "peace". There must be a citizenry that is supportive of the role of our military in keeping that peace throughout the world. I believe this to be true even if the peace I speak of means some action must be taken to keep it. We in America have long suffered from what I call the "Ostrich Syndrome" when dealing with affairs outside our boundaries. As we both know there are many instances of this approach in our history. Unfortunately, for those that may think this way, the world has become far too small to afford us the luxury of not becoming involved in it's affairs. Especially if they involve the slaughtering of innocent civilians from the unborn to the aged.

I am most disturbed over the total lack of concern on the part of most Americans with regards to the atrocities being committed on the Afghan people. One has to wonder as to where the protesters of the sixties and seventies have disappeared to. Certainly they all aren't marketing their latest home video on aerobics! As you know, a group of people have protested recently in Senator Leahy's Vermont office over the Contra Freedom Fighters in Central America. This action made me sick. While I certainly cannot condone any atrocity, by either friend or foe, I certainly do wonder why these same people have not said word one about what is taking place every day in Afghanistan. Where is the public outcry when it is the Soviets who are engaged in a war that can only be labeled "Holocaust II"? Why do we not take action today? Are we still trying to forget what happened in South East Asia, to the extent that we turn our backs on the innocent Afghan people? Perhaps we should consider adopting the Ostrich as our new national symbol! Think about it, have you ever seen a bumper sticker protesting the Soviet's war effort in Afghanistan? It's interesting to note, however, the number that exists protesting our involvement in Central America. I also cannot accept the position that tries to draw a parallel between our actions in South East Asia and what is happening in Afghanistan. There is little comfort to me in knowing that the Soviets are faced with a very difficult military situation that is also a diplomatic embarrassment to them. You and I both know that without support that it is only a matter of time before the resistance there cannot resist any longer. I believe we have turned our backs long enough on those freedom fighters who are valiantly giving up everything to save their families, their homeland and what is left of their future.

If we take a look at another part of the globe today receiving a great deal of attention one must wonder as to why there is so much concern over some while there is so little concern for others. The area of which I speak is, of course, South Africa. I assure you that I bring this issue up out of interest for human rights and not for any racially motivated reason. The situation in South Africa is, to me, another travesty of justice simply on a smaller scale. I am pleased to see that the world attention that the government there has received seems to be having a positive effect. However, considering man's inhumanity to man in South Africa, it is still a paradise compared to the hellish reign of terror that is now known even to the children in Afghanistan. The fact still remains that nearly all of the media coverage is devoted to the events there with hardly a whimper over the other. I realize that there isn't much available for us in terms of "good footage" from the Afghan front, but that cannot be used as our excuse. Please understand that this letter is not intended to be an indictment of the news media in general. They must report on those things that will make for interesting reporting. This is a reflection of what we indicate to them we want to see, hear and read. At this time the American people simply don't want to be bothered with news of what seems to be a problem belonging to someone else. The image that comes to mind is one of the three famous monkeys. "See, Hear, and Speak No Evil". I'm afraid that this phrase must be amended to now read; "See, Hear, and Speak About No Soviet Evil"!

Senator, I don't believe that I am alone in my sentiments about this topic. I believe that there are many in our country who feel the same way. My hope, and prayer, is that we wake up today to what is happening in Afghanistan before we wake up to the same thing in America?

Sincerely yours,

DANA J. TUSCHER.

MILTON, VT.●

GRADUATE EDUCATION IN A TIME OF TRANSITION

● Mr. CRANSTON. Mr. President, the chancellor of the State University of New York, Joseph S. Murphy, offered an insightful and courageous analysis of current issues in American higher education when he addressed the Western Association of Graduate Schools, meeting in Los Angeles early in March.

Chancellor Murphy is direct and clear about vital issues: The decline of quality and creativity in higher education, the need to protect academic freedom from the economic and political stresses now plaguing the American university, and the alarming enrollment decline of minorities in graduate education.

I ask that Chancellor Murphy's address be printed in the RECORD.

GRADUATE EDUCATION IN A TIME OF TRANSITION

(Remarks to be delivered by Chancellor Joseph S. Murphy at the March 6, 1987 meeting of the Western Association of Graduate Schools, at the Biltmore Hotel, Los Angeles, CA.

Thank you for asking me to be here today. I've been looking forward to this meeting for some time, not just because it gives me a chance to get out of New York briefly in March, but because it gives me an opportunity to think about and to talk about some very fundamental issues in American education and in American life.

This is a unusual period for the intellectual community—a time of transition in national life from an era of dominance by one mode of political thought to something that will be, I hope, radically different. What we are witnessing in Washington is not just a governmental scandal and not just the reversal of fortune of one President or one party. In a much broader sense, what we hear all around us is the sound and the fury that accompany the death of a false god. In the present instance, that god is the one that preaches the narrow, mindless, limitless materiaism that has infected so much of our national culture.

Maybe I reflect a view that holds more currency in New York than it does west of the Rockies; maybe that's why you asked me here. But I have the clear sense that the events of the past six months—not just the Iran scandal and the public reaction to it, but maybe more importantly the Democratic capture of the Senate and the revival of a progressive social agenda—signify that the public is moving not just to repudiate specific policies that have failed so grievously, but the underlying premises of those policies as well. And I say that with enormous relief for my own institution and for the cause of American higher education in general.

I do not need to tell you, of course, that these have been difficult years for those of us who doubted the great materialist premises all along. You and I have been responsible not only for sustaining the promise of intellectual growth, but for making that concept a working reality in a hostile time. Education at all levels has suffered, higher education more than the rest and graduate programs more than undergraduate. Since 1979 real federal spending for schooling in America has declined; postsecondary student aid formulas have been revised to make them exclusionary rather than inclusionary; and graduate student assistance has been cut severely. Institutional support programs have been made available has been allocated disproportionately to research in military areas (notably the Stategic Defense Initiative), with a bit here and there aimed at advancing non-military technology.

No wonder, then, that most of us have had to raise tuition—and that we are struggling to maintain graduate student enrollment. Despite the best efforts of a significant number of very adroit and progressive members of the Congress, this Administration has waged war on education through every year of its tenure and in too many places it has scored too many victories since 1981.

But if we can say—more safely with every new headline and almost every change in personnel—that the war is over and the false god is dead, then we have to ask ourselves the questions of what new national consensus (or paradigm, if you will) is going to take its place. And the answer to that is far from clear now, and will probably remain ambiguous for at least the next year and a half. What that offers us is not so much a dilemma as an opportunity. Through the rest of 1987 and all of 1988, those of us concerned about graduate education in America will have a unique chance and a major obligation to chart our own destiny—in the context of larger forces shaping national society, within constraints imposed by certain economic limitations, but free at last of the spirit of defensiveness and self-contempt engendered for so long by the current Administration.

I think that meetings like this one can serve a vital purpose if they start to ask and to answer the questions that stem from that opportunity. I will suggest in the next few moments three areas in which graduate education should move forward in the immediate and longer-term future; if I am vague it will not be because I have no specific sense of where I want to go, or of where I want The City University of New York to go, but because I understand that for each institution and to some extent for each department within an institution, there can be a number of legitimate approaches to the same goal.

First I want to talk about quality—which is a much overused word and a much misunderstood concept. In the mid-1970's quality in higher education, and particularly in graduate education, was frequently confused with something called excellence—which itself was really a code word. The pursuit of excellence became a rationale for curtailing the expansiveness of the previous decade to fit the constraints of a recession-era economy. With "excellence" as their standard, universities could close marginal programs and divert the revenues saved to an effort to strengthen further departments that were already strong.

It was not a happy coincidence—in fact it was no coincidence at all—that the bulk of the threatened programs served and were heavily staffed by members of the new constituencies that had only recently been allowed into the academy. Or they were on the fringe areas of university life and operated at the borders of university budgets—the language or esoteric humanities programs that attracted limited enrollment and even more limited external funding. These were the units of our institutions that were terminated or merged or allowed to die by slow but steady attrition—or, if they survived, adopted the self-definition and behavior patterns of unwanted stepchildren. All in the name of excellence.

That kind of process had nothing to do with quality then and it has nothing to do with quality now. Protection of the conventional and safe at the expense of the innovative and experimental is a policy predicated on an acceptance of the world as it is and of the marketplace as the proper forum for the determination of the world's priorities. This is not what universities ought to be doing and when they do it—and we have done some of it even in CUNY—they should at least have the integrity not to pretend that they are advancing anything other than their fiscal well-being.

In my own definition, quality in the academy stems from a willingness to attack the status quo—to think and to write and to speak critically about powerful interests and powerful modes of thought. Intellectuals do their job not when they accept prevailing notions of reality and act accordingly, but when they define reality in new ways and when they identify new realities, now barely discernible, coming into being. To do this takes more than moral courage; it takes a capacity to develop a new language to describe the world as it should and can be.

This is not an activity for the timid or the pedantic, and it will not occur outside of institutions willing to promote and protect scholars engaged in what to a hostile world might seem to be reckless or inane pursuits. Universities—and particularly graduate schools—have an ethical obligation to summon up the courage to affirm that knowledge for its own sake is a valid pursuit—and that knowledge developed for sale in the nearest market is at most a subsidiary by-product of our institutions' existence.

I am certain of very little about the American university, but I am absolutely sure of this: If we do not hold ourselves up as defenders of academic freedom from economic erosion as well as political stress then we abandon all right to act as special claimants for a share of national wealth. And if we reject our proper role as defenders and preservers of culture—people who promote the liberal arts and the obscure sciences without any concern about the rate of return on the monetary investment—then no one else will do that job for us. To the extent that we do it, we advance the cause of quality. And no budget or library or computer acquisition indices of academic success, however strong or impressive to a state legislature or an accrediting agency, can take the place of protection of intellectual integrity as the primary measure of what can honestly be termed excellence.

Beyond quality, now as in the pre-Reagan years, is the issue of access. Openness, nondiscrimination, and integration were celebrated concepts in the 1960's, questioned concepts in the 1970's, ignored or repudiated concepts in the 1980's. I am not part of the grumbling majority in or outside of academia who believe that access and quality are antithetical concepts in any university or any department. Exclusion of women, exclusion of blacks, exclusion of Hispanics and exclusion of the poor strengthen no program and make a mockery out of what we claim to stand for. Yet exclusion remains one of the hallmarks of the American university. As I've said on other occasions, too many of us spend too much time boasting about the quality and the number of students we turn away.

In part, of course, the recent trend lines are the result of a deliberate federal policy aimed at channeling the children of the poor out of higher education entirely and channeling the children of the middle-class to vocational training that happens to take place in a college setting. In part they result also from the lingering patterns of discrimination that historically affected us as they affected every other major institution of American society. But whatever the cause, the results are more than discouraging; they are abysmal and they are frightening.

In 1980, 6% of all graduate students were black. That figure is 4.5% today. For Hispanics the percentages are 2.5% in 1980 vs. 2% today. In my own state of New York, which I would like to think is one of the more progressive political units in the nation, 3.4% of our doctoral degrees last year went to blacks and 2.3% went to Hispanics. Of the 109 black men and women who received doctorates, forty got them in education. There were no black doctorates in all of New York State last year—not a single one—in architecture, business, computer sciences or mathematics. There were a grand total of twenty-eight in communications, engineering, foreign languages, philosophy, and all the social sciences. Similar rates held for Hispanics. In all of these fields approximately six hundred white people received the doctoral degree.

Don't let anyone tell you that racism in New York exists only in the working-class precincts of Howard Beach or Jamaica.

I have heard and I have on occasion offered all of the arguments about why the percentages are as they are. Those excuses are compelling in a narrow sense; they are trivially true. We graduate few blacks at the doctoral level because of the small number of qualified black baccalaureates, which is a phenomenon of high black attrition in college and low black graduate rates from high school. That, we say privately and sometimes even publicly, is the result of history and social welfare policy and a whole range of factors that are really none of our business. And isn't all of it too bad, we ask—since it makes it so hard for us to recruit any native-born black faculty.

Yes, it is too bad. But the problem is not one for society at large; it is one for us, regardless of the rationales. Unless we take definite steps—unless, in an overused phrase, we take affirmative action to improve minority enrollment at the graduate level, we join the forces of retreat from the goal of social equity. We ignore the essential reality that ours is a society growing blacker, browner, more alienated and less cohesive. Our claim to some moral authority, tenuous at best, rests on an assumption that we do adhere to some long-range concept of the public good.

I believe, and I hope it is as apparent to you in this part of the country as it is in New York that exclusiveness is not in the public good, and that resources, however scarce, should be dedicated toward combatting it at the graduate level of education as at every other.

My third issue, unlike access and quality, is of more recent national concern.

I indicated earlier that it is our responsibility to avoid the powerful lure of the marketplace and to resist those who would make us and our programs simple agents of economic development. I want to go beyond that to suggest that we have, nevertheless, a profound role in the changing American economy—and, as in other areas, it is a role no one else will pay in our absence. That role is to be the critical observer and interpreter of phenomena whose effect, if unchecked, will be to leave the American worker in a state of grave peril.

The transition from an industrial to a service economy, the export of jobs to the Third World, the emergence of a staggering national deficit and the recasting of the United States in the role of debtor nation all have as their intended or unintended byproduct the continued weakening of the worker's base of social and economic power. A generation ago labor had to contend with management, and it was possible at least to imagine ways in which the battle could be made fair. Now, in 1987, the American working man and woman is up against forces that can be neither seen, understood, nor controlled. The false boom of the mid-1980's hid many of the negative trends, but they are becoming more obvious with every additional farm foreclosure and every extra evicted tenant put out onto the city streets.

We have no body of knowledge to guide national policy here—or, to be more precise, what we have is so inchoate as to be of little policy value. No external agency is likely to take the lead in funding the kinds of analyses that question the underlying premises of the new economic reality. And I fear that what we will have in 1988 is a campaign debate focused on rearranging the deck chairs on the Titanic.

One of the problems of our moment is that so many of the people who think about economic change and the problems it engenders tend to view the problem in terms of competitiveness. Competitiveness is going to be one of the great buzzwords of the 1988 Presidential campaign—and it will probably be a very effective one because no one really understands what it means. I have the sense that even now a great many of our colleagues are seizing on the concept as a way to bring more corporate connections and larger corporate contributions to their campuses.

I might be in the minority, but I happen to believe that the American university exists for some higher purpose than to show industry how to make computer chips more cheaply than the Japanese do. In a truly competitive economy—which, by the way, is something that this Administration's antitrust division has fought against for six years—industry would have the incentive to do that for itself, and while I don't reject any corporate presence on the university campus, I fail to see why we should make ourselves into the adjunct research facilities of American industry. Our role is more properly the one whose ultimate direction is to empower those who work for corporate America, to explore and to explicate the new and more subtle forces of human subjugation, and to provide the tools that our students and society in general need to shape the economic world in such a way that it can be made to serve the public good.

These, then, are the three elements of a transition-era strategy that makes sense for graduate education in an era of national transition: promotion of quality, enhancement of access, and development of a new and useful theory of political economy. This is a strategy that recognizes new realities and new possibilities, but that sustains some vital traditions. It celebrates the liberal arts and sciences. It preserves graduate education's role as a protector and extender of culture. It restores us to a path from which we departed, to our peril, just a few years ago.

All of us should remember just how far American graduate education has come in our lifetimes and, for most of us, over the course of our careers. Barely a generation ago graduate education was and was accepted as something available only to a small group of wealthy white men—with token representation by women and less than token representation by racial minorities or by the poor. Today the institutions we serve are open to and are utilized by millions. Were that not the case, as I am sure you realize as well as I do, most of our faculties and most of us would be considerably more economically disadvantaged than we claim we already are.

The vision and the ideals that guided American graduate education as it made the transition from an elite to a mass enterprise remain despite the reversals of the recent past. We are moving into a new era in our society, one in which national policy and the dominant national culture will be more favorable to us and those we represent than has been the case for the better part of a decade. This transition period offers us a set of opportunities, but it is up to us to make the most of them.●

NAUM MEIMAN

● Mr. SIMON. Mr. President, the Soviet Union continues to promote its policy of increased openness. Despite recent promises, hundreds of thousands of Jews are anxiously awaiting permission to emigrate to the West. If the Soviet Government wants to demonstrate its sincerity about improving relations, it must allow refuseniks to emigrate.

Naum Meiman is among the Jewish citizens who have been denied exit visas year after year. In addition, he has recently lost his wife Inna. Inna Meiman was plagued with cancer. Her only hope was treatment available in the West, but the Soviets delayed her release until Inna's illness had progressed too far. She passed away in early February. Her loss is felt deeply in the hearts of friends and family.

The word "glasnost" is meaningless as long as individuals such as Naum continue to suffer. Naum still desires to live in the West. His release, as well as the release of all other Soviet refuseniks, would indicate that the Soviet Union is serious about changing its policy toward emigration and human rights.

I implore the Soviet Government to grant Naum Meiman permission to emigrate immediately.●

SETON HALL LAW WEEK 1987

● Mr. LAUTENBERG. Mr. President, during the week of April 27, 1987 through May 2, 1987, Seton Hall Law School of Newark, NJ, will be celebrating Seton Hall Law Week. The theme this year will be the Legal Profession in the Community at Large. The Student Bar Association of the law school is coordinating activities sponsored by the individual student organizations and some other law school groups in an attempt to show the important role of the lawyer in the community.

The members of the Student Bar Association and its president, Lynn Schundler, are to be commended for their efforts to share with their fellow students and the public, the importance and role of attorneys in our society.

Mr. President, these aspiring lawyers are working in the tradition of a vital profession in this country. I want to share with my colleagues the fine efforts of these students.●

GUARANTEED JOB OPPORTUNITY PROGRAM

● Mr. SIMON. Mr. President, the Sparta News Plaindealer, published by William Morgan, recently had an editorial commenting on the need for the Guaranteed Job Opportunity Program which I have introduced in the Senate.

This is a weekly newspaper of above-average quality that comments primarly about local events. But when they talk about the need for a jobs program in this Nation, people all over the Nation should listen to the Sparta News Plaindealer and not simply the citizens of the Sparta area.

I ask that the editorial be printed in the Record, and I urge my colleagues to read their editorial.

The editorial follows.

Jobs for Everyone

March 17, U.S. Senator Paul Simon (D-Ill.) introduced his public works jobs bill, the Guaranteed Job Opportunity Program. The bill provides up to three million minimum-wage jobs to Americans unable to find work.

A news release from Simon's office gives background. He said, "In 1946, when President Truman signed the Full Employment Act, the nation committed itself to the idea that every American who wants to be a productive member of society should be guaranteed that opportunity.

"Truman was worried when about one million people were out of work. Forty years later, with 10 million people unemployed, the hope and promise of that act remain unfulfilled."

Senator Simon points out that since 1950 the unemployment rate in the United States has increased by more than one percentage point each decade. He says, "Nothing straps our future as much as our failure to use our human resources more fully. Why has Japan made such tremendous strides, moving from a per capita income that was 5 percent of the average American's income in 1959 to one that reached 67 percent in 1984? Japan, a nation the size of California, with half our population, has few natural resources. Yet Japan has announced a goal of having the world's highest per capita income by the year 2000, and few contest that possibility."

The Senator points out that in the United States most Americans do not know unemployment personally, but even if we do not experience it ourself we are touched by it every day in many ways. The spinoffs from unemployment are high crime rates, tax money going for welfare, prisons and unemployment compensation.

"Unemployment leads to poverty, and the poverty statistics are not pleasant. In 1984 one in every seven Americans lived in a family whose income fell below the poverty line of $10,609 for a family of four."

Senator Simon's solution, as put forth in his Guaranteed Job Opportunity Plan, is a project-oriented program that draws, "on some of the success of the Works Progress Administration (WPA). Simon's plan provides for locally developed and administered job projects that pay either the minimum wage or 10 percent above welfare or unemployment compensation for 32-hour work weeks. Testing, tutoring and counseling would equip participants with skills that would improve their chances of finding jobs in the private sector.

The plan calls for local boards to propose and oversee the projects, which could be sidewalk construction, teaching illiterate adults to read and write, park landscaping, etc.

He says that much of the cost of the plan would be offset by saving in welfare and unemployment compensation. "One estimate sets the program's cost at $8 billion, which is less than one-fourth of the increase the White House set last year for defense spending alone," Simon says.

"The Guaranteed Job Opportunity Plan would convert the national liability of unemployment into a national resource. Job opportunity for all can and should be the next great step forward we take as a society. The solutions are at hand. What we need are the resolve and the vision to use them."

It sounds good to us. It's far better than the "wait-and-see" attitude that seems to have been taken to date. Those of us who remember the Great Depression remember WPA projects throughout the area. The Chester swimming pool is one. Street work here in Sparta made lasting improvements. The Gaint City State Park has evidence of even more projects.

We think the people of this country should get behind this bill and urge their congressmen to pass it.●

ARMENIAN GENOCIDE DAY

● Mr. SIMON. Mr. President, today is Armenian Genocide Day. The tragedy of the Armenian people is one of the saddest in the annals of history. We must never forget the atrocities committed against the Armenian people. That is why I have cosponsored Senate Joint Resolution 43, commemorating the deaths of so many innocent Armenians.

The Armenians originated in eastern Asia Minor and the northern Middle East around the first millenium before Christ. The Armenians were particularly notable for their literary and artistic achievement in addition to their early adoption of Christianity.

The first sizable emigration of Armenians to the United States came in the early 19th century. Many came here primarily for an education so that they could return to Turkey as engineers, doctors, and clergy. A small group came as businessmen. Many Armenians were artisans and laborers. The number of Armenians emigrating to the United States picked up steam in the 1890's under the rule of Sultan Abdul Hamid II when tens of thousands of Armenians were massacred each year. By 1914, 50,000 Armenians had moved to the United States. There are approximately 500,000 Armenians living in the United States today.

The Armenian people, through their industriousness, played an important role in the development of North America. Today, on the remembrance of the Armenian Genocide, I join my colleagues in honoring the American Armenian community and Armenians around the world.●

CONSUMING TOO MUCH

● Mr. DURENBERGER. Mr. President, today I wish to insert into the Record a newspaper column by Lindley H. Clark, Jr., that very well states a case I have been trying to make for some time.

Mr. Clark is talking about a problem that is on the mind of every politician. That problem is debt. Living beyond our means. It can be a very depressing subject and what's worse is that my generation's insistence upon living beyond its means is leaving a negative legacy to our children. While our parents left us better off than they were, we are moving toward leaving our children worse off—in debt.

This Thursday and Friday, April 30 and May 1, an organization I helped to found, Americans for Generational Equity, is sponsoring a conference to talk about the subject of this column: The sharing of responsibility. This column is titled "Our Problem Is That We Consume Too Much." And indeed, as Mr. Clark states, we are determined to maintain spending in excess of production, using up the resources of the future in order to support our own excessive demands. This is true in our natural resources and environment, in health care, and even in everyday expenditures.

Our national tax policy must be shaped more to encourage investment and less to encourage consumption. Without increasing taxes, we must shift the burden to consumption and away from capital spending. And we must shift emphasis from consumption to productivity.

At this week's conference, we will be talking about taking responsibility for our own health care, in our own generation, providing both generational and financial equity. It's a problem that must be faced, and I urge every Member of Congress and every constituency to face this problem squarely and to think in terms of our responsibility—responsibility for our own actions and for our children's future.

Mr. President, I ask that the text of this article be printed in the Record.

The article follows:

Our Problem Is That We Consume Too Much

(By Lindley H. Clark, Jr.)

Nearly every economic forecast coming out now starts with a statement that the outlook depends mainly on the consumer.

A new prediction from David A. Levy and S. Jay Levy, consulting economists, is headed: "Mercurial Consumers Key to 1987

Economy." Its conclusion is that "the economy's growth currently depends on consumer credit—indeed on the power of advertising to persuade many consumers to increase borrowing and spending faster than their incomes." The Levys think consumers may resist the admen with the result that the economy will slow down.

A consumer slowdown has been predicted for a couple of years, but consumers have gone right on spending. The whole country is on a spending binge, so why should we expect individual consumers to be any different?

There has been a lot of talk about our "twin deficits," in the federal budget and in international trade. Prescriptions for remedies abound: Slap a 100 percent tariff on Japanese electronic products or take other steps to protect our shores from foreign business invaders. Devalue the dollar. Balance the budget and the trade deficit will disappear. Ease monetary policy.

None of these supposed solutions, gets at the real problem. As Allan Meltzer, a Carnegie-Mellon University economist, explained it in congressional testimony: "The main economic problem is that as a nation we consume too much relative to what we produce. The excess of spending over production shows up in the national accounts and affects both deficits."

The government is the superconsumer. Most of its spending—health, welfare and most of the defense—goes for consumption. Very little is spent on investment.

In the private economy, the share of spending that goes for consumption is near the highest level ever, while net investments stays at a very low rate.

How does the U.S. go on consuming more than it produces? It does it exactly the same way the consumer does: It borrows. "To maintain spending in excess of production," Mr. Meltzer says, "we sell assets and borrow abroad. The counterpart of this borrowing is the trade deficit—net imports from abroad. For the past year, net imports have remained at about 2.5% of total output—about $150 billion in constant 1982 dollars."

The U.S. has been living so high that by the end of 1986 it had net foreign debts of more than $200 billion. Four years earlier, the U.S. had had net foreign assets of almost $150 billion.

Some economists say we shouldn't worry about the trade deficit. If foreigners want to lend us their money at reasonable interest rates, why shouldn't we accept it? Aren't we supposed to be in favor of a free flow of investment and trade?

Of course we are. "If our borrowing financed a high rate of productive investment," Mr. Meltzer says, "the returns on the investment would pay the interest and principal. Our future standard of living would be higher." The borrowing, however, is used mainly to finance consumption, so we live better now and leave a debt to be serviced and paid in the future.

Our wealth gives us options less fortunate debtors don't have. For one thing, we're such an important factor in the non-communist world that we can put off doing much or even anything for quite a while.

Sooner or later, though, we'll have to do something. Since our international debt is denominated in dollars, one option is to reduce the debt's value by permitting a higher inflation rate. Inflation cuts the real interest cost of servicing debt. Of course, inflation would be rough on foreigners buying U.S. bonds; in real terms, the bonds could be worth a lot less than the buyers paid for them. After our experiences of the past decade, we should be able to remember inflation and disinflation also can impose large costs here at home.

We do have a second option, but that one won't be painless either. We can service the debt without inflating. To do this we will have to run a trade surplus large enough to cover net interest payments abroad. "Using an interest rate of 8% and a net foreign debt of $600 billion to $900 billion," Mr. Meltzer says, "our trade surplus has to remain at $50 billion to $70 billion indefinitely." That's only enough to pay the interest; the debt will remain there unless we begin to run larger surpluses.

There are two ways to do this. We can start consuming less. Some gains could be made along these lines. Tax legislation, for one thing, should be shaped more to encourage investment and less to encourage consumption. Last year's tax-revision bill did away with some investment incentives, such as the investment tax credit, mainly, to provide enough revenue to finance more spendable income for consumers.

Mr. Meltzer urges that last year's pattern be reversed. Without increasing taxes, shift the burden to consumption and away from capital spending. Beyond that, reduce government spending and shift the emphasis from consumption to productivity-enhancing investments in infrastructure. Finally, make it clear that the government is really in favor of growth and will continue that way.

Even if we choose to handle our debt problem by producing more and, with tax policy, persuading consumers to save more and consume less, we will have a temporary reduction in living standard.

If we opt to attack the problem instead through inflation, devaluation and protectionism, we will permanently reduce our living standards relative to living standards abroad. None of these approaches does anything to raise productivity.

Over the past 40 years, Mr. Meltzer notes, the U.S. has provided leadership to the non-communist world. Its size and power fitted it for the role, and its principles of economic freedom were widely appealing. The result has been a degree of political, economic and trade stability in much of the world. We have made a lot of mistakes, but we have avoided a return to the instability of the interwar period.

If we attack our problems with inflation, devaluation and protectionism, reducing our relative wealth, we will become only one power center among many. As Mr. Meltzer told Congress, we don't know how to live in that kind of world. We've talked about cooperation with friendly nations but have done too little about it.

If we choose to become poorer, we had better start new arrangements to share responsibility.●

AIDS COMMISSION

Mr. DOLE. Mr. President, on April 10, 1987, this body passed a resolution calling on the President to establish a Commission on Acquired Immune Deficiency Syndrome. This resolution had the support of both sides of the aisle, and this strong bipartisan effort was indicative of the interest and determination of Congress to provide direction in the fight against AIDS.

I wish to commend the President for speaking out against this disease, and for expressing his concern, as a health problem of this magnitude requires leadership at the highest level. This disease is affecting all segments of the population and, in fact, presents the largest single threat to our young people of any disease in recent history. The President, to his great credit, has identified this disease as the No. 1 public health enemy.

I was extremely pleased to note in the New York Times this weekend, that the President is expected to approve creation of a special Commission to study the AIDS crisis. In addition to the resolution of the Senate, his domestic policy advisers have also recommended this Commission. The President is concerned about the same issues that concern the Members of Congress—namely, the broad range of public health policy issues that AIDS calls attention to, including testing and counseling, individual civil rights and personal privacy, as well as the financing issues surrounding this disease.

The President is also considering the role of the States, but realizes that as leader and Chief, he has a responsibility to make recommendations with advice from the Commission. In other words, he is assuming his proper leadership role in this issue, and part of that role is to recommend involvement of the State and local governments.

I am very encouraged by this recent action of the President, as are other Members of Congress. It is important for us to continue to encourage his leadership in this area. We would additionally encourage the President to appoint a broad-based commission which would not allow any one interest group to dominate the debate.

AIDS is not a partisan issue; it is a national public health issue and should be treated as such. The best minds available should be assembled as soon as possible. I have stated in the past that AIDS has no respect for time. It continues its relentless course, and will continue to do so until such time as a cure or vaccine is found. Therefore, the President's involvement is not only important, it is essential.

I call on my colleagues in the Senate and the House to relay their concerns to the President, as well as their acknowledgment of the important role he will play in fighting this dread disease.

Again, I cannot urge too strongly that the White House take immediate action, whether in response to the resolution passed in this body or the President's own initiative, or based on recommendations he has from his own advisers.

I have met—and I am certain many Senators have met—with experts in this area, and the reports from exports are frightening.

The numbers are almost incomprehensible. It is hard to believe the numbers of people they are predicting in New York City alone who may have AIDS within the next 5 to 7 years—300,000 or 400,000 people.

So I suggest that we do not have any time to lose, and I hope the Commission will be appointed very quickly by the President. Otherwise, we are going to have a lot of well-intentioned Members of Congress with different ideas; we are going to have a proliferation of programs.

We will have 30, 40, or 50 different kinds of programs dealing with this problem. If the President becomes involved, working with Congress and focusing on the very necessary areas, then I think we can do it more effectively, more efficiently, and it would be more cost effective.

So I think this is an important matter that must be addressed at the earliest possible time.

I thank the distinguished majority leader for waiting. I was involved in a meeting on the other side of the Capitol.

Mr. BYRD. Mr. President, I thank the distinguished Republican leader. I have no problems with the little bit of waiting that was involved.

THE UNITED STATES SENATE

CREATION OF THE UNITED STATES SENATE

Mr. BYRD. Mr. President, this year's commemoration of the U.S. Constitution's bicentennial promises to focus public attention on the governmental structures which that document put into place nearly two centuries ago. Over the course of nearly three decades in the United States Senate, I have developed a strong interest in that body's constitutional origins and in its subsequent historical development.

When delegates to the Constitutional Convention assembled at Philadelphia in May 1787, they generally agreed on the need for a bicameral legislature. Although the existing Congress under the Articles of Confederation lacked a second chamber, there were ample precedents among the thirteen State legislatures for such a body. These State senates had evolved from earlier colonial-era governors' councils.

English monarchs customarily made appointments to colonial councils on the basis of governors' recommendations. Generally men of wealth and status, the councilors usually served without pay and could be expected to support the established regime. Yet, they also exercised a decided measure of independence. Although convened by the governor, colonial councils possessed the power of free and unlimited debate and the obligation to provide advice and consent to gubernatorial appointments and other actions. They also functioned as the highest court of appeal within each colony, with the governor acting only as presiding judge. Finally, councils operated as second houses within the colonial legislatures. Their powers nearly equaled those of the popularly elected assemblies except that they lacked authority to initiate or to amend revenue legislation.

The American Revolution overthrew both the royal governors and their councils. Within the newly established States, however, the practice survived of an upper house representing property rights and acting as a check on both the governor and the lower house. At the national level, by contrast, the Articles of Confederation established a relatively powerless single-chambered legislative body based on the structure of the preceding Continental Congresses. Its members were elected for one-year terms and they were eligible to serve for only three years out of every six. States exercised great power over their representatives in this arrangement. They determined their qualifications, provided their salaries, and could remove them at any time for any reason.

Once the delegates at the Philadelphia convention accepted the necessity of a stronger national government, with a separate chief executive and a legislative chamber elected directly by the people, the need became apparent for a "council of revision" to examine and refine the handiwork of both the popularly elected body and the president. Accordingly, the issue before the framers was how the Senate could best be devised to protect the interests of men of property from the dictates of the larger citizenry and from the arbitrary designs of the central executive. The "first branch," or House of Representatives, would be constituted along the lines of the Confederation Congress, with popularly elected members serving relatively short terms to ensure their responsiveness to public sentiment. In shaping the "second branch," the "Senate," the framers debated such issues as the method of election, length of term, basis of representation, and specific legislative powers.

Framers of the "Virginia Plan", the first working draft of the Constitution, proposed a method of selection in which the House of Representatives would choose senators from candidates nominated by State legislatures. A few delegates suggested selection by the president, or by direct popular vote. Most believed, however, that a role for the House or for the president would deprive the Senate of its necessary independence. Beyond that they felt popular election would leave the relatively small commercial classes vulnerable to the dictates of the country's larger agricultural interests. Consequently, the framers concluded that selection by State legislatures, with their greater "sense of character," would provide the necessary "filtration" to produce better senators. They expected that this would tie those potentially troublesome bodies closer to the national government. In agreeing on this method, with the actual manner of choosing senators left to the individual legislatures, the framers simply copied the system under which they themselves had been chosen, as had most of the members of the existing Confederation Congresses.

Early in the convention James Madison addressed the issue of senatorial qualifications. He observed that "The use of the Senate is to consist in its proceeding with more coolness, with more system, and with more wisdom, than the popular branch." To ensure that senators would be less subject to the presumed transitory passions of youth, the framers set the minimum membership age at thirty, five years greater than for House members. Senators were also required to have been citizens for nine years, two years longer than popularly elected members of the House. Madison explained that these distinctions were based on "the nature of the senatorial trust, which requires greater extent of information and stability of character," in his words.

The framers agreed that senators should serve longer than House members to ensure independence from short-term pressures. None believed that the Senate should follow the practice of the British House of Lords with hereditary service, and only two delegates suggested lifetime appointments. The framers divided over the specific number of years, advancing proposals ranging from three to nine. Edmund Randolph argued that a seven-year term would ensure that the Senate could control the consequences of House action. "If it not be a firm body," he reasoned, "the other branch being more numerous, and coming immediately from the people, will overwhelm it." James Madison added that the Senate, with its special role in foreign affairs, would appear more respectable to other nations if its members served longer terms. The framers then settled on a six-year term with one-third of the terms to expire every two years, thus combining the principles of continuity and rotation in office.

The framers paid close attention to the Senate's role in balancing interests of both large and small States. Disagreement over the issue of whether States would be represented equally or in proportion to their population threatened to destroy the convention at its midpoint. Small-State delegates went to Philadelphia determined not to yield the advantage they enjoyed under the Articles of Confederation in which each State had an equal vote regardless of size. Delaware's John Dickinson asserted that these delegates "would sooner submit to a foreign power, than to submit to be deprived of an equality of suffrage in both branches of the legislature, and thereby be thrown under the domination of the large States."

The case for equal State representation gained strength from the convention's decision to allow the States, through their legislatures, to elect senators. This confirmed the view that senators were to be "ambassadors" of their State governments, rather than of the people at large. Small States were particularly fearful that large States would combine and conspire to obtain commercial advantage. They saw the Senate as their sole check on such competition, for only the Senate could consent to ratify the trade treaties necessary to establish trade agreements, and only with the consent of two-thirds of its members. This would allow one-third of the States to back treaties objectionable to a significant minority. Similarly, small States feared that the Senate's unique power to confirm presidential appointments would work to the advantage of large States if members were apportioned according to population. They therefore advocated equal representation among States in the Senate to ensure that larger States, with their greater numbers in the House, would not unduly influence appointments to key government administrative posts.

On the weekend of July 14-15, 1787 cool breezes relieved a month-long siege of uncommonly hot weather. Delegates slept well and the ever-present mosquitoes seemed to disappear. On Monday, July 16, after nearly three weeks of deliberation, during which Gouverneur Morris declared "the fate of America was suspended by a hair," the refreshed framers reached general agreement, by a one-vote margin. Under the "Great Compromise," States were to be represented equally in the Senate and in proportion to their populations in the House. Each State would be alloted two senators, as three would be too costly and would work against the desired efficiency of a smaller body. They were to vote as individuals rather than as a State bloc. The framers intended that the Senate would not be simply another council of States, as was the Confederation Congress, but rather an independent body beholden to no single source of influence or pressure. To ensure that senators would be more than merely the instructed pawns of State legislatures, they as well as House members would be paid by the central government and could not be recalled. With a six-year term, members were thus offered a degree of independence greater than that of any other elected national office holder.

As the convention neared its end, the delegates took up the Senate's role in treaty making. Earlier the Committee on Detail had recommended that the Senate "shall have power to make treaties and to appoint ambassadors, and Judges of the Supreme Court." On September 4, the convention transferred treat making power to the president "with the advice and consent of the Senate." James Wilson urged the delegates to extend that power to the House as well, but Roger Sherman successfully argued that "the necessity of secrecy in the case of treaties forbade a reference of them to the whole legislature." On the question of whether approval should be by two-thirds vote of all members, or a simple majority, the convention compromised on two-thirds of those present and voting.

Early in the convention, delegates agreed that the Senate should appoint all federal judges, for only senators as state-wide officials would have enough knowledge of suitable candidates. Plans to have the Senate try all impeachment cases eventually undercut this proposal, as that would place the Senate in the position of being able to fill vacancies that it had created through the impeachment process. Finally, following the successful model of Massachusetts, the convention agreed to divide responsibility between the president and the Senate. In so doing the delegates accepted Gouverneur Morris' reasoning that "As the president was to nominate, there would be responsibility, and as the Senate was to concur, there would be security."

The small states in the "Great Compromise" had conceded that all revenue bills would originate in the House and that the Senate would be explicitly denied the power to alter or amend such legislation. James Madison, in opposition, observed that this arrangement had proven troublesome in Great Britain and in those states that had followed it. Others agreed that this provision violated the maxim that "the least numerous body was the fittest for deliberation; the most numerous for decision." They argued that it would remove significant legislative responsibility from the Senate, "the great security for good behavior" and that it would lead to endless disputes between the two bodies. After much discussion, the framers adopted the language of the Massachusetts constitution: "All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills."

The convention accorded the Senate one major judicial function—the trial of impeachments. Originally the framers had vested the Supreme Court with jurisdiction over impeachment of national officers. When they turned to the question of who would try impeachments of Supreme Court justices, the framers decided to give that power to the Senate upon receipt of articles of impeachment from the House. Near the convention's end, delegates shifted all impeachment trials, including those of a president, from the Supreme Court to the Senate.

The framers completed their work on September 17, 1787. During the campaign for the Constitution's ratification in the thirteen states, provisions for the Senate received sharp scrutiny. Supporters characterized the Senate as a bulwark against tyranny, a source of stability, legislative wisdom and the States' ultimate guarantee of sovereignty. Critics feared that the Senate might evolve into an unreachable aristocracy with its longer terms, greater powers, and smaller numbers.

The state ratifying conventions submitted numerous proposed constitutional amendments. Of the ten that were subsequently adopted in 1791, none affected the Senate's structure. As preparations went forward to convene the First Congress in March 1789, there was general agreement that the Senate represented a reasonable distribution of power and that it should be given a chance to prove itself.

Of all the institutions within the federal government, it is the Senate that the Constitution's framers would most likely recognize today. Although its rules and precedents, responding to two centuries of national growth, have significantly shaped the institution, the Senate remains true to the framers; declared intentions. Those aspirations are perhaps best captured in the words of a former senate presiding officer. Said Arron Burr: "This house is a sancturay, a citadel of law, of order, and of liberty; and it is here, in this exalted refuge; here, if anywhere, will resistance be made to the storms of political frenzy and the silent arts of corruption; and if the Constitution be destined ever to perish by the sacrilegious hands of the demagogue or the usurper, which God avert, its expiring agonies will be witnessed on this floor."

ORDER FOR THE RECORD TO REMAIN OPEN UNTIL 5 P.M. TODAY

Mr. BYRD. Mr. President, I ask unanimous consent that the Record remain open until 5 p.m. today for statements and the introduction of legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR COMMITTEES TO REPORT LEGISLATIVE OR EXECUTIVE CALENDAR BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that committees have until 5 p.m. today to report any Legislative or Executive Calendar business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR MORNING BUSINESS ON TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that after the two leaders have been recognized under the standing order on tomorrow morning, there be a period for the transaction of morning business, not to extend beyond 10 a.m., and that Senators be permitted to speak therein for up to 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BYRD. Mr. President, on tomorrow, the Senate will convene at 9:30 a.m.

After the two leaders or their designees have been recognized under the standing order, there will be a period for the transaction of morning business, with Senators to be permitted to speak therein not to exceed 3 minutes each, the period to extend not beyond 10 a.m.

At 10 o'clock tomorrow morning, the Senate will resume consideration of the motion to proceed to the consideration of Senate Concurrent Resolution 49, Calendar Order No. 93. There will be 2 hours of debate, beginning at 10 o'clock and extending until 12 o'clock noon, where upon the Senate will recess until 2 p.m. to accommodate the weekly party conferences.

At 2 p.m., the Senate will vote, without a quorum call intervening, on the motion to proceed to the consideration of Calendar Order No. 93, Senate Concurrent Resolution 49.

At that hour, Mr. President, 12 hours will have been taken off the overall 50 hours by order of the Senate entered into earlier today. Also by order of the Senate, the time that has been consumed beyond that, which will be taken from the overall 50 hours, will have been taken from each side equally. So that on tomorrow, at 2 p.m., the remaining time for each side will be 19 hours—a total of 38 hours.

Mr. President, I ask unanimous consent that the time between the hours of 10 a.m. and 12 noon tomorrow be equally divided between Mr. DOLE and myself.

The PRESIDING OFFICER. Without objection it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BYRD. Mr. President, if the Republican leader has no further business to transact today, and I have none—and seeing no other Senator who wishes to speak, and knowing of no other Senator who wishes to transact further business today—I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:30 tomorrow morning.

The motion was agreed to, and at 1:38 p.m., the Senate recessed until tomorrow, Tuesday, April 28, 1987, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate April 24, 1987, under authority of the order of the Senate of February 3, 1987:

Department of State

Nicholas Platt, of the District of Columbia, a career member of the Senior Foreign Service, class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Philippines.

Samuel B. Thomsen, of California, a Foreign Service Officer of class one, to be the U.S. representative to the Republic of the Marshall Islands.

Fred J. Eckert, of Virginia, for the rank of Ambassador during the tenure of his services as U.S. representative to the United Nations Agencies for Food and Agriculture in Rome.

Inter-American Foundation

Thomas W. Pauken, of Texas, to be a member of the Board of Directors of the Inter-American Foundation for the term expiring October 6, 1992, vice Luis Guerrero Nogales, term expired.

Department of Justice

Charles H. Turner, of Oregon, to be U.S. attorney for the District of Oregon for the term of 4 years (reappointment).

Philip N. Hogen, of South Dakota, to be U.S. attorney for the District of South Dakota for the term of 4 years (reappointment).

Daniel B. Wright, of New York, to be U.S. marshal for the Western District of New York for the term of 4 years (reappointment).

State Justice Institute

Ralph J. Erickstad, of North Dakota, to be a member of the Board of Directors of the State Justice Institute for a term expiring September 17, 1989 (new position).

HOUSE OF REPRESENTATIVES—*Monday, April 27, 1987*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

May this time of new life with the warmth of the season and the splendor of color remind what Your good word, O God, can be for us. May that word of promise, of refreshed hearts and renewed minds, a reconciliation with adversaries, a vision of new beginnings, give us the spirit to rise above the struggles of the day to see more clearly the majesty and the power and the beauty of Your creation, and the opportunities that we have to be the people that you would have us be.

This we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 14. An act to designate certain river segments in New Jersey as study rivers for potential inclusion in the national wild and scenic river system; and

H.R. 1963. An act to amend the Surface Mining Control and Reclamation Act of 1977 to permit States to set aside in a special trust fund up to 10 per centum of the annual State funds from the Abandoned Mine Land Reclamation Fund for expenditure in the future for purposes of abandoned mine reclamation, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 360. An act to improve the education status of Native Hawaiians, and for other purposes;

S. 742. An act to clarify the congressional intent concerning, and to codify, certain requirements of the Communications Act of 1934 that ensure that broadcasters afford reasonable opportunity for the discussion of conflicting views on issues of public importance; and

S. 778. An act to authorize a star schools program under which grants are made to educational telecommunications partnerships to develop, construct, and acquire telecommunications facilities and equipment in order to improve the instruction of mathematics, science, and foreign languages, and for other purposes.

DEPARTMENT OF ENERGY ENVIRONMENTAL COMPLIANCE ACT OF 1987

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WYDEN. Mr. Speaker, 1 year ago yesterday, a nuclear reactor at Chernobyl exploded. It was the world's worst nuclear accident. And it has led us to reexamine our own nuclear programs.

After Chernobyl, observers drew many parallels between the Soviet reactor and the N-Reactor, one of the Department of Energy's facilities at the Hanford Nuclear Reservation in Washington. They talked about graphite cores. They talked about lack of containment. But they missed the key point. The most dangerous similarity was not design—it was management. In both cases the people charged with keeping the reactor operating were also the people charged with safety. There was a natural lack of objectivity and conflict of interest.

That is a problem not only at N-Reactor, but at all of DOE's facilities, around the country. DOE's press for production bases its judgments on safety and environmental protection.

Last January, I introduced a bill, H.R. 783, to bring outside oversight to the Department of Energy's nuclear activities. This bill will end the self-regulation that has marked the Government's nuclear efforts for 40 years.

H.R. 783 will give two expert agencies the authority and direction they need to keep an objective eye on DOE's operations. First, it calls on the Environmental Protection Agency to set radiation emission standards to protect the public health from DOE operations, It will also give EPA the power to inspect DOE facilities for compliance with existing environmental laws.

Second, it will give the Nuclear Regulatory Commission leverage over the safety of DOE operations. Many have called for the NRC to begin licensing these facilities. However, most of DOE's facilities could never pass NRC muster because they are so old and out of step with accepted safety standards. Under H.R. 783, NRC will license only future DOE facilities. For existing facilities, NRC will make periodic recommendations for safety and efficiency improvements. DOE will have to act on these or explain to Congress why it cannot. If NRC finds an existing facility is unsafe, DOE will have to close it unless national security considerations demand otherwise.

This bill reflects the thoughts and efforts of many Members. The provisions dealing with hazardous waste are based on Mr. Thomas Luken's bill H.R. 2009 from the 99th Congress. Mr. Miller of Washington, the lead cosponsor, has worked diligently with me in this effort. Mr. Synar and Mr. Swift also deserve much credit. And the first three titles of the bill largely reflect the work last year on H.R. 4848 by the Energy and Commerce Committee's Energy Conservation and Power Subcommittee. In this year's bill, we have built on the foundation prepared by the subcommittee, incorporating further suggestions from subcommittee members and the agencies.

DOE safety is critical not only to people in my district, which is downstream from the Hanford Reservation, but to people in Ohio, in South Carolina, in Idaho, in Colorado, in every State or region that could be affected by DOE's activities. For 40 years, we have had self-regulation—DOE has played nuclear solitaire under House rules very different from those that govern commercial facilities. It is time to end that game. It is time to bring responsible oversight to DOE. At this point in the Record I include the following letter:

Environmental Policy Institute,
March 13, 1987.

Representative Ron Wyden,
1408 Longworth, U.S. House of Representatives, Washington, DC.

Dear Ron: I am writing this to offer our support for H.R. 783, legislation you are introducing to require independent environment, health and safety regulation of U.S. Department of Energy nuclear facilities. This legislation is vital in protecting the human environment from DOE nuclear activities which are clearly posing serious risks to American citizens.

Unlike the commercial nuclear industry, DOE's military nuclear program has not been subjected to the same kinds of outside pressures for improvement. Thus, DOE nuclear weapons facilities are operating in the "nuclear stone age." For instance, there isn't a DOE nuclear weapons facility that could operate for a single day under licensing by the Nuclear Regulatory Commission (NRC). DOE facilities since the 1940's have been using soil, ground and surface waters as disposal media for massive amounts of radioactive and toxic liquid wastes—a practice which is not only outdated but illegal in the private sector. Workers at DOE nuclear facilities are being found by DOE researchers to be experiencing excess cancers. Yet, no serious efforts are underway at DOE sites to reduce occupational risks.

In terms of nuclear wastes, the DOE has the most dangerous problem relative to

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

public health and safety in the country. High-level radioactive wastes are being generated in liquid form and are stored in tanks that leak and generate explosive gases—a design basis that is obsolete and dangerous.

The DOE nuclear program, according to the U.S. General Accounting Office is one of the nation's biggest violators of federal toxic waste laws. Yet, the DOE has not changed its contemptuous posture relative to compliance with these laws. At the same time, we are expected to trust the DOE as it carries out a nuclear waste siting process by an agency that cannot meet the laws of the land.

Your legislation will go a long way toward reducing the radioactive and toxic burdens at DOE sites. It will make this bureaucracy accountable to the citizens it's supposed to serve and protect. Moreover, it will help reestablish government credibility in carrying out the nation's environmental protection laws. Federal agencies should serve as the example for the private sector, not the exception to the rule. Your legislation will help put things back on track again in terms of federal stewardship in protecting our human environment.

Best Regards,

ROBERT ALVAREZ,
Director, Nuclear Project.

WHAT HAPPENED PRESS?

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, last Saturday night, the television networks in this country showed us a disgusting sight of what looked like a large group of so-called Americans who were accompanied by group of Communist organizations demonstrating against the foreign policy of the greatest democracy in the world, the United States of America.

What made it more disgusting, Mr. Speaker, was that this group chose to do this on the eve of Loyalty Day in America which was set aside on Friday, May 1 by the veterans of this country to counter Communist May Day celebrations and to point out the differences between deadly, atheistic communism and what we have here in America and in the free world.

Mr. Speaker, what was even worse was that these national television networks chose not to show even one of the thousands of small groups of Americans in parades across this Nation in small towns like the town I come from in Queensbury, NY, proclaiming their loyalty to America and pointing out the threat of communism to the free world.

Let me tell the likes of Dan Rather, Tom Brokaw, and Peter Jennings that there were hundreds of thousands, more than a million, patriotic Americans working in support of their Government—not against it, yet not 1 minute of national news was devoted to them. And, yes, there will be more next weekend such as in the little town of Brunswick, NY—will the national TV networks cover any of these Loyalty Day parades made up of small town Americans sticking up for their country. I doubt it.

DEFENSE AUTHORIZATION BILL FOR FISCAL YEAR 1988

(Mr. BUSTAMANTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BUSTAMANTE. Mr. Speaker, as reported in Mr. ASPIN's brief special order of Thursday, April 23, 1987, the Committee on Armed Services has requested a rule for consideration of the Defense Authorization Act for fiscal year 1988, H.R. 1748, that is scheduled for consideration in the House on May 1 and the week of May 4.

The membership should be aware that the process for considering this bill may entail two separate rules similar to last year's consideration. I understand the chairman of the Rules Committee will ask Members to provide all amendments that will be offered to the bill to the Rules Committee by 6 p.m. on Thursday, April 30, and will circulate a "dear colleague" letter of explanation.

Mr. ASPIN will be offering a substitute for the committee reported version of the bill to bring the total authorization in line with the House-passed version of the budget resolution. The amendment he will offer is being introduced today, as a freestanding bill, and the explanatory material will be printed in today's CONGRESSIONAL RECORD under a special order in Mr. ASPIN's name.

The National Defense Authorization Act is an extremely important and complex piece of legislation that will consume a great deal of the House's time in the next few weeks. We want to ensure that all Members understand the process under which the bill will be considered and have an opportunity to prepare amendments to the bill, or to Mr. ASPIN's substitute, if adopted. To that end, Mr. ASPIN is also circulating a "dear colleague" letter today.

IMPROVING CHILD SUPPORT COLLECTION LAWS

(Mr. OXLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OXLEY. Mr. Speaker, I am today introducing legislation which is meant to improve our child support collection laws.

Under current law, when a noncustodial parent refuses to work or is paid on a cash-only basis, State enforcement efforts are often stymied because such parents can escape garnishment. In this unfortunate situation, the custodial parent loses, and in many cases where the custodial parent or child is receiving some sort of Federal assistance—such as Aid to Families with Dependent Children Program payments—U.S. taxpayers also lose.

The legislation I am introducing would give the States an additional enforcement option to employ in attempting to collect overdue child support payments from noncustodial parents. Basically, States which are unable to enforce payment of overdue child support could require that such noncustodial parents perform minimum wage rate public service employment sufficient to reimburse the Government for any costs resulting from nonpayment of child support.

While the States are, and should remain, charged with the primary responsibility in this area, in some cases separation or divorce will result in the noncustodial parent moving to another State to establish residence. In some States, such as Ohio, this creates an extradition problem because nonpayment of child support may be a misdemeanor offense. In my view, the need for some sort of Federal action in this area is apparent.

There appears to be support for such action among officials who deal daily with child support cases. In Knox County, OH, local officials have been requiring some form of public service employment in certain overdue child support cases for nearly a year now. They have found their local program to be effective in encouraging noncustodial parents to work harder at obtaining gainful employment sufficient to meet their child support obligations.

I'm sure that many of my colleagues in the Congress have heard repeatedly about such problems in the area of child support enforcement. I encourage your cosponsorship of this legislation, which will help to improve child support enforcement in the United States.

□ 1210

HOUR OF MEETING ON TUESDAY, APRIL 28, 1987, AND WEDNESDAY, APRIL 29, 1987

Mr. WYDEN. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, April 28, 1987, it adjourn to meet at 10 a.m. on Wednesday, April 29, 1987, and that when the House adjourns on Wednesday, it adjourn to meet at 10 a.m. on Thursday, April 30, 1987.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3, TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until midnight tonight to file a report on the resolution providing for the consideration of the bill H.R. 3, to enhance the competitiveness of American industry and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

GUIDELINES FOR RULES COMMITTEE CONSIDERATION OF H.R. 1748, THE NATIONAL DEFENSE AUTHORIZATION ACT

(Mr. PEPPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEPPER. Mr. Speaker, I rise to inform Members of the procedure that I expect the Rules Committee will follow in considering floor debate for H.R. 1748, the National Defense Authorization Act for fiscal year 1988.

The chairman of the Armed Services Committee has asked that the committee recommend two rules for the bill's consideration. The first, which the Rules Committee is expected to grant on tomorrow, would provide for general debate and for the consideration of an amendment contained in a bill Mr. ASPIN will introduce today that brings the bill's authorization of funding levels into compliance with the House-passed budget resolution.

The second rule, which would be granted next week—the week of May 4—would provide for debate on the remainder of the amendment process.

The chairman of the Armed Services Committee has asked that the second rule be a modified closed rule making in order only those amendments which are printed in the report accompanying the rule. In anticipation of the committee's accession to that request, I wish to inform the Members of the House that the Rules Committee will consider recommending the consideration of only those amendments which are received in the Rules Committee office by 6 p.m. on Thursday, April 30. I take this opportunity to bring Members' attention to a typographical error contained in a "dear colleague" letter delivered today to Members' offices regarding this matter. The letter misstated the date for the deadline as May 1. It should have said April 30. Let me reiterate, the Rules Committee is expected to give consideration to only those amendments to H.R. 1748 that are received by 6 p.m. on Thursday, April 30.

Any Member who wishes to offer an amendment to H.R. 1748 should have the amendment drafted to the bill as reported by the Armed Services Committee or to the Aspin amendment which is introduced as a bill today, whichever is appropriate. The Rules Committee should receive 35 copies of the amendment in room H-312 of the Capitol by 6 p.m. on Thursday, April 30.

I thank my colleagues for their attention and cooperation.

EXTENDED VOLUNTARY DEPARTURE TO SALVADORANS

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MOAKLEY. Mr. Speaker, Salvadoran President Jose Napoleon Duarte has sent a strongly worded letter to President Reagan asking that Salvadoran refugees currently in the United States be granted extended voluntary departure.

In addition, I have just recieved a powerful appeal from the Roman Catholic Archbishop of San Salvador, Arturo Rivera Damas, stating that the need for EVD "is necessary today more than ever."

Mr. Speaker, there are compelling reasons for both liberals and conservatives to support EVD for Salvadorans. Returning Salvadorans at this time will add significantly to the human rights violations that have concerned so many of us in that war-ravaged land.

And as President Duarte has stated, deporting Salvadorans will further worsen the already disastrous economic situation in El Salvador.

Mr. Speaker, what is the administration waiting for? With the stroke of a pen President Reagan could grant extended voluntary departure to Salvadorans. And he should do it now—before the new immigration regulations take effect.

Let the Salvadorans stay.

Mr. Speaker, I am inserting in the RECORD the text of the archbishop's letter—as well as the New York Times story regarding President Duarte's support for extended voluntary depature:

SAN SALVADOR, *April 19, 1987.*

Hon. JOE MOAKLEY,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN MOAKLEY: I take this opportunity of my trip to New York on the occasion of the Easter Holidays, to extend to you my best wishes for your total well being and to send you this petition.

I have received disturbing news from my illegal countrymen of the imminent enforcement of the Simpson-Rodino Act, the true legal instrument that regulates the vast area of immigration to the United States.

We know of your struggle in favor of extended voluntary departure that would greatly benefit Salvadorans, for which we are immensely grateful.

We believe that this extension is necessary today more than ever: Because of the prolongation of the conflict that continues generating—even though to a lesser degree—the phenomenon of voluntary or forced emigration; because of the aggravating situation of the earthquake that left more than thirty thousand families homeless and damaged many others; because of the lack of job opportunities that makes unemployment a disturbing and increasing reality; because of the spectacular drop in prices of export products, especially coffee, that constitutes the major source of income for the country.

While in the area of democratization—despite the above mentioned adverse factors—significant steps have been taken, in so far as there has been a perceivable reduction of human rights abuses, we believe that the massive return of illegal Salvadorans would not only disrupt what has been achieved with great effort, but revert to a worse situation.

Therefore, I have allowed myself to send this fervent petition, counting on the sensitivity and sympathy with which you have seen the suffering of the Salvadoran people throughout this conflict.

I graciously address you, Mr. Congressman, reiterating my best wishes and Easter greetings,

With my blessing,

ARTURO RIVERA DAMAS,
Archbishop.

SAN SALVADOR, EL SALVADOR.

[From the New York Times, Apr. 26, 1987]

DUARTE APPEALS TO REAGAN TO LET SALVADORANS STAY

(By Robert Pear)

WASHINGTON, April 25.—The President of El Salvador, alarmed about the new United States immigration law, has appealed to President Reagan to give temporary refuge to Salvadorans living illegally in this country.

Key State Department officials, who have adamantly opposed efforts by liberal Democratic members of Congress to suspend the deportation of Salvadorans, said they now support the request from President José Napoleon Duarte.

In a confidential letter to Mr. Reagan, Mr. Duarte said that if the Salvadorans returned home, it would be disastrous to El Salvador's economy.

'BIZARRE TWIST,' SENATOR SAYS

But Attorney General Edwin Meese 3d, who has the primary responsibility for enforcing immigration laws, is expected to oppose Secretary of State George P. Shultz in this first major conflict between United States foreign policy and the new statute.

Senator Alan K. Simpson, Republican of Wyoming, who shepherded the immigration bill through Congress, said he would fiercely resist Mr. Duarte's request. For the State Department to support it, he said, is a "bizarre twist."

The new law, the Immigration Reform and Control Act of 1986, prohibits employers from hiring illegal aliens, but offers legal status, or amnesty, to illegal aliens who can prove that they entered the United

States before Jan. 1, 1982, and have lived there continuously since then.

DUARTE CITES ECONOMIC CRISIS

Mr. Duarte said "some 400,000 to 600,000 Salvadorans have entered the United States illegally since January 1982" and thus would not qualify under the amnesty program. This represents about 10 percent of the Salvadoran population, which, according to the United States Census Bureau, was five million in 1985.

Mr. Duarte said his country was experiencing "a severe economic crisis" because of seven years of civil war and the earthquake that left 300,000 people homeless last October.

The return of Salvadorans from the United States, under pressure of the new immigration law, "would reduce drastically the amount of money received by poor Salvadoran people in remittances from relatives now working in the United States," Mr. Duarte said.

"My Government estimates that the total value of remittances is some place between $350 million to $600 million annually, and is thus larger than the United States Government's assistance to El Salvador," Mr. Duarte wrote.

Further, he said: "The enormous cost of the war, the destruction the guerrillas have caused, the reduction of our sugar export, the loss of the cotton market and the plummeting of coffee prices all bode ill for the Salvadoran economy in the coming year. To eliminate remittances from the United States would be yet another blow that seems counterproductive to our joint aims of denying Central America to Marxist-Leninist regimes."

A copy of Mr. Duarte's letter was obtained by The New York Times from a person sympathetic to his request and to the plight of Salvadorans in the United States.

Members of Congress and human rights advocates assert that hundreds of civilians in El Salvador have been killed by Government security forces, by death squads affiliated with them and by leftist guerrillas opposed to the Government in the last year.

Mr. Duarte said, "The improved human rights situation does not justify the granting of political asylum by the United States to Salvadoran illegals." Asylum is available to aliens who can show "a well-founded fear of persecution."

But Mr. Duarte urged Mr. Reagan to let Salvadorans remain in the United States "until the economic situation has improved" in El Salvador. He said the United States should defer deportation of Salvadorans by giving them a special status known as extended voluntary departure."

The Justice Department has granted a similar dispensation to people from Afghanistan and Poland and, on a more limited basis, to Ethiopians.

BILLS ARE INTRODUCED

Bills to defer the deportation of Salvadorans have been introduced by Representative Joe Moakley of Massachusetts and Senator Dennis DeConcini of Arizona, both Democrats. The latest version of Mr. Moakley's bill would also halt the deportation of Nicaraguans.

Mr. Moakley said the position of the Salvadoran Government might help his case. "It brings a new force into the battle, he said. "Conservative members of Congress may feel that voting for my bill may save the Duarte regime."

Salvadorans who have worked in the United States could be a "destabilizing force" if they return home and cannot get jobs, he said. Estimates of Salvadoran unemployment range from 25 percent to 40 percent.

Elliott Abrams, the Assistant Secretary of State for Inter-American Affairs, has emerged as a leading supporter of Mr. Duarte's request because of his concern about El Salvador's economy. But Mr. Abrams said it was "utterly fallacious" for anyone to suggest that Salvadorans returning from the United States would be killed or persecuted.

A CHANGE IN ATTITUDE

"Extended voluntary departure" is different from asylum or refugee status; it may be granted to citizens of a country where there is turmoil or civil unrest, regardless of whether they face persecution.

From 1983 to early March of this year, Mr. Abrams opposed giving "extended voluntary departure" to Salvadorans, saying it "would draw even greater numbers of undocumented aliens to this country." However, he now sees merit in the idea because of the earthquake and the new immigration law, which has apparently frightened Salvadorans and other illegal aliens into leaving the United States.

Senator Simpson said that if the United States gave a reprieve to Salvadorans, people from Haiti, the Dominican Republic and other countries would demand similar treatment.

"I can't imagine a more illogical step than for members of this Administration, which fought the sanctuary movement tooth and nail, to embrace the request from Duarte," Mr. Simpson said today in an interview. Members of the sanctuary movement have given shelter in this country to illegal aliens from Central America.

Gregory J. Leo, a spokesman for the Immigration and Naturalization Service, said, "We are against extended voluntary departure for Salvadorans." It "goes against the grain of our immigration policy, which should apply equally across the board to all countries of the world," he said.

[From the New York Times, Apr. 26, 1987]

SALVADOR RIGHTS ABUSES STILL OCCUR, GAO SAYS

(By Robert Pear)

WASHINGTON, April 25.—The General Accounting Office, an investigative arm of Congress, says that some of the Salvadorans sent home from the United States have experience "personal security problems" because of the strife in that country.

"Human rights abuses in El Salvador are still occurring, though with less intensity and frequency," the accounting office said in a confidential draft report.

The auditors said the available data were not reliable or complete enough to prove the State Department's contention that there was no persecution of Salvadorans sent home from the United States.

With the available information, it is impossible to determine the "extent of problems" experienced by Salvodorans returning to their homeland, they said in a cautiously worded report.

Representative Hamilton Fish Jr., Republican of upstate New York, who requested the study, said he was disappointed because it did not give a "definitive answer" to the question whether Salvadorans sent home from the United States have been "targeted for violence or persecution upon their return."

Mr. Fish has opposed Democratic proposals that would defer the deportation of Salvadorans while the United States investigates the condition of human rights and civil liberties in their homeland.

The fate of such Salvadorans has been a contentious issue in Congressional debate over policy toward Central America. The Reagan Administration describes El Salvador as a "developing democracy" in which the Government respects "the rights of free speech, press, association and assembly."

The number of politically motivated killings has declined and most such killings last year were committed by Marxist insurgents, the State Department said in a report to Congress in February.

The General Accounting Office agreed that "the number of civilian deaths attributable to political violence has declined markedly." The United States Embassy reported a decrease to 335 deaths in 1985, from 2,630 in 1982, according to the study. The human rights office maintained by the Archbishop of San Salvador reported a decrease to 1,961, from 5,339, in the same period.

"PERSONAL SECURITY" PROBLEMS

In assessing the fate of Salvadorans, the State Department has relied partly on data collected by the Intergovernmental Committee for Migration, an independent international organization founded in 1951 to help resettle refugees and other migrants around the world. Workers from the committee met 9,530 returning Salvadorans, or 69 percent of those forced to leave the United States from December 1984 to December 1986.

The General Accounting Office said 70 of these Salvadorans reported problems that were related to their "personal security." Such problems could result from either violence or persecution, it said.

In addition, the G.A.O. said, one of the returning Salvadorans "was killed in crossfire between Salvadoran security forces and the guerrillas."

Data collected by the Intergovernmental Committee for Migration "cannot serve as a conclusive indicator of the extent of violence or persecution experienced" by Salvadorans returning from the United States, the report said.

The data, it said, are collected from "family, friends, neighbors and officials who may not have accurate information."

COUNTY GOVERNMENTS IN DISTRESS

(Mr. BONKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONKER. Mr. Speaker, this week the House takes up a major trade bill. All know how many communities have been ravaged by imports. Countries' trade deficit is evidence that America is losing competitive grip in fiercely competitive global economy.

Pacific County, in coastal Washington State, is one of many resource dependent economies that is suffering now from a depletion of its primary resource, a dwindling of tax receipts, the loss of general revenue sharing, and the unfunded service demands of Federal and State regulations. Timber tax receipts, a mainstay of the county's revenue stream, have dropped from $2 million in 1981 to $250,000 in 1986—this loss represents almost 20 percent of the county's total budget.

To compensate for the loss of taxes and other revenues and the extraordinary increase in the costs of liability insurance, the county has trimmed its budget by almost 25 percent since last year—and still faces a major shortfall. This has meant minimal services to county residents. The county sheriff's budget, for example, has been cut by 25 percent and should a $600,000 law enforcement levy fail this year, the department, already cut in half, will be trimmed to a sheriff plus two deputies to patrol a 940-square-mile county. Pacific County is now pleading with the State for assistance or else for the authority to declare bankruptcy.

Mr. Speaker, Pacific County is not the only county suffering severe financial difficulties—it is just the most visible. Many of us in Congress have warned that the trade and budget policies of this administration are contributing to the problems facing rural America. Pacific County is now a striking example of that cost.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC,
April 24, 1987.

Hon. JIM WRIGHT,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House at 4:55 p.m. on Friday, April 24, 1987 and said to contain a message from the President whereby he transmits the 19th annual report covering calendar year 1986 on the administration of the Radiation Control for Health and Safety Act.

With great respect, I am,
Sincerely yours,
DONNALD K. ANDERSON,
Clerk, House of Representatives.
By DALLAS L. DENDY, Jr.,
Assistant to the Clerk.

REPORT ON ADMINISTRATION OF RADIATION CONTROL FOR HEALTH AND SAFETY ACT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce:

(For message, see proceedings of the Senate of today, April 27, 1987.)

□ 1220

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. GRAY of Illinois). Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4, of rule XV.

Such rollcall votes, if postponed, will be taken tomorrow, April 28, 1987.

COW CREEK BAND OF UMPQUA TRIBE OF INDIANS DISTRIBUTION OF JUDGMENT FUNDS ACT OF 1987

Mr. DEFAZIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1567) to provide for the use and distribution of funds awarded to the Cow Creek Band of Umpqua Tribe of Indians in U.S. Claims Court docket numbered 53-81L, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1567

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act may be cited as the "Cow Creek Band of Umpqua Tribe of Indians Distribution of Judgment Funds Act of 1987".

SEC. 2. DEFINITIONS.

For the purposes of this Act—

(1) The term "Secretary" means the Secretary of the Interior.

(2) The term "tribe" means the Cow Creek Band of Umpqua tribe of Indians, which was extended Federal recognition by the Cow Creek Band of Umpqua tribe of Indians Recognition Act (25 U.S.C. 712, et seq.).

(3)(A) The term "tribal member" means any individual who is a member of the Cow Creek Band of Umpqua tribe of Indians within the meaning of section 5 of the Cow Creek Band of Umpqua tribe of Indians Recognition Act (25 U.S.C. 712c), as amended by section 5 of this Act.

(B) Notwithstanding subparagraph (A), the term "tribal member" does not, for purposes of subsections (b), (c), and (d) of section 4, include any individual who shared in the distribution of funds under the Act of August 13, 1954 (68 Stat. 718; 25 U.S.C. 564, et seq.), or the act of August 13, 1954 (68 Stat. 724; 25 U.S.C. 691, et seq.).

(4) The term "tribe's governing body" means the governing body as determined by the tribe's governing documents.

(5) The term "tribal council" means the general membership of the Cow Creek Band of Umpqua tribe of Indians convened in a meeting open to all tribal members.

(6) The term "tribal elder" means any tribal member who reached 50 years of age on or before December 31, 1985.

SEC. 3. JUDGMENT DISTRIBUTION PLAN.

Notwithstanding Public Law 93-134 (25 U.S.C. 1401, et seq.), or any plan prepared or promulgated by the Secretary pursuant to such Act, the judgment funds awarded in United States Claims Court docket numbered 53-81L shall be distributed and used in the manner provided in this Act.

SEC. 4. DISTRIBUTION AND USE OF FUNDS.

(a) PRINCIPAL PRESERVED; NO PER CAPITA PAYMENTS.—The total judgment fund of $1,500,000, less attorney's fees and loan with the Bureau of Indian Affairs for expert witness testimony during the land claims case, shall be set aside as the principal from which programs under this Act will be funded and will be maintained by the Secretary in trust for the tribe. Only the interest earned on this principal may be used to fund such programs. There will be no per capita distribution of any funds, other than as specified in this Act.

(b) ELDERLY ASSISTANCE PROGRAM.—(1) From the principal, the sum of $500,000 will be set aside for an Elderly Assistance Program. A one-time-only payment of $5,000 will be made to each tribal elder as soon after January 1, 1986, as the following conditions have been met:

(A) A mechanism exists whereby the tribe can request the release of funds from the Secretary in order to begin payments.

(B) A list of all tribal members who were 50 years of age or older as of December 31, 1985, has been compiled and reviewed for accuracy by the tribe's governing body and a financial distribution system has been established.

(2) Payments to tribal elders shall be made according to the following formula:

(A) Payments of $5,000 will be made to the tribal elders by age in descending order, beginning with the oldest tribal elder, until the interest accumulated for one year on the $500,000 has been depleted below the sum of $5,000. Any interest remaining shall carry over to the following year for distribution hereunder in the next $5,000 payment.

(B) On or before January 1 of succeeding years, payments of $5,000 will continue to be made to tribal elders in descending order of age until the interest earned in such year on the $500,000 has been depleted below the sum of $5,000. Any interest remaining shall carry over to the following year for distribution hereunder in the next $5,000 payment.

(C) The distribution process will continue each year under every individual eligible for payment under this subsection has received a one-time-only payment of $5,000. When all payments have been completed, the principal sum of $500,000 will be distributed to other tribal programs provided in this Act and any remaining interest will be distributed to other tribal programs as determined by the tribe's governing body.

(3) If any tribal member eligible for an elderly assistance payment shall die before receiving such payment, the money which would have been paid to that individual will be returned to the Elderly Assistance Program fund for distribution in accordance with this section.

(4) Any individual who feels he has been unfairly denied the right to take part in this program, and who has reached 50 years of age on or before December 31, 1985, may appeal to the Secretary.

(c) HIGHER EDUCATION AND VOCATIONAL TRAINING PROGRAM.—(1) From the principal, the sum of $100,000 will be set aside. Interest earned on such sum will be utilized to provide scholarships to tribal members pursuing college, university or professional education or training. Tribal members seeking vocational training also will be funded from this program, although adult vocational training funding available through a contract with the Bureau of Indian Affairs will be utilized first if an individual is eligible and there is sufficient funding in such program.

(2) When the Elderly Assistance Program under subsection (b) has been completed, the principal funding for the higher education and vocational training program shall be increased to $250,000.

(d) Housing Assistance Program.—(1) From the principal, the sum of $100,000 will be set aside for a Housing Assistance Program for tribal members. Such funding may be added to any existing tribal housing improvement programs to supplement them or it may be used in a separate Housing Assistance Program to be established by the tribe's governing body. Such funding may be used for any of the following purposes—

(A) rehabilitation of existing homes;

(B) emergency repairs to existing homes;

(C) down payments on new or previously occupied homes; or

(D) purchase or construction of new homes.

If sufficient funding is not available in a given year for purchase or construction of a new home, the governing body may direct the funding to any of the other authorized purposes.

(2) When the Elderly Assistance Program under subsection (b) has been completed, the principal funding for the housing assistance program shall be increased to $250,000.

(e) Economic Development and Tribal Center.—(1) From the principal, the sum of $250,000 will be set aside for economic development and, if other funding is not available or not adequate, for the construction and maintenance of a tribal center. Economic development funds under this subsection may be used for the following purposes:

(A) Land acquisition for business or other activities which would benefit the tribe economically or private employment for tribal members. At least 50 per centum of all individuals employed in a tribally operated business acquired or operated under this subsection shall be tribal members as available and qualified. As new positions open or existing ones are vacated, preference will be given to tribal members or their spouses. If insufficient numbers of qualified tribal members or their spouses are available to fill at least 50 per centum of the positions offered, nontribal members may be considered for employment.

(B) Business development for the tribe, including collateralization of loans for the purchase or operation of businesses, matching funds for economic development grants, joint venture partnerships, and other similar ventures which can be expected to produce profits for the tribe or to employ tribal members.

(C) Reservation activities, including forest management, wildlife management and enhancement of wildlife habitats, stream enhancement, and development of recreational areas. The tribe's governing body shall determine what reservation activities will be funded from economic development funds under this subparagraph.

(D) Construction, support, or maintenance of a tribal center.

(2) When the Elderly Assistance Program under subsection (b) has been completed, the principal funding available for economic development and a tribal center shall be increased to $400,000.

(f) Miscellaneous Tribal Activities.—(1) From the principal, the sum of $50,000 will be set aside for miscellaneous tribal activities as determined by the tribe's governing body. Such funds shall be used to finance the following activities:

(A) Operating costs of the tribe's governing body, including travel, telephone, and other expenses incurred in the conduct of the tribe's affairs.

(B) Legal fees incurred in the conduct of tribal affairs, tribal businesses or other tribal activities, recommended by the tribe's governing body and approved by the tribal council.

(2) Interest from the sum set aside under paragraph (1) may, as determined by the tribe's governing body, be used to repay to the Secretary any funds provided by the Secretary under Bureau of Indian Affairs Contract Numbered POOC14207638.

(3) When the Elderly Assistance Program under subsection (b) has been completed, the principal funding for miscellaneous tribal activities shall be increased to $100,000.

(g) Evergreen Property; Collateralization of Loan with Bureau of Indian Affairs.—(1) From the principal the sum of $315,000 shall be set aside as collateral on the property known as Evergreen. The interest from such amount shall be utilized for payments on the loan property. If the tribe's governing body determines that the interest and income together are sufficient to pay off the loan more quickly, it may commit the full interest from the $315,000 to repayment of the loan until such time as loan payments are completed or the income from the property is sufficient to complete the loan payments.

(2) When the loan has been paid or the income from the property is sufficient to pay the loan, the principal amount of $315,000 and any remaining interest generated from such sum shall be redistributed to the Housing Assistance Program, Higher Education and Vocational Training Program, and Economic Development and Tribal Center Program established under this section in such proportions as the tribe's governing body determines to be appropriate.

(h) General Conditions.—The following conditions will apply to the management and use of the judgment funds by the tribe's governing body:

(1) The principal shall not be used. Only the interest from the funds will be used to finance tribal programs.

(2) The judgment funds will be maintained by the Secretary in the interest-bearing accounts in trust for the tribe.

(3) No amount greater than 10 per centum of the interest earned on the principal may be used for the administrative costs of any of the above programs, except as provided in paragraph (5).

(4) No service area is implied or imposed under any program under this Act. If the costs of administering any program under this Act for the benefit of a tribal member living outside the tribe's Indian health service area are greater than 10 per centum of the interest earned thereon, the tribe's governing body may authorize the expenditure of such funds for that program, but in carrying out the program shall give priority to individuals within the tribe's Indian health service area.

(5) The tribe's governing body may at any time after enactment of this Act declare a dividend to tribal members from the profits from any business enterprise of the tribe. Prior to declaring or distributing dividends, however, the tribe's governing body must first take into consideration the effect of such declaration or distribution of dividends on future operating costs and proposed business expansions. Profits from business enterprises may also be distributed back into any of the programs established under this section provided that future operating costs and proposed expansion costs are first set aside. Any such distribution back into the programs under this Act shall be proportional to the percentage of principal then being allocated hereunder.

(6) Notwithstanding any other provisions of this Act, interest accrued on the principal as of the date of this Act may be distributed under the tribal programs described in section 4 of this Act.

(i)(1) Any portion of the principal set aside under subsection (a) which remains after the allocations of the principal required under subsections (b), (c), (d), (e), and (f) have been made shall be allocated among the Housing Assistance Program, the Higher Education and Vocational Training Program, and the Economic Development and Tribal Center Program established under this section in such proportions as the tribe's governing body determines to be appropriate.

(2) If the total amount of the principal set aside under subsection (a) after amounts sufficient to pay attorney's fees and the loan described in subsection (a) have been deducted is insufficient to make all of the allocations of the principal required under subsections (b), (c), (d), (e), and (f), the portion of the principal which is required to be allocated to the purposes provided in subsections (c), (d), (e), and (f) shall be reduced in such proportions as the tribe's governing body determines to be appropriate.

SEC. 5. MEMBERSHIP ROLLS.

(a) Section 5 of the Cow Creek Band of Umpqua Tribe of Indians Recognition Act (25 U.S.C. 712c) is amended to read as follows:

"SEC. 5. TRIBAL MEMBERSHIP.

"(a) Until such time as the Secretary of the Interior publishes a tribal membership roll as mandated in subsection (b) of this section, the membership of the Cow Creek Band of Umpqua Indians shall consist of all persons listed in the official tribal roll approved on September 13, 1980, by the tribe's Board of Directors, and their descendants.

"(b) Within three hundred and sixty-five days after the enactment of this Act, the Secretary shall prepare and publish in the Federal Register a tribal membership roll of the Cow Creek Band of Umpqua Tribe of Indians. Such roll shall consist of—

"(1) all Indian individuals listed on the tribal roll mentioned in subsection (a): *Provided,* That there shall be a rebuttable presumption that all individuals listed on the September 13, 1890, tribal roll are of Indian ancestry,

"(2) the descendants of any individual listed pursuant to paragraph (1) born on or prior to enactment of this Act, and

"(3) every individual born prior to enactment of this Act who is not a member of another Federally recognized Indian tribe and—

(A) has applied to the Secretary for inclusion in the roll and

(B) is a descendant of any individual considered to be a member of the Cow Creek Band of Umpqua Tribe of Indians for the purposes of the treaty entered between such Band and the United States on September 19, 1853, and

(C) meets such other requirements as may be provided in the tribe's bylaws at the time of enrollment: *Provided*, That any amendments to such bylaws concerning membership requirements in the tribe shall only be valid if ratified by a majority of the eligible tribal voters at an election conducted by the Secretary of the Interior and *Provided*, further that the Secretary shall conduct such election within thirty days after being requested to do so by the tribe's governing body.

"(c) The Secretary shall devise regulations governing the application process under which individuals may apply to have their names placed on the tribal roll pursuant to paragraph 3 of subsection (b).

"(d) After publication of the roll in the Federal Register, the membership of the tribe shall be limited to the persons listed on such roll and their descendants: *Provided*, That the tribe, at its discretion, may subsequently grant tribal membership to any individual of Cow Creek Band of Umpqua ancestry who pursuant to tribal procedures, has applied for membership in the tribe and has been determined by the tribe to meet the tribal requirements for membership in the tribe: *And provided further*, That nothing in this Act shall be interpreted as restricting the tribe's power to impose additional requirements for future membership in the tribe upon the adoption of a new constitution or amendments thereto as provided in section 7 of this Act.

"(e) Membership in the tribe pursuant to subsection (a) shall not entitle an individual who shared in the distribution of funds under the Act of August 13, 1954 (68 Stat. 718; 25 U.S.C. 564 et seq.), or the Act of August 13, 1954 (68 Stat. 724; 25 U.S.C. 691 et seq.), to participate in any distribution of funds pursuant to a judgment under the Act approved May 26, 1980 (94 Stat. 372)."

(b) TECHNICAL CORRECTION.—The Cow Creek Band of Umpqua Tribe of Indians Recognition Act is amended by striking out "Umpqua Tribe of Oregon" each place it appears and inserting in lieu thereof "Umpqua Tribe of Indians".

SEC. 6. ELIGIBILITY OF NONTRIBAL MEMBERS.

(a) IN GENERAL.—Notwithstanding any other provision of this Act, any individual who is not a tribal member shall be eligible to participate in the programs established under subsections (b), (c), and (d) of section 4 of this Act if such individual—

(1) submits to the tribe, by no later than one hundred and eighty days after the date of enactment of this Act, an application for participation in such programs which is accompanied by evidence establishing that such individual is within the group of persons described in section 4(a) of Public Law 96-251, and

(2) is certified by the Secretary as being within such group.

(b) BASIS OF CERTIFICATIONS.—In making certifications under subsection (a)(2), the Secretary may use—

(1) records collected pursuant to Bureau of Indian Affairs Contract Numbered POOC14207638 that are made available to the Secretary by the tribe, and

(2) any other documents, records, or other evidence that the Secretary determines to be satisfactory.

SEC. 7. ORGANIZATION OF TRIBE: CONSTITUTION, BYLAWS AND GOVERNING BODY.

(a) IN GENERAL.—Section 4 of the Cow Creek Band of Umpqua Tribe of Indians Recognition Act (25 U.S.C. 712b) is amended to read as follows:

"SEC. 4. (a) The tribe may organize for its common welfare and adopt an appropriate instrument, in writing, to govern the affairs of the tribe when acting in its governmenttal capacity. The tribe shall file with the Secretary of the Interior a copy of its organic governing document and any amendments thereto.

"(b) The tribe's governing body may propose a new governing document under subsection (a), and the Secretary shall conduct a tribal election as to the adoption of that proposed document within sixty days from the date it is submitted to the Bureau of Indian Affairs.

"(c) The Secretary shall approve the new governing document if approved by a majority of the tribal voters unless he determines that such document is in violation of any laws of the United States.

"(d) Until the tribe adopts and the Secretary approves a new governing document under subsection (c), its interim governing document shall be the tribal bylaws entitled 'By-Laws of Cow Creek Band of Umpqua Tribe of Indians' which bear an 'Approved' date of '9-10-78,'.

"(e) Until the tribe adopts a final governing document under section (a), the tribe's governing body shall consist of its current board of directors elected at the tribe's annual meeting of August 10, 1986, or such new board members as are selected under election procedures of the interim governing document identified at subsection (d).".

The SPEAKER pro tempore. Is a second demanded?

Mr. RHODES. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Oregon [Mr. DEFAZIO] will be recognized for 20 minutes, and the gentleman from Arizona [Mr. RHODES] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Oregon [Mr. DEFAZIO].

GENERAL LEAVE

Mr. DEFAZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 1567, the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. DEFAZIO. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. UDALL], the chairman of the committee.

Mr. UDALL. I thank the gentleman for yielding time to me.

Mr. Speaker, the purpose of H.R. 1567 is to provide for the use and distribution of funds awarded to the Cow Creek Band of Umpqua by the Court of Claims. This claim was filed by the Tribe against the United States for loss of land sustained by the Tribe as a result of actions taken by the United States. The claim was settled by compromise in 1984 for $1,500,000. Funds to satisfy this award were appropriated in 1985.

The plan for the use and distribution of these funds, which is embodied in this bill and which is supported by the tribe, calls for the creation of several tribally administered programs including an elderly assistance program, a housing program and an education assistance program.

I must commend the tribe for supporting such a plan. The policy of the Interior Committee has been to encourage the tribes which are beneficiary of such awards to resist the temptation to distribute all such funds on a per capita basis. Instead, the Committee has encouraged the tribes to use such funds for tribal governmental programs or tribal economic development.

This bill does not provide for the appropriation of any funds. On the contrary, the bill would result in the receipt of $20,000 to $30,000 annually to the Federal Government since some funds would be used to repay a loan made by the Bureau of Indian Affairs to the tribe and there are reasons to believe that without such funds, this impoverished tribe would have had to default on the loan.

Mr. Speaker, this bill already passed the House by voice vote in the previous Congress and also passed the Senate but we adjourned before being able to concur in the Senate amendments. I, therefore, urge my colleagues to support this legislation.

Section 5 of this bill provides for the preparation of a tribal roll by the Secretary of the Interior. It seems that although the tribe already had a roll, some bureaucrats have taken that the position that Congress was vague in identifying the tribal roll when it enacted the 1982 Cow Creek Band of Umpqua Recognition Act. I believe that the record is clear that, in 1982, Congress meant to recognize the already existing tribal roll which was compiled by the tribe on September 30, 1980, which roll is also known as the "Interrogatory No. 14 roll". However, in order to lay to rest any misunderstanding and also in order to allow some individuals of Cow Creek ancestry who are not currently on the roll the opportunity to apply for membership in the tribe, the committee has included in the bill a provision which directs the Secretary of the Interior to prepare a new tribal roll.

Because the administration had voiced some opposition to this bill which seemed to question the legality and propriety of the bill, I feel compelled to answer these criticisms, groundless as they may be.

The administration asserts that the Cow Creek Band of Umpqua Indians as defined in the bill is neither the modern-day successor to the historical tribe nor substantially made up of Cow Creek Descendants. This assertion is preposterous. First and foremost, Congress has the plenary power to designate the modern day successor to the historical tribe. This Congress did in 1982 when it first recognized the tribe and defined its membership.

Second, the Interior Committee has concluded, after listening to much testimony and after analysing the evidence collected over the last 3 years, that the individuals on the current tribal roll are descendants of the Indians who at the time of the 1853 treaty lived within the tribe's aboriginal area, the taking of which by the United States formed the basis for the $1,500,000 award.

In addition, because this group, as presently constituted, may not include all of the Cow Creek Descendants, the bill allows the Secretary of the Interior to place such additional individuals on the tribal roll if they meet the tribal criteria for membership in the tribe. I also believe that the administration's assertion that the current tribal roll is comprised of individuals who are not of Cow Creek ancestry has been made without the appropriate research or evidence to support such claim. Certainly, no such proof was ever presented to the committee.

Let me now turn to the administration's claim that the United States may have to pay the claim twice because Cow Creek descendants who are not members of the band may file a law suit.

This assertion shows a complete lack of understanding of the legal principles of Federal Indian law. While nobody can prevent anyone from filing suit, such a suit, if filed, would be without any merit. First, the bill does allow all Cow Creek descendants, whether they are tribal members or not, to participate in the tribal programs funded from the award. Therefore, these descendants may not have any standing to sue since they are included in the class of beneficiaries. Second, such descendants have no vested rights in a specific share of the award. This award was given to the tribe as an entity, not to any particular individual. Congress, under its plenary authority over Indian affairs has the right to determine which modern-day entity is the successor to the historical tribe and Congress also has the power to determine who are the members of the tribe. Therefore, the non-tribal descendants would probably not be successful even if the bill had limited benefits under the judgment to only members of the tribe. The fact that the bill allows these nontribal members descendants to participate in the judgment makes any such legal challenge to the bill ludicrous.

While Congress has plenary power over Indian Affairs, such power cannot be exercised without rational basis. In this case, after considerable research spanning two Congresses and after listening to expert witnesses and historians, the committee has concluded that the individuals listed on the tribal roll, the so-called interrogatory No. 14 roll, are the descendants of the Indians which at the time of the treaty, lived in the aboriginal area, the taking of which by the United States, formed the basis of the claim under which the tribe was awarded the $1,500,000. It is this group of people, numbering about 650 members, which the Congress had in mind when it passed the 1980 act allowing the Tribe to file suit in the Court of Claims and it was this group which the Congress had in mind when it passed the 1982 Cow Creek Band of Umpqua Recognition Act.

Mr. Speaker, I congratulate the gentleman from Oregon [Mr. DEFAZIO], the author, on a fine piece of work.

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1567, a bill which would provide for the use and distribution of $1.5 million awarded the Cow Creek Band of the Umpqua Indian Tribe by the U.S. Court of Claims in 1984.

H.R. 1567 is nearly identical to legislation which passed this body in the last Congress, but which unfortunately was acted upon by the other body too late for a conference and final action.

As a little background I would like to note that subsequent to the authorization which allowed the Cow Creek Band to go to the Claims Court, Congress enacted legislation federally establishing and recognizing the current tribe. In some instances there are Cow Creek descendants who chose not to become members of the tribe. For this reason the administration has proposed that the $1.5 million be distributed on a per capita basis to all descendants.

The committee disagrees with the administration for a number of reasons. First, the history of per capita payments is poor. Lump sums of hundreds or even thousands of dollars can dissipate almost overnight with no benefit to the tribe or society. Second, the bureaucratic costs of the researching of descendants and the implementation of a per capita distribution are not justified. Finally, Congress previously decided that this tribe is the successor group to the original tribe, and based on the policy of a government-to-government relationship, we should defer to the tribal wishes.

The other descendants are adequately protected and provided an opportunity to participate in the award. The bill sets up a series of tribal programs financed by the award, including educational scholarships, elderly assistance, housing assistance, and the repayment of a Federal loan. H.R. 1567 specifically provides that descendants that could have become members of the tribe can participate in these special tribal programs.

I believe the tribe should be commended for requesting that Congress approve a plan which will reduce the tribe's dependence on the Federal Government—since many of the new assistance programs could be funded by Federal appropriations. Further, I believe this tribe is acting as a responsible government having decided to use a portion of the Funds to pay off a Federal loan—one that very likely may never had been paid off.

The bill adequately provides benefits for all who do or may assert claims as Cow Creek descendants, disposes of pending litigation, and deserves our support.

Mr. Speaker, I urge my colleagues to vote aye on H.R. 1567.

Mr. Speaker, I reserve the balance of my time.

Mr. DEFAZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from Arizona [Mr. RHODES] for his support.

Mr. Speaker, H.R. 1567 represents the conclusion of the long effort of the Cow Creek Band of Umpqua Indians, whose ancestral home is in the southern part of my district, to win compensation for the loss of tribal lands over 130 years ago and to use that compensation for the long-term benefit of the tribe.

Last year a similar bill unanimously passed both Houses of Congress but adjournment prevented reconciliation of slight differences in text. The House version was sponsored by my predecessor from Oregon's Fourth District, Congressman JIM WEAVER.

I am proud to bring back this bill for passage in the 100th Congress. I am grateful to my chairman, the gentleman from Arizona, for his consideration in ensuring rapid consideration by the Interior Committee and for his long assistance to the members of the Cow Creek Tribe.

This bill provides a distribution formula for funds won by the tribe in a settlement of its claim for compensation for lost tribal lands. In 1980 Congress passed Public Law 96-251 which enabled the Cow Creek Indians to pursue their claim in the U.S. Court of Claims. This act allowed the tribe to at long last pursue its claim dating from the original treaty of September 19, 1853 which guaranteed compensation for 800 square miles of tribal land ceded to the Federal Government the following year. Hostilities between early settlers of the region and Indian tribes in the area resulted in the scattering of tribal members and the end to the payments legally due.

In 1984 the parties to the claim agreed to settle and the court awarded to the tribe the sum of $1,500,000. On August 21, 1984 Congress appropriated the necessary funds for the settlement.

In the interim Congress restored Federal recognition to the tribe by Public Law 97-391. To assure a sustainable resource for tribal programs, the tribe developed a distribution plan for the settlement award. The entire sum, less the costs of pursuit of the claim, were to be placed in trust with the interest funding a variety of designated programs. These programs range from an elderly assistance program to housing and vocational training.

Mr. Speaker, this plan is an alternative to the per capita distribution recommended by the Bureau of Indian Affairs and I believe a far more beneficial plan. Per capita distribution has a sorry history in the State of Oregon. They result in small lump sums to individual members but do nothing to further the long-term development of the tribe.

In the course of seeking Federal recognition the tribe prepared an exhaustive survey of the economic conditions facing tribal members. Not surprisingly, tribal members are among the poorest and most ill-housed and educated residents of an already distressed region. The goal of the tribe is long-term stability and the formulation of this plan is an important step.

This bill now costs the Federal Government nothing. The funds are in a trust account awaiting enactment of a distribution plan. Again, Mr. Speaker, this distribution plan has already passed both Houses of Congress once. In preparation for submission to this Congress I have attempted to add clarifying language concerning tribal membership and governance to satisfy recent concerns expressed by the Bureau of Indian Affairs about lack of guidance from the tribe's restoration act.

The major concern expressed by the Bureau is, I believe, amply addressed by this bill. The benefits of this fund will extend to all descendants of the Cow Creek Band, whether they are currently enrolled members or not. This ensures that descendants not listed on the roll submitted to the Congress at the time of restoration are able to participate in the programs funded by this act. Additionally, the bill directs the Secretary of the Interior to prepare an official roll based on the roll, identified here, submitted to Congress at the time of restoration with inclusion of those descendants who were left off in 1982. The criteria for additions to the roll are specific and carefully constructed to ensure that only lineal descendants may be added to the roll.

I urge my colleagues to support this very important step towards self sufficiency for the Cow Creek Tribe.

□ 1230

Mr. RHODES. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DEFAZIO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. GRAY of Illinois). The question is on the motion offered by the gentleman from Oregon [Mr. DEFAZIO] that the House suspend the rules and pass the bill, H.R. 1567, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

EXPRESSING SENSE OF CONGRESS WITH RESPECT TO VETERANS' ADMINISTRATION HOME LOAN PROGRAM

Mr. MONTGOMERY. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 78) expressing the sense of Congress with respect to the Veterans' Administration Home Loan Program.

The Clerk read as follows:

H. CON. RES. 78

Whereas, the Veterans' Administration home loan program was established in 1944 to assist veterans to obtain affordable housing after serving in the Armed Forces of the United States;

Whereas on Friday, March 6, 1987, in Phoenix, Arizona, the Veterans' Administration guaranteed the 12 millionth loan made under this program, bringing the total value of loans guaranteed under this program to $275,000,000,000;

Whereas since 1944, more than 7,500,000 of these loans, totaling $102,700,000,000, have been repaid;

Whereas more than 1,000,000 loans have been guaranteed by this program in the last three years alone; and

Whereas, veterans, lenders, homebuilders, local communities, and the entire country have benefited from the housing opportunities to American families made possible by this program: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress—

(1) expresses its firm commitment to the goals and objectives of the Veterans' Administration home loan program and to the veterans and service personnel whom it has served so well;

(2) expresses its appreciation to the thousands of Veterans' Administration employees who have enabled the program to guarantee 12,000,000 loans; and

(3) expresses its recognition of the importance of the Veterans' Administration home loan program toward building stronger families and communities in the United States.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Mississippi [Mr. MONTGOMERY] will be recognized for 20 minutes, and the gentleman from New York [Mr. SOLOMON] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this resolution is not controversial. It is sponsored by every member of the Committee on Veterans' Affairs.

Before recognizing the distinguished gentlewoman from Ohio [Ms. KAPTUR] for an explanation of the resolution, I want to thank her for the wonderful work she has done this year as the new chair of our Subcommittee on Housing and Memorial Affairs.

She and the ranking minority member of the subcommittee, the gentleman from Indiana [Mr. BURTON], have been very active in examining the veterans' programs in their jurisdiction.

The VA Loan Program has served a number of veterans and their families, so I think it is very appropriate that we take up this concurrent resolution today.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from Ohio [Ms. KAPTUR], who has done an outstanding job as chairwoman of this subcommittee.

Ms. KAPTUR. Mr. Speaker, I thank the chairman of the full committee for those kind words, and also for his support of our subcommittee's efforts throughout this entire session. They are received with gratitude on behalf of all of the members of the subcommittee.

Mr. Speaker, House Concurrent Resolution 78 is a measure expressing the sense of the Congress with respect to the VA Home Loan Guaranty Program.

On Friday, March 6, 1987, in Phoenix, AZ, the Veterans' Administration guaranteed its 12 millionth home loan, bringing the total value of loans guaranteed under this program to $275.4 billion.

The VA Home Loan Guaranty Program was established under the Servicemen's Readjustment Act of 1944—Public Law 78-346. As World War II drew to a close, Congress sought ways to ease the economic and sociologic readjustment of returning service men and women to civilian life. The Home Loan Guaranty Program was an innovative means of affording veterans favorable credit which would allow them to purchase a home, business o farm. Many of these veterans, because of their service in the Armed Forces, had missed an opportunity for establishing personal credit or for accumulating enough money for a substantial downpayment on a home. By substituting the credit of the United States, these veterans were enabled to enter the home buying market on a comparable level with their nonveteran counterparts.

Although the objectives of the legislation were specific to the readjustment of returning veterans, rather than influencing the economy as a whole, the VA Home Loan Guaranty Program created an excellent investment outlet for the large pool of savings that had been built up during World War II. Channeling this capital into a productive peacetime activity was perceived as a means of stimulating the economy and averting the possibility of postwar depression. Under the original program, guarantees could be made up to 50 percent of the loan, not to exceed $2,000. There was a 20-year maximum on repayment terms, and a maximum 4-percent interest rate.

Over the years, Congress enacted many changes to the program, to enhance its viability and to respond to developments in the economy and in the needs of veterans. There is now no delimiting date for a veteran to make use of this benefit, and entitlement may be regained once the veteran has paid off the initial loan in full and disposed of the property. The VA may guaranty 60 percent of the loan's value, up to a maximum of $27,500.

Mr. Speaker, to date more than 7.5 million of these loans totaling $102.7 billion have been repaid through fiscal year 1986. This demonstrates the program's effectiveness from both the perspective of providing housing opportunities for millions of American families and as a continuing stimulus to the economy.

As we are all aware, over the last several years, the administration has recommended several proposals, which if enacted, could contribute to the ultimate demise of the program. The purpose of this resolution today is to express the Congress' firm support to the goals and objectives of the VA Home Loan Guaranty Program and to the veterans and service personnel whom it has served so well.

Mr. Speaker, I want to compliment the chairman of the full committee, Mr. MONTGOMERY, as well as the ranking minority member, Mr. SOLOMON, for moving so quickly on this measure. I am also most grateful to the ranking minority member of my subcommittee, the distinguished gentleman from Indiana [Mr. BURTON] who has been very helpful.

In addition, I want to thank all of the members of the subcommittee for their support on this measure.

I urge my colleagues to favorably consider this measure.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as ranking minority member of the Veterans' Affairs Committee, I rise in strong support of House Concurrent Resolution 78, to express the support of Congress for the Veterans' Administration Home Loan Program. This program, in terms of economic impact, is one of the most significant programs the VA has ever had.

Yet, it is not an economic program to stimulate or prime the economy. It really is a program to benefit veterans who have honorably defended our great country in times of war and peace.

The purpose of the Loan Program has been the same since its inception during World War II, and this VA Program has been a rarity among Government programs. It has been dramatically successful in doing what it was supposed to do. The purpose is, of course, to enable veterans to buy a home. Early last month, the VA guaranteed the 12 millionth home loan.

The VA has over the years guaranteed $275 billion in loans. Getting "VA financing" is a term widely understood by veteran home buyers because it means no down payment and an interest rate set by the VA.

Mr. Speaker, some people want to change some of the features of the Home Loan Program, but I don't think any of them are in this body. If there are changes to be made, they should not be in the benefit to the veteran—they should be in the program's management and efficiency of operation.

Every member of our committee has given the VA Loan Program unceasing support, and especially deserving of recognition for bringing this resolution to the floor are SONNY MONTGOMERY, our chairman, MARCY KAPTUR, chairwoman of the Subcommittee on Housing and Memorial Affairs, and DAN BURTON, the subcommittee's ranking member.

Mr. Speaker, House Concurrent Resolution 78 ought to have unanimous support of this body. Our veterans deserve no less.

Mr. Speaker, I reserve the balance of my time.

Mr. MONTGOMERY. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. ROWLAND], a member of this subcommittee, and a very valuable member.

Mr. ROWLAND of Georgia. Mr. Speaker, I appreciate my chairman yielding and commend him for all that he has done over the years for the Veterans' Home Loan Program. It has really been an outstanding job.

The gentlewoman from Ohio [Ms. KAPTUR] has also done an outstanding job in working on this particular resolution. I want to commend her, also.

The gentleman from New York [Mr. SOLOMON], the ranking minority member of the full committee, and the gentleman from Indiana [Mr. BURTON], who has also done such as outstanding job, are deserving of my commendation.

Mr. Speaker, there are two things that come to mind with this Veterans' Home Loan Program. One is that it gives the possibility for so many people to obtain that American dream of having a home. There are many people who would not be able to have a home were it not for this Veterans' Home Loan Program. That is such an outstanding thing that it does.

Another thing that it does is stimulate our economy. These homes that were built, and the numbers that were just given to us a few minutes ago are really surprising, but the homes that were built give such a great stimulus to our economy because we have a ripple effect when a home is built and all the things that go along with that.

This resolution just deserves the highest commendation that I can give to it, all of those who have been involved in it. I just appreciate very much all the work that all of you have done.

Mr. SOLOMON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MONTGOMERY. Mr. Speaker, I yield myself one minute.

Mr. Speaker, let me follow up on the comments made by my good friend, the gentleman from New York [Mr. SOLOMON], and also the chairman of the subcommittee, as well as the gentleman from Georgia [Mr. ROWLAND].

This Home Loan Program is a well-established and effective program. It has done so much for veterans who answered the call when they were needed to defend this country. I might say that the subcommittee is looking into the Veterans' Home Loan Program. There are some changes that need to be made to make it a better program, to make it easier for veterans to get loans, and I want to commend the chairman of the subcommittee for the thorough hearings that she has had, as well as the ranking subcommittee member, the gentleman from Indiana [Mr. BURTON].

Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in strong support of House Concurrent Resolution 78, reaffirming the support of the U.S. Congress to the goals and objectives of the Veterans' Administration Home Loan Guarantee Program. It is only fitting, with over 12 million loans approved, that the Congress recognize and reaffirm the VA Home Loan Guarantee Program.

I wholeheartedly agree with the remarks of my friend, SONNY MONTGOMERY, the distinguished chairman of the Veterans' Affairs Committee, and Associate myself with them fully. I wish to thank Congresswoman MARCY KAPTUR, who chairs the Housing and Memorial Affairs Subcommittee and Congressman DAN BURTON whose hard work enabled us to bring this measure to the floor of the House so quickly.

House Concurrent Resolution 78 recognizes the Contribution the Loan Guarantee Program has made toward building stronger families and communities. It also recognizes the contribution of the thousands of Veterans' Administration employees who have enabled the program to guarantee over 12 million loans since its inception in 1944.

Our homebuilders, our local communities and our country have benefited enormously from the Loan Guarantee Program. It has pumped billions of dollars into the American economy, created jobs for American workers and provided a market for American building products. But most importantly, this program has made the American dream affordable to the millions of men and women who have served their country.

I urge my colleagues to favorably consider this tribute to our veterans who have been so well served by the Home Loan Guarantee Program. It deserves the support of every Member of this body.

Mr. YOUNG of Florida. Mr. Speaker, I rise in support of House Concurrent Resolution 78, legislation which expresses congressional support for the Veterans' Administration Home Loan Program and thanks to those VA employees who have contributed over the years to the program's success.

The VA Home Loan Program was established in 1944 to assist veterans in obtaining affordable housing for themselves and their families. Since Congress established the program 43 years ago, the VA has guaranteed more than 12 million loans totaling $275 billion. Without Federal loan guarantees, many of these families would not have had the opportunity to achieve the great American dream of owning their homes.

More than 450,000 Florida veterans have received $12.6 billion in guaranteed loans over the years to purchase or renovate homes. Given the magnitude of this program, it's easy to see why VA home loans have been important to the development and improvement of many of our communities, not only in Florida, but throughout the United States.

Critical to the success of the program are the thousands of employees who have assisted veterans and processed these loan applications. Their patience and understanding has provided many families, especially the large number acquiring their first homes, with the advice and reassurance necessary to make one of their largest purchases and economic decisions.

St. Petersburg, FL, is home to the Veterans' Administration Regional Office and Loan Guaranty Division that serves our entire State. The 93 dedicated loan guaranty employees in St. Petersburg process an average of 2,000 home loan applications per month, more than any other VA regional office in our Nation. The St. Petersburg staff approved almost 19,000 home loans last year totaling $1.2 billion.

The staff is to be commended for its ability to cope with the burdensome work load in the last 3 years, caused by favorable interest rates which generated a large number of home purchases and refinancing applications and the growing number of veterans relocating to Florida. It is estimated that more than 5,000 veterans per month are moving to Florida and many are purchasing homes with VA loans.

Later today, the House will consider another important resolution that expresses congressional disapproval of a budget proposal that would increase the VA loan origination fee from 1 to 2.5 percent. House Concurrent Resolution 79 indicates our awareness that such dramatic changes in these fees would significantly increase the cost to veterans of purchasing a home and would for many families make the program financially unaffordable.

Mr. Speaker, Congress is aware of the important contribution the VA Home Loan Program and its thousands of employees have made to millions of American families who otherwise would be unable to purchase their own homes. The resolutions we are considering today also indicate our continuing support for this valuable program and our opposition to any changes that would significantly alter the purpose of the program to provide affordable housing to our Nation's veterans.

□ 1240

Mr. MONTGOMERY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi [Mr. MONTGOMERY] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 78.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Concurrent Resolution 79, the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

SENSE OF CONGRESS THAT VETERANS' ADMINISTRATION HOME LOAN FEE NOT BE INCREASED

Mr. MONTGOMERY. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 79) reaffirming the sense of Congress that the 1-percent fee charged by the Veterans' Administration to veterans obtaining a home loan guaranteed by such Administration should not be increased and ask for its immediate consideration.

The Clerk read as follows:

H. CON. RES. 79

Whereas the existing 1-percent origination fee for Veterans' Administration home loan guarantees is designed to offset costs of the program;

Whereas the President's budget for fiscal year 1986 proposed an increase from 1 to 5 percent in the Veterans' Administration home loan origination fee which, if enacted, would have had a serious detrimental effect on the ability of veterans to obtain loans for housing and would have discouraged homeownership:

Whereas the President's budget for fiscal year 1987 proposed a graduated increase in the Veterans' Administration loan origination fee to 3.8 percent;

Whereas Congress rejected those proposals and, in section 409 of the Veterans' Benefits Improvement and Health-Care Authorization Act of 1986, stated "It is the sense of the Congress that the Veterans' Administration loan origination fee should not be increased above its present level of one percent of the amount of the loan guaranteed.";

Whereas the President's budget for fiscal year 1988 proposes an increase in the Veterans' Administration loan origination fee to 2.5 percent, and this would have the same detrimental effect as the previous proposals; and

Whereas this proposed increase in the origination fee is actually a disguised tax on homebuying veterans: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the Veterans' Administration loan origination fee should remain at its present level of 1 percent of the amount of the loan guaranteed.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Mississippi [Mr. MONTGOMERY] will be recognized for 20 minutes and the gentleman from New York [Mr. SOLOMON] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to point out that the chief sponsor of this resolution is Congressman TOM RIDGE of Pennsylvania who is a member of the full committee. I hope that a resolution such as this will not be needed again.

We are not going to raise the VA loan guarantee fee any higher. I hope they get the message down there at OMB.

Mr. Speaker, this resolution is also sponsored by every member of the Committee on Veterans' Affairs. I recognize again the gentlewoman from Ohio for an explanation and for such time as she may consume.

Ms. KAPTUR. I thank the gentleman for yielding time to me.

Mr. Speaker, House Concurrent Resolution 79 reaffirms the sense of the Congress that the 1-percent fee charged by the Veterans' Administration to veterans obtaining a guaranteed home loan should not be increased.

The President's fiscal year 1983 budget contained a proposal for a one-half percent loan processing fee for all loans guaranteed, insured or made by the VA. The committee did not object to a modest funding fee, but did recommend that service disabled veterans be exempted. This was enacted in Public Law 97-253, which became effective October 1, 1982.

Congress later addressed issues involving deficiencies in the loan guaranty revolving fund caused by the high unemployment rate and subsequent foreclosure increase by the enactment of the Deficit Reduction Act of 1984, Public Law 98-369. In addition to requiring certain administrative reforms in the VA loan guaranty program, it increased the loan origination fee to 1 percent and required that these funds be deposited in the loan guaranty revolving fund. The bill included a sunset provision under which the 1-percent funding fee would expire on October 1, 1987.

For the last several years, the President's budget has contained proposals to increase this fee. They have been consistently rejected by the Congress on the basis that this would be a form of selective taxation on homebuying veterans; and last year Public Law 99-576, which became effective on November 2, 1986, specifically expressed the sense of the Congress that this fee not exceed 1 percent.

The fiscal year 1988 budget, however, contained yet another proposal to increase this fee. This time, it called for an increase to 2.5 percent effective June 1, 1987. This means, should such a proposal be enacted, that veterans would be charged an average amount of $1,500—up from $600—just for the privilege of using the program.

At hearings before the committee on February 3 and 4, 1987, spokesmen from veterans organizations testified that implementation would negate the beneficial aspects of the program. It could also be considered as a downpayment requirement without giving the veteran the benefit of reducing the principal.

Additionally, raising the fee would eliminate a substantial number of potential veteran homebuyers from participating in the program. According to the Congressional Budget Office, a rate of 2.5 percent could result in 20,250 fewer veterans using their entitlement to purchase a home in fiscal year 1988. The committee notes that although interest rates are on the rise again, the 9½ percent VA rate is still low in comparison with rates during the past 10 years. Some veterans are in a position for the first time to buy their own homes. To now impose an increased user fee on these potential homebuyers would place an undue burden upon them—in particular Vietnam era veterans who account for 42.1 percent of all VA guaranteed homebuyers.

Congress has repeatedly expressed its concern that increasing the VA home loan funding fee would, if enacted, have a serious detrimental effect on the ability of veterans to obtain loans for housing and would discourage home ownership. House Concurrent Resolution 79 reaffirms the sense of Congress that this fee should not be increased and I urge my colleagues to favorably support this measure.

Again, I wish to thank the chairman of the full committee, Mr. MONTGOMERY, the ranking minority member, Mr. SOLOMON, Mr. BURTON, the ranking minority member of the Subcommittee on Housing and Memorial Affairs, and all of the other subcommittee members for their support.

Mr. Speaker, I urge favorable consideration of this resolution.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I endorse the remarks of my chairman, SONNY MONTGOMERY and Congresswoman KAPTUR's remarks about TOM RIDGE being instrumental in bringing this resolution to the floor and doing such a good job with it.

Mr. Speaker, I rise in strong support of this resolution. As ranking member of the Veterans' Affairs Committee, I am pleased to cosponsor House Concurrent Resolution 79 to reaffirm the opposition of Congress to any increase in the 1-percent user's fee of the VA's Home Loan Program. It is sponsored by every member of our committee.

To anyone who has ideas of raising the user's fee, let our reply be clear and unmistakable. No, we are not going to allow the fees to be raised. It is not negotiable, it is not debatable, and it is not going to happen.

Mr. Speaker, this does not require a lot of explanation. I hope we will not need another resolution like this one the next session, but if we do, we will be here with it.

Our chairman, SONNY MONTGOMERY, and our subcommittee chairwoman and ranking member, MARCY KAPTUR and DAN BURTON have lost no time in bringing House Concurrent Resolution 79 before this body, and by doing so they have done America's veterans a great service.

Mr. Speaker, let us pass this resolution with one voice for our veterans.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. I thank the gentleman for yielding to me.

Mr. Speaker, I rise in strong support of House Concurrent Resolution 78 and House Concurrent Resolution 79, which express congressional support for the Veterans' Administration [VA] home loan program and thank those VA employees who have contributed to the program's success, and that the VA home loan fees should remain at the current 1-percent level. I commend the gentlelady from Ohio [Ms. KAPTUR] for introducing this fine legislation and for her continued leadership in veterans affairs. I also express my gratitude to the distinguished chairman of the House Veterans' Affairs Committee, the gentleman from Mississippi, [Mr. MONTGOMERY] and the ranking minority member, the gentleman from New York [Mr. SOLOMON] for their diligent oversight of our Nation's veterans' interests.

The veterans home loan program was created in 1944 to allow eligible veterans to buy affordable housing with no money down. The VA has guaranteed 12 million loans totaling $275 billion under the home loan program since 1944. Veterans have used this loan guaranty program for home purchases, construction, repairs, and improvements. Now the President is proposing to increase the loan-origination fee to 2.5 percent. The fee was just recently raised from 0.5 to 1.0 percent in 1984.

Mr. Speaker, I do not believe we should penalize our Nation's veterans for their loyal service and dedication for this country. We should not look to balance the budget at the sake of our social programs and especially take away from those who put their lives on the line for our Nation. We should look to do away with government waste first before considering cutting our social and defense programs.

I ask my colleagues to join me in supporting both of these resolutions, House Concurrent Resolution 78 and House Concurrent Resolution 79, which express congressional support for the VA home loan program. With many of my colleagues also being veterans, I hope that you share the same sentiment that we should give our veterans the respect and full support that they deserve.

I wish to commend the Veterans' Affairs Committee for continually acting as a watchdog for our veterans who are out there across the Nation who need so much assistance, particularly with housing and health and education needs. All of which this committee has addressed in the past few months.

Mr. MONTGOMERY. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. ROWLAND].

Mr. ROWLAND of Georgia. I thank the gentleman for yielding me this time.

Mr. Speaker, I again commend the chairman and Ms. KAPTUR, Mr. SOLOMON, and Mr. BURTON, and Mr. RIDGE also for introducing this resolution. A 1.5-percent increase may not seem like much but when you are considering $50,000 or $75,000 or even $100,000 for a home loan, then it becomes a great deal of money, and I can well see where it would inhibit or prohibit many veterans from building a home that they would otherwise might build.

I am very pleased that this resolution has been introduced and I agree with the chairman of the full committee: I wish that OMB would stop tinkering with this fee every year and that we will be able to send them a strong message that we are going to keep it at 1 percent so those veterans who deserve these home loans will be able to get them.

Mr. MONTGOMERY. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I wish to thank the gentleman from New York as well as the subcommittee chairman for their work on this legislation.

I would like to point out that we do have a 1 percent user fee now in closing costs for the veterans that is bringing in a lot of money. We do not need to raise that. In fact, if you would raise it to 2 or 3 percent, which has been recommended by the administration, it would price the VA loan out of the market and the veteran would be unable to get a loan. We do not want that. That is why we believe this resolution should be adopted.

Mr. HAMMERSCHMIDT. Mr. Speaker, as a cosponsor of House Concurrent Resolution 79, I rise in strong support of it, and am pleased our committee was able to report this resolution in a timely manner.

This resolution reaffirms the opposition of the U.S. Congress to the proposal to raise the 1 percent user fee for veterans' home loans.

I would like to thank our committee's very able and distinguished chairman, SONNY MONTGOMERY, Congresswoman MARCY KAPTUR, who chairs the Housing and Memorial Affairs Subcommittee and Congressman DAN BURTON, ranking member of the subcommittee for their hard work in bringing this resolution before the House.

Increasing the financial burden to those young people who have served their country, and who are attempting to purchase a home, is an ill-advised remedy to the problems facing the Veterans' Administration home loan program.

I wish to associate myself with the remarks of our chairman in opposition to OMB's efforts to advance this proposal, in my view, as many times as OMB resurrects this proposal, the Congress will put it to rest. The VA home loan program is the only veterans' benefit many of our veterans will ever use. More importantly, increasing the user fee would force many of the very veterans out of the program whom it is intended to benefit—those who would not be able to buy a home without the loan guarantee and no down payment.

There are those who repeatedly attempt to increase this user fee. In their fervor to cut the budget, they attempt to fold veterans programs into the morass of Federal social welfare programs. A stark reminder of the difference between veterans programs and other Federal programs is at the other end of this Mall where there are over 55,000 names etched in 100 years of marble. That difference we must never forget.

The Vietnam Memorial and all veterans memorials serve as visible reminders of the Sacrifices our Veterans have made and as a rebuke to those who attempt to diminish the level of benefits to them. The elected representatives of the American people will not tolerate attempts to cut the already limited benefits provided to our Nation's veterans.

I urge my colleagues to vote for House Concurrent Resolution 79.

Mr. APPLEGATE. Mr. Speaker, I would like to express my strong support of the two suspension measures that are being considered by the House this afternoon: House Concurrent Resolution 78, which expresses Congress' firm support of the goals and objectives of the VA Home Loan Guaranty Program, and House Concurrent Resolution 79, reaffirming the sense of Congress that the 1 percent fee charged by the VA to veterans obtaining a guaranteed home loan should not be increased.

Before I say anything about these two measures, I would, first of all, like to extend some highly deserved recognition to a good friend and colleague of mine from Ohio who has really performed with distinction since becoming the new chairperson of the House Veterans' Affairs Subcommittee on Housing and Memorial Affairs, Representative MARCY KAPTUR of Toledo. I would like to join with my colleagues on the committee in congratulating her on the outstanding job that she's done in just these past few months of the 100th Congress.

Mr. Speaker, House Concurrent Resolutions 78 and 79 were reported out of the Veterans' Affairs Committee just this past Thursday. I want to assure all of my colleagues in the House that these two measures have the full backing of the entire membership of the Veterans' Affairs Committee and that, just as has been the case in previous years, attempts by the Reagan administration to hinder the important job that the VA performs for America's veterans have been rejected by the committee and, I'm certain, will be resoundly rejected by the House of Representatives when we vote on these two resolutions this week."

There is no sense whatsoever in pursuing a policy of dismantling some of the most important programs operated by the Federal Government for the benefit of America's veterans and their families. More than 12 million home loans have been guaranteed by the VA since the program began after World War II, and this essential program continues to provide the best opportunity for home-buying veterans in America today.

In addition to maintaining the VA home program as it currently exists, it is also essential that we act to disapprove the proposal of the Reagan administration to raise the VA home loan origination fee from 1 percent, as it is currently set, all the way to 2½ percent. I've seen estimates that such an added charge will increase the cost for home-buying veterans by as much as $1,000. I'm certain that everyone in this Chamber does not wish to see the veterans of our Nation burdened with yet additional costs for utilizing a program fully meant to help them. Such a proposal represents a sacrifice that we should not be asking from our veterans today.

Mr. Speaker, I urge the support of my colleagues in the House in securing the passage of House Concurrent Resolution 78, and House Concurrent Resolution 79. They both represent some of the most important issues that we'll be considering in Congress this year.

Mr. AUCOIN. Mr. Speaker, I rise in strong support of House Concurrent Resolution 79, expressing the sense of Congress that the 1 percent fee charged by the Veterans' Administration to veterans obtaining home loans guaranteed by the VA should not be increased.

The Veterans' Administration has guaranteed a portion of home loans made to eligible veterans since 1944. Under this program, the VA can guarantee up to 60 percent of a loan's value, up to a maximum of $27,500. A veteran now pays a nominal fee of 1 percent of the loan amount to receive a VA-guaranteed home loan.

For the past 3 years, the administration has tried to increase the loan guarantee fee. Once again, the administration's budget proposes to increase the home loan origination fee to 2.5 percent. This would be one more step in the deterioration of veterans' benefits and one more breach of the contract the Federal Government made with these veterans. That's why I oppose increasing this fee and support House Concurrent Resolution 79.

The administration's most recent proposal represents a jump of 150 percent. That translates into an increase from $600 to $1,500 for the average veteran—an unreasonable tax on veteran's earned benefits and a burden that a majority of veterans and their families simply cannot handle.

This is a slap in the face to the over 20,000 veterans that the Congressional Budget Office estimates will be effectively shut out of the program. The increase says to these veterans, "thanks for sacrificing years of your life for the U.S. Government, but we've found other budget priorities now."

In my State of Oregon, the Department of Veterans Affairs Loan Program has had and continues to have a very favorable economic impact on the State of Oregon. The program is responsible for bringing billions of dollars into the State over the years since 1945—dollars which go directly into the home construction and realty industry.

Oregon provided 56,000 veterans home loans since 1945 and the popularity of the program continues to grow. Over 1,800 Oregon veterans and their families obtained a VA guaranteed mortgage in 1986, 324 processed between January 1 and March 31. Within that same time frame in 1987, the Oregon VA processed 1,076 loans. The regional VA office estimates that the total number of loans for 1987 will reach 5,000 for a total of $327 million. No small figure for any economy. In addition, thanks to a new streamlined program, the Oregon VA is still processing these loans within 10 calendar days.

Congress has said "no" to the administration for the past 3 years and we must say "no" again. Our Government has a responsibility to provide access to the American dream of homeownership to those individuals who risked their lives and sacrificed their time to protect American ideals.

Mr. Speaker, I urge favorable consideration of this proposal.

Mr. MONTGOMERY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi [Mr. MONTGOMERY] that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 79.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

DR. HECTOR PEREZ GARCIA POST OFFICE BUILDING

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the bill (H.R. 781) to designate the U.S. Post Office Building located at 809 Nueces Bay Boulevard in Corpus Christi, TX, as the "Dr. Hector Perez Garcia Post Office Building," and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. GRAY of Illinois). Is there objection to the request of the gentleman from California?

Mr. GILMAN. Mr. Speaker, reserving the right to object I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation of objection, I yield to the chairman of the Subcommittee on Census and Population, the gentleman from California [Mr. DYMALLY], to explain the resolution.

Mr. DYMALLY. I thank the gentleman from New York for yielding.

Mr. Speaker, I would just like to inform the House that this legislation, to designate the "Dr. Hector Perez Garcia Post Office Building" in Corpus Christi, TX, was approved, without dissent, by the Committee on Post Office and Civil Service last week.

I believe that Mr. ORTIZ, the sponsor of H.R. 781, has picked an appropriate method of recognizing the contributions and achievements of Dr. Garcia.

Because a postal facility is an easily indentifiable symbol of our Government, the naming of a post office is a fitting tribute to outstanding individuals in our communities.

I commend the gentleman from Texas for honoring Dr. Garcia through this legislation.

Mr. GILMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

H.R. 781

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Post Office Building located at 809 Nueces Bay Boulevard, Corpus Christi, Texas, shall be designated and hereafter known as the "Dr. Hector Perez Garcia Post Office Building". Any reference in any law, map, regulation, document, record, or other paper of the United States to that building shall be deemed to be reference to the "Dr. Hector Perez Garcia Post Office Building."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN E. GROTBERG POST OFFICE BUILDING

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the bill (H.R. 1403) to designate the U.S. Post Office Building located in St. Charles, IL, as the "John E. Grotberg Post Office Building," and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. GILMAN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objections to the legislation now being considered.

Mr. Speaker, under my reservation of objection, I yield to the chairman of the Subcommittee on Census and Population, the gentleman from California [Mr. DYMALLY], to explain the resolution.

Mr. DYMALLY. Mr. Speaker, as with the previous bill considered by the House, this legislation, to designate the "John E. Grotberg Post Office Building," was approved unanimously by the Committee on Post Office and Civil Service last week.

Mr. HASTERT, and the delegation from Illinois, have chosen to recognize a former colleague by naming the post office in St. Charles, IL, in his honor.

Congressman GROTBERG represented the 14th District of Illinois during the 99th Congress. I yield back to the gentleman from New York, so that the sponsor of H.R. 1403, the gentleman from Illinois, can further explain the reasons for his high honor.

Mr. GILMAN. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Illinois [Mr. HASTERT], who is the chief sponsor of H.R. 1403, designating the U.S. Post Office building located in St. Charles, IL, as the "John E. Grotberg Post Office Building."

Mr. HASTERT. I thank the gentleman for yielding.

Mr. Speaker, I am pleased to see H.R. 1403 come to the floor for consideration by the House at this time. On March 4, I held a special order in this Chamber to honor former Representative Grotberg, and to allow his colleagues an opportunity to share their memories of this warm and courageous man—a man who continued to serve his constituents and his country throughout his long battle with cancer. Many, many of his colleagues came forward on that day to honor John, and to eloquently describe their affection for John as an individual and their admiration for John as a legislator.

H.R. 1403, which designates the U.S. Post Office in St. Charles, IL, as the "John E. Grotberg Post Office Building," will serve as an enduring tribute to a man who maintained his dedication and commitment to his country in the face of the worst kind of adversity. It is a tragedy to have lost his leadership, but we have all gained from the example he has set. As John's successor I have had very few days pass in which I do not reflect upon my own responsibility to maintain the strong leadership and representation which he demonstrated. I know that the citizens of Illinois will long remember the contributions he made to all of them, and that the "John E. Grotberg Post Office Building" will serve as a continuing reminder of his record and commitment to public service.

Mr. GILMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

H.R. 1403

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Post Office Building located at 1405 West Main Street in St. Charles, Illinois, is hereby desigated as the "John E. Grotberg Post Office Building". Any reference to such building in a law, rule, map, document, record, or other paper of the United States shall be considered to be a reference to the "John E. Grotberg Post Office Building".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL OLDER AMERICANS ABUSE PREVENTION WEEK

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 57) to designate the period commencing on May 3, 1987, and ending on May 10, 1987, as "National Older Americans Abuse Prevention Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. GILMAN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objections to the legislation now being considered.

Mr. Speaker, under my reservation, I rise in support of the measure and to state that I am pleased to speak in support of Senate Joint Resolution 57, designating the week of May 3, 1987, as "National Older Americans Abuse Prevention Week." I commend the gentleman from Florida, the chairman of the Committee on Rules, Mr. PEPPER, for sponsoring the House companion bill, House Joint Resolution 215, and for his ceaseless efforts to protect the health and happiness of America's senior citizens.

As my colleagues are aware, May is Older Americans Month. Throughout May we will be able to pay special attention and tribute to Older Americans—their health care, housing, employment opportunities and other important quality of life issues. The issue of senior abuse, however, also deserves appropriate recognition and attention within the context of Older Americans Month. While it is difficult for many of us to imagine the horror that is the life of an abused person, the reality is that countless older Americans suffer physical abuse every day of their lives. Confined to their homes or the homes of their abusers, bound to their abuser financially or emotionally or both, the life of the abused person can be a living hell.

By designating the week of May 3, 1987 as "National Older Americans Abuse Prevention Week," we can focus attention on our Nation's efforts on elder abuse prevention and offer our support to programs to help both the abused and the abuser. Accordingly, I encourage my colleagues to support this resolution Senate Joint Resolution 57, and hope that they will participate in the many events and programs commemorating "National Older Americans Abuse Prevention Week," during the week of May 3.

Mr. Speaker, under my reservation of objection, I yield to the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. I thank the gentleman for yielding.

Mr. Speaker, incidence of abuse against older citizens is on the rise at an alarming rate. As you recall, last week we passed a similar resolution observing Child Abuse Prevention Week, and I think that it is appropriate for us to do this.

Since it is not possible to pass legislation to prevent such an act from taking place, it seems to be appropriate for us to bring attention to the crimes against senior citizens.

Mrs. MORELLA. Mr. Speaker, I rise in support of Senate Joint Resolution 57, and its House counterpart, House Joint Resolution 215, a resolution designating the week of May 3-10 as National Older Americans Abuse Prevention Week.

I commend my colleague, the gentleman from Florida, for his years of work on the problem of elder abuse. As a member of the Select Committee on Aging, I have had the pleasure of serving on the committee with the gentleman, and I thank him for all of his efforts in the interests of the elderly.

The tragedy of elder abuse continues to be a hidden problem, despite the efforts of the Select Committee on Aging and other advocates to expand public awareness and seek solutions. It remains elusive largely because it is so difficult to document. Victims are reluctant to report cases of abuse, out of fear, embarrassment, or dependence on the abuser; a reluctance which often results because the abuser is a family member.

According to an estimate of the American Medical Association, 10 percent of Americans over the age of 65 are victims of some type of abuse, with 4 percent of those cases of a moderate or severe degree. Thus, 1 in 25 older Americans may be a victim. This figure is only slightly lower than the estimated number of child abuse victims. However, elder abuse cases are reported less frequently; while 1 in 3 child abuse cases are reported, only 1 in 5 elder abuse cases receive attention.

The elusive nature of this problem makes it all the more important to educate the public. I am hopeful that greater understanding and recognition will lead to effective action to address the problem of elder abuse, similar to the efforts being made to curb the incidence of child abuse.

Mr. Speaker, I urge my colleagues to support this resolution.

Mr. PEPPER. Mr. Speaker, on March 31, 1987, I introduced legislation, House Joint Resolution 215, designating the week of May 3 to May 10, 1987, as "National Older Americans Abuse Prevention Week." I want to commend my colleagues for joining me in supporting the passage of this bill.

Elder abuse is a shocking national tragedy which affects alarmingly high number of our most helpless and vulnerable senior citizens. Each year, an estimated 1,100,000 older Americans are the victims of physical, financial and emotional abuse, neglect, and the denial of their fundamental civil rights.

In 1981, the U.S. Select Committee on Aging, which I had the privilege to chair, held the first congressional hearing on elder abuse. At that hearing, experts said that, if the sixties were the decade of child abuse and the seventies were the decade of spouse abuse, the eighties would be the elder abuse decade.

At my request, the Aging Committee's Subcommittee on Health and Long-Term Care conducted a followup hearing in May 1985, which confirmed many of the points first raised in 1981. The hearing confirmed that these abused elders represented every racial, religious and socioeconomic class. It also confirmed that the number of cases had dramatically increased—by 100,000 abuse cases per year.

An average citizen would find it hard to believe how widespread and frequent this problem is. Most people, especially the elderly would prefer not to acknowledge that such abuse exists. For that reason, elder abuse cases are far less likely to be reported than child child abuse cases—while 1 in 3 child abuse cases is reported, only 1 out of 5 cases of elder abuse comes to the attention of the appropriate authorities.

Elder abuse poses a threat to our families and to our society as a whole. In most instances, neglect and abuse stems from the lack of information on intervention and prevention.

This resolution and the following Presidential proclamation will assist many individuals, organizations, and agencies that are striving to rid this great Nation of our epidemic of elder abuse and improve the general welfare of our seniors.

I thank my colleagues for joining with me in this national effort to enhance awareness and combat this escalating tragedy which affects so many of our Nation's most helpless and vulnerable citizens.

Mr. GILMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 57

Whereas each year an estimated 550,000 to 2.5 million elders are the victims of physical and emotional abuse, neglect, and denial of fundamental civil rights;

Whereas these elders represent every racial, religious and socio-economic class;

Whereas the suffering of these elders poses a threat to our families and to our society as a whole;

Whereas in most instances this neglect and abuse stems from the lack of information on intervention and prevention;

Whereas the health and well-being of our elders is, and must be, one of our Nation's highest priorities;

Whereas May, 1987, has been designated as "Older Americans Month", and provides the ideal opportunity for the people of the United States to become educated and aware of the welfare of the elderly; and

Whereas it is appropriate to focus the attention of the Nation upon the problem of elderly abuse; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the period commencing on May 3, 1987, and ending on May 10, 1987, is designated as "National Older Americans Abuse Prevention Week", and the President is authorized and requested to issue a proclamation calling upon all Government agencies and the people of the United States to observe such period with appropriate programs, ceremonies, and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

□ 1300

NATIONAL DIGESTIVE DISEASES AWARENESS MONTH

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 67) to designate the month of May 1987 as "National Digestive Diseases Awareness Month," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The **SPEAKER** pro tempore (Mr. GRAY of Illinois). Is there objection to the request of the gentleman from California?

Mr. GILMAN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objections to the legislation now being considered.

Mr. PEPPER. Mr. Speaker, I want to commend my colleagues for joining me in supporting the passage of a bill which designates the month of May as "National Digestive Disease Awareness Month."

The digestive disease system, which includes the esophagus, stomach, intestine, gall bladder, liver, pancreas, and colon can be affected by a wide range of acute and chronic diseases. To one who suffers from a disorder of the digestive tract, the problems range from mild discomfort to a severe and real threat to life itself.

Sadly, more Americans are hospitalized by digestive diseases than any other diseases, necessitating 25 percent of all surgical operations. It has been estimated that 20 million Americans suffer from chronic digestive diseases, with over 14 million cases of acute digestive disease treated each year. Tragically, at least 100 different digestive diseases in addition to other disorders of the gastrointestinal tract, cause more than 200,000 deaths every year. It is also one of the most prevalent causes of disability in the work force.

In economic terms, digestive disorders are extremely costly to the American public. It ranks third among illnesses in total economic cost in the United States. Direct personal health care expenditure for treatment of digestive disorders exceeded $17 billion last year. Combined with annual lost wages, taxes, disability, and other financial expenditures, total losses from digestive diseases were estimated at nearly $50 billion.

Fortunately, encouraging progresses have been made by researchers through the National Institute of Arthritis, Diabetes, Digestive and Kidney Diseases, and many victims have been relieved of their discomfort, pain and in extreme cases, death.

The month of May 1987 will mark the fourth anniversary of the National Digestive Disease Education Program, a coordinated effort through the National Institutes of Health to educate the public and the health care community regarding the seriousness of digestive diseases, and to provide information relative to their treatment, prevention and control. It is expected that this resolution and the subsequent Presidential proclamation will be helpful in calling to the attention of the American people to a disease which represents one of the Nation's most serious health problems.

I thank my colleagues for joining with me in this national effort to enhance awareness and efforts to combat digestive diseases.

Mrs. MORELLA. Mr. Speaker, digestive diseases are undoubtedly one of the major health concerns of our Nation, reaching all facets of our socio-economic population.

It is unfortunate that 20 million Americans suffer from chronic digestive disease and over 14 million cases of acute digestive diseases are treated each year.

There are more than 200,000 deaths each year as a result of digestive diseases. And, the fiscal impact of this disease to the Nation is astronomical—$17 billion in direct health costs and an annual economic burden of almost $50 billion.

We are fortunate in our country, to have major health-related institutes and boards who are interested in educating and increasing the awareness of our population to the seriousness of digestive diseases.

Mr. Speaker, this marks the fourth anniversary of the coordinated effort of the National Digestive Diseases Education Program to provide information on the prevention, control, and treatment of digestive disases.

I encourage all Members to support this resolution to observe May 1987 as "National Digestive Diseases Awareness Month."

Mr. GILMAN. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 67

Whereas digestive diseases rank third among illnesses in total economic cost in the United States;

Whereas digestive diseases represent one of the Nation's most serious health problems in terms of discomfort and pain, mortality, personal expenditures for treatment, and working hours lost;

Whereas twenty million Americans suffer from chronic digestive diseases;

Whereas more than fourteen million cases of acute digestive diseases are treated in this country each year, including one-third of all malignancies and some of the most common acute infections;

Whereas more Americans are hospitalized by digestive diseases than by any other diseases, necessitating 25 per centum of all surgical operations;

Whereas digestive diseases are one of the most-prevalent causes of disability in the work force;

Whereas digestive diseases cause yearly expenditure of over $17,000,000,000 in direct health care costs, and a total annual economic burden of nearly $50,000,000,000;

Whereas at least one hundred different digestive diseases, in addition to other disorders of the gastrointestinal tract, cause more than two hundred thousand deaths every year;

Whereas research into the causes, cures, prevention, and clinical treatment of digestive disease and related nutrition problems has become a national concern, and the people of the United States should recognize digestive diseases as a major health priority;

Whereas national organizations such as the Digestive Diseases National Coalition are committed to increasing awareness and understanding of digestive diseases among members of the general public and the health care community;

Whereas the National Institutes of Health, through its National Digestive Diseases Education and Information Clearinghouse, and the National Digestive Diseases Advisory Board are committed to encouraging and coordinating such educational efforts; and

Whereas the month of May 1987 marks the fourth anniversary of the National Digestive Disease Education Program, a coordinated effort to educate the public and the health care community regarding the seriousness of digestive diseases, and to provide information relative to their treatment, prevention, and control: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the month of May 1987 is designated as "National Digestive Diseases Awareness Month". The President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such month with appropriate programs and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL ASTHMA AND ALLERGY AWARENESS MONTH

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 158) designating the month of May 1987 as "National Asthma and Allergy Awareness Month," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

Mr. GILMAN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation of objection, I yield to the gentleman from California [Mr. DYMALLY] to explain the measure.

Mr. DYMALLY. Mr. Speaker, as a victim of this malady I believe I am somewhat of an expert on this whole question of allergy, and my nasal twang today is good evidence of what is happening.

I happen to live in the two cities that are infested with pollen, Sacramento, CA, and Washington, DC. I have difficulty escaping these two cities in my career and, therefore, I have resorted to walking in the tunnel in the months of April, May, and June to avoid the pollen in the air.

I hope if doctors are listening to this broadcast across the country, as well as Members of Congress, of course, they will do something about allergies, and I hope this awareness month will expedite the process to where we can find some relief for allergy sufferers like myself.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for his remarks.

Mr. FAZIO. Mr. Speaker, I am pleased to be this year's primary sponsor of legislation which would designate May 1987 as "National Asthma and Allergy Awareness Month." I would like to thank Mr. FORD, chairman of the Committee on Post Office and Civil Service, Mr. DYMALLY, chairman of the Subcommittee on Census and Population, my esteemed colleagues on the Committee on the Post Office and Civil Service, and the committee and subcommittee staff for their assistance in bringing this resolution to the floor.

One out of every six Americans is afflicted in some way by asthma and allergies. An estimated 5,000 individuals die each year from asthma, despite common medical knowledge and treatments capable of preventing such deaths. As many as 9 million Americans—one-third of which are children—are asthmatic.

About 8 million work days a year are lost due to hay fever and asthma. Occupational allergic diseases are now believed to be a major cause of workplace caused illnesses. It is estimated that 130 million schooldays are missed each year because of hay fever and asthma.

These frightening and sobering facts—and the fact that I have asthma myself—have led me to join others in trying to raise the level of concern about these diseases throughout the country. The designation of a "month" does not cure disease. Nevertheless, it goes a considerable distance in making the public aware of the extent of the problem and dramatically helps to promote those public and private efforts dedicated to the eradication of the suffering experienced by approximately 35 million Americans.

House Joint Resolution 158 would designate the month of May 1987 as "National Asthma and Allergy Awareness Month." I would like to express my great appreciation to my colleagues who joined me in cosponsoring this important resolution.

Mrs. MORELLA. Mr. Speaker, anyone who has lived in this metropolitan area for any length of time can attest to the physical discomfort during the allergy season. But, the clogged sinuses and watery eyes are just a partial syndrome suffered by over 35 million families in our country who suffer from various forms of allergic diseases.

Hospitals often generate allergies; even the utmost care cannot prevent allergic reactions by individuals to their environment. Patients may become allergic to prescribed medicines, in spite of the care that is taken to take detailed medical history.

Absenteeism in both the work place and in schools are attributable to asthma and allergies in many cases.

Asthma has been a known medical problem for many decades. Yet, in spite of research and medical knowledge, asthma still persists. To see someone in the throes of an asthma attack is heart rendering. It is not uncommon for death to result from this ailment.

Mr. Speaker, the designation of National Asthma and Allergy Awareness Month is most appropriate particularly as there needs to be further public awareness about the physical and emotional turmoil of these diseases.

Mr. GILMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 158

Whereas asthma and allergic diseases result in physical, emotional, and economic hardship for more than 35,000,000 Americans and their families;

Whereas thousands of Americans, many of them young, die each year from asthma even though sufficient medical knowledge and resources exist to prevent many asthma-related deaths;

Whereas student absenteeism is due in significant part to asthma and allergic diseases;

Whereas environmental conditions in the workplace often cause or exacerbate asthma and allergic diseases among employees;

Whereas many hospital patients suffer allergic reactions to prescribed medications;

Whereas it is estimated that the American public pays $4,000,000,000 per year in medical bills directly attributable to the treatment and diagnosis of asthma and allergic diseases and pays another $2,000,000,000 per year as a result of the indirect social costs of asthma and allergic diseases;

Whereas because of recent developments in the study of immunology, health care providers are better equipped to diagnose and treat asthma and allergic diseases; and

Whereas increased public awareness of recent scientific advancements in the study of immunology will help dispel many of the common misconceptions concerning asthma, allergic diseases, and the victims of those illnesses: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the month of May 1987 is designated as "National Asthma and Allergy Awareness Month", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such month with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the several bills and resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ADVANCED TECHNOLOGY BOMBER AND SPECIAL ACCESS PROGRAMS

The SPEAKER pro tempore (Mr. SKAGGS). Under a previous order of the House, the gentleman from New York [Mr. STRATTON] is recognized for 5 minutes.

Mr. STRATTON. Mr. Speaker, I join Chairman ASPIN in speaking today on the amendment dealing with the advanced technology bomber and other special access programs that we will offer during consideration of the annual National Defense Authorization Act.

The amendment is an outgrowth of the work of the special House Armed Services Committee panel that investigated the B-1B Bomber Program. The panel completed its work last month and issued a comprehensive report on the problems with the B-1B Program.

Also, the amendment represents a followon to the amendment that I sponsored last year that is included in the Fiscal Year 1987 Defense Authorization Act. The provision requires the Secretary of Defense to provide the Congress with an acquisition plan for the ATB, including an assessment of the use of competitive acquisition procedures. The report was due with the submission of the fiscal year 1988 budget. Unfortunately, the Department of Defense has chosen to ignore the requirement.

Returning to the B-1B report for a moment. One of the most glaring deficiencies with the B-1B Program that was cited in the report involved the management of the program. The amendment that we plan to offer is designed to prevent this problem as well as the other kinds of problems from developing with more advanced technology programs that are underway.

Specifically, the amendment focuses on issues that should produce more accountability with the ATB Program, in particular, and special access or so-called black programs in general.

First, the amendment is designed to strengthen the acquisition process. It would mandate an ongoing competition for the Advanced Technology Bomber Program. The Secretary of Defense, acting through the Under Secretary for Acquisition, would establish the means for the competition.

As a means of promoting cost containment with the ATB Program, a number of options are available. Several possibilities include:

First, a production-management study of the ATB Program conducted by other experienced contractors in the field of aircraft production selected through the use of competitive procedures;

Second, an annual competition for full weapon system integration, final assembly, and check out of aircraft systems; and

Third, a solicitation for information on proposals for establishing a complete second production source.

Other options are available, and the provision would not restrict the Department of Defense to these three.

The amendment would also provide $100 million to implement the competition. The funds would be made available through a reduction in other funds requested for the ATB. The funds would be made available directly to the Secretary of Defense in fiscal year 1988 to conduct the competition:

To guarantee that the competition is implemented, the provision would restrict the obligation of ATB funds after fiscal year 1988 if the competition program is not started. A report on the status of the competion is required by April 1, 1988.

Second, the amendment would enhance congressional oversight of the ATB Program, in particular, and of special access programs in general by requiring a number of reports. The required reports include the following:

First, a report on the expected capabilities of the ATB as of the date of its official initial operational capability [IOC], and preplanned post IOC product improvements and enhancements;

Second, annual reports on the status of ATB developmental and operational testing;

Third, selected acquisition reports for the ATB, the advanced cruise missile, and the advanced tactical aircraft;

Fourth, an examination by the General Accounting Office of the criteria used by the Department of Defense in determining whether a program should be designated for special access; and

Fifth, an update of the 1986 strategic bomber force study to determine the overall force mix and numbers of ATB's in light of possible arms control developments; restricted use of the B-1B as a stand off missile carrier; and retirement of the B-52 aircraft.

Mr. Speaker, in conclusion, this comprehensive special access program accountability and advanced technology bomber competition amendment should go a long way in protecting a vitally important national security program and preventing the ATB from becoming another B-1B.

□ 1310

THE ASPIN SUBSTITUTE AMENDMENT TO BE OFFERED TO H.R. 1748

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Wisconsin [Mr. ASPIN] is recognized for 60 minutes.

Mr. ASPIN. Mr. Speaker, I would like to take this opportunity to describe in detail the provisions that are included in the amendment that I intend to offer to H.R. 1748—the fiscal year 1988 Defense authorization bill. I introduced, today, H.R. 2169 which will be used as the text of my amendment. The amendment will be cast in the form of a substitute for the entire bill, as reported, and would conform the bill to the total budget authority and outlay levels provided for the national defense function in the budget resolution for fiscal year 1988 as it passed the House. Because my substitute will be as broad in scope as H.R. 1748, as reported, the details are important so that Members will have an opportunity to examine the content of my substitute and to formulate amendments to my substitute. I hope what follows will be helpful in that regard.

BACKGROUND

DEVELOPMENT OF THE AMENDMENT

Because of the tight schedule being followed by the House, the committee decided to mark the fiscal year 1988/1989 Defense authorization bill in the absence of a budget resolution. With no target at which to aim, the committee elected to mark to what they believed was needed for defense—in the absence of budget constraints. Surprisingly, the committee concluded that only $305.8 billion in budget authority—instead of the $312 billion requested—was needed in an unconstrained environment.

During the committee's consideration of the Defense authorization bill, it decided that upon adoption of a budget resolution the subcommittees would reconsider those parts of the bill in their jurisdiction. The subcommittees completed that task. Because time was not available to engage in a full re-mark of the Defense authorization bill before the full committee, an abbreviated process was used, and the material reviewed by the subcommittees was incorporated into my amendment.

The amendment differs from the recommendations of the subcommittees as a result of (1) inconsistencies among the recommendations of the individual subcommittees (a process that is normally accomplished during full committee consideration of the bill); (2) lessons learned during recent deliberations of the Defense Policy Panel—a panel of the full committee composed of over half of the members of the committee; (3) a need to reduce the total outlays to the level specified in the budget resolution; and (4) other changes. The vast majority of the amendment, however, is identical to the subcommittee recommendations.

OVERALL SUMMARY

The amendment would provide a total of $288.6 billion in budget authority and $281.4 billion in outlays for defense in fiscal year 1988. This would represent a reduction of $23.4 billion in budget authority and a reduction of $17.2 billion in outlays from the amounts requested.

This was not an easy mark for the committee to achieve. The usual sources for large reductions did not exist in the budget as submitted; for example, savings resulting from overly pessimistic economic assumptions included in the request or from unrealistically large real growth in the procurement accounts.

Under the amendment, the procurement accounts would be reduced by approximately 9 percent below the levels approved for fiscal year 1987—reflecting over 13 percent negative real growth. Both R&D and military construction would be held at the levels approved for fiscal year 1987—reductions of approximately 18 percent from the levels requested. Only military personnel and operation and maintenance would experience growth over the amounts approved for fiscal year 1987—3.7 and 6.1 percent, respectively—reflecting the committee's continued policy of protecting, to the extent possible in a demanding budget environment, the readiness-related accounts.

The amendment also reflects a policy decision to protect conventional—particularly Army—forces at the expense of growth in the strategic forces. As such, the priorities manifested by the amendment are substantially different than those implicit in the request.

The overall impact of the amendment compared to H.R. 1748 as reported by the committee and compared to the request is shown in the following table.

OVERALL SUMMARY

[Amounts in millions of dollars]

	1988 President's request authorization	1988 committee recommendation authorization	Budget authority implication of 1988 committee recommendation	1988 Aspin amendment to H.R. 1748 reported bill	1988 H.R. 1748 as amended by Aspin	1988 Aspin amendment change from request	Budget authority implication of H.R. 1748 as amended by Aspin
Department of Defense, Military (subfunction 051)							
Total, military personnel			77,159.9				76,452.9
Procurement							
Army:							
Aircraft	2,474.0	2,836.4	2,836.4	(133.2)	2,703.1	229.2	2,703.1
Missiles	2,458.5	2,311.4	2,311.4	(41.2)	2,270.2	(188.3)	2,270.2
Weapons and tracked combat vehicles	3,152.5	3,424.1	3,424.1	(78.4)	3,345.7	193.2	3,345.7
Ammunition	2,194.3	2,350.5	2,350.5	(111.7)	2,238.8	44.5	2,238.8
Other procurement	5,870.9	5,869.9	5,869.9	(798.0)	5,071.9	(798.9)	5,071.9

OVERALL SUMMARY—Continued

[Amounts in millions of dollars]

	1988 President's request authorization	1988 committee recommendation authorization	Budget authority implication of 1988 committee recommendation	1988 Aspin amendment to H.R. 1748 reported bill	1988 H.R. 1748 as amended by Aspin	1988 Aspin amendment change from request	Budget authority implication of H.R. 1748 as amended by Aspin
Total, Army	16,150.1	16,792.3	16,792.3	(1,162.5)	15,629.8	(520.3)	15,629.8
Navy:							
Aircraft	9,924.9	9,970.5	9,970.5	(717.3)	9,253.2	(671.7)	9,253.2
Weapons procurement	6,502.3	6,481.5	6,481.5	(665.7)	5,815.8	(686.5)	5,815.8
Shipbuilding and conversion	11,065.4	10,768.1	10,768.1	(844.1)	9,924.0	(1,141.4)	9,924.0
Other procurement	4,983.8	5,253.9	5,253.9	(352.1)	4,901.8	(82.1)	4,901.8
Procurement, Marine Corps	1,402.4	1,378.1	1,378.1	(91.9)	1,286.2	(116.2)	1,286.2
Total, Navy	33,878.8	33,852.1	33,852.1	(2,671.2)	31,180.9	(2,697.9)	31,180.9
Air Force:							
Aircraft	14,191.4	12,734.2	12,734.2	(1,176.3)	11,557.8	(2,633.5)	11,557.8
Missiles	9,772.7	9,519.1	9,519.1	(2,222.8)	7,296.3	(2,476.4)	7,296.3
Other procurement	8,570.5	8,672.2	8,672.2	(311.5)	8,360.7	(209.8)	8,360.7
Section 110(c) PAVE TIGER		95.8	95.8	0.0	95.8	95.8	95.8
Total, Air Force	32,534.5	31,021.3	31,021.3	(3,710.7)	27,310.6	(5,224.0)	27,310.6
National Guard and Reserve Equipment	0.0	596.5	596.5	0.0	596.5	596.5	596.5
Defense agencies	1,292.4	1,219.8	1,219.8	20.5	1,240.3	(52.1)	1,240.3
Defense Production Act		0.0	30.8	0.0		0.0	30.8
DoD Chemical Demilitarization Program	87.4	389.1	389.1	0.0	389.1	301.7	389.1
Total, procurement	83,943.3	83,871.1	83,901.9	(7,523.9)	76,347.1	(7,596.1)	76,377.9
Research, Development, Test and Evaluation							
Army	5,511.2	5,233.6	5,233.6	(677.1)	4,556.5	(954.7)	4,556.5
Navy (and Marine Corps)	10,490.4	9,291.8	9,291.8	(1,448.0)	7,843.8	(2,646.6)	7,843.8
Air Force	18,623.4	17,461.1	17,461.1	(1,660.6)	15,800.4	(2,823.0)	15,800.4
Defense agencies	8,811.5	7,762.0	7,762.0	(404.3)	7,357.8	(1,453.8)	7,357.8
Director, test and evaluation	178.2	178.2	178.2	(9.0)	169.2	(9.0)	169.2
Director, operational test and evaluation	104.2	104.2	104.2	(13.0)	92.2	(13.0)	91.2
Total, R.D.T. & E.	43,718.9	40,030.9	40,030.0	(4,211.9)	35,818.9	(7,900.0)	35,818.9
Operation and Maintenance							
Army	22,120.4	21,339.1	21,339.1	(677.0)	20,662.0	(1,458.4)	20,662.0
Navy	25,652.8	24,683.5	24,683.5	(896.3)	23,787.2	(1,865.6)	23,787.2
Marine Corps	1,918.4	1,906.1	1.906.1	(31.0)	1,875.1	(43.3)	1,875.1
Air Force	21,325.3	20,685.6	20,685.6	(801.1)	19,884.5	(1,440.8)	19,884.5
Defense agencies	7,602.9	7,487.3	7,487.3	(157.0)	7,330.3	(272.6)	7,330.3
Army Reserve	879.1	879.1	879.1	(23.3)	855.8	(23.3)	855.8
Navy Reserve	957.1	955.5	955.5	5.7	961.2	4.1	961.2
Marine Corps Reserve	71.4	71.2	71.2	(0.9)	70.3	(1.1)	70.3
Air Force Reserve	1,018.3	1,017.8	1,017.8	2.7	1,020.5	2.2	1,030.5
Army National Guard	1,862.2	1.893.9	1.893.9	2.7	1,896.6	34.4	1,896.6
Air Force National Guard	1,973.0	1.974.2	1,974.2	10.0	1,984.2	11.2	1,984.2
National Board for the promotion of rifle practice	4.1	4.1	4.1	0.0	4.1	0.0	4.1
Claims, Defense	273.6	253.6	253.6	(60.0)	193.6	(80.0)	193.6
Court of Military Appeals	3.5	3.5	3.5	0.0	3.5	0.0	3.5
Other legislation	20.0	21.0	21.0	(21.0)		(20.0)	
Environmental restoration	402.8	402.8	402.8	(10.0)	392.8	(10.0)	392.8
Military Health Care		2,266.8	2,266.8	(150.0)	2,116.8	2,116.8	2,166.8
Aid to Afghanistan	0.0	10.0	10.0	0.0	10.0	0.0	10.0
Total, O&M	86,084.7	85,854.9	85,854.9	(2,806.6)	83.048.3	(3,036.4)	83,048.3
Working Capital Funds							
Army stock fund	263.2	253.2	253.2	(60.0)	193.2	(70.0)	193.2
Navy stock fund	404.4	404.4	404.4	(75.0)	329.4	(75.0)	329.4
Air Force stock fund	326.0	306.0	306.0	(80.0)	226.0	(100.0)	226.0
Defense stock fund	207.6	207.6	207.6	(75.0)	132.6	(75.0)	132.6
Total, Working Capital Funds	1,201.2	1,171.2	1,171.2	(290.0)	881.2	(320.0)	881.2
Other							
Sec. 810—Outlay Savings							
Allowance for civilian pay	504.6	756.9	756.9	(756.9)		(504.6)	
Subtotal, Other	504.6	756.9	756.9	(756.9)	0.0	(504.6)	0.0
Military Construction							
Army	1,182.1	988.6	1,219.2	(73.8)	914.9	(267.2)	1,145.5
Navy/Marine Corps	1,810.1	1,492.9	1,526.8	(152.1)	1,340.7	(469.4)	1,374.7
Air Force	1,485.9	1,275.4	1,290.5	(131.5)	1,143.9	(341.9)	1,159.0
Defense agencies	851.7	659.4	666.8	(156.7)	502.6	(349.1)	510.1
Army National Guard	170.4	186.7	186.7	(23.0)	163.7	(6.7)	163.7
Air National Guard	160.8	148.5	148.5	(22.0)	126.5	(34.3)	126.5
Army Reserve	95.1	95.1	95.1	0.0	95.1	0.0	95.1
Naval Reserve	73.7	73.7	73.7	(6.1)	67.6	(6.1)	67.6
Air Force Reserve	79.3	79.3	79.3	(11.9)	67.4	(11.9)	67.4
NATO infrastructure	396.0	396.0	396.0	0.0	396.0	0.0	396.0
Total, military construction	6,305.1	5,395.6	5,682.7	(577.2)	4,818.4	(1,486.7)	5,105.5
Family Housing							
Army	1,738.7	1,659.6	1,656.8	(68.9)	1,590.7	(148.0)	1,587.9
Navy	799.0	787.6	785.8	(9.0)	778.7	(20.4)	776.9
Air Force	926.5	891.0	889.6	(44.5)	846.5	(80.0)	845.1
Defense agencies	19.7	20.7	20.7	0.0	20.7	1.0	20.7
Homeowners Assistance Fund, Defense	2.8	2.8	5.8	0.0	2.8	0.0	5.8
Total, family housing	3,486.7	3,361.7	3,358.8	(122.4)	3,239.4	(247.4)	3,236.4
Total, MILCON and Family Housing	9,791.9	8,757.3	9,041.4	(699.5)	8,057.8	(1,734.1)	8,341.9
Enacted in prior years			(725.8)	0.0		0.0	(725.8)
Total, Department of Defense, Military	225,244.6	220,442.3	297.184.3	(16,288.9)	204,153.3	(21,091.3)	280,195.3

OVERALL SUMMARY—Continued

[Amounts in millions of dollars]

	1988 President's request authorization	1988 committee recommendation authorization	Budget authority implication of 1988 committee recommendation	1988 Aspin amendment to H.R. 1748 reported bill	1988 H.R. 1748 as amended by Aspin	1988 Aspin amendment change from request	Budget authority implication of H.R. 1748 as amended by Aspin
Total, Department of Energy National Security Program	8,050.0	8,060.9	8,060.9	(257.7)	7,803.3	(246.7)	7,803.3
Other Defense Related Activities (subfunction 054)							
Intelligence Community Staff			24.3	0.0		0.0	24.3
Civil Defense (FEMA)	154.8	154.8	331.6	(20.0)	134.8	(20.0)	311.6
CIA Retirement Fund			134.7	0.0		0.0	134.7
Selective Service			26.5	0.0		0.0	26.5
Aid to the Contras			105.0	0.0		0.0	105.0
Total, Other Defense Related Activities	154.8	154.8	622.1	(20.0)	134.8	(20.0)	602.1
Grand total	233,449.4	228,658.0	305,867.3	(16,566.5)	212,091.4	(21,358.0)	288,600.7
Total outlay implication			294,509.5				281,378.6

RELATION OF THE AMENDMENT TO THE COMMITTEE REPORT ON H.R. 1748

Although under the amendment the size and composition of the authorization provided for defense would change significantly compared to the authorization that would be provided under H.R. 1748 as reported by the committee, much of the material in the committee report would continue to be relevant to the issues confronting the Congress with regard to defense in fiscal year 1988. Consequently, the material in the committee report (H. Rept. 100-58) on H.R. 1748 is intended to apply to the amendment—if adopted—except in those instances specifically changed by the amendment and discussed below. Similarly, the explanation provided below is intended to serve as the equivalent of report language in expressing the content and intent of the amendment and in providing direction, guidance, and restrictions related to the contents of the amendment offered.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATION

TITLE I—PROCUREMENT

OVERVIEW

Title I of H.R. 1748 as reported by the committee would provide $83.8 billion for procurement. The amendment would make numerous adjustments to further reduce the authorization provided in title I.

These reductions would result in a total reduction of $7.6 billion from the request of $83.9 billion and would provide a total authorization of $76.3 billion.

The amendment is designed to protect to the maximum extent possible the significant conventional force initiatives, near term force multiplier enhancements, and defense production base efficiencies contained in H.R. 1748.

As such, the reductions incorporated in this amendment have been directed generally toward programs that (1) do not reflect the same degree of priority as those programs contributing to near term conventional capabilities, including selected strategic and classified programs; (2) can be adjusted because of more current information on their status; (3) under the more constrained budget environment are slowed down in terms of their relative growth over fiscal year 1987 levels; (4) are deferred or terminated because more capable alternatives are identified; or (5) are scheduled to start in fiscal year 1988.

TITLE I—PROCUREMENT, SUMMARY TABLE

[Amounts in millions of dollars]

Item	FY 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
SUMMARY										
Army:										
Aircraft		2,473,959		2,836,352		(133,228)		2,703,124		229,165
Missiles		2,458,466		2,311,375		(41,200)		2,270,175		(188,291)
Weapons, tracked combat vehicles		3,152,537		3,424,137		(78,400)		3,345,737		193,200
ammunition		2,194,275		2,350,508		(111,700)		2,238,808		44,533
Other		5,870,860		5,869,932		(798,012)		5,071,920		(798,940)
Total, Army		16,150,097		16,792,304		(1,162,540)		15,629,764		(520,333)
Navy:										
Aircraft		9,924,883		9,970,519		(717,342)		9,253,177		(671,706)
Weapons		6,502,332		6,481,489		(665,674)		5,815,815		(686,517)
Ships		11,065,355		10,768,055		(844,100)		9,923,955		(1,141,400)
Other		4,983,827		5,253,909		(352,143)		4,901,766		(82,061)
Marine Corps		1,402,440		1,378,090		(91,895)		1,286,195		(116,245)
Total, Navy		33,878,837		33,852,062		(2,671,154)		31,180,908		(2,697,929)
Air Force:										
Aircraft		14,191,371		12,734,187		(1,176,343)		11,557,844		(2,633,527)
Missiles		9,772,693		9,519,104		(2,222,845)		7,296,259		(2,476,434)
Other		8,570,482		8,672,222		(311,543)		8,360,679		(209,803)
Sec. 110(c)—Pave Tiger System				95,800				95,800		95,800
Total, Air Force		32,534,546		31,021,313		(3,710,731)		27,310,582		(5,223,964)
National Guard and Reserve equipment				596,500				596,500		596,500
Defense Agencies		1,292,391		1,219,791		20,478		1,240,269		(52,122)
Chemical agents and munitions destruction		87,400		389,100				389,100		301,700
Total authorization, procurement		83,943,271		83,871,070		(7,523,947)		76,347,123		(7,596,148)

DEFENSE WIDE ISSUE

T-700 CLASS ENGINES

The Army and Navy both have expressed their intention to procure future buys of T-700 class helicopter engines competitively. The committee, in its report on H.R. 1748, supported the service's commitment to full and fair competition. However, the acquisition program should be so structured that no less than 50 percent of the parts, by value, be manufactured in the United States for the engines procured over the life of the program. In the interest of readiness and mobilization base considerations, the committee expressed in its report on H.R. 1748 the intent that qualified domestic sources for component parts be established and maintained to the maximum extent practicable so that the maximum number of parts in the engine are capable of manufacture in the United States.

AIRCRAFT PROCUREMENT, ARMY

OVERVIEW

The budget request for fiscal year 1988 contained $2,474.0 million for Aircraft Procurement, Army, H.R. 1748, as reported, would provide authorization of $2,836.4 million, an increase of $362.4 million from the Administration's request.

The amendment would authorize $2,703.1 million, a decrease of $133.2 million from H.R. 1748, as reported, but an increase of $229.2 million above the budget request.

The following table with the annotated footnotes provides the details of the adjustments contained in the amendment.

AIRCRAFT PROCUREMENT, ARMY

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
ARMY PROCUREMENT											
Aircraft											
Fixed wing:											
1 Golden Knights replacement aircraft	2	13,599	2	13,599			2	13,599			
2 C-20 aircraft											
0 Guardrail/common sensor roll											
3 C-12 cargo airplane											
4 Cessna skylane	2	194	0	0			0	0	(2)	(194)	
5 RC-12D recon airplane	3	45,452	0	0	3	45,452	3	45,452			
Rotary:											
6 EH-60A helicopter (quickfix) (MYP)		20,706		20,706				20,706			
7 EH-60A helicopter (quickfix) (MYP) (AP-CY)		9,600		9,600				9,600			
8 AH-64 attack helicopter (Apache)	67	654,585	85	831,385	(8)	(78,600)	77	752,785	10	98,200	
9 AH-64 attack helicopter (Apache) (AP-CY)				36,000				36,000		36,000	
10 UH-60 (Blackhawk) (MYP)	61	245,020	84	355,520	(12)	(36,780)	72	318,740	11	73,720	
11 UH-60 (Blackhawk) (MYP) (AP-CY)		208,400		208,400				208,400			
Total, aircraft		1,197,556		1,475,210		(69,928)		1,405,282		207,726	
Modification of aircraft:											
12 OV-1 surveillance airplane (Mohawk)		17,484		17,484		(11,300)		6,184		(11,300)	
13 Airplane, recon, RU-21H (GR mod)		3,174		3,174				3,174			
14 RV-1 recon airplane											
15 AH1S attack helicopter (Cobra-tow)											
16 AH-64 mods		78,751		78,751				78,751			
17 CH-47 cargo helicopter mods (MYP)		168,317		168,317				168,317			
18 CH-47 cargo helicopter mods (MYP) (AP-CY)		63,600		63,600				63,600			
19 CH-54 cargo helicopter (TARHE)											
20 OH-58 observation helicopter (Kiowa)		37,011		37,011		(10,000)		27,011		(10,000)	14
21 UH-1 utility helicopter (Iroquois)		9,416		9,416				9,416			
22 UH-60 (Blackhawk) mods		33,798		33,798				33,798			
23 Army helicopter improvement prog (AHIP)		48,100	[36]	149,100			[36]	149,000	[36]	101,000	11
24 Army helicopter improvement prog (AHIP) (AP)				22,000				22,000		22,000	11
0 Air to air stinger acft mod											
25 Airborne avionics		972		972				972			
26 ASE modifications close combat		96		96				96			
27 Modifications under $2.0M (aircraft)											
28 Acft 9WW		25,797		25,797				25,797			
29 SOF aircraft modifications		121,792		121,792		(42,000)		79,792		(42,000)	3
0 Ground proximity warning sys											
Total, modification of aircraft		608,308		731,308		(63,300)		668,008		59,700	
30 Spares and repair parts		512,122		477,122				477,122		(35,000)	3
RC-12 aircraft spares		[9.700]		[−9.700]				[−9.700]			[−9.700]
Support Equipment and Facilities											
Ground support avionics:											
31 Aircraft survivability equip (MYP)		68,692		65,692				65,692		(3,000)	3
32 Aircraft survivability equip (MYP) (AP-CY)		12,000		12,000				12,000			
Other support:											
33 Avionics support equipment		23,563		23,563				23,563			
0 Heliborne C2 console											
0 MLS avionics											
34 Common ground equipment		28,125		28,125				28,125			
35 Air traffic control		2,885		2,885				2,885			
0 Synthetic flight training systems											
37 Industrial facilities		17,640		17,640				17,640			
38 War consumables		3,068		3,068				3,068			
Total, support equipment and facilities		155,973		152,973				152,973		(3,000)	
Total, aircraft procurement, Army		2,473,959		2,836,352		(133,228)		2,703,124		229,165	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

ITEMS OF SPECIAL INTEREST

OV-1 SURVEILLANCE AIRPLANE (MOHAWK)

The budget request contained $17.5 million for modifications to the OV-1 surveillance aircraft—Mohawk—to increase the structural life of the airframe, upgrade the onboard avionics and incorporate a control and displays system in the cockpit. The fiscal year 1988 request also included funds to augment the AN/UPD-7 airborne radar surveillance system. H.R. 1748, as reported, recommended the amount requested.

Although improvements to the airframe and avionics are fully supported, questions exist concerning the need to improve the radar. The Air Force will have the capability to provide moving target indicator data to the Army with the E-8A joint surveillance and target radar system—Joint STARS—and, with funds authorized in research, development, test and evaluation, will be in a position to complement the Joint STARS system with a moving target indicator capability on the TR-1 aircraft.

In light of these concerns, the amendment would provide $6.2 million, a reduction of $11.3 million from the Army's request for $17.5 million for the modification of the OV-1 Mohawk. Further, the amendment directs the Secretary of the Army to review the plans to extend the life of the OV-1 in light of the capabilities mentioned above and cancel the improvements to the AN/UPD-7 radar.

SPECIAL OPERATIONS FORCES [SOF] AIRCRAFT MODIFICATIONS

The budget request contained $121.8 million to initiate a modification program for Army special operations forces airlift aircraft. H.R. 1748, as reported would authorize the amount requested. This program is designed to improve performance of UH-60 Blackhawk and CH-470 helicopters over long ranges, in adverse weather, and in mountainous terrain.

Although the modernization of the Army's Special Operations Forces airlift is fully supported, concerns exist regarding schedule delays and program concurrency. In light of these concerns, the amendment would authorize $79.8 million for modification of Special Operations Forces aircraft.

ARMY MISSILES

OVERVIEW

The budget request for fiscal year 1988 contained $2,458.5 million to procure Army missiles. H.R. 1748, as reported, would authorize $2,311.4 million, a reduction of $147.1 million from the administration's request.

The amendment would authorize $2,270.2 million, a decrease of $41.2 million from H.R. 1748, as reported, and $188.3 million from the budget request.

The following table with the annotated footnotes provides the details of the adjustments contained in the amendment.

MISSILE PROCUREMENT, ARMY

[Amounts in millions of dollars]

P–1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
OTHER MISSILES											
Surface-to-air missile system:											
1 Chaparral	122	34,189	122	34,189		(4,000)	122	30,189		(4,000)	4
2 Nonline of sight air defense system											
3 Nonline of sight air defense system (AP–CY)											
4 Air defense sys heavy	245	59,391	0	5,000			0	5,000	(245)	(54,391)	3
6 Other missile support		4,505		4,505				4,505			
7 Patriot (MYP)	715	851,442	715	851,442		(15,000)	715	836,442		(15,000)	4
8 Patriot (MYP) (AP–CY)		40,100		40,100				40,100			
9 Stinger (MYP)	4,200	154,153	4,200	154,153			4,200	154,153			
10 Stinger (MYP) (AP–CY)		45,500		45,500				45,500			
11 Stinger pedestal mount		55,833		55,833				55,833			
Air-to-surface missile system:											
12 Laser Hellfire system	5,000	168,358	5,000	168,358			5,000	168,358			
Anti-tank/assault missile system:											
13 TOW 2 (MYP)	9,416	131,239	9,416	131,239	(96)	(22,200)	9,320	109,039	(96)	(22,200)	1
16 Multiple launch rocket system (MYP)	72,000	424,429	72,000	424,429			72,000	424,429			
17 Multiple launch rocket system (MYP) (AP-CY)		222,700		0				0		(22,700)	8
18 Army tactical missile system (ATACMS)		15,125		15,125				15,125			
19 Army tactical missile system (ATACMS) (AP-C4)		1,800		1,800				1,800			
5 Classified program											
Total, other missiles		2,008,764		1,931,673		(41,200)		1,890,473		(118,291)	
MODIFICATION OF MISSILES											
Modifications:											
20 Patriot		40,000		40,000				40,000			
21 Chaparral		31,228		31,228				31,228			
22 Hawk		35,671		35,671				35,671			
23 TOW		18,021		18,021				18,021			
24 Dragon		7,258		7,258				7,258			
25 Lance		15,338		15,338				15,338			
26 Pershing		9,293		9,293				9,293			
27 MLRS		4,506		4,506				4,506			
28 AN/TSQ-73											
Total, modification of missiles		161,315		161,315				161,315			
29 Spares and repair parts		246,600		176,600				176,600		(70,000)	
Support equipment and facilities:											
30 Air defense targets		21,363		21,363				21,363			
31 Items less than $2.0M (missile)		2,140		2,140				2,140			
32 Production base support		11,574		11,574				11,574			
999 Classified programs		6,710		6,710				6,710			
Total, support equipment and facilities		41,787		41,787				41,787			
Total, missile procurement, Army		2,458,466		2,311,375		(41,200)		2,270,175		(188,291)	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

ARMY WEAPONS AND TRACKED COMBAT VEHICLES

OVERVIEW

The budget request for fiscal year 1988 contained $3,152.5 million for procurement of Army weapons and tracked combat vehicles. H.R. 1748, as reported, would authorize $3,424.1 million, an increase of $271.6 million from the administration's request.

The amendment would authorize $3,345.7 million, a decrease of $78.4 million from H.R. 1748, as reported, but an increase of $193.2 million above the budget request.

The following table with the annotated footnotes provides the details of the adjustments contained in the amendment.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

[Amounts in millions of dollars]

P–1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Procurement of W&TCV, Army											
Tracked combat vehicles:											
1 Carrier, command post light, ft, M577A2											
0 Carrier, personnel, ft, arm, M113A3											
3 Bradley, fighting vehicles (MYP)	616	699,400	656	722,400	(40)	(38,000)	616	684,400		(15,000)	3
4 Bradley fighting vehicles (MYP) (AP–CY)		37,100		47,100				47,100		10,000	11
5 Bradley FVS training devices											
6 Bradley FVS training devices (mod)		5,900		5,900				5,900			
7 Field Artillery ammunition support vehicles	65	28,700	65	28,700			65	28,700			
8 Recovery vehicle, med, ft, M88A1											
9 Recovery vehicle, med, ft, M88A1 (AP–CY)		24,100		24,100				24,100			
10 Abrams tank series roll (MYP)	600	1,354,700	720	1,570,200		(37,000)	720	1,533,200	120	178,500	11

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
11 Abrams tank series roll (MYP) (AP-CY)		156,000		166,000				166,000		10,000	11
12 M60 series tank training devices											
13 M1 series tank training devices		4,700		4,700				4,700			
Modification of tracked combat vehicles:											
14 Carrier, mod		42,600		42,600				42,600			
15 Fist Vehicle (mod)											
16 BFVS series (mod)		52,100		52,100				52,100			
17 Howitzer, med sp ft, 155mm M109 ser (mod)		28,200		42,200				42,200		14,000	11
19 Tank, combat, ft, 105mm gun, M60 ser (mod) (MYP)		23,300		23,300				23,300			
20 Tank, M1 series (mod)		37,500		37,500				37,500			
21 9WW		700		700				700			
23 MOB tng base equip											
24 Host nation support		29,700		29,700				29,700			
Support equipment and facilities:											
25 Spares and repair parts		398,400		418,400				418,400		20,000	11
26 Items less than $2.0M (TCV-WTCV)		1,900		1,900				1,900			
27 Production base support (TCV-WTCV)		28,731		28,731				28,731			
28 Regional maintenance training sites-equip		17,100		17,100				17,100			
Total, tracked combat vehicles		2,970,831		3,263,331		(75,000)		3,188,331		217,500	
Weapons and other combat vehicles:											
29 Howitzer, ligt, towed, 105mm, M119	113	29,900	113	29,900			113	29,900			
30 Howitzer, med, towed, 155mm, M198											
31 Machine gun, 7.62mm, M60											
0 Armor machine gun, 7.62mm M240											
0 Mount mach gun cal 50 M3											
34 Squad automatic weapon (SAW) 5.56mm	5,400	12,100	5,400	12,100			5,400	12,100			
35 Grenade launcher, auto, 40mm, MK19-3	1,408	13,800	1,408	13,800			1,408	13,800			
36 Launcher, smoke grenade	3,628	1,900	3,628	1,900			3,628	1,900			
37 Mortar, 81mm, M252											
38 Mortar 120mm	332	20,900	332	3,400	(332)	(3,400)	0	0	(332)	(20,900)	3
39 M16 rifle	60,000	26,100	60,000	26,100			60,000	26,100			
40 Sniper weapon system	500	1,900	500	1,900			500	1,900			
41 Personal defense weapon, 9mm	23,418	5,300	23,418	5,300			23,418	5,300			
0 9mm handgun competition											
42 Veh rapid fire wpm sys—Bushmaster (MYP)	947	25,800	947	22,400			947	22,400		(3,400)	4
43 Veh rapid fire wpm sys—Bushmaster (MYP) (AP-CY)		2,100		2,100				2,100			
Modification of weapons and other combat:											
47 M16A1 rifle mods		5,400		5,400				5,400			
48 Modifications under $2.0M (WOCV-WTCV)		4,500		4,500				4,500			
Support equipment and facilities:											
49 Spares and repair parts		12,000		12,000				12,000			
50 Items less than $2.0M (WOCV-WTCV)		3,300		3,300				3,300			
51 Production base support (WOCV-WTCV)		16,706		16,706				16,706			
Total, weapons and other combat vehicles		181,706		160,806		(3,400)		157,406		(24,300)	
Total, procurement of W&TCV, Army		3,152,537		3,424,137		(78,400)		3,345,737		193,200	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

ITEMS OF SPECIAL INTEREST

BRADLEY FIGHTING VEHICLE

The budget request contained $699.4 million to purchase 616 Bradley fighting vehicles in fiscal year 1988 and $37.1 million for advance procurement for fiscal year 1989. H.R. 1748, as reported, would recommend $722.4 million to purchase 656 Bradley vehicles, and $47.1 million for advance procurement. The amendment would provide $684.4 million for procurement of 616 vehicles, and $47.1 million for advance procurement. The amendment represents a decrease of $5 million from the budget request.

The Bradley fighting vehicle is designed to provide mechanized infantry and scouts the necessary mobility and firepower to operate on the modern battlefield and to accomplish reconnaissance and security missions. The Bradley vehicle replaces the Army's M113 armored personnel carrier. To date, over 4,300 Bradley vehicles have been authorized.

As a result of concerns for conventional forces, H.R. 1748, as reported, recommended an increase of $38 million to purchase 40 additional vehicles. But, due to the continued delivery problems with the integrated sight unit, the amendment would authorize $684.4 million to purchase 616 vehicles in fiscal year 1988. This level of authorization would represent a decrease of 100 vehicles as compared to last year's levels.

M1 TANK TRACK

The Army has concluded its test programs to evaluate alternate track systems for the Abrams tank. The Army's focus on the lowest life-cycle cost using least cost per mile as the selection criteria is indeed the proper way to achieve operating and support economics. Additionally, the Army's selection criteria should also consider other factors such as the operational value of increased durability, lower fuel consumption, and NATO interoperability.

The Army is also encouraged to complete its competitive source selection in order to award a production contract within 30 days of enactment of this act.

AMMUNITION, ARMY

OVERVIEW

The budget request contained $2,194.3 million for Army munitions. H.R. 1748, as reported, would authorize $2,350.6 million for ammunition, an increase of $156.3 million from the request.

The amendment would authorize $2,238.8 million, a decrease of $111.7 million from H.R. 1748, as reported, but an increase of $44.5 million above the budget request.

The following table with the annotated footnotes provides the details of the adjustments contained in the amendment.

PROCUREMENT OF AMMUNITION, ARMY

[Amounts in millions of dollars]

P–1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnote
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
PROCUREMENT OF AMMUNITION, ARMY											
Ammunition											
Atomic Materiel:											
1 Nuclear weapons support materiel		2,366		2,366				2,366			
0 Proj. nuclear, 155mm											
Controlled items:											
3 CTG. 5.56mm, ball M193	58,208	8,181	58,208	8,181			58,208	8,181			
4 CTG, 5.56mm, tracer			6,000	2,200			6,000	2,200	6,000	2,200	11
5 CTG, 5.56mm, tracer clip	4,589	1,182	4,589	1,182			4,589	1,182			
6 CTG, 5.56mm, blank M200	155,915	16,263	155,915	16,263			155,915	16,263			
7 CTG. 5.56mm, blk M200, lkd F/SAW	30,212	5,914	30,212	5,914			30,212	5,914			
8 CTG, 5.56mm, 4 ball M855/1 trcr M856 lkd											
9 CTG, 5.56mm, ball M16–A2	37,490	8,082	37,490	8,082			37,490	8,082			
10 CTG, 5.56mm, plastic M862	8,000	2,661	8,000	2,661			8,000	2,661			
11 CTG, 5.56mm tracer M16–A2	19,821	4,929	19,821	4,929			19,821	4,929			
12 CTG, 7.62mm, 4 ball M80/1 trcr M62 lkd	53,343	14,291	53,343	14,291			53,343	14,291			
13 CTG, 7.62mm, ball M80 lkd/M13											
14 CTG, 7.62mm, lkd 4 ball tracer OHF											
15 CTG, 7.62mm, blank M82 lkd/M13	57,922	13,010	57,922	13,010			57,922	13,010			
16 CTG, cal .22, ball LR											
17 CTG. cal .45, ball M1911	11,391	1,281	11,391	1,281			11,391	1,281			
18 CTG, cal .50, plastic lkd 4 ball/1 tracer	1,810	2,267	1,810	2,267			1,810	2,267			
19 CTG, cal .50, lkd 4 ball/1 trcr W/M15A2LK											
20 CTG, cal .50, apit, M20 lkd											
21 CTG, cal .50, ball lkd											
0 CTG, cal .50, blk, M1A1, W/M9 LK, F/M2 MG											
0 CTG, cal .50, blank, M1A1, lkd F/M85 MG (MY											
22 CTG, cal .50, blank T928 W/M9 LK											
23 CTG, cal .50, lkd 4 ball/1 tracer W/M9 LK											
0 National Board for Rifle Practice											
24 CTG, 20mm, LKD TP–T M220 series MLB M14A2	3,497	12,616	3,497	12,616			3,497	12,616			
25 CTG, 20mm, LKD 4 TP M55A2/1TP–T M220	1,324	4,041	1,324	4,041			1,324	4,041			
26 CTG, 25mm, HEI–T M792 W/F	296	6,899	755	17,599			755	17,599	459	10,700	11
28 CTG, 25mm, TPT LKD M793 MLB M28	1,070	11,039	1,070	11,039			1,070	11,039			
29 CTG, 25mm, AP training RD			556	15,000			556	15,000	556	15,000	11
31 CTG, 30mm, LKD TP M788											
33 CTG, 40mm, HEDP M430	948	9,856	508	4,856			508	4,856	(440)	(5,000)	3
34 CTG, 40mm, TP F/MK19	2,375	28,485	2,375	28,485			2,375	28,485			
35 CTG, 40mm, green star parachute	123	2,267	123	2,267			123	2,267			
36 CTG, 40mm, prac M781	1,807	3,154	1,807	3,154			1,807	3,154			
0 CTG, 40mm, red smoke marker											
0 CTG, 40mm, green smoke marker											
0 CTG, 40mm, yellow smoke marker											
37 CTG, 40mm, white star clusteer M585 F/LCHR M7	277	6,505	227	6,505			277	6,505			
38 CTG, 40mm, red star, parachute	88	1,675	88	1,675			88	1,675			
39 CTG, 40mm, CS M651	142	2,563	142	2,563			142	2,563			
40 CTG, 60mm, illum LWCMS XM721	48	7,787	48	7,787			48	7,787			
41 CTG, 60mm, smk WPLWCMS XM722		48	4,533	48	4,533			48	4,533		
42 CTG, 60mm, HE M720W/M734 MOF	304	26,809	304	26,809			304	26,809			
44 CTG, 81mm: illum XM853											
45 CTG, 81mm: HE, M821 W/fuze M734 MO	274	60,222	274	60,222			274	60,222			
46 CTG, 81mm: smoke, RP, XM819											
47 CTG, 81mm: 1/10 rng, prac, M880	34	4,830	0	0			0	0	(34)	(4,830)	8
48 CTG, 4.2-in HE M329A2 W/O fuze	180	19,712	315	33,412			315	33,412	135	13,700	11
49 CTG, 120mm: HE, XM933, W/fuze M734 MO	34	12,222	0	0			0	0	(34)	(12,222)	3
50 CTG, 120mm, HE W/PD fuze	14	4,435	0	0			0	0	(14)	(4,435)	3
51 CTG, 120mm: illum, XM930	39	19,023	0	0			0	0	(39)	(19,023)	3
52 CTG, 120mm: smoke, XM929	20	9,856	0	0			0	0	(20)	(9,856)	3
53 CTG, 120mm, tng 1/10	16	2,070	0	0			0	0	(16)	(2,070)	3
54 CTG, 105mm, blank M395	127	3,154	127	3,154			127	3,154			
55 CTG, 105mm, illum, F/105, M314	85	18,530	85	18530			85	18,530			
57 CTG, 105mm, TP–T, M490	41	4,928	41	4,928			41	4,928			
58 TG, 105mm, DS–TP M724	241	37,848	241	37,848			241	37,848			
59 CTG, 105mm, APFSDS–T M833	51	32,526	51	32,526			51	32,526			
60 CTG, 105mm, APFSDS–T, (XM900E1)											
61 CTG, 120mm, APFSDS–T M829	79	77,273	79	77,273			79	77,273			
62 CTG, 120mm, HEAT–MP–T, M830(MYP)	31	53,026	31	53,026			31	53,026			
63 CTG, 120mm, TP–T M831 (MYP)	68	63,573	68	63,573			68	63,573			
64 CTG, 120mm, TPCSDS–T, M865(MYP)	114	83,680	114	83,680			114	83,680			
65 CTG, subcal 35mm F/TANK	40	1,971	40	1,971			40	1,971			
66 Proj, 155mm,HE,ICM M483	235	98,735	235	98,735			235	98,735			
67 Prove-out M483											
68 Proj, 155mm, ilum M485	190	43,565	190	43,565			190	43,565			
69 Proj, 155m, SMK, WP, M825	90	34,004	90	34,004			90	34,004			
70 Proj, 155mm, HE, Adam M731	11	45,438	11	45,438			11	45,438			
71 Proj, 155mm, HE RAAMS M718	17	31,653	17	31,653			17	31,653			
72 Proj, 155mm, HE, RAAMS M741											
73 Proj, 155mm, basebleed, XM864	104	70,125	104	70,125			104	70,125			
74 Proj, 155m, HE, Copperhead (ea)	2,771	100,560	2,771	128,460			2,771	128,460		27,900	14
76 Proj, 155mm, TRAINING, M804	101	14,489	101	14,489			101	14,489			
77 Charge, propelling, M155mm, green bag M3											
78 Charge, propelling, M155mm, red bag M203	242	108,911	242	108,911			242	108,911			
79 Charge, propelling, M155mm, red bag M119	199	19,713	399	39,413			399	39,413	200	19,700	11
80 CTG, 165mm, TP M623											
81 Proj, 8-inch, anti-armor (Sadarm) XM836											
82 Proj, 8-inch, HE, ICM (DP), M509											
83 Proj, 8-inch, HE, RAP, M650	43	42,382	43	42,382			43	42,382			
84 Fuze, proximity, M732	136	24,246	0	0			0	0	(136)	(24,246)	3
85 Fuze, PD M739/M739A1			580	9,700			580	9,700		9,700	11
86 Fuze, MTSQ M577/M577A1	755	43,171	755	43,171			755	43,171			
87 Fuze, MTSQ M582/M582A1	196	11,729	196	11,729			196	11,729			
88 Fuze, ET XM762											
89 Primer, perc, M82	1,506	2,562	1,506	2,562			1,506	2,562			
90 Training device, mine system		5,026		5.026				5,026			
91 Ground imp mine scat sys ap M74(MYP)	19	6,505	19	6,505			19	6,505			
92 Ground imp mine scat sys at M75(MYP)	27	5,323	212	42,523			212	42,523	185	37,200	11
93 Canister mine practice XM88 (Volcano)	5	1,577	5	1,577			5	1,577			
94 Canister mine (Volcano) XM87	23	34,497	23	34,497			23	34,497			
95 Mtr rkt 5 in MK22 MOD4	3,592	13,700	4,592	17,700			4,592	17,700	1,000	4,000	11
96 Line charge M58A3 (MICLIC)	2,810	29,273	2,810	29,273			2,810	29,273			
97 Mine at XM84											

PROCUREMENT OF AMMUNITION, ARMY—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnote
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
98 Modular pack mine system	6,498	62,489	6,498	62,489			6,498	62,489			
99 Pursuit deterrent munition	53	12,123	53	12,123			53	12,123			
100 Demolition munitions & other		28,485		28,485				28,485			
102 CTG, 105mm Hera XM913	15	7,885	0	0			0	0	(15)	(7,885)	3
103 Lightweight multi-purpose weapon	82	66,136	74	60,136			74	60,136	(8)	(6,000)	3
104 Light wgt multi-purpose system trnr	1,007	3,154	1,007	3,154			1,007	3,154			
106 Hydra 70 rkt HE/RS M151/M433)	16	7,786	16	7,786			16	7,786			
107 Hydra 70 rkt illum M257 WHD											
108 Hydra 70 rkt, smoke, XM264	13	7,096	13	7,096			13	7,096			
109 Hydra 70 rkt, MPSM prac M267 WHD	24	14,095	24	14,095			24	14,095			
110 Hydra 70 rkt, HE/PD (M151/M423/MK66)	21	6,899	21	6,899			21	6,899			
0 Hydra 70 smoke											
111 Hydra 70 rocket XM274 sig practice	128	38,243	128	38,243			128	38,243			
112 Grenade, hand, all types		1,675		1,675				1,675			
113 Gren SMK screening RP L8A1/L8A3											
114 Grenade, smoke screening IR M76	216	11,138	216	11,138			216	11,138			
115 Signals, all types		15,967		15,967				15,967			
116 Simulators, all types		6,406		6,406				6,406			
Miscellaneous:											
117 Ammo components/support, all types		21,684		21,684				21,684			
118 CAD/PAD		4,731		4,731				4,731			
119 Items less than $2.0m (misc-ammo)		7,295		7,295				7,295			
120 Spares and repair parts		986		986				986			
121 Ammunition peculiar equipment		8,870		8,870				8,870			
122 Nitroguanidine (LB)		12,814		12,814				12,814			
0 Comp A-5											
0 Comp C-4											
0 PBX 0280											
0 Comp LX-14											
0 HMX Expl.-805											
123 War reserve stockpiling (expl/propellants)		35,000		0		35,000		35,000			2
123a RDX/HMX				146,700		(146,700)		0			2
124 Ammo SWW/ELT		2,858		2,858				2,858			
125 Host nation support (ammo)											
0 General increase, ammunition											
0 Classified programs		137,199		137,199				137,199			
Total, ammunition		2,025,733		2,181,966		(111,700)		2,070,256		44,533	
Ammunition Production Base Support											
Production base support:											
126 Provision of industrial facility		132,961		132,961				132,961			
127 Components for prove-out		16,164		16,164				16,164			
128 Layaway of industrial facilities		19,417		19,417				19,417			
129 Jefferson proving ground modernization											
131 Modernization projects											
0 General increase, production base											
Total, ammunition production base support		168,542		168,542				168,542			
Total, procurement of ammunition, Army		2,194,275		2,350,508		(111,700)		2,238,808		44,453	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

ITEM OF SPECIAL INTEREST

RESEARCH DEPARTMENT EXPLOSIVE [RDX] MODERNIZATION

The budget request contained no funds for construction of a new RDX manufacturing plant. The budget request did, however, contain $35 million to stockpile these explosives.

H.R. 1748, as reported, would authorize $146.7 million to provide a functional manufacturing plant but would not authorize $35 million for the stockpiling initiative. Over the next 3 years, this initiative would require more than $325 million.

Due to the budgetary considerations, the amendment would authorize $35 million only for the initiative to stockpile these explosives.

OTHER PROCUREMENT, ARMY

OVERVIEW

The budget request contained $5,870.8 million for Army other procurement in fiscal year 1988. H.R. 1748, as reported, would authorize $5,869.9 million for other procurement.

The amendment would authorize $5,071.9 million, a decrease of $798 million from H.R. 1748, as reported, and a decrease of $798.9 million from the budget request.

The following table with the annotated footnotes provides the details of the adjustments contained in the amendment.

OTHER PROCUREMENT, ARMY

[amounts in millions of dollars]

P-1		FY 1988 BUDGET REQUEST		H.R. 1748 HASC RECOMMENDED		AMENDMENT TO H.R. 1748		H.R. 1748 AS AMENDED		AMENDMENT CHANGE FROM 1988 REQUEST		
LINE	ITEM	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	FTNT
	OTHER PROCUREMENT, ARMY											
	TACTICAL AND SUPPORT VEHICLES											
	TACTICAL VEHICLES											
0	CHASSIS TRAILER GEN 2 1/2 TON 2W M200A1....	--	---	--	---			--	---			
0	DOLLY SET, TRANS SHELTER 2 1/2T, M720......	--	---	--	---			--	---			
0	DOLLY SET, TRANS SHELTER 5 1/4T, M832......	--	---	--	---			--	---			
0	DOLLY SET, TRANS SHELTER, 7 1/2T, M1022....	--	---	--	---			--	---			
1	TACTICAL TRAILERS/DOLLY SETS...............	--	42,399	--	42,399		(16,000)	--	26,399		(16,000)	1
2	MOTORCYCLE, GED, 2W, ROUGH TERRAIN.........	2,934	7,648	2,934	7,648			2,934	7,648			
3	SEMITRAILER BB/CONT 22 1/2T M871 C/S.......	770	10,296	770	10,296			770	10,296			
4	SEMITRAILER BB/CONT 34T M872 C/S...........	--	---	--	---			--	---			
6	SEMITRAILER, LOW BED, 40T M870A1 (C/S).....	323	6,766	323	6,766			323	6,766			
7	SEMITRAILER, LOW BED HET, XM1000...........	80	7,943	80	7,943			80	7,943			
8	SEMITRAILER, TANK, 5000G...................	100	6,373	100	6,373			100	6,373			
9	SEMITRAILER, TANK, 7500G, BULKHAUL.........	365	10,983	365	10,983			365	10,983			
0	TRAILER, CARGO 3/4T, 2W, M101A2 W/E........	--	---	--	---			--	---			
0	TRAILER, CARGO, 1 1/2T, 2W, M105A2.........	--	---	--	---			--	---			
0	TRAILER, HEAVY, EXPANDED MOBILITY..........	--	---	--	---			--	---			
0	TRAILER TANK WATER 400G 1 1/2T 2W M149A1...	--	---	--	---			--	---			
10	SEMITRAILER VAN ELECTRONIC 6T 2W M373A2....	--	---	--	---			--	---			
11	SEMITRAILER VAN SUPPLY 12T,2WHL,M129A2C....	--	---	--	---			--	---			
12	HI MOB MULTI-PURP WHLD VEH (HMMWV)(MYP)....	3,674	109,333	3,674	109,333			3,674	109,333			
13	SMALL UNIT SUPPORT VEHICLE (SUSV)..........	352	38,046	352	38,046		(20,000)	352	18,046		(20,000)	3
14	TRUCK, 5T, 6X6, ABT (MYP)..................	4,240	280,360	4,240	280,360			4,240	280,360			
15	TRUCK, 10T, 8X8, ABT (MYP).................	888	131,297	1,388	241,297	(130)	(60,000)	1,258	181,297	370	50,000	11
16	TRUCK, TRACTOR, LINE HAUL, M915A1..........	618	40,693	618	40,693			618	40,693			
17	TRUCK, TRACTOR, HET, (C/S).................	76	13,238	76	13,238			76	13,238			
18	MODIFICATION OF IN-SERVICE EQUIPMENT.......	--	1,961	--	1,961			--	1,961			
19	SHOP EQUIPMENT, AUTO MAINT & REP...........	144	1,176	144	1,176			144	1,176			
20	ITEMS LESS THAN $2.0M (TAC VEH)............	--	1,908	--	1,908			--	1,908			
20a	MISSION ESSENTIAL EQUIPMENT................	--	---		42,000		(42,000)		0			11

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	NON-TACTICAL VEHICLES											
21	PASSENGER CARRYING VEHICLES..................	398	11,570	398	11,570			398	11,570			
22	GENERAL PURPOSE VEHICLES.....................	660	13,434	660	13,434			660	13,434			
23	TRUCK, CARGO, PICKUP, 4X2....................	454	4,021	454	4,021			454	4,021			
24	TRUCK, CARRYALL..............................	264	3,628	264	3,628			264	3,628			
25	SPECIAL PURPOSE VEHICLES.....................	158	7,157	158	7,157			158	7,157			
	SUPPORT EQUIPMENT AND FACILITIES											
26	SPARES AND REPAIR PARTS......................	--	118,565	--	118,565			--	118,565			
27	PRODUCTION BASE SUPPORT (TAC)................	--	1,765	--	1,765			--	1,765			
	TOTAL, TACTICAL AND SUPPORT VEHICLES.....		870,560		1,022,560		(138,000)		884,560		14,000	
	COMMUNICATIONS AND ELECTRONICS EQUIPMENT											
	TELECOMM EQUIP - READ CMD COMM											
28	JCSE EQUIPMENT (USREDCOM)....................	--	3,689	--	3,689			--	3,689			
0	CINCS INITIATIVE.............................	--	---	--	---			--	---			
29	CLASSIFIED PROJECT 9WW.......................	--	9,709	--	9,709			--	9,709			
0	MOD RCRD TFC TERM (MRTT).....................	--	---	--	---			--	---			
0	DIG GROUP MULTIIPLEXER (DGM).................	--	---	--	---			--	---			
	TELECOMM EQUIP - JOINT TACTICAL COMM PR											
30	TRI-TAC EQUIPMENT............................	--	183,532	--	183,532		(75,000)	--	108,532		(75,000)	2
33	RPTR/TERM ASSMBLGS...........................	--	---	--	---			--	---			
34	RADIO TERMINALS AN/TRC-170...................	--	---	--	---			--	---			
35	MAINTENANCE SYSTEM AN/ARM-164................	--	---	--	---			--	---			
0	UNIT LEVEL SWITCHES..........................	--	---	--	---			--	---			
37	COM SYS CON EL AN/TYQ-16.....................	--	---	--	---			--	---			
0	DIG NSEC VTER TA-954.........................	--	---	--	---			--	---			
39	ANDVT-TAC TERM, CV-3591......................	--	---	--	---			--	---			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
0	LIGHTWEIGHT DIGITAL FACSIMILE	--	---	--	---			--	---			
40	MOB SUBSCRIBER EQUIP	--	1,019,800	--	1,019,800		(28,000)	--	991,800		(28,000)	3
41	MOD OF IN-SVC EQ (TRI-TAC)	--	12,426	--	12,426			--	12,426			
0	SINCGARS	--	---	--	---			--	---			
	TELECOMM EQUIP-COMBAT SUPPORT COMM											
43	SINCGARS FAMILY	--	23,499	--	23,499			--	23,499			
44	HAND CRANK GENERATOR, G-76	--	---	--	---			--	---			
0	IHF RADIO MODS	--	---	--	---			--	---			
45	IMP HF RADIO FAMILY	--	11,651	--	11,651			--	11,651			
46	OPTICAL LONG HAUL TRAN SYS	1,250	9,906	1,250	9,906			1,250	9,906			
47	PWR SUPPLY PP-6148/U	430	2,160	430	2,160			430	2,160			
49	SOF MOD RADIOS	--	2,485	--	2,485			--	2,485			
50	ANTENNA GROUP OE-254	10,209	5,049	10,209	5,049			10,209	5,049			
52	SMALL UNIT TRANSCEIVER	2,917	4,660	2,917	4,660			2,917	4,660			
0	VEHICULAR INTERCOM SYSTEM	--	---	--	---			--	---			
54	MOD OF IN-SVC EQUIP (CSC)	--	955	--	955			--	955			
55	SWASIA COMM INFRASTRUCTURE	--	31,455	--	31,455		(17,000)	--	14,455		(17,000)	1
56	ITEMS LESS THAN $2.0M (CSC-C-E)	--	6,517	--	6,517			--	6,517			
57	SPEC OPS COMM SUP ELMT	--	---	--	---			--	---			
0	SECURE CONFERENCING PROJECT	--	---	--	---			--	---			
	TELECOMM EQUIP - STARCOM NON-DCS											
58	AR TELECOM AUTO PR (ATCAP)	--	5,436	--	5,436			--	5,436			
59	C-E FACILITIES/PROJECTS	--	4,660	--	4,660			--	4,660			
60	SOUTHCOM C3 UPGRADE	--	8,107	--	8,107			--	8,107			
61	ELECTROMAG COMP PROG(EMCP)	--	---	--	---			--	---			
	LONG-HAUL COM (DCS)											
64	TRANSMISSION MEDIA (EUCOM)	--	---	--	---			--	---			
65	TRANSMISSION MEDIA (PACOM)	--	---	--	---			--	---			
66	WW TECH CON IMP PR(WWTCIP)	--	---	--	---			--	---			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	TELECOMM EQUIP - SATCOM-GRD ENVIRON											
67	DIGITAL EQUIPMENT (DSCS)	--	14,271	--	14,271			--	14,271			
68	INTERCONNECT FACILITY (DSCS)	--	3,787	--	3,787			--	3,787			
69	JAM RESISTANT SECURE COM (JRSC)	--	8,931	--	8,931			--	8,931			
72	DSCS OPERATIONS CONTROL SYS (DOCS)	--	63,299	--	63,299			--	63,299			
73	MOD IN-SVC EQUIP (DSCS)	--	1,262	--	1,262			--	1,262			
74	MPK SAT UHF TERM, AN/PSC-3	115	4,078	115	4,078			115	4,078			
75	VEH SAT UHF TERM, AN/VSC-7	30	1,128	30	1,128			30	1,128			
76	SINGLE CHANNEL OBJECT TACT TERM (SCOTT)	--	1,165	--	1,165			--	1,165			
77	MOD IN-SVC EQUIP (TAC SAT)	--	3,398	--	3,398			--	3,398			
	TELECOMM EQUIP - EUCOM C3 SYSTEM											
78	EUCOM C3 (NWS)	--	16,213	--	16,213			--	16,213			
79	PACOM C3(NWS)	--	19,417	--	19,417			--	19,417			
80	EUCOM ALTERNATE SPT HQ (ASH)	--	---	--	---			--	---			
81	USAREUR TACTICAL COMD & CONTROL SYS(UTACCS)	--	9,126	--	9,126			--	9,126			
	TELECOMM EQUIP - COMSEC EQUIPMENT											
82	IFF COMSEC	--	4,466	--	4,466			--	4,466			
83	TRUNK ENCRYPTION DEVICES (TED)	--	9,999	--	9,999			--	9,999			
84	MINTERM KY-99	--	---	--	---			--	---			
85	BTFLD ELEC COEI SYS (BECS)	--	---	--	---			--	---			
86	AUTO KEY DC KGX-93/TSEC	--	1,068	--	1,068			--	1,068			
87	SEC VO IMPRV PRG (COMSEC)	--	19,029	--	19,029			--	19,029			
89	DED LOOP ENCRYP DEV KG-84	--	16,407	--	16,407			--	16,407			
90	TNK ENCRP DEV TSEC/KG-93	--	---	--	---			--	---			
91	TSEC/KG-94	--	---	--	---			--	---			
93	ADDS COMSEC KEY GENERATOR (KG-87)	--	680	--	680			--	680			
94	COMSEC MODULE, TSEC/KGV-13	--	17,766	--	17,766			--	17,766			
95	FREQ MODULE, KGV-10/TSEC	19,477	6,505	19,477	6,505			19,477	6,505			
0	TSEC/KYV-5 (VACTOR) SECURE EQUIP	--	---	--	---			--	---			
97	TEMPEST (COMSEC)	--	1,165	--	1,165			--	1,165			

[amounts in millions of dollars]

P-1		FY 1988 BUDGET REQUEST		H.R. 1748 HASC RECOMMENDED		AMENDMENT TO H.R. 1748		H.R. 1748 AS AMENDED		AMENDMENT CHANGE FROM 1988 REQUEST		
LINE	ITEM	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	FTNT
0	KOK-13/TSEC (KDC)..........................	--	---	--	---			--	---			
98	ADDS COMSEC SECURE MODULE (THORNTON KGV-8).	--	---	--	---			--	---			
99	TSEC/KGV-11/SECURE MODULE..................	--	388	--	388			--	388			
101	ITEMS LESS THAN $2.0M (COMSEC).............	--	4,256	--	4,256			--	4,256			
	TELECOMM EQUIP - BASE COMM											
102	INFO SYSTEMS CONUS/WESTERN HEMISPHERE......	--	27,669	--	0			--	0		(27,669)	14
103	LOCAL AREA NETWORK (LAN)...................	--	---	--	---			--	---			
104	INFORMATION SYSTEMS (EUCOM)................	--	8,738	--	8,738			--	8,738			
105	INFORMATION SYSTEMS (PACOM)................	--	7,961	--	7,961			--	7,961			
107	ARMY OPNS CTR..............................	--	---	--	---			--	---			
108	PENTAGON TELECOM CTR (PTC).................	--	---	--	---			--	---			
	TMDE FOR TELECOMM											
109	CALIBRATION SETS EQUIPMENT.................	--	21,261	--	21,261			--	21,261			
110	TMDE MODERNIZATION.........................	--	14,951	--	14,951			--	14,951			
	OTHER ELECT SYS/EQUIP - INTELLIGENCE SU											
111	4TH PSYOP GROUP............................	--	12,136	--	12,136			--	12,136			
116	TRAILBLAZER................................	--	---	--	---			--	---			
117	TAC ELEC SURV SYS..........................	--	3,397	--	3,397			--	3,397			
120	MOD IN SER EQ (INT SPT) TIARA..............	--	29,066	--	23,966			--	23,966		(5,100)	7
121	ITEMS LESS THAN $2.0M (INT SPT-C-E)........	--	5,932	--	5,932			--	5,932			
122	FT DEVENS TRAINING SUPPORT.................	--	485	--	485			--	485			
	OTHER ELECT SYS/EQUIP - GEN DEF INTEL P											
	OTHER ELECT SYS/EQUIP - AUTO DATA PROCE											
128	STARNET/VIABLE.............................	--	---	--	---			--	---			
129	BATTERY COMPUTER SYSTEM....................	--	---	--	---			--	---			
130	AMC INFORMATION PROCESSING EQUIPMENT (IPE).	--	18,543	--	18,543			--	18,543			
131	ADV FIELD ARTILLERY TACT DATA SYS..........	--	77,668	--	0			--	0		(77,668)	14
132	ARMY DATA DISTRIBUTION SYSTEM-ADDS.........	--	116,600	--	0			--	0		(116,600)	14
133	TRADOC AUTOMATION..........................	--	2,342	--	2,342			--	2,342			

[amounts in millions of dollars]

P-1		FY 1988 BUDGET REQUEST		H.R. 1748 HASC RECOMMENDED		AMENDMENT TO H.R. 1748		H.R. 1748 AS AMENDED		AMENDMENT CHANGE FROM 1988 REQUEST		
LINE	ITEM	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	FTNT
134	USAREUR TACTICAL AUTOMATION	--	---	--	---			--	---			
135	LIFE CYCLE SOFTWARE SUP. (LCSS)	--	9,174	--	9,174			--	9,174			
136	ADPE FOR NON TAC MGT INFO SYS	--	---	--	---			--	---			
137	SUPERCOMPUTERS	--	27,378	--	27,378		(27,378)	--	0		(27,378)	2
0	ARMY CORPORATE DATABASE	--	---	--	---			--	---			
0	SOLDIER DATA TAG	--	---	--	---			--	---			
138	PROJECT 80X PHASE II	--	---	--	---			--	---			
139	TRANS OF PERS PROP	--	---	--	---			--	---			
140	EUSA-C3I INITIATIVES	--	---	--	---			--	---			
141	STD ARMY AUTO CONTRACT SY	--	---	--	---			--	---			
0	FIRE SUPPORT TEAM DIGITAL MESSAGE	--	---	--	---			--	---			
142	HQ AUTOMATION SYSTEMS	--	20,389	--	20,389		(10,300)	--	10,089		(10,300)	2
143	IPE STAIRS	--	---	--	---			--	---			
144	MEDICAL AUTOMATION SYSTEMS	--	2,233	--	2,233			--	2,233			
145	PERSONNEL AUTOMATION SYSTEMS	--	24,582	--	24,582		(23,100)	--	1,482		(23,100)	2
146	TRAINING AUTOMATION SYSTEMS	--	2,427	--	2,427		(2,427)	--	0		(2,427)	2
147	LOGISTICS AUTOMATION SYSTEMS	--	9,529	--	9,529		(9,529)	--	0		(9,529)	2
148	RESERVE COMPONENT AUTOMATION SYSTEMS	--	23,100	--	23,100			--	23,100			
150	FORWARD ENTRY DEVICE	--	22,815	--	22,815			--	22,815			
152	MANUEVER CONTROL SYS	--	96,113	--	0			--	0		(96,113)	14
154	CORPS/THEATER ADP SVC CTR (CTASC)	--	17,475	--	9,475			--	9,475		(8,000)	3
155	TACT ARMY CMBT COMPT SY(TACCS)	1,881	30,781	1,881	30,781	(1,881)	(30,781)	0	0	(1,881)	(30,781)	3
156	FWD AREA AIR DEFENSE CMD & CTL (FAAD C2)	--	76,300	--	0			--	0		(76,300)	14
157	POSITIVE HOSTILE ID	--	---	--	---			--	---			
159	CSS LOG APPLC AUTO MARK/READ SYMBS(LOG MAR)	--	21,222	--	21,222			--	21,222			
160	WWMCCS INFORMATION SYSTEM (WIS)	--	23,272	--	23,272			--	23,272			
160a	ARMY COMMAND AND CONTROL SYSTEM (ACCS)	--	---	--	370,481		(100,000)	--	270,481		270,481	14
	AUDIO VISUAL											
162	AFRTS (AUDIO VISUAL)	--	5,049	--	5,049			--	5,049			
164	ITEMS LESS THAN $2 MILLION (A/V-C-E)	--	9,126	--	9,126			--	9,126			
165	TACTICAL ELEC NEWS GATHERING EQUIP	--	2,955	--	2,955			--	2,955			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	OTHER ELECT SYS/EQUIP - ELECTRONIC WARF											
167	TACJAM, AN/MLQ-34	--	---	--	---			--	---			
169	MOD IN-SVC EQUIP (EW)	--	2,815	--	2,815			--	2,815			
170	ITEMS LESS THAN $2.0M (EW-C-E)	--	777	--	777			--	777			
	OTHER ELECT SYS/EQUIP - TACTICAL ELECTR											
171	BATTERY CHARGER PP-7286/U	497	1,941	497	1,941			497	1,941			
172	POWER SUPPLY, PP-6224	2,400	3,200	2,400	3,200			2,400	3,200			
173	COMPUTER/INDICATOR, CP-696/PD	986	3,800	986	3,800			986	3,800			
174	METEROLOGICAL DATA SYS (FAMAS)	7	1,068	7	1,068			7	1,068			
176	HAND HELD LASER RANGEFINDER AN/GVS-5	--	---	--	---			--	---			
177	PHYSICAL SECURITY EQUIPMENT	--	5,817	--	5,817			--	5,817			
178	FACILITY INTRUSION DETECTION SYSTEM	1	5,339	1	5,339			1	5,339			
179	NAVSTAR USER EQUIPMENT	--	23,787	--	23,787			--	23,787			
180	POSITION/AZIMUTH DETERMINING SYS (PADS)	68	21,650	68	21,650			68	21,650			
0	NIGHT OBS DEVICE LONG RANGE AN/TAS-6	--	---	--	---			--	---			
181	NIGHT VISION GOGGLES	--	138,100	--	138,100		(47,300)	--	90,800		(47,300)	1
182	AIMING LIGHT INFRARED, AN/PAQ-4	--	1,456	--	1,456			--	1,456			
183	NIGHT VISION SIGHT INDIV WPN AN/PVS-4	5,563	14,500	5,563	14,500			5,563	14,500			
185	RADIAC SET AN/VDR-2	3,294	5,145	3,294	5,145			3,294	5,145			
187	RPV TA/DESIGN AERIAL RECON SYS (TADARS)	--	179,448	--	179,448		(179,448)	--	0		(179,448)	3
188	UNMANNED AERIAL VEHICLE FAMILY	--	42,426	--	0			--	0		(42,426)	14
189	MULTIFUNCTION RADAR TRANSPONDER BEACON	48	4,660	48	4,660			48	4,660			
190	JOINT STARS (ARMY)	--	36,892	--	36,892			--	36,892			
0	SHOP SHELTER MTD ASM-189	--	---	--	---			--	---			
0	SHOP SHELTER MTD (STOR) AN/ASM-190	--	---	--	---			--	---			
0	TEST SET, RADAR, AN/TPM-25	--	---	--	---			--	---			
0	SHOP SHELTER MDT-REP AN/ASM-146	--	---	--	---			--	---			
191	ELECTRONIC MAINTENANCE SHOPS	--	11,553	--	11,553			--	11,553			
192	TEST SET, RADAR, AN/TPM-25	78	2,524	78	2,524			78	2,524			
193	MODIFICATION OF IN-SERVICE EQ (TAC EL)	--	32,500	--	32,500			--	32,500			
194	ITEMS LESS THAN $2 MILLION (TACT ELEC-C-E)	--	6,408	--	6,408			--	6,408			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	TMDE FOR TACTICAL ELECTRONICS											
196	INTERMEDIATE FORWARD TEST EQUIP............	--	27,572	--	27,572			--	27,572			
0	BASE SHOP TEST FACILITY....................	--	---	--	---			--	---			
0	CONTACT TEST SET...........................	--	---	--	---			--	---			
197	TMDE FOR STE/ICE...........................	2,118	2,233	2,118	2,233			2,118	2,233			
198	CORE ELECTRONIC AUTO TEST (STE-X)..........	26	2,039	26	2,039			26	2,039			
	OTHER ELECT SYS/EQUIP - SUP EQUIP AND F											
199	SPARES AND REPAIR PARTS....................	--	162,403	--	142,403			--	142,403		(20,000)	9
200	SPARES AND REPAIR PARTS....................	--	9,306	--	9,306			--	9,306			
201	SPARES AND REPAIR PARTS....................	--	315,864	--	280,864		(4,900)	--	275,964		(39,900)	9
201a	TROJAN.....................................				(-6800)				(-6,800)			
201b	UAV..				(-6900)				(-6,900)			
201c	RECS.......................................								(-4,900)			7
203	SPECIAL PROGRAMS...........................	--	209,200	--	209,200			--	209,200			
205	PRODUCTIVITY INVESTMENT FUNDING............	--	27,166	--	27,166			--	27,166			
206	PR ENH CAP INV PR/QWK RT INV PR(PECIP/QRIP.	--	8,771	--	8,771			--	8,771			
207	PRODUCTION BASE SUPPORT (C-E)..............	--	5,243	--	5,243			--	5,243			
207a	MISSION ESSENTIAL EQUIPMENT................	--	---	--	38,000		(38,000)	--	0			11
999	CLASSIFIED PROGRAMS........................		183,541		104,341		(38,200)		66,141		(117,400)	7
	TOTAL, COMMUNICATIONS AND ELECTRONICS EQU		3,843,313		3,667,718		(631,363)		3,036,355		(806,958)	
	OTHER SUPPORT EQUIPMENT											
	CHEMICAL DEFENSIVE EQUIPMENT											
208	REMOTE SENSING CHEMICAL ALARM (XM21).......	--	---	--	---			--	---			
210	DECONTAMINATE APP PWR DR LT WT XM17........	277	3,949	277	3,949			277	3,949			
211	NONAQUEOUS EQUIP DECON SYSTEM(NAEDS).......	--	---	--	---			--	---			
212	MASK, PROTECTIVE, NBC......................	--	51,036	--	51,036			--	51,036			
213	CHEMICAL AGENT MONITOR.....................	3,374	19,348	3,374	19,348			3,374	19,348			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
214	SIMP COLL PROT EQUIP XM20..................	812	4,245	812	4,245			812	4,245			
0	MODULAR/COLL PROT EQUIP FOR VV AND S.......	--	---	--	---			--	---			
0	AUTO CHEMICAL AGENT ALARM (ACADA), XM22....	--	---	--	---			--	---			
216	GEN SET, SMOKE, MECH: PUL JET,XM157........	--	---	--	---			--	---			
	BRIDGING EQUIPMENT											
217	RIBBON BRIDGE ERECTION BOAT................	--	588	--	588			--	588			
218	BRIDGE, FLOAT-RIBBON, INTERIOR BAY.........	--	202	--	202			--	202			
219	BRIDGE, FLOAT-RIBBON, RAMP.................	--	197	--	197			--	197			
220	BRIDGE, FLOAT-RIBBON, TRANSPORTER..........	110	10,879	110	10,879			110	10,879			
221	LAUNCHER, LIGHT ASSAULT BRIDGE.............	--	---	--	---			--	---			
222	LIGHT ASSAULT BRIDGE.......................	--	---	--	---			--	---			
223	ITEMS LESS THAN $2.0M(BRIDGING)............	--	105	--	105			--	105			
	ENGINEER (NON-CONSTRUCTION) EQUIPMENT											
224	GEMSS AUX MINE DISPNSR XM138 (FLIPPER).....	--	---	--	---			--	---			
225	DISPENSER MINE XM139.......................	--	---	--	---			--	---			
226	MIXER/PUMPER UNIT (MPU) TEXS...............	48	8,884	48	8,884			48	8,884			
227	MARKING SYS, CLEAR LANE....................	40	1,283	40	1,283			40	1,283			
0	E DET SET, MINE, MET/NON-MET, AN/PRS-8.....	--	---	--	---			--	---			
228	DETECTING SET, MINE, AN/PSS-12.............	3,132	4,837	3,132	4,837			3,132	4,837			
229	MINE PLOW(BLADE)...........................	180	10,859	180	10,859			180	10,859			
230	MINE CLEARING ROLLER.......................	42	3,060	42	3,060			42	3,060			
231	REMOTE CONTROL UNIT(MOPMS).................	1,560	9,280	1,560	9,280			1,560	9,280			
232	SURVEY SET DISTANCE MEASURING INFRARED.....	--	---	--	---			--	---			
233	M-9 ARMORED COMBAT EARTHMOVER (ACE)........	127	65,954	127	53,954			127	53,954		(12,000)	4
234	ITEMS LESS THAN $2.0M(ENG NON-CONST).......	--	1,743	--	1,743			--	1,743			
	COMBAT SERVICE SUPPORT EQUIPMENT											
235	AIR CONDITIONERS VARIOUS SIZE/CAPACITIES...	--	15,004	--	15,004			--	15,004			
236	FIELD KITCHEN,MOBILE, TRL MTD..............	969	15,499	969	15,499			969	15,499			
237	MODULAR FIELD KITCHEN......................	160	4,151	160	4,151			160	4,151			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
238	DIVING EQUIPMENT	--	3,751	--	3,751			--	3,751			
239	FIRETRUCKS	--	13,228	--	13,228			--	13,228			
240	HEATER DUCT TYPE	400	2,962	670	4,962			670	4,962	270	2,000	11
241	LAUNDRY UNIT/TRL MTD	89	5,824	89	5,824			89	5,824			
242	TAG PRINTING AND BINDING EQUIPMENT	--	4,640	--	4,640		(4,640)	--	0		(4,640)	3
243	PRINT PLANT, SW TRANSPORTABLE	5	2,369	0	0			0	0	(5)	(2,369)	8
244	ITEMS LESS THAN $2.0M (CSS-EQ)	--	6,872	--	6,872			--	6,872			
245	MODIFICATIONS OF IN SERVICE EQUIP (CSE)	--	4,936	--	4,936			--	4,936			
	PETROLEUM EQUIPMENT											
246	TANK ASSEMBLY FAB COLL POL 50000 G	382	6,022	382	6,022			382	6,022			
247	FORWARD AREA REFUELING EQUIPMENT (FARE)	--	---	--	---			--	---			
248	TANK ASSEMBLY FAB COLLAPSIBLE POL 10000G	462	4,235	462	4,235			462	4,235			
249	TANK ASSY, FAB COLLAPS, 20,000 GAL POL	--	---	--	---			--	---			
250	TANK/PUMP UNIT LIQ DISP F/TRK MOUNTING	478	4,412	478	4,412			478	4,412			
251	LABORATORY,PETROLEUM,SEMI-TRLR MTO	2	1,679	2	1,679			2	1,679			
252	PUMP ASSY LIQ GAS WHL 4 IN OUT 350 GPM	259	2,764	259	2,764			259	2,764			
253	SWA PETROLEUM DISTRIBUTION SYSTEM	--	41,771	--	41,771			--	41,771			
254	ITEMS LESS THAN $2.0M (POL)	--	5,035	--	5,035			--	5,035			
254a	POL MISSION ESSENTIAL EQUIPMENT	--	---		8,000				8,000		8,000	11
	WATER EQUIPMENT											
255	WTR PUR UNIT REV OS 3000 GPH (ROWPU)	50	20,336	50	20,336			50	20,336			
256	WATER PUR UNIT, REV OSMOSIS, 600GPH (ROW	101	11,451	101	11,451			101	11,451			
257	TACTICAL WATER DISTR SYS	18	9,180	18	9,180			18	9,180			
258	TANK,FAB COLLAPS,3000 GAL,WATER(ONION)	--	---	--	---			--	---			
259	SMALL MOBILE WATER CHILLER (SMWC)	--	---	--	---			--	---			
260	PUMP CENTRIFUGAL, 65GPM	899	1,580	899	1,580			899	1,580			
261	ITEMS LESS THAN $2.0M (WATER EQ)	--	3,850	--	3,850			--	3,850			
	MEDICAL EQUIPMENT											
262	DEPLOYABLE MEDICAL SYSTEM (DMS)	--	82,823	--	82,823			--	82,823			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
263	CBT SUP EQUIP MEDICAL......................	--	44,980	--	44,980			--	44,980			
264	MEDICAL SUPPORT EQUIPMENT..................	--	60,004	--	60,004			--	60,004			
	MAINTENANCE EQUIPMENT											
265	SHOP EQ CONTACT MAINTENACE TRK MTD (MYP)...	--	---	--	---			--	---			
266	WELDING SHOP, TRAILER MTD..................	--	---	--	---			--	---			
267	CLOTHING REPAIR SHOP TRL MTD...............	--	---	--	---			--	---			
268	SHOP EQ ELECTRICAL RPR SEMI-TRL MTD........	66	9,600	66	9,600			66	9,600			
269	STEAM CLEANER..............................	188	1,974	188	1,974			188	1,974			
270	SHOP EQUIP, CANVAS AND GLASS SHELTER MTD...	57	5,232	57	5,232			57	5,232			
271	WELDING MACHINE ELECTARC 350 AMP (CC-C)....	--	---	--	---			--	---			
0	BUILDING, PRE-FAB, RELOCATABLE.............	--	---	--	---			--	---			
272	CALIBRATION SET SUPPORT....................	--	---	--	---			--	---			
273	ITEMS LESS THAN $2.0M (MAINT EQ)...........	--	2,764	--	2,764			--	2,764			
	CONSTRUCTION EQUIPMENT											
274	DISTRIBUTER, WATER SP MIN 2500G SEC/NON-SE.	22	5,627	22	5,627			22	5,627			
275	DIST, WATER, 6000G, SEMI-TRL MTD (CCE).....	49	3,356	49	3,356			49	3,356			
276	TRACTOR FULL TRACKED LOW SPEED DD MED......	--	---	--	---			--	---			
277	TRACTOR CRAWLER T-11 SIZE W/RIPPER (CCE)...	36	7,009	36	7,009	(36)	(7,009)	0	0	(36)	(7,009)	3
278	SMALL EMPLACEMENT EXCAVATOR (SEE)..........	422	38,598	422	38,598			422	38,598			
279	CRANE, WHEEL MTD, 25T, 3/4 CU YD, RT.......	--	---	--	---			--	---			
0	CRANE, WHL MTD, HYDRAULIC 7 1/2 TON........	--	---	--	---			--	---			
280	MODS OF IN SERVICE EQUIP (CONST EQUIP).....	--	198	--	198			--	198			
281	ITEMS LESS THAN $2.0M (CONST EQUIP)........	--	12,768	--	12,768		(6,000)	--	6,768		(6,000)	5
	RAIL FLOAT CONTAINERIZATION EQUIPMENT											
282	LANDING, CRAFT, UTILITY....................	6	24,600	6	24,600			6	24,600			
283	TUG, HARBOR, INLAND WATERWAYS..............	1	8,391	1	8,391		(6,000)	1	2,391		(6,000)	9
284	TUG INLAND AND COASTAL WATERWAYS...........	1	11,057	1	11,057			1	11,057			
0	LOGISTIC SUPPORT VESSEL (LSV)..............	--	---	--	---			--	---			
286	CAUSEWAY STSTEMS...........................	--	22,013	--	22,013			--	22,013			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
288	RAILWAY CAR, TANK, POL, 20000G	--	---	--	---			--	---			
289	MODIFICATIONS OF IN-SERV EQ (FLOAT/RAIL)	--	4,344	--	4,344			--	4,344			
290	ITEMS LESS THAN $2.0M (FLOAT/RAIL)	--	3,356	--	3,356			--	3,356			
	GENERATORS											
291	GEN AND ASSOCIATED EQUIP	--	44,248	--	54,248		(10,000)	--	44,248			3
	MATERIEL HANDLING EQUIPMENT											
292	TRUCK, FORK LIFT, CBD, PT, 4000 LB	423	8,391	423	8,391			423	8,391			
293	TRUCK, FORK LIFT, CBD, PT, 6000 LB	--	---	--	---			--	---			
0	TRUCK, FORK LIFT, DE, PT, RT, 10000 LB	--	---	--	---			--	---			
294	TRUCK, FORK LIFT, DE, PT, RT, 6000 LB	240	18,164	0	0			0	0	(240)	(18,164)	3
296	TRUCK, FORK LIFT, DE, PT, RT, 4000 LB	159	3,751	159	3,751			159	3,751			
297	TRUCK, FORK LIFT, ELEC, SRT, 4000 LB	--	---	--	---			--	---			
298	65 TON CRANE	118	34,649	118	24,849			118	24,849		(9,800)	4
299	ITEMS LESS THAN $2.0M (MHE)	--	2,666	--	2,666			--	2,666			
300	SPARES AND REPAIR PARTS	--	48,272	--	48,272			--	48,272			
302	VALUE ENGINEERING (VE)	--	---	--	---			--	---			
304	PRODUCTION BASE SUPPORT (OTH)	--	6,992	--	6,992			--	6,992			
305	OSD PRODUCTIVITY INVESTMENT FUNDING	--	3,353	--	3,353			--	3,353			
306	SPECIAL EQUIPMENT FOR USER TESTING	--	17,177	--	17,177			--	17,177			
0	ITEMS LESS THAN $2.0M (OTH SPT EQ)	--	---	--	---			--	---			
307	HOST NATION SUPPORT - EUROPE	--	40,276	--	40,276			--	40,276			
308	NATIONAL TRAINING CTR SUP	--	34,649	--	34,649			--	34,649			
0	SWA STAGING BASES	--	---	--	---			--	---			
310	TRAINING DEVICES, NONSYSTEM	--	137,882	--	137,882			--	137,882			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
0	SPECIAL PROGRAMS..........................	--	---	--	---			--	---			
0	BCE (NCMI)................................	--	---	--	---			--	---			
0	PECIP (NCMI)..............................	--	---	--	---			--	---			
0	QRIP (NCMI)...............................	--	---	--	---			--	---			
311	NON-CENTRALLY MANAGED ITEMS................	--	19,823	--	19,823			--	19,823			
311a	MISSION ESSENTIAL EQUIPMENT................	--	---	--	45,000		5,000	--	50,000		50,000	11
	TOTAL, OTHER SUPPORT EQUIPMENT...........		1,156,987		1,179,654		(28,649)		1,151,005		(5,982)	
	TOTAL, OTHER PROCUREMENT, ARMY...........		5,870,860		5,869,932		(798,012)		5,071,920		(798,940)	

FOOTNOTES

1 MAINTAINS FY 1987 LEVEL
2 AFFORDABILITY
3 EXECUTION STATUS
4 CONTRACT SAVINGS
5 REDUCED INCREASE FROM FY 1987 LEVEL
6 DEFER NEW START
7 CLASSIFIED PROGRAM
8 NO REQUIREMENT
9 REPRICING
10 ALTERNATIVE FUNDING SOURCES
11 CONVENTIONAL FORCE ENHANCEMENT
12 SUSTAINABILITY REQUIREMENTS
13 PROGRAM TERMINATED
14 PROGRAM RESTRUCTURED

ARMY COMMAND AND CONTROL SYSTEM

The budget request contained $420.5 million to procure five separate elements of the Army's command, control, and communications systems. H.R. 1748, as reported, recommended incorporating all of these elements into a single, integrated budget line, known as ACCS. H.R. 1748, as reported, also would authorize $370.5 million.

In consonance with this restructured ACCS program, concern exists that the Army may not be able to execute its proposed budget request for fiscal year 1988. Indeed, many of the key requirements documents for the elements of ACCS have not yet been approved. Additionally, not all of the ACCS elements are being built based on the Army's stated objective of data-based software.

As a result of these concerns, the amendment would authorize $270.5 million for procurement of ACCS.

AQUILA REMOTELY PILOTED VEHICLE

The budget request contained $179.4 million for procurement of the Aquila remotely piloted vehicle [RPV] system consisting of unmanned air vehicles, ground stations, launcher and recovery subsystems, and maintenance shelters. H.R. 1748, as reported, would authorize the full request.

Last year, the program was restructured in order to resolve performance deficiencies prior to a production commitment. The fiscal year 1987 Defense Authorization Act—Public Law 99-661—restricted obligation of the $50 million authorized for procurement until First, the Director of Operational Test and Evaluation completes an assessment of the system; and second, a certification is provided specifying that the system meets or exceeds all performance criteria.

In light of the current testing schedule and recommendations in title II of H.R. 1748, as reported, the amendment would deny authorization of procurement for Aquila remotely piloted vehicle.

ITEMS OF SPECIAL INTEREST

MISSION ESSENTIAL EQUIPMENT PROGRAM

The amendment would provide an authorization of $50 million to procure mission essential equipment throughout the Army's other procurement accounts. Consistent with the committee's desires to enhance conventional force readiness, this initiative is intended to allow the Army to procure equipment that will improve the combat readiness of early deploying active and reserve combat support and combat service support units in concert with the priority requirements or the CINCS. The Secretary of the Army should submit a report to the Committees on Armed Services of the Senate and the House of Representatives that provides the listing of the items of equipment that would be procured with these funds prior to obligation of these funds.

AIRCRAFT PROCUREMENT, NAVY

OVERVIEW

The budget request for aircraft procurement, Navy contained $9,924.9 million for fiscal year 1988. H.R. 1748, as reported, would provide authorization of $9,970.5 million, an increase of $45.6 million from the administration's request.

The amendment would authorize $9,253.2 million, a decrease of $717.3 million from H.R. 1748, as reported, and a decrease of $671.7 million from the budget request.

The following table with annotated footnotes provides the details of the adjustments contained in the amendment.

AIRCRAFT PROCUREMENT, NAVY

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
NAVY/MARINE CORPS PROCUREMENT											
Combat Aircraft											
BA-1 combat aircraft:											
1 A-6E/F (attack) Intruder (MYP)	12	702,244	12	702,244			12	702,244			
2 A-6E/F (attack) Intruder (MYP) (AP-CY)		109,917		109,917				109,917			
3 EA-6B (electronic warfare) Prowler	6	336,062	12	482,772			12	482,772	6	146,710	1, 10, 11
4 EA-6B (electronic warfare) Prowler (AP)		17,826		22,713				22,713		4,887	1, 10, 11
5 AV-8B (V/STOL) Harrier	32	564,159	32	564,159	(32)	(564,159)	0	0	(32)	(564,159)	2, 13
6 AV-8B (V/STOL) Harrier (AP-CY)		64,040		64,040		(64,040)		0		(64,040)	2, 13
7 F-14A/D (fighter) Tomcat	12	676,764	12	676,764			12	676,764			
8 F-14A/D (fighter) Tomcat (AP-CY)		84,289		129,103				129,103		44,814	1, 11
9 F/A-18 (fighter) Hornet (MYP)	84	2,316,610	84	2,316,610			84	2,316,610			1, 11
10 F/A-18 (fighter) Hornet (MYP) (AP-CY)		155,982		155,982				155,982			1, 11
11 CH/MH-53E (helo) Super Stallion (MYP)	14	210,687	14	210,687			14	210,687			
12 CH/MH-53E (helo) Super Stallion (MYP)		21,799		21,799				21,799			
13 V-22 Osprey											
14 AH-1W (helicopter) Sea Cobra	22	172,663	22	172,663	(10)	(72,663)	12	100,000	(10)	(72,663)	2
15 AH-1W (helicopter) Sea Cobra (AP-CY)											
16 SH-60B (ASW helo) Seahawk	6	98,727	6	98,727			6	98,727			
17 SH-60B (ASW helo) Seahawk (AP-CY)		26,273		26,273				26,273			
18 SH-60F (CV ASW helo)	18	279,733	18	279,733			18	279,733			
19 SH-60F (CV ASW helo) (AP-CY)		29,646		29,646				29,646			
20 P-3C/G (patrol) Orion		146		34,146				34,146		34,000	11, 12
21 P-3C/G (patrol) Orion (AP-CY)											
22 Ex competition	8	179,815	0	0			0	0	(8)	(179,815)	8, 13
23 E-2C (early warning) Hawkeye	6	370,160	6	370,160			6	370,160			
24 E-2C (early warning) Hawkeye (AP-CY)		30,035		30,035				30,035			
25 SH-2F (ASW helo) Seasprite		1,649		1,649		(1,649)		0		(1,649)	8
Total, combat aircraft		6,449,226		6,499,822		(702,511)		5,797,311		(651,915)	
Airlift Aircraft											
BA-2 airlift aircraft:											
29 C-2 (MYP)		5,776		5,776		(5,776)		0		(5,776)	8
Trainer aircraft											
BA-3 trainer aircraft:											
33 T-45TS Goshawk	12	328,758	12	328,758			12	328,758			
34 T-45TS Goshawk (AP-CY)		29,452		29,452				29,452			
Total, trainer aircraft		358,210		358,210				358,210			
Other Aircraft											
BA-4 other aircraft:											
35 E-6A	3	189,202	2	126,135			2	126,135	(1)	(63,067)	14
36 E-6A (AP-CY)		137,716		0				0		(137,716)	14
37 UH-60A	3	42,525	3	42,525			3	42,525			
38 VH-60											
Total, other aircraft		369,443		168,660				168,660		(200,783)	
Modification of Aircraft											
BA-5 modification of aircraft:											
39 A-3 series		969		969				969			
40 A-4 series		6,149		6,149				6,149			
41 A-6 series (MYP)		132,978		219,651				219,651		86,673	10, 11, 12

AIRCRAFT PROCUREMENT, NAVY—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
42 EA-6 series		21,274		21,274				21,274			
43 A-7 series		97		97				97			
44 AV-8 series		97		97				97			
45 F-4 series		97		97				97			
46 RF-4 series		97		97				97			
47 F-14 series		83,334		83,334				83,334			
48 F-8 series											
49 F-5 series		97		97				97			
50 OV-10 series		1,974		1,974				1,974			
51 F-18 mods		1,995		1,995				1,995			
52 H-46 series		29,801		29,801				29,801			
53 H-53 series		22,737		47,737				47,737		25,000	11, 12
54 SH-60 series		1,058		1,058				1,058			
55 VH-60											
56 H-1 series		6,826		6,826				6,826			
57 H-2 series		19,608		45,108				45,108		25,500	11, 14
58 HF-3 series		26,229		37,529				37,529		11,300	11, 14
59 EP-3 series		47,003		47,003				47,003			
60 P-3 series		127,365		172,865				172,865		45,500	11, 14
61 S-3 series		74,772		142,522				147,522		67,750	11
61a ES-3 series				115,200				115,200		115,200	11
62 E-2 series		22,439		71,139				71,139		48,700	10, 11, 12
63 Trainer A/C series		1,635		1,635				1,635			
64 EC-130 series		7,367		7,367				7,367			
65 C-130 series		4,550		4,550				4,550			
66 FEWSG		3,380		3,380				3,380			
67 Cargo/transport A/C series		2,163		2,163				2,163			
68 Various		1,004		1,004				1,004			
69 Power plant changes		3,163		3,163				3,163			
70 Misc flight safety changes		823		823				823			
71 Common ECM equipment		16,708		66,708				66,708		50,000	11
72 Common avionics changes		765		765				765			
73 Radars											
Total, modification of aircraft		668,554		1,144,177				1,144,177		475,623	
Aircraft Spares and Repair Parts											
BA-6 Aircraft spares:											
74 Spares and repair parts		1,511,913		1,532,113				1,532,113		20,200	
74a EA-6B spares		[3,486]		[16,086]				[16,086]		[12,600]	
74c ES-3 spares		[ ]		[7,600]				[7,600]		[7,600]	
Aircraft Support Equipment and Facility											
BA-7 aircraft support equipment:											
75 Common ground equipment		436,106		436,106				436,106			
76 Aircraft industrial facilities		25,998		25,998				25,998			
77 War consumables		43,978		43,978		(9,055)		34,923		(9,055)	1, 2
78 Other production charges		29,567		29,567				29,567			
79 Special support equipment		26,112		26,112				26,112			
Total, aircraft support equipment		561,761		561,761		(9,055)		552,706		(9,055)	
Aircraft procurement, Navy		9,924,883		10,270,519		(717,342)		9,553,177		(371,706)	
0 Transfer from other accounts				(300,000)				(300,000)		(300,000)	
Total, aircraft procurement, Navy		9,924,883		9,970,519		(717,342)		9,253,177		(671,706)	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainabilaity requirements. 13 Program terminated. 14 Program restructured.

ITEMS OF SPECIAL INTEREST

AV-8B ATTACK AIRCRAFT (HARRIER)

The budget request for fiscal year 1988 included $564.2 million to procure 32 Harriers, and $64 million to support advance procurement in fiscal year 1989. H.R. 1748, as reported, recommended authorization of the amounts requested. The amendment would provide no authorization for the program.

The AV-8b is a subsonic, single jet engined light attack aircraft to provide close air support for Marine Corps ground forces. It was designed as an improved vertical short takeoff and landing—V/Stol—aircraft based on the predecessor AV-8A.

The AV-8B offers a unique capability to operate from small deck vessels and austere sites in the forward area. Although the concept is appealing, doubts exist as to whether the AV-8B offers sufficient military value to justify the cost of continued procurement in an era of shrinking defense budgets.

First, the aircraft is underpowered. When carrying the desired military payload, it is not a V/Stol aircraft. Rather, it is a short takeoff vertical landing—STOVL—aircraft. Moreover, the current engine exhibits substantial maintenance problems. Experience indicates engine removals occur at approximately 150 flight hour intervals against a requirement for 500 flight hour intervals. This compares with near 1,000 flight hour intervals for other modern jets. Accordingly, the budget request includes funding for a new engine.

Second, the AV-8B is the only modern jet in the U.S. inventory that does not incorporate a radar for weapon system control functions. Without a radar, AV-8B growth potential as a weapons system is limited.

Finally, the current budget plan would reduce future procurements to 15 aircraft a year, down from 42 last year. This would add 4 years to the program and increase procurement unit costs by as much as 80 percent. According to Marine Corps testimony, this action was driven by affordability constraints. However, the same budget would fully fund the planned transition to production for the Marine Corps V-22 Osprey program now in development.

The message is clear. In an era of declining defense budgets, the unique capabilities offered by the AV-8B become unaffordable as a matter of priority within the department. Reasonable alternatives exist, such as the F/A-18, that should be considered to supplant the AV-8B for the balance of the Marine Corps light attack requirements. Consistent with the committee efforts to consolidate production lines, provide for commonality and promote efficient production rates, the amendment would provide no authorization for procurement of AV-8B aircraft.

AH-1W ATTACK HELICOPTER (SEA COBRA)

The budget request included $172.7 million for 22 helicopters to restart Cobra production in fiscal year 1988. The committee reported bill, H.R. 1784, recommended authorization for the amount requested.

The AH-1W is a two-seat attack helicopter to provide armed escort and landing zone suppression for heliborne troop assaults and antiarmor defense in support of troops ashore. It was designed as an improved Cobra incorporating T-700 engines, Sidewinder air to air missiles and TOW/Hellfire antitank missiles.

The amendment would authorize $100 million for procurement of 12 helicopters in fiscal year 1988, a reduction of $72.7 million from the request based on affordability.

WEAPONS PROCUREMENT, NAVY

OVERVIEW

The budget request for fiscal year 1988 contained $6,502.3 million for weapons procurement, Navy. H.R. 1748, as reported, would provide authorization of $6,481.5 million, a reduction of $20.8 million from the request.

The amendment would authorize $5,815.8 million, a decrease of $665.7 million from H.R. 1748, as reported, and a decrease of $686.5 million from the budget request.

The following table with annotated footnotes provides the details of the adjustments contained in the amendment.

WEAPONS PROCUREMENT, NAVY

[Amounts in millions of dollars]

P–1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Ballistic missiles:											
1 Poseidon		181		181				181			
2 Trident I		6,986		6,986				6,986			
3 Trident II	66	1,931,344	72	1,931,344			72	1,931,344	6		9
4 Trident II (AP–CY)		319,987		319,987				319,987			
Modification of Missiles:											
5 UGM–73A (C–3) Posidon MODS											
Support equipment and facilities:											
6 Missile industrial facilities		194		194				194			
Total, ballistic missiles		2,258,692		2,258,692				2,258,692			
Other Missiles											
Strategic missiles:											
8 BGM–109 Tomahawk	475	915,936	475	915,936		(128,725)	475	787,211		(128,725)	4, 9
9 BGM–109 Tomahawk (AP–CY)		78,006		78,006				78,006			
Tactical missiles:											
10 AIM/RIM–7 F/M Sparrow			600	99,100			600	99,100	600	99,100	11, 12
11 AMRAAM											
0 AMRAAM (AP–CY)											
12 AIM–9L/M Sidewinder	288	43,320	288	43,320		(17,487)	288	25,833		(17,487)	9
13 AIM–54A/C (Phoenix)	430	397,996	430	368,354		(8,457)	430	359,897		(38,099)	4, 9
14 AIM–54A/C (Phoenix) (AP–CY)											
15 SGM–84A Harpoon (MYP)	124	110,660	124	110,660			124	110,660			
16 SGM–84A Harpoon (MYP) (AP–CY)		51,034		51,034		(51,034)		0		(51,034)	8
17 AGM–88A HARM (MYP)	766	194,728	766	194,728			766	194,728			
19 SM–2 MR	1,150	583,098	1,150	583,098			1,150	583,098			
20 SM–2 ER											
21 Ram	240	44,931	240	44,931	(120)	(20,000)	120	24,931	(120)	(20,000)	3, 14
22 Stinger	425	21,072	425	21,072		(3,307)	425	17,765		(3,307)	4, 9
23 Sidearm	276	25,381	276	25,381			276	25,381			
24 Hellfire	1,393	44,154	1,393	44,154			1,393	44,154			
25 Laser Maverick	1,099	111,807	1,099	100,507	(1,099)	(90,507)	0	10,000	(1,099)	(101,807)	2, 3
26 IIR Maverick (MYP)	601	103,458	425	65,790			425	65,790	(176)	(37,668)	1, 9
27 IIR Maverick (MYP) (AP-CY)											
28 Penguin											
29 Penguin (AP-CY)		3,455		3,455				3,455			
30 Aerial targets		92,804		104,104				104,104		11,300	11
31 Drones and decoys		63,634		24,767				24,767		(38,867)	14
32 Other missile support		19,157		19,157				19,157			
Modification of missiles:											
33 Tomahawk mods		6,458		6,458				6,458			
34 AIM/RIM–7E/F Sparrow mod											
35 AIM–9 Sidewinder mod		773		773				773			
36 AIM–54A/C Phoenix mod		584		584				584			
37 AGM–84A Harpoon mod		3,865		3,865				3,865			
38 Standard missiles mod		3,833		3,833				3,833			
Support equipment and facilities:											
39 Weapons industrial facilities		6,216		6,216				6,216			
40 Fleet satellite communications		213,858		213,858		(90,000)		123,858		(90,000)	2, 3, 6, 14
41 Fleet satellite communications (AP-CY)											
42 Defense meteorological satellite progr		19,333		19,333				19,333			
Ordnance support equipment:											
43 Ordnance support equipment		218,436		218,436		10,000		228,436		10,000	11
Total, other missiles		3,377,987		3,370,910		(399,517)		2,971,393		(406,594)	
Torpedoes and Related Equipment:											
44 Torpedo MK–48 ADCAP	100	243,444	100	243,444			100	243,444			
0 ASUW torpedo											
45 Torpedo MK–46 (MYP)											
0 Torpedo MK–46 (MYP) (AP–CY)											
47 ADV lightweight torpedo	153	222,402	153	222,402	(153)	(222,402)	0	0	(153)	(222,402)	
49 Mobile target MK–30 (MYP)	12	31,495	12	31,495			12	31,495			
51 ASROC		9,522		9,522				9,522			
52 Vertical launched ASROC	260	57,521	200	43,755	(200)	(43,755)	0	0	(260)	(57,521)	
MOD of torpedoes and related equipment:											
53 Mobile Mine MK–67		2,858		2,858				2,858			
54 Torpedo MK–46 mods											
0 Torpedo MK–46 mods (AP–CY)											
56 Captor mods		11,825		11,825				11,825			
57 Swimmer weapon system		1,332		1,332				1,332			
Support equipment:											
58 Torpedo support equipment		33,348		33,348				33,348			
59 ASW range support		20,638		20,638				20,638			
Total, torpedoes and related equipment		634,385		620,619		(266,157)		354,462		(279,923)	
Other Weapons											
Guns and gun mounts:											
60 MK–15 close in weapons system	5	28,023	5	28,023			5	28,023			
61 MK–75 76mm gun mount											
62 MK–19/40mm machine gun	64	1,201	64	1,201			64	1,201			
63 25mm gun mount	22	4,091	22	4,091			22	4,091			
64 Small arms and weapons		9,568		9,568				9,568			
Modification of guns and gun mounts											
65 CIWS mods		45,186		45,186				45,186			
66 5/54 gun mount mods		6,414		6,414				6,414			
67 30/50 gun mount mods		275		275				275			
68 MK 75 76mm gun mount mods		4,060		4,060				4,060			
69 Mods under $2,000,000		1,654		1,654				1,654			

WEAPONS PROCUREMENT, NAVY—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Support equipment											
70 Gun support equipment		1,068		1,068				1,068			
Total, other weapons		101,540		101,540				101,540			
71 Spares and repair parts		129,728		129,728				129,728			
Total, weapons procurement, Navy		6,502,332		6,481,489		(665,674)		5,815,815		(686,517)	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

ITEM OF SPECIAL INTEREST

FLEET SATELLITE COMMUNICATIONS

The budget request contained $213.9 million for the Fleet Satellite Communications Program for fiscal year 1988. H.R. 1748, as reported, would authorize the amount requested.

The amendment would defer one of two satellites requested in recognition of recent launch difficulties and associated launch schedule delays. Therefore, authorization of $123.9 million would be provided, a reduction of 90 million from the request.

MK-50 ADVANCED LIGHTWEIGHT TORPEDO

The budget request contained $224.4 million for procurement of 153 MK-50 advanced lightweight torpedoes. H.R. 1748, as reported, would authorize the requested amount.

Since the issuance of the committee report on H.R. 1748, the committee has become aware that the Navy will be unable to execute its proposed program for fiscal year 1988. Although no major technical problems have been discovered, much more developmental testing of the torpedo is needed before the Navy can proceed with confidence to the first phase of operational testing. Given these delays, the Navy has indicated that it may invite competitive bids for completion of the full scale engineering development of the torpedo. The Navy is urged to decide on an appropriate course of action as quickly as possible to get the program back on track.

Under these circumstances, to continue procurement efforts would be imprudent, and the amendment would provide no authorization for the MK-50 advanced lightweight torpedo.

VERTICAL LAUNCHED ASROC (VLA)

The budget request contained $57.5 million for 260 vertical launched ASROC missiles. H.R. 1748, as reported, would authorize $43.8 million for 200 VLA missiles.

Since the committee report was issued on H.R. 1748, the committee has become aware that the technical problems and delays in the VLA program cited in the committee report require that the VLA program cited in the committee report require that the VLA effort be restructured. Such a restructuring would place heavier emphasis on continued research and development and less emphasis on procurement in the near term.

Accordingly, the amendment would provide no authorization for procurement of VLA in fiscal year 1988.

SHIPBUILDING AND CONVERSION

OVERVIEW OF FISCAL YEAR 1988 AND 1989 SHIPBUILDING PROGRAMS

The budget request contained $11,065.4 million for shipbuilding and conversion for fiscal year 1988. H.R. 1748, as reported, would authorize $10,768.1 million. The amendment would authorize $9,924 million for shipbuilding and conversion for fiscal year 1988, a reduction of $844.1 million from H.R. 1748, as reported, and a reduction of $1,141.4 million from the budget request. Relative to H.R. 1748, as reported, the amendment would eliminate an Aegis cruiser for a savings of $800 million and the conversion of one oiler for a savings of $44.1 million.

The budget request contained $11,858.4 million for shipbuilding and conversion for fiscal year 1989. H.R. 1748, as reported, would authorize $7,007.9 million. The amendment would authorize $7,832.9 million for shipbuilding and conversion for fiscal year 1989. Relative to H.R. 1748, as reported, the amendment would authorize one Aegis cruiser for an addition of $825 million.

SHIPBUILDING AND CONVERSION, NAVY

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Fleet Ballistic Missile Ships											
BA-1 Fleet Balistic Missile Ships:											
1 Trident (nuclear)	1	1,193,700	1	1,193,700			1	1,193,700			
2 Trident (nuclear)		137,100		137,100				137,100			
Total, Fleet Ballistic Missile Ships		1,330,800		1,330,800				1,330,800			
Other Warships											
BA-2 other warships											
3 CVN aircraft carrier (nuclear)		644,000		644,000				644,000			
4 SSN-688 class submarine (nuclear)	3	1,519,400	3	1,519,400			3	1,519,400			
5 SSN-688 class submarine (nuclear) (AP-CY)		217,500		217,500				217,500			
0 SSN-21											
7 SSN-21 (AP-CY)		257,600		257,600				257,600			
9 CV SLEP	1	685,655	1	685,655			1	685,655			
10 CV SLEP (AP-CY)		44,100		44,100				44,100			
11 CG-47 Aegis cruiser (MYP)	2	1,926,500	5	4,128,900	(1)	(800,000)	4	3,328,90	2	1,402,400	
12 CG-47 Aegis cruiser (MYP) (AP-CY)		11,000		0				0		(11,000)	
13 DDG-51 (MYP)	3	2,122,300	0	0			0	0	(3)	(2,122,300)	
14 DDG-51 (MYP) (AP-CY)		74,600		5,500				5,500		(69,100)	
Total, other warships		7,502,655		7,502,655		(800,000)		6,702,655		(800,000)	
Amphibious Ships											
BA-3 amphibious ships											
16 LHD-1 amphibious assault ship	1	740,700	1	740,700			1	740,700			
17 LHD-1 amphibious assault ship (AP-CY)		32,200		32,200				32,200			
0 LPD-4 SLEP											
18 LSD-41 (cargo variant)	1	324,200	1	324,200			1	324,200			
Total, amphibious ships		1,097,100		1,097,100				1,097,100			
Mine Warfare and Patrol Ships											
BA-4 mine warfare + patrol ships:											
19 MCM mine countermeasures ship	3	297,300	0	0			0	0	(3)	(297,300)	

SHIPBUILDING AND CONVERSION, NAVY—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
0 MSH-1 coastal mine hunter											
20 MHC coastal mine hunter											
Total, mine warfare and patrol ships		297,300						0		(297,300)	
Auxiliaries, Craft, and Prior-year Program											
BA-5 Auxiliaries, craft + prior year program cost:											
21 TAO fleet oiler	2	279,100	2	279,100			2	279,100			
22 AO (Jumbo)	1	44,100	1	44,100	(1)	(44.100)	0	0	(1)	(44,100)	
23 TAGOS surtass ships											
0 AE ammunition ship											
25 AOE											
27 Oceanographic research ship											
29 Service craft		12,500		12,500				12,500			
30 Landing craft											
31 Strategic sealift		43,400		43,400				43,400			
32 LCAC landing craft											
33 LCAC landing craft (AP-CY)		43,700		43,700				43,700			10
34 Sealift enhancement		17,800		17,800				17,800			
35 Outfitting		202,900		202,900				202,900			
36 Post delivery		140,900		140,900				140,900			
0 Ship contract design											
38 TACS crane ship	2	53,100	2	53,100			2	53,100			
Total, auxiliaries, craft, and prior year program		837,500		837,500		(44,100)		793,400		(44,100)	
Total, shipbuilding and conversion		11,065,355		10,768,055		(844,100)		9,923,955		(1,141,400)	

1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirements. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

AEGIS SHIPS

The budget request contained $1,926.5 million for 2 CG-47 class guided missile cruisers and $11 million for advance procurement. The request also contained $2,122.3 million for three DDG-51 class guided missile destroyers and $74.6 million for advance procurement. H.R. 1748, as reported, would authorize $4,128.9 million for five guided missile cruisers and $5.5 million for advance procurement for three guided missile destroyers. A total of $2,196.9 million is recommended for authorization of three destroyers in fiscal year 1989.

Based on fiscal year 1988 budget constraints, the amendment would eliminate one CG-47 class cruiser in fiscal year 1988, saving $800 million. the amendment would also authorize one cruiser in fiscal year 1989 for an addition of $825 million.

Although this action would delay the completion of the guided missile cruiser program to some degree, the amendment would still take advantage of the competitive situation in shipbuilding and combat systems noted in the committee report on H.R. 1748. Because the fiscal year 1988 procurement of guided missile cruisers will be based on new bids, the amendment anticipates that the Navy will be able to obtain a comparably priced option on the fiscal year 1989 ship.

FLEET OILER CONVERSION (AO-177)

The budget request contained $44.1 million for the conversion of one AO-177 class fleet oiler. H.R. 1748, as reported, would authorize the same amount.

The amendment would eliminate the oiler conversion for fiscal year 1988. Given the authorization of the first such conversion in fiscal year 1987, the effect of the amendment would be to impose the now customary 1-year gap between authorization of a lead ship and follow-on ships.

OTHER PROCUREMENT, NAVY

OVERVIEW

The budget request for fiscal year 1988 contained $4,983.8 million for other procurement, Navy. H.R. 1748, as reported, would provide authorization of $5,253.9 million, an increase of $270.1 million over the budget request.

The amendment would authorize $4,901.8 million, a decrease of $352.1 million from H.R. 1748, as reported, and a decrease of $82 million from the budget request.

The following table with annotated footnotes provides the details of the adjustments contained in the amendment.

OTHER PROCUREMENT, NAVY

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	OTHER PROCUREMENT, NAVY											
	SHIPS SUPPORT EQUIPMENT											
	SHIP PROPULSION EQUIPMENT											
1	LM-2500 GAS TURBINE..................	--	11,852	--	11,852			--	11,852			
2	ALLISON 501K GAS TURBINE..............	1	2,426	1	2,426			1	2,426			
3	LM2500 SPECIAL SUPPORT EQUIPMENT......	--	973	--	973			--	973			
4	STEAM PROPULSION IMPROVEMENT PROGRAM..	--	11,147	--	11,147			--	11,147			
5	OTHER PROPULSION EQUIPMENT............	--	9,864	--	9,864			--	9,864			
	GENERATORS											
6	OTHER GENERATORS......................	--	4,328	--	4,328			--	4,328			
	PUMPS											
7	OTHER PUMPS...........................	--	9,195	--	9,195			--	9,195			
	AIR COMPRESSORS											
8	HIGH PRESSURE AIR COMPRESSOR..........	13	3,229	13	3,229			13	3,229			
9	OTHER AIR COMPRESSORS.................	2	255	2	255			2	255			
	PROPELLERS											
10	SUBMARINE PROPELLERS..................	16	3,773	16	3,773			16	3,773			
11	OTHER PROPELLERS AND SHAFTS...........	--	8,666	--	8,666			--	8,666			
	NAVIGATION EQUIPMENT											
12	ELECTRICALLY SUSPENDED GYRO NAVIGATOR.	5	14,701	5	14,701			5	14,701			
13	CARRIER NAVIGATION SYSTEM.............	--	4,873	--	4,873			--	4,873			
14	OTHER NAVIGATION EQUIPMENT............	--	5,143	--	5,143			--	5,143			
	UNDERWAY REPLENISH EQUIP											
15	UNDERWAY REPLENISHMENT EQUIPMENT......	--	6,132	--	6,132			--	6,132			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	PERISCOPES											
16	TYPE 18 PERISCOPE......................	--	2,272	--	2,272			--	2,272			
17	TYPE 8 PERISCOPES......................	--	7,626	--	7,626			--	7,626			
18	PERISCOPES AND ACCESSORIES............	--	859	--	859			--	859			
	OTHER SHIPBOARD EQUIPMENT											
19	FIREFIGHTING EQUIPMENT................	--	14,563	--	14,563			--	14,563			
20	COMMAND AND CONTROL SWITCHBOARDS......	2	2,230	2	2,230			2	2,230			
21	POLLUTION CONTROL EQUIPMENT...........	--	4,237	--	4,237			--	4,237			
22	SUBMARINE SILENCING EQUIPMENT.........	--	1,240	--	1,240			--	1,240			
23	SURFACE SHIP SILENCING EQUIPMENT......	--	8,855	--	8,855			--	8,855			
24	SUBMARINE BATTERIES...................	56	13,276	56	13,276			56	13,276			
25	STRATEGIC PLATFORM SUPPORT EQUIPMENT..	--	85,297	--	85,297			--	85,297			
26	DSSP EQUIPMENT........................	--	7,879	--	7,879			--	7,879			
27	SEALIFT SUPPORT EQUIPMENT.............	--	51,791	--	51,791			--	51,791			
28	AIR CONDITIONERS......................	--	2,152	--	2,152			--	2,152			
29	MINESWEEPING CABLE....................	--	737	--	737			--	737			
30	HM&E ITEMS UNDER $2 MILLION...........	--	35,810	--	35,810			--	35,810			
31	SURFACE IMA...........................	--	15,529	--	15,529			--	15,529			
32	DEGAUSSING EQUIPMENT..................	--	1,353	--	1,353			--	1,353			
33	RADIOLOGICAL CONTROLS.................	--	314	--	314			--	314			
34	MINI/MICROMINI ELECTRONIC REPAIR......	--	1,002	--	1,002			--	1,002			
35	CHEMICAL WARFARE DETECTORS............	120	9,347	120	9,347			120	9,347			
36	SUBMARINE LIFE SUPPORT SYSTEM.........	3	2,643	3	2,643			3	2,643			
37	HM&E ENGINEERED MAINTENANCE...........	--	391	--	391			--	391			
38	SHIPBOARD ENERGY CONSERVATION.........	--	903	--	903			--	903			
	REACTOR PLANT EQUIPMENT											
39	REACTOR POWER UNITS...................	2	82,035	2	82,035			2	82,035			
40	REACTOR COMPONENTS....................	--	232,039	--	232,039			--	232,039			
	OCEAN ENGINEERING											
41	DIVING AND SALVAGE EQUIPMENT..........	--	18,208	--	18,208			--	18,208			
42	NAVAL SPECIAL WARFARE EQUIPMENT.......	--	30,653	--	30,653			--	30,653			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	SMALL BOATS											
43	SMALL BOATS..........................	221	17,213	221	27,213			221	27,213		10,000	
	TRAINING EQUIPMENT											
44	NEW SHIP TRAINING EQUIP...............	--	---	--	---			--	---			
45	OTHER SHIPS TRAINING EQUIPMENT........	--	2,404	--	2,404			--	2,404			
	PRODUCTION FACILITIES EQUIPMENT											
46	CALIBRATION EQUIPMENT.................	--	576	--	576			--	576			
47	PRODUCTION SUPPORT FACILITIES.........	--	29,105	--	29,105			--	29,105			
48	OPERATING FORCES IPE..................	--	4,620	--	4,620			--	4,620			
48a	REDUCTION IN SHIP SUPPORT EQUIPMENT...	--	---	--	---		(33,936)	--	(33,936)		(33,936)	
	TOTAL, SHIPS SUPPORT EQUIPMENT......		783,716		793,716		(33,936)		759,780		(23,936)	
	COMMUNICATIONS AND ELECTRONICS EQUIPME											
	SHIP RADARS											
49	AN/SPS-67.............................	24	7,753	24	7,753			24	7,753			
50	AN/SPS-40.............................	--	26,108	--	26,108			--	26,108			
51	AN/SPS-48.............................	--	47,714	--	47,714			--	47,714			
52	AN/SPS-49.............................	--	18,249	--	18,249			--	18,249			
53	AN/SYS-().............................	6	8,661	6	8,661			6	8,661			
54	MK 23 TARGET ACQUISITION SYSTEM.......	4	26,347	4	26,347			4	26,347			
55	RADAR SUPPORT.........................	--	12,707	--	12,707			--	12,707			
	SHIP SONARS											
56	AN/SQS-26/53/53A......................	--	10,901	--	10,901			--	10,901			
57	AN/SQS-53B............................	--	---	--	---			--	---			
58	AN/SQS-53C............................	--	---	--	---			--	---			
59	AN/SQQ-89 SURFACE ASW COMBAT SYS......	8	154,644	8	154,644			8	154,644			
60	AN/BQQ-5..............................	--	25,865	--	25,865			--	25,865			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
61	TB-16 TOWED ARRAY (MYP)...............	14	5,665	14	5,665			14	5,665			
62	SURF SONAR WINDOWS AND DOMES..........	--	6,068	--	6,068			--	6,068			
63	SONAR SUPPORT EQUIPMENT...............	--	5,158	--	5,158			--	5,158			
64	SONAR SWITCHES AND TRANSDUCERS........	--	30,415	--	30,415			--	30,415			
65	FBM SYSTEM SONARS.....................	--	4,337	--	4,337			--	4,337			
	ASW ELECTRONIC EQUIPMENT											
66	SUBMARINE ACOUSTIC WARFARE SYSTEMS....	--	29,318	--	29,318			--	29,318			
67	SURFACE SHIP TORPEDO DEFENSE..........	--	10,038	--	10,038			--	10,038			
68	ACOUSTIC COMMUNICATIONS...............	--	367	--	367			--	367			
69	AN/BSY-1..............................	1	42,755	1	42,755			1	42,755			
70	SOSUS.................................	--	54,332	--	54,332			--	54,332			
71	AN/SQR-17 ACOUSTIC PROCESSOR..........	--	12,823	--	12,823			--	12,823			
71a	IMPROVED ACOUSTIC PROCESSOR...........		0	2	12,000			2	12,000	2	12,000	
0	USNR ASW FRIGATE MODERNIZATION........	--	---	--	---			--	---			
72	AN/SQR-18 TOWED ARRAY SONAR...........	--	10,891	--	10,891			--	10,891			
73	AN/SQR-15 TOWED ARRAY SONAR...........	--	699	--	699			--	699			
74	AN/SQR-19 TOWED ARRAY SONAR...........	--	---	--	---			--	---			
75	SURTASS...............................	--	18,337	--	18,337			--	18,337			
76	ASW OPERATIONS CENTER.................	--	3,870	--	3,870			--	3,870			
77	CARRIER ASW MODULE....................	--	16,983	--	16,983			--	16,983			
	ELECTRONIC WARFARE EQUIPMENT											
78	AN/SLQ-32.............................	--	75,108	--	75,108			--	75,108			
79	AN/SLQ-17.............................	--	---	--	---			--	---			
80	AN/WLR-1..............................	--	5,540	--	5,540			--	5,540			
81	AN/WLR-8..............................	--	6,338	--	6,338			--	6,338			
82	ICAD SYSTEMS..........................	--	---	--	---			--	---			
83	OFFBOARD DECEPTION DEVICES............	--	26,988	--	26,988			--	26,988			
84	EW SUPPORT EQUIPMENT..................	--	4,896	--	4,896			--	4,896			
85	FLEET EW SUPPORT GROUP................	--	3,438	--	3,438			--	3,438			
86	C3 COUNTERMEASURES....................	--	7,424	--	7,424			--	7,424			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	RECONNAISSANCE EQUIPMENT											
87	COMBAT CRYPTOLOGIC SUPPORT CONSOLE....	--	9,457	--	9,457			--	9,457			
88	COMBAT DF............................	--	52,720	--	52,720			--	52,720			
89	OUTBOARD.............................	--	27,801	--	27,801			--	27,801			
90	NAVAL INTELLIGENCE PROCESSING SYSTEM..	--	10,078	--	10,078			--	10,078			
91	BATTLE GROUP PASSIVE HORIZON EXT SYS..	--	---	--	---			--	---			
	SUBMARINE SURVEILLANCE EQUIPMENT											
92	AN/WLQ-4 DEPOT.......................	--	9,924	--	9,924			--	9,924			
93	AN/WLQ-4 IMPROVEMENTS................	--	18,831	--	18,831			--	18,831			
0	AN/BRD-7/8/9.........................	--	---	--	---			--	---			
94	AN/BLD-1 (INTERFEROMETER)............	6	6,718	9	22,500			9	22,500	3	15,782	
95	SUBMARINE SUPPORT EQUIPMENT PROGRAM...	--	2,877	--	2,877			--	2,877			
	OTHER SHIP ELECTRONIC EQUIPMENT											
96	NAVY TACTICAL DATA SYSTEM............	--	93,199	--	93,199			--	93,199			
97	TACTICAL FLAG COMMAND CENTER.........	3	12,975	3	12,975			3	12,975			
98	COMMAND AND CONTROL PROCESSOR........	--	---	--	---			--	---			
99	MINESWEEPING SYSTEM REPLACEMENT......	--	4,927	--	4,927			--	4,927			
100	OMEGA SHIPBOARD EQUIPMENT............	106	3,299	106	3,299			106	3,299			
101	NAVSTAR GPS RECEIVERS................	132	13,212	132	13,212			132	13,212			
102	HF LINK-11 DATA TERMINALS............	--	1,944	--	1,944			--	1,944			
103	ARMED FORCES RADIO AND TV............	--	5,311	--	5,311			--	5,311			
104	STRATEGIC PLATFORM SUPPORT EQUIPMENT..	--	77,704	--	77,704			--	77,704			
	TRAINING EQUIPMENT											
105	OTHER NAVELEX TRAINING EQUIPMENT......	--	1,706	--	1,706			--	1,706			
106	OTHER NAVSEA TRAINING EQUIPMENT.......	--	1,193	--	1,193			--	1,193			
	AVIATION ELECTRONIC EQUIPMENT											
107	MATCALS..............................	--	22,806	--	22,806			--	22,806			
108	SHIPBOARD AIR TRAFFIC CONTROL.........	--	10,577	--	10,577			--	10,577			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
109	AUTOMATIC CARRIER LANDING SYSTEMS.....	--	15,567	--	15,567			--	15,567			
110	TACAN................................	--	4,821	--	4,821			--	4,821			
111	AIR STATION SUPPORT EQUIPMENT.........	--	7,619	--	7,619			--	7,619			
112	MICROWAVE LANDING SYSTEM.............	13	6,327	13	6,327			13	6,327			
113	FACSFAC..............................	--	41,429	--	41,429			--	41,429			
114	RADAR AIR TRAFFIC CONTROL............	12	1,235	12	1,235			12	1,235			
115	MK XII AIMS IFF......................	--	12,908	--	12,908			--	12,908			
	OTHER SHORE ELECTRONIC EQUIPMENT											
116	NAVAL SPACE SURVEILLANCE SYSTEM.......	--	8,956	--	8,956			--	8,956			
117	SPACE SYSTEM PROCESSING..............	--	2,152	--	2,152			--	2,152			
118	MULTOTS..............................	--	---	--	---			--	---			
119	NCCS ASHORE..........................	--	17,058	--	17,058			--	17,058			
120	RADIAC...............................	--	7,437	--	7,437			--	7,437			
121	OVER THE HORIZON RADAR...............	1	88,059	1	88,059			1	88,059			
123	GPETE................................	--	19,027	--	19,027			--	19,027			
124	INTEG COMBAT SYS TEST FACILITY........	--	5,778	--	5,778			--	5,778			
125	CALIBRATION STANDARDS................	--	7,041	--	7,041			--	7,041			
126	EMI CONTROL INSTRUMENTATION...........	--	8,556	--	8,556			--	8,556			
127	SHORE ELEC ITEMS UNDER $900K..........	--	14,172	--	14,172			--	14,172			
	SHIPBOARD COMMUNICATIONS											
128	SHIPBOARD HF COMMUNICATIONS...........	--	3,818	--	3,818			--	3,818			
129	SHIPBOARD UHF COMMUNICATIONS..........	--	6,853	--	6,853			--	6,853			
130	FLIGHT DECK COMMUNICATIONS...........	--	---	--	---			--	---			
131	PORTABLE RADIOS......................	724	7,320	724	7,320			724	7,320			
132	SHIP COMMUNICATIONS AUTOMATION........	--	9,368	--	9,368			--	9,368			
133	SHIP COMM ITEMS UNDER $900K...........	--	5,313	--	5,313			--	5,313			
134	SEALIFT SHIP COMMUNICATIONS..........	--	3,754	--	3,754			--	3,754			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	SUBMARINE COMMUNICATIONS											
135	ELF COMMUNICATIONS....................	--	---	--	---			--	---			
136	SHORE LF/VLF COMMUNICATIONS...........	--	1,122	--	1,122			--	1,122			
137	VERDIN................................	--	820	--	820			--	820			
138	SSN INTEGRATED COMMUNICATIONS.........	--	1,237	--	1,237			--	1,237			
139	SUBMARINE COMMUNICATION ANTENNAS......	--	13,269	--	13,269			--	13,269			
140	DATA COLLECTION AND RECORD SYS........	--	---	--	---			--	---			
141	COMPACT VLF RECEIVER..................	--	---	--	---			--	---			
	SATELLITE COMMUNICATIONS											
143	SATCOM SHIP TERMINALS.................	--	31,212	--	31,212			--	31,212			
144	SATCOM SHORE TERMINALS................	--	4,910	--	4,910			--	4,910			
	SHORE COMMUNICATIONS											
145	JCS COMMUNICATIONS EQUIPMENT..........	--	4,468	--	4,468			--	4,468			
146	ELECTRICAL POWER SYSTEMS..............	--	1,063	--	1,063			--	1,063			
147	SHORE HF COMMUNICATIONS...............	--	10,311	--	10,311			--	10,311			
148	JOINT TACTICAL COMM (TRI-TAC).........	--	---	--	---			--	---			
149	DCS TECH CONTROL IMPROVEMENTS.........	--	1,342	--	1,342			--	1,342			
150	VOICE FREQ CARRIER TELEGRAPH..........	200	1,883	200	1,883			200	1,883			
0	ASHORE MOBILE COMM VANS...............	--	---	--	---			--	---			
152	WORLDWIDE WIDEBAND COMM...............	--	2,338	--	2,338			--	2,338			
154	WWMCCS COMMUNICATIONS EQUIPMENT.......	--	1,594	--	1,594			--	1,594			
155	SHORE COMMUNICATIONS AUTOMATION.......	--	10,201	--	10,201			--	10,201			
156	SHORE COMM ITEMS UNDER $900K..........	--	1,745	--	1,745			--	1,745			
	CRYPTOGRAPHIC EQUIPMENT											
157	SINGLE AUDIO SYSTEM...................	--	10,072	--	10,072			--	10,072			
158	TSEC/KY-71/72 (STU-II/STU-IIM)........	--	39,019	--	39,019			--	39,019			
159	TSEC/KG-84............................	--	52,070	--	52,070			--	52,070			
160	TSEC/KY-57/58 (VINSON)................	--	15,587	--	15,587			--	15,587			
161	TSEC/KYV-5 (ANDVT)....................	--	38,366	--	38,366			--	38,366			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
162	TSEC/KW-46	--	---	--	---			--	---			
164	TSEC/KG-81 (WALBURN)	--	1,453	--	1,453			--	1,453			
0	TSEC/KG-44 (DMSP)	--	---	--	---			--	---			
166	TSEC/KGR-96 (ITSS)	--	---	--	---			--	---			
167	BLACKER CRYPTO	--	---	--	---			--	---			
168	TSEC/KG-58/KGV-6 (PLRS)	--	---	--	---			--	---			
169	TRITAC CRYPTO	--	23,125	--	23,125			--	23,125			
171	TSEC/KGV-11	207	4,585	207	4,585			207	4,585			
172	COMMON FILL DEVICES	--	589	--	589			--	589			
173	SIGNAL SECURITY	--	369	--	369			--	369			
174	CRYPTOGRAPHIC ITEMS UNDER $2 MILLION	--	12,392	--	12,392			--	12,392			
0	TSEC/KGV-8	--	---	--	---			--	---			
	CRYPTOLOGIC EQUIPMENT											
175	CRYPTOLOGIC COMMUNICATIONS EQUIP	--	1,153	--	1,153			--	1,153			
176	SHIPS SIGNAL EXPLOITATION SPACE	--	4,074	--	4,074			--	4,074			
177	CRYPTOLOGIC ITEMS UNDER $2 MILLION	--	3,901	--	3,901			--	3,901			
178	CRYPTOLOGIC RESERVES EQUIPMENT	--	1,265	--	1,265			--	1,265			
179	CRYPTOLOGIC FIELD TRAINING EQUIP	--	435	--	435			--	435			
180	SHORE CRYPTOLOGIC SUPPORT SYSTEM	--	1,264	--	1,264			--	1,264			
	OTHER ELECTRONIC SUPPORT											
181	WAR RESERVE	--	746	--	746			--	746			
182	ELEC ENGINEERED MAINT (NAVSEA)	--	531	--	531			--	531			
183	ELEC ENGINEERED MAINT (NAVELEX)	--	1,560	--	1,560			--	1,560			
183a	LARGE SCREEN DISPLAY	--	---	--	---	1	1,000	1	1,000	1	1,000	
183b	REDUCTION IN COMMUNICATIONS AND ELECTR	--	---	--	---		(75,094)	--	(75,094)		(75,094)	
	TOTAL, COMMUNICATIONS AND ELECTRONIC		1,712,635		1,740,417		(74,094)		1,666,323		(46,312)	

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST		H.R. 1748 HASC RECOMMENDED		AMENDMENT TO H.R. 1748		H.R. 1748 AS AMENDED		AMENDMENT CHANGE FROM 1988 REQUEST		
		QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	FTNT
	AVIATION SUPPORT EQUIPMENT											
	SONOBUOYS											
184	AN/SSQ-36 (BT)	28,231	4,098	28,231	4,098			28,231	4,098			
185	AN/SSQ-53 (DIFAR)	150,816	58,713	150,816	58,713			150,816	58,713			
186	AN/SSQ-57 (SPECIAL PURPOSE)	11,947	2,786	11,947	2,786			11,947	2,786			
187	AN/SSQ-62 (DICASS)	12,229	18,685	12,229	18,685			12,229	18,685			
0	AN/SSQ-75 (ERAPS)	--	---	--	---			--	---			
188	AN/SSQ-77 (VLAD)	51,663	33,364	51,663	33,364			51,663	33,364			
0	AN/SSQ-86 (DLC)	--	---	--	---			--	---			
190	SIGNAL UNDERWATER SOUND (SUS)	--	---	--	---			--	---			
191	LOW COST SONOBOUY	--	---	--	---			--	---			
	AIR LAUNCHED ORDNANCE											
192	SKIPPER	1,520	36,973	2,500	60,773	(980)	(23,800)	1,520	36,973			1,11
193	GENERAL PURPOSE BOMBS	--	80,338	--	130,338		(25,000)	--	105,338		25,000	1,11
194	LASER GUIDED BOMB KITS	286	4,428	650	9,928			650	9,928	364	5,500	1,11
195	WALLEYE	--	10,729	--	30,729		(20,000)	--	10,729			1,11
196	ROCKEYE	1,341	6,783	1,341	8,283			1,341	8,283		1,500	11
197	ZUNI ROCKET	--	29,457	--	29,457			--	29,457			
198	2.75 INCH ROCKET	--	19,133	--	19,133			--	19,133			
199	PARACHUTE FLARES	44	731	44	731			44	731			
200	MACHINE GUN AMMUNITION	--	15,435	--	15,435			--	15,435			
201	PRACTICE BOMBS	--	50,425	--	58,425			--	58,425		8,000	11
202	CARTRIDGES + CARTRIDGE ACTUATED DEVICE	--	7,705	--	7,705			--	7,705			
203	AIRCRAFT ESCAPE ROCKETS	--	4,717	--	4,717			--	4,717			
204	AIRBORNE EXPENDABLE COUNTERMEASURES	--	25,535	--	24,035			--	24,035		(1,500)	11
205	MARINE LOCATION MARKERS	--	6,567	--	6,567			--	6,567			
206	DEFENSE NUCLEAR AGENCY MATERIAL	--	1,477	--	1,477			--	1,477			
207	BIGEYE CHEMICAL WEAPON	--	10,209	--	10,209		(10,209)	--	0		(10,209)	3,6
208	JATOS	--	4,149	--	4,149			--	4,149			
209	GATOR	775	19,751	775	19,751	(775)	(19,751)	0	0	(775)	(19,751)	2,3
210	MISC AIR LAUNCHED ORDNANCE	--	1,618	--	1,618			--	1,618			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	AIRCRAFT SUPPORT EQUIPMENT											
211	WEAPONS RANGE SUPPORT EQUIPMENT.......	--	46,829	--	46,829			--	46,829			
212	EXPEDITIONARY AIRFIELDS...............	--	15,709	--	15,709			--	15,709			
213	AIRCRAFT REARMING EQUIPMENT...........	--	35,277	--	35,277			--	35,277			
214	CATAPULTS AND ARRESTING GEAR..........	--	47,022	--	47,022		(12,735)	--	34,287		(12,735)	1,2
215	METEOROLOGICAL EQUIPMENT..............	--	26,071	--	26,071			--	26,071			
216	OTHER PHOTOGRAPHIC EQUIPMENT..........	--	1,841	--	1,841			--	1,841			
217	MISC SURVIVAL EQUIPMENT...............	--	9,602	--	9,602			--	9,602			
218	AIRBORNE MINE COUNTERMEASURES.........	--	15,940	--	15,940			--	15,940			
219	LAMPS MK III SHIPBOARD EQUIPMENT......	--	23,327	--	23,327			--	23,327			
220	REWSON PHOTOGRAPHIC EQUIPMENT.........	--	37	--	37			--	37			
221	STOCK SURVEILLANCE EQUIPMENT..........	--	3,207	--	3,207			--	3,207			
222	OTHER AVIATION SUPPORT EQUIPMENT......	--	13,864	--	13,864			--	13,864			
	TOTAL, AVIATION SUPPORT EQUIPMENT...		692,532		799,832		(111,495)		688,337		(4,195)	
	ORDNANCE SUPPORT EQUIPMENT											
	SHIP GUN AMMUNITION											
223	3 /50 GUN AMMUNITION..................	--	3,207	--	3,207			--	3,207			
224	5 /38 GUN AMMUNITION..................	--	6,100	--	6,100			--	6,100			
225	5 /54 GUN AMMUNITION..................	--	53,401	--	53,401			--	53,401			
225a	5 INCH GUIDED PROJECTILE..............	--	---	--	47,000			--	47,000		47,000	
227	16 INCH GUN AMMUNITION................	--	16,531	--	16,531			--	16,531			
228	CIWS AMMUNITION.......................	--	41,119	--	41,119			--	41,119			
229	76MM GUN AMMUNITION...................	--	5,912	--	5,912			--	5,912			
230	OTHER SHIP GUN AMMUNITION.............	--	21,847	--	21,847			--	21,847			
	SHIP GUN SYSTEM EQUIPMENT											
231	GUN FIRE CONTROL EQUIPMENT............	--	13,914	--	13,914			--	13,914			
232	COAST GUARD GUN SYSTEM................	--	---	--	---			--	---			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	SHIP MISSILE SYSTEMS EQUIPMENT											
233	MK 92 FIRE CONTROL SYSTEM.............	--	7,038	--	7,038			--	7,038			
233a	MK-92 CORT............................	--	---	6	78,000			6	78,000	6	78,000	
234	HARPOON SUPPORT EQUIPMENT.............	--	38,021	--	38,021			--	38,021			
235	TERRIER SUPPORT EQUIPMENT.............	--	48,535	--	48,535			--	48,535			
236	TARTAR SUPPORT EQUIPMENT..............	--	64,226	--	64,226			--	64,226			
237	POINT DEFENSE SUPPORT EQUIPMENT (MYP).	--	14,117	--	14,117			--	14,117			
238	AIRBORNE ECM/ECCM.....................	--	1,045	--	1,045			--	1,045			
239	AEGIS SUPPORT EQUIPMENT...............	--	4,233	--	4,233			--	4,233			
240	SURFACE TOMAHAWK SUPPORT EQUIPMENT....	--	50,937	--	50,937			--	50,937			
241	SUBMARINE TOMAHAWK SUPPORT EQUIPMENT..	--	5,521	--	5,521			--	5,521			
242	VERTICAL LAUNCH SYSTEM................	2	56,029	2	56,029			2	56,029			
	FBM SUPPORT EQUIPMENT											
243	STRATEGIC PLATFORM SUPPORT EQUIPMENT..	--	66,745	--	66,745			--	66,745			
	ASW SUPPORT EQUIPMENT											
244	MK 117 FIRE CONTROL SYSTEM............	--	68,405	--	68,405			--	68,405			
245	SUBMARINE ASW SUPPORT EQUIPMENT.......	--	1,003	--	1,003			--	1,003			
246	SURFACE ASW SUPPORT EQUIPMENT.........	--	15,543	--	15,543			--	15,543			
247	MK 116 FIRE CONTROL SYSTEM............	--	---	--	---			--	---			
248	ASW RANGE SUPPORT EQUIPMENT...........	--	5,714	--	5,714			--	5,714			
	OTHER ORDNANCE SUPPORT EQUIPMENT											
249	EXPLOSIVE ORDNANCE DISPOSAL EQUIP.....	--	12,752	--	12,752			--	12,752			
250	SWIMMER WEAPONS SYSTEMS...............	--	4,096	--	4,096			--	4,096			
251	UNMANNED SEABORNE TARGET..............	--	2,003	--	2,003			--	2,003			
252	ANTI-SHIP MISSILE DECOY SYSTEMS.......	6	7,575	6	7,575			6	7,575			
253	CALIBRATION EQUIPMENT.................	--	3,563	--	3,563			--	3,563			
254	STOCK SURVEILLANCE EQUIPMENT..........	--	1,780	--	1,780			--	1,780			
255	OTHER ORDNANCE TRAINING EQUIPMENT.....	--	2,339	--	2,339			--	2,339			

[amounts in millions of dollars]

P-1		FY 1988		H.R. 1748		AMENDMENT		H.R. 1748		AMENDMENT CHANGE		
		BUDGET REQUEST		HASC RECOMMENDED		TO H.R. 1748		AS AMENDED		FROM 1988 REQUEST		
LINE	ITEM	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	FTNT
	OTHER EXPENDABLE ORDNANCE											
256	SMALL ARMS AND LANDING PARTY AMMO.....	--	35,680	--	35,680			--	35,680			
257	PYROTECHNIC AND DEMOLITION MATERIAL...	--	25,463	--	25,463			--	25,463			
258	QUICKSTRIKE..........................	--	13,129	--	13,129			--	13,129			
259	FLEET MINE SUPPORT EQUIPMENT..........	--	18,022	--	18,022			--	18,022			
260	MINE NEUTRALIZATION DEVICES...........	--	3,329	--	3,329			--	3,329			
261	DEFENSE NUCLEAR AGENCY MATERIAL.......	--	9,594	--	9,594			--	9,594			
262	SHIPBOARD EXPENDABLE COUNTERMEASURES..	--	21,074	--	21,074			--	21,074			
262a	REDUCTION IN ORDNANCE SUPPORT EQUIPMEN	--	---	--	---		(33,370)		(33,370)		(33,370)	
	TOTAL, ORDNANCE SUPPORT EQUIPMENT...		769,542		894,542		(33,370)		861,172		91,630	
	CIVIL ENGINEERING SUPPORT EQUIPMENT											
263	PASSENGER CARRYING VEHICLES...........	593	10,226	593	10,226	(168)	(5,166)	425	5,060	(168)	(5,166)	1,2
264	ARMORED SEDANS........................	2	185	2	185			2	185			
265	TRUCKS................................	1,647	31,120	1,647	31,120	(917)	(11,808)	730	19,312	(917)	(11,808)	1,2
266	TRAILERS..............................	183	2,135	183	2,135			183	2,135			
267	CRUSH, MIX, BATCH, PAVE EQUIPMENT.....	--	2,645	--	2,645			--	2,645			
268	DRILLING AND BLASTING EQUIPMENT.......	--	2,377	--	2,377			--	2,377			
269	EARTH MOVING EQUIPMENT................	120	6,939	120	6,939			120	6,939			
270	LIGHTING AND POWER GENERATING EQUIP...	--	1,642	--	1,642			--	1,642			
271	MISC CONSTRUCTION AND MAINTENANCE EQUI	--	4,709	--	4,709			--	4,709			
272	FIRE FIGHTING EQUIPMENT...............	65	8,430	65	8,430			65	8,430			
273	WEIGHT HANDLING EQUIPMENT.............	42	8,020	42	8,020			42	8,020			
274	AMPHIBIOUS EQUIPMENT..................	--	9,923	--	9,923			--	9,923			
275	COMBAT CONSTRUCTION SUPPORT EQUIPMENT.	--	8,539	--	8,539			--	8,539			
276	MOBILE UTILITIES SUPPORT EQUIPMENT....	--	7,646	--	7,646			--	7,646			
277	COLLATERAL EQUIPMENT..................	--	1,571	--	1,571			--	1,571			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
278	OCEAN CONSTRUCTION EQUIPMENT..........	--	2,184	--	2,184			--	2,184			
279	FLEET MOORINGS........................	--	4,528	--	4,528			--	4,528			
280	POLLUTION CONTROL EQUIPMENT...........	--	1,914	--	1,914			--	1,914			
281	OTHER CIVIL ENG SUPPORT EQUIPMENT.....	--	2,067	--	2,067			--	2,067			
282	FLEET HOSPITALS.......................	--	---	--	---			--	---			
	TOTAL, CIVIL ENGINEERING SUPPORT EQU		116,800		116,800		(16,974)		99,826		(16,974)	
	SUPPLY SUPPORT EQUIPMENT											
283	FORKLIFT TRUCKS.......................	571	19,519	571	19,519	(171)	(9,811)	400	9,708	(171)	(9,811)	1,2
284	OTHER MATERIALS HANDLING EQUIPMENT....	--	1,571	--	1,571			--	1,571			
285	AUTOMATED MATERIALS HANDLING SYSTEMS..	--	11,513	--	11,513			--	11,513			
286	OTHER SUPPLY SUPPORT EQUIPMENT........	--	13,056	--	13,056			--	13,056			
287	POLLUTION CONTROL EQUIPMENT...........	--	---	--	---			--	---			
288	SPECIAL PURPOSE SUPPLY SYSTEMS........	--	76,346	--	76,346			--	76,346			
	TOTAL, SUPPLY SUPPORT EQUIPMENT.....		122,005		122,005		(9,811)		112,194		(9,811)	
	PERSONNEL AND COMMAND SUPPORT EQUIPMEN											
	TRAINING DEVICES											
289	SURFACE SONAR TRAINERS................	--	---	--	---			--	---			
290	SUBMARINE SONAR TRAINERS..............	--	1,212	--	1,212			--	1,212			
291	SURFACE COMBAT SYSTEM TRAINERS........	--	18,910	--	18,910			--	18,910			
292	SUBMARINE COMBAT SYSTEM TRAINERS......	--	20,511	--	20,511			--	20,511			
293	SHIP SYSTEM TRAINERS..................	--	15,011	--	15,011			--	15,011			
294	TRAINING SUPPORT EQUIP................	--	2,636	--	2,636			--	2,636			
295	TRAINING DEVICE MODIFICATIONS.........	--	3,088	--	3,088			--	3,088			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	COMMAND SUPPORT EQUIPMENT											
296	COMMAND SUPPORT EQUIPMENT.............	--	8,927	--	8,927			--	8,927			
297	EDUCATION SUPPORT EQUIPMENT..........	--	1,228	--	1,228			--	1,228			
298	MEDICAL SUPPORT EQUIPMENT.............	--	15,020	--	15,020			--	15,020			
299	INTELLIGENCE SUPPORT EQUIPMENT........	--	73,275	--	73,275		(1,100)	--	72,175		(1,100)	
300	ITEMS UNDER $2 MILLION................	--	1,508	--	1,508			--	1,508			
301	OPERATING FORCES SUPPORT EQUIPMENT....	--	14,586	--	14,586			--	14,586			
302	NAVAL RESERVE SUPPORT EQUIPMENT.......	--	162	--	162			--	162			
303	OCEANOGRAPHIC SUPPORT EQUIPMENT.......	--	15,774	--	15,774			--	15,774			
304	PHYSICAL SECURITY EQUIPMENT...........	--	47,238	--	47,238		(15,326)	--	31,912		(15,326)	1,2
	COMPUTER ACQUISITION PROGRAM											
305	COMPUTER ACQUISITION PROGRAM..........	--	229,324	--	229,324		(48,037)	--	181,287		(48,037)	1,2
	PRODUCTIVITY PROGRAMS											
307	PRODUCTIVITY INVESTMENT FUND (PIF)....	--	1,990	--	1,990			--	1,990			
308	PROD ENHANCING INCENTIVE FUND (PEIF)..	--	7,371	--	7,371			--	7,371			
	TOTAL, PERSONNEL AND COMMAND SUPPORT		477,771		477,771		(64,463)		413,308		(64,463)	
	SPARES & REPAIR PARTS											
309	SPARES AND REPAIR PARTS...............	--	308,826	--	308,826			--	308,826			
	OTHER PROCUREMENT, NAVY.............		4,983,827		5,253,909		(344,143)		4,909,766		(74,061)	
0	TRANSFER FROM OTHER ACCOUNTS..........		---		---		(8,000)		(8,000)		(8,000)	
	TOTAL, OTHER PROCUREMENT, NAVY......		4,983,827		5,253,909		(352,143)		4,901,766		(82,061)	

FOOTNOTES

1 MAINTAINS FY 1987 LEVEL
2 AFFORDABILITY
3 EXECUTION STATUS
4 CONTRACT SAVINGS
5 REDUCED INCREASE FROM FY 1987 LEVEL
6 DEFER NEW START
7 CLASSIFIED PROGRAM
8 NO REQUIREMENT
9 REPRICING
10 ALTERNATIVE FUNDING SOURCES
11 CONVENTIONAL FORCE ENHANCEMENT
12 SUSTAINABILITY REQUIREMENTS
13 PROGRAM TERMINATED
14 PROGRAM RESTRUCTURED

ITEMS OF SPECIAL INTEREST

SHIP SUPPORT EQUIPMENT

The budget request contained $783.7 million for ship support equipment. H.R. 1748, as reported, would authorize $793.7 million, an increase of $10 million from the request.

The amendment would authorize $759.8 million for ship support equipment, a decrease of $33.9 million from H.R. 1748, as reported, and $23.9 million from the budget request.

COMMUNICATIONS AND ELECTRONICS EQUIPMENT

The budget request contained $1,712.6 million for communications and electronics equipment. The committee report on H.R. 1748 contained $1,740.4 million, an increase of $27.8 million.

The amendment would authorize $1,666.3 million for communications and electronics equipment, a decrease of $74.1 million from the committee report and $46.3 million from the budget request. None of these reductions may be taken from the MK-92 CORT program.

LARGE SCREEN FLAT PANEL PLASMA DISPLAY

The amendment would authorize $1 million for the procurement of one large screen flat panel plasma display. Such units can replace both manual plotting boards and bulkier projection-type plotting systems on flag-configured combatant ships.

The display authorized by the amendment would be installed, operated, and tested on a flag-configured combatant ship as a precursor to possible installation of this type of unit in other flagships in the future.

ORDNANCE SUPPORT EQUIPMENT

The budget request contained $769.5 million for ordnance support equipment. H.R. 1748, as reported, would authorize $894.5 million, an increase of $125 million from the request.

The amendment would authorize $861.2 million for ordnance support equipment, a decrease of $33.4 million from H.R. 1748, as reported, and an increase of $91.6 million from the budget request.

PROCUREMENT, MARINE CORPS

OVERVIEW

The budget request for fiscal year 1988 contained $1,402.4 million for procurement, Marine Corps. H.R. 1748, as reported, would provide authorization of $1,378.1 million, a decrease of $24.4 million from the budget request.

The amendment would authorize $1,286.2 million, a decrease of $91.9 million from H.R. 1748, as reported, and a decrease of $116.2 million from the budget request.

The following table with annotated footnotes provides the details of the adjustments contained in the amendment.

PROCUREMENT, MARINE CORPS

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Ammunition											
Linear charges:											
1 Linear charge (trlr mt)											
2 Small arms ammo:											
0 CTG 5.56mm ball M855	106,465	21,589	106,465	21,589			106,465	21,589			
0 CTG 9mm ball M882	59,368	6,762	59,368	6,762			59,368	6,762			
0 CTG 40mm HE DP M433	510,032	4,329	510,032	4,329			510,032	4,329			
3 Machine gun ammo:											
0 CTG 5.56mm linked (saw)	21,252	6,311	21,252	6,311			21,252	6,311			
0 CTG cal 50 linked	970,814	1,156	970,814	1,156			970,814	1,156			
0 CTG 25mm APDS–T M791											
0 CTG 25mm HEI–T M792											
0 CTG 40mm linked M430 HE DP	1,788	19,866	1,788	19,866			1,788	19,866			
0 CTG 7.62 linked M80	15,581	4,195	15,581	4,195			15,581	4,195			
4 Mortar ammo:											
0 CTG 60mm HE M888	82,894	4,116	82,894	4,116			82,894	4,116			
0 CTG 60mm smoke WP M302 A1											
0 CTG 81mm HE M821	164,588	36,197	164,588	36,197			164,588	36,197			
0 CTG 81mm HE M889	372,075	62,017	372,075	62,017			372,075	62,017			
0 CTG 81mm SMK M819	52,590	11,474	52,590	11,474			52,590	11,474			
0 CTG 81mm illum M853	4,858	1,001	4,858	1,001			4,858	1,001			
0 CTG 60mm smoke WP XM722	41,800	4,041	41,800	4,041			41,800	4,041			
0 CTG 60mm illum XM721	24,510	4,000	24,510	4,000			24,510	4,000			
5 Grenades:											
0 Grenade smoke screen (IR)	99,039	5,000	99,039	5,000			99,039	5,000			
0 Grenade smoke screen (RP)	11,290	548	11,290	548			11,290	548			
0 Signal illum WSP	129,866	3,015	129,866	3,015			129,866	3,015			
0 CTG 40mm WS PARA	82,353	1,897	82,353	1,897			82,353	1,897			
0 Grenade hand frag	710,728	6,729	710,728	6,729			710,728	6,729			
0 Grenade hand smoke green	111,342	1,294	111,342	1,294			111,342	1,294			
0 Grenade hand smoke yellow	141,099	1,742	141,099	1,742			141,099	1,742			
0 Signal illum GRD GRN	56,476	1,365	56,476	1,365			56,476	1,365			
0 Signal smoke GRD green PARA	71,583	2,108	71,583	2,108			71,583	2,108			
0 Flare surface trip	85,655	1,712	85,655	1,712			85,655	1,712			
6 Rockets:											
0 Rocket 83MM (SMAW)											
0 Rocket 5 inch motor	301	1,148	301	1,148			301	1,148			
0 Light antiarmor weapon AT-4	16,026	12,981	16,026	12,981			16,026	12,981			
0 Rocket 83MM HEAA	3,355	12,315	3,355	12,315			3,355	12,315			
7 Training ammo:											
0 CTG 40MM TP F/MK19	789,991	9,985	789,991	9,985			789,991	9,985			
0 CTG 40MM PRAC M781	733,966	1,259	733,966	1,259			733,966	1,259			
0 CTG 81MM TP XM879	49,169	3,517	49,169	3,517			49,169	3,517			
0 Line charge PRAC (TRLR) MTD	217	2,166	217	2,166			217	2,166			
0 Line charge PRAC LVT MTD	217	2,131	217	2,131			217	2,131			
0 CTG 25MM TP-T M793											
0 Rocket 83MM practice											
0 CTG 5.56MM blank LKD (SAW)	19,587	3,902	19,587	3,902			19,587	3,902			
0 CTG 5.56MM blank M200	73,068	7,305	73,068	7,305			73,068	7,305			
0 CTG 7.62MM blank linked	10,442	2,480	10,442	2,480			10,442	2,480			
0 CTG 60MM TP full range XM816											
0 CTG 120MM TP–T M831	4,557	4,261	4,557	4,261	(4,557)	(4,261)	0	0	(4,557)	(4,261)	6, 14
0 CTG 120MM TPCSDS-T M865	3,339	2,451	3,339	2,451	(3,339)	(2,451)	0	0	(4,557)	(4,261)	6, 14
0 Rocket 83MM practice F/HEAA	610	1,120	610	1,120			610	1,120			
8 155MM ammo:											
0 CHG spotting proj											
0 CHG prop RB M203A1											
0 PROJ 155MM ADAM–L M692	466	2,001	466	2,001			466	2,001			
0 PROJ 155 illum											
0 Proj 155MM ADAM–S M731	466	2,001	466	2,001			466	2,001			
0 Proj 155MM RAAMS–L M718	11,540	14,698	11,540	14,698			11,540	14,698			
0 Proj 155MM RAAMS–S M741	27,503	35,028	27,503	35,028			27,503	35,028			
0 Proj 155MM HE ICM (DP) M483	4,764	2,004	4,764	2,004			4,764	2,004			
0 Proj 155MM HE											
0 Charge prop 155MM white bag M4A2	182,681	12,963	182,681	12,963			182,681	12,963			
0 Charge prop 155MM green bag M3A1											
0 Charge prop 155MM red bag M119A2											

PROCUREMENT, MARINE CORPS—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
9 Anti-armor ammo:											
0 GTG 120MM APFSDS-T M829	7,958	7,784	7,958	7,784	(7,958)	(7,784)	0	0	(7,958)	(7,784)	6, 14
0 CTG 120MM heat M830	16,962	29,014	16,962	29,014	(16,962)	(29,014)	0	0	(16,962)	(29,014)	6, 14
10 155MM Proj Copperhead											
11 8 inch ammo:											
0 Proj HE M106											
0 Proj HEDP (ICM)											
12 Fuzes:											
0 Fuze mechanical time (MT)											
0 Point detonating (PD)											
0 Primer percussion M82	421,021	733	421,021	733			421,021	733			
0 Proximity M732A1	25,599	4,513	25,599	4,513			25,599	4,513			
13 Ammo modernization		14,775		14,755				14,775			
Other support:											
14 Item less than $2 million		5,886		5,886				5,886			
Total, ammunition		410,885		410,885		(43,510)		367,375		(43,510)	
Weapons and Combat Vehicles											
Tracked combat vehicles:											
15 AAV7AA1 PIP		21,702		21,702				21,702			
16 Modification kits (TRKD VEH)		490		490				490			
17 M-1 Main battle tank (MYP)		1,144		1,144				1,144			
18 M-1 Main battle tank (MYP) (AP-CY)		24,441		24,441				24,441			
20 Bridge, armored veh launched											
21 M1 Tank trainer	4	8,947	4	8,947			4	8,947			
22 Items less than $2 million (TRKD VEH)		75		75				75			
Artillery and other weapons:											
23 Pos azimuth determ sys (PADS)	34	9,637	34	9,637			34	9,637			
25 M198 155MM howitzer											
26 Items less than $2 million (ATL-CTH)		1,077		1,077				1,077			
Weapons:											
27 9MM handgun	22,182	5,191	22,182	5,191			22,182	5,191			
28 Machine gun, auto saw 5.56MM	1,039	3,029	1,039	3,029	(1,039)	(3,029)	0	0	(1,039)	(3,029)	1, 3
29 M-16 5.6MM rifle	16,652	8,859	16,652	8,859			16,652	8,859			
30 XM-4 carbine	1,500	1,005	1,500	1,005	(1,500)	(1,005)	0	0	(1,500)	(1,005)	2, 6
31 Mk-19 40MM machine gun	415	3,583	415	3,583			415	3,583			
32 Mortar, med, extended range	264	5,262	264	5,262			264	5,262			
Total, weapons and combat vehicles		94,442		94,442		(4,034)		90,408		(4,034)	
Guided Missiles and Equipment											
Guided missiles:											
34 Hawk (MYP)	525	136,974	525	136,974			525	136,974			
35 Hawk (MYP) (AP-CY)		24,350		0				0		(24,350)	9
36 Hawk mod		30,129		30,129				30,129			
37 Stinger (MYP)	3,067	137,356	3,067	137,356	(842)	(44,351)	2,225	93,005	(842)	(44,351)	1, 2, 9
38 Dragon missile system	4,259	7,890	4,259	7,890			4,259	7,890			
39 Tow (MYP)	2,680	26,940	2,680	26,940			2,680	26,940			
Other support:											
40 Modification kits		761		761				761			
Total, guided missiles and equipment		364,400		340,050		(44,351)		295,699		(68,701)	
Communications and Electronics Equipment											
Manpack radios:											
41 Manpack radios and equip											
Vehicle mounted radios and equipment:											
42 Vehicle mtd radios and equipment		3,224		3,224				3,224			
Telephone and teletype equipment:											
43 Unit level circuit switch (ULCS)		64,549		64,549				64,549			
0 ULCS life cycle support											
44 Tact comm center equip		9,887		9,887				9,887			
45 AN/PSG( ) digital comm terminal	581	17,316	581	17,316			581	17,316			
Repair and test equipment:											
0 PP-6224/4 power supply											
47 Auto test equip sys											
48 Calibration facility electonic	9	8,740	9	8,740			9	8,740			
49 Maintenance complex, electronic											
50 Electronic test equip (tel)		2,169		2,169				2,169			
51 AN/GRM-114A test set, radio	135	850	135	850			135	850			
Other comm/elec equipment:											
52 AN/TSQ-T9(V) Tact warfare sim eval and											
55 ANDVT/TACTERM	75	2,420	75	2,420			75	2,420			
0 Have quick timing distr system											
0 Single chan grd and air radio											
Other support (tel):											
56 Test calib plus maint spt		97		97				97			
57 Modification kits (tel)		1,948		1,948				1,948			
58 Items less than $2 million (tel)		1,966		1,966				1,966			
Command plus control systems (Non-tel):											
59 POS locating RPTG system (PLRS)											
60 MIFASS (NONTEL)											
61 Tactical air oper module (TAOM)	9	71,623	9	71,623			9	71,623			
62 Tactical receiver equipment set											
63 AN/UYQ 4 semi auto, direct air support	5	5,747	5	5,747			5	5,747			
Radar plus equipment (Non-tel):											
66 AN/TPS-32 decoy											
Intell/Comm equipment (Non-tel):											
68 Intelligence support equipment		4,420		4,420				4,420			
69 Mobile EW SUP SYS (MEWSS)											
0 Airborne radio direction finder											
0 JINTACS/JAMS											
0 GRD based elect intell SPT SYS											
Repair plus test equipment (Non-tel):											
70 Electronic TDME repair facility	2	1,749	2	1,749			2	1,749			
71 Calibration facility	12	5,600	12	5,600			12	5,600			
72 STE/ICE SIMPL test EQ	285	1,423	285	1,423			285	1,423			
73 Mech test TMDE		97		97				97			
74 AN/UMP-() test set, radar											
75 Electronic test EQUIP (Non-tel)		97		97				97			

PROCUREMENT, MARINE CORPS—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Other comm/elec equipment (Non-tel):											
76 Camps											
77 Night vision equipment		16,686		16,686				16,686			
79 ADP equipment		41,015		41,015				41,015			
0 CP-696()/PD Radiac Indic computer											
Other support (non-tel):											
80 Test calib & maint SPT (non-tel)		97		97				97			
81 Modification kits (non-tel)		12,614		12,614				12,614			
82 Items less than $2 million (non-tel)		1,401		1,401				1,401			
Total, Communications and electronic		275,735		275,735				275,735			
Support Vehicles											
Administrative vehicles:											
83 commercial passenger vehicles	153	2,464	153	2,464			153	2,464			
84 commercial cargo vehicles		9,599		9,599				9,599			
Tactical vehicles:											
0 Utility motorcycle											
85 5/4T truck HMMWV	136	2,881	136	2,881			136	2,881			
88 5 ton retrofit											
89 Logistics vehicle system	359	17,661	359	17,661			359	17,661			
90 Trailers, all types		2,881		2,881				2,881			
91 Lube and service unit 15CFM											
Other support:											
92 Modification kits		3,168		3,168				3,168			
93 Items less than $2 million		862		862				862			
Total, support vehicles		39,516		39,516				39,516			
Engineer and other equipment											
Engineer and equipment:											
94 Environment control eq assort		2,834		2,834				2,834			
95 Heavy RT crane	146	34,976	146	34,976			146	34,976			
96 Light rt crane	200	11,625	200	11,625			200	11,625			
97 Grader road motorized											
98 Tractors, all types		28,785		28,785				28,785			
101 Container hndlr, rough terr	35	8,118	35	8,118			35	8,118			
102 Forklifts, all types		27,839		27,839				27,839			
103 Laundry unit, field		3,240		3,240				3,240			
104 Field support equipment											
105 Field bath shower unit	100	2,255	100	2,255			100	2,255			
106 Refrigeration unit											
0 Refrigeration box											
0 Rev osmosis/water pur 600 GL											
0 M-33 ice cream plant Thompson											
109 Field wiring harness	677	4,351	677	4,351			677	4,351			
110 Fuel & water pump & storage module		10,572		10,572				10,572			
111 Amphibious assualt fuel system		2,346		2,346				2,346			
112 Tact airfield fuel disp sys		1,899		1,899				1,899			
113 Topographic-survey equipment		908		908				908			
0 Topographic reproduction equip											
114 West gab bridge system	168	5,628	168	5,628			168	5,628			
115 Boat bridge											
117 Power equipment assorted		1,272		1,272				1,272			
118 Mob elect power dist sys (MEPDIS)											
0 Conventional mine laying system											
0 Cleared land marking system											
119 Mining systems											
Materials handling equipment:											
120 Command support equipment		6,792		6,792				6,792			
121 Hq spt eq		3,374		3,374				3,374			
122 Garrison mobile engr equip		3,838		3,838				3,838			
123 Telephone system											
124 Auto mat handling equip		959		959				959			
125 Hqmc items		327		327				327			
126 Materiel handling equip		2,290		2,290				2,290			
General property:											
127 LTWT decontaminaion system	276	3,409	276	3,409			276	3,409			
128 TRN devices (audio visual)		1,440		1,440				1,440			
129 TRN devices (simulators)		9,862		9,862				9,862			
130 Shelter family											
131 Container family	1,859	3,002	1,859	3,002			1,859	3,002			
132 Chemical alarm system	386	916	386	916			386	916			
133 Chemical protection equipment											
134 Decon apparatus pwr driven											
Other support:											
135 Modification kits											
136 Items less than $2 million		4,913		4,913				4,913			
Total, engineer and other equipment		187,770		187,770				187,770			
Spares and repair parts:											
137 Spares and repair parts		29,692		29,692				29,692			
Total, spares and repair parts		29,692		29,692				29,692			
Total, procurement, Marine Corps		1,402,440		1,378,090		(91,895)		1,286,195		(116,245)	

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1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

AIRCRAFT PROCUREMENT, AIR FORCE

OVERVIEW

The budget request contained authorization of $14,191.4 million for Air Force aircraft procurement. H.R. 1748, as reported, would authorize $12,734.2 million for such procurement, a reduction of $1,457.2 million from the budget request.

The amendment would authorize $11,557.8 million for aircraft procurement, a reduction of $1,176.4 million from H.R. 1748, as reported, and a reduction of $2,633.6 million from the budget request.

The following table with the annotated footnotes provide the details of the adjustments contained in the amendment.

AIRCRAFT PROCUREMENT, AIR FORCE

[Amounts in millions of dollars]

P–1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
AIR FORCE PROCUREMENT											
Combat Aircraft Strategic Offensive											
Tactical forces:											
3 Air defense competition											
0 Air defense competition (AP–CY)											
4 F–15 D/E	42	1,384,200	42	1,334,000			42	1,334,200		(50,000)	9
5 F–15 D/E		154,000		154,000				154,200			
6 F–16 C/D (MYP)	180	2,223,668	180	2,123,668			180	2,123,668		(100,000)	9
7 F–16 C/D (MYP) (AP–CY)		475,900		475,900				475,900			
Other combat aircraft:											
8 KC–10A (ATCA) (MYP)											
0 AC–130H gunship											
0 AC–130H gunship (AP–CY)											
10 MC–130H	7	356,500	6	309,500			6	309,500	(1)	(47,000)	3
11 MC–130H (AP–CY)		15,800									
12 AC–130U gunship	5	217,800	0	0			0	0	(5)	(217,800)	
13 AC–130U gunship (AP–CY)		59,200	0	18,201				18,201		(40,999)	3
Total, combat aircraft		4,887,268		4,431,469				4,431,469		(455,799)	
Airlift Aircraft											
Strategic airlift:											
14 C–5B											
Tactical airlift:											
16 C–17	2	617,900	2	600,000			2	600,000			
17 C–17 (AP–CY)		66,300		66,300				66,300		(17,900)	9
Other airlift:											
0 C–12J											
19 C–27	5	65,900	0	0			0	0	(5)	(65,900)	6
Total, airlift aircraft		750,100		666,300				666,300		(83,800)	
Trainer Aircraft											
UPT trainers:											
0 T–46A (NGT)											
0 T–46A (NGT) (AF–CY)											
Total, trainer aircraft											
Other Aircraft—Helicopters											
Mission support aircraft:											
24 Civil Air Patrol A/C	38	600	38	600			38	600			
26 TR–1/U–2		10,700		10,700				10,700			
Total, other aircraft		11,300		11,300				11,300			
Modification of Inservice Aircraft											
Strategic aircraft:											
28 B–52		270,700		238,700				238,700		(32,000)	9
29 FB–111		800		800				800			
30 B–1B		4,600		4,600				4,600			
Tactical aircraft:											
31 A–7		700		700				700			
32 A–10		13,600		12,240				12,240		(1,360)	9
33 F/RF–4		10,400		10,400				10,400			
34 F–5		4,300		4,300				4,300			
35 F–15		161,200		155,400				155,400		(5,800)	9
36 F–16		76,300		76,300				76,300			
37 F–111		253,100		188,100		65,000		253,100			
38 EF–111											
39 TR–1A		10,900		9,867				9,867		(1,033)	5
40 T/AT–37		12,400		0				0		(12,400)	6
Airlift aircraft:											
41 C–5		16,900		16,900				16,900			
42 C–9		2,700		2,700				2,700			
43 C–22											
44 C–137		1,800		1,800				1,800			
45 C–141		17,100		11,565				11,565		(5,535)	5
Trainer aircraft:											
46 T–38		13,800		13,800				13,800			
47 T–43		400		400				400			
Other aircraft:											
48 KC–10A (ATCA)		13,200		7,109				7,109		(6,091)	5
50 C–130		217,500		197,877				197,887		(19,623)	5
51 C–135		629,500	50	793,100			50	793,100	50	163,600	11
52 E–3		27,700		27,700				27,700			
53 E–4											
54 H–1		1,700		1,700				1,700			
55 H–3 aircraft system		200		200				200			
56 HH–53 aircraft		400		79,800				79,800		79,400	11
57 Other aircraft		62,000		62,000				62,000			
0 OV–10											
Other modifications:											
58 Classified projects		83,728		83,728		(46,000)		37,728		(46,000)	3, 7
0 Ground proximity warning sys											
Total, modification of inservice aircraft		1,907,628		2,001,786		19,000		2,020,786		113,158	
Aircraft spares and repair parts:											
60 Spares and repair parts		2,965,967		2,723,967		(157,505)		2,566,462		(399,505)	3, 7
Aircraft support equipment and facilities:											
61 Common ground equipment		221,275		221,275				221,275			
62 Industrial responsiveness		40,000		40,000				40,000			
63 War consumables		50,000		50,000				50,000			
64 Other production charges		3,135,933		3,060,033		(730,238)		2,329,795		(806,138)	5, 7
65 Common ECM equipment		221,900		185,357				185,357		(36,543)	5
Total, aircraft support equipment and fac		3,669,108		3,556,665		(730,238)		2,826,427		(842,681)	

AIRCRAFT PROCUREMENT, AIR FORCE—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Aircraft procurement, Air Force		14,191,371		13,391,487		(868,743)		12,522,744		(1,668,627)	
0 Prior year savings											
C-5B, fiscal year 1987 and prior				(323,300)				(323,300)		(323,300)	
F-100 engines, fiscal year 1987 and prior				(34,000)				(34,000)		(34,000)	
T-46A				(300,000)		(20,000)		(320,000)		(320,000)	
ASPJ, fiscal year 1987 and prior						(90,000)		(90,000)		(90,000)	
Classified Mods, fiscal year 1986 and prior						(132,600)		(132,600)		(132,600)	
Other production charges, F-111 avionics upgrade, fiscal year 1987 and prior						(65,000)		(65,000)		(65,000)	
Total, aircraft procurement, Air Force		14,191,371		12,734,187		(1,176,343)		11,557,844		(2,633,527)	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

MISSILE PROCUREMENT, AIR FORCE

The budget request contained authorization of $9,772.7 million for the procurement of Air Force missiles. H.R. 1748, as reported, would authorize $9,519.1 million for such procurement, a reduction of $253.6 million from the requested amount.

The amendment would authorize $7,296.3 million for Air Force missile procurement, a reduction of $2,222.8 million from H.R. 1748, as reported, and a reduction of $2,476.4 million from the budget request.

The following table with the annotated footnotes provide the details of the adjustments contained in the amendment.

MISSILE PROCUREMENT, AIR FORCE

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnote
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
MISSILE PROCUREMENT, AIR FORCE											
Ballistic Missiles											
Strategic:											
1 Peacekeeper (M-X)	21	1,259,949	21	1,259,949	(9)	(395,949)	12	864,000	(9)	(395,949)	1
2 Small ICBM											
Missile replacement equipment—ballist:											
3 Missile replacement eq-ballistic		54,559		54,559				54,559			
Total, ballistic missiles		1,314,508		1,314,508		(395,949)		918,559		(395,949)	
Other Missiles											
Strategic:											
0 SRAM II											
8 Air launch cruise missile		2,347		2,347				2,347			
Tactical:											
9 AIM-7F/M Sparrow	558	99,462	758	134,462			758	134,462	200	35,000	11
10 AIM-9L/M Sidewinder	956	53,051	1,256	69,051			1,256	69,051	300	16,000	11
11 AGM-130 powered GBU-15	121	43,754	73	26,397			73	26,397	(48)	(17,357)	3
12 AGM-65D Maverick (MYP)	2,100	354,605	2,100	325,000			2,100	325,000		(29,605)	9
13 AGM-65D Maverick (MYP) (AP-CY)											
14 AGM-88A Harm	1,748	422,945	1,748	402,654			1,748	402,654		(20,291)	9
15 Rapier		31,200		31,200				31,200			
16 Amraam	630	832,882	500	680,800			500	680,800	(130)	(152,082)	3
17 Amraam (AP-CY)											
18 Grd launch cruise missile	37	70,792	37	70,792	(37)	(70,792)	0	0	(37)	(70,792)	8
19 Grd launch cruise missile (AP-CY)											
20 Stinger											
Target drones:											
21 Target drones	48	11,040	48	11,040			48	11,040			
Industrial facilities:											
22 Industrial facilities		13,517		13,517				13,517			
Missile replacement equipment—other:											
23 Missile replacement eq-other		7,610		7,610				7,610			
Total, other missiles		1,943,205		1,774,870		(70,792)		1,704,078		(239,127)	
Modification of Inservice Missiles											
Class IV:											
0 Class IV											
26 MM II/III modifications		119,223		119,223		(15,523)		103,700		(15,523)	5
27 AGM-88A Harm		2,245		2,245				2,245			
28 Air launch cruise missile		7,381		7,381				7,381			
29 Grd launch cruise missile		15,400		15,400		(15,400)		0		(15,400)	8
30 Peacekeeper (M-X)		1,311		1,311				1,311			
31 Modifications under $2.0M		232		232				232			
Total, modification of inservice missiles		145,792		145,792		(30,923)		114,869		(30,923)	
Missile spares + repair parts:											
32 Spares and repair parts		224,116		178,729		(23,481)		155,248		(68,868)	3
Other Support											
Space programs:											
33 Spaceborne equip (COMSEC)		23,682		23,682				23,682			
34 Global positioning (MYP)	4	92,605	4	92,605			4	92,605			
0 Global positioning (MYP) (AP-CY)											
35 Space shuttle operations (MYP)		108,051		86,486				86,486		(21,565)	9
36 Space shuttle operations (MYP) (AP-CY)											
37 Def meterological sat prog (MYP)		5,746		5,746				5,746			
38 Def meterological sat prog (MYP) (AP-CY)		91,700		83,879				83,879		(7,821)	9
39 Defense support program (MYP)	1	328,743	1	328,743			1	328,743			
40 Defense support program (MYP) (AP-CY)		63,100		63,100				63,100			
41 Defense satellite comm system (MYP)	1	75,870	1	65,389			1	65,389		(10,481)	9
42 Defense satellite comm system (MYP) (AP-CY)											

MISSILE PROCUREMENT, AIR FORCE—Continued

[Amounts in millions of dollars]

P–1 line and item	Fiscal year 1988 budget request		H.R. 1748 HASC recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnote
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
44 Space boosters (MYP)	9	306,412	9	306,412			9	306,412			
45 Space boosters (MYP) (AP–CY)		168,000		168,000				168,000			
0 Space defense system											
0 Space defense system (AP–CY)		21,800		21,800		(21,800)		0		(21,800)	3
48 Medium launch vehicle	4	197,900	4	197,900			4	197,900			
Special programs:											
50 Other programs		24		24				24			
51 Forest green											
52 IONDS (MYP)		22,483		22,483				22,483			
53 Special programs		2,273,465		2,273,465		(55,500)		2,217,965		(55,500)	7
54 Special update programs		1,236,200		1,236,200		(500,000)		736,200		(500,000)	7
999 Classified programs		1,129,291		1,129,291		(924,400)		204,891		(924,400)	7
Total, other support		6,145,072		6,105,205		(1,501,700)		4,603,505		(1,541,567)	
0 Prior year savings: MX, fiscal year 1987 and prior years						(200,000)		(200,000)		(200,000)	
Total, missile procurement, Air Force		9,772,693		9,519,104		(2,222,845)		7,296,259		(2,476,434)	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirement. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

ITEMS OF SPECIAL INTEREST

GROUND LAUNCHED CRUISE MISSILE

Initially, the committee supported the budget request for the ground launched cruise missile [GLCM] program. The budget request contained authorization of 37 ground launched cruise missiles for $70.8 million and $6.5 million for initial spares.

Further review of the program has resulted in no authorization being recommended at this time. This approach was taken for reasons not related to the on-going negotiations to reduce deployment of GLCM's and other systems in Europe. Rather, this adjustment is based on two programmatic considerations.

First, to date, 560 GLCM's have been procured. The 37 missiles requested in fiscal year 1988 are designed to serve as part of the maintenance float for the program. Therefore, this procurement could be deferred at this time without adverse impact on either the scheduled deployment of the remaining GLCM's or the existing force levels.

Further, an ongoing sea-launched cruise missile [SLCM] production base exists. Should procuring additional ground launched cruise missiles become necessary, the existing SLCM production line could produce the additional GLCM's. This approach does not prejudge the outcome of the negotiations.

The second consideration underlying the recommendation relates to the reliability problems that have developed with the GLCM. Rather than procuring additional GLCM's before the reliability problems are resolved, a more prudent course of action would be to defer this acquisition.

Depending upon the final outcome of the arms control negotiations, the committee strongly supports full deployment of the GLCMs in NATO. Because this amendment does not affect GLCM deployment levels, it should not be interpreted as either a lessening of support for this capability in NATO or as a lessening of the committee's support for maintaining the U.S. commitment to NATO.

ADVANCED CRUISE MISSILE

The budget request contained a classified amount for the procurement of the advanced curise missile [ACM]. H.R. 1748, as reported, would provide the requested authorization.

Subsequent to the committee markup of H.R. 1748, additional information was made available to the committee on the status of the program. In recognition of significant schedule delays and cost increases, the amendment would authorize no procurment funds for the program in fiscal year 1988.

This action should not result in a break in production. Considering the required flight test schedule remaining, the delay encountered with production materials and components, and the probable restructuring of the program, the production schedule can be adjusted so that disruption in the program does not occur.

SPACE DEFENSE SYSTEM

The budget request contained $21.8 million in advance procurement for the antisatellite system—Asat. In addition, $8.5 million was requested in the other procurement account for the Asat system. H.R. 1748, as reported, would authorize the requested amounts.

The amendment would authorize no procurement funds for the program. This recommendation is consistent with the recommendation in title II—RDT&E—of the amendment to authorize no funds for the production verification for the system. To authorize long lead production funds would be premature.

OTHER PROCUREMENT, AIR FORCE

The budget request contained authorization of $8,570.5 million for Air Force other procurement. This account includes munitions, vehicles, electronics and telecommunications equipment and other base maintenance and support equipment.

H.R. 1748, as reported, would authorize $8,672.2 million, an increase of $101.7 million from the budget request. Because of concerns with conventional weapons sustainability, the increase over the budget request was recommended primarily in the munitions account.

The amendment would authorize $8,360.7 million, a reduction of $311.5 million from H.R. 1748, as reported, and a reduction of $209.8 million from the budget request. With one major exception, the Bigeye bomb, the reductions would be taken primarily in electronics and telecommunications programs that have exhibited significant growth over fiscal year 1987 levels.

The following table with the annotated footnotes provide the details of the adjustments contained in the amendment.

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST		H.R. 1748 HASC RECOMMENDED		AMENDMENT TO H.R. 1748		H.R. 1748 AS AMENDED		AMENDMENT CHANGE FROM 1988 REQUEST		
		QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	FTNT
	OTHER PROCUREMENT, AIR FORCE											
	MUNITIONS AND ASSOCIATED EQUIPMENT											
	ROCKETS + LAUNCHERS											
1	2.75 INCH ROCKET MOTOR	74,135	17,305	74,135	17,305			74,135	17,305			
2	2.75 INCH ROCKET HEAD - WP	93,888	7,234	93,888	7,234			93,888	7,234			
4	LIGHT ANTI-TANK TACTICAL AT-4	2,500	1,961	2,500	1,961			2,500	1,961			
6	ITEMS LESS THAN $2,000,000	--	3,519	--	3,519			--	3,519			
	CARTRIDGES (THOUSANDS)											
7	9MM PARABELLUM	4,310	591	4,310	591			4,310	591			
8	7.62 MM BLANK, LINKED	--	---	--	---			--	---			
9	5.56 MM	20,491	2,915	30,491	72,915		(68,600)	30,491	4,315		1,400	11
10	20 MM COMBAT	2,854	12,369	3,854	16,669			3,854	16,669	1,000	4,300	11
11	20 MM TRAINING	4,477	13,986	5,477	17,086			5,477	17,086	1,000	3,100	11
12	30 MM TRAINING	9,732	81,705	9,732	81,705			9,732	81,705			
13	30 MM API	--	---	--	---			--	---			
14	81 MM	--	---	--	---			--	---			
15	40MM TP GRENADES	--	---	--	---			--	---			
16	40MM HE GRENADES	191	2,002	191	2,002			191	2,002			
17	CART CHAFF RR-170	--	3,354	--	3,354			--	3,354			
19	SIGNAL MK-4 MOD 3	1,274	1,362	1,274	1,362			1,274	1,362			
20	MXU-4A/A ENGINE STARTER	72	7,694	72	7,694			72	7,694			
21	CART IMP 3000 FT/LBS	1,586	3,780	1,586	3,780			1,586	3,780			
22	ITEMS LESS THAN $2,000,000	--	9,195	--	11,695			--	11,695		2,500	11
	BOMBS											
23	MK-82 INERT/BDU-50	--	---	--	---			--	---			
24	DURANDAL	--	---	--	---			--	---			
25	TIMER ACTUATOR FIN FUZE	14,000	3,988	14,000	3,988			14,000	3,988			
26	BSU-49 INFLATABLE RETARDER	26,196	9,322	26,196	9,322			26,196	9,322			
27	BSU-50 INFLATABLE RETARDER	3,704	4,252	3,704	4,252			3,704	4,252			
28	BOMB 2000 LB HIGH EXPLOSIVE	2,500	5,775	2,500	5,775			2,500	5,775			
29	BOMB HARD TARGET 2000LB	2,340	32,567	3,780	52,567			3,780	52,567	1,440	20,000	11

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
0	DAACM	--	---	--	---			--	---			
31	LASER BOMB GUIDANCE KIT	--	---	--	---			--	---			
32	GBU-15	--	---	--	---			--	---			
33	BOMB PRACTICE 25 POUND	1,274,000	16,393	1,274,000	16,393			1,274,000	16,393			
34	BOMB PRACTICE BDU-38	--	---	--	---			--	---			
36	MK-84 BOMB-EMPTY	1,279	2,157	1,279	2,157			1,279	2,157			
37	SKEET/SENSOR FUZED WEAPON	--	---	--	---			--	---			
38	CBU-89(TMD/GATOR)	--	---	--	---			--	---			
39	MECHANICAL DIVERTERS	2,800	9,807	2,800	9,807			2,800	9,807			
40	CBU-87(COMBINED EFFECTS MUNITION)	14,840	277,120	18,501	342,805			18,501	342,805	3,661	65,685	9,11
0	BIGEYE	--	14,800	--	14,800		(14,800)	--	0		(14,800)	3
42	ITEMS LESS THAN $2,000,000	--	25	--	25			--	25			
	TARGETS											
43	AERIAL TOW TARGET	--	---	--	---			--	---			
44	ITEMS LESS THAN $2,000,000	--	1,248	--	1,248			--	1,248			
	OTHER ITEMS											
45	FLARE, IR MJU-7B	563,280	9,013	563,280	9,013			563,280	9,013			
46	PARACHUTE FLARE LUU-2 B/B	10,000	3,702	10,000	3,702			10,000	3,702			
48	FLARE, IR MJU-2	--	---	--	---			--	---			
49	FLARE IR (B1B)	2,000	1,962	0	0			0	0	(2,000)	(1,962)	6
50	MJU-10B	396,000	18,642	396,000	18,642			396,000	18,642			
0	SIGNAL SMOKE AND ILLUMINATING	--	---	--	---			--	---			
55	CHAFF PACKAGE RR-141A/L	--	---	--	---			--	---			
56	SPARES AND REPAIR PARTS	--	4,234	--	4,234			--	4,234			
57	MODIFICATIONS	--	587		34,587				34,587		34,000	11
58	ITEMS LESS THAN $2,000,000	--	18,700	--	18,700			--	18,700			
	FUZES											
59	FMU-139	47,566	39,967	47,566	39,967			47,566	39,967			
60	ITEMS LESS THAN $2,000,000	--	7	--	7			--	7			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	OTHER WEAPONS											
61	M-203 GRENADE LAUNCHER......................	40	24	40	24			40	24			
62	MACHINE GUN, 7.62MM, M-60..................	18	61	18	61			18	61			
65	9MM HANDGUN................................	20,000	4,146	20,000	4,146			20,000	4,146			
66	SHOTGUN - 12 GAGE..........................	--	---	--	---			--	---			
67	NATIONAL RIFLE - M14.......................	--	---	--	---			--	---			
68	HOST NATION SUPPORT WEAPONS................	700	1,445	700	1,445			700	1,445			
	TOTAL, MUNITIONS AND ASSOCIATED EQUIPMENT		648,869		846,539		(83,400)		763,139		114,270	
	VEHICULAR EQUIPMENT											
	PASSENGER CARRYING VEHICLES											
69	SEDAN, 4 DR 4X2............................	454	3,355	415	3,073			415	3,073	(39)	(282)	5
70	STATION WAGON, 4X2.........................	236	1,961	236	1,961			236	1,961			
71	BUS, 28 PASSENGER..........................	124	4,195	124	4,195			124	4,195			
72	BUS INTERCITY..............................	7	1,230	7	1,230			7	1,230			
73	BUS, 44 PASSENGER..........................	91	4,320	40	1,894			40	1,894	(51)	(2,426)	5
74	AMBULANCE, BUS.............................	31	2,596	31	2,596			31	2,596			
75	MODULAR AMBULANCE..........................	112	3,925	112	3,925			112	3,925			
76	14-20 PASSENGER BUS........................	17	474	17	474			17	474			
77	LAW ENFORCEMENT VEHICLE....................	241	1,918	241	1,918			241	1,918			
	CARGO + UTILITY VEHICLES											
78	TRUCK, STAKE/PLATFORM......................	629	10,361	516	8,521			516	8,521	(113)	(1,840)	5
79	TRUCK, CARGO-UTILITY, 3/4T, 4X4............	617	7,544	265	3,230			265	3,230	(352)	(4,314)	5
80	TRUCK, CARGO-UTILITY, 1/2T, 4X2............	419	4,265	304	3,102			304	3,102	(115)	(1,163)	5
81	TRUCK, PICKUP, 1/2T, 4X2...................	885	6,693	885	6,693			885	6,693			
82	TRUCK, PICKUP, COMPACT.....................	622	3,562	622	3,562			622	3,562			
83	TRUCK MULTI-STOP 1 TON 4X2.................	486	7,285	486	7,285			486	7,285			
84	TRUCK, PANEL, 4X2..........................	338	2,865	338	2,865			338	2,865			
86	TRUCK CARRYALL.............................	543	6,951	543	6,951			543	6,951			
88	TRUCK, CARGO, 2 1/2T, 6X6, M-35............	335	17,651	286	15,083			286	15,083	(49)	(2,568)	5

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
89	TRUCK CARGO 5T M-923.M-925	75	4,670	75	4,670			75	4,670			
91	TRUCK, CARGO, 2 1/2T	--	---	--	---			--	---			
92	HIGH MOBILITY VEHICLE (MYP)	139	3,414	139	3,414			139	3,414			
93	TRUCK, TRACTOR, 5T	--	---	--	---			--	---			
94	TRUCK TRACTOR 5T M-932 (MYP)	--	---	--	---			--	---			
95	TRUCK TRACTOR, OVER 5T	245	11,121	97	4,424			97	4,424	(148)	(6,697)	5
97	TRUCK WRECKER 5T M936 (MYP)	--	---	--	---			--	---			
98	TRUCK, DUMP 5 TON	139	6,450	139	6,450			139	6,450			
99	TRUCK, UTILITY	346	3,694	346	3,694			346	3,694			
100	ITEMS LESS THAN $2,000,000	--	14,683	--	14,683			--	14,683			
	SPECIAL PURPOSE VEHICLES											
101	TRUCK MAINT 4X2	385	3,932	320	3,267			320	3,267	(65)	(665)	5
103	TRUCK, MAINT, HI-REACH	--	---	--	---			--	---			
104	TRUCK, TELEPHONE MAINTENANCE	31	4,998	15	2,448			15	2,448	(16)	(2,550)	5
105	TRUCK, TANK, 1200 GAL	73	2,678	56	2,040			56	2,040	(17)	(638)	5
106	TRUCK TANK FUEL R-9	--	---	--	---			--	---			
107	TRUCK, TANK, FUEL, M-49	48	4,135	31	2,644			31	2,644	(17)	(1,491)	5
0	TRACTOR, A/C TOW, MB-2	--	---	--	---			--	---			
109	TRACTOR, A/C TOW, MB-4	118	3,196	118	3,196			118	3,196			
110	TRACTOR, TOW, FLIGHTLINE	50	800	50	800			50	800			
112	TRACTOR, DOZER	82	5,523	82	5,523			82	5,523			
114	TRUCK, DEMINERAL WATER, 2600 GAL	--	---	--	---			--	---			
0	TRANSPORTABLE MAINT UNIT	--	---	--	---			--	---			
119	MISSILE MAINT UNIT	4	2,450	0	0			0	0	(4)	(2,450)	6
123	SEMI TRAILER COMPRESSED GAS	--	---	--	---			--	---			
126	MOBILE ARM RECON VEHICLE	45	21,970	0	0			0	0	(45)	(21,970)	6
0	POLYMER PLACEMENT TRUCK	--	---	--	---			--	---			
0	RESIN TANK TRUCK	--	---	--	---			--	---			
0	SCAB VEHICLE REPAIR	--	---	--	---			--	---			
0	M-113 ARM PERS CARRIER	--	---	--	---			--	---			
127	MOS MARKING VEHICLE	--	---	--	---			--	---			
128	ITEMS LESS THAN $2,000,000	--	18,275	--	18,275			--	18,275			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	FIRE FIGHTING EQUIPMENT											
130	TRUCK CRASH P-15..........................	--	---	--	---			--	---			
131	TRUCK CRASH P-2...........................	--	---	--	---			--	---			
132	TRUCK WATER P-18..........................	57	6,335	57	6,335			57	6,335			
133	TRUCK,PUMPER, P-8.........................	--	---	--	---			--	---			
134	TRUCK, PUMPER, P-12.......................	--	---	--	---			--	---			
137	ITEMS LESS THAN $2,000,000................	--	3,741	--	3,741			--	3,741			
	MATERIALS HANDLING EQUIPMENT											
138	TRUCK F/L 4000 LB GED/DED 144 INCH.........	186	3,120	186	3,120			186	3,120			
139	TRUCK, F/L 6000 LB........................	190	3,505	171	3,156			171	3,156	(19)	(349)	9
140	TRUCK, F/L 10,000 LB......................	89	5,005	89	5,005			89	5,005			
0	TACTICAL CARGO LOADER.....................	--	---	--	---			--	---			
143	LARGE CAPACITY LOADER.....................	10	4,357	10	4,357			10	4,357			
144	25K A/C LOADER............................	--	---	--	---			--	---			
146	CONTAINER, LIFT, TRUCK....................	15	3,570	15	3,570			15	3,570			
147	ITEMS LESS THAN $2,000,000................	--	3,812	--	3,812			--	3,812			
	BASE MAINTENANCE SUPPORT											
148	LOADER, SCOOP.............................	93	4,882	93	4,882			93	4,882			
150	DISTRIBUTOR, WATER 1500 GALLON............	35	1,814	35	1,814			35	1,814			
151	CLEANER, RUNWAY/STREET....................	162	17,626	162	17,626			162	17,626			
154	GRADER, ROAD, MOTORIZED...................	--	---	--	---			--	---			
155	CRANE, 7-50 TON...........................	14	796	14	796			14	796			
156	EXCAVATOR, DED, PT........................	--	---	--	---			--	---			
157	WATERCRAFT................................	--	---	--	---			--	---			
158	SPARES AND REPAIR PARTS...................	--	3,262	--	3,262			--	3,262			
159	MODIFICATIONS.............................	--	382	--	382			--	382			
160	ITEMS LESS THAN $2,000,000................	--	8,017	--	8,017			--	8,017			
0	GENERAL REDUCTION.........................	--	---	--	---			--	---			
	TOTAL, VEHICULAR EQUIPMENT...............		273,364		223,961				223,961		(49,403)	

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	ELECTRONICS AND TELECOMMUNICATIONS EQUIP											
	COMM SECURITY EQUIPMENT(COMSEC)											
161	SPACE SYSTEMS (COMSEC)......................	--	9,051	--	9,051			--	9,051			
162	TEMPEST EQUIPMENT...........................	--	562	--	562			--	562			
163	TAC SECURE VOICE............................	--	10,866	--	10,866			--	10,866			
164	DCS SECURE VOICE (COMSEC)...................	--	24,728	--	24,728		(11,337)	--	13,391		(11,337)	7
165	SECURE DATA.................................	--	37,249	--	37,249		(9,194)	--	28,055		(9,194)	7
166	TRI-TAC (COMSEC)............................	--	14,690	--	14,690			--	14,690			
167	SPARES AND REPAIR PARTS.....................	--	6,548	--	6,548			--	6,548			
168	MODIFICATIONS (COMSEC)......................	--	304	--	304			--	304			
	INTELLIGENCE PROGRAMS											
169	INTELLIGENCE DATA HANDLING SYS..............	--	20,934	--	20,934			--	20,934			
170	INTELLIGENCE TRAINING EQUIPMENT.............	--	8,867	--	8,867			--	8,867			
171	INTELLIGENCE COMM EQUIP.....................	--	17,051	--	17,051			--	17,051			
172	COBRA JUDY..................................	--	488	--	488			--	488			
173	COBRA SHOE..................................	--	3,151	--	3,151			--	3,151			
174	ITEMS LESS THAN $2,000,000..................	--	7,195	--	7,195			--	7,195			
	ELECTRONICS PROGRAMS											
175	TACAN.......................................	--	---	--	---			--	---			
176	TRAFFIC CONTROL/LANDING.....................	--	15,444	--	15,444			--	15,444			
177	TACTICAL AIR CONTROL SYS IMPROVE............	--	119,881	--	204,481			--	204,481		84,600	14
178	WEATHER OBSERV/FORCAST......................	--	60,758	--	60,758		(7,058)	--	53,700		(7,058)	5
179	DEFENSE SUPPORT PROGRAM.....................	--	18,418	--	18,418			--	18,418			
180	OTH-B RADAR.................................	--	121,769	--	121,769			--	121,769			
182	SAC COMMAND AND CONTROL.....................	--	18,528		17,165		(5,855)		11,310		(7,218)	5
183	LAUNCH CONTROL CENTER COMMUNICATIONS........	--	12,292		8,913		(2,719)		6,194		(6,098)	5
184	CHEYENNE MOUNTAIN COMPLEX (ASAT)............	--	18,198	--	18,198		(8,500)	--	9,698		(8,500)	3
185	PAVE PAWS/SLBM WARNING SYSTEMS..............	--	1,582	--	1,582			--	1,582			
186	BMEWS MODERNIZATION.........................	--	1,441	--	1,441			--	1,441			
187	SPACETRACK..................................	--	914	--	914			--	914			
188	NAVSTAR GPS.................................	--	16,559	--	16,559		(4,757)	--	11,802		(4,757)	5
189	USAFE COMMAND/CONTROL SYSTEM................	--	1,941	--	1,941			--	1,941			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
190	PACAF COMMAND/CONTROL......................	--	3,190		1,192		(35)		1,157		(2,033)	5
191	DEFENSE METEOROLOGICAL SAT PROG............	--	10,176	--	10,176			--	10,176			
192	ENSCE......................................	--	---	--	---			--	---			
193	CARIBBEAN BASIN RADAR NETWORK..............	--	4,722	--	4,722			--	4,722			
194	MARS/USAF-FAA RADAR UPGRADE................	--	26,422	--	26,422			--	26,422			
195	TAC SIGINT SUPPORT.........................	--	29,783	--	29,783			--	29,783			
196	AEROSTAT RADARS............................	--	---	--	---			--	---			
197	DIST ERLY WARNING RDR/NORTH WARNING........	--	2,812	--	2,812			--	2,812			
198	TACTICAL GROUND INTERCEPT FACILITY.........	--	2,274		0				0		(2,274)	7
199	TR-1 GROUND STATIONS.......................	--	4,954		0				0		(4,954)	7
200	AIR BASE OPERABILITY.......................	--	5,240	--	5,240		(3,233)	--	2,007		(3,233)	5
201	CMDR'S TACTICAL TERMINALS(CTT)/TEREC.......	--	3,963	--	3,963			--	3,963			
202	IMAGERY TRANS..............................	--	---	--	---			--	---			
203	NUDET DETECTION SYSTEM (NDS)...............	--	12,391	--	12,391			--	12,391			
204	TACTICAL WARNING SYSTEMS SUPPORT...........	--	4,723	--	4,723			--	4,723			
205	NORTH ATLANTIC DEFENSE C3..................	--	32,663	--	32,663			--	32,663			
	SPECIAL COMM-ELECTRONICS PROJECTS											
206	AUTOMATIC DATA PROCESSING EQUIP............	--	120,380	--	120,380			--	120,380			
207	WWMCCS/WIS ADPE............................	--	25,719	--	25,719		(5,547)	--	20,172		(5,547)	5
208	MAC COMMAND AND CONTROL SUPPORT............	--	42,444	--	42,444			--	42,444			
209	GLCM COMMUNICATIONS........................	--	2,705	--	2,705			--	2,705			
210	AIR FORCE PHYSICAL SECURITY SYSTEM.........	--	23,018	--	23,018		(6,000)	--	17,018		(6,000)	5
211	WEAPONS STORAGE/SECURITY...................	--	25,259		0				0		(25,259)	10
212	RANGE IMPROVEMENTS.........................	--	141,331	--	141,331		10,000	--	151,331		10,000	14
213	RADAR BOMB SCORER..........................	--	---	--	---			--	---			
0	PLSS.......................................	--	---	--	---			--	---			
214	C3 COUNTERMEASURES.........................	--	4,626		4,312				4,312		(314)	5
215	JOINT SURVEILLANCE SYSTEM..................	--	4,045	--	4,045			--	4,045			
216	SPACE SHUTTLE..............................	--	163	--	163			--	163			
217	BASE LEVEL DATA AUTO PROGRAM...............	--	29,709	--	29,709			--	29,709			
218	SATELLITE CONTROL FACILITY.................	--	113,679		103,376				103,376		(10,303)	5
219	CONSTANT WATCH.............................	--	17,105	--	17,105			--	17,105			
220	CONSOLIDATED SPACE OPS CENTER..............	--	8,124	--	8,124			--	8,124			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
221	CMD CENTER PROCESSING/DISPLAY SYS	--	1,095	--	1,095			--	1,095			
222	HAMMER ACE	--	720	--	720			--	720			
223	SAMTO TEST RANGES I&M	--	65,048		61,601				61,601		(3,447)	5
224	EMP HARDENING	--	---	--	---			--	---			
	AIR FORCE COMMUNICATIONS											
225	PROGRAM 698AJ	--	1,714	--	1,714			--	1,714			
226	INFORMATION TRANSMISSION SYSTEMS	--	11,854	--	11,854			--	11,854			
227	TELEPHONE EXCHANGE	--	30,987	--	30,987			--	30,987			
228	JOINT TACTICAL COMM PROGRAM	--	176,766	--	176,766		(20,449)	--	156,317		(20,449)	5
229	USREDCOM	--	4,453	--	4,453			--	4,453			
230	USCENTCOM	--	22,733	--	22,733			--	22,733			
231	AUTOMATED TELECOMMUNICATIONS PRG	--	12,693	--	12,693			--	12,693			
232	CINC MOBILE COMMAND CENTER	--	---	--	---			--	---			
233	MILSTAR	--	---	--	---			--	---			
235	SATELLITE TERMINALS	--	19,564	--	19,564		(8,543)	--	11,021		(8,543)	5
	DCA PROGRAMS											
236	WIDEBAND SYSTEMS UPGRADE	--	41,844	--	41,844			--	41,844			
237	MINIMUM ESSENTIAL EMER COMM NET	--	52,226		32,092				32,092		(20,134)	3,5
238	DCS SECURE VOICE EQUIPMENT	--	4,630	--	4,630			--	4,630			
	ORGANIZATION AND BASE											
239	TACTICAL C-E EQUIPMENT	--	55,156		51,687				51,687		(3,469)	5
240	PRODUCTIVITY INV TELECOM	--	---	--	---			--	---			
241	RADIO EQUIPMENT	--	45,447		44,762				44,762		(685)	5
242	PRODUCTIVITY ENH TELECOMM	--	---	--	---			--	---			
243	FIBER OPTICS	--	3,374		2,066				2,066		(1,308)	5
244	TV EQUIPMENT (AFRTV)	--	4,486	--	4,486			--	4,486			
245	CCTV/AUDIOVISUAL EQUIPMENT	--	4,180	--	4,180			--	4,180			
246	E + I REQUIREMENTS	--	1,242	--	1,242			--	1,242			
247	SPARES AND REPAIR PARTS	--	268,684	--	268,684			--	268,684			
248	ITEMS LESS THAN $2,000,000	--	8,905	--	8,905			--	8,905			

[amounts in millions of dollars]

P-1 LINE	ITEM	FY 1988 BUDGET REQUEST QTY	FY 1988 BUDGET REQUEST AMOUNT	H.R. 1748 HASC RECOMMENDED QTY	H.R. 1748 HASC RECOMMENDED AMOUNT	AMENDMENT TO H.R. 1748 QTY	AMENDMENT TO H.R. 1748 AMOUNT	H.R. 1748 AS AMENDED QTY	H.R. 1748 AS AMENDED AMOUNT	AMENDMENT CHANGE FROM 1988 REQUEST QTY	AMENDMENT CHANGE FROM 1988 REQUEST AMOUNT	FTNT
	MODIFICATIONS											
249	COMM-ELECTRONICS CLASS IV..................	--	27,865	--	27,865			--	27,865			
251	TACTICAL EQUIPMENT.........................	--	32,716		22,120				22,120		(10,596)	5
252	ANTIJAM VOICE..............................	--	7,019	--	7,019			--	7,019			
	TOTAL, ELECTRONICS AND TELECOMMUNICATIONS		2,176,430		2,171,547		(83,227)		2,088,320		(88,110)	
	OTHER BASE MAINTENANCE AND SUPPORT EQUIP											
	TEST EQUIPMENT											
253	BASE/ALC CALIBRATION PACKAGE...............	--	55,032	--	55,032			--	55,032			
254	NEWARK AFS CALIBRATION PACKAGE.............	--	2,927	--	2,927			--	2,927			
255	TEST EQUIPMENT-GEN PURP....................	--	4,560	--	4,560			--	4,560			
256	ITEMS LESS THAN $2,000,000.................	--	36,411	--	36,411			--	36,411			
	PERSONAL SAFETY AND RESCUE EQUIP											
258	AUTOMATIC LIFE PERSERVER...................	3,373	3,953	3,373	3,953			3,373	3,953			
259	NIGHT VISION GOGGLES.......................	1,634	15,622	1,634	15,622			1,634	15,622			
260	BREATHING APPARATUS TWO HOUR...............	1,530	2,391	1,530	2,391			1,530	2,391			
261	CHEMICAL/BIOLOGICAL DEF PROG...............	--	115,444	--	115,444			--	115,444			
262	ITEMS LESS THAN $2,000,000.................	--	3,807	--	3,807			--	3,807			
	DEPOT PLANT + MATERIALS HANDLING EQ											
263	BASE MECHANIZATION EQUIPMENT...............	--	30,860	--	30,860			--	30,860			
264	AIR TERMINAL MECHANIZATION EQUIP...........	--	7,198	--	7,198			--	7,198			
265	ITEMS LESS THAN $2,000,000.................	--	10,083	--	10,083			--	10,083			
	ELECTRICAL EQUIPMENT											
266	GENERATORS-MOBILE ELECTRIC.................	--	12,776	--	12,776			--	12,776			
267	FLOOD LIGHTS...............................	950	11,559	950	11,559			950	11,559			
268	ITEMS LESS THAN $2,000,000.................	--	8,431		4,295				4,295		(4,136)	5

[amounts in millions of dollars]

P-1		FY 1988		H.R. 1748		AMENDMENT		H.R. 1748		AMENDMENT CHANGE		
		BUDGET REQUEST		HASC RECOMMENDED		TO H.R. 1748		AS AMENDED		FROM 1988 REQUEST		
LINE	ITEM	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	QTY	AMOUNT	FTNT
	BASE SUPPORT EQUIPMENT											
269	BASE PROCURED EQUIPMENT....................	--	21,510	--	21,510			--	21,510			
270	MEDICAL/DENTAL EQUIPMENT..................	--	110,980	--	110,980			--	110,980			
271	AIR BASE OPERABILITY......................	--	6,185	--	6,185			--	6,185			
0	COB ESSENTIAL FACILITIES..................	--	---	--	---			--	---			
274	PALLET, AIR CARGO, 108)X88)...............	2,000	2,059	2,000	2,059			2,000	2,059			
275	NET ASSEMBLY, 108)X88)....................	--	---	--	---			--	---			
278	BLADDERS FUEL.............................	200	2,555	200	2,555			200	2,555			
279	TACTICAL SHELTER..........................	--	---	--	---			--	---			
280	PHOTOGRAPHIC EQUIPMENT....................	--	5,284	--	5,284			--	5,284			
281	PRODUCTIVITY ENHANCEMENT..................	--	10,661		9,797				9,797		(864)	5
282	PRODUCTIVITY INVESTMENTS..................	--	1,911	--	1,911			--	1,911			
0	ANTI-TERRORISM EQUIP......................	--	---	--	---			--	---			
283	MOBILITY EQUIPMENT........................	--	42,994		41,405				41,405		(1,589)	5
284	WARTIME HOST NATION SUPPORT...............	--	7,950	--	7,950			--	7,950			
285	SPARES AND REPAIR PARTS...................	--	9,901	--	9,901			--	9,901			
286	ITEMS LESS THAN $2,000,000................	--	16,578		15,348				15,348		(1,230)	5
	SPECIAL SUPPORT PROJECTS											
287	INTELLIGENCE PRODUCTION ACTIVITY...........	--	24,532	--	24,532			--	24,532			
288	SCIENTIFIC/TECHNICAL INTELLIGENCE..........	--	7,693	--	7,693			--	7,693			
289	TECH SURV COUNTERMEASURES EQ...............	--	2,068	--	2,068			--	2,068			
290	DEFENSE DISSEMINATION SYSTEM...............	--	8,617	--	8,617		(7,216)	--	1,401		(7,216)	7
291	AF TECHNICAL APPLICATION CENTER............	--	15,667	--	15,667			--	15,667			
292	PHOTO PROC/INTERPRET SYS...................	--	898	--	898			--	898			
293	SELECTED ACTIVITIES........................	--	4,675,854	--	4,675,854		(122,947)	--	4,552,907		(122,947)	7
294	SPECIAL UPDATE PROGRAM.....................	--	142,033	--	120,633			--	120,633		(21,400)	7
295	SPECIAL APPLICATION PROGRAM................	--	239	--	239			--	239			

[amounts in millions of dollars]

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296	INDUSTRIAL PREPAREDNESS....................	--	5,107		4,373				4,373		(734)	5
297	MISC EQUIPMENT.............................	--	18,468		6,604				6,604		(11,864)	5
298	MODIFICATIONS..............................	--	11,021		7,441				7,441		(3,580)	5
	NON-CENTRALLY MANAGED ITEMS											
999	CLASSIFIED PROGRAMS........................	--	14,753	--	14,753		(14,753)	--	0		(14,753)	3
	TOTAL, OTHER BASE MAINTENANCE AND SUPPORT		5,471,819		5,441,175		(144,916)		5,296,259		(175,560)	
	OTHER PROCUREMENT, AIR FORCE.............		8,570,482		8,683,222		(311,543)		8,371,679		(198,803)	
0	PRIOR YEAR SAVINGS											
0	9MM, FY87..............................				(3,000)				(3,000)		(3,000)	
0	BDU-50 PRACTICE BOMB, FY87............				(8,000)				(8,000)		(8,000)	
	TOTAL, OTHER PROCUREMENT, AIR FORCE......		8,570,482		8,672,222		(311,543)		8,360,679		(8,360,679)	

FOOTNOTES
1 MAINTAINS FY 1987 LEVEL
2 AFFORDABILITY
3 EXECUTION STATUS
4 CONTRACT SAVINGS
5 REDUCED INCREASE FROM FY 1987 LEVEL
6 DEFER NEW START
7 CLASSIFIED PROGRAM
8 NO REQUIREMENT
9 REPRICING
10 ALTERNATIVE FUNDING SOURCES
11 CONVENTIONAL FORCE ENHANCEMENT
12 SUSTAINABILITY REQUIREMENTS
13 PROGRAM TERMINATED
14 PROGRAM RESTRUCTURED

ITEMS OF SPECIAL INTEREST

BIGEYE BOMB

The budget request contained authorization of $25 million for the Bigeye binary chemical bomb. H.R. 1748, as reported, would provide the requested authorization.

The amendment would provide no authorization for the program. The Bigeye flight tests that started in February 1987 have been suspended and are not scheduled to resume until June or July 1987. As a result of the delay, comprehensive flight test data on the operational performance and reliability of the Bigeye bomb will not be available before December 1987.

Therefore, to provide authorization of additional production funds for the program would be premature. Prior year production funds of $35 million are available for the Bigeye bomb.

Moreover, before prior year funds in the amounts of $90 million may be obligated for Bigeye production facilities, section 152 of the fiscal year 1987 Defense Authorization Act—Public Law 99-661—requires certification to the Congress that: First, production of the Bigeye bomb is in the national security interest of the United States; and second, the design, planning and environmental requirements for such facilities have been satisfied. Current schedule estimates indicate that the certification should be submitted by August 1987.

A year's leadtime is required to build the facilities and install the necessary equipment. As such, it would be August 1988 before production facilities are available. Therefore, Bigeye bomb production funds are not required in fiscal year 1988.

This recommendation, however, should not be construed as indicating that the requirement for a deep strike binary chemical weapon no longer exists. Absent a comprehensive chemical weapons arms control agreement, with adequate verification measures, the requirement will remain for a prudent binary chemical weapons modernization program.

RANGE IMPROVEMENTS

The budget request contained authorization of $141.3 million for the range improvements program. H.R. 1748, as reported, would provide the requested authorization.

The range improvements program develops and procures equipment for the Air Force ranges. It supports training and evaluation of air crews and operational testing of weapon systems and tactics under simulated combat conditions, including electronic warfare.

The amendment would authorize $151.3 million, an increase of $10 million over the budget request. The additional authorization of $10 million is for the procurement of two ground jammers for Strategic Air Command [SAC] air crew training ranges. The jammers will provide noise and deception jamming signals against SAC bombing/navigation and terrain-following/avoidance radars.

With the increased emphasis on electronic warfare, the procurement of the jammers will enhance the training protocol of SAC crews. In addition, the jammers are designed with sufficient flexibility for use by tactical air crews as well.

DEFENSE AGENCIES

OVERVIEW

The budget request contained $1,292.4 million for procurement, defense agencies in fiscal year 1988. H.R. 1748, as reported, would provide authorization of $1,219.8 million, a decrease of $72.6 million from the budget request.

The amendment would authorize $1,240.3 million, an increase of $20.5 million from H.R. 1748, as reported, but a decrease of $52.1 million from the budget request.

The following table with annotated footnotes provides the details of the adjustments contained in the amendment.

PROCUREMENT, DEFENSE AGENCIES

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 Budget Request		H.R. 1748 House Recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Major equipment, OSD:											
1 Motor vehicles		320		320				320			
1a Remotely piloted vehicles (RPVS)				45,400				45,440		45,400	14
2 Major equipment, OSD/WHS		138,124		138,124				138,124			
Major equipmnet, DNA:											
4 Vehicles		249		249				249			
5 Other capital equipment		4,088		4,088				4,088			
Major equipment, DCA:											
6 WWMCCS ADP systems		22,151		22,151		(7,957)		14,194		(7,957)	1, 2
8 Items than $2 million		25,463		25,463				25,463			
Major equipment, DLA:											
10 Materials handling equipment		8,587		8,587				8,587			
11 Vehicles		1,060		1,060				1,060			
12 Mechanized materials handling sys		14,351		14,351				14,351			
13 ADP equipment		45,032		45,032		(10,241)		34,791		(10,241)	1, 2
14 Telecommunications equipment		20,313		20,213		(8,031)		12,182		(8,031)	1, 2
15 Other major equipment		5,514		5,514				5,514			
16 Items less than $2 million		2,399		2,399				2,399			
0 Automated marking/reading system (LOGMARS)											
Major equipment, DMA:											
19 Vehicles		368		368				368			
20 Other capital equipment		15,310		15,310				15,310			
0 2 color offset printing press											
0 Direct printing system											
0 Raster scan edit station											
Major equipment, DIS:											
21 Vehicles		3,119		3,119				3,119			
22 Other capital equipment											
Major equipment, USUHS:											
23 Items less than $2 million		834		834				834			
Major equipment, DCAA:											
24 Items less than $2 million		8,072		8,072				8,072			
Major equipment, DRSP:											
25 Items less than $2 million		352,481		234,481		83,400		317,881		(34,600)	7
Major equipment, DIG:											
26 Items less than $2 million		7,263		7,263				7,263			
999 Classified programs		617,393		617,393		(36,693)		580,700		(36,693)	7
0											
0											
Total procurement, defense agencies		1,292,391		1,219,791		20,478		1,240,269		(52,122)	
National Guard and Reserve Equipment, Defense											
Reserve, Army:											
1 Miscellaneous equipment				90,000				90,000		90,000	
Reserve, Navy:											
2 Miscellaneous equipment											
0 CSAR helicopters											
o Airborne mine countermeasures											
0 Seabees											
Reserve, Marine Corps:											
3 Miscellaneous equipment											
o KC-130T aircraft			2	40,000			2	40,000	2	40,000	11

PROCUREMENT, DEFENSE AGENCIES—Continued

[Amounts in millions of dollars]

P-1 line and item	Fiscal year 1988 Budget Request		H.R. 1748 House Recommended		Amendment to H.R. 1748		H.R. 1748 as amended		Amendment change from 1988 request		Footnotes
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Reserve, Air Force:											
4 Miscellaneous equipment											
0 C-130H aircraft			8	150,000			8	150,000	8	150,000	11
0 ECM equipment (TAC aircraft)				12,000				12,000		12,000	11
0 ECM equipment (rescue aircraft)				1,500				1,500		1,500	11
National Guard Equipment:											
M113 APC			300	65,000			300	65,000	300	65,000	
Guard, Air Force:											
6 Miscellaneous equipment											
0 C-130H aircraft			8	150,000			8	150,000	8	150,000	11
0 MH-60G helicopters and support equipment			12	88,000			12	88,000	12	88,000	11
Total, National Guard and Reserve equipment				596,500				596,500		596,500	
Chem agents and munitions destruction:											
0 Operation and maintenance		83,900		94,100				94,100		10,200	
1 Research and development		3,500		3,500				3,500			
2 Procurement				144,500				144,500		144,500	
3 Military construction				147,000				147,000		147,000	
Total, chem agents and munitions destruction		87,400		389,100				389,100		301,700	

Footnotes: 1 Maintains fiscal year 1987 level. 2 Affordability. 3 Execution status. 4 Contract savings. 5 Reduced increase from fiscal year 1987 level. 6 Defer new start. 7 Classified program. 8 No requirements. 9 Repricing. 10 Alternative funding sources. 11 Conventional force enhancement. 12 Sustainability requirements. 13 Program terminated. 14 Program restructured.

CHEMICAL DETERRENT PROGRAM

CHEMICAL DEMILITARIZATION

H.R. 1748, as reported, contains a provision—section 112—that concerns the chemical demilitarization program. To clarify the intent of this provision, the report accompanying H.R. 1748 should have specified that the Secretary of Defense is required by February 1988 to issue the final programmatic environmental impact statement. Additionally, obligation of the fiscal year 1988 funds would be restricted until the Secretary of Defense certifies that the demilitarization plan includes: First, evaluation of alternate technologies for disposal and selection of one such technology; second, full-scale operational technology; and third, maximum protection of the public.

LEGISLATIVE PROVISIONS

STUDY OF B-1B PENETRATION ABILITY

Section 114 would authorize an assessment of the capability of the B-1B aircraft to penetrate enemy air defenses. An independent panel of experts from the private sector would conduct the assessment.

Specifically, the panel would develop estimates of the B-1B's penetrating capabilities in all of its mission profiles as it is configured at specific program milestones. As threat baselines, the 1981 joint OSD/Air Force bomber alternatives study, the 1986 strategic bomber force study and the most current threat baseline established by the intelligence community would be utilized.

The specific milestones include the B-1B at its initial operating capability [IOC] in September 1986; in its current configuration; as it is configured at the time the developmental test and evaluation/initial operational test and evaluation phases are completed in May 1989; and as it is configured in January 1991 when retrofit of all its baseline modifications are scheduled to be completed.

Baseline modifications are defined as the list of system capabilities that the Department of the Air Force said would be available at IOC. These baseline requirements were established in the joint OSD/Air Force 1981 study and subsequent selected acquisition reports presented to the Congress. The modifications include the upgrade of the ALQ-161A electronics countermeasure systems at the MOD 2 configuration, the stall inhibitor system/stability enhancement function flight control improvements and the APQ-164 terrain following radar configured without weather and weight restrictions.

The assessment is to be provided to the Committees on Armed Services of the Senate and House of Representatives in conjunction with the submission of the fiscal year 1989 defense budget request.

TITLE II—RESEARCH, DEVELOPMENT, TEST AND EVALUATION (RDT&E)

Title II of H.R. 1748, as reported, would authorize $40,030,862,000 for the fiscal year 1988 Department of Defense Research, Development, Test and Evaluation [RDT&E] program.

The amendment would make numerous adjustments to further reduce authorization provided in title II. These adjustments would result in a total reduction of $7,900,000,000 from the request of $43,718,937,000 and would provide a total authorization of $35,818,937,000 or approximately the same authorization level that was appropriated for fiscal year 1987. The following two tables summarize the action taken on the administration's request for title II.

SUMMARY OF RECOMMENDED ADJUSTMENTS TO FISCAL YEAR 1988 RESEARCH, DEVELOPMENT, TEST AND EVALUATION AUTHORIZATION REQUEST

[In thousands of dollars]

Program	FY 1988 authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
Total, RDTE, Army	5,511,172	5,233,569	(677,052)	4,556,517	(954,655)
Total, RDTE, Navy	10,490,412	9,291,753	(1,447,978)	7,843,775	(2,646,637)
Total, RDTE, Air Force	18,623,383	17,461,067	(1,660,640)	15,800,427	(2,822,956)
Total, RDTE, Defense Agencies	8,811,532	7,762,035	(404,255)	7,357,780	(1,453,752)
Total, RDTE, Development Test & Evaluation	178,217	178,217	(9,000)	169,217	(9,000)
Total, Operational Test and Evaluation	104,221	104,221	(13,000)	91,221	(13,000)
Total, RDTE,	43,718,937	40,030,862	(4,211,925)	35,818,937	(7,900,000)

SUMMARY OF RECOMMENDED MAJOR ADJUSTMENTS TO FISCAL YEAR 1988 RESEARCH, DEVELOPMENT, TEST AND EVALUATION AUTHORIZATION REQUEST

[In thousands of dollars]

Service/Program	FY 1988 authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
Army:					
LHX Airframe	267,212	50,000	(40,000)	10,000	(257,212)
ATBM	0	100,000	(50,000)	50,000	50,000
Navy: Naval Airship	45,189	0	20,000	20,000	(25,189)
Air Force:					
SRAMII	220,386	120,386	(120,386)	0	(220,386)
ASAT	355,708	250,000	(200,000)	50,000	(305,708)
C-17	1,219,904	1,019,904	(40,000)	979,904	(240,000)
JSTARS	337,912	250,000	(50,000)	200,000	(137,912)
Advanced Launch System	[289,000]		(150,000)	150,000	(139,000)
Defense Agencies: SDI	5,198,793	3,300,000	(300,000)	3,000,000	(2,198,793)

ADJUSTMENTS TO H.R. 1748 RESEARCH, DEVELOPMENT, TEST AND EVALUATION [RDT&E] REQUEST

The details that make up the amendment to H.R. 1748 research, development, test and evaluation programs are identified in the table and discussion that follows.

Army RDT&E Fiscal Year 1988

Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
	SUB	Technology Base					
1	61101A	In-House Laboratory Independent Research	---				0
2	61102A	Defense Research Sciences	114,411	194,411		194,411	80,000
3	61103A	University Research Initiatives	84,554	0		0	(84,554)
4	62105A	Materials	11,715	11,715		11,715	0
5	62120A	Electronic Survivability and Fuzing Technology	51,746	51,746		51,746	0
8	62303A	Missile Technology	28,878	28,878		28,878	0
9	62307A	Laser Weapons Technology	11,167	11,167		11,167	0
10	62601A	Tank and Automotive Technology	23,363	23,363		23,363	0
11	62618A	Ballistics Technology	30,948	30,948	(4,000)	26,948	(4,000)
12	62622A	Chemical and Smoke Munitions	45,444	45,444		45,444	0
13	62623A	Joint Service Small Arms Program	13,593	13,593		13,593	0
14	62624A	Weapons and Munitions Technology	24,931	24,931		24,931	0
15	62705A	Electronics and Electronic Devices	21,775	21,775		21,775	0
16	62709A	Night Vision Investigations	22,584	22,584		22,584	0
18	62716A	Human Factors Engineering in Systems Development	15,372	15,372		15,372	0
19	62720A	Environmental Quality Technology	9,923	9,923		9,923	0
20	62727A	Non-System Training Devices	4,011	4,011		4,011	0
21	62770A	Military Disease Hazards Technology	49,435	49,435		49,435	0
22	62782A	Command, Control and Communications Technology	16,792	16,792	(6,792)	10,000	(6,792)
23	62783A	Computer and Software Technology	8,227	8,227		8,227	0
24	62784A	Military Engineering Technology	42,426	42,426	(2,500)	39,926	(2,500)
25	62785A	Manpower/Personnel/Training Technology	15,581	15,581		15,581	0
26	62786A	Logistics Technology	42,603	42,603		42,603	0
27	62787A	Medical Technology	60,762	60,762		60,762	0
		Common Module Tunable Laser	0	6,000		6,000	6,000
0	99CP	Classified Programs	73,932	52,004	0	52,004	(21,928)
		Total, Technology Base	824,173	803,691	(13,292)	790,399	(33,774)
	SUB	Advance Technology Development					
28	63001A	Logistics Advanced Technology	16,475	16,475	(6,475)	10,000	(6,475)
29	63002A	Medical Advanced Technology	39,164	39,164		39,164	0
30	63003A	Aviation Advanced Technology	48,708	48,708	(8,708)	40,000	(8,708)
31	63004A	Weapons and Munitions Advanced Technology	24,914	24,914		24,914	0
32	63005A	Combat Vehicle and Automotive Advanced Technology	48,774	48,774	(4,000)	44,774	(4,000)
33	63006A	Command, Control and Communications Technology	7,485	7,485		7,485	0
34	63007A	Human Factors/Personnel/Training Advanced Technology	38,164	38,164		38,164	0
36	63102A	Materiels and Structures	8,185	8,185		8,185	0
37	63105A	Acquired Immune Deficiency Syndrome (AIDS) Research	5,000	5,000		5,000	0
38	63255A	Operational Enhancements	7,757	7,757		7,757	0
39	63313A	Missile and Rocket Components	20,321	20,321		20,321	0
40	63314A	High Energy Laser and Directed Energy Components	7,831	7,831	(1,000)	6,831	(1,000)
42	63324A	Army Development and Employment Activity	11,936	11,936	(1,000)	10,936	(1,000)
43	63606A	Landmine Warfare & Barrier Developments	10,675	13,675	(3,000)	10,675	0
44	63607A	Joint Service Small Arms Program	10,820	10,820		10,820	0
45	63710A	Night Vision Advanced Development	23,653	23,653		23,653	0
46	63734A	Engineering Systems	4,699	4,699		4,699	0
47	63742A	Advanced Electronic Devices	7,089	7,089		7,089	0
50	63758A	Army Battlefield Technology Integration	12,221	12,221		12,221	0
51	63759A	CB Defense/Smoke Advanced Technology Demonstration	4,734	4,734	(1,170)	3,564	(1,170)
52	63772A	Advanced Tactical Computer Science Technology	6,117	6,117		6,117	0
0	99CP	Classified Programs	35,989	0	0	0	(35,989)

Army RDT&E Fiscal Year 1988

Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
		Total, Advance Technology Development.............	400,711	367,722	(25,353)	342,369	(58,342)
	SUB	Strategic Programs					
0	99CP	Classified Programs..............................	98,136	98,136	0	98,136	0
		Total, Strategic Programs........................	98,136	98,136	0	98,136	0
	SUB	Tactical Programs					
57	63302A	Antitactical Missile System......................	29,501	5,243		5,243	(24,258)
58	63303A	Surface-to-Surface Missile Rocket System.........	29,560	29,560	(9,560)	20,000	(9,560)
59	63323A	Lightweight Air Defense System...................	---	0		0	0
61	63612A	Advanced Anti-Tank Weapon System.................	59,146	59,146		59,146	0
62	63619A	Landmine and Barrier Systems.....................	15,797	15,797		15,797	0
63	63627A	Smoke Munitions & Materiel Concepts..............	9,707	9,707		9,707	0
66	63642A	Evolutionary Surface-to-Air Missile..............	---	0		0	0
67	63645A	Armored Family of Vehicles - Advanced Development....	9,814	9,814	(9,814)	0	(9,814)
68	63705A	Physical Security................................	---	0		0	0
69	63706A	Identification-Friend or Foe Developments........	18,270	18,270	(8,270)	10,000	(8,270)
70	63711A	Aircraft Survivability Equipment.................	6,767	0		0	(6,767)
71	63713A	Army Data Distribution System....................	33,855	33,855	(5,855)	28,000	(5,855)
72	63718A	Electronic Warfare Vulnerability/Susceptibility......	15,464	0		0	(15,464)
73	63725A	Remotely Piloted Vehicles and Drones.............	11,546	11,546	(6,000)	5,546	(6,000)
75	63738A	Non-System Training Devices......................	---	0		0	0
76	63740A	Air Defense Command, Control and Intelligence - Adv D	4,337	4,337		4,337	0
79	63747A	Soldier Support and Survivability................	3,864	3,864		3,864	0
80	63751A	Medical Defense Against Chemical Warfare.........	27,112	27,112		27,112	0
83	63757A	Forward Area Air Defense Systems.................	131,608	131,608	(21,608)	110,000	(21,608)
84	63760A	SOF Equipment Advanced Development...............	20,421	20,421	(5,421)	15,000	(5,421)
86	63774A	Night Vision Systems Advanced Development........	4,944	4,944		4,944	0
88	63776A	Airborne Adverse Weather Weapons System..........	97,726	97,726	(67,726)	30,000	(67,726)
89	63801A	Aviation Advanced Development....................	3,041	3,041		3,041	0
90	63802A	Weapons and Munitions Advanced Development.......	10,785	3,399		3,399	(7,386)
91	63803A	Chemical Systems Advanced Development............	15,325	15,325		15,325	0
92	63804A	Logistics and Engineer Equipment Advanced Development	20,505	20,505		20,505	0
93	63805A	Combat Service Support Computer System Evaluation and	1,195	1,195		1,195	0
94	63806A	Chemical/Biological Defense Equipment Advanced Develo	6,485	6,485		6,485	0
95	63807A	Medical Systems Advanced Development.............	21,863	21,863		21,863	0
96	64202A	Aircraft Weapons.................................	9,789	9,789		9,789	0
98	64216A	Aircraft Propulsion System.......................	135,073	125,000		125,000	(10,073)
100	64223A	Advanced Technology Light Helicopter Series......	267,212	50,000	(40,000)	10,000	(257,212)
101	64306A	STINGER..	4,820	4,820		4,820	0
104	64313A	GRASS BLADE......................................	12,798	0		0	(12,798)
106	64324A	Army Tactical Missile System (Army TACMS)........	112,208	112,208	(10,000)	102,208	(10,000)
108	64604A	Mobility...	35,267	10,000		10,000	(25,267)
109	64609A	Smoke Munitions & Materiel.......................	10,072	10,072		10,072	0
110	64611A	Advanced Anti-Tank Weapon Systems - Eng Dev......	---	0		0	0
113	64702A	Joint Tactical Information Distribution System.......	4,307	4,307		4,307	0
115	64709A	Identification Friend or Foe (IFF) Equipment Developm	19,073	19,073		19,073	0
116	64710A	Night Vision Devices.............................	15,271	15,271		15,271	0
117	64711A	Aircraft Survivability Equipment.................	8,001	0		0	(8,001)
118	64713A	Combat Feeding, Clothing, and Equipment..........	1,333	1,333		1,333	0
119	64715A	Nonsystem Training Devices Engineering...........	32,539	32,539	(10,539)	22,000	(10,539)
120	64718A	Physical Security................................	6,784	6,784		6,784	0

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Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
121	64722A	Education and Training Systems Development	5,447	5,447		5,447	0
122	64723A	Special Purpose Detectors	1,430	1,430		1,430	0
123	64726A	Meteorological Equipment and Systems	1,339	1,339		1,339	0
124	64730A	Remotely Piloted Vehicles	32,620	0		0	(32,620)
126	64737A	Unmanned Aerial Vehicles - Eng Dev	8,284	8,284		8,284	0
128	64741A	Air Defense Command, Control and Intelligence - Eng D	108,016	108,016		108,016	0
129	64746A	Automatic Test Equipment Development	8,884	8,884		8,884	0
132	64757A	Medical Chemical Defense Life Support Material	7,705	7,705		7,705	0
134	64770A	Joint Surveillance/Target Attack Radar System	23,396	18,396		18,396	(5,000)
135	64779A	Joint Interoperability of Tactical Command & Control	18,360	18,360		18,360	0
136	64801A	Aviation Engineering Development	12,165	12,165		12,165	0
137	64802A	Weapons and Munitions Engineering Development	111,904	111,904	(2,351)	109,553	(2,351)
138	64803A	Chemical Systems Engineering Development	15,325	15,325		15,325	0
139	64804A	Logistics and Engineer Equipment Engineering Developm	14,830	14,830		14,830	0
140	64805A	Command, Control, Communications Systems Engineering	15,851	15,851		15,851	0
141	64806A	Chemical/Biological Defense Equipment Engineering Dev	24,122	24,122		24,122	0
142	64807A	Medical Materiel/Medical Biological Defense Equipment	13,453	13,453		13,453	0
143	64808A	Landmine Warfare/Barrier Engineering Development	7,343	14,843		14,843	7,500
144	65710A	Joint CB Point of Contact, Test and Assessment	6,403	6,403		6,403	0
145	23726A	Adv Field Artillery Tactical Data System	40,857	40,857	(5,857)	35,000	(5,857)
147	23735A	Combat Vehicle Improvement Program (D280)	103,968	103,968	(6,617)	97,351	(6,617)
148	23739A	Air Defense C2I Mods	14,637	14,637	(4,637)	10,000	(4,637)
149	23740A	Maneuver Control System	13,973	13,973		13,973	0
150	23743A	155mm Self-Propelled Howitzer Improvements	46,978	46,978	(16,978)	30,000	(16,978)
151	23744A	Aircraft Modifications	18,429	18,429		18,429	0
152	23745A	Equipment Upgrade	15,137	15,137		15,137	0
153	23751A	Special Operations Forces Equipment	95,472	95,472	(45,472)	50,000	(45,472)
154	23752A	Aircraft Engine Component Improvement Program	6,144	6,144		6,144	0
155	23801A	Missile/Air Defense Product Improvement Program	60,527	60,527	(43,620)	16,907	(43,620)
156	23802A	Other Missile Product Improvement Program	43,250	43,250		43,250	0
157	28010A	Joint Tactical Communications Program (TRI-TAC)	15,102	15,102		15,102	0
158	33145A	EUCOM C3 Systems	1,289	1,289		1,289	0
		Rotary Wing Study	0	5,000		5,000	5,000
		Composite Helicopter Rotor System	0	12,000	(2,000)	10,000	10,000
		ATBM	0	100,000	(50,000)	50,000	50,000
0	99CP	Classified Programs	686,410	573,524	(174,900)	398,624	(287,786)
		Total, Tactical Programs	2,882,235	2,529,003	(547,225)	1,981,778	(900,457)
	SUB	Intelligence & Communications					
168	33126A	Long-Haul Communications (DCS)	---	0		0	0
169	33142A	SATCOM Ground Environment	86,725	86,725	(6,725)	80,000	(6,725)
170	33401A	Communications Security (COMSEC)	5,217	5,217		5,217	0
160	64201A	Aircraft Avionics	---	0		0	0
161	64716A	Mapping and Geodesy	7,459	6,459		6,459	(1,000)
162	64778A	NAVSTAR Global Positioning System (User Equipment)	13,732	13,732	(3,732)	10,000	(3,732)
0	99CP	Classified Programs	11,081	11,081	0	11,081	0
		Total, Intelligence & Communications	124,214	123,214	(10,457)	112,757	(11,457)
	SUB	Defensewide Mission Support					
172	65301A	Kwajalein Missile Range	170,374	155,374	(7,000)	148,374	(22,000)
174	65601A	Army Test Ranges and Facilities	199,864	199,864	(9,864)	190,000	(9,864)
175	65602A	Army Technical Test Instrumentation and Targets	84,939	84,939	(4,939)	80,000	(4,939)

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176	65603A	Army User Test Instrumentation and Threat Simulators	78,332	78,332	(8,332)	70,000	(8,332)
177	65702A	Support of Development Testing	19,309	19,309		19,309	0
178	65706A	Materiel Systems Analysis	25,179	25,179	(5,179)	20,000	(5,179)
179	65709A	Exploitation of Foreign Items	4,392	4,392		4,392	0
180	65712A	Support of Operational Testing	54,016	54,016		54,016	0
181	65801A	Programwide Activities	88,514	88,514		88,514	0
182	65802A	International Cooperative Research and Development	1,093	1,093		1,093	0
183	65803A	Technical Information Activities	6,285	6,285		6,285	0
184	65805A	Munitions Standardization, Effectiveness and Safety	14,334	14,334		14,334	0
185	65810A	RDT&E Support for Nondevelopmental Items	7,842	7,842		7,842	0
186	65872A	Productivity Investments	38,382	38,382		38,382	0
187	65894A	Real Property Maintenance - RDT&E	168,485	168,485	(13,485)	155,000	(13,485)
188	65896A	Base Operations - RDT&E	186,087	186,087	(11,087)	175,000	(11,087)
189	65898A	Management Headquarters (Research and Development)	13,372	13,372	(5,372)	8,000	(5,372)
190	78011A	Industrial Preparedness	20,904	20,904	(1,000)	19,904	(1,000)
		Total, Defensewide Mission Support	1,181,703	1,166,703	(66,258)	1,100,445	(81,258)
	SUB	Conventional Defense Initiative					
		Ammunition Containerization	0	500		500	500
		Ground Surveillance Vehicle	0	10,000	(10,000)	0	0
		Apache, Blackhawk & AHIP Upgrade	0	60,000		60,000	60,000
		Guard/Reserve Unique R&D	0	5,000		5,000	5,000
		Combat Vehicle Support Systems	0	10,000	(2,000)	8,000	8,000
		Milan II & Bofors BILL Evaluation	0	20,000		20,000	20,000
		Chemical Mask Improved Drinking Sys	0	600		600	600
		Multipurpose Individual Muntion Evaluation	0	15,000	(2,000)	13,000	13,000
		Combat Diesel Engine	0	9,000		9,000	9,000
		Weasel Evaluation	0		3,000	3,000	3,000
		ARDVARK/LVS Integration	0	5,000		5,000	5,000
		Ground Launch Hellfire	0		2,000	2,000	2,000
		Recovery Vehicle ARV-90	0	10,000		10,000	10,000
		Total, Conventional Defense Initiative	0	145,100	(9,000)	136,100	136,100
		Civilian Pay Raise	0		14,533	14,533	14,533
		Other Special Access			(20,000)	(20,000)	(20,000)
		Total, Research Development Test & Eval, Army	5,511,172	5,233,569	(677,052)	4,556,517	(954,655)
		ARMY CLASSIFIED					
6	62122A	Survivability Enhancement	( )				0
7	62211A	Avaiation Technology	( )				0
17	62715A	Tactical Elec. WF Technology	( )	(21,928)		(21,928)	(21,928)
		Subtotal Tech Base	73,932	52,004	0	52,004	(21,928)
35	63008A	Elec. WF Advanced Technology	( )	( )			0
41	63321A	Target Acq. and Counter/Countermeasures	( )	( )			0
		Subtotal Adv Tech	35,989	0	0	0	(35,989)
53	12814A	Special Programs	( )				0
54	12821A	Classified Program	( )				0
55	33152A	World-Wide Command/Control (WWMCCS)	( )				0

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		Subtotal Strategic..................................	98,136	98,136	0	98,136	0
60	63604A	Nuclear Munitions and Radiacs........................	( )				0
65	63639A	Armament Enhancement Initiative......................	( )	(31,168)		(31,168)	(31,168)
74	63730A	Tactical Surveillance System.........................	( )	(10,000)		(10,000)	(10,000)
77	63745A	Tactical Electronic Support Meas. System............	( )				0
81	63754A	Classified Program (Adv).............................	( )	(22,900)	(5,900)	(28,800)	(28,800)
82	63755A	Tactical Elec. Countermeasures System................	( )	(10,594)		(10,594)	(10,594)
85	63766A	Tactical Elec. Surveillance Systems..................	( )	(1,000)		(1,000)	(1,000)
105	64321A	Joint Tactical Fusion Program........................	( )				0
107	64603A	Nuclear Munitions....................................	( )				0
125	64736A	Project SIERRA.......................................	( )				0
127	64740A	Tactical Surveillance System.........................	( )				0
130	64750A	Tactical Electronic Countermeasures System...........	( )	(10,524)		(10,524)	(10,524)
131	64754A	Classified Program (Eng).............................	( )	(23,700)	(169,000)	(192,700)	(192,700)
133	64766A	Tactical Electronic Surveillance System.............	( )	(3,000)		(3,000)	(3,000)
		Subtotal Tactical....................................	686,410	573,524	(174,900)	398,624	(287,786)
163	31307A	Foreign Science and Technology Center................	( )				0
164	31318A	HUMINT (Controlled)..................................	( )				0
165	31327A	Technical Reconnaissance and Surveillance............	( )				0
167	31359A	Special Army Program.................................	( )				0
		Subtotal Intell&Com..................................	11,081	11,081	0	11,081	0
		TOTAL ARMY RDT&E CLASSIFIED..........................	905,548	734,745	(174,900)	559,845	(345,703)

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	SUB	Technology Base					
1	61103N	University Research Initiatives	24,572	0		0	(24,572)
2	61152N	In-House Independent Laboratory Research	22,627	22,627		22,627	0
3	61153N	Defense Research Sciences	333,602	333,602		333,602	0
4	62111N	Anti-Air Warfare/Anti-Surface Warfare Technology	66,273	54,273		54,273	(12,000)
5	62113N	Electronic Warfare Technology	14,454	0		0	(14,454)
6	62121N	Surface Ship Technology	13,624	13,624		13,624	0
7	62122N	Aircraft Technology	21,318	21,318		21,318	0
8	62131M	Marine Corps Landing Force Technology	15,915	15,915		15,915	0
9	62232N	Command, Control, and Communications Technology	20,352	20,352		20,352	0
10	62233N	Mission Support Technology	32,290	32,290		32,290	0
11	62234N	Systems Support Technology	65,601	65,601	(5,000)	60,601	(5,000)
12	62314N	ASW Technology	92,569	92,569		92,569	0
13	62315N	Mine and Special Warfare Technology	14,909	14,909		14,909	0
14	62323N	Submarine Technology	14,123	14,123		14,123	0
15	62324N	Nuclear Propulsion	47,600	47,600		47,600	0
16	62435N	Ocean and Atmospheric Support Technology	25,727	25,727		25,727	0
17	62936N	Independent Exploratory Development	15,390	15,390		15,390	0
		Total, Technology Base	840,946	789,920	(5,000)	784,920	(56,026)
	SUB	Advance Technology Development					
18	63202N	Avionics	3,755	3,755		3,755	0
19	63210N	Aircraft Propulsion	5,886	5,886		5,886	0
20	63217N	Advanced Aircraft Subsystems	11,807	11,807		11,807	0
21	63268N	Naval Airship	45,189	0	20,000	20,000	(25,189)
22	63303N	Electromagnetic Radiation Source Elimination Technolo	5,865	5,865		5,865	0
23	63508N	Ship Propulsion System	11,022	11,022		11,022	0
25	63573N	Electric Drive	14,480	14,480		14,480	0
26	63701N	Human Factors Engineering	4,794	4,794		4,794	0
27	63706N	Medical Development	17,445	17,445		17,445	0
28	63707N	Manpower and Personnel Systems	4,019	4,019		4,019	0
29	63712N	Generic Logistics R&D Technology Demonstrations	29,400	29,400	(2,000)	27,400	(2,000)
30	63720N	Education and Training	7,699	7,699		7,699	0
31	63732M	Marine Corps Advanced Manpower/Training Systems	3,214	3,214		3,214	0
32	63733N	Simulation and Training Devices	8,457	8,457		8,457	0
33	63739N	Navy Logistic Productivity	981	981		981	0
34	63743N	ARIADNE	11,062	11,062		11,062	0
35	63747N	Advanced Anti-Submarine Warfare Technology	22,759	22,759		22,759	0
36	63792N	Advanced Technology Transition	50,638	50,638		50,638	0
		Total, Advance Technology Development	258,472	213,283	18,000	231,283	(27,189)
	SUB	Strategic Programs					
37	63311N	Air Defense Initiative	47,200	47,200	(17,200)	30,000	(17,200)
38	63451N	Tactical Space Operations	3,470	3,470		3,470	0
39	63588N	SSBN Survivability	7,089	7,089		7,089	0
40	63735N	WWMCCS Architecture Support	---	0		0	0
41	64363N	TRIDENT II	1.098,463	1,098,463	(98,463)	1,000,000	(98,463)
42	65856N	Strategic Technical Support	3,506	3,506		3,506	0
43	11221N	Fleet Ballistic Missile System	39,565	39,565		39,565	0
44	11224N	SSBN Security Technology Program	39,680	39,680		39,680	0
45	11228N	Trident	31,595	31,595		31,595	0
46	11401N	Extremely Low Frequency (ELF) Communications	3,233	3,233		3,233	0

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47	11402N	Navy Strategic Communications	86,445	86,445		86,445	0
48	12427N	Naval Space Surveillance	693	693		693	0
49	33131N	Minimum Essential Emergency Communications Network	1,048	1,048		1,048	0
50	33152N	World-Wide Military Command and Control Systems	8,127	8,127		8,127	0
		Total, Strategic Programs	1 370,114	1,370,114	(115,663)	1,254,451	(115,663)
	SUB	Tactical Programs					
51	63109N	Integrated Aircraft Avionics	2,375	28,375		28,375	26,000
52	63206N	Electronic Warfare Advanced Development	62,350	0		0	(62,350)
53	63207N	Air/Ocean Tactical Applications	13,971	13,971		13,971	0
54	63208N	T-45 Training System	96,015	96,015		96,015	0
55	63216N	Aviation Life Support Systems (Adv)	3,621	3,621		3,621	0
57	63220N	Lift Fan Development	---	0		0	0
58	63228N	CV ASW Module	5,115	5,115	(5,115)	0	(5,115)
60	63254N	Air ASW	8,523	8,523		8,523	0
61	63256N	V-22A	3,988	13,988		13,988	10,000
62	63257N	A-6F	124,023	124,023	(10,023)	114,000	(10,023)
63	63260N	Airborne Mine Countermeasurers	8,975	8,975		8,975	0
64	63261N	Tactical Airborne Reconnaissance	8,570	8,570		8,570	0
65	63262N	Aircraft Survivability and Vulnerability	15,342	15,342		15,342	0
66	63306N	Advanced A/L Air-to-Surface Missile System	37,446	7,000	0	7,000	(30,446)
67	63313N	IRR Maverick	482	0	0	0	(482)
69	63318N	Advanced Air-to-Air/Surface-to-Air Missile	76,131	76,131		76,131	0
70	63319N	NATO AAW Systems	10,199	0		0	(10,199)
71	63320N	Low Cost Anti-Radiation Seeker	14,642	24,642		24,642	10,000
72	63321N	Advanced Air-to-Air Missile (AAAM)	34,619	0		0	(34,619)
74	63382N	Battle Group AAW Coordination	11,476	11,476	(5,000)	6,476	(5,000)
75	63502N	Surface Mine Countermeasures	15,339	15,339		15,339	0
76	63504N	Advanced Submarine ASW Development	8,298	8,298		8,298	0
77	63506N	Surface Ship Torpedo Defense	27,339	27,339		27,339	0
78	63509N	Shipboard Information Transfer System	---	0		0	0
79	63512N	Catapults	7,357	0		0	(7,357)
80	63513N	Shipboard System Component Development	13,966	13,966		13,966	0
81	63514N	Ship Combat Survivability	29,426	29,426	(9,426)	20,000	(9,426)
82	63522N	Submarine Arctic Warfare Support Equipment Program	2,008	2,008		2,008	0
83	63525N	PILOT FISH	74,459	74,459		74,459	0
84	63527N	RETRACT LARCH	92,886	0		0	(92,886)
85	63528N	Non-Acoustic Anti-Submarine Warfare (ASW)	20,397	20,397	(10,379)	10,018	(10,379)
86	63529N	Advanced ASW Target	13,670	13,670		13,670	0
88	63536N	RETRACT JUNIPER	30,672	27,672		27,672	(3,000)
89	63542N	Radiological Control	2,925	2,925		2,925	0
91	63553N	Surface ASW	21,073	21,073		21,073	0
92	63560N	Submarine Hull Array Development (Adv)	---	0		0	0
94	63562N	Submarine Tactical Warfare Systems	9,035	9,035		9,035	0
95	63564N	Ship Development	10,379	0		0	(10,379)
96	63565N	Surface Ship Navigation System	---	0		0	0
97	63569N	Attack Submarine Development	12,899	112,899		112,899	100,000
98	63570N	Advanced Nuclear Reactor Components System Developmen	91,360	91,360		91,360	0
99	63571N	Physical Security	8,699	8,699		8,699	0
100	63576N	CHALK EAGLE	89,451	89,451		89,451	0
101	63577N	Shipboard Laser Weapon	1,432	1,432	(1,432)	0	(1,432)
102	63578N	A4W/A1G Nuclear Propulsion Plant	---	0		0	0

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103	63582N	Combat System Integration	10,109	10,109		10,109	0
104	63591N	Joint Advanced Systems	231,550	231,550	(231,550)	0	(231,550)
105	63601N	Mine Development	17,382	17,382		17,382	0
106	63602N	CHALK PINE	189,495	0		0	(189,495)
107	63609N	Conventional Munitions	34,014	34,014		34,014	0
108	63610N	Advanced Warhead Development	---	0		0	0
109	63611M	Marine Corps Assault Vehicles	12,206	12,206		12,206	0
110	63634N	Tactical Nuclear Weapons Development	11,499	11,499		11,499	0
111	63635M	Marine Corps Ground Combat/Support System	7,926	7,926		7,926	0
112	63654N	Joint Service Explosive Ordnance Development	11,643	11,643		11,643	0
113	63702N	Ocean Engineering Systems Development	1,503	1,503		1,503	0
114	63704N	ASW Oceanography	7,430	7,430		7,430	0
115	63708N	ASW Signal Processing	18,431	18,431		18,431	0
116	63709N	Advanced Marine Biological System	5,711	5,711		5,711	0
117	63711N	Fleet Tactical Development and Evaluation Program	4,800	4,800		4,800	0
118	63713N	Ocean Engineering Technology Developments	13,661	13,661		13,661	0
120	63719N	Container Off-Loading and Transfer System (COTS)	1,528	1,528		1,528	0
121	63722N	Naval Special Warfare	19,943	19,943		19,943	0
122	63724N	Navy Energy Program	7,721	7,721		7,721	0
123	63725N	Facilities Improvement	9,957	9,957		9,957	0
124	63726N	Merchant Ship Naval Augmentation Program	3,006	3,006	(3,006)	0	(3,006)
125	63729M	Marine Corps Combat Services Support	13,373	9,850		9,850	(3,523)
126	63734N	Defense Suppression	4,546	0	4,546	4,546	0
127	63737N	LINK HAZEL	11,500	11,500		11,500	0
128	63740N	LINK LAUREL	53,843	53,843		53,843	0
130	63744N	LINK SPRUCE	283,855	0		0	(283,855)
131	63746N	RETRACT MAPLE	65,028	0		0	(65,028)
132	63748N	LINK PLUMERIA	14,080	14,080	(14,080)	0	(14,080)
133	63750N	CHALK WEED	8,819	8,819	(2,495)	6,324	(2,495)
134	63751N	RETRACT ELM	39,041	39,041	(10,041)	29,000	(10,041)
135	63752N	CHALK POINSETTIA	15,000	0		0	(15,000)
136	63763N	Warfare Systems Architecture and Engineering	---	0		0	0
137	63764N	LINK EVERGREEN	74,228	0		0	(74,228)
138	63784N	Fixed Distribution Systems	75,997	75,997		75,997	0
139	63785N	Anti-Submarine Warfare Environmental Acoustic Support	13,495	13,495		13,495	0
140	63787N	Special Processes	40,423	40,423	(10,775)	29,648	(10,775)
141	64203N	Standard Avionics Development	16,836	3,688		3,688	(13,148)
142	64211N	IFF System Development	36,201	36,201	(16,201)	20,000	(16,201)
143	64212N	LAMPS	16,920	16,920	(6,920)	10,000	(6,920)
144	64213N	Helicopter Development	11,226	11,226	(11,226)	0	(11,226)
145	64214N	AV-8B Aircraft (Engineering)	13,052	52,052	(39,000)	13,052	0
146	64215N	Support Equipment	72,942	72,942	(68,513)	4,429	(68,513)
148	64219N	Airborne ASW Developments	---	0		0	0
149	64221N	P-3 Modernization Program	126,902	126,902	(26,902)	100,000	(26,902)
150	64224N	Airborne Electronic Warfare - Eng	32,010	0		0	(32,010)
151	64226N	Advanced Self-Protection System	16,427	0		0	(16,427)
152	64229N	Carrier Inner Zone ASW Helicopter	581	581	(581)	0	(581)
153	64252N	Aircraft Propulsion	289	289	(289)	0	(289)
154	64255N	Electronic Warfare Simulator Development	41,103	41,103		41,103	0
155	64260N	C/MH-53E	20,124	20,124	(15,321)	4,803	(15,321)
156	64261N	Acoustic Search Sensors	47,859	47,859		47,859	0
157	64262N	V-22	465,662	465,662		465,662	0

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158	64264N	Aviation Life Support Systems (Eng)	22,308	22,308		22,308	0
159	64268N	Aircraft Engine Component Improvement Program	35,832	35,832		35,832	0
160	64301N	MK 92 Fire Control System Upgrade	3,516	3,516		3,516	0
161	64303N	AEGIS Area Air Defense	7,384	7,384		7,384	0
162	64307N	AEGIS Combat System Engineering	90,420	90,420	(20,420)	70,000	(20,420)
163	64308N	LINK ASH	---	0		0	0
164	64309N	SEA LANCE	114,341	114,341	(24,341)	90,000	(24,341)
165	64314N	Advanced Medium Range Air-to-Air Missile	27,191	27,191	(17,191)	10,000	(17,191)
166	64353N	Vertical Launching System	---	0		0	0
167	64354N	Air-to-Air Missile Systems Engineering	22,197	22,197	(2,197)	20,000	(2,197)
168	64355N	Vertical Launch ASROC	18,475	18,475		18,475	0
169	64358N	Close-In Weapon System (PHALANX)	7,648	7,648	(4,648)	3,000	(4,648)
170	64361N	NATO SEA SPARROW	4,707	4,707	(3,707)	1,000	(3,707)
172	64366N	Standard Missile Improvements	40,416	40,416	(15,416)	25,000	(15,416)
173	64367N	TOMAHAWK	47,436	47,436	(27,436)	20,000	(27,436)
174	64369N	5" Rolling Air Frame Missile	14,172	14,172	(5,172)	9,000	(5,172)
175	64370N	SSN-688 Class Vertical Launch System	21,395	21,395	(6,395)	15,000	(6,395)
176	64372N	New Threat Upgrade	29,945	29,945	(9,945)	20,000	(9,945)
177	64502N	Submarine Communications	3,451	3,451		3,451	0
178	64503N	Submarine Sonar Development	34,518	34,518		34,518	0
179	64504N	Air Control	17,314	17,314		17,314	0
180	64506N	Chemical Warfare Countermeasures	5,839	5,839		5,839	0
181	64507N	EMSP	69,467	69,467	(29,467)	40,000	(29,467)
182	64508N	Radar Surveillance Equipment	8,419	8,419		8,419	0
184	64511N	Intelligence Systems	31,114	31,114	(21,114)	10,000	(21,114)
185	64515N	Submarine Support Equipment Program	20,633	17,133	(7,133)	10,000	(10,633)
186	64516N	Ship Survivability	7,892	7,892		7,892	0
187	64518N	Combat Information Center Conversion	27,824	27,824	(9,824)	18,000	(9,824)
189	64524N	Submarine Combat System	342,532	309,893		309,893	(32,639)
190	64561N	SSN-21 Developments	213,242	213,242		213,242	0
191	64562N	Submarine Tactical Warfare System	43,300	43,300	(8,300)	35,000	(8,300)
192	64563N	Physical Security (Engineering)	11,154	11,154		11,154	0
193	64567N	Ship Subsystem Development/Land Based Test Site	70,414	70,414	(20,414)	50,000	(20,414)
195	64573N	Shipboard Electronic Warfare Improvements	40,193	0		0	(40,193)
196	64574N	Standard Embedded Computer Resources	29,397	1,110		1,110	(28,287)
197	64575N	AN/SQS-53C	11,427	11,427		11,427	0
198	64578N	Link Birch	5,296	5,296	(2,810)	2,486	(2,810)
199	64601N	Mine Development	10,587	10,587		10,587	0
200	64602N	Gun Ammunition Improvement	10,266	10,266		10,266	0
201	64603N	Unguided Conventional Air-Launched Weapons	3,183	3,183		3,183	0
203	64608N	Surface Electro-Optical Systems	14,311	14,311	(14,311)	0	(14,311)
204	64609N	Bomb Fuze Improvement	8,781	8,781		8,781	0
205	64610N	Advanced Lightweight Torpedo (ENG)	85,172	0		0	(85,172)
206	64654N	Joint Service Explosive Ordnance Development	5,432	5,432		5,432	0
207	64656M	Marine Corps Assault Vehicles	16,035	26,035		26,035	10,000
208	64657M	Marine Corps Ground Combat/Supporting Arms Systems	4,648	4,648		4,648	0
209	64675N	MK 48 ADCAP (Engineering)	32,238	32,238	(16,238)	16,000	(16,238)
210	64704N	Anti-Submarine Warfare Oceanographic Equipment	1,146	1,146		1,146	0
211	64705N	CHALK BANYAN	28,613	23,613	(10,613)	13,000	(15,613)
212	64707N	Theatre Mission Planning Center	28,342	28,342	(23,342)	5,000	(23,342)
213	64708N	Initial Trainer Acquisition	112,030	112,030	(52,030)	60,000	(52,030)
214	64710N	Navy Energy Program	4,398	4,398		4,398	0

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216	64713N	Surface ASW System Improvement	27,279	8,849		8,849	(18,430)
217	64714N	Air Warfare Training Devices	1,927	1,927	(1,927)	0	(1,927)
218	64715N	Surface Warfare Training Devices	17,198	17,198		17,198	0
219	64717M	Marine Corps Combat Services Support	19,836	23,359		23,359	3,523
220	64718M	Marine Corps Intelligence/Electronics Warfare System.	13,306	11,306		11,306	(2,000)
221	64719M	Marine Corps Command/Control/Communications Systems	20,037	20,037		20,037	0
222	64721N	Battle Group Passive Horizon Extension System Trainer	17,230	0		0	(17,230)
224	64761N	Intelligence	3,953	3,953		3,953	0
225	64763N	LINK CYPRESS	169,217	0		0	(169,217)
226	64771N	Medical Developments	3,544	3,544		3,544	0
228	64780M	JINTACCS MC	2,015	2,015		2,015	0
229	65803N	Electro-Magnetic Spectrum Management	6,593	6,593	(4,593)	2,000	(4,593)
230	65853N	Management and Technical Support	12,329	12,329	(5,329)	7,000	(5,329)
231	65867N	C2 Surveillance/Reconnaissance Support	6,456	6,456		6,456	0
232	24134N	A-6 Squadrons	2,773	2,773	(2,771)	2	(2,771)
233	24136N	F/A-18 Squadrons	17,316	17,316	(7,316)	10,000	(7,316)
234	24152N	Early Warning Aircraft Squadrons	33,369	33,369	(5,369)	28,000	(5,369)
235	24161N	Aviation Support CVW	7,303	7,303		7,303	0
236	24163N	Fleet Telecommunications (Tactical)	8,219	8,219	(2,219)	6,000	(2,219)
237	24311N	Undersea Surveillance Systems	30,576	30,576		30,576	0
238	24313N	Ship-Towed Array Surveillance Systems	6,226	6,226		6,226	0
239	24571N	Special Projects	13,978	13,978	(3,978)	10,000	(3,978)
240	24573N	Navy Cover and Deception Program	6,762	0		0	(6,762)
241	24575N	Electronic Warfare (EW) Readiness Support	6,458	0		0	(6,458)
242	24576N	Counter C3 Development	9,797	0		0	(9,797)
243	25601N	HARM Improvement	---	0		0	0
244	25620N	ASW Combat Systems Integration	14,399	14,399		14,399	0
245	25633N	Aircraft Equipment Reliability/Maintenance Program	2,032	2,032		2,032	0
247	25658N	Laboratory Fleet Support	5,511	5,511		5,511	0
248	25667N	F-14 Upgrade	184,770	184,770	(40,770)	144,000	(40,770)
249	25670N	Tactical Intelligence Processing	2,081	2,081		2,081	0
250	25674N	Electronic Warfare Counter Response	54,613	0		0	(54,613)
251	25675N	Operational Reactor Development	35,497	35,497	(15,497)	20,000	(15,497)
252	26313M	Marine Corps Telecommunications	8,306	8,306		8,306	0
253	26623M	Marine Corps Ground Combat/Supporting Arms Systems	56,485	56,485		56,485	0
254	26624M	Marine Corps Combat Services Support	4,996	4,996		4,996	0
255	26625M	Marine Corps Intelligence/Electronics Warfare Systems	15,299	9,999		9,999	(5,300)
256	26626M	Marine Corps Command/Control/Communications Systems	25,164	16,379		16,379	(8,785)
257	26627M	Marine Corps Technical Support Command and Control Su	---	0		0	0
258	27316N	TACIT RAINBOW	14,689	14,689	(12,689)	2,000	(12,689)
259	28010M	Joint Tactical Communications Program (TRI-TAC)	4,601	4,601		4,601	0
		SSN-688 Upgrade	0	15,000		15,000	15,000
		Quick Reaction Surveillance System	0	25,000	(10,000)	15,000	15,000
		Total, Tactical Programs	6,129,941	4,926,103	(958,651)	3,967,452	(2,162,489)
	SUB	Intelligence & Communications					
262	64230N	Warfare Support Systems	46,517	46,517	(16,371)	30,146	(16,371)
263	64231N	Tactical Command Systems	42,337	42,337	(27,337)	15,000	(27,337)
264	64232N	Transfer Support Systems	384,206	230,000	45,000	275,000	(109,206)
265	64514N	Navigation Systems	2,645	2,645	(2,645)	0	(2,645)
267	64777N	NAVSTAR GPS	79,891	79,891	(29,891)	50,000	(29,891)
268	65866N	Navy Command and Control Top Level Warfare Requiremen	4,720	4,720		4,720	0

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274	33603N	Milstar Satellite Communications System..............	4,600	4,600		4,600	0
999	1319N9	Classified Programs..................................	563,145	448,145	0	448,145	(115,000)
		Total, Intelligence & Communications...............	1,128,061	858,855	(31,244)	827,611	(300,450)
	SUB	Defensewide Mission Support					
276	63721N	Environmental Protection.............................	8,882	8,882		8,882	0
278	64208N	Range Instrumentation Systems Development (RISD).....	8,893	8,893		8,893	0
279	64218N	Air/Ocean Equipment Engineering......................	2,156	2,156		2,156	0
280	64258N	Target Systems Development...........................	95,644	95,644	(25,644)	70,000	(25,644)
281	64703N	Personnel, Training, Simulation, and Human Factors...	3,107	3,107	(2,107)	1,000	(2,107)
282	65151M	Studies and Analysis Support - MC....................	1,929	1,929		1,929	0
283	65152N	Studies and Analysis Support - Navy..................	5,410	5,410	(1,000)	4,410	(1,000)
284	65153M	Marine Corps Operations Analysis Group, CNA..........	4,454	4,454		4,454	0
285	65154N	Center for Naval Analyses............................	19,880	19,880		19,880	0
286	65155N	Fleet Tactical Development and Evaluation............	16,885	16,885	(6,885)	10,000	(6,885)
287	65156M	Marine Corps Operational Test and Evaluation.........	1,311	1,311		1,311	0
289	65804N	Technical Information Services.......................	2,697	2,697		2,697	0
291	65854M	Marine Corps Development Center Support..............	13,145	13,145	(8,145)	5,000	(8,145)
292	65857N	International RDT&E..................................	4,014	4,014		4,014	0
294	65861N	RDT&E Laboratory and Facilities Management Support...	52,665	52,665	(12,665)	40,000	(12,665)
295	65862N	RDT&E Instrumentation and Materiel Support...........	41,835	41,835	(16,835)	25,000	(16,835)
296	65863N	RDT&E Ship and Aircraft Support......................	92,944	92,944	(12,944)	80,000	(12,944)
297	65864N	Test and Evaluation Support..........................	325,343	325,343	(15,343)	310,000	(15,343)
298	65865N	Operational Test and Evaluation Capability...........	8,953	8,953		8,953	0
299	65871M	Marine Corps Tactical Exploitation of National Capabi	979	979		979	0
300	65872N	Productivity Investments.............................	3,283	3,283		3,283	0
301	35111N	Weather Service......................................	969	969		969	0
302	35160N	Defense Meteorological Satellite Program (DMSP)......	4,107	4,107		4,107	0
303	78011N	Industrial Preparedness..............................	43,393	43,393	(13,393)	30,000	(13,393)
		Total, Defensewide Mission Support.................	762,878	762,878	(114,961)	647,917	(114,961)
		Special Program		280,000	(180,000)	100,000	100,000
	SUB	Conventional Defense Initiative					
		Laser Communication..................................	0	60,000	(10,000)	50,000	50,000
		Electro Magnetic Catapult............................	0	6,000		6,000	6,000
		Autonomous Piloted Aircraft..........................	0	10,000	(2,000)	8,000	8,000
		Acoustic Video Processor.............................	0	8,600		8,600	8,600
		Ring Laser Gyro......................................	0	5,000		5,000	5,000
		Small Rotary Engine RPV..............................	0	1,000		1,000	1,000
		Total, Conventional Defense Initiative.............	0	90,600	(12,000)	78,600	78,600
		Civilian Pay Raise...................................	0		1,541	1,541	1,541
		Other Special Access.................................			(50,000)	(50,000)	(50,000)
		Total, Research Development Test & Eval, Navy......	10.490,412	9,291,753	(1,447,978)	7,843,775	(2,646,637)
		NAVY CLASSIFIED					
269	31303N	Field Operational Intelligence Office................	( )				
270	31326N	PRAIRIE SCHOONER.....................................	( )	(15,000)		(15,000)	(15,000)

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271	31327N	Technical Reconnaissance & Surveillance..............	( )				
273	33401N	Communications Security (COMSEC).....................	( )				
275	34111N	Special Activities..	( )	(100,000)		(100,000)	(100,000)
		Subtotal Intell&Com..	563,145	448,145	0	448,145	(115,000)
		TOTAL NAVY RDT&E CLASSIFIED..........................	563,145	448,145		448,145	(115,000)

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	SUB	Technology Base					
1	61101F	In-House Laboratory Independent Research	15,653	15,653		15,653	0
2	61102F	Defense Research Sciences	191,762	191,762		191,762	0
3	61103F	University Research Initiatives	19,536	0		0	(19,536)
4	62101F	Geophysics	39,523	39,523		39,523	0
5	62102F	Materials	62,676	62,676	(9,676)	53,000	(9,676)
6	62201F	Aerospace Flight Dynamics	70,087	70,087	(2,087)	68,000	(2,087)
7	62202F	Aerospace Biotechnology	47,939	47,939		47,939	0
8	62203F	Aerospace Propulsion	71,233	71,233	(6,233)	65,000	(6,233)
9	62204F	Aerospace Avionics	65,975	65,975		65,975	0
10	62205F	Training and Simulation Technology	35,937	35,937		35,937	0
11	62206F	Civil Engineering and Environmental Quality	5,678	5,678		5,678	0
12	62302F	Rocket Propulsion	43,339	43,339	(3,339)	40,000	(3,339)
13	62601F	Advanced Weapons	37,027	37,027		37,027	0
14	62602F	Conventional Munitions	43,041	43,041	(12,126)	30,915	(12,126)
15	62702F	Command Control and Communications	82,260	82,260	(2,260)	80,000	(2,260)
		Total, Technology Base	831,666	812,130	(35,721)	776,409	(55,257)
	SUB	Advance Technology Development					
16	63106F	Logistics Systems Technology	12,747	12,747	(3,173)	9,574	(3,173)
17	63109F	INEWS/ICNIA	83,300	83,300		83,300	0
18	63202F	Aircraft Propulsion Subsystem Integration	23,646	23,646		23,646	0
19	63203F	Advanced Avionics for Aerospace Vehicles	36,635	5,300		5,300	(31,335)
20	63205F	Flight Vehicle Technology	27,220	20,602		20,602	(6,618)
21	63211F	Aerospace Structure and Materials	28,068	28,068	(2,068)	26,000	(2,068)
22	63216F	Advanced Turbine Engine Gas Generator	33,719	33,719	(3,719)	30,000	(3,719)
23	63226F	DoD Common Programming Language (Ada) Advanced Develo	15,673	15,673		15,673	0
24	63227F	Advanced Simulator Technology	10,902	10,902		10,902	0
25	63231F	Crew Systems Technolgy	23,252	23,252		23,252	0
26	63245F	Advanced Fighter Technology Integration	29,734	22,352		22,352	(7,382)
27	63248F	Concept Development	4,785	4,785	(4,785)	0	(4,785)
28	63250F	Lincoln Laboratory	24,760	24,760	(4,760)	20,000	(4,760)
29	63253F	Advanced Integration Avionics	16,676	16,676	(16,676)	0	(16,676)
30	63269F	National Aero Space Plane Technology Program	236,039	236,039	(25,000)	211,039	(25,000)
31	63302F	Space and Missile Rocket Propulsion	8,973	8,973		8,973	0
33	63363F	Hypervelocity Missile	11,626	11,626		11,626	0
34	63401F	Advanced Spacecraft Technology	8,433	8,433	(8,433)	0	(8,433)
35	63410F	Space Systems Environmental Interactions Technology	3,825	3,825		3,825	0
36	63452F	Very High Speed Integrated Circuits	101,413	101,413		101,413	0
37	63601F	Conventional Weapons	25,021	25,021		25,021	0
38	63605F	Advanced Radiation Technology	29,076	29,076	(4,076)	25,000	(4,076)
		Excimer Mid Range Laser Development(EMRLD)	0	46,650		46,650	46,650
39	63707F	Weather Systems - Adv Dev	5,276	5,276		5,276	0
40	63723F	Civil and Environmental Engineering Technology	11,342	11,342		11,342	0
41	63726F	Fiber Optics Development	8,608	8,608		8,608	0
42	63728F	Advanced Computer Technology	5,128	5,128		5,128	0
43	63743F	Electronic Combat Technology	41,288	0		0	(41,288)
44	63751F	Training Systems Technology	276	276		276	0
45	63752F	DoD Software Engineering Institute	18,929	18,929		18,929	0
46	63789F	Command Control and Communications	42,809	42,809	(15,000)	27,809	(15,000)
		Total, Advance Technology Development	929,179	889,206	(87,690)	801,516	(127,663)

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	SUB	Strategic Programs					
49	63311F	Advanced Strategic Missile Systems	134,162	159,162	(5,000)	154,162	20,000
51	63364F	Short Range Attack Missile II (SRAM II)	220,386	120,386	(120,386)	0	(220,386)
52	63367F	Strategic Relocatable Target Capability	16,495	16,495	(16,495)	0	(16,495)
53	63368F	Air Defense Battle Management Technology	17,139	17,139	(8,000)	9,139	(8,000)
54	63369F	Cruise Missile Engagement Systems Technology	13,222	13,222	(10,222)	3,000	(10,222)
55	63424F	Cruise Missile Surveillance Technology	---	0		0	0
56	63716F	Atmospheric Surveillance Technology	8,695	8,695		8,695	0
57	63717F	Technical On-site Inspection Program	3,819	3,819		3,819	0
58	63735F	WWMCCS Architecture	282	282		282	0
60	64216F	WWABNCP System Replacement	13,695	13,695		13,695	0
61	64226F	B-1B	415,511	375,672		375,672	(39,839)
62	64234F	Common Strategic Rotary Launcher	5,715	5,715	(3,715)	2,000	(3,715)
63	64312F	ICBM Modernization	2,875,728	2,534,372	(190,000)	2,344,372	(531,356)
		Peacekeeper	51,191	51,191	(20,000)	31,191	(20,000)
		Small ICBM	2,233,181	2,233,181	(170,000)	2,063,181	(170,000)
		Rail Mobile MX	591,356	250,000		250,000	(341,356)
65	64361F	Air Launched Cruise Missile (ALCM)	3,591	3,591		3,591	0
66	64406F	Space Defense System	402,358	250,000	(200,000)	50,000	(352,358)
67	64711F	Systems Survivability (Nuclear Effects)	12,976	12,976		12,976	0
71	11142F	KC-135 Squadrons	4,035	4,035		4,035	0
72	11213F	Minuteman Squadrons	107,672	107,672	(20,000)	87,672	(20,000)
73	11312F	PACCS and WWABNCP System EC-135 Class V Mods	943	943		943	0
75	12310F	NCMC - TW/AA Systems	57,849	57,849		57,849	0
76	12311F	NCMC - Space Defense Systems	26,371	26,371		26,371	0
77	12313F	Ballistic Missile Tactical Warning/Attack Assessment	2,265	2,265		2,265	0
79	12325F	Joint Surveillance System	2,156	2,156		2,156	0
80	12411F	Surveillance Radar Stations/Sites	5,224	5,224		5,224	0
81	12412F	Distant Early Warning (DEW) Radar Stations	8,477	8,477		8,477	0
82	12417F	Over-the-Horizon Backscatter Radar	38,396	28,396		28,396	(10,000)
83	12423F	Ballistic Missile Early Warning System (BMEWS)	19,247	9,247		9,247	(10,000)
84	12424F	SPACETRACK	9,630	7,630		7,630	(2,000)
85	12431F	Defense Support Program (3625)	103,807	303,807	(50,000)	253,807	150,000
86	12432F	Submarine-Launched Ballistic Missile (SLBM) Radar War	20,313	17,313		17,313	(3,000)
87	12433F	NUDET Detection System	10,397	10,397		10,397	0
88	12436F	Command Center Processing and Display System	32,052	32,052		32,052	0
90	33131F	Minimum Essential Emergency Communications Network (M	55,598	55,598	(5,000)	50,598	(5,000)
91	33152F	World-Wide Military Command and Control Systems, Info	5,107	5,107		5,107	0
92	33154F	WWMCCS Information System Joint Program Management Of	82,089	82,089		82,089	0
93	33601F	Milstar Satellite Communications System (AF Terminals	229,229	229,229	(40,229)	189,000	(40,229)
99	41123F	Military Airlift Group (IF)	12,415	12,415	(2,424)	9,991	(2,424)
0	99CP	Classified Programs	3.458,357	3,381,257	(135,679)	3,245,578	(212,779)
		Total, Strategic Programs	8,435,403	7,924,750	(807,150)	7,117,600	(1,317,803)
	SUB	Tactical Programs					
100	63230F	Advanced Tactical Fighter	536,826	536,826	(56,826)	480,000	(56,826)
101	63239F	Unmanned Air Reconnaissance System	8,812	8,812		8,812	0
102	63256F	CV-22A	32,025	32,025	(16,025)	16,000	(16,025)
103	63260F	Intelligence Advanced Development	5,074	5,074		5,074	0
105	63307F	Airbase Survivability and Recovery	4,426	4,426		4,426	0
106	63320F	Low Cost Anti-Radiation Seeker	13,586	13,586		13,586	0
109	63609F	Millimeter Wave Seekers	---	0		0	0

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110	63714F	DoD Physical Security Equipment - Exterior	912	912		912	0
112	63742F	Combat Identification Technology	1,457	0		0	(1,457)
113	63749F	C3CM Advanced Systems	1,386	0		0	(1,386)
116	64201F	Aircraft Avionics Equipment Development	19,685	19,685		19,685	0
118	64212F	Aircraft Equipment Development	1,939	1,939		1,939	0
119	64218F	Engine Model Derivative Program (EMDP)	979	979		979	0
120	64219F	Integrated Digital Avionics	270	270		270	0
121	64220F	EW Counter Response	13,654	0		0	(13,654)
122	64222F	Nuclear Weapons Support	4,444	4,444		4,444	0
123	64223F	Alternate Fighter Engine	86,915	86,915	(5,000)	81,915	(5,000)
124	64231F	C-17 Program	1,219,904	1,019,904	(40,000)	979,904	(240,000)
126	64236F	Infrared Search and Track System	14,055	14,055		14,055	0
127	64237F	Variable Stability In-Flight Simulator Test Aircraft.	6,249	6,249		6,249	0
128	64247F	Modular Automatic Test Equipment	18,373	18,373		18,373	0
129	64248F	Modular Standoff Weapons	39,175	39,175	(39,175)	0	(39,175)
130	64249F	Night/Precision Attack	19,851	19,851	(19,851)	0	(19,851)
131	64250F	Integrated EW/CNI Development	5,714	10,714		10,714	5,000
132	64268F	Aircraft Engine Component Improvement Program	101,012	101,012		101,012	0
133	64313F	T-46A	---	0		0	0
134	64314F	Advanced Medium-Range, Air-to-Air Missile (AMRAAM)	28,194	28,194	(14,194)	14,000	(14,194)
135	64315F	Advanced Short Range Air-to-Air Missile (ASRAAM)	3,001	3,001	(2,001)	1,000	(2,001)
137	64327F	Hardened Target Munitions	7,690	7,690	(7,690)	0	(7,690)
138	64362F	Ground-Launched Cruise Missile (GLCM)	5,299	5,299	(5,299)	0	(5,299)
139	64601F	Chemical/Biological Defense Equipment	14,600	14,600		14,600	0
140	64602F	Armament/Ordnance Development	25,629	25,629	(10,000)	15,629	(10,000)
141	64604F	Submunitions	4,668	4,668		4,668	0
142	64607F	Wide-Area, Anti-Armor Munitions	17,607	27,607		27,607	10,000
143	64617F	Air Base Survivability and Recovery	14,532	14,532		14,532	0
144	64703F	Aeromedical Systems Development	6,730	6,730		6,730	0
145	64704F	Common Support Equipment Development	1,645	1,645		1,645	0
146	64706F	Life Support Systems	12,617	12,617		12,617	0
147	64708F	Other Operational Equipment	6,987	6,987		6,987	0
148	64710F	Reconnaissance Equipment	195	195		195	0
149	64715F	DoD Physical Security Equipment - Exterior	11,332	11,332		11,332	0
150	64724F	Tactical C3 Countermeasures	12,761	0		0	(12,761)
151	64725F	Combat Identification Systems	44,930	44,930	(24,930)	20,000	(24,930)
152	64733F	Surface Defense Suppression	40,775	40,775	(10,775)	30,000	(10,775)
153	64737F	Airborne Self-Protection Jammer	21,545	0		0	(21,545)
154	64738F	Protective Systems(5615)	52,410	32,865		32,865	(19,545)
155	64739F	Tactical Protective Systems	49,077	0		0	(49,077)
156	64740F	Computer Resources Management Technology	20,367	20,367	(5,367)	15,000	(5,367)
157	64742F	Precision Location Strike System	---	15,000		15,000	15,000
158	64750F	Intelligence Equipment	5,928	5,928		5,928	0
160	64754F	Joint Tactical Information Distribution System (JTIDS	44,072	44,072	(34,072)	10,000	(34,072)
161	64756F	Side Looking Airborne Radar	11,117	41,117		41,117	30,000
162	64770F	Joint Surveillance/Target Attack Radar System (JSTARS	337,912	250,000	(50,000)	200,000	(137,912)
163	64779F	Joint Interoperability of Tactical Command & Control	6,040	6,040		6,040	0
165	21131F	U.S. Readiness Command - Communications	4,015	4,015		4,015	0
166	27129F	F-111 Squadrons	25,656	0		0	(25,656)
167	27130F	F-15 Squadrons	118,564	0		0	(118,564)
169	27133F	F-16 Squadrons	36,486	0		0	(36,486)
170	27136F	F-4G WILD WEASEL Squadrons	17,762	0		0	(17,762)

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172	27139F	Competitive Fighter Procurement	3,525	3,525	(3,525)	0	(3,525)
173	27162F	Tactical AGM Missiles	2,348	2,348	(2,348)	0	(2,348)
174	27168F	F-111 Self Protection Systems	58,007	0		0	(58,007)
176	27215F	TR-1 Squadron	74,923	74,923		74,923	0
		TR-1 Propulsion Upgrade	0	10,000		10,000	10,000
177	27217F	Follow-On Tactical Reconnaissance System	55,561	40,561		40,561	(15,000)
178	27247F	AF TENCAP	313	313		313	0
180	27411F	Overseas Air Weapon Control System	6,947	14,947		14,947	8,000
181	27412F	Tactical Air Control Systems	20,995	20,995		20,995	0
182	27417F	Airborne Warning and Control System (AWACS)	110,737	110,737	(25,737)	85,000	(25,737)
184	27423F	Advanced Communications Systems	34,549	34,549		34,549	0
185	27431F	Tactical Air Intelligence System Activities	1,950	1,950		1,950	0
187	27435F	Tactical Reconnaissance Imagery and Exploitation	1,142	1,142		1,142	0
193	27595F	Base Communications - Tactical Air Forces	---	0		0	0
194	28010F	Joint Tactical Communications Program (TRI-TAC)	15,872	15,872	(5,872)	10,000	(5,872)
197	33605F	Satellite Communications Terminals	23,783	23,783	(9,783)	14,000	(9,783)
198	35887F	Electronic Combat Intelligence Support	1,622	0		0	(1,622)
200	41840F	MAC Command and Control System	10,002	10,002		10,002	0
201	44011F	Special Operations Forces	109,487	109,487	(29,847)	79,640	(29,847)
202	52610F	A-7 Squadrons (ANG)	63,220	0		0	(63,220)
		Tactical Aircraft	[261,688]	196,264		196,264	196,264
		F-4 Air Defense (authorized in FY 1985)			[+30,000]	[+30,000]	0
0	99CP	Classified Programs	785,305	793,841	(180,959)	612,882	(172,423)
		Total, Tactical Programs	4,547,154	4,086,300	(599,276)	3,487,024	(1,060,130)
	SUB	Intelligence & Communications					
203	63431F	Space Communications	---	0		0	0
212	33110F	Defense Satellite Communications System	21,398	21,398		21,398	0
213	33126F	Long-Haul Communications (DCS)	5,154	5,154		5,154	0
214	33128F	Inter-Service/Agency Automated Message Processing Exc	1,296	1,296		1,296	0
215	33144F	Electromagnetic Compatibility Analysis Center (ECAC)	8,132	8,132		8,132	0
218	35114F	Traffic Control, Approach, and Landing System (TRACAL	12,095	25,995		25,995	13,900
220	35164F	NAVSTAR Global Positioning System (User Equipment)	45,801	45,801	(10,801)	35,000	(10,801)
221	35165F	NAVSTAR Global Positioning System (Space and Control	26,309	26,309		26,309	0
222	84733F	General Intelligence Skill Training	---	0		0	0
0		Classified Programs	2,157,227	1,905,027	0	1,905,027	(252,200)
		Total, Intelligence & Communications	2,277,412	2,039,112	(10,801)	2,028,311	(249,101)
	SUB	Defensewide Mission Support					
223	63402F	Space Test Program	90,197	90,197	(40,000)	50,197	(40,000)
224	63438F	Satellite Systems Survivability	3,277	3,277		3,277	0
226	64211F	Advanced Aerial Target Development	9,886	9,886		9,886	0
227	64227F	Flight Simulator Development	61,701	61,701		61,701	0
229	64609F	R&M Maturation/Technology Insertion	20,365	20,365	(5,365)	15,000	(5,365)
230	64707F	Weather Systems - Eng Dev	12,537	12,537		12,537	0
231	64735F	Range Improvement	69,560	69,560	(5,560)	64,000	(5,560)
232	64747F	Electromagnetic Radiation Test Facilities	5,942	5,942		5,942	0
233	64755F	Improved Capability for Development Test & Evaluation	64,663	64,663	(14,663)	50,000	(14,663)
234	65101F	Project Air Force	19,106	19,106		19,106	0
235	65304F	Acquisition & Command Support (ACS) - Telecommunicati	---	0		0	0
236	65306F	Ranch Hand II Epidemiology Study	5,777	5,777		5,777	0
238	65708F	Navigation/Radar/Sled Track Test Support	24,194	24,194		24,194	0

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239	65806F	Acquisition and Command Support	---	0		0	0
240	65807F	Test and Evaluation Support	304,839	304,839	(4,839)	300,000	(4,839)
241	65808F	Advanced Systems Engineering/Planning	25,376	25,376	(10,376)	15,000	(10,376)
242	65809F	DYCOMS	12,340	12,340	(12,340)	0	(12,340)
243	65863F	RDT&E Aircraft Support	59,034	59,034	(14,034)	45,000	(14,034)
245	65874F	Product Performance Agreement Center	---	0		0	0
246	65894F	Real Property Maintenance - RDT&E	79,702	79,702	(5,000)	74,702	(5,000)
247	65896F	Base Operations - RDT&E	62,152	62,152	(5,000)	57,152	(5,000)
248	35110F	Satellite Control Facility	109,531	109,531	(19,531)	90,000	(19,531)
249	35119F	Space Boosters	246,641	246,641		246,641	0
250	35130F	Consolidated Space Operations Center	50,020	50,020	(10,000)	40,020	(10,000)
251	35160F	Defense Meteorological Satellite Program (DMSP)	56,181	56,181	(5,181)	51,000	(5,181)
252	35171F	Space Shuttle Operations	86,554	86,554		86,554	0
253	71112F	Inventory Control Point Operations	4,346	4,346		4,346	0
254	72207F	Depot Maintenance (Non-IF)	998	998	(998)	0	(998)
255	78011F	Industrial Preparedness	94,967	94,967		94,967	0
256	78026F	Productivity, Reliability, Availability, Maintain. Pr	19,560	19,560		19,560	0
258	01004F	International Activities	3,123	3,123		3,123	0
		Total, Defensewide Mission Support	1,602,569	1,602,569	(152,887)	1,449,682	(152,887)
		Advanced Launch System	[289,000]		150,000	150,000	150,000
		Non Acoustic ASW	0	15,000		15,000	15,000
	SUB	Conventional Defense Initiative					
		Classified Aircraft Program	0	75,000	(5,000)	70,000	70,000
		Advanced Tactical Transport	0	5,000	(1,000)	4,000	4,000
		Popeye	0	10,000	(2,000)	8,000	8,000
		Activated Metals	0	2,000		2,000	2,000
		Total, Conventional Defense Initiative	0	92,000	(8,000)	84,000	84,000
		Civilian Pay Raise	0		11,485	11,485	11,485
		Other Special Access			(75,000)	(75,000)	(75,000)
		Other Classified			(45,600)	(45,600)	(45,600)
		Total, Research Developement Test & Eval, AF	18,623,383	17,461,067	(1,660,640)	15,800,427	(2,822,956)

Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
		AIR FORCE CLASSIFIED					
47	63110F	Special Evaluation Program	( )				0
48	63111F	Meridan	( )				0
50	63312F	Advanced Concepts	( )				0
59	63738F	ADI Surveillance Technology	( )		(85,679)	(85,679)	(85,679)
69	11120F	Advanced Cruise Missile	( )	(60,000)	(50,000)	(110,000)	(110,000)
89	12822F	LEO	( )				0
94	33603F	Milstar Satellite Communications System	( )				0
95	35124F	Special Applications Program	( )				0
97	35172F	BERNIE	( )				0
98	35892F	Special Analysis Activities	( )	(17,100)		(17,100)	(17,100)
		Subtotal Strategic	3,458,357	3,381,257	(135,679)	3,245,578	(212,779)
104	63261F	PAVE RUNNER Advanced Development	( )	(8,775)		(8,775)	(8,775)

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Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
107	63437F	HAVE DJINN	( )				0
115	63801F	Special Programs	( )		(75,400)	(75,400)	(75,400)
125	64232F	PAVE RUNNER	( )	(32,689)		(32,689)	(32,689)
136	64321F	Joint Tactical Fusion Program	( )				0
164	11133F	SR-171 Squadrons	( )				0
171	27137F	CONSTANT HELP	( )				0
175	27169F	SEEK CLOCK	( )		(3,600)	(3,600)	(3,600)
179	27316F	TACIT RAINBOW	( )		(14,359)	(14,359)	(14,359)
186	27433F	Tactical Improvement Program	( )		(23,000)	(23,000)	(23,000)
188	27579F	Advanced Systems Improvements	( )				0
189	27582F	Have Trump	( )				0
190	27584F	SEEK AXLE	( )				0
191	27585F	SEEK SPINNER/PAVE TIGER	( )	50,000		50,000	50,000
192	27591F	OMEGA	( )				0
195	28042F	HAVE FLAG	( )		(58,600)	(58,600)	(58,600)
199	41129F	THEME CASTLE	( )		(6,000)	(6,000)	(6,000)
		Subtotal Tactical	785,305	793,841	(180,959)	612,882	(172,423)
204	64238F	Constant Pisces	( )	(115,000)		(115,000)	(115,000)
205	31305F	Intelligence Production Activities	( )				0
206	31310F	Foreign Technology Division	( )				0
207	31314F	Infrared/EO/DE Wpns Processing & Exploit	( )				0
208	31315F	Missile and Space Technical Collection	( )				0
209	31317F	SENIOR YEAR Operations	( )	(2,000)		(2,000)	(2,000)
210	31324F	FOREST GREEN	( )				0
211	31357F	NUDET Detection System	( )				0
216	33401F	Communications Security (COMSEC)	( )				0
217	34111F	Special Activities	( )	(90,800)		(90,800)	(90,800)
219	35159F	Defense Reconnaissance Support Activities	( )	(44,400)		(44,400)	(44,400)
		Subtotal Intell&Comm	2,157,227	1,905,027	0	1,905,027	(252,200)
		TOTAL AIR FORCE RDT&E CLASSIFIED	6,400,889	6,080,125	(316,638)	5,763,487	(637,402)

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Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
	SUB	Technology Base					
1	61101E	Defense Research Sciences..........................	84,150	84,150		84,150	0
2	61101W	In-House Laboratory Independent Research............	2,532	2,532		2,532	0
4	61103E	University Research Initiatives.....................	24,570	0		0	(24,570)
	61103D	University Research Initiatives.....................	0	170,000		170,000	170,000
		University Research Instrumentation Program..........		30,000		30,000	30,000
5	62101E	Technical Studies..................................	1,700	1,700		1,700	0
6	62301E	Strategic Technology...............................	233,950	343,450	(50,000)	293,450	59,500
7	62702E	Tactical Technolgy.................................	114,536	122,136		122,136	7,600
8	62707E	Particle Beam Technology...........................	14,000	14,000		14,000	0
9	62708E	Integrated Command and Control Technology...........	36,435	36,435		36,435	0
10	62712E	Materials and Electronics Technology................	27,606	27,606		27,606	0
11	62714E	Nuclear Monitoring.................................	20,363	20,363		20,363	0
12	62715H	Defense Nuclear Agency.............................	363,032	363,032	(15,000)	348,032	(15,000)
13	62716B	Mapping, Charting and Geodesy.......................	980	980		980	0
		Total, Technology Base..........................	923,854	1,216,384	(65,000)	1,151,384	227,530
	SUB	Advance Technology Development					
		Strategic Defense Initiative	5,198,793	3,300,000	(300,000)	3,000,000	(2,198,793)
		SDI-General		180,000	(300,000)	(120,000)	(120,000)
14	63220C	SDI-Surveillance, Acquisition, Tracking and Kill Asse	1,492,680	897,000		897,000	(595,680)
15	63221C	SDI-Directed Energy Weapons.........................	1,103,680	641,000		641,000	(462,680)
16	63222C	SDI-Kinetic Energy Weapons..........................	1,074,730	751,000		751,000	(323,730)
17	63223C	SDI-Systems Concepts and Battle Management/C3........	627,340	472,000		472,000	(155,340)
18	63224C	SDI-Survivability, Lethality, and Key Support Technol	900,363	359,000		359,000	(541,363)
19	63225D	Joint DoD-DoE Munitions Technology Development.......	8,617	8,617	(1,000)	7,617	(1,000)
20	63226E	Experimental Evaluation of Major Innovative Technolog	245,624	227,624	(5,000)	222,624	(23,000)
21	63227E	Strategic Relocatable Targets.......................	6,700	6,700		6,700	0
22	63269E	National Aero Space Plane Technology Program.........	---	0		0	0
23	63702D	Special Operations, Special Technology Office........	11,354	11,354	(3,000)	8,354	(3,000)
24	63703D	Counter-Insurgency and Special Technology............	10,997	10,997		10,997	0
25	63706D	Microwave/Millimeter Wave Monolithic Integrated Circu	49,181	49,181	(3,000)	46,181	(3,000)
26	63736D	Computer Aided Logistics Support.....................	12,978	12,978		12,978	0
27	63737D	Conventioal Defense Initiatives		0		0	0
28	63756D	DoD Software Initiatives (STARS).....................	27,953	27,953	(3,000)	24,953	(3,000)
29	35108K	Command and Control Research.........................	2,611	2,611		2,611	0
		Advanced Torpedo Program............................	0	0	10,000	10,000	10,000
		Hypersonic Weapon Technology		25,000		25,000	25,000
		Total, Advance Technology Development.............	5,574,808	3,683,015	(305,000)	3,378,015	(2,196,793)
	SUB	Strategic Programs					
30	63734K	Island Sun..	50,826	50,826		50,826	0
31	32016K	National Military Command System-Wide Support........	10,910	10,910		10,910	0
32	32019K	WWMCCS Systems Engineer..............................	16,004	16,004		16,004	0
33	33131K	Minimum Essential Emergency Communications Network (M	8,605	8,605		8,605	0
		Total, Strategic Programs.........................	86,345	86,345	0	86,345	0
	SUB	Tactical Programs					
35	64771D	Joint Tactical Information Distribution Syste\A	91,226	91,226		91,226	0
37	21135K	CINC C2 Initiatives..................................	2,124	2,124		2,124	0
38	28045Q	C3 Interoperability (Joint Tactical C3 Agency).......	67,715	67,715	(6,000)	61,715	(6,000)
39	28298Q	Management Headquarters (Joint Tactical C3 Agency)...	6,250	6,250		6,250	0

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		Total, Tactical Programs............................	167,315	167,315	(6,000)	161,315	(6,000)
	SUB	Intelligence & Communications					
40	63701B	Mapping, Charting, Geodesy Investigations, and Protot	12,168	12,168		12,168	0
41	64701B	Mapping, Charting, and Geodesy Engineering Developmen	3,782	3,782		3,782	0
44	33126K	Long-Haul Communications (DCS)......................	16,969	16,969		16,969	0
45	33127K	Support of the National Communications System........	3,673	3,673		3,673	0
47	35139B	DMA Exploitation Modernization Program...............	293,661	293,661		293,661	0
48	35159B	Defense Reconnaissance Support Activities............	4,814	4,814		4,814	0
50	35159I	Defense Reconnaissance Support Activities............	143,371	218,471		218,471	75,100
0	0400D9	Classified Programs..................................	1,253,945	1,199,845	0	1,199,845	(54,100)
		Total, Intelligence & Communications..............	1,732,383	1,753,383	0	1,753,383	21,000
	SUB	Defensewide Mission Support					
54	63739D	Semiconductor Manufacturing Technology...............	50,000	10,000		10,000	(40,000)
55	63790D	NATO Research and Development........................	58,825	58,825		58,825	0
56	65104D	Technical Support to USDR&E..........................	25,767	21,767	(4,300)	17,467	(8,300)
57	65106D	General Support for PA&E.............................	3,213	2,763	(550)	2,213	(1,000)
58	65107D	General Support for Policy...........................	7,369	6,869	(600)	6,269	(1,100)
59	65108D	General Support for Net Assessment...................	4,420	4,070	(500)	3,570	(850)
60	65109D	General Support for FM&P.............................	2,105	1,905	(350)	1,555	(550)
61	65110D	Technical Support to USDRE--Critical Technology......	3,824	3,574	(350)	3,224	(600)
62	65112D	Rand Research Center for OSD and JCS.................	16,515	16,515		16,515	0
63	65114E	BLACK LIGHT..	4,000	4,000		4,000	0
64	65116D	General Support to C3I...............................	2,691	2,591		2,591	(100)
65	65117D	Foreign Material Acquisition and Exploitation........	13,911	10,000		10,000	(3,911)
66	65119D	General Support for A&L..............................	3,248	2,923	(325)	2,598	(650)
68	65711S	Critical Technology Analysis.........................	4,200	4,200	(1,000)	3,200	(1,000)
69	65801S	Defense Technical Information Center.................	28,085	28,085	(3,000)	25,085	(3,000)
70	65802S	Information Analysis Centers.........................	6,786	6,786		6,786	0
71	65872E	Productivity Investments.............................	2,000	2,000		2,000	0
72	65898C	Management Headquarters (Strategic Defense Initiative	22,000	17,000		17,000	(5,000)
73	65898E	Management Headquarters (Research and Development)...	14,558	14,558	(1,000)	13,558	(1,000)
74	72807D	IR Focal Plane Array.................................	44,119	44,119		44,119	0
75	78011S	Industrial Preparedness..............................	8,700	8,700		8,700	0
76	01015D	Technology Transfer Functions........................	491	491		491	0
		Total, Defensewide Mission Support................	326,827	271,741	(11,975)	259,766	(67,061)
		Landsat..	0	25,000		25,000	25,000
		RPV Competition......................................	0		25,000	25,000	25,000
		Man Tech - Guided Ordnance...........................	0	8,000		8,000	8,000
		Computer Mirocircuit Testing.........................	0	10,000		10,000	10,000
		Metallurgy Research(DARPA)...........................	0	2,000		2,000	2,000
		Personnel Radiation Protection.......................	0	2,000		2,000	2,000
		Xray Lithography.....................................	0	20,000		20,000	20,000
		DOD/VA Medical Research..............................	0	25,000		25,000	25,000
		RACER..	0	5,000		5,000	5,000
		Electronic Warfare...................................	[591,129]	486,852	(43,505)	443,347	443,347
		Civilian Pay Raise...................................	0		2,225	2,225	2,225
		Total, Research Development Test & Eval,Def Agencie	8,811,532	7,762,035	(404,255)	7,357,780	(1,453,752)

Defense Agencies RDT&E Fiscal Year 1988

Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
		DEFENSE AGENCIES CLASSIFIED					
42	31011G	Cryptologic Activities..................................	( )	(35,700)		(35,700)	(35,700)
43	31301L	General Defense Intelligence Program.................	( )	(9,900)		(9,900)	(9,900)
46	33401G	Communications Security (COMSEC).....................	( )	(8,500)		(8,500)	(8,500)
49	35159G	Defense Reconnaissance Support Activities............	( )				
51	35167G	Computer Security......................................	( )				
52	35884L	Intelligence Planning & Review Activities............	( )				
53	35885G	Tactical Cryptologic Activities.......................	( )				
		Subtotal Intell&Comm..................................	1,253,945	1,199,845	0	1,199,845	(54,100)
		TOTAL DEFENSE AGENCIES RDT&E CLASSIFIED.............	1,253,945	1,199,845	0	1,199,845	(54,100)

DEVELOPMENTAL TEST & EVALUATION,DEFENSE RDT&E Fiscal Year 1988
(dollars in thousands)

Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
	SUB	Developmental Test & Eval, Defense					
1	64940D	Test Instrumentation Development......................	30,100	30,100		30,100	0
2	64941D	Space System Test Capabilities........................	2,000	2,000	(500)	1,500	(500)
3	65111D	Foreign Weapons Evaluation............................	13,889	13,889		13,889	0
4	65130D	NATO Cooperative Development Testing.................	49,204	49,204		49,204	0
5	65131D	Live Fire Testing.....................................	6,700	6,700	(1,500)	5,200	(1,500)
6	65132D	Joint Technical Coordinating Group for A/C Survivabil	7,086	7,086	(2,000)	5,086	(2,000)
7	65804D	Development Test and Evaluation.......................	69,238	69,238	(5,000)	64,238	(5,000)
		Total, Developmental Test & Eval, Defense..........	178,217	178,217	(9,000)	169,217	(9,000)

OPERATIONAL TEST & EVALUATION,DEFENSE RDT&E Fiscal Year 1988
(dollars in thousands)

Line	P.E.	Program	FY 1988 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
	SUB	Operational Test & Evaluation, Defense					
1	64340D	OT&E Capability Improvement...........................	93,000	93,000	(13,000)	80,000	(13,000)
2	65118D	Operational Test and Evaluation.......................	11,221	11,221		11,221	0
		Total, Operational Test & Eval, Defense............	104,221 104,221	104,221	(13,000)	91,221	(13,000)

RESEARCH, DEVELOPMENT, TEST and EVALUATION FISCAL YEAR 1989
[In thousands of dollars]

Line	P.E.	Program	FY 1989 Authorization Request	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1989 Request
		Army Technology Base..................................	850,300	850,300		850,300	0
		Navy Technology Base..................................	894,426	894,426		894,426	0
51	63109N	Integrated Aircraft Avionics..........................	2,093	22,093		22,093	20,000
71	63320N	Low Cost Anti-Radiation Seeker........................	16,870	25,870		25,870	9,000
		Air Force Technology Base.............................	876,233	876,233		876,233	0
	61103D	University Research Initiatives.......................	0	210,000		210,000	210,000
		Landsat...	0	45,000		45,000	45,000
		Total RDT&E 1989..................................	2,639,922	2,923,922		2,923,922	284,000

RATIONALE FOR ADJUSTMENTS IN THE AMENDMENT

ADVANCED LAUNCH SYSTEM

RECOMMENDATION

An authorization of $150 million is recommended for a next generation, national advanced launch system [ALS].

BASIS FOR ACTION

As the Nation's dependence on space increases, the United States must move to lower the cost of space transportation. Current launch systems are based on 15- to 20-year-old technology. All space launch programs, Department of Defense and civil, could benefit from the assured space access and low cost transportation the ALS could provide. Lowering the cost to orbit will encourage many new potential space users to enter the market providing additional benefits to the current payloads. This includes lower spacecraft costs by widening spacecraft specification margins with lower weight growth penalties, use of less costly—heavier—components, or increased number of satellites in a constellation for the same transportation cost.

The advanced launch system is not necessarily intended to be used to launch heavier payloads than are currently planned for the Titan IV, Titan II, Delta II, and shuttle but to provide a truly operational, low cost system using current and emerging technologies to complement today's labor intensive space launch systems.

The authorization that would be provided assures that the U.S. Air Force and the National Aeronautics and Space Administration [NASA] will jointly develop the advanced launch system and that they will work closely with other agencies, as appropriate, to achieve this new national space launch capability. Section 206(e)(13) of the amendment would authorize $150 million only for the ALS.

ANTITACTICAL BALLISTIC MISSILE PROGRAM

RECOMMENDATION

An authorization to the Army of $50 million is recommended for the antitactical ballistic missile [ATBM] program. An authorization of $73 million of the funds available for the Strategic Defense Initiative Program is also recommended for ATBM experiments and demonstration projects.

BASIS FOR ACTION

U.S. allies in Europe, the Middle East and Asia are vulnerable to conventional, chemical and/or nuclear attack by tactical, short-range ballistic missiles. The Soviet Union refuses to discuss removal of such systems from Europe, and in the Middle East and elsewhere they are under the control of Soviet allies.

The technology exists in the United States and elsewhere in the free world to defeat these shorter range systems, that are slower than ICBM's and not assisted by penetration aids. Last year, the Strategic Defense Initiative Organization [SDIO] awarded a $14 million, theater architecture contract to seven multinational contractor teams. This is a beginning, but much more can be done. The threat continues to grow, and the U.S. allies are able to deploy systems to meet the threat in the near term. ATBM systems are also relatively inexpensive and completely compliant with even the strictest interpretation of the ABM Treaty.

Section 232 would authorize $50 million to the Army for cooperative development and deployment, with U.S. allies, including Israel, of an ATBM system, designed to be no less capable than the Soviet SA-X-12 system. Of the $50 million authorized $10 million would be available only for the fiber optics guidance technology as applied to the precision deep attack missile [PDAM] designed to counter hostile missile launchers.

Section 231 is a companion provision to section 232. This provision, however, addresses longer term ATBM research and testing, as opposed to near-term deployment.

Section 231 would provide funding and direction for the conduct of the ATBM longer term research and testing program. The SDI Office has been conducting this program in concert with U.S. allies.

The SDIO effort is worthwhile, but it must be conducted in a more focused and aggressive fashion on a reasonable timetable. Full use must be made of technologies currently available to U.S. allies. The United States should not bear the whole burden of this effort; section 231(c) would require that ATBM projects be conducted on a matching fund cooperative program basis.

Under the provision, within 24 to 36 months after the enactment of the act, SDIO must conduct ATBM test and demonstration projects with U.S. allies. These projects must make use of the most promising, advanced technologies, including terminal interceptors, kinetic energy weapons and lasers. Every effort should also be made to include projects involving battle management and C^{3}I systems for ATBM architectures.

Given the extensive Israeli research and development effort at countering the TBM threat it faces from deployed Soviet-made missiles in the Middle East, special consideration ought to be given the Israeli Arrow project.

NAVAL AIRSHIP

RECOMMENDATION

An authorization of $20 million is recommended for the Navy airship program.

BASIS FOR ACTION

The Naval airship weapon system will be a modern technology airship designed to meet naval battle group requirements for area defense against low flyers, communication connectivity and surface ship observation and identification. Concern exists, however, regarding the projected cost of this system, estimated at $2 to $3 billion, and that the program is not currently configured to provide for an adequate demonstration of the operational potential of an airship. An authorization of $20 million is recommended and the Secretary of the Navy should provide a detailed development plan for the Naval airship to the Committees on Armed Services of the Senate and the House of Representatives by February 1, 1988.

SPECIAL CONSIDERATIONS

ARMY BORESIGHT EQUIPMENT

The Army stocks and supplies a variety of calibration devices for all of the armed services. Test reports from the Army's Proving Ground at Aberdeen and Fort Benning for currently authorized boresights indicates that battlefield doctrine has been adjusted to accommodate the shortcomings of these units. The Bradley fighting vehicle, for example, uses a doctrine of "burst on target" which amounts to "hosing down the battlefield with ordnance" because of the limitations of the Government-furnished boresight system. Tests have confirmed that an improved boresight greatly enhances the marksmanship of the Bradley crews.

The Army should evaluate boresight systems available in the industry to determine the possibility of reducing the number of boresights in the inventory which a view toward establishing a universal boresight system for all direct-fire weapons. Savings in ammunition and improved marksmanship should be the baseline of the study. The amendment assumes that the Army will use $8 million of the funds that would be authorized for the combat vehicle improvement program only for this purpose.

SPECIAL CONSIDERATIONS

ARMY WS 110 PROTECTION SYSTEM

The Army has had under development a generic system for combat vehicles and small shelters which provides nuclear biological and chemical protection, environmental control in a low-cost, small volume package. The system provides a significant enhancement in operational capability and soldier survivability at a very low cost.

Studies conducted to date show life-cycle cost savings due to reduced engine run time, the attendant fuel and overhaul savings, elimination of redundant vehicle components, and reduced logistics burden.

The committee has learned that the Army does not have adequate funding to continue this program during fiscal year 1988. Because the Army has made a sizable investment—billions of dollars in combat vehicles—and because none of these vehicles has current technology protection systems, an additional authorization of $8 million is recommended to continue the WS 110 project during fiscal year 1988.

Section 212(b)(3) would require that $8 million be available only for the combat vehicle propulsion system—defined herein as the WS 110 project.

COMBAT VEHICLE IMPROVEMENT PROGRAM

The combat vehicle improvement program has been underfunded in the fiscal year 1988 authorization request. The M-1 Abrams Tank Block II improvement program requires some $73.2 million for fiscal year 1988 as opposed to the $54.3 million requested by the Army.

Of the Army's fiscal year 1988 authorization, $73.2 million should be made available only for project D330-M-1 Block II under program element 23735A—combat vehicle improvement program.

DRY STORAGE WAR RESERVE

The 7th Army informally indicates a loss of war reserve assets of approximately $15 million per year. Last year a full battalion of stored tanks was sabotaged in storage. In addition, the 7th Army expends considerable funds in the maintenance of the stored items.

The Israeli Army has developed and is using a dry storage system that protects the equipment from unauthorized access and reduces the maintenance costs.

The Army should test the Israeli dry storage system for storage of war reserve materiel.

FIBER OPTIC GUIDED MISSILE (FOG-M)

The Committee on Armed Services in its report—House Report 99-718—accompanying H.R. 4428, the National Defense Authorization Act, 1987, emphasized the need for the Army to proceed quickly with the development of the fiber optic guided missile (FOG-M) program.

The FOG-M was developed by an Army in-house laboratory for less than $10 million and its effectiveness was demonstrated through a comprehensive test program. The FOG-M offers a tank-killing capability at an extremely low cost—less than $20,000 per missile. Alternatively, it can be used for air defense against helicopters and offers a broad spectrum of range capability.

The report cited above stated, "The committee does not intend that the FOG-M * * * be 'made better' or stretched out. The feasibility of the FOG-M has been repeatedly demonstrated, and in the committee's judgment, the FOG-M technical data package should be given to industry on a fully competitive basis with instruction to 'build to print'."

The Army has not followed this directive and all information indicates that the low-cost characteristics of the FOG-M will be lost through bureaucratic redtape and mismanagement.

Once again, and for the last time, the Army is cautioned against taking anything but a systematic approach toward the FOG-M development at the lowest possible cost which means having industry build the FOG-M to the Government's drawings for the first-generation missile.

INDUSTRIAL SPACE FACILITY (ISF)

A critical near-term need exists for expanded space-based capabilities for national security purposes in basic and applied research in materials, sensors and systems.

The commercially developed man-tended ISF of Space Industries, Inc., which is currently manifested for shuttle launch, could uniquely provide orbital services to address these needs in the early 1990's.

The committee intends to explore the application of ISF capabilities, and the Department of Defense is encouraged to examine the specific payload requirements that could be met by the ISF.

LINCOLN LABORATORY

The Air Force has devised an innovative financial management approach to begin a long-term modernization of the Lincoln Laboratory [LL] facilities on Hanscom Air Force Base. Through the infusion of Massachusetts Institute of Technology [MIT] funds at the very outset of the project, the accrual of significant savings and the more efficient use of research, development, test and evaluation [RDT&E] funds can be realized 6 years after start of construction. Section 242 would permit the Secretary of the Air Force to use MIT-financed funding and MIT/LL RDT&E contract funding for construction and to complete payments of principal and interest to MIT over up to a 12-year period. This modernization effort will sustain the excellent R&D performance by Lincoln Laboratory and maintain its stature as a national research asset.

MULTIMEGAWATT SPACE POWER PROGRAM

Concerns have surfaced that the multimegawatt space power program under the sponsorship of the Strategic Defense Initiative Office [SDIO] has not been funded in accordance with the program's short-term or long-term requirements for space power. Specifically, the thermionic reaction program has been underfunded even though this technology shows great promise for fulfilling megawatt and lower space power requirements while placing less stringent demands on nuclear fuels. The thermionic principle may provide several safety features that are unique to this technology.

Accordingly, $10 million of the amount that would be authorized for the SDI space power program should be expended only for basic research and technology development for the thermionic space power program.

POSITIVE HOSTILE AIRCRAFT IDENTIFICATION

The three services have developed weapons systems that are capable of engaging enemy aircraft targets at long ranges. The effectiveness of these systems, however, is limited by the inability to provide positive enemy identification. A capability to identify approaching hostile aircraft would enable our air defense personnel to fire missiles near or at the maximum missile effectiveness envelope.

Industry efforts have pioneered the development of all-weather, day-night, noncooperative target recognition [NCTR] systems. These systems do not require any special equipment to be placed on board the tracked aircraft to provide positive identification. Two such NCTR techniques are presently employed by both the Navy and the Air Force. An algorithm referred to as "Trisat" is being used on the Navy F-14 aircraft; the "DMR" algorithm is being used by Air Force F-15 and F-16 aircraft.

These systems, although effective, are somewhat limited and required enhancements. These enhancements have led to a third generation NCTR system referred to as the hostile aircraft identification equipment—HAIDE. Under the direction of U.S. Army Combat Surveillance and Target Acquisition Laboratory, the development of HAIDE has progressed and tested with the Army's Hawk air defense system. Evaluation of the results of feasibility testing showed that HAIDE performance met all objectives. The system must still be tested, however, in an electronic countermeasure environment.

Despite the success of the test program, the Army has not proceeded into full-scale development of HAIDE. The system proceed into full-scale development with the appropriate funding to provide the enhancements required by our air defense weapons systems.

TITLE III—OPERATION AND MAINTENANCE

OVERVIEW

Title III of H.R. 1748, as reported, would provide $85.8 billion for Department of Defense operation and maintenance activities and $1.2 billion for working capital funds in fiscal year 1988. The amendment would make numerous adjustments to further reduce the authorization provided in title III. These reductions would result in total reduction of $3.5 billion and $320 million, respectively, from the operation and maintenance and working capital funds requests and would provide a total authorization for those two accounts of $83 billion and $881.2 million.

The following table summarizes the action taken with respect to title III.

OVERVIEW: FISCAL YEAR 1988 DOD AUTHORIZATION BILL—O&M AND WORKING CAPITAL FUNDS, SUMMARY TABLE

[In millions of dollars]

Item	FY 1988 authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
Army	22,120.4	21,550.6	(888.6)	20,662.0	(1,458.4)
Navy	25,652.8	24,921.4	(1,134.2)	23,787.2	(1,865.6)
Marine Corps	1,918.4	1,919.8	(44.7)	1,875.1	(43.3)
Air Force	21,325.3	20,822.9	(928.4)	19,894.5	(1,430.8)
Defense Agencies	7,602.9	7,580.0	(249.7)	7,330.3	(272.6)
Army Reserve	879.1	886.2	(30.4)	855.8	(23.3)
Navy Reserve	957.1	957.3	(6.1)	951.2	(5.9)
Marine Corps Reserve	71.4	71.4	(1.1)	70.3	(1.1)
Air Force Reserve	1,018.3	1,027.0	(6.5)	1,020.5	2.2
Army National Guard	1,862.2	1,912.1	(15.9)	1,896.6	34.4
Air National Guard	1,973.0	1,993.0	(8.8)	1,984.2	11.2
Rifle Practice, Army	4.1	4.1	0.0	4.1	0.0
Claims, Defense	273.6	253.6	(60.0)	193.6	(80.0)
Court of Mil. Appeals	3.5	3.5	0.0	3.5	0.0
Military Health Care Acnt.	0.0	2,266.8	(150.0)	2,116.0	2,116.0
Environmental Restoration	402.8	402.8	(10.0)	392.8	(10.0)
Humanitarian Aid to Afghanistan	0.0	10.0	0.0	10.0	10.0
Civilian Pay Raise	498.7	(1)		(2)	(498.7)
Total O&M	[3] 86,563.6	86,582.5	(3,534.0)	83,048.5	(3,515.1)
Army Stock Fund	263.2	253.2	(60.0)	193.2	(70.0)
Navy/Marine Corps Stock Fund	404.4	404.4	(75.0)	329.4	(75.0)
Air Force Stock Fund	326.0	306.0	(80.0)	226.0	(100.0)

OVERVIEW: FISCAL YEAR 1988 DOD AUTHORIZATION BILL—O&M AND WORKING CAPITAL FUNDS, SUMMARY TABLE—Continued

[In millions of dollars]

Item	FY 1988 authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
Defense Stock Fund	207.6	207.6	(75.0)	132.6	(75.0)
Total Stock Funds	1,201.2	1,171.2	(290.0)	881.2	(320.0)
Total O&M & Stock Funds	87,764.8	87,753.7	(3,824.0)	83,929.7	(3,835.1)

[1] Account Numbers Reflect Civilian Pay Raise Increase of $748.4 million.
[2] Account Numbers Reflect Civilian Pay Raise Increase of $498.7 million.
[3] Correct total $86,563.4 does not add due to rounding.

MAJOR ISSUES

CIVILIAN PAY RAISE

The President's budget requested a 2-percent pay raise for civilian personnel, effective January 1, 1988. The House-passed budget resolution would accommodate a 3-percent pay raise in January.

In view of the provision contained in the amendment to provide military personnel with a pay raise of 3 percent on April 1, 1988, the amendment would provide an authorization for a similar pay raise for civilian personnel on that effective date. Accordingly, the amendment would provide the following adjustments in authorization:

[In millions of dollars]

Service/Agency	*Adjustment*
Army	+141.0
Navy	+158.6
Marine Corps	+9.1
Air Force	+91.5
Defense Agencies	+61.8
Army Reserve	+4.7
Naval Reserve	+1.2
Marine Corps Reserve	+0.1
Air Force Reserve	+6.1
Army National Guard	+12.1
Air National Guard	+12.5
Total	+498.7

FISCAL YEAR 1987 INFLATION REFUND

The fiscal year 1987 continuing resolution—Public Law 99-591—assumed a composite inflation rate for Department of Defense operation and maintenance purchases of 3.1 percent. Recent analyses indicate that actual inflation may be between 0.3 and 0.5 percentage points lower than that projection. Accordingly, the amendment would provide the following reductions in the fiscal year 1988 request assuming that actual inflation in fiscal year 1987 will be 0.3 percentage points lower than projected:

[In millions of dollars]

Service/Agency	*Amount of Reduction*
Army	−37.5
Navy	−56.2
Marine Corps	−3.1
Air Force	−40.3
Defense Agencies	−10.6
Army Reserve	−1.0
Naval Reserve	−1.8
Marine Corps Reserve	−0.2
Air Force Reserve	−0.6
Army National Guard	−2.2
Air National Guard	−1.7
Total	−155.2

The Department assumed higher inflation rates in developing its fiscal 1987 industrial and stock fund customer rates than are currently anticipated. Accordingly, revised fiscal year 1987 inflation rates will reduce the fiscal year 1988 industrial fund and stock fund estimated costs. Therefore, the amendment assumes that the Department of Defense will in fiscal year 1988 refund $10.3 million from its industrial funds and $9.2 million from its stock funds to offset like reductions in the O&M accounts that would be made due to lower revised fiscal year 1987 inflation rates in the Department of Defense working capital funds.

SUPPORT FOR THE SELECTED RESERVE AND FULL TIME MANNING SUPPORT OF THE RESERVE COMPONENTS

In view of the recommendation to reduce ends strengths for the selected reserve and full-time manning support of the Reserve components, the amendment recommends the following reductions in operation and maintenance requests associated with the support of those personnel:

[In millions of dollars]

Component	End strength reduction	O&M reduction
Army Reserve:		
Selected Reserve	−11,022	−19.8
Full Time Manning	−1,843	−7.2
Naval Reserve:		
Selected Reserve	−7,914	−2.6
Full Time Manning	−1,029	−2.1
Marine Corps Reserve:		
Selected Reserve	−900	−0.3
Full Time Manning	−270	−0.5
Air Force Reserve:		
Selected Reserve	−3,738	−2.8
Full Time Manning	−4	0.0
Army National Guard:		
Selected Reserve	−1,530	−2.0
Full Time Manning	−1,329	−5.2
Air National Guard:		
Selected Reserve	−3,721	−0.7
Full Time Manning	−275	−0.1

ARMY OPERATION AND MAINTENANCE

The amendment would provide authorization of $20,661,994,000 for Army operation and maintenance activities, a reduction of $1.6 billion from the request—including the civilian pay raise. This level of authorization would provide increases of $150 million for depot maintenance and $141 million for a civilian pay raise of 3 percent, effective April 1, 1988. The primary reduction contained in the amendment would eliminate $898.7 million in specific program growth entries, consistent with providing most of the inflation increase for readiness-related programs but denying program growth.

ARMY, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
FY 1988 Army O&M Request		22,120.4

ARMY, OPERATION AND MAINTENANCE—Continued

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Reductions:		
Implementation of Audits and Investigations	(30.0)	(30.0)
Change in Expense/Investment Criteria	(38.0)	(38.0)
Morale, Welfare, and Recreation	(5.0)	(5.0)
FY 1987 Inflation Refund	0.0	(37.5)
Classified Programs	0.0	(6.7)
Program Growth Reductions	(174.8)	(898.7)
Total Reductions	(247.8)	(1,015.9)
Increase:		
Depot Maintenance	200.0	150.0
Civilian Pay Raise	211.5	141.0
Total Increases	411.5	291.0
Transfers Out: CHAMPUS	(733.5)	(733.5)
Net Adjustments	(569.8)	(1,458.4)
Recommendation	21,550.6	20,662.0

ITEMS OF SPECIAL INTEREST

PROGRAM GROWTH REDUCTIONS

The Army fiscal year 1988 O&M request contained specific program growth entries totaling $898.7 million. Although the House-passed budget resolution affords slightly negative nominal growth in the Defense function overall, the amendment would authorize a level of authorization that largely offsets price growth in the O&M accounts due to their contribution to readiness and quality of life programs. However, the amendment would not provide for Army O&M program growth. Accordingly, the amendment would provide the following reductions in authorization on that basis:

[In millions of dollars]	*Amount of reduction*
1. General Purpose Forces	−429.6
2. Command Control and Communications	−38.5
3. Central Supply and Maintenance	−159.7
4. Medical Activities	−110.1
5. Other General Personnel Activities	−48.3
6. Training	−88.3
7. Administration	−24.4
Total	−898.7

NAVY OPERATION AND MAINTENANCE

The amendment would provide authorization of $23,787,200,000 for Navy and $1,875,100,000 for Marine Corps operation and maintenance, reductions of $1.9 billion and $43.3 million respectively from the request. Navy Reserve and Marine Corps Reserve accounts, while not receiving program increases, are protected from substantive program reductions. This level of authorization includes a 3-percent increase for civilian pay, effective April 1, 1988.

The amendment would retain the reductions recommended by H.R. 1748, as reported. Significant additional reductions contained in the amendment were designed to slow growth instead of reducing the level of effort in major programs. This approach to the additional reductions was based on the belief that major programs or broad categories experiencing significant growth can sustain reductions with minimal adverse readiness implications or program turbulence. The amendment was also to include significant reductions in the areas of depot level maintenance and modernization based on a belief that numerous other areas within the operation and maintenance account have less discretionary flexibility. Further, the larger reductions recommended to modernization accounts reflected a belief that current day-to-day maintenance requirements should have a higher priority than modernization programs.

NAVY OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC Recommended	H.R. 1748 as amended
Fiscal year 1988 Navy O&M request		25,652.8
Reductions:		
Average flying hours	0.0	(90.0)
Ship operations	0.0	(116.0)
Base operations support	(10.0)	(40.0)
Real property maintenance	0.0	(75.0)
Command, control and communications	0.0	(15.0)
Sealift	0.0	(10.0)
Ship depot maintenance	(10.0)	(100.0)
Aircraft depot maintenance	0.0	(25.0)
Other equipment depot maintenance	0.0	(50.0)
Ship modernization	0.0	(275.0)
Aircraft/other equipment modernization	0.0	(20.0)
Supply operations	(1.0)	(20.0)
Transportation and travel	0.0	(5.0)
Logistics technical support	(1.0)	(4.0)
Logistics field support	(1.0)	(10.0)
Logistics industrial preparedness	0.0	(8.7)
Specialized skill training	0.0	(2.0)
Professional development	0.0	(1.0)
Flight training	0.0	(6.0)
Training support	0.0	(10.0)
Recruiting and advertising	0.0	(2.0)
Nonclosure of NAVHOSP Philadelphia	0.0	(1.6)
Medical programs	0.0	(10.0)
Administration	0.0	(5.0)
Staten Island commissary support	0.0	(1.4)
Education/other personnel support	0.0	(3.0)
Other fleet support	0.0	(5.0)
Change in expense/investment criteria	(48.4)	(48.4)
Implementation of audits and investigations	(30.0)	(30.0)
Appropriated fund support of MWR	(10.0)	(10.0)
Active MILPERS end strength reduction	0.0	(2.0)
Full time support end strength reduction	0.0	(1.0)
Classified programs	0.0	(8.0)
Naval audit service recommendations	0.0	(100.0)
Fiscal year 1987 inflation refund	0.0	(56.2)
Total reductions	(111.4)	(1,166.3)
Increases: civilian pay raise	237.9	(158.6)
Transfers out:		
CHAMPUS	(811.1)	(811.1)
CHAMPUS (dental)	(46.8)	(46.8)
Total transfers	(857.9)	(857.9)
Net adjustments	(731.4)	(1,865.6)
Recommendation	24,921.4	23,787.2

MARINE CORPS, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC Recommended	H.R. 1748 as amended
Fiscal year 1988 Marine Corps O&M request		1,198.4
Reductions:		
General purposes forces	0.0	(10.0)
Base Operations Support (BOS)	(5.0)	(15.0)
Change in expense/investment criteria	(7.3)	(7.3)
Real property maintenance	0.0	(5.0)
Command, control and communications	0.0	(1.0)
Depot maintenance	0.0	(2.0)
Modernization	0.0	(1.0)
Logistics support activities	0.0	(2.0)
Training and education	0.0	(2.0)
Recruiting and advertising	0.0	(1.0)
Administration	0.0	(3.0)
Fiscal year 1987 inflation refund	0.0	(3.1)
Total reductions	(12.3)	(52.4)
Increases: Civilian pay raise	13.7	9.1
Net adjustments	1.4	(43.3)
Recommendation	1,919.8	1,875.1

AIR FORCE OPERATION AND MAINTENANCE

The amendment would provide authorization of $19,894,482,000 for Air Force operation and maintenance, a reduction of $1.4 billion from the request. This level of authorization would provide increases of $162 million for depot activities and $92 million for a civilian pay raise.

The reductions for the Air Force accounts were based on several underlying premises. First, Guard and Reserve accounts were to be protected. Second, increases for depot activities and civilian pay were to be maintained as much as possible. Third, additional reductions were to be distributed to those areas exhibiting unsubstantiated growth or poorly supported estimates. Finally, reductions were to be made to flying hour programs because they comprise about 25 percent of the Air Force O&M request.

AIR FORCE, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal Year 1988 Air Force O&M request		21,325.3
Reductions:		
Audit recommendations	(30.0)	(30.0)
Change in expense/investment criteria	(28.2)	(28.2)
Program growth reductions:		
Strategic Forces (MFP–1)	(20.0)	(130.0)
General Purpose Forces (MFP–2)	(30.0)	(130.0)
Space Operations/Communications/Intelligence (MFP–3)	(62.0)	(150.0)
Airlift (MFP–4)	0.0	(10.0)
Modernization (MFP–7)	0.0	(190.0)
Medical (MFP–8)	0.0	(60.0)
Administrative (MFP–9)	0.0	(10.0)
Flying Hours (MFP–1–7)	(35.0)	(220.0)
Small Computers (MFP–1–9)	0.0	(51.4)
Procurement Offsets (MFP–1)	0.0	(30.0)
Morale, welfare and recreation-related operations support	(5.0)	(5.0)
Classified programs	0.0	(2.9)
Fiscal Year 1987 inflation refund	0.0	(40.3)
Commissary system	0.0	(5.0)
Total reductions	(210.2)	(1092.8)
Increases:		
Depot maintenance	120.0	120.0
Logistic management systems	42.0	42.0
Civilian pay raise	137.3	91.5
Transfers out:		
CHAMPUS	(569.3)	(569.3)
CHAMPUS (dental)	(32.2)	(32.2)
Total transfers	(591.5)	(591.5)
Net adjustments	(502.4)	(1430.8)
Recommendation	(20,822.9)	19,894.5

DEFENSE AGENCIES OPERATION AND MAINTENANCE

The amendment would provide authorization of $7,330,307,000 for defense agencies operation and maintenance activities in fiscal year 1988, a reduction of $334.4 million from the request—including the civilian pay raise. The amendment would provide for no increases in authorization except for $61.8 million for a civilian pay raise of three percent, effective April 1, 1988. Primary reductions would include $133.9 million associated with reductions in program growth and $74.3 million related to reductions in classified programs recommended by the House Permanent Select Committee on Intelligence.

DEFENSE AGENCIES, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Defense Agencies O&M request		7,602.9
Reductions:		
Implementation of audits and investigations	(10.0)	(10.0)
Change in expense/investment criteria	(19.7)	(19.7)
Stars and Stripes	(2.0)	(2.0)
Fiscal year 1987 inflation refund	0.0	(10.6)
Classified programs	0.0	(74.3)
Defense Mapping Agency	0.0	(10.0)
Defense Nuclear Agency	0.0	(5.7)
Defense Logistics Agency	0.0	(50.0)
American Forces Information Service	0.0	(2.6)
Office of the Secretary of Defense	0.0	(12.6)
Washington Headquarters Services	0.0	(20.0)
Office of the Joint Chiefs of Staff	0.0	(18.0)
Defense Contract Audit Agency	0.0	(15.0)
Total reductions	(31.7)	(250.5)
Increases: Civilian pay raise	92.7	61.8
Transfers out: CHAMPUS	(83.9)	(83.9)
Net adjustments	(22.9)	(272.6)
Recommendation	7,580.0	7,330.3

ARMY RESERVE, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Army Reserve O&M request		879.1
Reductions:		
Fiscal year 1987 inflation refund	0.0	(1.0)
Selected reserve end strength reductions	0.0	(19.8)
Full time manning reduction	0.0	(7.2)
Total reductions	0.0	(28.0)
Increases: Civilian pay raise	7.1	4.7
Net adjustments	7.1	(23.3)
Recommendation	886.2	855.8

NAVAL RESERVE, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Naval Reserve O&M request		957.1
Reductions:		
Change in expense/investment criteria	(1.6)	(1.6)
Fiscal year 1987 inflation reduction	0.0	(1.8)
Selected reserve end strength reduction	0.0	(2.6)
Full time support end strength reduction	0.0	(1.1)
Total reductions	(1.6)	(7.1)
Increases: Civilian pay raise	1.8	1.2
Net adjustments	0.2	(5.9)
Recommendation	957.3	951.2

MARINE CORPS RESERVE, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Marine Corps Reserve O&M request		71.4
Reductions:		
Change in expense/investment criteria	(0.2)	(0.2)
FY 1987 inflation reduction	0.0	(0.2)
Selected reserve end strength reduction	0.0	(0.3)
Full time support end strength reduction	0.0	(0.5)
Total reductions	(0.2)	(1.2)
Increases: Civilian pay raise	0.2	0.1
Net adjustments	0.0	(1.1)
Recommendation	71.4	70.3

AIR FORCE RESERVE, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Air Force Reserve O&M request		1,018.3
Reductions:		
Expense/investment criteria	(0.5)	(0.5)
1987 inflation refund	0.0	(.6)
SELRES end strength reduction	0.0	(2.8)
Increases: Civilian pay raise	9.2	6.1
Net adjustments	8.7	2.2
Recommendation	1,027.0	1,020.5

ARMY NATIONAL GUARD, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Army National Guard O&M request		1,862.2
Reductions:		
Change in expense/investment criteria	(0.3)	(0.3)
Selected reserve end strength reduction	0.0	(2.0)
Full time manning reduction	0.0	(5.2)
Fiscal year 1987 inflation refund	0.0	(2.2)
Total reductions	(0.3)	(9.7)
Increases:		
Federal support for armories	25.0	25.0
Civilian technicians	7.0	7.0
Civilian pay raise	18.2	12.1
Total increases	50.2	44.1
Net adjustments	49.9	34.4
Recommendation	1,912.1	1,896.6

AIR NATIONAL GUARD, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Air National Guard O&M request		1,930.0
Reductions:		
Expense/investment criteria	(3.5)	(3.5)
1987 inflation/refund	0.0	(1.7)
SELRES end strength reduction	0.0	(.7)
AGR end strength reduction	0.0	(.1)
Increases:		
Civilian pay raise	18.8	12.5
Civilian technicians	4.7	4.7
Net adjustments	20.0	11.2
Recommendation	1,993.0	1,984.2

CLAIMS, DEFENSE, OPERATION AND MAINTENANCE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Claims, Defense O&M request		273.6
Reductions: Program growth	(20.0)	(80.0)
Net adjustments	(20.0)	(80.0)
Recommendation	253.6	193.6

MILITARY HEALTH CARE ACCOUNT

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Military Health Care Account		0.0
Reductions: Implementation of CHAMPUS diagnostic related groups	0.0	(150.0)
Transfers in CHAMPUS	2,266.08	2,266.08
Net adjustments	2,266.8	2,116.8
Recommendation	2,266.8	2,116.8

ITEMS OF SPECIAL INTEREST

IMPLEMENTATION OF DIAGNOSIS RELATED GROUP METHODOLOGY

Last year the committee recommended that the Department of Defense manage medical care resources by Diagnosis Related Group [DRG], a classification system adopted by Medicare for its prospective payment program and the Veterans' Administration for its internal budgeting. The system assigns patients among 467 diagnostic groups that differentiate the amount of hospital resources required to provide care and that make clinical sense to physicians. By basing its budgets on DRG's, the committee believed that the department would ensure that hospitals with the most complex workload would receive the most resources, while encouraging military hospitals to shorten the average length of stay.

Although the Department of Defense is planning to implement DRG's for the Civilian Health and Medical Program of the Uniformed Services [CHAMPUS] in fiscal year 1988, the current request does not reflect savings associated with the use of that methodology. Accordingly, the amendment would reduce authorization in the military health care account by $150 million to reflect DRG savings in the last three quarters of fiscal year 1988.

ENVIRONMENTAL RESTORATION, DEFENSE

[In millions of dollars]

	H.R. 1748 HASC recommended	H.R. 1748 as amended
Fiscal year 1988 Environmental Restoration, Defense		402.8
Reductions: Program growth	0.0	(10.0)
Net adjustments	0.0	(10.0)
Recommendation	402.8	392.8

MILITARY PERSONNEL

MILITARY PERSONNEL REDUCTIONS

Because the President's budget for fiscal year 1988 contains very limited and, for the most part, justifiable military personnel program growth, achieving large savings without drastically reducing force structure or important manpower programs is extremely difficult. The following actions, therefore, are offered reluctantly as the least damaging among more damaging alternatives.

ACTIVE FORCES

The amendment would provide the following active duty end strengths for fiscal year 1988:

	Fiscal year authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748	H.R. 1748 as amended	Amendment change from 1988 request
Army	780,900	780,900	0	780,900	0
Navy	593,200	593,200	−1,000	592,200	−1,000
Marine Corps	199,600	199,600	0	199,600	0

	Fiscal year authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748	H.R. 1748 as amended	Amendment change from 1988 request
Air Force	598,700	598,700	0	598,700	0
DOD	2,172,400	2,172,400	−1,000	2,171,400	−1,000

RESERVE FORCES

The amendment would provide the following Selected Reserve component end strengths for fiscal year 1988:

	Fiscal year authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748	H.R. 1748 as amended	Amendment change from 1988 request
Army National Guard	458,800	458,800	−1,530	457,270	−1,530
Army Reserve	330,400	330,400	−11,002	319,378	−11,022
Naval Reserve	157,400	157,400	−7,914	149,486	−7,914
Marine Corps Reserve	43,700	43,700	−900	42,800	−900
Air National Guard	116,700	116,700	−3,271	113,429	−3,271
Air Force Reserve	83,300	83,300	−3,738	79,562	−3,738
DOD	1,190,300	1,190,300	−28,375	1,161,925	−28,375

FULL-TIME MANNING

The amendment would provide the following levels for full-time manning in the Selected Reserves for fiscal year 1988:

	Fiscal year authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748	H.R. 1748 as amended	Amendment change from 1988 request
Army National Guard	26,389	26,389	−1,329	25,060	−1,329
Army Reserve	14,250	14,250	−1,843	12,407	−1,843
Naval Reserve	22,505	22,505	−1,029	21,407	−1,029
Marine Corps Reserve	2,015	2,015	−270	1,745	−270
Air National Guard	7,906	7,906	−275	7,840	−275
Air Force Reserve	699	699	−4	695	−4
DOD	73,764	73,764	−4,750	69,223	−4,750

In addition, the amendment would permit the Secretary of Defense to vary a prescribed selected reserve end strength by not more than 5 percent.

MILITARY PAY RAISE FOR FISCAL YEAR 1988

The President's budget requests a 4-percent pay raise for military personnel, effective January 1, 1988. H.R. 1748, as reported, would provide a 3-percent pay raise in January.

The amendment would delay the effective date of the 3-percent pay raise until April 1, 1988, thus achieving an additional savings of $500 million. The total savings achieved from the budget request would be $1 billion.

In view of the low level of inflation over the past year, a 3-percent pay raise on April 1, 1988—though not optimal—will go a long way toward maintaining the purchasing power of the military pay check.

TEMPORARY LODGING EXPENSE

The fiscal year 1987 continuing resolution prohibited the payment of the temporary lodging expense except to individuals in pay grades E-4 and below with dependents; however, the President's fiscal year 1988 budget requests full funding of this entitlement. H.R. 1748, as reported, assumes approval of the President's request.

The amendment would prohibit the payment of the temporary lodging expense to individuals above pay grade E-4 during fiscal year 1988, thus achieving a $39.5 million savings.

REDUCTION IN RESERVE UNIT AND INDIVIDUAL TRAINING

The budget request for military personnel contains $4,653,882,000 for reserve unit and individual training. H.R. 1748, as reported, assumes approval of this request.

The amendment would cap the amount authorized to be appropriated for reserve unit and individual training at $4,644,582,000—$9.3 million below the request.

TITLE VIII—GENERAL PROVISIONS

CHANGES TO REPORTED BILL

LIMITATION WITH RESPECT TO CLOTHING AND TEXTILE CONTRACTS

H.R. 1748, as reported by the committee, contained a limitation—section 803—with respect to clothing and textile contracts. Following the committee's action, discussions with the Committee on Small Business raised the possibility of sequential referral of the bill. To avoid such an eventuality, the provision was not included in the amendment.

SECTION 803—CONTRACT GOALS FOR MINORITIES

Section 803 of the amendment would add a new provision that would amend section 1207 of the National Defense Authorization Act for fiscal year 1987 (Public Law 99-661). The purpose of section 1207 was to establish a 5-percent goal for Department of Defense contract awards to minority-owned businesses and historically black colleges and universities. Section 803 of the amendment would add to the list of eligible organizations any nonprofit research organization which was originally an integral part of a historically black college or university but which, for administrative and other reasons has since become a separate entity.

CLARIFICATION OF LIMITATION ON CONTRACTING FOR SHORT-TERM VESSEL REPAIR WORK

The amendment would amend section 804 of the committee report on H.R. 1748, which clarifies the limitation on contracting for short-term vessel repair work contained in section 1201(d) of the Department of Defense Authorization Act, 1987 (Public Law 99-661).

The amendment would provide that the limitations contained in section 1201(d) do not apply in the case of a vessel assigned to the Naval Reserve force that is homeported on the West Coast of the United States.

REPEAL OF PROHIBITION OF USE OF INTERPORT DIFFERENTIAL FOR CERTAIN SHIP MAINTENANCE CONTRACTS

Section 806 of H.R. 1748, as reported, would repeal section 9085 of the Department of Defense Appropriations Act, 1987 (Public Law 99-500).

Section 9085 prohibits the obligation or expenditure of Navy funds for the overhaul, maintenance, or repair of naval vessels on the West Coast of the United States if charges for interport differential are included as an evaluation factor in contract award.

The amendment does not include section 806 and, therefore, would not repeal section 9085.

SECTION 809—RIVERBANK ARMY AMMUNITION PLANT

Section 809 would require the Secretary of the Army to reactivate Riverbank Army Ammunition Plant, CA, by the end of fiscal year 1988. This action is taken in concert with the conventional force enhancements contained in H.R. 1748, as reported.

SECTION 810—OUTLAY SAVINGS FROM DELAY OF CERTAIN PAYMENTS

The amendment would reduce outlays in fiscal year 1988 by shifting into fiscal year 1989 Department of Defense payments to contractors that would otherwise have been made the last 10 days of fiscal year 1988. This provision would delay progress payments and other payments for goods and services. However, it would not delay payments to small business concerns.

No similar provision was contained in H.R. 1748, as reported.

The provision would reduce fiscal year 1988 outlays by $5,050 million, $1,800 million from delayed progress payments and $3,250 million from delayed other payments. It would not affect budget authority.

DIVISION B—MILITARY CONSTRUCTION

The budget request for fiscal year 1988 contained $9,791,857,000 for military construction and family housing. H.R. 1748, as reported, would authorize $8,757,300,000 for this purpose.

The amendment would authorize $8,057,774,000, a reduction of $1,734,083,000 from the budget request for fiscal year 1988.

In order to comply with the requirements of the House budget resolution, valid projects had to be deferred and large projects were stretched out. Projects in countries where questions regarding base rights agreements had not been resolved were also deferred.

AUTHORIZATION FOR APPROPRIATIONS FISCAL YEAR 1988

[Amounts in millions of dollars]

	Fiscal year 1988 authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
Title I—Army					
Inside the United States	533,600	448,360	(17,750)	430,610	(102,990)
Outside the United States	493,780	391,530	(56,000)	335,530	(158,250)
Unspecified minor construction	15,600	15,600	0	15,600	0
Planning and design	133,120	133,120	0	133,120	0
Historic facilities	6,000	0	0	0	(6,000)
Family housing construction	457,476	378,376	(68,886)	309,490	(147,986)
Family housing support	1,281,183	1,281,183	0	1,281,183	0
Homeowners assistance program	2,800	2,800	0	2,800	0
Subtotal	2,923,559	2,650,969	(142,636)	2,508,333	(415,226)
Title II—Navy					
Inside the United States	1,463,370	1,172,000	(131,581)	1,040,419	(422,951)
Outside the United States	160,797	141,697	(20,550)	121,147	(39,650)
Unspecified minor construction	16,500	16,500	0	16,500	0
Planning and design	148,655	148,655	0	148,655	0
Defense access roads	14,000	14,000	0	14,000	0
Historic facilities	6,800	0	0	0	(6,800)
Family housing construction	255,224	243,836	(8,979)	234,857	(20,367)
Family housing support	543,812	543,812	0	543,812	0
Subtotal	2,609,158	2,280,500	(161,110)	2,119,390	(489,768)
Title III—Air Force					
Inside the United States	980,019	899,449	(92,540)	806,909	(173,110)
Outside the United States	358,395	231,345	(38,980)	192,365	(166,030)
Unspecified minor construction	16,000	16,000	0	16,000	0
Planning and design	124,536	124,536	0	124,536	0
Defense access roads	4,100	4,100	0	4,100	0
Historic facilities	2,800	0	0	0	(2,800)
Family housing construction	223,140	187,640	(44,520)	143,120	(80,020)
Family housing support	703,393	703,393	0	703,393	0
Subtotal	2,412,383	2,166,463	(175,040)	1,990,423	(421,960)
Title IV—Defense Agencies					
Inside the United States	489,943	363,932	(89,731)	274,201	(215,742)
Outside the United States	266,077	204,017	(63,006)	141,011	(125,066)
Unspecified minor construction	10,000	10,000	(4,000)	6,000	(4,000)
Contingency construction	10,000	10,000	0	10,000	0
Conforming storage facilities	11,400	0	0	0	(11,400)
Planning and design	62,800	62,800	0	62,800	0
Defense access roads	0	8,600	0	8,600	8,600
Historic facilities	1,500	0	0	0	(1,500)
Family housing construction	1,186	1,186	0	1,186	0
Family housing support	18,514	19,514	0	19,514	1,000
Subtotal	871,420	680,049	(156,737)	523,312	(348,108)
Title V—NATO infrastructure	396,000	396,000	0	396,000	0
Title VI—Guard and Reserve Forces					
Army National Guard	170,400	186,717	5,000	191,717	21,317
Army Reserve	95,100	95,100	0	95,100	0
Naval and Marine Corps Reserve	73,737	73,737	(6,100)	67,637	(6,100)
Air National Guard	160,800	148,465	(49,973)	98,492	(62,308)
Air Force Reserve	79,300	79,300	(11,930)	67,370	(11,930)
Subtotal	579,337	583,319	(63,003)	520,316	(59,021)
Total authorization of appropriation	9,791,857	8,757,300	(699,526)	8,057,774	(1,734,083)

BROOKE ARMY MEDICAL CENTER

Concern has been expressed about the escalating cost of the 200-bed replacement facility for Brooke Army Medical Center, San Antonio, TX, which has increased from $135 million to $277 million.

In fiscal year 1984, the Secretary of Defense was directed by Congress to design a replacement facility of 450 beds, which could be expanded to 690 beds. Planning for this project went forward with the concept design completed in August 1986, at a cost of approximately $14 million. However, in the spring of 1986, the Secretary of Defense decided to reduce the size to a 150-bed station hospital. Subsequent revisions increased the size to a 200-bed facility with numerous enhancements that could be expanded to 450-beds. The Defense Medical Facilities Office, however, failed to adjust its cost estimate for anything other than a 150-bed station hospital.

As a result, the project was authorized without accurate information as to cost and without the knowledge that DMFO had failed to adequately define the components of the facility. Currently, DMFO estimates the project cost at $277 million, more than twice the amount authorized. Moreover, that cost does not include construction of defense access roads, of discarded design, or of yet to be determined construction cost at Wilford Hall Air Force Hospital, necessary to handle the workload that cannot be accomplished at the smaller Brooke facility.

Despite the absence of sufficient authorization and despite its own admission that there will be "insignificant" savings realized by downsizing Brooke, DMFO is pressing ahead with the 200-bed plan.

Section 2408 would prohibit the obligation or expenditure of any funds for contract award or construction of a replacement facility for

Brooke Army Medical Center until a cost analysis has been submitted to the Senate and House Committees on Armed Services and Appropriations for review. The report shall contain valid cost estimates for a 450-bed facility and a 200-bed facility; the additional cost required to expand from 200 to 450 beds; and an estimate of the costs likely to be incurred as a result of the transfer of services from Brooke Army Medical Center to Wilford Hall Air Force Hospital. The report shall be submitted to the appropriate committees no later than March 1, 1988.

ELEMENTARY AND MIDDLE SCHOOL, HANSCOM AIR FORCE BASE, MASSACHUSETTS

Authorization of $4.4 million for an addition to the elementary and middle school at Hanscom Air Force Base, MA, is provided in section 2401 because of the urgent requirement to upgrade this facility. However, the Secretary of Defense is expected to immediately initiate discussions and negotiations with State and local officials in an effort to discontinue the section 6 arrangement and transfer the operation of the school to the appropriate school district.

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
INSIDE AND OUTSIDE THE UNITED STATES

(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
ALABAMA					
ARMY					
ANNISTON ARMY DEPOT					
SECURITY UPGRADE	2,100	2,100		2,100	0
FORT MCCLELLAN					
ACADEMIC INSTRUCTION FACILITY	1,850	1,850		1,850	0
URBAN TERRAIN TRAINING FACILITY	2,850	2,850		2,850	0
REDSTONE ARSENAL					
MILLIMETER/MICROWAVE SIMULATION FACILITY	21,000	21,000		21,000	0
FORT RUCKER					
SERVICEMEMBER SUPPORT COMPLEX	5,700	5,700		5,700	0
FAMILY HOUSING-NEW CONSTRUCTION (7)	110	110		110	0
NAVY					
NAVAL STATION MOBILE					
BERTHING PEIR & WHARF	630	630		630	0
SITE DEVELOPMENT & UTILITIES	10,070	10,070		10,070	0
AIR FORCE					
GUNTER AFB					
EXTENSION COURSE INSTITUTE	8,800	8,800		8,800	0
MAXWELL AFB					
BASE SUPPLY COMPLEX	7,400	7,400		7,400	0
CONSOLIDATED SUPPORT COMPLEX	12,400	12,400		12,400	0
SECURITY POLICE OPERATIONS FACILITY	1,700	1,700		1,700	0
TELEPHONE EXCHANGE COMPLEX	700	700		700	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,000	2,000		2,000	0
ARMY NATIONAL GUARD					
EGLIN AIR FORCE BASE (FL)					
RANGE, TANK PLATOON BATTLE RUN	1,290	1,290		1,290	0
AIR NATIONAL GUARD					
DANNELLY FIELD					
AIRCRAFT ENGINE I & R SHOP	1,300	1,300		1,300	0
ARM/DEARM PADS	1,450	1,450		1,450	0
ARMY RESERVE					
LIVINGSTON					
ADD/ALTER USARC W/MAINT FAC	1,398	1,398		1,398	0
MONTGOMERY					
ADD TO MAINT FAC	370	370		370	0
OPELIKA					
ADD/ALTER USARC W/MAINT FAC	1,994	1,994		1,994	0
AIR FORCE RESERVE					
MAXWELL AFB					
RESERVE FORCES OPERATIONAL TRAINING	1,990	1,990		1,990	0
TOTAL, ALABAMA	87,102	87,102		87,102	0

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ALASKA					
ARMY					
FORT GREELY					
TEST SUPPORT COMPLEX..........................	6,400	6,400		6,400	0
FT J M WAINWRIGHT					
BARRACKS MODERNIZATION.......................	15,000	15,000		15,000	0
BATTALION HEADQUARTERS.......................	2,200	0		0	(2,200)
COMMUNICATIONS FACILITY......................	2,250	2,250		2,250	0
DINING FACILITY..............................	4,000	4,000		4,000	0
FLIGHT SIMULATOR BUILDING....................	3,850	3,850		3,850	0
MAINTENANCE COMPLEX..........................	42,000	0		0	(42,000)
MILITARY CLOTHING SALES STORE................	670	0		0	(670)
FAMILY HOUSING-NEW CONSTRUCTION (150)........	29,000	0		0	(29,000)
NAVY					
NAVAL AIR STATION ADAK					
BACHELOR ENLISTED QUARTERS ADDITION..........	12,000	12,000	(12,000)	0	(12,000)
RADAR SUPPORT FACILITIES (PHASE II)..........	64,200	44,200		44,200	(20,000)
NAVAL HOSPITAL BRANCH ADAK					
EMERGENCY VEHICLE GARAGE.....................	700	700		700	0
NAVAL SECURITY GROUP ACTIVITY ADAK					
TRANSPORTATION BUILDING......................	2,860	2,860		2,860	0
AIR FORCE					
CLEAR					
SOLID STATE UNINTERRUPT POWER SPT............	4,000	4,000		4,000	0
EIELSON AFB					
AIRCRAFT MAINTENANCE COMPLEX.................	4,700	0		0	(4,700)
DINING HALL..................................	5,465	5,465		5,465	0
ELMENDORF AFB					
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	6,700	6,700	(6,700)	0	(6,700)
TELECOMMUNICATIONS FACILITY..................	4,300	4,300		4,300	0
KING SALMON AFB					
COMMUNICATIONS FACILITY......................	3,350	3,350	(3,350)	0	(3,350)
SHEMYA AFB					
ADD-ALTER MECHANICAL/ELECTRICAL SUPPLY SYS..	3,400	3,400		3,400	0
AIRCRAFT MAINTENANCE HANGAR..................	15,000	15,000		15,000	0
FIRE PROTECTION SYSTEMS......................	1,050	1,050		1,050	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING....	18,900	18,900		18,900	0
VARIOUS LOCATIONS-ALASKA					
ALASKAN OTH-B REAL ESTATE ACQ SYSTEM........	5,800	5,800		5,800	0
ALASKAN OTH-B TECH SUPPORT FACILITIES.......	10,000	10,000		10,000	0
DEFENSE AGENCIES					

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FORT WAINWRIGHT					
TROOP MEDICAL & DENTAL CLINIC................	9,100	9,100		9,100	0
ARMY NATIONAL GUARD					
ELI					
SCOUT ARMORY................................	246	246		246	0
JUNEAU					
ARMY AVIATION OPERATING FACILITY............	3,522	3,522		3,522	0
BOAT DOCK...................................	265	265		265	0
NOME					
ARMY AVIATION OPERATING FACILITY............	4,152	4,152		4,152	0
NUNAPITCHUK					
SCOUT ARMORY................................	246	246		246	0
TOGIAK					
SCOUT ARMORY................................	246	246		246	0
AIR NATIONAL GUARD					
EIELSON AFB					
COMPOSITE MAINT AND SITE PREP COMPLEX.......	15,400	0		0	(15,400)
KULIS ANGB					
ALTER HANGAR/AERIAL PORT....................	950	950		950	0
TOTAL, ALASKA...............................	301,922	187,952	(22,050)	165,902	(136,020)
ARIZONA					
ARMY					
FORT HUACHUCA					
ACADEMIC INSTRUCTION FACILITY ADDITION......	920	0		0	(920)
MEDICAL SUPPLY WAREHOUSE....................	1,250	1,250		1,250	0
NAVAJO ARMY DEPOT					
SECURITY UPGRADE............................	4,000	4,000		4,000	0
NAVY					
MARINE CORPS AIR STATION YUMA					
AIRCRAFT WASHRACKS..........................	870	870		870	0
AVIATION ARMAMENT SHOP......................	1,670	1,670		1,670	0
AVIATION SUPPLY WAREHOUSE ADDITION..........	3,150	3,150	(3,150)	0	(3,150)
FLIGHT LINE SECURITY IMPROVEMENTS...........	1,330	1,330		1,330	0
MAINTENANCE HANGARS ADDITIONS...............	2,260	2,260	(2,260)	0	(2,260)
AIR FORCE					
DAVIS-MONTHAN AFB					
BASE CONTRACTING FACILITY...................	1,000	1,000		1,000	0
COMBAT SUPPORT CENTER.......................	7,000	0		0	(7,000)
TRAFFIC MANAGEMENT COMPLEX..................	3,650	3,650		3,650	0
HOLBROOK					
STR ADD-ALTER TECH OPERATIONS FACILITY......	540	540		540	0

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STR COMPOSITE SUPPORT FACILITY.............	1,350	1,350		1,350	0
FAMILY HOUSING-NEW CONSTRUCTION (34)........	2,530	2,530		2,530	0
LUKE AFB					
BASE OPERATIONS MOBIL TRANS ALERT FACIL.....	1,750	1,750		1,750	0
F-16 ACADEMICS FACILITY....................	2,600	2,600	(2,600)	0	(2,600)
LAND FEE PURCHASE (RANGE)..................	1,050	1,050		1,050	0
WILLIAMS AFB					
JET ENGINE MAINTENANCE SHOP................	3,350	3,350		3,350	0
ARMY NATIONAL GUARD					
FLORENCE					
RANGE, M60 TRANSITION......................	183	183		183	0
TUCSON					
ORGANIZATIONAL MAINTENANCE SHOP............	712	712		712	0
AIR NATIONAL GUARD					
TUCSON IAP					
ADD TO AVIONICS/RELOCATE AGE...............	1,500	1,500		1,500	0
ALTERNATE FUEL FACILITY....................	225	225		225	0
COMPOSITE SQUADRON OPERATIONS..............	4,150	4,150		4,150	0
AIR FORCE RESERVE					
DAVIS-MONTHAN AFB					
COMPOSITE TRAINING FACILITIES..............	12,400	12,400		12,400	0
LUKE AFB					
COMPOSITE TRAINING (WSSF/RS)...............	375	375		375	0
INFORMATION SYSTEM TRAINING FACILITY........	300	300		300	0
MEDICAL ADMIN/TRAINING FACILITY............	300	300		300	0
SOUND SUPPRESSOR PAD.......................	735	735		735	0
TOTAL, ARIZONA.............................	61,150	53,230	(8,010)	45,220	(15,930)
ARKANSAS					
ARMY					
PINE BLUFF ARSENAL					
AMMUNITION SURVEILLANCE FACILITY...........	2,000	2,000		2,000	0
AIR FORCE					
BLYTHEVILLE AFB					
T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	600	0		0	(600)
MISSION OPERATIONS FACILITY................	0	5,900		5,900	5,900
LITTLE ROCK AFB					
ADD TO FAMILY SUPPORT CENTER...............	370	370		370	0
EXPLOSIVE ORDNANCE FACILITY................	0	400		400	400
MAINTENANCE HANGER.........................	0	4,500		4,500	4,500
HOSPITAL ALTERATIONS.......................	0	610		610	610
ARMY NATIONAL GUARD					

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BOONEVILLE					
100 PERSON ARMORY	764	764		764	0
CAMP ROBINSON					
BATTLE SKILLS COURSE	240	240		240	0
RANGE, M60 MACHINEGUN	318	318		318	0
TROOP MEDICAL CLINIC	362	362		362	0
TROOP UNIT MESS HALLS	380	380		380	0
U.S. PROPERTY & FISCAL OFFICE ADDITION	360	360		360	0
RUNWAY EXTENSION	0	900		900	900
AUTOMATIC FIRING RANGE	0	670		670	670
WATER DISTRIBUTION SYSTEM IMPROV	0	353		353	353
MODIFICATIONS TO OMS	0	99		99	99
AIR NATIONAL GUARD					
FT SMITH MAP					
ALTER HANGAR /MAINT CONTROL	150	150		150	0
SPECIAL FUELS FACILITY	225	225		225	0
LITTLE ROCK AFB					0
AERIAL PORT FACILITY	0	1.600		1.600	1.600
WATER WASH RACK	0	95		95	95
ARMY RESERVE					
WEST MEMPHIS					
LAND ACQUISITION	280	280		280	0
TOTAL, ARKANSAS	6,049	20,576		20,576	14,527
CALIFORNIA					
ARMY					
FORT HUNTER LIGGETT					
UPGRADE WATER DISTRIBUTION SYSTEM	1,000	1,000		1,000	0
FT IRWIN					
UPGRADE WATER DISTRIBUTION SYSTEM	4,450	4,450		4,450	0
FAMILY HOUSING-NEW CONSTRUCTION (525)	54,000	54,000	(24,000)	30,000	(24,000)
FORT ORD					
CHILD DEVELOPMENT CENTER	6,400	6,400		6,400	0
ENERGY MONITORING AND CONTROL SYSTEM	490	490		490	0
FAMILY HOUSING-NEW CONSTRUCTION (211)	19,000	19,000		19,000	0
PRESIDIO OF SAN FRANCISCO					
STANDBY GENERATOR	1,550	1,550		1,550	0
SIERRA ARMY DEPOT					
SECURITY UPGRADE	2,600	2,600		2,600	0
NAVY					
FLEET ANTI-SUB WARF TRNG CTR PAC SAN DIEGO					
ELECTRICAL DISTRIBUTION SYSTEM IMPROVEMNTS	5,020	5,020		5,020	0

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MARCORP AIR-GRND COMB CTR TWENTYNINE PALMS					
BACHELOR ENLISTED QUARTERS..................	20,400	20,400	(6,800)	13,600	(6,800)
ELECTRONICS & COMMS MAINT & STORAGE FACS....	7,480	0		0	(7,480)
MULTI-PURPOSE RANGE COMPLEX.................	2,700	2,700		2,700	0
POTABLE WATER SOURCE DEVELOPMENT............	2,120	2,120		2,120	0
FAMILY HOUSING-NEW CONSTRUCTION (100).......	11,530	11,530		11,530	0
MARINE CORPS AIR STATION CAMP PENDLETON					
AIRCRAFT RINSE FACILITY.....................	580	580		580	0
AVIATION SUPPLY FACILITY....................	4,330	4,330	(4,330)	0	(4,330)
HAZARDOUS AND FLAMMABLE STOREHOUSE..........	900	900		900	0
STATION OPERATIONS FACILITY.................	1,870	1,870		1,870	0
MARINE CORPS AIR STATION EL TORO					
FLIGHT LINE SECURITY IMPROVEMENTS...........	2,310	2,310		2,310	0
TACTICAL SUPPORT VAN PADS...................	850	850		850	0
FAMILY HOUISNG-NEW CONSTRUCTION (100).......	8,660	8,660		8,660	0
MARINE CORPS AIR STATION TUSTIN					
AIRCRAFT INTERMEDIATE MAINT ACT COMPLEX.....	3,440	3,440		3,440	0
TACTICAL SUPPORT VAN PADS...................	1,670	1,670		1,670	0
MARINE CORPS BASE CAMP PENDLETON					
ACADEMIC INSTRUCTION BUILDING...............	7,700	0		0	(7,700)
BACHELOR ENLISTED QUARTERS..................	22,600	22,600	(5,650)	16,950	(5,650)
BATTALION HEADQUARTERS......................	3,300	3,300	(3,300)	0	(3,300)
COMMUNICATIONS SUPPORT WAREHOUSE............	2,760	2,760	(2,760)	0	(2,760)
FIELD MAINTENANCE FACILITIES................	5,900	5,900		5,900	0
FIELD MAINTENANCE SHOP FACILITIES...........	11,500	11,500	(11,500)	0	(11,500)
MOVING TARGET RANGE.........................	2,560	2,560		2,560	0
TACTICAL VEHICLE MAINTENANCE FACILITY.......	9,700	0		0	(9,700)
FAMILY HOUSING-NEW CONSTRUCTION (300).......	25,760	25,760		25,760	0
MARINE CORPS LOGISTICS BASE BARSTOW					
EGRESS IMPROVEMENTS.........................	230	230		230	0
RAIL SPUR AREA IMPROVEMENT..................	3,000	3,000		3,000	0
NAVAL AIR REWORK FACILITY ALAMEDA					
PLATING SHOP................................	16,000	16,000		16,000	0
NAVAL AIR STATION ALAMEDA					
AIRCRAFT INTERMEDIATE MAINTENANCE FACILITY..	11,400	11,400		11,400	0
NAVAL AIR STATION LEMOORE					
FLIGHT LINE SECURITY IMPROVEMENTS...........	2,560	2,560		2,560	0
NAVAL AIR STATION MIRAMAR					
OPERATIONAL FLIGHT TRAINER FACILITY.........	6,500	6,500		6,500	0
NAVAL AIR STATION MOFFETT FIELD					
DEFENSE ACCESS ROAD.........................	400	400		400	0
NAVAL AIR STATION NORTH ISLAND					
FIRE PROTECTION SYSTEM UPGRADE..............	5,610	5,610		5,610	0

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MISSILE MAGAZINES............................	2,460	2,460		2,460	0
OPERATIONAL TRAINER FACILITY................	17,200	17,200		17,200	0
NAVAL AMPHIBIOUS BASE CORONADO					
SWIMMER DELIVERY VEHICLE FACILITY...........	2,760	2,760		2,760	0
NAVAL COMMUNICATION STATION STOCKTON					
FIRE PROTECTION PIPELINE....................	2,800	2,800		2,800	0
NAVAL CONSTRUCT BATTALION CTR PORT HUENEME					
ENGINEERING SUPPORT FACILITY................	3,250	3,250		3,250	0
MUNICIPAL SEWER CONNECTION..................	1,670	1,670		1,670	0
SEALIFT SUPPORT STORAGE FACILITIES..........	6,700	0		0	(6,700)
WELDING AND METAL SHOP......................	950	950		950	0
DEFENSE ACCESS ROAD.........................	800	800		800	0
NAVAL LEGAL SERVICE OFFICE LONG BEACH					
NAVAL LEGAL SERVICE OFFICE..................	1,020	0		0	(1,020)
NAVAL SCH CIVIL ENGR CORPS OFF PT HUENEME					
PROCUREMENT AND MANAGEMENT TRAINING BLDG....	7,200	0		0	(7,200)
NAVAL SHIPYARD MARE ISLAND					
MUNICIPAL SEWER CONNECTION..................	4,040	4,040		4,040	0
NAVAL STATION LONG BEACH					
PIER UTILITIES UPGRADE......................	5,120	0		0	(5,120)
NAVAL STATION SAN DIEGO					
ELECTRICAL SYSTEM IMPROVEMENTS..............	1,180	1,180		1,180	0
REPAIR PIER.................................	35,500	35,500		35,500	0
DEFENSE ACCESS ROAD.........................	350	350		350	0
NAVAL STATION TREASURE IS SAN FRANCISCO					
WHARF UTILITIES.............................	20,800	0		0	(20,800)
MESS HALL...................................	1,570	0		0	(1,570)
BRIG..	4,430	4,430		4,430	0
NAVAL SUBMARINE BASE SAN DIEGO					
BERTHING PIER EXTENSION.....................	2,760	2,760		2,760	0
SEARCH AND RECOVERY OPERATIONS FACILITY.....	1,360	1,360		1,360	0
SMALL CRAFT BERTHING PIER...................	4,040	0		0	(4,040)
NAVAL TECHNICAL TRNG CTR SAN FRANCISCO					
FIRE FIGHTING TRAINER FACILITY..............	10,100	10,100		10,100	0
NAVAL TRAINING CENTER SAN DIEGO					
BRIDGE......................................	3,150	3,150	(3,150)	0	(3,150)
FIRE FIGHTING TRAINER FACILITY..............	7,800	7,800	(7,800)	0	(7,800)
RECRUIT SUPPORT CENTER......................	1,180	0		0	(1,180)
NAVAL WEAPONS CENTER CHINA LAKE					
CONSTRUCTION MANAGEMENT FACILITY............	850	0		0	(850)
NAVAL WEAPONS STATION CONCORD					
MISSILE MAGAZINES...........................	3,940	3,940		3,940	0
MISSILE MAINTENANCE AND TEST FACILITY.......	700	700		700	0

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NAVAL WEAPONS STATION SEAL BEACH					
MISSILE ASSEMBLY AND TEST FACILITY	7,970	7,970	(7,970)	0	(7,970)
MISSILE FACILITY ADDITION AND ALTERATIONS	1,970	1,970		1,970	0
MISSILE MAGAZINE	14,000	14,000		14,000	0
NAVY PUBLIC WORKS CENTER SAN DIEGO					
INDUSTRIAL WASTE TREATMENT FACILITIES	5,700	5,700		5,700	0
PUBLIC WORKS SHOPS	4,820	0		0	(4,820)
FAMILY HOUSING-NEW CONSTRUCTION (600)	52,840	52,840		52,840	0
NAVY PUBLIC WORKS CENTER SAN FRANCISCO					
TRANSPORTATION MAINTENANCE SHOPS	11,700	11,700		11,700	0
FAMILY HOUSING-NEW CONSTRUCTION (444)	38,380	38,380		38,380	0
PACIFIC MISSILE TEST CENTER POINT MUGU					
CONSTRUCTION MANAGEMENT FACILITY	650	0		0	(650)
SUBMARINE TRAINING FACILITY SAN DIEGO					
SUBMARINE TRAINING FACILITY	4,630	4,630	(4,630)	0	(4,630)
SURFACE WARFARE OFF SCOL CMD DET CORONADO					
SURFACE WARFARE INSTRUCTION BUILDING	4,130	0		0	(4,130)
AIR FORCE					
BEALE AFB					
AIRCRAFT SECURITY LIGHTING	400	400		400	0
AIRCRAFT SHELTERS	1,000	1,000		1,000	0
COMBAT ARMS TRAINING/MAINT FACILITY	780	780		780	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	5,000	5,000	(5,000)	0	(5,000)
CASTLE AFB					
SECURITY IMPROVEMENTS	1,200	1,200		1,200	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	0	9,450		9,450	9,450
EDWARDS AFB					
ADD TO PROPELLANT LABORATORY COMPLEX	5,750	5,750		5,750	0
F-15E ADD-ALTER ENGINEERING TEST SUPPORT	3,700	3,700	(3,700)	0	(3,700)
GEORGE AFB					
ALTER JET FUEL DISTRIBUTION SYSTEM	210	210		210	0
MATHER AFB					
ADD-ALTER EW FLIGHT TRAINING FACILITY	1,350	1,350		1,350	0
BASE FLIGHT OPERATIONS FACILITY	2,300	2,300		2,300	0
FUEL SYSTEMS MAINTENANCE DOCK	3,450	3,450		3,450	0
MCCLELLAN AFB					
ALTER ELECTRICAL DISTRIBUTION SYSTEM	3,600	3,600		3,600	0
SOUND SUPPRESSOR SUPPORT	1,400	0		0	(1,400)
DEPOT WAREHOUSE	0	19,000		19,000	19,000
NORTON AFB					
VISITING AIRMEN QUARTERS	6,000	6,000	(6,000)	0	(6,000)
TRAVIS AFB					
ADD-ALTER TELECOMMUNICATIONS FACILITY	1,500	1,500		1,500	0

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VANDENBERG AFB					
LAUNCH COMPLEX SHOP FACILITY	1,300	0		0	(1,300)
MISSILE CREW TRAINING FACILITIES	6,200	6,200		6,200	0
DEFENSE AGENCIES					0
MEDICAL SUPPORT ACTIVITY SAN DIEGO					0
HOSPITAL SUPPORT FACILITIES	7,400	0		0	(7,400)
ARMY NATIONAL GUARD					
CAMP ROBERTS					
REGIONAL MAINTENANCE TRAINING SITE	1,729	1,729		1,729	0
RIVERSIDE					
ORGANIZATIONAL MAINTENANCE SHOP MODIFIC	344	344		344	0
SAN LORENZO					
ORGANIZATIONAL MAINTENANCE SHOP ALTERATION	220	220		220	0
AIR NATIONAL GUARD					
FRESNO ANGB					
AIRCRAFT PARKING REVETMENT	270	270		270	0
POINT MUGU NAS					
ANG OPERATIONS/TRNG COMPLEX PHASE II	39,570	39,570	(19,570)	20,000	(19,570)
ARMY RESERVE					
BELL					
ADD/ALTER USARC W/MAINT FAC	7,072	7,072		7,072	0
LOS ALAMITOS					
GAS DISPENSING FACILITY	225	225		225	0
SACRAMENTO					
REGIONAL MAINTENANCE TRAINING FAC	2,100	2,100		2,100	0
NAVY RESERVE					
NMCRC LONG BEACH					
INSTALLATION OF A/C SYSTEM	550	550		550	0
NMCRC SAN DIEGO					
INSTALLATION OF A/C SYSTEM	550	550		550	0
AIR FORCE RESERVE					
NORTON AFB					
AERIAL PORT TRAINING FACILITY	1,700	1,700		1,700	0
TRAVIS AFB					
CIVIL ENGINEERING TRAINING FACILITY	750	750		750	0
TOTAL, CALIFORNIA	710,920	646,310	(116,160)	530,150	(180,770)
COLORADO					
ARMY					
FORT CARSON					
FLIGHT SIMULATOR BUILDING	2,050	2,050		2,050	0
PUEBLO DEPOT ACTIVITY					

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SECURITY UPGRADE	620	620		620	0
AIR FORCE					
BUCKLEY ANG BASE					
ADD-ALTER AEROSPACE DATA FACILITY	15,500	15,500		15,500	0
AREA SECURITY LIGHTING	1,400	1,400		1,400	0
FALCON AFS					
SPACE ENVIRONMENT FORECAST CENTER	2,150	0		0	(2,150)
PETERSON AFB					
ADD TO VEHICLE MAINTENANCE FACILITY	660	660		660	0
BASE SUPPLY WAREHOUSE PHASE-I	4,100	0		0	(4,100)
SPACE OPERATIONS TRAINING FACILITY	10,500	0		0	(10,500)
TROOP SUBSISTENCE STORAGE FACILITY	990	990		990	0
US AIR FORCE ACADEMY					
ADD-ALTER CADET ACTIVITIES CENTER	6,100	0		0	(6,100)
AUXILIARY AIRFIELD	1,700	1,700		1,700	0
FIRE STATION	980	980		980	0
DEFENSE AGENCIES					
FALCON AIR STATION					
NATIONAL TEST FACILITY	100,000	0		0	(100,000)
ARMY NATIONAL GUARD					
BUCKLEY AIR GUARD BASE (AURORA)					
400 PERSON ARMORY	3,079	3,079		3,079	0
ARMY RESERVE					
ROCKY MOUNTAIN ARSENAL					
ARMY RESERVE CENTER/MAINT FAC ADD	4,469	4,469		4,469	0
AIR FORCE RESERVE					
PETERSON AFB					
ADD TO/ALTER BASE CLINIC	380	380		380	0
TOTAL, COLORADO	154,678	31,828		31,828	(122,850)
CONNECTICUT					
NAVY					
NAVAL SUBMARINE BASE NEW LONDON					
UTILITIES IMPROVEMENTS	2,900	2,900		2,900	0
WEAPONS STORAGE IMPROVEMENTS	3,300	3,300	(3,300)	0	(3,300)
ACCESS ROAD	0	2,300		2,300	2,300
DEFENSE ACCESS ROAD	1,250	1,250		1,250	0
NAVAL UNDERWATER SYSTEMS CENTER NEW LONDON					
SURFACE SONAR DEVELOPMENT LABORATORY	11,230	0		0	(11,230)
NAVY RESERVE					
NMRC PLAINVILLE					
RESERVE CENTER ACQUISITION	470	470		470	0

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TOTAL, CONNECTICUT	19,150	10,220	(3,300)	6,920	(12,230)
DELAWARE					
AIR FORCE					
DOVER AFB					
ADD TO TAXIWAY	1,250	0		0	(1,250)
ANCILLARY EXPLOSIVE COMPLEX	2,300	2,300		2,300	0
BASE CIVIL ENGINEERING FACILITY	2,750	2,750	(2,750)	0	(2,750)
ARMY NATIONAL GUARD					
BETHANY BEACH					
RANGE, COMBAT PISTOL	259	259		259	0
SEAFORD					
ORGANIZATIONAL MAINTENANCE SHOP	550	550		550	0
AIR FORCE RESERVE					
DOVER AFB					
CIVIL ENGINEERING TRAINING FACILITY	815	815		815	0
TOTAL, DELAWARE	7,924	6,674	(2,750)	3,924	(4,000)
DISTRICT OF COLUMBIA					
ARMY					
WALTER REED ARMY MED CTR					
AIR FLOW REDUCTION SYSTEM	2,500	0		0	(2,500)
CHILD DEVELOPMENT CENTER	1,300	1,300		1,300	0
NAVY					
COMMANDANT NAVAL DISTRICT WASHINGTON					
ADMINISTRATIVE OFFICE MODERNIZATION	15,700	15,700		15,700	0
ADMINISTRATIVE OFFICE SPACE MODERNIZATION	5,220	5,220		5,220	0
TRANSPORTATION MAINTENANCE FACILITY	5,300	0		0	(5,300)
WHITE HOUSE SUPPORT COMPLEX	27,000	0		0	(27,000)
NAVAL RESEARCH LABORATORY WASHINGTON					
LABORATORY MODERNIZATION	4,000	0		0	(4,000)
NAVAL SECURITY STATION WASHINGTON					
COMMUNICATIONS & DATA PROCESSING FACILITY	3,000	3,000		3,000	0
AIR FORCE					
BOLLING AIR FORCE BASE					
LIBRARY	1,750	0		0	(1,750)
DEFENSE AGENCIES					
ANACOSTIA NAVAL STATION					
WHCA SUPPORT COMPLEX	30,170	30,170	(30,170)	0	(30,170)
BOLLING AFB					
DIAC ELECTRICAL FIX	805	805		805	0

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PENTAGON					
NMIC POWER SOURCE...........................	679	0		0	(679)
FORT MCNAIR					
ACADEMIC/LIBRARY FACILITY...................	33,000	33,000	(28,000)	5,000	(28,000)
ARMY NATIONAL GUARD					
FORT BELVOIR					
AIRCRAFT PARKING APRON......................	619	619		619	0
TOTAL, DISTRICT OF COLUMBIA..............	131,043	89,814	(58,170)	31,644	(99,399)
FLORIDA					
NAVY					
NAVAL AIR REWORK FACILITY JACKSONVILLE					
AIRCRAFT ENGINE FUEL ACCESSORIES SHOP ADDN..	5,000	5,000		5,000	0
NAVAL AIR STATION JACKSONVILLE					
AIRCRAFT ENGINE MAINT SHOP & SHOP ADDITION..	4,630	4,630		4,630	0
NAVAL AIR STATION KEY WEST					
HYDROFOIL BERTHING WHARF....................	9,000	9,000	(9,000)	0	(9,000)
MUNICIPAL SEWER CONNECTION..................	5,400	5,400		5,400	0
RADAR AIR TRAFFIC CONTROL CENTER............	1,180	1,180		1,180	0
NAVAL AIR STATION PENSACOLA					
DREDGING....................................	16,200	16,200		16,200	0
NAVAL COASTAL SYSTEMS CENTER PANAMA CITY					
UNDERWATER COUNTERMEASURES FABRICATION FAC..	5,400	5,400		5,400	0
NAVAL STATION MAYPORT					
PIER ELECTRIC POWER UPGRADE.................	1,480	1,480		1,480	0
NAVAL SUPPLY CENTER JACKSONVILLE					
BULK STORAGE WAREHOUSE......................	4,720	0		0	(4,720)
NAVAL SUPPLY CENTER PENSACOLA					
HAZARDOUS AND FLAMMABLE STOREHOUSE..........	1,000	1,000		1,000	0
NAVAL TECHNICAL TRAINING CENTER PENSACOLA					
COMPUTER PROGRAMMING FACILITY...............	6,000	6,000		6,000	0
CRYPTO TRAINING BUILDING....................	2,170	2,170		2,170	0
NAVAL TRAINING CENTER ORLANDO					
ADVANCED UNDERWATER WEAPONS TRAINING FAC....	3,050	3,050		3,050	0
BARRACKS....................................	9,350	0		0	(9,350)
PUBLIC WORKS SHOP...........................	2,560	0		0	(2,560)
NAVY PUBLIC WORKS CENTER PENSACOLA					
HAZARDOUS WASTE FACILITY....................	850	850		850	0
INDUSTRIAL WASTE TREATMENT FACILITY.........	3,300	3,300		3,300	0
NAVY TACT INTEROPERABILITY SPT ACT MAYPORT					
TACTICAL DATA SYSTEM FACILITY...............	500	500		500	0
AIR FORCE					

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AVON PARK					
ELECTRON WARFARE OPS VEHICLE MAINT FACIL....	3,700	3,700	(3,700)	0	(3,700)
CAPE CANAVERAL AFS					
LAUNCH OPERATION SUPPORT FACILITY...........	910	0		0	(910)
EGLIN AFB					
GUIDED WEAPONS EVALUATION FACILITY..........	20,000	20,000		20,000	0
SOUND SUPPRESSOR SUPPORT FACILITY...........	900	0		0	(900)
TELECOMMUNICATIONS CENTER...................	2,150	2,150		2,150	0
HOMESTEAD AFB					
VISITING OFFICERS QUARTERS..................	2,700	0		0	(2,700)
MACDILL AFB					
ADD-ALTER TELECOMMUNICATIONS FACILITY.......	1,350	1,350		1,350	0
HQ U.S. CENTRAL COMMAND FACILITY............	1,691	1,691		1,691	0
SOUND SUPPRESSOR SUPPORT FACILITY...........	700	0		0	(700)
WING OPS AND MAINTENANCE MGMT FACILITY......	3,050	0		0	(3,050)
TYNDALL AFB					
ADD-ALTER ENGINE INSPECT AND REPAIR SHOP....	1,300	1,300		1,300	0
LAND ACQUISITION............................	700	700		700	0
DEFENSE AGENCIES					
DEFENSE FUEL SUPPORT POINT KEY WEST					
FUEL TANKAGE................................	11,100	11,100	(1,700)	9,400	(1,700)
ARMY NATIONAL GUARD					
CAMP BLANDING					
RANGE, AUTOMATED FIELD FIRE.................	588	588		588	0
RANGE, AUTOMATED RECORD FIRE................	740	740		740	0
RANGE, COMBAT PISTOL........................	120	120		120	0
RANGE, CREW COMBAT FIRING...................	340	340		340	0
RANGE, M16 RECORD FIRE......................	166	166		166	0
REGIONAL MAINTENANCE TRAINING SITE..........	1,709	1,709		1,709	0
PLANT CITY					
ORGANIZATIONAL MAINTENANCE SHOP.............	326	326		326	0
QUINCY					
200 PERSON ARMORY...........................	1,212	1,212		1,212	0
NAVY RESERVE					
NMRC WEST PALM BEACH					
RESERVE TRAINING BUILDING...................	4,062	4,062		4,062	0
NRC ST. PETERSBURG					
RESERVE TRAINING BUILDING...................	2,965	2,965		2,965	0
AIR FORCE RESERVE					
HOMESTEAD AFB					
AERIAL PORT TRAINING FACILITY...............	740	740		740	0
TOTAL, FLORIDA..............................	145,009	120,119	(14,400)	105,719	(39,290)

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GEORGIA					
ARMY					
FORT BENNING					
HIGHWAY CROSSING - US 280..................	11,000	11,000		11,000	0
FORT MCPHERSON					
SECURITY UPGRADE............................	1,400	1,400		1,400	0
FT STEWART/HUNTER AAF					
AIRCRAFT MAINTENANCE HANGAR.................	12,200	12,200		12,200	0
CHAPEL......................................	1,000	0		0	(1,000)
LIGHTING MODIFICATION.......................	370	370		370	0
NAVY					
MARINE CORPS LOGISTICS BASE ALBANY					
FIRE PROTECTION SYSTEM IMPROVEMENTS.........	1,530	1,530		1,530	0
NAVAL SPACE SURVEIL FIELD STA HAWKINSVILLE					
ANTENNA ARRAY UPGRADE & LAND ACQUISITION....	2,890	2,890		2,890	0
NAVAL SUBMARINE BASE KINGS BAY					
CHAPEL/RELIGIOUS EDUCATION FAC..............	2,680	0		0	(2,680)
DRYDOCK.....................................	28,675	28,675		28,675	0
LIBRARY.....................................	1,670	0		0	(1,670)
COMMUNITY FACILITIES........................	3,345	0		0	(3,345)
STRATEGIC WEAPONS FACILITIES................	11,540	11,540		11,540	0
BEQ...	7,675	7,675		7,675	0
UTILITIES & SITE IMPROVEMENTS...............	8,170	8,170		8,170	0
CHILD DEVELOPEMENT CENTER ADDN..............	1,120	1,120		1,120	0
SECURITY HEADQUARTERS.......................	2,660	2,660		2,660	0
HOBBY SHOP-AUTO (ADDN)......................	875	0		0	(875)
SECURITY FORCE WEAPONS QUALITY RANGES.......	2,850	2,850		2,850	0
INDUSTRIAL/HAZARDOUS WASTE FAC..............	5,210	5,210		5,210	0
STRATEGIC WEAPONS MAGAZINES.................	6,590	6,590		6,590	0
DEFENSE ORD SUPPORT FACILITIES..............	4,825	4,825	(4,825)	0	(4,825)
DREDGING....................................	27,720	27,720		27,720	0
REFIT FACILITIES............................	7,370	7,370		7,370	0
PUBLIC WORKS FACILITIES.....................	2,215	2,215	(2,215)	0	(2,215)
COMMUNITY IMPACT ASSISTANCE.................	5,510	5,510		5,510	0
AIR FORCE					
ROBBINS AFB					
HANGER......................................	0	15,500		15,500	15,500
DEFENSE AGENCIES					
KINGS BAY					
MED/DEN CLINICS ADD/ALTERATION..............	6,600	6,600		6,600	0
ARMY NATIONAL GUARD					
FORT STEWART					

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TRNG SITE, COMBAT VEHICLE WASH PLATFORM.....	1,957	1,957		1,957	0
AIR NATIONAL GUARD					
DOBBINS AFB					
COMPOSITE SUPPORT COMPLEX PHASE II..........	1,400	1,400		1,400	0
NAVY RESERVE					
NAS ATLANTA					
AIRCRAFT MAINTENANCE HANGAR (C-9)...........	6,100	6,100	(6,100)	0	(6,100)
AIR FORCE RESERVE					
DOBBINS AFB					
ADD TO/ALTER VEHICLE MAINTENANCE SHOP.......	1,950	1,950		1,950	0
ROBINS AFB					
ADD TO/ALTER AFRES HEADQUARTERS.............	1,900	1,900		1,900	0
TOTAL, GEORGIA.............................	180,997	186,927	(13,140)	173,787	(7,210)
HAWAII					
ARMY					
ALIAMANU MILITARY RESERVATION					
CHAPEL AND RELIGIOUS EDUCATION FACILITY.....	5,000	5,000		5,000	0
HAWAII VARIOUS					
POWER UPGRADE...............................	8,400	8,400		8,400	0
SAFETY UPGRADE..............................	3,900	3,900		3,900	0
HELEMANO					0
FAMILY HOUSING-NEW CONSTRUCTION (200).......	21,000	21,000		21,000	0
PEARL CITY AREA					0
FAMILY HOUSING-NEW CONSTRUCTION (60)........	6,700	6,700		6,700	0
SCHOFIELD BARRACKS					
CHILD DEVELOPMENT CENTER....................	4,950	4,950		4,950	0
COLD/DRY STORAGE WAREHOUSE..................	8,300	8,300	(8,300)	0	(8,300)
MULTI-PURPOSE TRAINING RANGE................	20,000	0		0	(20,000)
OPERATIONS FACILITY.........................	5,600	5,600		5,600	0
FAMILY HOUSING-NEW CONSTRUCTION (100)	11,200	11,200		11,200	0
NAVY					
COM OCEANOGRAPHIC SYS PACIFIC PEARL HARBOR					
STAND-BY GENERATOR BUILDING ADDITIONS.......	1,280	1,280		1,280	0
FLEET INTELLIGENCE CTR PAC PEARL HARBOR					
COMMAND/CONTROL/INTELLIGENCE BLDG ADDITION..	6,597	6,597		6,597	0
COMMAND/CONTROL/INTELLLIGENCE BLG ADDITION..	6,500	6,500		6,500	0
MARINE CORPS AIR STATION KANEOHE BAY					
BACHELOR ENLISTED QUARTERS..................	14,000	14,000	(4,667)	9,333	(4,667)
COMBAT VEHICLE MAINTENANCE SHOP.............	6,380	0		0	(6,380)
CORROSION CONTROL HANGAR....................	5,470	5,470		5,470	0
ELECTRICAL DISTRIBUTION SYSTEM IMPROVEMNTS..	9,350	9,350		9,350	0

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INTEGRATED SIGNALS INTELLIGENCE SYSTEM FAC..	2,360	0		0	(2,360)
NAVAL FORCES CENTRAL COMMAND PEARL HARBOR					
ADMINISTRATIVE FACILITY......................	2,260	0		0	(2,260)
NAVAL MAGAZINE LUALUALEI					
MISSILE COMPONENT REWORK BUILDING...........	4,230	4,230		4,230	0
SECURITY IMPROVEMENTS........................	1,080	1,080		1,080	0
NAVAL STATION PEARL HARBOR					
FACILITY ENERGY IMPROVEMENTS................	430	430		430	0
NAVAL SUBMARINE BASE PEARL HARBOR					
TORPEDO SHOP ADDITION........................	7,180	7,180		7,180	0
NAVAL SUPPLY CENTER PEARL HARBOR					
DIESEL FUEL PURIFICATION PLANT..............	2,950	2,950	(800)	2,150	(800)
WAREHOUSE FIRE PROTECTION....................	1,130	1,130		1,130	0
NAVY PUBLIC WORKS CENTER PEARL HARBOR					
ELECTRICAL DISTRIBUTION SYSTEM IMPROVEMNTS..	11,203	11,203		11,203	0
AIR FORCE					
BELLOWS AIR FORCE STATION					
PERIMETER FENCING............................	460	460		460	0
HICKAM AFB					
ALTER RECON PHOTO LAB........................	900	900		900	0
FIRE PROTECTION -VARIOUS FACILITIES.........	1,550	1,550		1,550	0
KAENA POINT					
ALTER ELECTRIC POWER PLANT...................	3,400	3,400		3,400	0
ARMY NATIONAL GUARD					
HANAPEPE					
100 PERSON ARMORY............................	1,705	1,705		1,705	0
UKUMEHAME					
RANGE, 600 YD KNOWN DIST/BASIC 25M FIRING...	559	559		559	0
TOTAL, HAWAII...............................	186,024	155,024	(13,767)	141,257	(44,767)
IDAHO					
AIR FORCE					
MOUNTAIN HOME AFB					
ADD-ALTER POL OPERATIONS FACILITY...........	650	650		650	0
EW MAINTENANCE FACILITY......................	1,250	1,250		1,250	0
WILDER					
STR COMPLEX SUPPORT FACILITY.................	1,150	1,150		1,150	0
STR TECHNICAL OPERATIONS FACILITY...........	1,200	1,200		1,200	0
ARMY NATIONAL GUARD					
GOWEN FIELD					
RANGE, MULTI-PURPOSE COMPLEX-HEAVY..........	13,613	13,613		13,613	0
ARMY RESERVE					

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POCATELLO					
ARMED FORCES RESERVE CENTER W/MAINT FAC.....	2,970	2,970		2,970	0
NAVY RESERVE					
NRF POCATELLO					
RESERVE TRAINING BUILDING....................	1,200	1,200		1,200	0
TOTAL, IDAHO................................	22,033	22,033		22,033	0
ILLINOIS					
ARMY					
SAVANNA ARMY DEPOT					
TRANSPORTATION TEST CENTER..................	0	2,550		2,550	2,550
ST. LOUIS SUPPORT CENTER					
FAMILY HOUSING-NEW CONSTRUCTION(100)........	0	9,700		9,700	9,700
NAVY					
NAVAL TRAINING CENTER GREAT LAKES					
RECRUIT SUPPORT CENTER......................	2,310	2,310		2,310	0
AIR FORCE					
CHANUTE AFB					
COLD STORAGE FACILITY.......................	3,350	3,350		3,350	0
UNACCOMPANIED OFFICER PERSONNEL HOUSING.....	5,000	5,000		5,000	0
SCOTT AFB					
ALTER JRSC INTERCONNECT FACILITY............	730	730		730	0
TELECOMMUNICATIONS FACILITY.................	2,550	2,550		2,550	0
WASTE WATER TREATMENT PLANT.................	3,800	3,800		3,800	0
ARMY NATIONAL GUARD					
MARSEILLES					
RANGE, MODIFIED RECORD FIRE.................	301	301		301	0
SPRINGFIELD					
U.S. PROPERTY & FISCAL OFFICER/OFFICE ADD...	377	377		377	0
AIR NATIONAL GUARD					
CHICAGO-OHARE IAP					
ANG/AFRES COMM/ELEC TRNG CENTER.............	650	650		650	0
GREATER PEORIA AIRPORT					
OPERATIONS AND TRNG COMPLEX PHASE II........	13,600	13,600		13,600	0
SPRINGFIELD					0
ENGINE REPAIR FACILITY......................	0	0	1,100	1,100	1,100
AVIONICS SHOP..............................	0	0	1,300	1,300	1,300
FUEL STORAGE................................	0	0	2,100	2,100	2,100
ARMY RESERVE					
ROCKFORD					
ADD TO MAINT FAC............................	250	250		250	0
VARIOUS					

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UPGRADE RIFLE RANGES	200	200		200	0
AIR FORCE RESERVE					
CHICAGO-OHARE IAP					
BASE/SQUADRON OPERATIONS FACILITY	2,250	2,250		2,250	0
COMMUNICATION-ELECT TRAINING (JOINT USE)	600	600		600	0
TOTAL, ILLINOIS	35,968	48,218	4,500	52,718	16,750
INDIANA					
ARMY					
FORT BENJAMIN HARRISON					
BARRACKS COMPLEX	6,900	0		0	(6,900)
NAVY					
NAVAL WEAPONS SUPPORT CENTER CRANE					
DATA PROCESSING CENTER	4,820	4,820		4,820	0
ELECTRONIC SYSTEMS EVALUATION LABORATORY	950	950		950	0
VEHICULAR BRIDGES REPLACEMENT	950	950		950	0
WEAPONS DEVELOPMENT AND TEST FACILITY	1,570	1,570	(1,570)	0	(1,570)
ARMY NATIONAL GUARD					
CAMP ATTERBURY					
RANGE, LIGHT/HEAVY MACHINEGUN-FIELD FIRE	590	590		590	0
STOUT FIELD (INDIANAPOLIS)					
U.S. PROPERTY & FISCAL OFFICER OFFICE	1,359	1,359		1,359	0
AIR NATIONAL GUARD					
FT WAYNE MAP					
STORM DRAINAGE SYSTEM	300	300		300	0
ARMY RESERVE					
FORT BENJAMIN HARRISON					
ADD TO MAINT FAC	390	390		390	0
EVANSVILLE					
UPGRADE MILITARY EQUIPMENT PARKING AREA	300	300		300	0
TOTAL, INDIANA	18,129	11,229	(1,570)	9,659	(8,470)
IOWA					
ARMY NATIONAL GUARD					
CAMP DODGE					
LAND ACQUISITION	380	380		380	0
ARMY RESERVE					
COUNCIL BLUFFS					
ADD/ALTER USARC W/MAINT FAC	1,721	1,721		1,721	0
TOTAL, IOWA	2,101	2,101		2,101	0

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
INSIDE AND OUTSIDE THE UNITED STATES

(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
KANSAS					
ARMY					
FORT RILEY					
CHILD DEVELOPMENT CENTER	2,850	2,850		2,850	0
FLIGHT SIMULATOR BUILDING	2,000	2,000		2,000	0
AIR FORCE					
MCCONNELL AFB					
SECURITY POLICE OPERATIONS FACILITY	2,550	2,550		2,550	0
VISITING OFFICER QUARTERS	0	2,200		2,200	2,200
ARMY NATIONAL GUARD					
GOODLAND					
60 PERSON ARMORY	774	774		774	0
FORT LEAVENWORTH					
ARMORY & TRAINING CENTER	2,769	2,769		2,769	0
NICKELL BARRACKS					
ARMY AVIATION SUPPORT FAC ACQUISITION/ALT	392	392		392	0
RANGE, M60 TRANSITION	230	230		230	0
PAOLA					
60 PERSON ARMORY	672	672		672	0
ARMY RESERVE					
TOPEKA					
LAND ACQUISITION	375	375		375	0
AIR FORCE RESERVE					
MCCONNELL AFB					
FLIGHT SIMULATOR FAC-JOINT WITH ANG	1,000	1,000		1,000	0
TOTAL, KANSAS	13,612	15,812		15,812	2,200
KENTUCKY					
ARMY					
FORT CAMPBELL					
AIRCRAFT FUEL FACILITY	810	810		810	0
AIRCRAFT MAINTENANCE HANGAR	5,400	5,400		5,400	0
SPECIAL FORCES MISSION SUPPORT FACILITY	6,200	6,200		6,200	0
FORT KNOX					
APPLIED INSTRUCTION FACILITY	3,400	0		0	(3,400)
LEXINGTON-BLUEGRASS DEP ACT					
SECURITY UPGRADE	570	570		570	0
AIR NATIONAL GUARD					
STANDIFORD FIELD					
COMPOSITE TRAINING FACILITY	1,580	1,580		1,580	0
TOTAL, KENTUCKY	17,960	14,560		14,560	(3,400)

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(AMOUNTS IN THOUSANDS OF DOLLARS)

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LOUISIANA					
ARMY					
FORT POLK					
ARMS STORAGE FACILITY........................	490	490		490	0
FAMILY HOUSING-NEW CONSTRUCTION (250).......	27,000	27,000		27,000	0
NAVY					
NAVAL STATION LAKE CHARLES					
BERTHING WHARF...............................	7,280	0		0	(7,280)
SITE DEVELOPMENT & UTILITIES................	2,770	0	2,770	2,770	0
PORT OPERATIONS FACILITIES..................	250	0		0	(250)
AIR FORCE					
BARKSDALE AFB					
JP7 FUEL STORAGE/DISPENS FACILITIES.........	2,900	2,900		2,900	0
T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	800	0		0	(800)
ENGLAND AFB					
BASE CIVIL ENGINEERING ADMINISTRATION FAC...	2,300	2,300		2,300	0
CONSOLIDATED BASE PERSONNEL OFFICE	3,400	0		0	(3,400)
ARMY NATIONAL GUARD					
CAMP BEAUREGARD					
ORGANIZATIONAL MAINTENANCE SHOP EXPANSION...	197	197		197	0
JACKSON BARRACKS					
TACFIRE TRAINING FACILITY....................	351	351		351	0
U.S. PROPERTY & FISCAL OFFICER/OFFICE ADD...	746	746		746	0
JENA					
ORGANIZATIONAL MAINTENANCE SHOP.............	527	527		527	0
VIDALIA					
MILITARY PARKING ADDITION...................	110	110		110	0
AIR NATIONAL GUARD					
NEW ORLEANS NAS					
ALERT SHELTER COMPLEX AND ACFT PARK APRON...	3,200	3,200		3,200	0
MOBILITY STORAGE WAREHOUSE..................	160	160		160	0
NAVY RESERVE					
NAVAL AIR STATION NEW ORLEANS					
ENGINE MAINTENANCE SHOP ADDITION............	1,400	1,400		1,400	0
NAVAL SUPPORT ACTIVITY NEW ORLEANS					
ELECTRICAL DISTRIBUTION SYSTEM REHAB........	1,400	1,400		1,400	0
TOTAL, LOUISIANA............................	55,281	40,781	2,770	43,551	(11,730)
MAINE					
NAVY					

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
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(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
NAVAL SECURITY GROUP ACT WINTER HARBOR					
BACHELOR ENLISTED QUARTERS..................	950	950		950	0
CLASSIC WIZARD IMPROVEMENTS.................	600	600		600	0
AIR FORCE					
BANGOR					
PHYSICAL FITNESS FACILITY....................	1,500	1,500		1,500	0
LORING AFB					
KC135-CPT SUPPORT FACILITY..................	1,150	1,150		1,150	0
STR ADD-ALTER TECH OPERATIONS FACILITY......	480	480		480	0
STR COMPOSITE SUPPORT FACILITIES............	2,000	2,000		2,000	0
T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	750	0		0	(750)
TOTAL, MAINE...............................	7,430	6,680		6,680	(750)
MARYLAND					
ARMY					
ABERDEEN PROVING GROUND					
WALL/CEILING INSULATION.....................	930	930		930	0
WINDOW AREA REDUCTION (ECIP)................	530	530		[illegible]	0
RESEARCH LAB ADDITION.......................	0	5,700		5,700	5,700
FORT RITCHIE					
POWER RELIABILITY ENHANCEMENT PROGRAM.......	16,500	16,500		16,500	0
NAVY					
NAVAL AIR TEST CENTER PATUXENT RIVER					
TELEMETRY DATA CENTER.......................	6,500	6,500		6,500	0
NAVAL ORDNANCE STATION INDIAN HEAD					
BACHELOR ENLISTED QTRS AND MESS HALL ADDN...	4,330	4,330		4,330	0
HAZARDOUS WASTE FACILITY....................	1,530	1,530		1,530	0
PROPELLANT CURING BUILDING..................	1,000	1,000		1,000	0
AIR FORCE					
ANDREWS AFB					
AF-1 MAINT AND SUPPORT COMPLEX PHASE-II.....	20,000	20,000		20,000	0
ALTER UNACCOMPANIED ENLISTED PERSONNEL HSG..	2,650	2,650	(2,650)	0	(2,650)
DEFENSE AGENCIES					
FORT MEADE					
COOLING PLANT MOD...........................	850	850		850	0
OUTDOOR RANGE FACILITY......................	600	600		600	0
R&E FACILITY................................	15,000	15,000		15,000	0
SECURITY STRUCTURES.........................	7,000	3,500		3,500	(3,500)
AIR NATIONAL GUARD					
ANDREWS AFB					
SUPPORT EQUIP/NDI/POL OPERATIONS............	1,700	1,700		1,700	0
GLENN L MARTIN AIRPORT					

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UPGRADE HANGAR 1............................	3,500	3,500		3,500	0
NAVY RESERVE					
NRC BALTIMORE					
RESERVE CENTER REHABILITATION...............	3,400	3,400		3,400	0
TOTAL, MARYLAND...........................	86,020	88,220	(2,650)	85,570	(450)
MASSACHUSETTS					
ARMY					
FORT DEVENS					
AUTOMATIC WEAPONS RANGE.....................	1,200	1,200		1,200	0
PARKING AND STREET LIGHTING MODIFICATION....	640	640		640	0
NATICK RESEARCH CENTER					
NATICK RESEARCH AND DEVELOPMENT CENTER......	45,000	0		0	(45,000)
NAVY					
NAVY CLOTHING & TEXTILE RESCH FAC NATICK					
CLOTHING LABORATORY ADDITION................	1,870	0		0	(1,870)
AIR FORCE					
CAPE COD					
SATELLITE COMM GROUND TERMINAL..............	2,150	2,150		2,150	0
DEFENSE AGENCIES					
HANSCOM AFB					
ELEMENTARY AND MIDDLE SCHOOL ADDITION.......	4,432	0		0	(4,432)
ARMY NATIONAL GUARD					
CAMP EDWARDS					
LEADERSHIP REACTION COURSE..................	152	152		152	0
REHABILITATE RANGES B,C,D & E...............	175	175		175	0
UNIT TRAINING EQUIPMENT SITE MODIFICATION...	676	676		676	0
FRAMINGHAM					
ORGANIZATIONAL MAINTENANCE SHOP EXPANSION...	229	229		229	0
AIR NATIONAL GUARD					
OTIS ANGB					
COMPOSITE SQUADRON OPERATIONS...............	2,850	2,850		2,850	0
AIR FORCE RESERVE					
WESTOVER AFB					
MAINTENANCE HANGAR..........................	14,507	14,507		14,507	0
TOTAL, MASSACHUSETTS......................	73,881	22,579		22,579	(51,302)
MICHIGAN					
AIR FORCE					
KI SAWYER AFB					
KC135-CPT SIMULATOR SUPPORT FACILITY........	840	840		840	0

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T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	690	0		0	(690)
WURTSMITH AFB					
B52-AIRCRAFT MAINTENANCE HANGAR.............	6,700	6,700		6,700	0
B52-BLAST FENCE AND LIGHTING................	450	450		450	0
B52-ORGANIZATIONAL MAINTENANCE SHOP.........	3,050	3,050		3,050	0
T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	570	0		0	(570)
UNACCOMPANIED ENLISTED PERSONNEL HOUSING....	5,900	5,900	(5,900)	0	(5,900)
ARMY NATIONAL GUARD					
AUGUSTA					
RANGE, MILITARY OPNS IN URBAN TERRAIN-MAC...	499	499		499	0
REGIONAL MAINTENANCE TRAINING SITE..........	1,606	1,606		1,606	0
MIDLAND					
MOTOR VEHICLE STORAGE BUILDING..............	236	236		236	0
AIR NATIONAL GUARD					
SELFRIDGE ANGB					
ADD/ALTER READINESS CREW FACILITY...........	300	300		300	0
NAVY RESERVE					
NAF DETROIT					
AIRCRAFT MAINTENANCE HANGAR (C-9)...........	4,400	4,400		4,400	0
TOTAL, MICHIGAN.............................	25,241	23,981	(5,900)	18,081	(7,160)
MINNESOTA					
ARMY NATIONAL GUARD					
BRAINERD					
100 PERSON ARMORY...........................	1,513	1,513		1,513	0
CAMP RIPLEY					
POL STORAGE/DISPENSING FACILITY.............	781	781		781	0
RANGE, AUTOMATED FIELD FIRE.................	747	747		747	0
RANGE, AUTOMATED RECORD FIRE................	869	869		869	0
AIR FORCE RESERVE					
MINN-ST PAUL IAP					
ALTER SUPPLY BUILDING (801).................	300	300		300	0
TOTAL, MINNESOTA............................	4,210	4,210		4,210	0
MISSISSIPPI					
NAVY					
NAVAL CONSTRUCTION BATTALION CTR GULFPORT					
HAZARDOUS & FLAMMABLE MATERIALS STOREHOUSE..	2,950	2,950		2,950	0
NAVAL OCEANOGRAPHY COMMAND BAY ST LOUIS					
ADMINISTRATIVE FACILITY.....................	1,600	0		0	(1,600)
NAVAL STATION PASCAGOULA					

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BERTHING PIER	8,870	8,870		8,870	0
SITE DEVELPMENT& UTILITIES	8,230	8,230		8,230	0
AIR FORCE					
COLUMBUS AFB					
AIRCRAFT CORROSION CONTROL FACILITY	1,050	1,050		1,050	0
CIVIL ENGINEER FACILITY	0	4,400		4,400	4,400
KEESLER AFB					
SQUADRON OPERATIONS/NDI FACILITY	6,300	6,300		6,300	0
ARMY NATIONAL GUARD					
CAMP SHELBY					
RANGE, AUTOMATED RECORD FIRE	460	460		460	0
REGIONAL MEDICAL TRAINING FACILITY	1,128	1,128		1,128	0
BONNEVILLE					
ARMORY	0	716		716	716
CANTON					
ARMORY	0	678		678	678
LOUISVILLE					
ARMORY	0	821		821	821
AIR NATIONAL GUARD					
ALLEN C THOMPSON FIELD					
ADD/ALTER HANGAR 102	4,425	4,425		4,425	0
KEY FIELD					
SQUADRON OPERATIONS FACILITY	0	1,370		1,370	1,370
TOTAL, MISSISSIPPI	35,013	40,028		40,028	5,015
MISSOURI					
ARMY					
FORT LEONARD WOOD					
DINING FACILITY	3,000	3,000		3,000	0
ENERGY MONITORING AND CONTROL SYSTEM	1,600	1,600		1,600	0
LIBRARY	5,400	5,400		5,400	0
LAKE CITY AAP					
WASTE WATER TREATMENT FACILITY	0	21,000		21,000	21,000
AIR FORCE					
WHITEMAN AFB					
SPECIAL MISSION SUPPORT	89,300	89,300		89,300	0
NAVY					
MARCOR FINANCE CENTER, KANSAS CITY					
FAMILY HOUSING-MOBILE HOME SPACES(8)	120	120		120	0
ARMY NATIONAL GUARD					
LEBANON					
60 PERSON ARMORY	895	895		895	0

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SPRINGFIELD					
ARMORY ADDITION/ALTERATION..................	977	977		977	0
ARMY RESERVE					
ST JOSEPH					
ADD TO ARMS VAULT/KITCHEN...................	200	200		200	0
TOTAL, MISSOURI...........................	101,492	122,492		122,492	21,000
MONTANA					
AIR FORCE					
HAVRE					
STR DEFENSE ACCESS ROADS....................	4,100	4,100		4,100	0
MALMSTROM AFB					
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	3,500	3,500		3,500	0
KC135R-AIRCRAFT MAINTENANCE SHOPS...........	7,300	7,300	(7,300)	0	(7,300)
KC135R-ALT ACC COPILOT ENRICH TNG SPT FAC...	770	770		770	0
KC135R-ALTER ACFT MAINTENANCE DOCK..........	2,900	2,900		2,900	0
KC135R-ALTER AIRFIELD PAVEMENT..............	4,300	4,300		4,300	0
KC135R-ALTER ALERT CREW READINESS FAC.......	1,500	1,500		1,500	0
KC135R-ALTER HQTS COMMAND POST..............	770	770		770	0
KC135R-ALTER WEAPONS SYS MAINT MGMT FAC.....	1,250	0		0	(1,250)
KC135R-CORROSION CONTROL FACILITY...........	4,300	4,300	(4,300)	0	(4,300)
KC135R-SECURITY IMPROVEMENT.................	720	720		720	0
KC135R-VEHICLE OPERATIONS HEATED PARKING....	2,150	0		0	(2,150)
DEFENSE AGENCIES					
MALMSTRON AFB					
COMPOSITE HEALTH CARE CLINIC................	16,500	16,500		16,500	0
ARMY NATIONAL GUARD					
ANACONDA					
RANGE, MULTI-PURPOSE INDOOR.................	342	342		342	0
BELGRADE					
ORGANIZATIONAL MAINTENANCE SHOP.............	547	547		547	0
KALISPELL					
ORGANIZATIONAL MAINTENANCE SHOP.............	555	555		555	0
FT WM HENRY HARRISON					
U.S. PROPERTY & FISCAL OFFICE ADDITION......	306	306		306	0
AIR NATIONAL GUARD					
GREAT FALLS IAP					
ALTER VARIOUS FACILITIES-AVIONICS...........	900	900		900	0
TOTAL, MONTANA............................	52,710	49,310	(11,600)	37,710	(15,000)
NEBRASKA					

Fiscal Year 1988 Department of Energy National Security Programs
[Amounts in millions of dollars]

Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
Plant and Capital Equipment					
WEAPONS ACTIVITIES					
Future year general plant projects, various locations....................					
Future year projects, various locations					
88-D-101 general plant projects, various locations............................	30.200	30.200	-6.000	24.200	-6.000
88-D-102 sanitary wastewater systems consolidation, Los Alamos National Laboratory, Los Alamos, New Mexico....	1.000	1.000		1.000	
88-D-103 seismic upgrade, Building 111, Livermore National Laboratory, Livermore, California.................	1.100	1.100		1.100	
88-D-104 safeguards and security upgrade, Phase II, Los Alamos National Laboratory, Los Alamos, New Mexico.................	3.500	3.500		3.500	
88-D-105 special nuclear materials research and development laboratory replacement, Los Alamos National Laboratory, Los Alamos, New Mexico............................	10.000	10.000		10.000	
88-D-106 nuclear weapons research, development, and testing facilities revitalization, Phase II, various loca	28.962	28.962		28.962	
88-D-121 general plant projects, various locations............................	33.000	33.000	-6.500	26.500	-6.500
88-D-122 facilities capability assurance program, various locations...........	19.200	19.200	-3.800	15.400	-3.800
88-D-123 security enhancements, Pantex Plant, Amarillo, Texas...............	5.700	5.700		5.700	
88-D-124 fire protection upgrade, various locations............................	1.700	1.700		1.700	
88-D-125 high explosive machining facility, Pantex Plant, Amarillo, Texas.........	2.700	2.700		2.700	
88-D-126 personnel radiological monitoring laboratories, various locations.......	1.000	1.000		1.000	
88-D-129 small intercontinental ballistic missile (SICBM) warhead production facilities, various locations.........	20.000	20.000	9.400	29.400	9.400
87-D-101, general plant projects, various locations....................					
87-D-121, general plant projects, various locations....................					
87-D-102, environmental compliance and cleanup, Livermore National Laboratory, Livermore, CA, and Site 30	0.000	0.000			
87-D-104, safeguards and security enhancements II, Livermore National Laboratory, CA..............................	7.000	7.000		7.000	

Fiscal Year 1988 Department of Energy National Security Programs
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Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
87-D-122, short-range attack missile II (SRAM II) warhead production facilities, various locations....................	37.016	37.016	-37.016		-37.016
87-D-123, protective clothing decontamination facility, Rocky Flats Plant, Golden, Colorado.....................	4.608	4.608		4.608	
87-D-127, environmental, safety, and health upgrade, Mound Plant, Miamisburg, Ohio	1.737	1.737		1.737	
87-D-130, receiving and shipping facility, Pinellas Plant, St. Petersburg, Florid	2.400	2.400		2.400	
86-D-103, decontamination and waste treatment facility, Livermore National Laboratory, Livermore, CA....	12.000	12.000		12.000	
86-D-104, strategic defenses facility, Sandia National Laboratories, Albuquerque, New Mexico...............	15.000	15.000		15.000	
86-D-105 instrumentation systems laboratory, Sandia National Laboratories, Albuquerque, New Mexico...............	8.000	8.000		8.000	
86-D-106, laboratory data communications center, Los Alamos National Laboratory, Los Alamos, New Mexico................	12.200	12.200		12.200	
86-D-122, structural upgrade of existing plutonium facilities, Rocky Flats Plant, Golden, Colorado..............	0.221	0.221		0.221	
86-D-123, environmental hazards elimination, various locations........	13.289	13.289		13.289	
86-D-124, safeguards and site security upgrading, Phase II, Mound Plant, Miamisburg, Ohio.....................					
86-D-125, safeguards and site security upgrading, Phase II, Pantex Plant, Amarillo, Texas......................	2.000	2.000		2.000	
86-D-130, tritium loading facility replacement, Savannah River Plant, Aiken, South Carolina................	46.773	46.773		46.773	
85-D-102, nuclear weapons research, development, and testing facilities revitalization, Phase I, various locations............................	33.500	33.500		33.500	
85-D-103, safeguards and security enhancements, Livermore and Sandia National Labs, Livermore, CA...	9.200	9.200		9.200	
85-D-105, combined device assembly facility, Nevada Test Site, Nevada....	28.000	28.000		28.000	
85-D-106, hardened engineering test Building, Livermore National Laboratory, Livermore, California.....	0.100	0.100		0.100	
85-D-112, enriched uranium recovery improvements, Y-12 Plant, Oak Ridge, T	12.544	12.544		12.544	

Fiscal Year 1988 Department of Energy National Security Programs
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Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
85-D-113, power plant and steam distribution system, Pantex Plant, Amarillo, Texas......................	2.000	2.000		2.000	
85-D-115, renovate plutonium building utility systems, Rocky Flats Plant, Golden, Colorado.....................	1.060	1.060		1.060	
85-D-121, air and water pollution control facilities, Y-12 Plant, Oak Ridge, Tennessee......................	0.998	0.998		0.998	
85-D-123, Safeguards and site security upgrade Pantex Plant, Amarillo, Texas.........					
85-D-125,tactical bomb production facilities, various locations.........					
84-D-102, radiation-hardened integrated circuit laboratory, Sandia National Laboratories, Albuquerque, N.M........					
84-D-107, nuclear testing facilities revitalization, various locations.....	5.458	5.458		5.458	
84-D-112, Trident II warhead production facilities, various locations.........	3.300	3.300		3.300	
84-D-113, antisubmarine warfare/standoff weapon warhead production facilties, various locations.....................					
84-D-113, antisubmarine warfare/standoff weapon warhead production facilties, various locations (FY 86 authorization					
84-D-124, environmental improvements, Y-12 Plant, Oak Ridge, TN.................	5.878	5.878		5.878	
84-D-211, safeguards and site security upgrading, Y-12 Plant, Oak Ridge, TN..	18.253	18.253		18.253	
84-D-212, Safeguards and site security upgrade Pinellas Plant, FL....................					
82-D-107, utilities and equipment restoration, replacement, and upgrade, Phase III, various locations..........	96.129	96.129	-19.200	76.929	-19.200
82-D-109, 155mm artillery fired atomic projectile (AFAP) prod facs, var locat					
82-D-144, simulation technology laboratory, Sandia National Laboratories Albuquerque, New Mexico..............					
Total, Weapons Activities..........	536.726	536.726	-63.116	473.610	-63.116

Fiscal Year 1988 Department of Energy National Security Programs
[Amounts in millions of dollars]

Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
Plant and Capital Equipment (continued)					
MATERIALS PRODUCTION					
Future year general plant projects, various locations.....................					
Future year projects, various locations					
New production reactor, location to be determined............................		20.000		20.000	20.000
88-D-146 general plant projects, various locations............................	39.030	39.030	-7.800	31.230	-7.800
88-D-153 additional reactor safeguards, Savannah River, South Carolina........	2.900	2.900		2.900	
87-D-146, general plant projects, various locations......................					
87-D-149, reduced chemical discharges to process sewers, Richland, Washington..					
87-D-150, radioactive liquid effluent treatment facility, Richland, Washingt	5.000	5.000		5.000	
87-D-152, environmental protection plantwide, Savannah River, South Carol	2.800	2.800		2.800	
87-D-156, reactor effluent cooling water thermal mitigation, Savannah River, South Carolina..............................					
87-D-159, environmental, health, and safety improvements, Phase I, Feed Materials Production Center, Fernald, Ohio......	35.000	35.000		35.000	
86-D-146, general chemical discharges, various locations....................					
86-D-148 special isotope separation project, Idaho Falls, Idaho...........	5.000	35.000		35.000	30.000
86-D-149, productivity retention program, Phase I, II and III, various locations	68.860	68.860	-13.700	55.160	-13.700
86-D-150, in-core neutron monitoring system, N reactor, Richland, Washingto					
86-D-151, PUREX electrical system upgrade, Richland, Washington.........	1.900	1.900		1.900	
86-D-152, reactor electrical distribution system, Savannah River, S	4.500	4.500		4.500	
86-D-153, additional line III furnace, Savannah, River, South Carolina.......					
86-D-154, effluent treatment facility, Savannah River, South Carolina........	19.175	19.175		19.175	
86-D-156, plantwide safeguards systems, Savannah River, South Carolina........	13.000	13.000		13.000	
86-D-157, hydrofluorination system - FB-line, Savannah River, South Carolin					

Fiscal Year 1988 Department of Energy National Security Programs
[Amounts in millions of dollars]

Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
Plant and Capital Equipment (continued)					
MATERIALS PRODUCTION (continued)					
85-D-139, fuel processing restoration, Idaho Fuels Processing Facility, Idaho National Engineering Laboratory, Idaho	28.000	28.000		28.000	
85-D-140, productivity and radiological improvements, Feed Materials Production Center, Fernald, Ohio.................	7.831	7.831		7.831	
85-D-145, fuel production facility, Savannah River, SC.....................	21.100	21.100		21.100	
84-D-134, safeguards and security improvements, plantwide, Savannah River, South Carolina..............................	9.685	9.685		9.685	
84-D-135, process facility modifications Purex, Richland, Washington...........	10.000	10.000		10.000	
84-D-137, Facility security systems upgrade, IFPF, INEL, ID.........................					
84-D-136, enriched uranium conversion facility modifications, Y-12 Plant, Oak Ridge, Tennessee......................					
83-D-148 non-radioactive hazardous waste management, Savannah River South Caro	4 200	4.200		4.200	
82-D-124, restoration of production capabilities, Phases II, III, IV and V, various locations.....................	13.200	13.200	-2.600	10.600	-2.600
Total, Materials Production...........	291.181	341.181	-24.100	317.081	25.900

Fiscal Year 1988 Department of Energy National Security Programs
[Amounts in millions of dollars]

Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
Plant and Capital Equipment (continued)					
DEFENSE WASTE AND TRANSPORTATION MANAGEMENT					
Future year general plant projects, various locations.....................					
Future year projects, various locations					
88-D-171 general plant projects, various locations............................	25.636	25.636	-5.200	20.436	-5.200
88-D-173 Hanford waste vitrification plant, Richland, Washington..................	7.500	7.500		7.500	
87-D-171, General plant projects, interim waste operations and long-term waste management technology, various locations............................					
87-D-172, WESF K-3 filter upgrade, Richland Washington...........................	2.800	2.800		2.800	
87-D-173, 242-A evaporator crystallizer upgrade, Richland, Washington.........	7.200	7.200		7.200	
87-D-174, 241-AQ tank farm, Richland, Washington...........................	22.300	22.300		22.300	
87-D-175, steam system rehabilitation, Phase I, Richland, Washington.........	12.600	12.600		12.600	
87-D-177, test reactor area liquid radioactive waste cleanup system, phase III, Idaho National Engineering Laboratory (INEL), Idaho........................	3.900	3.900		3.900	
87-D-180, burial ground expansion, Savannah River, South Carolina........	8.200	8.200		8.200	
87-D-181, diversion box and pump pit containment buildings, Savannah River, South Carolina........................	6.800	6.800		6.800	
86-D-172, B-plant F-filter, Richland,					
86-D-174, low-level waste processing and shipping system, Feed Materials Production Center, Fernald, Ohio......	4.628	4.628		4.628	
86-D-175, Idaho National Engineering Laboratory security upgrade, Idaho National Engineering Laboratory (INEL), Idaho................................	0.742	0.742		0.742	
85-D-157, Seventh calcined solids storage fac, INEL, ID........................	2.181	2.181		2.181	
85-D-158, central warehouse upgrade, Richland, Washington..................	0.056	0.056		0.056	
85-D-159, new waste transfer facilities H-area, Savannah River, S.C...........	13.682	13.682		13.682	
85-D-160, test reactor area security system upgrade, Idaho National Engineering Laboratory (INEL), Idaho..					

Fiscal Year 1988 Department of Energy National Security Programs

[Amounts in millions of dollars]

Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
Plant and Capital Equipment (continued)					
DEFENSE WASTE AND TRANSPORTATION MAN (continued)					
82-N-103, Waste handling and isolation facs. Richland, WA..........................					
81-T-105, defense waste processing facility, Savannah River, S.C.........	120.000	120.000		120.000	
77-13-f waste isolation pilot plant, Delaware Basin, Southeast, New Mexico.	35.901	35.901		35.901	
Total, Defense Waste & Byproduct Mgm	274.126	274.126	-5.200	268.926	-5.200
VERIFICATION AND CONTROL TECHNOLOGY					
85-D-171, space science laboratory, Los Alamos, New Mexico................	0.000	0.000	0.000		
NUCLEAR SAFEGUARDS AND SECURITY					
86-D-186, Nuclear safeguards technology lab, LANL, NM.........................	0.000	0.000			
NAVAL REACTORS DEVELOPMENT					
Future year general plant projects, various locations.....................					
Future year projects, various locations					
88-N-101 general plant projects, various locations.............................	6.000	6.000	-1.200	4.800	-1.200
88-N-102 expended core facility receiving station, Naval Reactors Facility, Idah	2.100	2.100		2.100	
88-N-103 material handling and storage modifications, Knolls Atomic Power Laboratory, Niskayuna, New York.......	0.400	0.400		0.400	
88-N-104 prototype availability facilities, Kesselring Site, Knolls Atomic Power Laboratory, West Milton, New York.....	1.000	1.000		1.000	
87-N-101, General plant projects, various locations......................					
87-N-102, kesselring site facilities upgrade, Knolls Atomic Power Laboratory, West Milton, New York.................	8.400	8.400		8.400	
87-N-103, computation laboratory addition, Bettis Atomic Power Laboratory, West Mifflin, Pennsylvania.................					
Total, Naval Reactors Development...	17.900	17.900	-1.200	16.700	-1.200
TOTAL, DOE DEFENSE ACTIVITIES PLANT CONSTRUCTION................	1119.933	1169.933	-93.616	1076.317	-43.616

Fiscal Year 1988 Department of Energy National Security Programs
[Amounts in millions of dollars]

Program	FY 1988 Authorization Request-Restated	H.R. 1748 HASC Recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 Request
CAPITAL EQUIPMENT					
Weapons Activities	317.230	306.230	-40.000	266.230	-51.000
Nuclear Directed Energy Weapons	(42.000)	(27.000)	-10.000	(17.000)	25.000
Inertial Confinement Fusion	(6.000)	(10.000)		(10.000)	-4.000
Materials Production	101.285	101.285	-10.000	91.285	-10.000
Defense Waste & Transportation Managem	43.687	43.687		43.687	
Verification and Control Technology	5.100	5.100		5.100	
Nuclear Safeguards and Security	4.600	4.600		4.600	
Naval Reactors Development	50.000	50.000	-5.000	45.000	-5.000
TOTAL. DOE DEFENSE ACTIVITIES CAPITAL EQUIPMENT	521.902	510.902	-55.000	455.902	-66.000
Subtotal. Operating Expenses	6408.165	6380.065	-109.000	6271.065	-137.100
Subtotal. Plant Construction	1119.933	1169.933	-93.616	1076.317	-43.616
Subtotal. Capital Equipment	521.902	510.902	-55.000	455.902	-66.000
TOTAL. DOE DEFENSE ACTIVITIES	8050.000	8060.900	-257.616	7803.284	-246.716

DISCUSSION OF CHANGES

NUCLEAR DIRECTED ENERGY WEAPONS RESEARCH IN SUPPORT OF THE STRATEGIC DEFENSE INITIATIVE

The amendment would reduce authorization by $60 million, from $339 million to $279 million, to provide the same funding as recommended by the House of Representatives in H.R. 4428, the fiscal year 1987 Defense authorization bill.

SHORT RANGE ATTACK MISSILE (SRAM) II

Consistent with the provision of no funds for development of the SRAM II missile in the Department of Defense portion of the amendment, the amendment would delete all funding for construction of SRAM II warhead production facilities (−$37.016 million) and delete $3 million for operating expenses associated with SRAM II warhead production. Because of an inter-relationship between planned production of the SRAM II warhead and the warhead for the small ICBM, $9.4 million would be added for the construction of facilities for warheads for the small ICBM.

REACTOR OPERATIONS

The amendment would reduce the authorization for reactor operations (feed materials and fuel and target fabrication) by $36 million and authorization for enrichment services by $3 million. As a result of the N-reactor shutdown for safety enhancements and the operation at reduced power levels of reactors at Savannah River, the quality of feed materials for the reactors can be reduced.

ENRICHMENT SERVICES FOR THE NAVY

The amendment would reduce authorization for production of highly enriched uranium for Navy reactors by $37 million.

GENERAL PLANT CONSTRUCTION PROJECTS

The amendment would reduce general plant construction projects by 20 percent, or $65 million.

CAPITAL EQUIPMENT

The amendment would reduce authorization for capital equipment not related to construction by 10 percent, or $45 million, for weapons activities, materials production, and naval reactors.

SPECIAL ISOTOPE SEPARATION (SIS)

The amendment would increase funding for special isotope separation operating expenses by $20 million, to a total increase of $60 million over the President's budget request. Funding at this level would support attainment of initial operating capability for an SIS facility in 1993.

TITLE III—CIVIL DEFENSE

The Administration requested $154,806,000 for civil defense for fiscal year 1988. H.R. 1748, as reported, would approve the requested amount.

The amendment would reduce this amount by $20 million to $134,806,000.

FISCAL YEAR 1988 CIVIL DEFENSE AUTHORIZATION

[Amounts in millions of dollars]

	Fiscal year 1988 authorization request	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
Civil Defense	154,806	154,806	(20,000)	134,806	(20,000)

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
INSIDE AND OUTSIDE THE UNITED STATES

(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
AIR FORCE					
OFFUTT AFB					
ADD-ALTER UNACC ENL PERS HSG/DINING HALL....	3,950	3,950		3,950	0
PROCESSING CORRELATION CENTER...............	5,900	0		0	(5,900)
T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	810	0		0	(810)
ARMY NATIONAL GUARD					
HASTINGS					
RANGER, LIGHT ANTI-TANK WEAPON..............	159	159		159	0
ARMY RESERVE					
LINCOLN					
LAND ACQUISITION............................	100	100		100	0
TOTAL, NEBRASKA............................	10,919	4,209		4,209	(6,710)
NEVADA					
ARMY					
HAWTHORNE AAP					
AMMUNITION SURVEILLANCE FACILITY............	6,500	0		0	(6,500)
AIR FORCE					
INDIAN SPRINGS					
ADDITION TO RUNWAY 08/26....................	4,400	4,400		4,400	0
NELLIS AFB					
ADD-ALTER JET ENG INTERM MAINT SHOP.........	2,500	0		0	(2,500)
BASE ENGINEER COMPLEX PHASE-I...............	7,700	7,700		7,700	0
CONTROL TOWER CAB...........................	950	950		950	0
TOTAL, NEVADA..............................	22,050	13,050		13,050	(9,000)
NEW HAMPSHIRE					
ARMY NATIONAL GUARD					
CONCORD					
COMBINED SUPPORT MAINTENANCE SHOP...........	1,763	1,763		1,763	0
ARMY RESERVE					
MANCHESTER					
UPGRADE KITCHEN.............................	150	150		150	0
TOTAL, NEW HAMPSHIRE.......................	1,913	1,913		1,913	0
NEW JERSEY					
ARMY					
FT DIX					
OPERATIONS FACILITY.........................	1,650	1,650		1,650	0
RANGE MODERNIZATION.........................	6,100	6,100		6,100	0

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
INSIDE AND OUTSIDE THE UNITED STATES

(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
MIL OCEAN TERM BAYONNE					
COMMAND AND CONTROL FACILITY ADDITION.......	1,050	1,050		1,050	0
ROLL ON/ROLL OFF RAMP........................	960	960		960	0
NAVY					
NAVAL WEAPONS STATION EARLE					
AMMUNITION PIER AND TRESTLE..................	19,500	19,500		19,500	0
DREDGING.....................................	18,600	0		0	(18,600)
MISSILE MAGAZINE.............................	2,660	2,660		2,660	0
RAILROAD TRACKAGE............................	880	880		880	0
AIR FORCE					
MCGUIRE AFB					
ADD-ALTER CHILD DEVELOPMENT CENTER...........	840	840		840	0
ADD-ALTER PHYSICAL FITNESS CENTER...........	1,500	0		0	(1,500)
ADD-ALTER TELECOMMUNICATIONS FACILITY.......	800	800		800	0
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	8,900	8,900	(8,900)	0	(8,900)
DEFENSE AGENCIES					
MCGUIRE AIR FORCE BASE					
ARMED SERVICES BLOOD PROCESS WAREHOUSE......	550	550		550	0
FORT MONMOUTH					
PULSE POWER FACILITY.........................	3,450	3,450		3,450	0
ARMY NATIONAL GUARD					
FT DIX					
800 PERSON ARMORY............................	4,256	4,256		4,256	0
AIR NATIONAL GUARD					
ATLANTIC CITY					
ALTERNATE FUEL FACILITY......................	225	225		225	0
JET FUEL STORAGE COMPLEX.....................	3,000	3,000		3,000	0
MCGUIRE AFB					
ADD TO AIRCRAFT ENGINE I & R SHOP...........	200	200		200	0
ALTER BLDG 1931/FIBERGLASS SHOP.............	180	180		180	0
ARMY RESERVE					
FORT DIX					
ARMY RESERVE CENTER W/MAINT FAC.............	6,982	6,982		6,982	0
STORAGE AND MAINT FAC........................	4,965	4,965		4,965	0
TOTAL, NEW JERSEY..........................	87,248	67,148	(8,900)	58,248	(29,000)
NEW MEXICO					
ARMY					
FORT WINGATE					
SECURITY UPGRADE.............................	370	370		370	0
AIR FORCE					
CANNON AFB					

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
INSIDE AND OUTSIDE THE UNITED STATES

(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
SMALL AIRCRAFT MAINTENANCE DOCKS	6,200	6,200	(6,200)	0	(6,200)
SOUND SUPPRESSOR SUPPORT FACILITY	800	0		0	(800)
HOLLOMAN AFB					
SOUND SUPPRESSOR SUPPORT FACILITY	1,350	0		0	(1,350)
UPGRADE UTILITIES PHASE I	6,400	6,400		6,400	0
KIRTLAND AFB					
HIGH POWER MICROWAVE LAB	7,400	0		0	(7,400)
MUNITIONS STORAGE COMPLEX	54,000	46,000		46,000	(8,000)
ARMY NATIONAL GUARD					
BELEN					
ARMORY	0	1,942		1,942	1,942
FARMINGTON					
ARMORY	0	1,942		1,942	1,942
LAS VEGAS					
REGIONAL TRAINING CENTER	0	0	5,000	5,000	5,000
DEFENSE AGENCIES					
KIRKLAND AFB					
REHAB BLDG 20676	1,127	1,127		1,127	0
WHITE SANDS MISSILE RANGE					
HELSTF UPGRADE	3,180	3,180		3,180	0
TOTAL, NEW MEXICO	80,827	67,161	(1,200)	65,961	(14,866)
NEW YORK					
ARMY					
FORT DRUM					
10TH MOUNTAIN DIV FACS - PHASE II	221,000	221,000		221,000	0
FAMILY HOUSING-NEW CONSTRUCTION (100)	10,000	10,000		10,000	0
FORT HAMILTON					
CHILD DEVELOPMENT CENTER	960	960		960	0
SENECA ARMY DEPOT					
SECURITY UPGRADE	1,250	1,250		1,250	0
U S MILITARY ACADEMY					
ACADEMIC FACILITY MODERNIZATION PHASE III	11,400	0		0	(11,400)
BARRACKS MODERNIZATION	14,800	14,800		14,800	0
NAVY					
NAVAL STATION NEW YORK					
SUPPLY WAREHOUSE I	6,980	0		0	(6,980)
BEQ II	7,660	0		0	(7,660)
UTILITIES & SITE IMPROVEMENTS III	14,140	14,140		14,140	0
PHYSICAL FITNESS CENTER	2,060	0		0	(2,060)
OPERATIONS SUPPORT FACILITY	2,060	2,060		2,060	0
LAND ACQUISITION	4,609	4,609	(4,609)	0	(4,609)

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
INSIDE AND OUTSIDE THE UNITED STATES

(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
FAMILY HOUSING-NEW CONSTRUCTION (250).......	25,490	25,490		25,490	0
NUCLEAR POWER TRNG UNIT BALLSON SPA					
FAMILY HOUSING-NEW CONSTRUCTION (200)........	15,810	15,810		15,810	0
AIR FORCE					
GRIFFISS AFB					
ALTER ELECTRICAL DISTRIBUTION SYSTEM........	8,480	8,480		8,480	0
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	2,100	2,100	(2,100)	0	(2,100)
EXPANDED ALERT ACFT PARKING AREA............	1,350	1,350		1,350	0
JET FUEL STORAGE FACILITIES.................	2,900	2,900		2,900	0
PLATTSBURGH AFB					
ADD-ALTER VEHICLE MAINTENANCE SHOP..........	2,900	2,900		2,900	0
ARMY NATIONAL GUARD					
ROCHESTER					
800 PERSON ARMORY...........................	5,228	5,228		5,228	0
ARMY AVIATION SUPPORT FACILITY..............	3,577	3,577		3,577	0
ORGANIZATIONAL MAINTENANCE SHOP.............	833	833		833	0
YOUNGSTOWN					
RANGE, COMBAT PISTOL........................	180	180		180	0
AIR NATIONAL GUARD					
ROSLYN AIR GUARD STATION					
COMPOSITE BCE MAINT/COMM ELECTRONICS........	2,800	2,800		2,800	0
SCHENECTADY COUNTY AIRPORT					
JET FUEL STORAGE COMPLEX....................	2,400	2,400		2,400	0
STEWART AIRPORT					
FUEL SYSTEM/VEHICLE MAINT/ACFT PARK.........	13,050	13,050	(2,500)	10,550	(2,500)
ARMY RESERVE					
BRONX					
UPGRADE KITCHEN.............................	225	225		225	0
MASSENA					
MAINT FAC...................................	390	390		390	0
ROCKY POINT					
ARMY RESERVE CENTER W/MAINT FAC.............	4,402	4,402		4,402	0
FT TOTTEN (FLUSHING)					
ADD/ALTER USARC W/MAINT FAC.................	3,603	3,603		3,603	0
VARIOUS					
OIL AND GREASE SEPARATORS...................	225	225		225	0
NAVY RESERVE					
AFRC FLOYD BENNETT FIELD, BROOKLYN					
ELECTRICAL FEEDER IMPROVEMENT...............	800	800		800	0
STEWART AIRPORT (ANG)					
AIRCRAFT APRON PHASE II (USMCR).............	8,600	8,600		8,600	0
AIRCRAFT MAINTENANCE HANGAR (USMCR).........	11,420	11,420		11,420	0
AIR FORCE RESERVE					

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS INSIDE AND OUTSIDE THE UNITED STATES

(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
NIAGARA FALLS IAP					
BASE CIVIL ENGINEER COVERED STORAGE	760	760		760	0
SQUADRON OPERATIONS FACILITY	1,850	1,850		1,850	0
TOTAL, NEW YORK	416,292	388,192	(9,209)	378,983	(37,309)
NORTH CAROLINA					
ARMY					
FORT BRAGG					
AERIAL GUNNERY RANGE	2,600	2,600		2,600	0
COMPANY OPERATIONS FACILITIES	25,000	25,000		25,000	0
DINING FACILITY	2,250	2,250		2,250	0
HARDSTAND/TACTICAL EQUIPMENT SHOPS	13,000	13,000		13,000	0
PARACHUTE RIGGING FACILITY UPGRADE	860	860		860	0
SUNNY POINT ARMY TERM					
LOADING DOCK IMPROVEMENTS	290	290		290	0
RAIL IMPROVEMENTS	1,900	1,900		1,900	0
NAVY					
MARINE CORPS AIR STATION CHERRY POINT					
AERIAL TARGETS SUPPORT FACILITIES	3,640	3,640		3,640	0
BACHELOR ENLISTED QUARTERS	17,600	17,600	(4,400)	13,200	(4,400)
ELECTRICAL DISTRIBUTION SYSTEM UPGRADE	6,400	6,400		6,400	0
MAINTENANCE HANGAR ADDITION	4,180	4,180		4,180	0
OPERATIONAL TRAINER FACILITY	1,080	1,080		1,080	0
MARINE CORPS AIR STATION NEW RIVER					
AVIATION SUPPORT WAREHOUSES	5,300	5,300		5,300	0
OPERATIONAL TRAINER FACILITY	1,230	1,230		1,230	0
MARINE CORPS BASE CAMP LEJUENE					
BACHELOR ENLISTED QUARTERS	18,900	18,900	(4,725)	14,175	(4,725)
COMBAT VEHICLE MAINTENANCE SHOPS	8,070	8,070		8,070	0
ELECTRICAL DISTRIBUTION SYSTEM IMPROVEMNTS	1,080	1,080		1,080	0
FIELD MAINTENANCE COMPLEX	7,580	7,580		7,580	0
URBAN TERRAIN MOCK-UP TRAINING COMPLEX	7,800	7,800		7,800	0
NAVAL AIR REWORK FACILITY CHERRY POINT					
COMPUTER CENTER	500	500		500	0
AIR FORCE					
POPE AFB					
BASE SUPPLY COMPLEX	11,000	11,000		11,000	0
SEYMOUR JOHNSON AFB					
AIRCRAFT MAINTENANCE SUPPLY WAREHOUSE	2,100	2,100		2,100	0
SOUND SUPPRESSOR SUPPORT FACILITY	800	0		0	(800)
WING READINESS CENTER	600	600		600	0
F15E-ADD-ALTER FUEL CELL DOCK	1,600	1,600		1,600	0

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F15E-ADD-ALTER TO SQUADRON OPS FAC..........	1,400	1,400		1,400	0
F15E-ALTER ENGINE I&R SHOP..................	690	690		690	0
F15E-ALTER SML AIRCRAFT MAINT. DOCK.........	890	890		890	0
F15E-CONVERT TO AVIONICS SHOP...............	920	920		920	0
F15E-VARIOUS AIRFIELD PAVEMENTS.............	2,950	2,950		2,950	0
AIR NATIONAL GUARD					
DOUGLAS MAP					
COMPOSITE SUPPORT FACILITY..................	3,400	3,400		3,400	0
ARMY RESERVE					
LUMBERTON					
ARMY RESERVE CENTER.........................	1,430	1,430		1,430	0
NAVY RESERVE					
NMCRC GREENSBORO					
RESERVE CENTER ADDITION.....................	1,100	1,100		1,100	0
TOTAL, NORTH CAROLINA.......................	158,140	157,340	(9,125)	148,215	(9,925)
NORTH DAKOTA					
AIR FORCE					
CAVALIER					
ALTER FUEL STORAGE AND EMERG START SYS......	3,750	3,750		3,750	0
GRAND FORKS AFB					
RUNWAY APPROACH LIGHTING....................	1,600	1,600		1,600	0
MINOT AFB					
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	3,700	3,700		3,700	0
SECURITY POLICE OPERATIONS FACILITY.........	4,900	4,900		4,900	0
T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	740	740	(740)	0	(740)
ARMY NATIONAL GUARD					
FARGO					
ORGANIZATIONAL MAINTENANCE SHOP.............	773	773		773	0
TOTAL, NORTH DAKOTA.........................	15,463	15,463	(740)	14,723	(740)
OHIO					
AIR FORCE					
NEWARK AFS					
ADD-ALTER SOUND/FORCE/VIBRATION LAB.........	580	580		580	0
WRIGHT-PATTERSON AFB					
ADD-ALTER AIRCRAFT MODIFICATION CENTER......	2,050	2,050	(2,050)	0	(2,050)
ADD-ALTER ELECTRICAL SUBSTATION.............	3,800	3,800		3,800	0
AIRCRAFT SUPPORT EQUIPMENT FACILITY.........	3,450	3,450		3,450	0
LOGISTICS SYSTEM OPERATIONS CENTER..........	15,500	15,500		15,500	0
ARMY NATIONAL GUARD					

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BATAVIA					
ORGANIZATIONAL MAINTENANCE SHOP.............	398	398		398	0
CAMP PERRY					
RANGE, RECORD FIRE..........................	400	400		400	0
COLUMBUS					
ORGANIZATIONAL MAINTENANCE SHOP ADDITION....	290	290		290	0
AA SUPPORT FACILITY.........................	0	4,816		4,816	4,816
GREENSBURG					
ORGANIZATIONAL MAINTENANCE SHOP.............	0	722		722	722
ARMY RESERVE					
KINGS MILL					
ARMY RESERVE CENTER W/MAINT FAC.............	4,932	4,932		4,932	0
NAVY RESERVE					
NCRC CLEVELAND					
RESERVE CENTER ACQUISITION/ALTERATION.......	2,000	2,000		2,000	0
AIR FORCE RESERVE					
RICKENBACKER ANGB					
UPGRADE TRANSIENT QUARTERS..................	4,400	4,400		4,400	0
WRIGHT-PATTERSON AFB					
CIVIL ENGINEERING TRAINING FACILITY.........	700	700		700	0
TOTAL, OHIO.................................	38,500	44,038	(2,050)	41,988	3,488
OKLAHOMA					
NAVY					
NAVAL AIR DETACHMENT TINKER AIR FORCE BASE					
AIRCRAFT SUPPORT FACILITIES.................	11,800	11,800		11,800	0
AIR FORCE					
ALTUS AFB					
AIRCRAFT MAINT HANGAR.......................	5,500	5,500		5,500	0
APRON.......................................	9,100	9,100		9,100	0
TINKER AFB					
ADVANCED COMPOSITE REPAIR FACILITY..........	9,200	9,200		9,200	0
AIRCRAFT SUPPORT EQUIPMENT SHOP.............	2,300	2,300		2,300	0
VANCE AFB					
LIFE SUPPORT EQUIPMENT FACILITY.............	990	990		990	0
WASTE TREATMENT CONNECTION..................	0	2,200		2,200	2,200
ARMY NATIONAL GUARD					
CAMP GRUBER					
RANGE, MOUT ASSAULT COURSE..................	371	371		371	0
WATER STORAGE FACILITY......................	345	345		345	0
TULSA					
100 PERSON ARMORY...........................	1,275	1,275		1,275	0

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ARMY AVIATION SUPPORT FACILITY.............	4,019	4,019		4,019	0
AIR NATIONAL GUARD					
TULSA IAP					
LANA POD MAINTENANCE AREA..................	360	360		360	0
ARMY RESERVE					
BARTLESVILLE					
ADD/ALTER USARC W/MAINT FAC.................	1,576	1,576		1,576	0
AIR FORCE RESERVE					
TINKER AFB					
SOUND SUPPRESSOR PAD........................	850	850		850	0
TOTAL, OKLAHOMA...........................	47,686	49,886		49,886	2,200
OREGON					
ARMY					
UMATILLA ARMY DEPOT					
SECURITY UPGRADE............................	1,050	1,050		1,050	0
ARMY NATIONAL GUARD					
SALEM					
200 PERSON ARMORY...........................	2,147	2,147		2,147	0
ORGANIZATIONAL MAINTENANCE SHOP ADD/ALT.....	893	893		893	0
AIR NATIONAL GUARD					
PORTLAND IAP					
FIRE TRAINING FACILITY......................	300	300		300	0
AIR FORCE RESERVE					
PORTLAND IAP					
PARARESCUE FACILITY.........................	1,350	1,350		1,350	0
RESERVE FORCES OPERATIONAL TRAINING.........	1,900	1,900		1,900	0
TOTAL, OREGON.............................	7,640	7,640		7,640	0
PENNSYLVANIA					
ARMY					
LETTERKENNY ARMY DEPOT					
SECURITY UPGRADE............................	2,000	2,000		2,000	0
NEW CUMBERLAND AD					
EASTERN DISTRIBUTION CENTER - PHASE III.....	34,000	30,000		30,000	(4,000)
NAVY					
NAVAL AIR DEVELOPMENT CENTER WARMINSTER					
BUILDING IMPROVEMENTS.......................	300	300		300	0
NAVAL SHIPYARD PHILADELPHIA					
WATER DISTRIBUTION SYSTEM...................	0	14,000		14,000	14,000
ARMY NATIONAL GUARD					

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FT INDIANTOWN GAP					
ADMINISTRATION, OPERATIONS AND TRNG BLDG....	1,614	1,614		1,614	0
AIR NATIONAL GUARD					
GREATER PITTSBURGH IAP					
ACCESS ROAD..................................	5,000	5,000		5,000	0
ARMY RESERVE					
GENEVA					
LOCAL TRAINING AREA..........................	1,568	1,568		1,568	0
PITTSBURGH					
KITCHEN......................................	175	175		175	0
TOBYHANNA					
REGIONAL MAINTENANCE TRAINING FAC...........	2,068	2,068		2,068	0
UNIONTOWN					
KITCHEN......................................	150	150		150	0
VARIOUS					
ENERGY CONSERVATION..........................	150	150		150	0
OIL AND GREASE SEPARATORS....................	150	150		150	0
NAVY RESERVE					
NAS WILLOW GROVE					
CLEAR ZONE LAND AQUISITION...................	1,000	1,000		1,000	0
TOTAL, PENNSYLVANIA.........................	48,175	58,175		58,175	10,000
RHODE ISLAND					
NAVY					
NAVAL EDUCATION & TRAINING CENTER NEWPORT					
MUNICIPAL SEWER CONNECTION..................	3,640	3,640		3,640	0
WATER DISTRIBUTION SYSTEM IMPROVEMENTS......	3,840	3,840		3,840	0
NAVAL UNDERWATER SYSTEMS CENTER NEWPORT					
VERTICAL LAUNCH SYSTEM FACILITY.............	750	750		750	0
AIR NATIONAL GUARD					
COVENTRY AGS					
MOBILITY STORAGE............................	150	150		150	0
ARMY RESERVE					
BRISTOL					
ADD/ALTER USARC.............................	1,500	1,500		1,500	0
TOTAL, RHODE ISLAND........................	9,880	9,880		9,880	0
SOUTH CAROLINA					
NAVY					
NAVAL SHIPYARD CHARLESTON					
SEWAGE TREATMENT CONNECTION.................	0	1,400		1,400	1,400

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NAVAL SUPPLY CENTER CHARLESTON					
CONTROLLED HUMIDITY WAREHOUSE..............	6,000	6,000		6,000	0
FIRE PROTECTION SYSTEMS.....................	1,770	1,770		1,770	0
FUEL PIPELINE...............................	400	400		400	0
NAVAL WEAPONS STATION CHARLESTON					
MISSILE MAGAZINE............................	1,670	1,670		1,670	0
MARCOR AIR STATION BEAUFORT					0
FAMILY HOUSING-MOBILE HOMES SPACES (37).....	540	540		540	0
MARCOR RECRUIT DEPOT PARRIS ISLAND					0
FAMILY HOUSING-MOBILE HOME SPACES (25)......	370	370		370	0
AIR FORCE					
SHAW AFB					
AG MULTI MAG STORAGE FACILITY...............	580	580		580	0
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	4,400	4,400		4,400	0
NAVY RESERVE					
MCRC CHARLESTON					
COMBAT VEHICLE MAINTENANCE FACILITY.........	350	350		350	0
NMCRC GREENVILLE SC					
RESERVE TRAINING BUILDING...................	4,700	4,700		4,700	0
AIR FORCE RESERVE					
CHARLESTON AFB					
AERIAL PORT TRAINING FACILITY...............	1,200	1,200		1,200	0
TOTAL, SOUTH CAROLINA......................	21,980	23,380		23,380	1,400
SOUTH DAKOTA					
AIR FORCE					
ELLSWORTH AFB					
STC ALTER CONSOLIDATED AIRCRAFT MAINT FAC...	2,150	2,150	(2,150)	0	(2,150)
STC CREW TRAINING QUARTERS..................	3,150	3,150		3,150	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING....	8,400	8,400		8,400	0
ARMY NATIONAL GUARD					
BELLE FOUCHE/STURGISS					
MOTOR VEHICLE STORAGE BUILDING..............	352	352		352	0
CUSTER					
MOTOR VEHICLE STORAGE BUILDING..............	147	147		147	0
MITCHELL					
MOTOR VEHICLE STORAGE BUILDING..............	370	370		370	0
PIERRE					
MOTOR VEHICLE STORAGE BUILDING..............	185	185		185	0
SPEARFISH					
MOTOR VEHICLE STORAGE BUILDING..............	241	241		241	0
VERMILLION					

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60 PERSON ARMORY	816	816		816	0
TOTAL, SOUTH DAKOTA	15,811	15,811	(2,150)	13,661	(2,150)
TENNESSEE					
NAVY					
NAVAL AIR STATION MEMPHIS					
BARRACKS	9,350	9,350		9,350	0
CARRIER FIRE FIGHTING TRAINER FACILITY	1,870	1,870		1,870	0
AIR FORCE					
ARNOLD ENGINEERING DEV CENTER					
ENGINEERING ANALYSIS FACILITY	17,500	17,500		17,500	0
DEFENSE AGENCIES					
DEFENSE DEPOT MEMPHIS					
GENERAL PURPOSE WAREHOUSE	11,361	11,361	(11,361)	0	(11,361)
ARMY NATIONAL GUARD					
BOLIVAR					
100 PERSON ARMORY	859	859		859	0
CATOOSA					
RANGE, TANK CREW COMBAT	204	204		204	0
DRESDEN					
200 PERSON ARMORY	1,166	1,166		1,166	0
SMYRNA					
RANGE, COMBAT PISTOL	202	202		202	0
RANGE, M16/M60 MACHINEGUN	242	242		242	0
AIR NATIONAL GUARD					
MCGHEE-TYSON AIRPORT					
PROFESSIONAL MILITARY EDUCATION CENTER	5,200	5,200	(5,200)	0	(5,200)
ARMY RESERVE					
KNOXVILLE					
LAND ACQUISITION	605	605		605	0
NAVY RESERVE					
NAS MEMPHIS					
AICRAFT MAINTENANCE HANGAR	4,800	4,800		4,800	0
TOTAL, TENNESSEE	53,359	53,359	(16,561)	36,798	(16,561)
TEXAS					
ARMY					
FORT BLISS					
APPLIED INSTRUCTION FACILITY	790	790		790	0
COMMUNICATIONS FACILITY	450	450		450	0
PHYSICAL FITNESS TRAINING CENTER	6,300	6,300		6,300	0

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BARRACKS MODERNIZATION......................	0	5,500		5,500	5,500
CORPUS CHRISTI ARMY DEPOT					
AIRCRAFT MAINTENANCE SHOP ALTERATIONS.......	2,950	2,950		2,950	0
FORT HOOD					
AIRCRAFT MAINTENANCE FACILITY..............	3,300	3,300		3,300	0
COMPANY OPERATIONS FACILITY................	1,600	1,600		1,600	0
HARDSTAND/TACTICAL EQUIPMENT SHOPS..........	6,600	6,600		6,600	0
MAINTENANCE FACILITY........................	0	20,000		20,000	20,000
FAMILY HOUSING-NEW CONSTRUCTION (150).......	9,400	9,400		9,400	0
RED RIVER ARMY DEPOT					
SECURITY UPGRADE............................	1,450	1,450		1,450	0
SITE WORK-PHASE I...........................	0	6,500		6,500	6,500
FORT SAM HOUSTON					
CIDC FIELD OPERATIONS BUILDING..............	1,050	1,050		1,050	0
UTILITIES IMPROVEMENTS......................	2,250	2,250		2,250	0
NAVY					
NAVAL AIR STATION CORPUS CHRISTI					
BOILER PLANT MODIFICATIONS..................	1,180	1,180		1,180	0
NAVAL AIR STATION KINGSVILLE					
AIRCRAFT OPERATIONAL FACILITIES.............	9,150	9,150		9,150	0
POWER CHECK PADS............................	850	850		850	0
NAVAL STATION GALVESTON					
BERTHING WHARF..............................	11,100	11,100		11,100	0
SITE DEVELOPMENT & UTILITIES................	3,900	3,900		3,900	0
BEQ/GALLEY..................................	4,110	0		0	(4,110)
WAREHOUSE...................................	900	900		900	0
PORT OPERATIONS.............................	290	290		290	0
HEADQUARTERS SUPPORT........................	2,080	0		0	(2,080)
SIMA..	6,620	0		0	(6,620)
NAVAL STATION INGLESIDE					
BERTHING PIER & WHARF.......................	37,570	37,570		37,570	0
SITE DEVELOPMENT & UTILITIES................	1,230	1,230		1,230	0
NAVAL TECHNICAL TRNG CTR DET LACKLAND AFB					
BACHELOR ENLISTED QUARTERS..................	10,800	10,800		10,800	0
SECURITY TRAINING CENTER....................	5,500	0		0	(5,500)
AIR FORCE					
BERGSTROM AFB					
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	5,800	5,800		5,800	0
NCO PROFESSIONAL EDUCATION CENTER...........	3,350	0		0	(3,350)
TACTICAL AIR CONTROL CENTER FACILITY........	3,390	3,390		3,390	0
BROOKS AFB					
BASE CIVIL ENGINEER COMPLEX.................	4,100	4,100		4,100	0
VEHICLE MAINTENANCE SHOP....................	2,750	0		0	(2,750)

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CARSWELL AFB					
ADD TO AND ALT UNACC ENL PERSONNEL HOUSING	4,300	4,300		4,300	0
KC135-CPT SUPPORT FACILITY	710	710		710	0
DYESS AFB					
B1B-ADD TO AND ALTER COMBAT CREW TNG FAC	2,300	2,300	(2,300)	0	(2,300)
B1B-MUNITIONS LOAD CREW TRNG FACILITY	1,300	1,300		1,300	0
GOODFELLOW AFB					
SENSITIVE COMPARTMENTED INFO FACILITY	5,500	5,500		5,500	0
KELLY AFB					
ADD-ALTER CRYPTOLOGIC SUPPORT CTR COMPLEX	17,000	17,000		17,000	0
FUEL SYSTEMS ACCESSORIES TEST FACILITY	10,900	0		0	(10,900)
JET FUEL STORAGE	2,750	2,750		2,750	0
LACKLAND AFB					
ACADEMIC FACILITY-SECURITY POLICE	5,600	5,600	(5,600)	0	(5,600)
REGIONAL WASTE WATER CONNECTION	1,900	1,900		1,900	0
STUDENT OFFICER HOUSING	12,000	12,000		12,000	0
LAUGHLIN AFB					
ADD TO VEHICLE MAINTENANCE/POL COMPLEX	2,200	0		0	(2,200)
BASE CONTRACTING FACILITY	820	820		820	0
SUPPORT TRAINING WAREHOUSE	222	222		222	0
SURVIVAL EQUIPMENT SHOP	830	830		830	0
RANDOLPH AFB					
ADMIN FACILITY (AFMEA)	2,300	2,300		2,300	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	5,800	5,800		5,800	0
REESE AFB					
ADD-ALTER SECURITY POLICE OPERATIONS FAC	610	610		610	0
SURVIVAL EQUIPMENT SHOP	1,050	1,050		1,050	0
SHEPPARD AFB					
MEDICAL TRAINING FACILITY	13,700	13,700		13,700	0
STUDENT OFFICER HOUSING	4,700	4,700	(4,700)	0	(4,700)
DEFENSE AGENCIES					
LACKLAND AIR FORCE BASE					
MEDICAL WRM STORAGE FACILITY	1,350	1,350		1,350	0
FORT SAM HOUSTON					0
ACCESS ROAD	0	8,600		8,600	8,600
ARMY NATIONAL GUARD					
ANGLETON					
100 PERSON ARMORY	1,100	1,100		1,100	0
AUSTIN					
DIVISION CLASS IX WAREHOUSE	273	273		273	0
TROOP MEDICAL CLINIC	363	363		363	0
CAMP SWIFT					
RANGE, COMBAT PISTOL	122	122		122	0

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MINERAL WELLS					
RANGE, COMBAT PISTOL............................	124	124		124	0
AIR NATIONAL GUARD					
KELLY AFB					
FIRE SUPPRESSION SYSTEM.........................	200	200		200	0
ARMY RESERVE					
BEAUMONT					
ARMY RESERVE CENTER W/MAINT FAC................	4,029	4,029		4,029	0
NAVY RESERVE					
NAVAL AIR STATION DALLAS					
AIMD BUILDING ADDITION..........................	3,000	3,000		3,000	0
NMCRC AMARILLO					
RESERVE TRAINING BUILDING.......................	3,200	3,200		3,200	0
AIR FORCE RESERVE					
CARSWELL AFB					
INSTALL HOOK CABLE SUPPORT SYSTEM BAK-14....	200	200		200	0
TOTAL, TEXAS..............................	261,263	264,353	(12,600)	251,753	(9,510)
UTAH					
ARMY					
DUGWAY PROVING GROUND					
BATTERY SHOP....................................	1,050	1,050		1,050	0
COMMUNITY CENTER................................	3,950	3,950	(3,950)	0	(3,950)
TEST SUPPORT FACILITY...........................	850	850		850	0
UNACCOMPANIED OFFICER HOUSING MOD..............	3,350	3,350		3,350	0
TOOELE ARMY DEPOT					
INDUSTRIAL WASTEWATER TREATMENT FACILITY....	4,850	4,850		4,850	0
SECURITY UPGRADE................................	1,850	1,850		1,850	0
AIR FORCE					
HILL AFB					
ADD TO AVIONICS SUPPORT FACILITY............	12,500	0		0	(12,500)
GAPFILLER RADAR FACILITY........................	1,500	1,500		1,500	0
MISSILE MAINTENANCE SHOP........................	2,200	2,200		2,200	0
PEACEKEEPER ADD/ALTER STATIC TEST STAND.....	3,800	3,800	(3,800)	0	(3,800)
PEACEKEEPER-STAGE I/ II/ III STORAGE........	5,600	5,600		5,600	0
STRUCTURAL REPAIR AND MAINTENANCE FAC.......	27,000	27,000		27,000	0
TACTICAL CONTROL SQUADRON SPEC OPS FAC......	3,750	0		0	(3,750)
DEFENSE AGENCIES					
DEFENSE DEPORT OGDEN					
ADMINISTRATIVE FACILITY.........................	10,000	0		0	(10,000)
ARMY NATIONAL GUARD					
DRAPER					

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ARMORY ALTERATION	886	886		886	0
COMBINED SUPT MAINTENANCE SHOP ADD/ALT	1,004	1,004		1,004	0
ORGANIZATIONAL MAINTENANCE SHOP ALTERATION	140	140		140	0
RATION BREAKDOWN WAREHOUSE ALTERATION	183	183		183	0
USPFO OFFICE/WAREHOUSE ALTERATION	552	552		552	0
TOOELE					
ORGANIZATIONAL MAINTENANCE SHOP	484	484		484	0
ARMY RESERVE					
OGDEN					
KITCHEN ADDITION	125	125		125	0
PLEASANT GROVE					
ADD TO ARMY RESERVE CENTER	225	225		225	0
AIR FORCE RESERVE					
HILL AFB					
COMPOSITE TRAINING FACILITY	1,160	1,160		1,160	0
TOTAL, UTAH	87,009	60,759	(7,750)	53,009	(34,000)
VIRGINIA					
ARMY					
FORT A.P. HILL					
FAMILY HOUSING-NEW CONSTRUCTION (25)	0	2,200		2,200	2,200
FORT BELVOIR					
CHILD DEVELOPMENT/RELIGIOUS ED FACILITY	6,300	6,300		6,300	0
ELECTRICAL DISTRIBUTION SYSTEM MOD	5,500	5,500	(5,500)	0	(5,500)
ELECTRONIC MAINTENANCE FACILITY	1,350	1,350		1,350	0
FLIGHT SIMULATOR MODERNIZATION	210	210		210	0
LABORATORY VENTILATION	2,250	2,250		2,250	0
CAMERON STATION					
INSULATION UPGRADE (ECIP)	400	400		400	0
FORT EUSTIS					0
FAMILY HOUSING-MOBILE HOME SPACES (32)	480	480		480	0
FORT LEE					
DINING FACILITY	2,750	2,750		2,750	0
TROOP SUPPORT AGENCY HEADQUARTERS	11,600	11,600		11,600	0
FORT PICKETT					
SEWAGE TREATMENT FACILITY	390	390		390	0
NAVY					
ATLANTIC CMD ELECTRONIC INTELL CTR NORFOLK					
FLEET ELECTRONIC ANALYSIS CENTER ADDITION	5,070	5,070		5,070	0
FLEET COMBAT TRAIN CTR ATLANTIC DAM NECK					
SECURITY BUILDING	450	450		450	0
MARINE CORPS DEV & EDUC COMMAND QUANTICO					

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BACHELOR ENLISTED QUARTERS..................	2,950	2,950		2,950	0
MESS HALL MODERNIZATION.....................	1,000	1,000		1,000	0
WATER TREATMENT FACILITY....................	950	950		950	0
FAMILY HOUSING-MOBLE HOME SPACES (10).......	166	166		166	0
NAVAL AIR STATION NORFOLK					
MINE COUNTERMEASURE HELICOPTER TRNG BLDG....	3,200	3,200		3,200	0
ORDNANCE HANDLING AREA......................	1,770	1,770		1,770	0
NAVAL AIR STATION OCEANA					
JET ENGINE TEST CELL........................	4,540	4,540		4,540	0
NAVAL AMPHIBIOUS BASE LITTLE CREEK					
BEACH GROUP OPERATIONS FACILITIES...........	6,500	6,500		6,500	0
DIVING AND SALVAGE SUPPORT FACILITY.........	720	720		720	0
SEAL TEAM OPERATIONS FACILITIES.............	9,500	9,500		9,500	0
SEALIFT SUPPORT OPERATIONS FACILITIES.......	6,600	0		0	(6,600)
NAVAL COMM AREA MASTER STA ATLANT NORFOLK					
COMMUNICATIONS BUILDINGS ADDITIONS..........	8,400	8,400		8,400	0
NAVAL EASTERN OCEANOGRAPHY CENTER NORFOLK					
OCEANOGRAPHIC BUILDING ADDITION.............	600	600		600	0
NAVAL GUIDED MISSILES SCHOOL DAM NECK					
DIESEL ENGINE TRAINER FACILITY..............	550	550		550	0
NAVAL SECURITY GROUP ACT NW CHESAPEAKE					
RADAR FACILITY..............................	4,530	4,530		4,530	0
NAVAL STATION NORFOLK					0
DEFENSE ACCESS ROAD.........................	1,200	1,200		1,200	0
NAVAL SUPPLY CENTER NORFOLK					
FUEL PIPELINE...............................	510	510		510	0
WAREHOUSES RENOVATION AND ADDITION..........	5,900	5,900	(5,900)	0	(5,900)
WATERFRONT TRANSIT SHED.....................	800	800		800	0
NAVAL SURFACE WEAPONS CENTER DAHLGREN					
AEGIS APPLIED RESEARCH LABORATORY...........	14,700	14,700		14,700	0
BACHELOR ENLISTED QUARTERS..................	4,720	4,720		4,720	0
COMPARTMENTED PROGRAMS LABORATORY...........	11,200	11,200		11,200	0
NAVAL WEAPONS STATION YORKTOWN					
MISSILE MAGAZINE............................	1,820	1,820		1,820	0
MISSILE MAGAZINES...........................	7,970	7,970	(7,970)	0	(7,970)
MISSILE MAINTENANCE FACILITY................	9,740	9,740		9,740	0
PIER MODERNIZATION..........................	6,500	6,500		6,500	0
TORPEDO INTERMEDIATE MAINTENANCE FACILITY...	4,820	4,820		4,820	0
NAVY PUBLIC WORKS CENTER NORFOLK					
ELECTRICAL DISTRIBUTION SYSTEM IMPROVEMNTS..	6,100	6,100		6,100	0
AIR FORCE					
LANGLEY AFB					
ADD-ALTER RECON PHOTO LAB...................	2,100	2,100		2,100	0

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ADD-ALTER RECON PHOTO LAB..................	600	600		600	0
ASAT-ADMINISTRATIVE BUILDING................	520	0		0	(520)
ASAT-CONTROL CENTER.........................	430	0		0	(430)
ASAT-HAZARDOUS MATERIALS STORAGE............	310	0		0	(310)
ASAT-INTEGRATED MAINTENANCE FACILITY........	9,500	0		0	(9,500)
ASAT-MISSILE AND MOTOR STORAGE FACILITY.....	1,950	0		0	(1,950)
ASAT-SECURITY CONTROL.......................	290	0		0	(290)
ASAT-UTILITIES/PAVEMENTS AND SITE WORK......	3,000	0		0	(3,000)
DINING HALL AND TROOP ISSUE FACILITY........	4,450	4,450		4,450	0
TACTICAL CONTROL FLIGHT FACILITY............	2,000	2,000		2,000	0
DEFENSE AGENCIES					
ARLINGTON SERVICE CENTER					
DCA HQS NEW OFFICE BUILDING.................	13,565	13,565		13,565	0
DEFENSE GENERAL SUPPLY CENTER					
ADMINISTRATIVE SPACE........................	2,000	2,000		2,000	0
CONNECTOR WAREHOUSE.........................	18,500	18,500	(18,500)	0	(18,500)
HAZARDOUS MATERIAL WAREHOUSE................	1,800	1,800		1,800	0
LANGLEY AIR FORCE BASE					
LIFE SAFETY UPGRADE.........................	1,500	1,500		1,500	0
ARMY NATIONAL GUARD					
FORT A.P. HILL					
60 PERSON ARMORY............................	1,675	1,675		1,675	0
ARLINGTON HALL STATION					
NATIONAL GUARD CENTER.......................	27,983	27,983	(27,983)	0	(27,983)
AIR FORCE RESERVE					
LANGLEY AFB					
CIVIL ENGINEER TRAINING FACILITY............	800	800		800	0
TOTAL, VIRGINIA.............................	257,679	237,279	(65,853)	171,426	(86,253)
WASHINGTON					
ARMY					
FORT LEWIS					
SENSITIVE COMPARTMENTED INFORMATION FAC.....	960	960		960	0
NAVY					
NAVAL AIR STATION WHIDBEY ISLAND					
MAINTENANCE HANGAR..........................	8,270	8,270		8,270	0
OPERATIONAL TRAINER FACILITY................	4,380	4,380		4,380	0
NAVAL STATION EVERETT					
CARRIER SUPPORT COMPLEX III.................	64,800	0		26,400	(38,400)
BREAKWATER & DREDGING.......................	0	13,330		0	0
UTILITIES & SITE DEVELOPMENT................	0	13,070		0	0
CARRIER PIER................................	0	0		0	0
LAND ACQUISITION............................	11,100	11,100		11,100	0

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DEFENSE ACCESS ROAD...........................	10,000	10,000		10,000	0
NAVAL SUBMARINE BASE BANGOR					
BACHELOR ENLISTED QUARTERS..................	5,070	5,070	(5,070)	0	(5,070)
NAVAL UNDERSEA WARFARE ENGR STA KEYPORT					
EXPLOSIVES OPERATING FACILITY...............	2,170	2,170		2,170	0
MISSILE MAGAZINES...........................	6,000	6,000		6,000	0
UNDERSEA WARFARE ENGINEERING CENTER.........	10,000	0		0	(10,000)
TRIDENT REFIT FACILITY BANGOR					
ELECTRICAL DISTR SYSTEM IMPROVEMENTS........	1,080	1,080		1,080	0
AIR FORCE					
FAIRCHILD AFB					
MISSION OPERATIONS FACILITY.................	3,950	3,950		3,950	0
ASBESTOS REMOVAL/STEAMPLANT.................	0	0	2,050	2,050	2,050
DEFENSE AGENCIES					
DEFENSE FUEL SUPPORT POINT MUKILTEO					
FUEL PIER...................................	7,290	7,290		7,290	0
FT LEWIS					
MADIGAN ARMY MEDICAL CENTER PHASE IV........	86,000	86,000		86,000	0
WHIDBEY ISLAND NAVAL AIR STATION					
HOSPITAL CLINIC ADDITION....................	16,500	16,500		16,500	0
AIR NATIONAL GUARD					
FOUR LAKES					
MOBILITY STORAGE FACILITY...................	300	300		300	0
SEATTLE AGS					
MOBILITY STORAGE FACILITY...................	225	225		225	0
ARMY RESERVE					
CAMP BONNEVILLE					
LOCAL TRAINING AREA.........................	2,183	2,183		2,183	0
AIR FORCE RESERVE					
MCCHORD AFB					
ADDITION HEADQUARTERS BUILDING..............	390	390		390	0
TOTAL, WASHINGTON.........................	240,668	192,268	(3,020)	189,248	(51,420)
WEST VIRGINIA					
ARMY NATIONAL GUARD					
BUCKHANNON					
ORGANIZATIONAL MAINTENANCE SHOP ADD/ALT.....	436	436		436	0
CAMP DAWSON					
TRNG SITE, TRAINING FACILITIES PH I.........	796	796		796	0
POINT PLEASANT					
ARMORY ADDITION/ALTERATION..................	1,020	1,020		1,020	0
AIR NATIONAL GUARD					

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YEAGER AIRPORT					
FIRE SUPPRESSION SYSTEM....................	1,450	1,450		1,450	0
VEHICLE MAINT/REFUELER SHOP................	1,100	1,100		1,100	0
ARMY RESERVE					
NEW MARTINSVILLE					
ADD/ALTER USARC W/MAINT FAC................	1,345	1,345		1,345	0
TOTAL, WEST VIRGINIA.......................	6,147	6,147		6,147	0
WISCONSIN					
ARMY					
FORT MCCOY					
INSULATE BUILDINGS.........................	720	720		720	0
ARMY NATIONAL GUARD					
ABBOTSFORD					
ARMORY.....................................	0	775		775	775
BLACK RIVER FALLS					
MOTOR VEHICLE STORAGE BUILDING.............	193	193		193	0
EAU CLAIRE					
MOTOR VEHICLE STORAGE BUILDING.............	284	284		284	0
FOND-DU-LAC					
ARMORY.....................................	0	625		625	625
MADISON					
ARMORY.....................................	0	563		563	563
WAUPACA					
ARMORY.....................................	0	695		695	695
ARMY RESERVE					
EAU CLAIRE					
LAND ACQUISITION...........................	300	300		300	0
MILWAUKEE					
ARMY RESERVE CENTER/MAINT FAC/INDOOR RANGE..	11,207	11,207		11,207	0
AIR NATIONAL GUARD					
MITCHELL FIELD					
ALERT AIRCRAFT PARKING APRON...............	0	0	2,000	2,000	2,000
JET FUEL LINE/HYDRANT......................	0	0	1,200	1,200	1,200
ALERT AIRCRAFT TAXIWAY.....................	0	0	900	900	900
RAPID RESPONSE ROUTS/GUARDHOUSE............	0	0	250	250	250
UTILITIES EXPANSION........................	0	0	500	500	500
SUPPORT FACILITIES.........................	0	0	150	150	150
TOTAL, WISCONSIN...........................	12,704	15,362	5,000	20,362	7,658
WYOMING					

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AIR FORCE					
FE WARREN AFB					
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	2,100	2,100	(2,100)	0	(2,100)
CORROSION CONTROL FACILITY..................	308	308		308	0
DATA PROCESSING FACILITY....................	1,800	1,800		1,800	0
ARMY NATIONAL GUARD					
CAMP GUERNSEY					
TRNG SITE, FIRE STATION/AIR OPERATIONS......	493	493		493	0
WASH PLATFORMS..............................	148	148		148	0
TOTAL, WYOMING..............................	4,849	4,849	(2,100)	2,749	(2,100)
CONUS CLASSIFIED					
AIR FORCE					
CLASSIFIED LOCATION					
CLASSIFIED PROJECT..........................	1,500	1,500		1,500	0
DEFENSE AGENCIES					
CLASSIFIED LOCATION					
CLASSIFIED PROJECT..........................	43,148	43,148		43,148	0
CLASSIFIED PROJECT..........................	25,386	25,386		25,386	0
TOTAL, CONUS CLASSIFIED.....................	70,034	70,034		70,034	0
CONUS VARIOUS					
ARMY					
VARIOUS CONUS LOCATIONS					
CLASSIFIED PROJECT..........................	4,000	4,000		4,000	0
HISTORIC FACILITIES.........................	6,000	0		0	(6,000)
AIR FORCE					
AIR FORCE UNSPECIFIED COMMAND					
HISTORIC FACILITIES SUPPORT.................	2,800	0		0	(2,800)
SPECIAL TACTICAL DETACHMENT.................	19,073	19,073		19,073	0
BASE 51					
LANTIRN INTERMEDIATE COMPLEX................	610	610		610	0
BASE 52					
LANTIRN SUPPORT BUILDING....................	600	600		600	0
CONUS VARIOUS					
CENT CONUS OTH-B REAL ESTATE ACQUISITION....	6,000	0		0	(6,000)
DEFENSE AGENCIES					
CONUS VARIOUS					
HOUSING PILOT PROGRAM.......................	0	1,000		1,000	1,000
HISTORIC FACILITIES.........................	1,500	0		0	(1,500)
AIR NATIONAL GUARD					
CONUS VARIOUS					

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AIRCRAFT ARRESTING SYSTEM....................	350	350		350	0
FLIGHT SIMULATOR FACILITY....................	950	950		950	0
POWER CHECK PAD..............................	4,220	4,220	(4,220)	0	(4,220)
AIR FORCE RESERVE					
BASE 4					
ADD TO/ALTER FACILITIES FOR CONVERSION......	1,040	1,040	(1,040)	0	(1,040)
ENGINE INSPECTION AND REPAIR FACILITY.......	1,750	1,750	(1,750)	0	(1,750)
BASE 5					
ADD TO/ALTER MAINTENANCE FACILITIES.........	690	690	(690)	0	(690)
AVIONICS/ELECT COUNTERMEASURES FACILITY.....	2,250	2,250	(2,250)	0	(2,250)
COMPOSITE TRAINING FACILITY.................	6,200	6,200	(6,200)	0	(6,200)
TOTAL, CONUS VARIOUS.......................	58,033	42,733	(16,150)	26,583	(31,450)

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ANTIGUA					
NAVY					
NAVAL SUPPORT FACILITY					
NAVAL SUPPORT FACILITY UPGRADE.............	3,250	0		0	(3,250)
TOTAL, ANTIGUA..........................	3,250	0		0	(3,250)
BELGIUM					
AIR FORCE					
FLORENNES					
CW PROTECT-CENTRAL SECURITY CONTROL.........	1,700	0		0	(1,700)
CW PROTECT-WING COMMAND POST..............	1,700	0		0	(1,700)
GLCM-CHEM WARFARE PROT-HF TELECOMM FAC......	1,100	0		0	(1,100)
GLCM-COMMUNICATIONS SQUADRON FACILITY.......	510	0		0	(510)
GLCM-FIRE STATION.........................	330	0		0	(330)
GLCM-SECURITY POLICE OPERATIONS FACILITY....	800	0		0	(800)
GLCM-TRP SUBSISTENCE WHSE/BS COLD STORAGE...	1,100	0		0	(1,100)
GLCM-VEHICLE MAINTENANCE COMPLEX...........	1,500	0		0	(1,500)
GLCM-YOUTH CENTER.........................	800	0		0	(800)
WEAPONS STORAGE AND SECURITY SYSTEM FAC.....	410	0		0	(410)
TOTAL, BELGIUM..........................	9,950	0		0	(9,950)
BERMUDA					
NAVY					
NAVAL AIR STATION BERMUDA					
BACHELOR OFFICER QTRS NEW & MODERNIZATION...	3,150	3,150	(3,150)	0	(3,150)
TOTAL, BERMUDA..........................	3,150	3,150	(3,150)	0	(3,150)
CANADA					
NAVY					
NAVAL FACILITY ARGENTIA NEWFOUNDLAND					
HEATING PLANT.............................	400	400	(400)	0	(400)
TOTAL, CANADA...........................	400	400	(400)	0	(400)
DIEGO GARCIA					
NAVY					
NAVY SUPPORT FACILITY					
DAIRY PLANT...............................	1,000	1,000		1,000	0
AIR FORCE					
DIEGO GARCIA					

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AIR FORCE CANTONMENT AREA	14,500	14,500		14,500	0
GPS INTERNET FACILITIES	4,100	4,100		4,100	0
TOTAL, DIEGO GARCIA	19,600	19,600		19,600	0
GERMANY					
ARMY					
BAD KREUZNACH					
FACILITY MODERNIZATION	10,200	10,200		10,200	0
BAMBERG					
FAMILY HOUSING-NEW CONSTRUCTION (106)	11,200	11,200		11,200	0
BAUMHOLDER					
FACILITY MODERNIZATION PHASE IV	10,800	10,800		10,800	0
FAMILY HOUSING-NEW CONSTRUCTION (152)	12,600	12,600		12,600	0
EINSIEDLERHOF					
TRAINING EXERCISE FACILITY	5,900	5,900		5,900	0
GIESSEN					
CHILD DEVELOPMENT CENTER	1,250	1,250		1,250	0
HARDSTAND/FACILITY UPGRADE	13,600	13,600	(13,600)	0	(13,600)
GRAFENWOEHR TNG AREA					
CHILD DEVELOPMENT CENTER	1,800	1,800		1,800	0
UPGRADE TANK GUNNERY RANGE	3,900	3,900		3,900	0
HANAU					
HARDSTAND	1,300	1,300		1,300	0
HOHENFELS TNG AREA					
UTILITIES SUPPORT	15,500	15,500		15,500	0
UTILITIES SUPPORT	3,750	3,750		3,750	0
MAINZ					
ORGANIZATIONAL VEHICLE PARKING	1,100	1,100		1,100	0
MANNHEIM					
HARDSTAND/FACILITY UPGRADE	14,400	14,400	(14,400)	0	(14,400)
RHEINBERG					
CHILD DEVELOPMENT CENTER	1,050	1,050		1,050	0
FACILITIES ENGINEER SHOP MODERNIZATION	6,400	0		0	(6,400)
LOGISTICAL SUPPLY FACILITY	8,300	0		0	(8,300)
UTILITIES AND OPERATIONS UPGRADE	7,600	7,600		7,600	0
SCHWEINFURT					
HARDSTAND/FACILITY UPGRADE	9,500	9,500	(9,500)	0	(9,500)
STUTTGART					
CHILD DEVELOPMENT CENTER	1,800	1,800		1,800	0
OPERATIONS BUILDING MODIFICATIONS	5,400	5,400		5,400	0
POL STORAGE FACILITY UPGRADE	7,000	7,000		7,000	0
VARIOUS SITES					

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RANGE MODERNIZATION........................	30,000	15,000		15,000	(15,000)
WARTIME HOST NATION SUPPORT.................	4,500	4,500		4,500	0
VILSECK					
ADMINISTRATION FACILITY.....................	1,150	1,150		1,150	0
AMMUNITION STORAGE..........................	2,700	2,700		2,700	0
BARRACKS....................................	7,800	7,800		7,800	0
BATTALION HEADQUARTERS......................	1,450	1,450		1,450	0
BATTALION HEADQUARTERS ADDITION.............	800	800		800	0
COMMUNITY CENTER............................	5,400	5,400		5,400	0
COMPANY OPERATIONS FACILITY.................	750	750		750	0
DINING FACILITY.............................	3,600	3,600		3,600	0
FACILITIES ENGINEER COMPLEX.................	13,400	0		0	(13,400)
GENERAL PURPOSE WAREHOUSE...................	1,950	0		0	(1,950)
HARDSTAND/TACTICAL EQUIPMENT SHOP...........	5,700	5,700		5,700	0
HARDSTAND/TACTICAL EQUIPMENT SHOP...........	15,000	0		0	(15,000)
HARDSTAND/TACTICAL EQUIPMENT SHOP...........	17,000	17,000		17,000	0
LIBRARY AND EDUCATION CENTER................	1,150	1,150		1,150	0
OPERATIONS FACILITY.........................	4,050	4,050		4,050	0
POL STORAGE FACILITY........................	5,100	5,100		5,100	0
VEHICLE WASH FACILITY.......................	3,750	3,750		3,750	0
FAMILY HOUSING-NEW CONSTRUCTION (188).......	17,000	17,000		17,000	0
WIESBADEN					
AIRCRAFT MAINTENANCE HANGAR.................	30,000	30,000		30,000	0
AIRCRAFT MAINTENANCE HANGAR.................	8,500	8,500	(8,500)	0	(8,500)
CHILD DEVELOPMENT CENTER....................	2,250	2,250		2,250	0
HARDSTAND...................................	2,550	0		0	(2,550)
HARDSTAND/TACTICAL EQUIPMENT SHOP...........	2,500	0		0	(2,500)
HARDSTAND/TACTICAL EQUIPMENT SHOP...........	4,400	4,400		4,400	0
HARDSTAND/TACTICAL EQUIPMENT SHOP...........	2,250	2,250		2,250	0
WILDFLECKEN					
HARDSTAND...................................	11,400	11,400		11,400	0
VEHICLE WASH FACILITY.......................	4,700	4,700		4,700	0
ZWEIBRUECKEN					
CHAPEL AND RELIGIOUS EDUCATION FACILITY.....	1,900	1,900		1,900	0
AIR FORCE					
BITBURG AB					
ADD TO AND ALTER FIRE STATION...............	440	440		440	0
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	2,850	2,850		2,850	0
VEHICLE MAINTENANCE FACILITY................	1,400	1,400		1,400	0
BUCHEL					
WEAPONS STORAGE AND SECURITY SYSTEM FAC.....	2,000	0		0	(2,000)
HAHN AB					
ADD TO VEHICLE MAINTENANCE FACILITY.........	1,900	1,900		1,900	0

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COMBAT AMMUNITIONS CONTROL CENTER	770	770		770	0
PETROLEUM OPERATIONS FACILITY	590	590		590	0
POST OFFICE	960	960		960	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,450	3,450		3,450	0
MEMMINGEN					
WEAPONS STORAGE AND SECURITY SYSTEM FAC	2,000	0		0	(2,000)
PRUEM AS					
CHAPEL	850	850		850	0
COMPOSITE RECREATION CENTER	1,150	1,150		1,150	0
RAMSTEIN AB					
ADD-ALTER NCO ACADEMY (KAPUN)	1,750	0		0	(1,750)
ALTER UNACCOMPANIED ENLISTED PERSONNEL HSG	2,900	2,900		2,900	0
COMBAT AMMUNITIONS CONTROL CENTER	1,250	0		0	(1,250)
FIRE STATION	560	560		560	0
VEHICLE MAINTENANCE SHOP	7,200	7,200	(7,200)	0	(7,200)
WAREHOUSE	2,150	2,150	(2,150)	0	(2,150)
WEAPONS STORAGE AND SECURITY SYSTEM FAC	9,900	0		0	(9,900)
RHEIN-MAIN AB					
ADD-ALTER AIR PASSENGER TERMINAL	9,900	9,900		9,900	0
FLIGHTLINE SECURITY LIGHTING	500	500		500	0
RRR KIT STORAGE FACILITY	1,050	1,050		1,050	0
SEMBACH AB					
SQUADRON OPERATIONS FACILITY	1,100	1,100		1,100	0
UPG WATER STORAGE AND DISTRIB SYSTEM	2,250	0		0	(2,250)
SPANGDAHLEM AB					
F16-ADD/ALTER FLIGHT SIMULATOR FACILITY	1,850	1,850		1,850	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,200	3,200		3,200	0
WENIGERATH					
MUNITIONS SECURITY LIGHTING	1,750	1,750		1,750	0
WUESCHHEIM					
GLCM-COMM SQUADRON FACILITY	800	0		0	(800)
GLCM-CW PROTECT HF TELECOMM FACILITY	990	0		0	(990)
GLCM-CW PROTECT-CENTRAL SECURITY CONTROL	1,650	0		0	(1,650)
GLCM-CW PROTECT-WING COMMAND POST	1,750	0		0	(1,750)
WEAPONS STORAGE AND SECURITY SYSTEM FAC	450	0		0	(450)
ZWEIBRUCKEN AB					
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	1,850	1,850		1,850	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,650	2,650		2,650	0
DEFENSE AGENCIES					
BITBURG					
ELEMENTARY AND HIGH SCHOOL ADDITIONS	2,413	2,413		2,413	0
RHEINBERG					
DISPENSARY & DENTAL CLINIC	2,250	2,250		2,250	0

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SCHWEINFURT					
JUNIOR HIGH SCHOOL..........................	5,320	5,320		5,320	0
SEMBACH					
ELEMENTARY SCHOOL ADDITION..................	2,930	2,930		2,930	0
SPANGDALEN AIR BASE					
HIGH SCHOOL.................................	7,300	7,300		7,300	0
STUTTGART					
PATCH ELEMENTARY SCHOOL ADDITION............	1,530	1,530		1,530	0
PATCH HIGH SCHOOL ADDITION..................	1,500	1,500		1,500	0
STUTTGART-PATCH BARRACKS					
DCA/EUROPE BUILDING EXPANSION...............	1,030	1,030		1,030	0
WUERTZBURG					
MIDDLE SCHOOL...............................	10,913	3,153		3,153	(7,760)
TOTAL, GERMANY............................	478,046	380,396	(55,350)	325,046	(153,000)
GREECE					
AIR FORCE					
ARAXOS					
WEAPONS STORAGE AND SECURITY SYSTEM FAC.....	1,800	0		0	(1,800)
DEFENSE AGENCIES					
IRAKLION AIR STATION					
SECOND ECHELON MEDICAL LOGISTICS STORAGE....	340	340		340	0
TOTAL, GREECE.............................	2,140	340		340	(1,800)
GREENLAND					
AIR FORCE					
THULE AB					
ALTER UNACCOMPANIED ENLISTED PERS HSG.......	3,000	3,000		3,000	0
TOTAL, GREENLAND..........................	3,000	3,000		3,000	0
GUAM					
NAVY					
MOBILE CONSTR BATTALION CAMP COVINGTON					
BACHELOR ENLISTED QUARTERS AND MESS HALL....	14,700	14,700		14,700	0
NAVAL FACILITY					
PUBLIC WORKS FACILITY.......................	650	650		650	0
NAVAL MAGAZINE					
ORDNANCE MAINTENANCE FACILITY...............	10,800	10,800		10,800	0
NAVAL SHIP REPAIR FACILITY					
REPAIR WHARVES IMPROVEMENT..................	5,100	5,100		5,100	0

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NAVAL SUPPLY DEPOT					
EQUIPMENT MAINTENANCE FACILITY	8,460	8,460		8,460	0
SUPPLY MAINTENANCE FACILITY	5,700	5,700	(5,700)	0	(5,700)
NAVY PUBLIC WORKS CENTER GUAM					
BOILER PLANT MODIFICATIONS	2,360	2,360		2,360	0
AIR FORCE					
ANDERSEN AFB					
ADD-ALTER PHYSICAL FITNESS CENTER	3,600	3,600		3,600	0
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	5,100	5,100	(5,100)	0	(5,100)
TOTAL, GUAM	56,470	56,470	(10,800)	45,670	(10,800)
GUANTANAMO BAY, CU					
NAVY					
NAVAL AIR STATION GUANTANAMO BAY					
BACHELOR OFFICER QUARTERS MODERNIZATION	1,770	1,770		1,770	0
NAVAL STATION GUANTANAMO BAY					
FACILITY ENERGY IMPROVEMENTS	917	917		917	0
TOTAL, GUANTANAMO BAY, CU	2,687	2,687		2,687	0
HONDURAS					
ARMY					
HONDURAS					
TROOP SUPPORT FACILITY UPGRADE	4,150	4,150		4,150	0
TOTAL, HONDURAS	4,150	4,150		4,150	0
ICELAND					
NAVY					
NAVAL AIR SATATION KEFLAVIK					
AIRFIELD PAVEMENTS	1,820	1,820		1,820	0
COMBINED OPERATIONS CENTER SUPPORT FAC	3,050	0		0	(3,050)
FUEL FACILITIES	12,300	12,300		12,300	0
NAVAL STATION KEFLAVIK					
FAMILY HOUSING-NEW CONSTRUCTION (250) PHASE II	20,367	20,000		20,000	0
TOTAL, ICELAND	37,537	34,120		34,120	(3,050)
ITALY					
NAVY					
NAV COM AREA MASTER STATION MED NAPLES					
SIGONELLA TRANSMITTER FACILITIES	5,300	5,300		5,300	0

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NAVAL AIR STATION SIGONELLA					
PHYSICAL SECURITY IMPROVEMENTS..............	2,460	2,460		2,460	0
NAVAL SUPPORT ACTIVITY NAPLES					
CMD CTRL COMMS & INTELLIGENCE CPX (PH I)....	24,900	24,900		24,900	0
SECURITY IMPROVEMENTS.......................	750	750		750	0
NAVY SUPPORT OFFICE LA MADDALENA					
COLD-IRON UTILITIES SUPPORT.................	7,480	7,480		7,480	0
AIR FORCE					
AVIANO AB					
CW PROTECT-SQUADRON OPS FACILITY............	1,450	1,450		1,450	0
COMISO AB					
GLCM-ADD-ALTER BASE COLD STORAGE............	760	0		0	(760)
GLCM-COMMUNICATIONS SQUADRON FACILITY.......	480	0		0	(480)
GLCM-CW PROTECT HF TELECOMM FACILITY........	1,100	0		0	(1,100)
GLCM-LIBRARY................................	230	0		0	(230)
GLCM-MWR CENTRAL STORAGE FACILITY...........	380	0		0	(380)
GLCM-SECURITY POLICE OPERATIONS FACILITY....	610	0		0	(610)
GLCM-VEHICLE MAINTENANCE COMPLEX............	2,250	0		0	(2,250)
SAN VITO AS					
EDUCATION CENTER............................	390	390		390	0
DEFENSE AGENCIES					
NAPLES					
HOSPITAL REPLACEMENT........................	30,000	30,000		30,000	0
SAN VITO AIR STATION					
SECOND ECHELON MEDICAL LOGISTICS STORAGE....	670	670		670	0
SIGONELLA NAVAL AIR STATION					
HOSPITAL REPLACEMENNT.......................	20,000	0		0	(20,000)
TOTAL, ITALY................................	99,210	73,400		73,400	(25,810)
JAPAN					
ARMY					
JAPAN VARIOUS					
AMMUNITION STORAGE COMPLEXES................	20,000	20,000	(10,000)	10,000	(10,000)
AMMUNITION SURVEILLANCE FACILITY............	1,500	1,500		1,500	0
RELOCATE FIELD OFFICES......................	1,750	1,750		1,750	0
NAVY					
MARINE CORPS AIR STATION FUTENMA OKINAWA					
CRASH FIRE STATION ADDITION.................	1,000	1,000		1,000	0
FLIGHT LINE SECURITY IMPROVEMENTS...........	3,790	3,790		3,790	0
MARINE CORPS AIR STATION IWAKUNI					
FLIGHT LINE SECURITY IMPROVEMENTS...........	1,080	1,080		1,080	0
MARINE CORPS BASE CAMP BUTLER OKINAWA					

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BACHELOR ENLISTED QUARTERS IMPROVEMENTS	11,300	11,300	(11,300)	0	(11,300)
AIR FORCE					
KADENA AB					
ALTER UNACCOMPANIED PERSONNEL HOUSING	2,850	2,850	(2,850)	0	(2,850)
F16-ADD/ALTER AVIONICS SHOP	5,000	5,000		5,000	0
FIRE PROTECTION-VARIOUS FACILITIES	1,850	1,850		1,850	0
JET FUEL STORAGE PHASE V	5,500	5,500		5,500	0
YOKOTA AB					
ADD-ALTER CORROSION CONTROL FACILITY	3,150	3,150	(3,150)	0	(3,160)
ALTER COMMAND CENTER	2,600	2,600		2,600	0
DEFENSE AGENCIES					
CAMP LESTER OKINAWA					
HOSPITAL LIFE SAFETY UPGRADE	1,400	1,400		1,400	0
MISAWA AFB					
COMPOSITE MEDICAL FACILITY	4,700	4,700		4,700	0
TOTAL, JAPAN	67,470	67,470	(27,300)	40,170	(27,310)
JOHNSTON ISLAND					
DEFENSE AGENCIES					
DNA HDQTRS FIELD COMMAND					
FITNESS CENTER	2,000	2,000		2,000	0
SEWAGE TREATMENT PLANT	2,100	2,100		2,100	0
TOTAL, JOHNSTON ISLAND	4,100	4,100		4,100	0
KOREA					
ARMY					
CAMP CASEY					
BARRACKS	28,000	28,000		28,000	0
CAMP CASTLE					
BARRACKS	3,200	3,200		3,200	0
CAMP HENRY					
BARRACKS	11,800	0		0	(11,800)
CAMP HOVEY					
BARRACKS	11,800	11,800		11,800	0
CAMP HOWZE					
BARRACKS	4,150	4,150		4,150	0
CAMP HUMPHREYS					
BARRACKS	6,700	0		0	(6,700)
CAMP JACKSON					
BARRACKS	4,350	4,350		4,350	0
CAMP KYLE					

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BARRACKS	2,750	2,750		2,750	0
CAMP MARKET					
BARRACKS	2,200	0		0	(2,200)
CAMP MERCER					
BARRACKS	720	720		720	0
CAMP NIMBLE					
BARRACKS	2,200	2,200		2,200	0
CAMP PAGE					
BARRACKS	5,900	5,900		5,900	0
CAMP RED CLOUD					
BARRACKS	8,500	8,500		8,500	0
KOREA VARIOUS					
AMMUNITION STORAGE	4,850	4,850		4,850	0
YONGSAN					
SENSITIVE COMPARTMENTED INFORMATION FAC	3,750	0		0	(3,750)
AIR FORCE					
CAMP HUMPHREYS					
OPERATION MAINTENANCE AND STORAGE FAC	5,550	5,550		5,550	0
KUNSAN AB					
ALTER AIRCRAFT SHELTER	7,000	7,000		7,000	0
RRR EQUIPMENT STORAGE FACILITY	950	950		950	0
UPG ELECTRICAL DISTRIB SYSTEM PHASE-III	2,250	2,250		2,250	0
VEHICLE OPERATION/MAINTENANCE COMPLEX	5,000	0		0	(5,000)
WAR READINESS MATERIAL WHSE	800	800		800	0
KWANG-JU AB					
WRM VEHICLE PARKING	900	0		0	(900)
OSAN AB					
ADD TO NUMBERED AIR FORCE HEADQUARTERS	1,750	0		0	(1,750)
AIRCRAFT MAINTENANCE FACILITY	3,000	0		0	(3,000)
CONTROL TOWER CAB	400	400		400	0
MUNITIONS STORAGE FACILITY	1,600	1,600		1,600	0
SECURITY POLICE OPERATIONS FACILITY	2,200	2,200		2,200	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	4,500	4,500		4,500	0
UPG PRIMARY ELECTRIC DISTR SYS PH-II	7,000	7,000		7,000	0
WAR READINESS MATERIAL WHSE	940	940		940	0
SUWON					
SEMIHARDENED COMMAND POST	3,650	3,650		3,650	0
TOTAL, KOREA	148,360	113,260		113,260	(35,100)
KWAJALEIN					
ARMY					
KWAJALEIN					

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AIRCRAFT MAINTENANCE FACILITY	3,950	3,950		3,950	0
MULTI-STATIC MEASUREMENT SYSTEM FACILITY	890	890		890	0
POWER PLANT REPLACEMENT	21,000	21,000		21,000	0
RADAR CONTROL FACILITY	720	720		720	0
FAMILY HOUSING-NEW CONSTRUCTION (246)	41,000	0		0	(41,000)
DEFENSE AGENCIES					
MISSILE RANGE					
BERTHING & TERMINAL FACILITIES	2,100	2,100		2,100	0
ERIS MISSILE LAUNCH	7,900	7,900		7,900	0
HEDI MISSILE LAUNCH	6,565	6,565		6,565	0
TOTAL, KWAJALEIN	84,125	43,125		43,125	(41,000)
LUXEMBOURG					
DEFENSE AGENCIES					
ECHTERNACH					
MEDICAL CONTINGENCY COMPLEX	15,500	0		0	(15,000)
TOTAL, LUXEMBOURG	15,500	0		0	(15,000)
NETHERLANDS					
AIR FORCE					
CAMP NEW AMSTERDAM					
ADD TO BASE SUPPLY COMPLEX	2,600	2,600		2,600	0
WOENSDRECHT AB					
GLCM-ADMINISTRATIVE SUPPORT FACILITY	2,750	0		0	(2,750)
GLCM-ATHLETIC FIELDS AND COURTS	550	0		0	(550)
GLCM-BASE THEATER	900	0		0	(990)
GLCM-CHAPEL CENTER	1,650	0		0	(1,650)
GLCM-CHILD DEVELOPMENT CENTER	600	0		0	(600)
GLCM-COMMUNITY RECREATION CENTER	1,600	0		0	(1,600)
GLCM-CONSOLIDATED HOBBY SHOP	830	0		0	(830)
GLCM-DATA PROCESSING FACILITY	1,350	0		0	(1,350)
GLCM-FORMS AND PUBLICATIONS WAREHOUSE	280	0		0	(280)
GLCM-GROUP HEADQUARTERS FACILITY	4,950	0		0	(4,950)
GLCM-PHYSICAL FITNESS FACILITY	2,500	0		0	(2,500)
GLCM-RECREATION LIBRARY	520	0		0	(520)
GLCM-SERVICES SUPPLY WAREHOUSE	700	0		0	(700)
GLCM-TRAFFIC MANAGEMENT FACILITY	1,450	0		0	(1,450)
GLCM-VEHICLE MAINTENANCE COMPLEX	1,600	0		0	(1,600)
GLCM-VISITING AIRMEN QUARTERS	1,350	0		0	(1,350)
GLCM-VISITING OFFICERS QUARTERS	1,400	0		0	(1,400)
GLCM-YOUTH CENTER	500	0		0	(500)

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WEAPONS STORAGE AND SECURITY SYSTEM FAC......	400	0		0	(400)
FAMILY HOUSING-NEW CONSTRUCTION (400)........	35,500	0		0	(35,500)
DEFENSE AGENCIES					
WOENSDRECHT					
CLINIC/DENTAL CLINIC.........................	6,800	0		0	(6,800)
MEDICAL WAREHOUSE............................	360	360		360	0
TOTAL, NETHERLANDS.........................	71,140	2,960		2,960	(68,270)
OMAN					
AIR FORCE					
MASIRAH AB					
CARETAKER CONTRACTOR SUPPORT FACS-MAINT.....	1,400	1,400		1,400	0
RELOCATABLE WAREHOUSE.......................	1,200	1,200		1,200	0
VORTAC SITE SUPPORT.........................	725	725		725	0
SEEB AB					
CARETAKER CONTRACTOR SPT FACILITY...........	4,900	4,900		4,900	0
COMM MAINTENANCE AND MGMT FACILITY..........	810	810		810	0
RELOCATABLE WAREHOUSE.......................	2,550	2,550		2,550	0
THUMRAIT AB					
CARETAKER CONTRACTOR SUPPORT FACS-MAINT.....	1,400	1,400		1,400	0
COMM MAINT AND MGMT FACILITY................	810	810		810	0
INSTRU LAND SYSTEM SITE SUPPORT.............	725	725		725	0
RELOCATABLE WAREHOUSE.......................	1,350	1,350		1,350	0
VORTAC SITE SUPPORT.........................	725	725		725	0
TOTAL, OMAN...............................	16,595	16,595		16,595	0
PANAMA					
ARMY					
COROZAL					
IMAGERY FACILITY............................	6,000	0		0	(6,000)
FORT CLAYTON					
FAMILY HOUSING-NEW CONSTUCTION (400)........	21,000	0		0	(21,000)
FORT KOBBE					
AIRCRAFT PARKING APRON EXTENSION............	6,700	0		0	(6,700)
AIR FORCE					
HOWARD AFB					
ADD-ALTER RECONNAISSANCE PHOTO LAB..........	940	0		0	(940)
FLIGHTLINE SECURITY LIGHTING................	310	0		0	(310)
MUNITIONS FACILITIES........................	2,450	0		0	(2,450)
STOL BEDDOWN SUPPORT FACILITIES.............	7,000	0		0	(7,000)
UPGRADE AIRFIELD FACILITIES.................	10,690	0		0	(10,690)

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TOTAL, PANAMA.............................	55,090	0		0	(55,090)
PHILIPPINES					
NAVY					
NAVAL AIR STATION CUBI POINT					
FLIGHT LINE SECURITY IMPROVEMENTS...........	1,490	1,490		1,490	0
MAINTENANCE HANGAR..........................	12,800	0		0	(12,800)
NAVY PUBLIC WORKS CENTER SUBIC BAY					
WATER TREATMENT PLANT IMPROVEMENTS..........	7,680	7,680		7,680	0
AIR FORCE					
CLARK AFB					
ADD-ALTER FUEL SYSTEM MAINTENANCE DOCK......	1,650	0		0	(1,650)
AEROMED EVAC AIRLIFT SQUADRON FACILITY......	1,300	0		0	(1,300)
ALTER INTELLIGENCE FACILITY PHASE-I.........	440	440		440	0
COPE THUNDER OPERATIONS RAMP................	2,100	2,100		2,100	0
EQUIPMENT MAINTENANCE FACILITY..............	800	0		0	(800)
FIRE PROTECTION -VARIOUS FACILITIES.........	2,150	0		0	(2,150)
FLOW THROUGH SHELTERS PHASE-I...............	8,600	8,600		8,600	0
UNACCOMPANIED ENLISTED PERSONNEL HOUSING....	6,400	0		0	(6,400)
WATER SUPPLY/STORAGE/DISTRIB SYSTEM.........	3,000	0		0	(3,000)
MC-130H AVIONICS SHOP.......................	1,350	1,350		1,350	0
MC-130H SQUADRON OPERATIONS FACILITY........	2,650	2,650		2,650	0
FAMILY HOUSING-NEW CONSTRUCTION (300).......	23,260	23,260		23,260	0
DEFENSE AGENCIES					
CLARK AFB					
COMPOSITE MEDICAL FACILITY ADD/ALTER........	40,000	40,000	(40,000)	0	(40,000)
SAN MIGUEL					
OH PERRY ELEMENTARY SCHOOL..................	2,960	2,960		2,960	0
SUBIC BAY					
HOSPITAL REPLACEMENT PHASE I................	3,500	3,500		3,500	0
TOTAL, PHILIPPINES........................	122,130	94,030	(40,000)	54,030	(68,100)
PORTUGAL					
NAVY					
NAVAL SECURITY GRP ACT TERCERIA IS AZORES					
PUBLIC WORKS FACILITY.......................	700	700		700	0
AIR FORCE					
LAJES FIELD					
RAMP LIGHTING...............................	4,600	4,600		4,600	0
TOTAL, PORTUGAL...........................	5,300	5,300		5,300	0

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(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
PUERTO RICO					
NAVY					
LANT FLT WPNS TRAINING FAC ROOSEVELT ROADS					
TELEMETRY BUILDING..........................	2,020	2,020		2,020	0
NAVAL SECURITY GROUP ACTIVITY SABANA SECA					
SECURITY IMPROVEMENTS.......................	400	400		400	0
DEFENSE AGENCIES					
FORT BUCHANAN					
ELEMENTARY SCHOOL AIR CONDITIONING..........	1,200	1,200		1,200	0
ARMY NATIONAL GUARD					
FORT BUCHANAN					
U.S. PROPERTY & FISCAL OFFICER WAREHOUSE....	1,755	1,755		1,755	0
ISLA GRANDE (SAN JUAN)					
ARMY AVIATION SUPPORT FACILITY..............	4,347	4,347		4,347	0
ARMY RESERVE					
ROOSEVELT ROADS					
ARMY RESERVE CENTER W/MAINT FAC.............	4,751	4,751		4,751	0
SALINAS					
STORAGE/ADMIN SPACE.........................	375	375		375	0
TOTAL, PUERTO RICO..........................	14,848	14,848		14,848	0
SCOTLAND					
NAVY					
NAVAL SECURITY GROUP ACTIVITY EDZELL					
SECURITY GATEHOUSE..........................	770	770		770	0
TOTAL, SCOTLAND.............................	770	770		770	0
TURKEY					
AIR FORCE					
ANKARA					
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	2,250	2,250	(2,250)	0	(2,250)
CHAPEL......................................	950	950	(950)	0	(950)
INCIRLIK AB					
RRR EQUIPMENT STORAGE FACILITY..............	780	780	(780)	0	(780)
VISITING AIRMEN QUARTERS....................	3,750	3,750	(3,750)	0	(3,750)
VISITING OFFICER QUARTERS...................	3,000	3,000	(3,000)	0	(3,000)
DEFENSE AGENCIES					
INCIRLIK					
ELEMENTARY AND HIGH SCHOOL ADDITION.........	7,746	7,746	(7,746)	0	(7,746)
INCIRLIK AIR BASE					

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COMPOSITE MEDICAL FACILITY REPLACEMENT......	14,400	14,400	(14,400)	0	(14,400)
SECOND ECHELON MEDICAL LOGISTICS STORAGE....	860	860	(860)	0	(860)
TOTAL, TURKEY............................	33,736	33,736	(33,736)	0	(33,736)
UNITED KINGDOM					
NAVY					
NAVAL ACTIVITIES LONDON					
AUTOMOTIVE VEHICLE MAINTENANCE SHOP.........	600	600		600	0
NAVAL FACILITY BRAWDY WALES					
STAND-BY GENERATOR PLANT UPGRADE............	850	850		850	0
AIR FORCE					
MOLESWORTH					
GLCM-COMMUNICATIONS SQUADRON FACILITY.......	450	0		0	(450)
RAF ALCONBURY					
ADD TO WATER STORAGE........................	890	0		0	(890)
CW PROTECT-SQUADRON OPS FAC.................	1,600	1,600		1,600	0
INSTALL FIRE SUPPRESSION SYSTEM.............	550	550		550	0
RAF BENTWATERS					
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING...	3,700	3,700		3,700	0
CONSOLIDATED SUPPORT CENTER.................	6,200	6,200		6,200	0
CW PROTECT-SQUADRON OPS FAC.................	1,600	0		0	(1,600)
SECURITY POLICE OPERATIONS FACILITY.........	1,310	1,310		1,310	0
HOUSING OFFICE..............................	330	330		330	0
RAF CHICKSANDS					
DIGITAL EUROPEAN BACKBONE FACILITY..........	1,250	1,250		1,250	0
RAF CROUGHTON					
ADD-ALTER WATER STORAGE AND DISTRIB SYST....	900	900		900	0
RAF FAIRFORD					
ADD-ALTER PHYSICAL FITNESS CTR..............	1,700	1,700		1,700	0
DIGITAL EUROPEAN BACKBONE FACILITY..........	1,250	1,250		1,250	0
JET FUEL STORAGE/HYDR REFUEL SYST...........	7,800	7,800	(7,800)	0	(7,800)
T-9 NOISE SUPPRESSOR SUPPORT FACILITY.......	800	0		0	(800)
RAF GREENHAM COMMON					
GLCM-ARTS AND CRAFTS SHOP...................	550	0		0	(550)
GLCM-AUTO HOBBY SHOP........................	600	0		0	(600)
GLCM-YOUTH CENTER...........................	990	0		0	(990)
RAF LAKENHEATH					
BASE OPERATIONS FACILITY....................	620	620		620	0
COMBAT ARMS RANGE COMPLEX...................	950	950		950	0
CONTROL TOWER (NATO/US).....................	850	850		850	0
POST OFFICE.................................	1,200	1,200		1,200	0
RAF UPPER HEYFORD					

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(AMOUNTS IN THOUSANDS OF DOLLARS)

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ADD TO/ALTER VEHICLE MAINTENANCE SHOP.......	2,400	2,400		2,400	0
CONSOLIDATED SUPPORT CENTER.................	5,600	0		0	(5,600)
RAF WELFORD					
AIR BASE GRND DEF MUNITIONS IGLOOS..........	1,200	1,200		1,200	0
RAF WETHERSFIELD					
DIGITAL EUROPEAN BACKBONE FACILITY..........	1,300	1,300		1,300	0
RAF WOODBRIDGE					
SUPPLY WAREHOUSE............................	1,650	1,650		1,650	0
DEFENSE AGENCIES					
BICESTER					
ELEMENTARY SCHOOL...........................	5,650	5,650		5,650	0
RAF BENTWATERS					
SECOND ECHELON MEDICAL LOGISTICS STORAGE....	1,300	1,300		1,300	0
RAF CROUGHTON					
DCA/EUR ERS UPGRADE.........................	500	500		500	0
RAF WETHERSFIELD					
SECOND ECHELON MEDICAL LOGISTICS STORAGE....	740	740		740	0
RAF FAIRFORD					
MEDICAL/DENTAL CLINIC REPLACEMENT...........	7,300	7,300		7,300	0
UPWOOD					
ELEMENTARY SCHOOL ADDITION..................	3,900	3,900		3,900	0
TOTAL, UNITED KINGDOM.......................	69,080	57,600	(7,800)	49,800	(19,280)
VIRGIN ISLANDS					
ARMY NATIONAL GUARD					
ST CROIX					
400 PERSON ARMORY...........................	4,703	4,703		4,703	0
ORGANIZATIONAL MAINTENANCE SHOP.............	383	383		383	0
ST THOMAS					
200 PERSON ARMORY...........................	2,798	2,798		2,798	0
TOTAL, VIRGIN ISLANDS.......................	7,884	7,884		7,884	0
OVERSEAS CLASSIFIED					
AIR FORCE					
BASE 89					
AIRCRAFT SHELTERS...........................	1,500	1,500		1,500	0
AIRCRAFT SHELTERS...........................	2,800	2,800		2,800	0
DEFENSE AGENCIES					
CLASSIFIED LOCATION					
CLASSIFIED PROJECT..........................	15,000	15,000		15,000	0
CLASSIFIED PROJECT..........................	12,000	0		0	(12,000)

FISCAL YEAR 1988 MILITARY CONSTRUCTION AUTHORIZATION OF APPROPRIATIONS
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(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
OVERSEAS CLASSIFIED					
CLASSIFIED PROJECT...........................	6,400	6,400		6,400	0
FAMILY HOUSING (2)...........................	1,000	1,000		1,000	0
CLASSIFIED PROJECT...........................	7,000	7,000		7,000	0
TOTAL, OVERSEAS CLASSIFIED................	45,700	33,700		33,700	(12,000)
NATO					
NATO INFRASTRUCTURE..........................	396,000	396,000		396,000	0
WORLDWIDE UNSPECIFIED					
ARMY					
PLANNING AND DESIGN..........................	133,120	133,120		133,120	0
UNSPECIFIED MINOR CONSTRUCTION..............	15,600	15,600		15,600	0
NAVY					
PLANNING AND DESIGN..........................	148,655	148,655		148,655	0
UNSPECIFIED MINOR CONSTRUCTION..............	16,500	16,500		16,500	0
AIR FORCE					
PLANNING AND DESIGN..........................	124,536	124,536		124,536	0
UNSPECIFIED MINOR CONSTRUCTION..............	16,000	16,000		16,000	0
DEFENSE AGENCIES					
PLANNING AND DESIGN..........................	62,800	62,800		62,800	0
CONTINGENCY CONSTRUCTION....................	10,000	10,000		10,000	0
UNSPECIFIED MINOR CONSTRUCTION..............	10,000	10,000	(4,000)	6,000	(4,000)
ARMY NATIONAL GUARD					
PLANNING AND DESIGN..........................	13,861	13,861		13,861	0
UNSPECIFIED MINOR CONSTRUCTION..............	5,400	5,400		5,400	0
AIR NATIONAL GUARD					
PLANNING AND DESIGN..........................	13,783	13,783		13,783	0
UNSPECIFIED MINOR CONSTRUCTION..............	2,202	2,202		2,202	0
ARMY RESERVE					
PLANNING AND DESIGN..........................	9,300	9,300		9,300	0
UNSPECIFIED MINOR CONSTRUCTION..............	1,600	1,600		1,600	0
NAVY RESERVE					
PLANNING AND DESIGN..........................	4,770	4,770		4,770	0
UNSPECIFIED MINOR CONSTRUCTION..............	1,500	1,500		1,500	0
AIR FORCE RESERVE					
PLANNING AND DESIGN..........................	6,130	6,130		6,130	0
UNSPECIFIED MINOR CONSTRUCTION..............	2,688	2,688		2,688	0
TOTAL, WORLDWIDE UNSPECIF.................	598,445	598,445	(4,000)	594,445	(4,000)

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(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
WORLDWIDE VARIOUS					
NAVY					
LAND ACQUISITION	23,800	8,091		8,091	0
HISTORIC PROPERTIES	6,800	0		0	(6,800)
DEFENSE AGENCIES					
CONFORMING STORAGE FACILITIES	11,400	0		0	(11,400)
TOTAL, WORLDWIDE VARIOUS	42,000	8,091		8,091	(18,200)
FAMILY HOUSING, ARMY					
ALABAMA					
FORT RUCKER	110	110		110	0
ALASKA					
FORT WAINWRIGHT	29,000	0		0	(29,000)
CALIFORNIA					
FORT IRWIN	54,000	54,000	(24,000)	30,000	(24,000)
FORT ORD	19,000	19,000		19,000	0
HAWAII					
HELEMANO	21,000	21,000		21,000	0
PEARL CITY AREA	6,700	6,700		6,700	0
SCHOFIELD BARRACKS	11,200	11,200		11,200	0
ILLINOIS					
ST. LOUIS SUPPORT CENTER	0	9,700		9,700	9,700
LOUISIANA					
FORT POLK	27,000	27,000		27,000	0
NEW YORK					
FORT DRUM	10,000	10,000		10,000	0
TEXAS					
FORT HOOD	9,400	9,400		9,400	0
VIRGINIA					
FORT A.P. HILL	0	2,200		2,200	2,200
FORT EUSTIS	480	480		480	0
GERMANY					
BAMBERG	11,200	11,200		11,200	0
BAUMHOLDER	12,600	12,600		12,600	0
VILSECK	17,000	17,000		17,000	0
KWAJALEIN					
KWAJALEIN	41,000	0		0	(41,000)
PANAMA					
FORT CLAYTON	21,000	0		0	(21,000)
TOTAL, NEW CONSTRUCTION	290,690	211,590	(24,000)	187,590	(103,100)
CONSTRUCTION IMPROVEMENTS	144,886	144,886	(44,886)	100,000	(44,886)

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(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
PLANNING	21,900	21,900		21,900	0
OPERATING EXPENSES					
FURNISHINGS ACCOUNT	144,671	144,671		144,671	0
MANAGEMENT ACCOUNT	84,965	84,965		84,965	0
MISCELLANEOUS ACCOUNT	1,539	1,539		1,539	0
SERVICES ACCOUNT	53,423	53,423		53,423	0
UTILITIES ACCOUNT	273,487	273,487		273,487	0
LEASING	180,130	180,130		180,130	0
MAINTENANCE OF REAL PROPERTY	540,062	540,062		540,062	0
INTEREST PAYMENTS	120	120		120	0
MORTGAGE INSURANCE PREMIUMS	40	40		40	0
TOTAL, IMPROVEMENTS & OPERATIONS	1,445,223	1,445,223	(44,886)	1,400,337	(44,886)
DEBT REDUCTION	2,746	2,746		2,746	0
TOTAL, FAMILY HOUSING, ARMY	1,738,659	1,659,559	(68,886)	1,590,673	(147,986)
FAMILY HOUSING, NAVY					
CALIFORNIA					
MARCOR AIR-GRND COMB CTR TWENTYNINE PALMS	11,530	11,530		11,530	0
MARINE CORPS AIR STATION EL TORO	8,660	8,660		8,660	0
MARINE CORPS BASE CAMP PENDLETON	25,760	25,760		25,760	0
PUBLIC WORKS CENTER SAN DIEGO	52,840	52,840		52,840	0
PUBLIC WORKS CENTER SAN FRANCISCO	38,380	38,380		38,380	0
MISSOURI					
MARCOR FINANCE CENTER KANSAS CITY	120	120		120	0
NEW YORK					
NAVAL STATION NEW YORK	25,490	25,490		25,490	0
NUCLEAR POWER TRNG UNIT BALLSTON SPA	15,810	15,810		15,810	0
SOUTH CAROLINA					
MARCOR AIR STATION BEAUFORT	540	540		540	0
MARCOR RECRUIT DEPOT PARRIS ISLAND	370	370		370	0
VIRGINIA					
MARCOR DEV EDUC COM QUANTICO	166	166		166	0
ICELAND					
NAVAL STATION KEFLAVIK	20,367	20,000		20,000	(367)
TOTAL, NEW CONSTRUCTION	200,033	199,666		199,666	(367)
CONSTRUCTION IMPROVEMENTS	48,943	37,922	(8,979)	28,943	(20,000)
PLANNING	6,248	6,248		6,248	0
OPERATING EXPENSES					
FURNISHINGS ACCOUNT	14,875	14,875		14,875	0
MANAGEMENT ACCOUNT	43,485	43,485		43,485	0
MISCELLANEOUS ACCOUNT	389	389		389	0

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SERVICES ACCOUNT	32,184	32,184		32,184	0
UTILITIES ACCOUNT	176,073	176,073		176,073	0
LEASING	36,567	36,567		36,567	0
MAINTENANCE OF REAL PROPERTY	238,217	238,217		238,217	0
INTEREST PAYMENTS	42	42		42	0
MORTGAGE INSURANCE PREMIUMS	179	179		179	0
TOTAL, IMPROVEMENTS & OPERATIONS	597,202	586,181	(8,979)	577,202	(20,000)
DEBT REDUCTION	1,801	1,801		1,801	0
TOTAL, FAMILY HOUSING, NAVY	799,036	787,648	(8,979)	778,669	(20,367)
FAMILY HOUSING, AIR FORCE					
ARIZONA					
HOLBROOK	2,530	2,530		2,530	0
NETHERLANDS					
WOENSDRECHT AB	35,500	0		0	(35,500)
PHILIPPINES					
CLARK AFB	23,260	23,260		23,260	0
UNITED KINGDOM					
RAF BENTWATERS	330	330		330	0
TOTAL, NEW CONSTRUCTION	61,620	26,120		26,120	(35,500)
CONSTRUCTION IMPROVEMENTS	154,520	154,520	(44,520)	110,000	(44,520)
PLANNING	7,000	7,000		7,000	0
OPERATING EXPENSES					
FURNISHINGS ACCOUNT	52,832	52,832		52,832	0
MANAGEMENT ACCOUNT	29,481	29,481		29,481	0
MISCELLANEOUS ACCOUNT	5,780	5,780		5,780	0
SERVICES ACCOUNT	22,334	22,334		22,334	0
UTILITIES ACCOUNT	242,130	242,130		242,130	0
LEASING	76,842	76,842		76,842	0
MAINTENANCE OF REAL PROPERTY	272,410	272,410		272,410	0
INTEREST PAYMENTS	31	31		31	0
MORTGAGE INSURANCE PREMIUMS	120	120		120	0
SUBTOTAL, IMPROVEMENTS & OPERATIONS	863,480	863,480	(44,520)	818,960	(44,520)
DEBT REDUCTION	1,433	1,433		1,433	0
TOTAL, FAMILY HOUSING, AIR FORCE	926,533	891,033	(44,520)	846,513	(80,020)
FAMILY HOUSING, DEFENSE AGENCIES					
NSA CLASSIFIED PROJECT	1,000	1,000		1,000	0
HOUSING PILOT PROJECT	0	1,000		1,000	1,000
CONSTRUCTION IMPROVEMENTS	186	186		186	0

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(AMOUNTS IN THOUSANDS OF DOLLARS)

INSTALLATION AND PROJECTS	FY 1988 AUTHORIZATION REQUEST	H.R.1748 HASC RECOMMENDED	AMENDMENT TO H.R.1748 (REPORTED)	H.R.1743 AS AMENDED	AMENDMENT CHANGE FROM 1988 REQUEST
OPERATING EXPENSES					
FURNISHINGS ACCOUNT	1,882	1,882		1,882	0
MISCELLANEOUS ACCOUNT	600	600		600	0
SERVICES ACCOUNT	11	11		11	0
UTILITIES ACCOUNT	125	125		125	0
LEASING	15,188	15,188		15,188	0
MAINTENANCE OF REAL PROPERTY	708	708		708	0
TOTAL, FAMILY HOUSING, DEFENSE AGENCIES	19,700	20,700		20,700	1,000
HOMEOWNERS ASSISTANCE FUND					
HOMEOWNERS ASSISTANCE	2,800	2,800		2,800	0
RECAPITULATION					
ARMY	1,182,100	988,610	(73,750)	914,860	(267,240)
NAVY	1,810,122	1,492,852	(152,131)	1,340,721	(469,401)
AIR FORCE	1,485,850	1,275,430	(131,520)	1,143,910	(341,940)
DEFENSE AGENCIES	851,720	659,349	(156,737)	502,612	(349,108)
NATO INFRASTRUCTURE	396,000	396,000	0	396,000	0
ARMY NATIONAL GUARD	170,400	186,717	(22,983)	163,734	(6,666)
AIR NATIONAL GUARD	160,800	148,465	(21,990)	126,475	(34,325)
ARMY RESERVE	95,100	95,100	0	95,100	0
NAVAL RESERVE	73,737	73,737	(6,100)	67,637	(6,100)
AIR FORCE RESERVE	79,300	79,300	(11,930)	67,370	(11,930)
TOTAL MILITARY CONSTRUCTION	6,305,129	5,395,560	(577,141)	4,818,419	(1,486,710)
FAMILY HOUSING, ARMY	1,738,659	1,659,559	(68,886)	1,590,673	(147,986)
FAMILY HOUSING, NAVY	799,036	787,648	(8,979)	778,669	(20,367)
FAMILY HOUSING, AIR FORCE	926,533	891,033	(44,520)	846,513	(80,020)
FAMILY HOUSING, DEFENSE AGENCIES	19,700	20,700	0	20,700	1,000
HOMEOWNERS ASSISTANCE FUND	2,800	2,800	0	2,800	0
TOTAL FAMILY HOUSING	3,486,728	3,361,740	(122,385)	3,239,355	(247,373)
GRAND TOTAL	9,791,857	8,757,300	(699,526)	8,057,774	(1,734,083)

DIVISION C—OTHER NATIONAL DEFENSE AUTHORIZATIONS

TITLE I—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

SUMMARY OF CHARGES

For DOE national security programs, H.R. 1748, as reported, would total $8,060,900,000. Of the total, $6,380,065,000 would be for operating expenses, $1,169,933,000 would be for construction projects, and $510,902,000 would be for capital equipment not related to construction.

The changes made by the amendment would authorize appropriations totaling $7,803,284,000, including authorizations of $6,271,065 for operating expenses, $1,076,317,000 for construction projects, and $455,902,000 for capital equipment not related to construction.

The amendment would result in a net decrease of $257,616,000 below H.R. 1748, as reported, and a net decrease of $246,716,000 below the President's request.

The following table summarizes the request, the recommendation contained in H.R. 1748, as reported, the amendment, and how the amended bill would compare to the President's request and to the reported bill.

FISCAL YEAR 1988 DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

(Amounts in millions of dollars)

Program	Fiscal year 1988 authorization request-restated	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
SUMMARY TABLE					
Weapons activities	4508.281	4419.181	−156.116	4263.065	−245.216
Operating expenses	3654.325	3576.225	−53.000	3523.225	−131.100
Construction	536.726	536.726	−63.116	473.610	−63.116
Capital equipment	317.230	306.230	−40.000	266.230	−51.000
Materials production	1862.987	1922.987	−90.100	1832.887	−30.100
Operating expenses	1470.521	1480.521	−56.000	1424.521	−46.000
Construction	291.181	341.181	−24.100	317.081	25.900
Capital equipment	101.285	101.285	−10.000	91.285	−10.000
Environmental restoration and management of defense waste and transportation	856.332	896.332	−5.200	891.132	34.800
Operating expenses	538.519	578.519	0.000	578.519	40.000
Construction	274.126	274.126	−5.200	268.926	−5.200
Capital equipment	43.687	43.687	0.000	43.687	
Verification and control technologies	100.600	100.600	0.000	100.600	0.000
Operating expenses	95.500	95.500	0.000	95.500	
Construction	0.000	0.000	0.000		
Capital equipment	5.100	5.100	0.000	5.100	
Nuclear safeguards and security	77.800	77.800	0.000	77.800	0.000
Operating expenses	73.200	73.200	0.000	73.200	0.000
Construction	0.000	0.000	0.000		
Capital equipment	4.600	4.600	0.000	4.600	
Security investigations	32.000	32.000	0.000	32.000	0.000
Operating expenses	32.000	32.000	0.000	32.000	
Construction	0.000	0.000	0.000	0.000	0.000
Capital equipment	0.000	0.000	0.000	0.000	0.000
Naval reactors development	612.000	612.000	−6,200	605.800	−6,200
Operating expenses	644.100	544.100	0.000	544.100	0.000
Construction	17.900	17.900	−1.200	16.700	−1.200
Capital equipment	50.000	50.000	−5.000	45.000	−5.000
Proposed appropriation transfer for public affairs and foreign travel					
Total	8050.000	8060.900	−257.616	7803.284	−246.716
Total DOE operating expenses	6408.165	6380.065	−109.000	6271.065	−137.100
Total DOE plant construction expenses	1119.933	1169.933	−93.616	1076.317	−43.616
Total DOE capital equipment	521.902	510.902	−55.000	455.902	−66.000
Total, DOE defense activities	8050.000	8060.900	−257.616	7803.284	−246.716
OPERATING EXPENSES					
Weapons activities:					
Weapons research and development	757,019	769.019		769.019	12.000
Materials research-PSP					
Weapons testing	396.550	396.550		396.550	
Weapons production and surveillance	1896.830	1896.830	−3.000	1893.830	−3.000
Nuclear directed energy weapons R&D&T	416.600	290.000	−50.000	240.000	−176.600
Inertial confinement fusion R&D	112.500	149.000		149.000	36.500
Program direction	74.826	74.826		74.826	
Weapons program	(66.848)	(66.848)		(66.848)	
Community assistance	(7.978)	(7.978)		(7.978)	
Total, weapons activities	3654.325	3576.225	−53.000	3523.225	−131.100
Materials production:					
Reactor operations	576.035	576.035	−36.000	540.035	−36.000
Processing of nuclear materials	455.700	465.700	20.000	485.700	30.000
Special isotope separation	(50.000)	(60.000)	20.000	(80.000)	30.000
Supporting services	221.747	221.747		221.747	
Enriched material	193.000	193.000	−40.000	153.000	−40.000
Naval reactors uranium enrichment	(178.500)	(178.500)	−37.000	(141.500)	−37.000
Other uranium enrichment	(14.500)	(14.500)	−3.000	(11.500)	−3.000
Program direction	24.039	24.039		24.039	
Total, materials production	1470.521	1480.521	−56.000	1424.521	−46.000
Environmental restoration and management of defense waste and transportation:					
Environmental restoration	77.798	97.798		97.798	20.000
Waste operation and projects	391.597	411.597		411.597	20.000
Waste research and development	51.082	51.082		51.082	
Hazardous waste process planning	7.112	7.112		7.112	
Transportation management	8.400	8.400		8.400	
Program direction	2.530	2.530		2.530	
Total, defense waste and transportation	538.519	578.519	0.000	578.519	40.000
Verification and control technology	95.500	95.500		95.500	
Total, verification and control tech	95.500	95.500	0.000	95.500	
Nuclear safeguards and security:					
Nuclear safeguards and security	73.200	73.200		73.200	
(Program direction)	(8.200)	(8.200)		(8.200)	
Total, nuclear safeguards and security	73.200	73.200	0.000	73.200	0.000

FISCAL YEAR 1988 DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS—Continued

(Amounts in millions of dollars)

Program	Fiscal year 1988 authorization request-restated	H.R. 1748 HASC recommended	Amendment to H.R. 1748 (reported bill)	H.R. 1748 as amended	Amendment change from 1988 request
Security investigations	32.000	32.000		32.000	
Naval reactors development:					
Plant development	74.000	74.000		74.000	
Reactor development	249.700	249.700		249.700	
Reactor operation and evaluation	208.000	208.000		208.000	
Program direction	12.400	12.400		12.400	
Total, naval reactors development	544.100	544.100	0.000	544.100	0.000
Total, DOE defense activities operating expenses	6408.165	6380.065	−109.000	6271.065	−137.100

BACKGROUND OF OUR TRADE DEFICIT

The SPEAKER pro tempore (Mr. SKAGGS). Under a previous order of the House the gentleman from Florida [Mr. MCCOLLUM] is recognized for 60 minutes.

Mr. MCCOLLUM. Mr. Speaker, tomorrow we begin debate on major trade legislation. The issue of trade has been a subject that has been before the American people in ever-increasing awareness for the last several years. Our trade deficits last year were almost $170 billion. This year every indication is that a trade deficit of the United States will be significantly higher than that. Most of the emphasis of the proposed legislation focuses on the unfair trade practices which have been conducted and are being waged by some of our trading partners against the United States and our businesses.

I think that we need for a moment before we examine this legislation and get into the debate on the specifics of it to take a broader overview look at the entire question of trade, at what some of these terms mean and what we might be doing to ourselves and to our trading partners if we take actions that we may not understand to begin with.

First of all, unfair trade practices, trade deficits, and competitiveness are terms that are used frequently, but they are not well understood and they simply do not necessarily go together and interrelate.

For example, we have had essentially the same or worse unfair trade practices used against us and our products and our services for quite a number of years, when we had very large trade surpluses. So unfair trade practices in and of themselves do not equate to huge trade deficits in the United States. Legislation that addresses unfair trade practices alone by no means is going to solve the trade deficit situation in this country.

I think we need to understand what the primary causes are of trade deficits, the trade deficits at least that we have now.

Now there can be other causes in other times, but right now there are three primary causes of our trade deficits.

The first primary cause is the simple fact that the U.S. economy and the consumer demand of this country over the last several years since 1981 has grown at a significantly greater rate than the growth of the economies and consumer demands of our trading partners.

The second reason why we have these huge trade deficits is because we have huge domestic budget deficits and we have not been able to do more than contain the growth of those domestic budget deficits, we have not been able to reduce the deficits themselves.

The third primary cause of our trade deficits stems from the ever persistent Third World debt and its direct relationship to our ability to trade.

Now, let us examine those three primary causes because they need to be understood if we are going to understand the legislation we are about to tackle in the next couple of days.

What about our growth? Our economy has grown since 1981 at a pretty rapid rate.

Yes, the inflation rates are down still, we do not have that high GNP that everybody has been looking for. But when you look around the world relative to the economies or the other parts of the world, our economy has grown at a significantly more rapid rate than theirs.

When this occurs, several things happen. One, our consumer demand and our business demand, for that matter, is up. In other words, our demand for products and services is greater than theirs. And the natural consequence of this demand in a growing economy that is greater than the growth of the other parts of the world is that we are going to import more goods to meet this demand than we export. We are going to have to import those goods because our economy has not been producing enough to meet this growth demand. So it is only natural that we run a trade deficit in that situation. It might not have to be as big as the one we have now, but we cannot get around running that kind of a trade deficit until our economy picks up the slack in the system or until the foreign countries that we deal with have their economies pick up.

We need to have those countries cooperate a little bit with us if we are going to resolve the trade deficits. The best way they could cooperate would be to get their own economies growing more rapidly. We have encouraged them to do that, but so far they have not. The most obvious method of doing it, particularly among the European allies, is to reduce some of their tax burdens so their businesses can expand and their economies flow. Frankly, they have an undue fear of the growth of inflation which is very low now. We are almost in deflation in parts of the world.

We need them to do that, but we cannot do it for them. We cannot really force them to do that. We can cajole them, we can urge them, we can do all kinds of things, but we cannot absolutely get them to do that.

I suppose they could lower some of their interest rates, which are already pretty low, a little further. They could do a number of things like that. But until their demand comes up, until they begin to grow at a greater pace than they are now, we are going to have a natural pressure that is going to result in our having trade deficits. That does not have anything to do with unfair trade practices and does not have anything to do with anything we can legislate about, frankly.

Now, in the same context of these factors of growth, relative growth between our country and our trading partners, we have to think about how we finance this growth and how we finance at the same time these huge budget deficits we have.

With this greater growth relative to the other economies and with these huge deficits on our own side, our budget deficits, we require relatively higher interest rates than the rest of the world in order to get foreign capital to come over here and finance this for us, because we do not have it inherently in our system.

Again that is a natural equation in economics. It is very simple. It is fairly easily understood by those involved, though the language barriers often get in our way.

While our interest rates are nowhere near the extraordinarily high interest rates of 7 or 8 years ago when they went right through the ceiling, we have had, even though we had what we thought were modest rates of maybe 7½-percent prime and 9 percent for some home mortgages and so on, just a month or so ago, those rates are still significantly higher than the interest rates paid around the rest of the world at the present time and have been for some time. That again is required if we are going to attract money over here.

Why do we need the money over here? Well, we need it in part to finance our business expansion because we have to have more liquidity here than we have generated in this country, unless we want to really inflate by literally printing more money with a truly extraordinarily loose monetary policy.

We have to have it here in order to sell our public debt offerings, how we finance this deficit. We sell every month, in fact several times a month, new Treasury bonds and bills and notes on the open marketplace in this country. Many of them are bought by Americans. Many of them are bought by our banks and other institutions.

But in order to carry the kind of deficits that we have been carrying domestically, our own budget deficits, and in order to finance this expansion of our economy when the rest of the world is not expanding at this rate, we have to have a lot of foreign country purchases of foreign business purchases or inflow of cash by that purchase process from abroad.

That is what is happening. Japanese, particularly, have been buying our bills and our bonds and our notes in the last year or so. They have been buying because it is a good investment. Because the interest rates were higher and we are maintaining them higher, at least we had to maintain them higher in order to get them to do that.

The bottom line is we need to have the other countries to get their economies to grow more so we do not have to do that and we need to solve our own domestic budget deficit so we do not have to do that. Until both of those things happen, we are going to continue to have difficulties with our trade deficits.

Now, there is a third factor in this that has really made it a problem for us and that is the Third World debt question.

Most of the Third World debt we are concerned with is in Latin America, south of our borders, Argentina, Brazil, Central America, South America, all over that region.

Frankly, we expected that during the period of this decade in the 1980's, Latin America would develop into one of our strongest trading partners. We expected that where we were going to get our net exports from this country in this decade would be in those countries south of us. But when they accumulated this enormous debt to our banks and to the banks of other countries around the world, their economies simply become nonproductive.

□ 1320

They did not have the capital to expand and grow, and when they were not growing, they could not be buying our products. In fact, to import too much for them, instead of export, is counterproductive.

They have to increase their exports in order to have any kind of ability to pay off on that debt. So we need to address that debt and really get it down in the Third World if we are going to open up that growth market. The markets in Europe have been relatively stagnant for some time. Yes, we would like to see them grow and certainly if the economies would grow, it would help us out in the ways I described a moment ago, and certainly it would increase the likelihood that they would buy more of our products.

But the fact remains that our primary market that we can look to still for the future, if we are going to expand our economy and be able to sell more exports in the next decade and into the 21st century, that primary market of expansion has to come in Central and South America.

What are we doing about that? We are jaw-boning a lot. We are trying to get accommodations. We continue to see refinancing of that Third World debt, but that does not alleviate their having to make the payments. It just stretches it out. They have to pay a very heavy interest load on the debt and, of course, they have to repay principal over a period of time, however many years it is.

There have been a lot of innovative suggestions lately. There is even something that is going to come up on the floor in the next couple of days in this legislation we are considering that is aimed to addressing that.

My own belief is that by creating some kind of a special fund mechanism out there for this debt to be purchased and sold and so on, that we are not really going to resolve the problem.

What is going to be required, and what is most innovative in this regard that is not requiring Government legislation to achieve, is the proposal for debt equity swaps. But that requires the cooperation of the bankers who have the investments and the debts down there and the debtors, the nations themselves who would have to make an arrangement, an accommodation, either directly with those who have loaned them the money to turn the debt into investments of equity in business in the countries involved or for the business bankers to sell their debt, perhaps at some small markdown, to private investors through the securities marketplace, and there is such a marketplace today called the secondary market in this debt, and let those private investors in this debt in turn convert it into equity for a return over the long haul in the development of new business and economic expansion in those Third World countries; particularly we are talking about Argentina and Brazil, as the two larger ones, and Mexico, as well.

Again, those things do not come about overnight. They are being discussed. There is some promise; there is some hope. Some of the major securities brokers in this country are currently promoting this concept.

If we get the cooperation of the countries involved who need the capital and they see the light, and if we get some of our bankers and many of the foreign bankers who, by the way, have the larger exposure, there is more debt owed to the foreign bankers in Europe and in the Orient than there is to our bankers, if we get that cooperation and when we get that kind of a business understanding, it is profitable for everybody, then this type of resolution is likely to take place.

But until it does take place, there will not be the kind of capital, there will not be the kind of money available in those countries south of us to buy our products, to expand their jobs and to create a situation down there where they can let us become an exporter to them in a way that would affect our trade deficit.

Those are the three primary causes of this deficit that we continue to accumulate on the trade side and that we have with ever-increasing rapidity over the last several years. Again, to repeat, so we do not lose track of it, the three primary causes of our trade deficits are this Third World that I just mentioned and its effect on our inability to export to the Central and South American regions where we have to in the future if we are going to have an expanding export market; second, it is our own budget deficit, this tremendously huge thing that keeps sticking with us, even though we slow the growth of it, we have never cut it, and until we actually reduce it significantly and get out of that business of huge deficit financing abroad that comes from and flows from our deficits as a natural consequence, we cannot expect our trade deficits to go down significantly. Third, we have the problem of the fact that our economy and our demand, both consumer and industrial, has been far greater relative to the demand and the growth of the economies of our trading partners.

Until they step up their growth or our demand slackens, and Lord knows, we do not want that because that, I think all of us know, means recession and job losses here. But until that equation is leveled out, there is going to be a natural resulting trade deficit in order to finance this growth and expansion here in the United States, and because we do demand more imports than we are going to have in products that we produce domestically for our own consumption in order to fill the gaps in.

I want to talk about a third wing of this. The term "competitiveness," as some people call it. What is it? It simply means, in the world of business, when we talk about products or services, that a product or a service has a quality and a reasonably low price so that somebody else is going to want to buy it instead of acquiring another product or service someone else has produced. That is true at home, as well as abroad.

Frankly, for years and years, the United States was clearly the leader in competitiveness around the world. Frankly, we still are the leader, despite all of the dour looks that come on businessmen's faces today when you talk about that term and talk about our trade.

If you look at it from the standpoint of the percentage of income that an average American spends on foreign goods and services versus what he spends on his domestically produced goods and services and compare that to what the average citizen of another country around the world spends on American products, there is no comparison, with the exception of Japan. Let us put Japan aside for a minute and talk about the rest of the world.

The rest of the world is this way: The average American spends a very small percentage of his or her annual income on foreign-produced products or services. The average citizen of Sweden or Germany or any of our European allies, or for that matter, any other part of the world today, spends a much greater percentage than the American does, spends a much greater percentage of his or her annual income on American products, instead of on their own.

In that sense, it is very easy to see that we are still extraordinarily competitive. We are pushing our products; they are taking them, and we are not taking nearly as many per income level, per capital income level, in this country.

Japan is a break-even part. You might have thought I was saving that back to tell you some horror story about them. Actually, that is not the case. On an average annual income basis, the Japanese citizen spends about the same percentage on American products as we spend on Japanese products, or if you want to put it the other way around, the percentage on his own as we spend on our own.

So we are sort of even with them. That does not help our exports any, but it sounds kind of fair on the surface in competition.

What has happened is that in relative terms, and everything we talk about in economics is somewhat relative, that is one of the big problems of understanding it. It is not a precise science, it is a fluid that moves back and forth, and when you punch something over here, it comes out over there. But in relative terms, our competitiveness has declined. That is, we are, relative to the past, less competitive in the world market today. That is, in terms of the fact that some other countries are doing better. Their economies, their product lines, their quality and costs have eroded our marketplace, but we are not net total losers. They do not have a better deal than we do. It is just that we do not have as good a deal as we once had.

We need to restore our competitive edge. At least, we need to keep up and do better.

I think the best analogy is to think of the athlete. The athlete who has trained all his life, in whatever field, whether it is in running in the Olympics, or whether it is in football or whatever the sport is, there has, from time to time, been some absolutely superior athlete or athletes whose team or whose nation he represents has had an outstanding record for a long period of time because that athlete is in better shape; because that athlete is in better condition; because he can do things better than anybody else could think of doing them.

□ 1330

And nobody even came close to beating him in whatever event he was competing in. Then some time passed, and he may not have declined a bit. He or she may be a young man or woman and still at the peak of visible prowess and doing all the same exercises and regimes as before, but along comes somebody who catches up, or comes close to it, who suddenly provides competition because somebody else has learned the technique, has gotten their body physically in shape, and has trained properly, and it then becomes an athletic competition instead of something that is not even close.

I think our trade situation is much like that. We have as a nation been able to dominate in the last few years, especially since World War II, the entire world marketplace. We have not had anybody who could rival us. And, frankly, I do not think we have gotten so much softer or that we are doing such terribly bad things or really anything that is that much different. It is just that other countries are now coming up to catch us in this game.

The Japanese have sent their major business leaders to the Harvard Business School for years. Some of their leading bankers, all of them in many cases, including some of those bankers who are from the world's largest institutions of finance, have gone to the same schools our business leaders have gone to. They have learned the same techniques, and they have got some industriousness and drive and incentive among their people. We are always talking about how the Japanese do things a little differently than we do, but they have just been trying to catch up. They have just been trying to do what we have done for years. In some cases they have shocked us because they have done some of the things we have been doing better than we have been doing them because we just did not improve. They improved more quickly than we did.

Our task to maintain our competitive edge and improve it in an ever-increasing competitive world is to get better and do those things we have been doing all along better.

First and foremost, I think all of us are aware that we have to improve the educational level of our youth in this country. A lot of effort has gone into that, and a lot more has got to go into it. We have had a remission of science and technology and math over a number of years. We have begun to come around now. Things run in cycles. As soon as we do that, we will probably find that we have lost out a little bit in some other area. But education is the bedrock of our ability to compete in the future, and we have to put some emphasis on that.

Second, I think we forget sometimes that the great engine that has driven our train and our commerce and our industry has been the free enterprise system. It has been the fact that we have given to individuals and to business in this country an opportunity, an incentive, a chance to go out and make a profit and do that in a way that is not directly by the Government but in a way they decide on their own as to how to do it. We have been the leading example of this. This has been the bedrock of our democratic institutions, and it has been that which has driven the engine of our economic success around the world.

Whenever Government gets too much involved in the business of directing things, then that kind of economy that we have known for all those years does not work as well, and it is not going to be as competitive.

Sometimes we talk about loosening up the reins in terms of deregulations, but that is not always the case. That is certainly what we need to continue to address, but it is in many other invidious ways that Government is involved in not just pure regulation of any given industry. There are ways that we are involved in things like establishing simply more rules and regulations in the sense of saying that you have to follow these procedures for safety and health and environment, and you have to follow these procedures if you are going to get a license or an application, or if you are going to be avoiding competition in the anticompetitive world that might exist otherwise, the antitrust world that is out there when we try to work on it. And it is in the way of things like those that are in the bill that will be out here on the floor this week, where in all good measure some of my colleagues are attempting to establish an industrial planning scheme that will say somehow that we will get together and we will plan how we can solve all these problems in the future.

What we are doing when we do that is layering another bureaucracy out there on top of what already exists in the name of planning when indeed planning is not what we need. We need understanding of the problems I have been discussing on trade and competition, and we need to get the message out. We need to work harder on a number of things, but we do not need to have more Federal planning of business and we do not need to be taking more of our resources from our economy in the form of tax dollars in order to fund agencies to do these things. That just exacerbates the budget deficit problem which already, as I have indicated earlier, is a major factor in causing these trade deficits in the first place. We do not need to do that. What we need to do is to unshackle as much as possible the free enterprise system and let the individual and the businessman go out and do his or her own thing.

After all, it has been the small businesses that have expanded over the last 6 or 7 years when we have had record numbers of new jobs created in this country and new businesses, largely the small mom-and-pop size businesses actually that have done that. It is that growth, as I said earlier that has made us great, because the rest of the world has not been doing that, has not been living up to those kinds of hopes and opportunities and expectations. It is because they have not grown in this fashion, and that is what has triggered some of the trade deficit problems we are talking about today.

But we need simply to get Government out of the business of regulation and intrusion that is causing less efficient production on our private sector side and, by the way, driving costs up at the same time. The cost of the product inherently goes up under those conditions and in these circumstances.

We also need to have logical tax laws. Some have debated at great length on this floor the tax bill that was passed in the last Congress with its effect on business. Long term, many of us believe that some of the things in that bill will be very healthy. In the short run, they are not so healthy. We need to be vigilant and make sure that to the degree necessary we do not allow our tax laws to suppress business activity and expansion of our very base of support in this country. If you have too much of a cost for business in the tax area, you are going to raise the price of goods and services in this country, and you are going to make those products less competitive in the world market, as well as less competitive at home.

Let us talk about that for a minute.

Competitiveness is not something we talk about simply in terms of a product or service of the United States being sold abroad and being competitive over there. If a product is not competitive at home to our own consumers, it is not going to be competitive abroad. After all the idea is, because of the very inherent nature of the definition of what competitiveness is all about, to have a finer quality product at a lower price than the other person selling that product or service. If we do not have that finer quality product at a lower price than a foreign good that is coming into our market, then we are going to see that Americans naturally are going to gravitate to that foreign product, and if we erect a trade barrier that says you have got to buy American because we are going to raise the price of the foreign product so much through tariffs or import duties or whatever that you are going to find the American product cheaper, you are going to raise inflation in this country. You are going to raise the cost for everybody, and we are going to go back out in an inflation cycle in the name of solving trade deficits.

I submit that is not what we want. It does not make any sense. And if we take too hard a stand, if we get out there in the name of trying to get more of our products purchased by raising these barriers and we try to do it in the name of unfair trade practices, or whatever, we raise these barriers up that some call protectionism and then we might do more than simply create a great inflation in this country and make all the products here cost more. We could very easily go across the edge and cause a trade war abroad, because other countries do the same thing, and we would send the whole world economy into a recession out of which we would have a terribly difficult time coming because we have all these problems here.

How are we going to solve the problems if we do not have even our own economy doing well and if we have these economies that are only marginal now, because they are not growing at a very rapid rate abroad, turn from very, very low growth to negative growth. Then you have deflation, and then you have what is known as depression. I do not want to predict that is what we are doing, but I do want to say that if, instead of passing simply a bill in the next few days that the President can sign into law that provides for the unfair trade practices to be managed by the President, with his discretion to take greater steps if he feels justified, to push back those practices, if we do not pass a bill like that and, instead, pass one that mandates that the President has no choice but this now, that certain things occur in the way of blocking imports into this country simply because we have trade deficits with another country or they have a trade surplus with us, or because of some other boogeyman, then we are going to get to the point where we will have this inflation cycle returning to this country.

Not only that, but we are probably going to pass the point where we are in danger of triggering that tremendous trade war and bring about the inherent depression that might come out of that. I think for that reason prudence and caution are necessary. We do not have a very good understanding, as I said at the very beginning of this, during these few moments that I have had to speak to my colleagues, of the meaning or the cause of the trade deficits, and without that understanding and with a lot of emotion involved with jobs affected over here and jobs affected over there, we are likely to make some serious mistakes instead of solving the problems of this country. We have got to look at it that way.

□ 1340

I want to say for a few moments something about unfair trade practices. They are a problem. I do not want to diminish their being a problem. They are a much greater problem now than they were when we had these trade surpluses for a very simple reason. We are not as competitive, though we are more competitive than anybody else in the world; I said that earlier, we are not as competitive relative to what we were in the past.

As our edge declines because other countries are improving, as we do not have the advantage we once had and we are not going to regain all of that; actually, our policies were to encourage them to develop more and we have to manage our success is really what it is all about. But as our competitive edge or our advantage has declined, and we hopefully level off here in some respect in this regard, then unfair trade practices which previously existed and were a mere annoyance to us and did not affect our deficits and our problems here, become very important. They are obstacles that did not seem so big before though they are the same obstacles.

While our trading partners have not done anything worse to us, and have, in many cases, lowered trade barriers remarkably from what they used to be, our perception of those trade barriers as being bad has grown, and will continue to grow. We do need to have the cooperation of our allies and we do have to force them if they are not willing to be cooperative, to lower barriers that in the past we have ignored, and sometimes, they do not understand that. They cannot understand why the U.S. Government and its people would suddenly be so angry at them about practices which they have always engaged in and in cases where they have actually removed some of those unfair trade practices and they have more open trade and accept more of our products with less obstruction than they did in the past. They cannot understand that.

I think what I am discussing makes it pretty clear and hopefully some of them will read this and understand it better. It is a very simple fact. Because their economies, because their competitive edge is increasing, because they are getting more ability to do things like we have done all along, they are forcing us into the position of being more sensitive to their unfair trade practices. We are simply not able to cope with that if we do not see them lower more of those barriers.

What we need to be going toward is not greater barriers to their products and their services to this country, which is inflationary and as I said, can breed the possibility, a very serious possibility of tremendous economic upheaval in the world, we need to be enhancing our export capabilities. That is where the emphasis should be. Improving competition in the senses I described with improved education, with improved or less Government restrictions, with more management expertise, with a whole host of things on that edge. At the same time, we need to be opening new marketplaces for our products and our services.

One of the primary ways to do that, of course, is to lower those barriers to us that other countries have. But in turn, we are going to have to lower any barriers that we already have, let alone anything we may erect in the next few weeks if we are expecting them to do that for us.

But at the same time, to get bigger export markets for our goods, we need to have those economies out there growing and being capable of buying our products; that is what the marketplace of the world is about. That means solving the Third World debt problem, and it means getting cooperation from our allies to get their economies to grow like ours did, by reducing the taxes that they charge their businesses and taking away the burdens they place and the disincentives to expansion and growth in their economies.

I think all of that is certainly interrelated. It can be seen. Last but not least, I come back to the bottom line point of some of this. We have got to get out of the business of financing our growth totally or almost totally abroad. Probably total is too extreme a word. So significantly abroad. The only way we can do that is by frankly seeing these other changes take place. The only thing this Congress can do about that in a meaningful way is to significantly reduce our own budget deficits. That is something that is a theme that has been talked about so long.

We are in gridlock over those deficits. I cannot resist talking about them for a moment. Gridlock up here between those who, everybody recognizes their problem. Between those who want to solve the deficits by increasing taxes and not cutting spending significantly, and those who want to significantly cut spending. There is a lot of rhetoric about, and there will be even more next week I am sure, when we take up the Defense authorization bill, about cutting the defense side of the equation.

The fact is that we have about a $300-billion-a-year defense budget and it may come down to $290 billion or it may go up to $305, but we are not going to take it down to $250 billion; we are not going to cut $100 billion out of it to balance the budget. We are not going to be able to significantly change the deficit picture of our budget by whacking away at the military. So the options really are, are we going to cut back on these Great Society programs that have done a lot of good in many cases in this country but are Government-run programs. Are we going to do that or are we going to increase taxes?

Well, we are in gridlock on that now. I am not here to resolve that. I do not mind stating my preference is strongly on the side of cutting out Government spending programs and paring down what we do and getting this Nation lean and mean again. I think it would be counterproductive to raise taxes in this economy. I do not think the American people want to see it happen. Thank goodness we have got a President who does not want to see it happen.

But the fact is that we have got to address our budget deficits if we are going to solve trade deficits. We can get off into debates; the last little tangent I will go down for just a brief moment.

We can get off onto debates about what kind of monetary or exchange rate system we have. We can debate what the Federal Reserve does or does not do. But in the context of the whole thing, whatever system we have, whatever standard we are on, whatever way we operate our exchange rate system, we are still going to have tremendous difficulty with our trade deficits and our world economy unless we manage those things that I set out at the very beginning. Unless we improve and continue to get to be better athletes, improve our competitiveness, move ahead; do not sit back and wait as we have been doing for others to catch up, but move ahead and do those things necessary for that.

We are going to continue to have tremendous trade deficit problems in our economy until we resolve the Third World debt problem and get marketplaces willing to buy our products south of the border. We are going to continue to have these deficit problems until we see the end to the policies of some of our allies of strangling growth in their own economies. We are certainly going to see our trade deficits continue to be a problem for us until we solve our own domestic budget deficits. Obviously, we are going to continue to have these problems to some extent or another, or maybe we will not, because we used to have trade surpluses when we had unfair trade practices, but it would be a big help if we could, if a lot of those trade barriers come down, and instead of going toward a tighter, tougher, more protectionist, isolated nation, we went to a freer trading world where exports are emphasized rather than contraction of imports.

Anyway, as we look over the next few days and we look over what the bill is that is before us, my judgment is that prudence tells us to enact into law a new set of powers for the President to exercise in his discretion. To be able to fight unfair trade practices. To perhaps give more flexibility to address the problems I have described, but above all else, we should not go that route of protectionism and trade barriers and fight trade deficits in the name of whatever.

Boogeymen do not do any good. Fall guys are not important here. Politics may be the order of the day with Presidential ambitions coming in the next year, but the fact remains that fundamental to the American people is a sound economy with an ever-increasing growth of jobs and opportunities in this Nation under a free enterprise system.

To have that to be sustained over the long haul with major recessions or even depressions, which could occur, we have to have an equilibrium on the trade front and we have to have common sense in how we handle our own domestic budgets and our own domestic laws.

If common sense prevails in the next few days on the trade question, we will continue to have prosperity. I have got a lot of confidence in common sense; it is what has run this country for a long time, and I think in the end it is what runs this Congress, but we do not go there in a straight line sometimes.

I hope that my colleagues will get there sooner rather than later in the case of trade.

□ 1350

IMPEACHMENT OF RONALD REAGAN—NO. 6

The SPEAKER pro tempore (Mr. SKAGGS). Under a previous order of the House, the gentleman from Texas [Mr. GONZALEZ] is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, I will continue on what I would entitle "The Impeachment of Ronald Reagan," chapter 6, and round out some of the articles of impeachment of the seven that are included in House Resolution 111, which I introduced on March 5.

In the first place, it sounds as if this is a far-fetched and a strained action, but the truth of the matter is that the reaction to the introduction of this resolution has been far beyond my expectations in the sense of the reaction throughout the country, and particularly in my own district, and particularly in view of the meetings held here Saturday and Sunday, yesterday, to which I was invited, but since I return to the district each weekend and I had to be in the district over the weekend, I could not attend this meeting.

One of the organizing and supporting groups was a spontaneous committee for the impeachment of Ronald Reagan that was organized in one of the States and which was organized after the introduction of my resolution. But I think that if the American people were to realize what fateful decisions are in the balance or on the balance that should the Congress turn away and continue to abdicate its responsibility of exerting its coequality and its independence and above all its separation from the executive branch and call the President to accounting, that they would rise as one.

I think the fact is that the American people have nowhere else to go to but their leaders, and as the beginning or the initial point of these gatherings and appeals from the people such as those that gathered here in the District of Columbia over the weekend, it has always been true, and particularly in our country, but also in the mother country, in England, that where the leaders will not lead, then the people must push.

President Reagan is continuing to behave in such a way that the price for his actions, the price tag, when it hits the American people, if it is not too late, will be devastating. It has always been said that the triumphs of a demagog are fleeting, but the ruins are eternal, and I think that this can be said with great truth in the case of the period of the Presidency of Ronald Reagan.

Now and then some of these perceptions come through in some of our publications that are not generally read. One such, in the New Yorker, the Talk of the Town section, has always revealed great perception, whoever it is who writes it, and in one of the issues here recently, for April 13, 1987, there was one such. It was entitled "Notes and Comments."

> An American military adviser and at least 70 others died just recently in an early-morning raid by the rebels on the heavily secured military base at El Paraiso in El Salvador, and briefly the war in that country flared back into public awareness in the United States.

Well, that happened just the day after I had made the fourth special order with respect to the impeachment resolution, and in which I happened to have mentioned El Salvador, saying that even though we had spent over $4 billion and 6 years, that we were no closer to a solution such as defined by our administration than we were 6 years ago and $4 billion-plus to the plus side of our Treasury.

There were a few colleagues who reacted and met me after the speech and said, "Well, we visited Salvador, and it looked like Jose Napoleon Duarte was doing all right."

My answer was, well, I don't know what they visited or with whom they conversed when they visited, but obviously the reports emanating and which I extracted from the press in Central and South America reflected that the Duarte regime is on rather very shaky ground, and that we were far from having produced the desired results. As I stated to them, simply because the decision made by the Reagan administration beginning with its first Secretary of State, General Haig, was an erroneous one, without attempting any kind of a diplomatic approach on a regional basis through the regional organizations that we ourselves had formed many years ago, we opted under Reagan and Alexander Haig for a unilateral military solution.

A military solution is the last thing that is going to bring about what the American people are entitled to have, and that is success from the standpoint of initiating policies that will give us the continued moral leadership as well as the effective physical leadership and power of this region of this part of the world. Instead, the President returned to a bankrupt, outmoded, and outlived policy of Calvin Coolidge and his gunboat diplomacy of 1929.

The reasons, historically speaking and from a historical perspective, are astoundingly the same. In 1927 the then French leader, 10 years after the United States had entered World War I, on April 1, 1917, came to the United States, the leader being Aristide Briand, and he made an eloquent speech commemorating the fact that it was exactly 10 years before that the United States had entered as an ally and helped this beleaguered invaded nation known as France and had joined its other ally, England, in resisting the German Kaiser, who up to then had been running roughshod over Western Europe.

□ 1400

He then said, "I propose that the United States and France join in a negotiation in," what he called "an offensive," and that was a strange word to use, "to outlaw war forever."

Our Secretary of State was Frank Kellogg, who then replied and said, "I think that is fine, but we should not be just friends, and the United States, we ought to bring in the rest of the world."

So Briand very reluctantly went along, and a year or so later on August 27, 1928, in Paris, 15 signatory nations, or the plenipotentiary ministers of the 15 nations met and signed the Pact of Paris which would outlaw war forever.

It was no later than July 23 of that same year, 1928, when Mr. Kellogg announced fine, but remember this, and these are his words: "The right of self-defense is inherent in every sovereign state, and is implicit in every treaty."

One of the signatories to that treaty, 1 of the 15, was Japan.

It immediately said through its then Prime Minister Shidehari Kijuro, that is right, we understand that, that we will outlaw war, except that we still retain as an inherent right, as you say, Mr. Secretary of State, the right of self-defense.

Less than a year later, the United States invaded Nicaragua with the marines, and Mr. Kellog issued a white paper in which he said, "The reason we are invading Nicaragua is to save it from the exportation of Mexican bolshevism."

The word in style in the twenties, and after the Russian Revolution was bolshevism not Communism. Mexico had undergone almost three decades at that point of convulsive revolutionary and counterrevolutionary civil wars, very bloody.

Mexico, for instance, over that 30-year period at a time when its population would not even amount to some 13½ million lost 1 million dead over the course of that revolution, and it lost 1½ million to an exodus of those, among them being my parents, who fled the turmoil and the revolution and the terrible, terrible bloodlessness of that revolution, the most bloody in history until recent day proportionally in El Salvador, where in the smallest country in Latin America, you had over 60,000 deaths in these last 5, 5½, 6 years.

That is a terrible bloodletting, and all of it with Americans. Remember that in 1982 President Reagan said that the reason he considered Nicaragua a menace and a threat to our best interests and our security was that it was going to try to export its revolution, and that we had to do something in order to intercept the exportation of arms from Nicaragua to El Salvador.

Well, now that has shifted. We no longer hear about how we are helping the Contras and feeding them, and are committed to them; and now we have got a sizable corps of people that we do not know what to do with, that we have foisted and poured down the threat and compelled the sovereign nation of Honduras to take, and which we occupy as much as Russia is occupying Afghanistan, if not more, for beginning this coming month in May we will have over 50,000 of our soldiers ostensibly for training in that tiny state of Honduras, which we completely occupy, control, and dictate to.

If we do not, we do it through United Fruit, which always has been the controlling force in Honduras; but when we then compare this to the rationale and the rationalization of the white paper of Secretary of State Frank Kellogg in 1929, we turn the clock to this day and time, and find the President invoking the Espionage Act of 1917 on May 1, 1985, in order to announce an embargo which last week, I made note in my fifth speech, that we had just removed the message here from the President saying that he was going to extend that embargo after the deadline of May 1, when it is due to expire.

The American people, and I think my colleagues, do not really fully comprehend the impact of that announcement. A President does not have the constitutional power to pronounce and bring about an embargo without the delegation of that power from the Congress, and the Congress did it in the Espionage Act of 1917 which from time to time various Presidents have invoked.

When we read about all of these spies, the spate of spies, all of a sudden we do not read any more about spies, that all of a sudden we had a spate of spies that were arrested, including the very illustrious grandson of our famous historian, Elliot Morrison, who is no more a spy than any one of us, but who got caught in the Presidential Executive order of May 1984, for what information he had been given James' fighting ships of England, before May 1984 became an act of treason or espionage or susceptible to that charge or a related charge which is not espionage.

Everybody considers it to be espionage, because of the confusion in the verbiage and the use of the words. He got tangled in that.

What he did after May 1 was no more offensive than what he had been doing before May 1, 1984, except for the President narrowing under his Executive order the definition of what was security information and what was not.

We are living in this day and time. We are living in a day in time in which the President has proclaimed his violation of a law, and our Constitution and the Congress has been loathe to challenge a popular President, but that does not in any way diminish the constitutional obligation and responsibility we owe the people, unless we want to be running as a popularity contest.

What have been the consequences? "By their fruits you shall know them," a well-known admonition, and what is it that these actions, because I will not dignify them by calling them policies on the part of President Reagan, have brought to us?

Let us see, for the first time in history, four nations in Latin America, beginning with Mexico, have invited the Russian leader Gorbachev soon, in a few weeks, and they have not recalled that invitation.

They invited him. They did not seek the invitation. On the other hand, President Reagan who, because of Howard Baker's desire to prop up a fallen type of image, wanted a trip to South America, so Venezuela extended an invitation in behalf of several of the countries that were going to be meeting in Caracas.

Last week they disinvited the President that on the basis that if you went there they would have too much trouble. This is the real world out there, not the PR world, in the political world of the managers here in Washington any more than the fact that Calvin Coolidge was not challenged when he invaded and caused Nicaragua to be subjugated for 13 years.

□ 1410

After all we imposed Somoza and his regime. We imposed, we formed, we organized and imposed and supported the National Guard until such time as we could withdraw our marines.

But 40 years later we had to confront the inevitable in the worst kind of circumstances. So here we are confronted with the reality that our country, its President, has no policy, it has no desire to seek diplomatic or peaceful approaches and yet how else are we going to work on the basis of good will to bring about the constructive and creative things that could be our own economic salvation if we have the wit and the will? We are not going to shoot ourselves into the hearts of the Latin American people as this administration seems to be seeking, everywhere from Guatemala to South America.

First, it is not possible. Second, we do not have the resources. And this brings me to what I feel is an elemental truth as a basic principle of what should be a basic principle in our dealings with foreign entities. It is what Secretary of State Dean Acheson pronounced. And I quote: "The proper search is for limited ends to get ourselves away from the absolutes, to find out what is within our powers, we must understand that for a long, long period of time they," meaning these external vast realms outside of the United States, "will continue to believe as they do and that for a long, long period of time we will both inhabit this spinning ball in the great void of the universe."

Now, that sounds commonplace and common sense, but we do not seem to think in terms of that. So here we are, a Nation headed by an administration that could be compelled to try to put out two, three, four, five fires all at once with only one fire engine, for we have explosive situations in Southeast Asia, mostly in Korea where we still do not have peace. We have troops, we still have 45,000 troops in South Korea. In Germany alone we still have 300,000. There is no peace there because the whole world has changed since 1947.

Yet we will soon be having our debates on the defense authorization and defense appropriation bills, all of which contain no less than anywhere from 55 to 60 percent of the $315 million that we are taxing the American public for that defense authorization; over 55 percent somewhere between 55 and 60 is for "the defense of Europe."

But what Europe? The Europe as conceived in 1947. Just like President Reagan's perception of Latin America is a perception of Calvin Coolidge of 1929, that world is gone forever, as much as the Europe of 1947 has gone. The generations of the threshold of power, both in Europe as well as here, as well as in Russia, are generations that do not remember World War II. They were not around. They do not have the same fears. They do not have the same problems, the same issues, the same forces operative as in 1947.

We hear a lot about our economic international situation. I think it is the same thing there.

Mr. Speaker, I yield to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentleman from Texas for yielding to me and I asked for permission to participate in this special order in order to congratulate the gentleman from Texas for his leadership.

Mr. GONZALEZ. I thank the gentleman very much.

Mr. ALEXANDER. I have watched the gentleman over the years take leadership in areas which were the beginning of change in our country. Of course, the gentleman's statement on foreign policy is not to change the direction of our country, but to restore our country to its original principles.

Somehow over the last few years, and especially in the last 6 years, we have lost our way as a nation and we have adopted policies in foreign policy, particularly, which are against the fundamental principles upon which this great Nation was built. The principle of nonintervention in the self-determination of sovereign nations where those nations are not a threat to the peace and security of the United States, for one.

And the gentleman's reference to El Salvador and Nicaragua are certainly cases in point. Neither one of those nations is a threat to our security in the United States. Both are rural, backward nations that do not have the capacity to project a hostile foreign policy far beyond their borders. And, of course, we have troops in the region which could defend our neighbors in Honduras and in Costa Rica, living up to the Rio Treaty and the provisions thereof which give those countries all the security that they could need and protects what security interests we have in this Nation. We are wasting at least $1 billion a year in Central America and, furthermore, we are doing an injustice to ourselves as a nation by being hypocrites among the sisters of nations, saying one thing and doing another.

We are not promoting peace in the region, we are promoting discord and disarray and sowing the seeds of discontent which in the future may threaten our good relations with our other Latin American brothers and sisters in the region of South America.

I compliment the gentleman's leadership and courage for standing up and articulating the fundamental principles upon which our country is built and to, hopefully, look to as a guide for directing our foreign policy in the future years to come.

I thank the gentleman so much and encourage him to continue in this vein.

And when I am here on the floor, I would appreciate the gentleman yielding to me so that I could join in this effort.

Mr. Speaker, I thank the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, I am the one who is profoundly grateful to our distinguished colleague from Arkansas. I think the record ought to show that the gentleman here actually precedes me in this leadership.

I have been one of his followers, really, and have listened avidly and have joined him on some occasions. Certainly he has involved himself during the course of the debates, such as they have been, whereas I have not. I have not belonged to the committees which have jurisdiction. So I think the record ought to reflect that the gentleman from Arkansas has shown, perhaps in proportion, a lot more courage. And what is more, knowledgeable participation.

This is a whole area, the gentleman's brief remarks reflect the profound knowledge that he has of the history, the history of relations in these areas and what he has said is so correct and the thing that motivates me more than anything else to speak out, as I have said before.

I have never considered myself an expert in Latin American affairs because my name is what it is and the fact that the OAS appointed me as an observer in the Dominican elections of July 1, 1966, did not make me feel that I qualified as an expert. But I have not spoken on this subject matter. And the first I did was on April 1, 1980. And it was not President Reagan who was President; it was President Carter, because it was obvious to me, a nonexpert, that we were headed in the very wrong direction. But I never dreamed in my most severe nightmares that we would have a President who would turn the clock to these bankrupt policies of gunboat diplomacy. Never did I think that would happen in the last quarter of the 20th century.

□ 1420

It took the creative efforts of President Roosevelt, Franklin Roosevelt, but who had the knowledge to surround himself with expert advice, such men as Sumner Welles, who wrote the most indepth treaties on the history of the Dominican Republic and the Island of Santo Domingo, that has ever been written.

Those were the architects of the good neighbor policy. That made it possible for the United States, in its hour of need, to have allies instead of enemies as a matter of fact.

Japan, which last week announced it was going to invest over $30 billion in Latin America, and some of my colleagues, I have noticed, have been saying and making remarks as if this was a great act of charity on the part of the Japanese, simply do not know anything about the history of Japan and its relations with Latin America as we refer to in this country.

But interestingly enough, when we found ourselves immersed in World War II and we were attacked and we went to such drastic actions as removing 100,000 Japanese and Japanese-decended Americans and concentrating them in the middle West, we immediately called a conference in Rio de Janeiro by January 1, 1942, and all of the delegates came there. Now, mind you, there was a long connection, culturally speaking, in the new world south of our border with Europe.

In Mexico, for instance, I had an uncle who studied medicine and became a doctor as the result of graduating from the National University of Mexico, the autonomous National University of Mexico. He graduated in 1923. Every one of the texts he used were in French. The French influence in Mexico has been tremendous, yet there is no awareness of it in this country.

In Argentina, the German tradition, the affinity of interests with Germany, which, in the 1930s, was considered one of the most cultured, one of the most educated, one of the most enlightened nations, the scientific and engineering leader of that day in time. How could it have ended up with Hitler?

Let that be a lesson to us. There was a book written by Sinclair Lewis in the 1930s that I recall. I was a student then, and the title of it was, "It Can Happen Here." We did, we almost had a palace coup on the part of the Liberty Lobby, and Gen. Smedley Butler was the one who exposed it. We are not too far at any given moment. There is nothing that says that we are vouchsafed to endure what we call our form of government, even until 1989, when we will celebrate the first year of the 200th anniversary under this form of Government, because that is when the Constitution finally had been adopted and we had the first session of the Congress on March 4, 1789.

There is nothing that says that it is self-perpetuating. We have to work at it, and particularly in such assemblies as ours, we reach the point where we have the same corroding influences, the seeds of our destruction, of our Democratic participatory system are here amongst us.

What is the difference between the way the nobles and the rich in England control through the rotten borough system the representation in the House of Commons until 1832? No different from the Romans controlling the Assembly and the Senate by the landed gentry and the old Roman nobles who became corrupted in their ways.

Of course, you make historical comparisons dangerously; comparisons are odious sometimes, but there are lessons to be extracted. If we cannot show that we are true to the ideas that are identified with America throughout the world, even in Managua, Nicaragua, today, an American is esteemed. He can walk safely through the most impoverished neighborhoods in Managua. Not in Mexico City.

I think it is about time that the American people were leveled with. That is the latest that can be done. The American people made a choice, both in 1980 and 1984, and they entrusted their agents, for all of us are agents, even the President, and we must adhere to the oath we take to defend the Constitution against foreign as well as domestic enemies. When we follow policies which identify our Nation, our American people, with the worst kind of despotism that has existed anyplace in the world, I think the American people would say that was not in accordance with their wishes. Yet that is what we continue to do. We continue to have a blood bath.

The President, in his obsession with the Contras and all, has gotten himself in a mess. Not himself so much as the country. We are the laughingstock of the world.

I wish I could have before the eyes of every one of my colleagues the press reports, the editorial comments, from western Europe, from Italy, Spain, France, England, all the way down to Central America. Even in Honduras, even the conservative newspaper, Tegucigalpa, is not inviting us, and never have invited us. The Assembly, the Congress or Assembly of Honduras has never once passed a resolution giving us permission to be there in such massive ways.

We have constructed permanent military installations, contrary to the pledges made to the Contras by the President and the Secretary of Defense.

So I introduced a resolution on March 5 that I am convinced that it set, that the President is inexorably set on the course of invasion in Central America, that is imminent that we will not have to wait too long. I do not think it is right, any more than I thought it was right for the President to callously, willfully, negligently ignore the unanimous advice of the Joint Chiefs of Staff for 14 months, which led to the disgrace of the murder of 241 marines. That was not an act of God. That was an act that resulted because of the willfulness of an ideologue President, the first we have had in the history of our Nation. We had great Presidents who had strong convictions. Abraham Lincoln, who fought a Civil War.

Franklin Roosevelt. But they were not ideologues. They were in the traditional American vein of pragmatism, of realists, not this President, and not those that he has filled every niche and corner and cornice of our governmental operatus.

The man in charge, the Assistant Secretary of State for Latin America, Elliot Abrams, is a totally incompetent, unprepared ideologue, who was hired into our diplomatic corps to serve in the U.N. legation of ours by Jeane Kirkpatrick, the malevolent woman who is an ideologue of the first water, and who got rid of all the expert, experienced, tenured diplomats we had in our U.N. legation, and put in these ideologues.

Mr. Abrams happens to be the son-in-law of the editor of the Commentary magazine, who was the one who referred Ms. Kirkpatrick to the attention of President Reagan, himself an ideologue.

□ 1430

We saw in the newspaper locally just about 2 months ago or less where one of the career diplomats had quit because of his inability to take what was meted out by an ideologue such as Elliott Abrams. That is not good for the country. We have to pay a price for all of that, and it is not good for the country—dangerously so. And as I say, for the first time in history, there are four invitations to the Russian leader and a disinvitation to ours, and I think that ought to be proof patent.

The countries south of us are by nature conservative. They are revolutionary only because for 300 years the masses of those people who now outnumber us by almost a hundred million for the first time, just 15 years ago—and just remember that—were oppressed, put down, and they are just not going to take it any longer. Either we identify with the people or we identify with the despots, who will not live, will not endure, and neither will our destiny.

Japan literally had worked up such economic relations with South America that it was a matter of great concern to one of the Latin American experts in the State Department, Carlton Beals, when on January 1, 1942, which was the first year of the war, after December 7, these ministers were convoked in Rio de Janeiro. And what do you think they did? They jumped to our side. They passed a resolution at our insistence and our leadership that they would do practically the same thing we had done with the suspicious Japanese in our territory. But mind you, this was in a country like Peru where this had become a very determinative force. You had the Japanese who, through their labor, their frugality, and their ability, had originally come as laborers and ended up being in every pervasive way identified with the economic productive system of Peru. That is just one example. You also had other countries that had great identification.

The Japanese are experts at that, and they said, "You know, we are the country of the Rising Sun, and you are also a country of the sun gods, and we will show you. We are going to send you this monument to commemorate the fact that your original Inca leader was of Japanese descent, because they were Asiatic in origin."

This is their approach. What we do not realize is that we have, through our abdication, made it possible for even such a disliked, unknown, and somewhat feared entity as the Soviet Socialist Republicans to suddenly be attractive so that suddenly they realize that maybe perhaps they have been misjudged.

We are more responsible for Fidel Castro's success than anything Fidel Castro ever did. One of the last examples was in connection with Nicaragua and Honduras. Alexander Haig no sooner took his oath as Secretary of State in January 1981 when he announced he was going to draw the line in the smallest country in the Western Hemisphere. He was going to make it an East-West confrontation. Here was an indigenous self-contained civil war there, as well as in Nicaragua. Those movements were not imposed by Cuba or Russia or anybody else. As a matter of fact, any presence of Cubans that is too heavy is very unpopular in any one of these countries.

The Salvadoran revolutionary movement consists of five different ones. The so-called Marxist-Leninist movement is the weakest of all, but we compelled them to save themselves, no matter with what aid, because Ronald Reagan's policy has been: "Drop dead or I'll kill you."

So here is Haig importing a cadre of Argentine militarists in order to train what we now call the Contras in Honduras in 1981. The purpose was to destabilize the then-Sandinista junta. It is no wonder that the Argentine militarists thought they could go and take the Falklands over and the United States would be with them. They felt they ought to be grateful. They were the leading anti-Castroites of America, next to Venezuela, to whom we have given 20 F-16s with the vain hope that they will use them against Fidel Castro someday. We may find out someday that we will see them in reverse.

So the Argentine military found itself involved in the Falklands war, and the United States was siding with Britain. So they lost them. They removed their military officials because they were the first ones we tried to use as our mercenaries in that endeavor.

One year later, after that debacle, these anti-Castroites or Castro haters, the military of Argentina, were in Havana toasting Fidel Castro. Does that mean that Fidel Castro was so able and so good that he was able to win over these erstwhile enemies? No, we contributed to it. We made him.

Anybody in Latin America will tell us that Fidel Castro's leadership in the Latin American world is one that is not automatic. It is not, except for the fact that they do not have the same definitions of terms that we do. This is reflected in the fact that in such truly democratic societies as Costra Rica, where they have had free public compulsory education since 1895, we find the most literate nation in all Central America, next to the most illiterate, El Salvador. How do you figure that one out? It is true, except for the fact that we have tried to destabilize institutional traditions because they will not express themselves against the Sandinista regime any more than the Mexican Government or its leaders will, because they identify with revolution. The official party in Mexico is the Institutional Revolutionary Party. It was this that Coolidge and Kellogg called bolshevism, which we today call Marxist-Leninism. But the fundamental truth is that at no time in man's history has anyone been able to shoot, kill, or bomb an idea out of existence.

We will not defeat communism by bombing it out of existence. The only answer, the only way is to provide social justice, period. And we have shown very little inclination in the incredible 6 years of the Ronald Reagan administration to even accommodate the basic truths.

So the time is far more upon us than we realize. I trust that an assurance that I have received from a subcommittee chairman in the Committee on the Judiciary will be fulfilled, and that my resolution will at least be considered. That is all I ask. I have introduced it after much study and very careful drafting, and it will stand the test of any drafting expert anywhere in or out of the Congress.

□ 1440

All I ask is to give me the consideration. I will argue it, and then the committee decides. This is our process.

Mr. Speaker, I would like to include in the RECORD for the benefit of the Members this article called "The Talk of the Town" from the New Yorker magazine.

THE TALK OF THE TOWN

NOTES AND COMMENT

An American military adviser and at least seventy other died just recently in an early-morning raid by the rebels on the heavily secured military base at El Paraíso, in El Salvador, and briefly the war in that country flared back into public awareness in the United States. The evening newscasts included on-scene reports—according to ABC's Peter Collins, the incident was "a reminder that, after becoming nearly invisible for a while, the war here is far from over"—and the next morning's papers featured front-page accounts. But then, of course, attention subsided, and our awareness once again guttered out.

In such matters, the question of visibility is indeed crucial: what we see—or, rather, what we allow ourselves to see. The war in El Salvador has hardly been invisible—certainly not to anyone living in that sad country, where the fighting, continuing at its usual virulent level, claimed seventeen hundred more lives over the last year. The war has simply been invisible to us. It has failed to retain our attention—or, rather, the attention of those whose job it is to keep us attuned to what is going on in the world.

Clearly, El Salvador doesn't lack intrinsic interest: since the last time our scrutiny was directed at that country, the Salvadoran government has been engaged in the most intensive aerial-bombing campaign in the history of the Western Hemisphere—a campaign financed by the United States. Total American aid to El Salvador in the last several years has exceeded two and a half billion dollars; total military and "security supplemental" aid in fiscal 1986 alone exceeded three hundred million dollars; and all this money has been funneled to the Salvadoran government with virtually no public debate. We've been paying everything but attention.

How does a supposedly sophisticated body politic allow itself to become so oblivious? To begin with, it seems that we have grown incapable of sustaining public awareness of two similar instances at the same time. If we are focusing on Nicaragua (where our ongoing financial stake has been substantially smaller), we don't seem to be able to attend to El Salvador as well. (Back in the early eighties, when we were concentrating on El Salvador and its death squads, we all but ignored the equally widespread killing of civilians in Guatemala.) But a deeper cause of our lack of attention is revealed in those instances, like this latest one, when we do momentarily sit up and take notice. The reason we so rarely acknowledge the carnage in El Salvador is that it so rarely happens to be American carnage—or, rather, as the Salvadorans would put it, North American carnage.

In his recent news conference, the President characterized the requests he has been making of Congress on behalf of the Nicaraguan Contras as requests for "money—no blood, just money." And the issue has been framed that way for each vote on aid to El Salvador as well. Occasionally—more often with regard to Nicaragua—debate has been joined on the question of whether or not money spent today might lead to blood spent tomorrow: North American blood, that is. In neither case have we admitted that in all these votes money already equals blood. That it might not be our blood in no way diminishes the tragedy—only its visibility to us. And the argument that such bloodletting may be necessary for some higher purpose in no way justifies selective vision—nationally selective vision—when it comes to death. A serious question arises as to whether a nation that cannot sustain an awareness of the consequences of its actions has the right to persist in those actions.

PAUL CRAIG ROBERTS AWARDED FRANCE'S LEGION OF HONOR FOR SUPPLY-SIDE THOUGHT, POLICYMAKING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. KEMP] is recognized for 60 minutes.

Mr. KEMP. Mr. Speaker, this month the Republic of France awarded its highest honor, the Legion of Honor, to Dr. Paul Craig Roberts, for his contributions to classical supply-side economic thought and policymaking. The award was presented here in Washington by the Minister of Finance, Edouard Balladur, in the presence of some of the top economic policymakers of both countries.

I am especially pleased, not only because I have known Dr. Roberts for many years, but also because no one deserves this recognition more than he. Looking back on the historic 1981 and 1986 cuts in marginal income tax rates, which have lowered the top tax rate from 70 to 28 percent, it is hard to imagine the revolution in economic thinking which had to occur in this body before such initiatives were possible. Perhaps no single person had more to do with this change than Dr. Roberts, both as a theorist and as an activist. Dr. Roberts served as economic counsel to me, then as economist to the House Budget Committee, during some of the most important debates. He went on to serve as Assistant Secretary of the Treasury for Economic Policy, in the words of President Reagan, as "the intellectual architect of many of the economic policies of my administration." He now holds the William E. Simon chair in political economy at Georgetown University's Center for Strategic and International Studies, where he continues to write and advise on economic policy.

I can think of no better way to underline the importance of Dr. Roberts' contribution, and of supply-side thought, on both sides of the Atlantic, than to call to the attention of my colleagues the statements which were made by Minister Balladur, Dr. Roberts, and President Reagan, when the Legion of Honor was awarded to Dr. Paul Craig Roberts.

The statements follow.

SPEECH BY THE MINISTER OF STATE EDOUARD BALLADUR, OCCASION OF THE PRESENTATION OF THE INSIGNIA, OF CHEVALIER OF THE LEGION OF HONOR TO PROFESSOR PAUL CRAIG ROBERTS, APRIL 8, 1987

Sir, all those who are gathered here today and who share in your personal and professional life are pleased to be here and to participate in the presentation of the insignia of the Chevalier of the Legion of Honor.

On occasions such as this, custom dictates that we review the accomplishments of the person we honor. Permit me to follow in this tradition. Throughout your life, you have successfully combined the functions of intellectual contemplation and of advice on direct action.

For a man of thought, there is no greater satisfaction than to be able to verify, concretely, the value of his ideas.

You currently hold the William E. Simon chair in political economy at the Center for Strategic and International Studies at Georgetown University. You are also a director of a well-known investment company. Your past accomplishments are equally prestigious, in research as well as in the administration where you played a key role in the Treasury Department. You were economic counselor to Jack Kemp, the chief economist to the House Budget Committee, research fellow at the Hoover Institution, and a writer for the Wall Street Journal.

You are a columnist for Business Week, and your articles in the press are awaited with baited breath. Your book "The Supply Side Revolution" speaks with authority.

But today I would like to focus on two specific aspects of your activities.

You have been the artisan of a renewal in economic science and policy, after half a century of state interventionism.

You have contributed to exchanges between practitioners and theoreticians on both sides of the Atlantic.

It is clear from your work that this renewal of economic thought required first a return to basic tenets and then a reconstruction based upon them. The foundation of this thought is the explanation of the role of relative prices in the choices of individuals and businesses.

The rebuilding of the global economy consists of combining all decisions of supply and demand from all sources and is determined by the working of a multitude of markets. The new application of this classic approach to the study of fiscal policy, saving, and growth was named supply-side theory.

For example, let us consider, as your work invites us to do, the politics of taxation. The vision is striking; it shows that marginal tax rates are the key factors in determining the choice between leisure and work, and between saving and consumption. In the same way, tax rates on profits influence the investment and savings choices of businesses. From this follows:

Your interpretation of "stagflation," a combination of stagnation and inflation that has been experienced by Western economies;

Your recommendations to lower marginal tax rates in order to permit growth in supply of goods and services, and finally to achieve full economic growth.

After decades in which the State was supposed to regulate growth by slowing or speeding up spending, by increasing global demand without being concerned with the effect of taxes on supply, what a revolutionary change in beliefs. It is true that policy has not always followed accordingly.

Henceforth it is no longer possible to consider tax policy as simply a means of filling the State coffers or as an innocent means of transferring revenues.

From now on, a tax policy that is aware of its impact on the incentives of individuals and businesses plays a central role in the economic policy of a country and gives it its direction. Sound fiscal policy is one of the foundations of healthy and lasting growth. Its principle can be summed up quite simply: reduce tax rates that discourage work and savings and adversely after investment choices, while following, in other areas, fiscal policies which restore the equilibrium of public finance. Today, this orientation of fiscal policy inspires reflection and galvanizes action in several countries. Great Britain, West Germany, Australia, India and Israel have understood the necessity of reducing the tax burden, thereby joining your country, the first to commit itself to this path.

This new perspective has enormous consequences. But this renewal could not have come about simply by the force of thought and reason.

In order to change thinking to this extent, it was necessary to have the courage to think differently. And, moreover, the courage to commit oneself publicly and to gain the support or a small number of economists in the battle against entrenched ideas.

Everyone has been affected by your courage, human warmth and force of persuasion.

Now I would like to evoke the second aspect of your activities. All of your considerations have found resonance across the Atlantic in our country. I said earlier that your analysis was grounded in classic economic theory. In France, Jacques Rueff, along with a very few others, pursued a similar path. In numerous works he referred to say's law: "supply creates its own demand," which he generalized to take into account the money supply. In famous and courteous discussions with Keynes, before the war, he supported the approach of classic economists: the central role of the pricing mechanism.

Production can be hindered by tax policy, as well as by regulation. An anecdote comes to mind: in his "letter to interventionists," Jacques Rueff pointed out that "in 1936 there was a government that proposed and a parliament that voted a law that forbade not only the creation of new shoe factories, but also the opening or simple cobblers' shops . . ."

This classic tradition lives on in France. This is why your efforts naturally found resonance with us, first in theory then in practice. From analogous concerns, the government of Jacques Chirac has shown its determination to recognize the link between lower taxes and deficit reduction. Friendly ties have been created between French and American economists, and you yourself have contributed mightily to these exchanges by sharing your experience and thought.

But on the subject of taxes, I would also like to go back for a moment to an ethical problem. Why is this policy, which seeks growth also a just policy? Why are justice and efficiency in a society so intimately linked, and why does this tax orientation serve both at one and the same time?

What everyone hopes for in his life, and activity, is to gain recognition for his work and for his contributions. Everything that does not take into account the effort and the value of individual contributions is perceived as unjust. Popular wisdom and the morality of great civilizations speak with the same voice on this subject.

Also, from the time we are children, we are taught the fundamentals of reward for effort and the exercise of judgment. The same must be true for society and its enterprises.

This is why tax policies that restore just compensation for effort and performance reinforce the values that are the force of our civilization. This kind of policy is inevitably seen as just and effective and unites an entire nation for progress.

Sir, I am particularly happy to be the one chosen to bear witness to your contributions to economic thought and to your impact on economic policy. However, this cannot be transferred in its original form to the French system. We are an old country, steeped in a love for freedom, but also a country which is organized and grouped around the state. This is why we must seek our own way, after 50 years of interventionism, towards a society which is more free, efficient and just.

Nevertheless. I have found in your bearing and thought, strong arguments to confirm my convictions, the convictions that have lead me to put into practice a new economic and financial policy in France. This I believe is evidence of how very happy I am to be your sponsor in our national order.

Paul Craig Roberts, in the name of the president of the republic, and by virtue of the powers vested in me, I declare you Chevalier of the Legion of Honor.

ACCEPTANCE SPEECH FOR CHEVALIER LEGION D'HONNUER AWARD, PAUL CRAIG ROBERTS

Your excellency, I thank you for this wonderful honor. I thank the French government, and I thank the French nation. I thank his excellency the French ambassador for his hospitality to me, to my family and my friends. I thank you, Mr. Minister, for personally conferring this honor. It has made the occasion even more memorable for me. I thank my friends for supporting this honor with their presence.

I realize that I have been given a premier honor. I would like to see it as a recognition of all of us, in your country and in mine, who are trying to rejuvenate the economies of the two most imaginative and dynamic countries of modern history. As all of us know, progress in changing the status quo and overcoming the mistakes of the past can be slow and sometimes frustrating. Nevertheless, progress is being made. During the course of the Reagan administration, the top tax rate in the United States has been reduced from 70 to 28 percent. Moreover, this was a consensus policy involving both political parties, and today there are few political leaders more committed to low tax rates than democratic Senator Bill Bradley. The supply-side victory in restoring the rights of private property will be completed as we make headway in holding the growth of government spending below the growth of the economy The honor you have conferred this evening will cause me and my allies to redouble our efforts.

As you can see, in Washington it is now possible to raise a small army of supply-siders. We have here tonight high officials of the Government, Members of Congress, governors of the Federal Reserve, former Cabinet Secretaries, Ambassadors, a Nobel economist, the editor of the Wall Street Journal, distinguished men and women of affairs—and the rector of my church whom I am entrusting with the task of making certain that this award does not make me too proud in the eyes of God. Everyone here has contributed, in one way or another, to the success of the ideas that have been recognized by this award—and this includes our families without whose support we would be feeble.

Among our distinguished guests tonight is the Honorable Henry Fowler, who was Secretary of the Treasury in the 1960s when the Democrats cut the top tax rate from 91 to 70 percent. True to prediction, the revenues collected from upper income taxpayers rose, not only absolutely but also as a percentage of the total income tax revenues. In the 1970s the Republicans, with the help of many of those here tonight, revived this sensible approach to economic policy. In the forefront were Representative Jack Kemp and Senator Roth of Kemp-Roth fame, and Senator Hatch, whom we are also honored to have here tonight, whose active efforts on the Senate Budget Committee and the Joint Economic Committee of Congress broke the stranglehold that the Keynesian demand-management model had on American economic policy. Also present is Honorable JIM MILLER, director of the budget, my university classmate and student of nobel economist James M. Buchanan, who is also present. Professor Buchanan has taught everyone with an open mind that excessive government is not only a threat to our pocket-books, but also a threat to our moral lives. From another of my professors, the Honorable Jim Schlesinger, I learned that sincere policy concerns could infiltrate the bastions of political power.

For the success of my columns, I am indebted to Robert Bartley and my colleagues at the Wall Street Journal who taught me how to write. Everyone here tonight is worthy of mention, which is why the revival in the United States of incentive economics is so strong. If I were to do justice to the group that is assembled tonight, I would keep you and the ambassador until the early hours of the morning. I will only mention three others: Norman Ture, my supply-side mentor, Walter Williams, a role model in the profile of courage and Richard Rahn, who has led part of the business community away from its addiction to big government and its temptations of subsidies and protections.

All of us support the efforts of your government to liberate incentives from excessive taxation and controls. We salute your success, Minister Balladur, in lifting price and exchange controls, in abolishing the wealth tax, in reducing the corporate tax rate from 50 to 45 percent with a further reduction to 42 percent announced. We salute you for privatizing France. And we salute you for reducing the marginal tax rate on personal income from 65 to 58 percent and for your plans to lower it further to 50 percent. That you also succeeded in simultaneously reducing the budget deficit proves that President Reagan's goals were not excessive.

We are with you, Mr. Minister. If we should ever backslide here in our own efforts, we hope you will send us an expeditionary force to help us regain the path of progress.

Mr. Minister, I can only reciprocate this grand honor France has given me with true and loyal friendship. Thank you, Minister Balladur. Thank you, France.

THE WHITE HOUSE,
Washington, April 8, 1987.

I am pleased to send warm greetings to everyone gathered at the residence of His Excellency and Mrs. Emmanuel de Margerie as Finance Minister Balladur bestows France's highest award, the Legion of Honor, on Dr. Paul Craig Roberts for his contribution to the "revival of economic science and policy."

Craig has been the intellectual architect of many of the economic policies my Administration has implemented over the last six years. As this award recognizes, he has demonstrated throughout his career a keen understanding of the science of economics and its practical implications for public policy. He has proven himself both a forceful academic advocate and an effective public servant. His work, both as my Assistant Secretary of the Treasury for Economic Policy and at Georgetown University's Center for Strategic and International Studies, has consistently emphasized government's proper role in setting economic policy—one which ensures that the people have the maximum freedom to make their own economic choices. His ideas have been tested in the crucible of experience, and they have contributed mightily to America's economic resurgence in this decade.

In conferring the Legion of Honor upon Paul Craig Roberts, France pays tribute to a man whose supply-side economic philosophy has helped bring about a revolution in American economic thought, a revolution which continues to inspire similar efforts worldwide. I congratulate Craig on receiving this high honor and heartily commend our counterparts in the French Government for recognizing his singular contributions in the field of economic science and policy.

God bless you all.

RONALD REAGAN.

ORDER OF BUSINESS

Mr. BONKER. Mr. Speaker, I ask unanimous consent that I may proceed with my special order at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

THE TRADE BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mr. BONKER] is recognized for 60 minutes.

Mr. BONKER. Mr. Speaker, tomorrow the leadership has scheduled several days of debate on H.R. 3, a comprehensive trade bill. At this time, I would like to commend Speaker WRIGHT for his foresight in seizing the importance of the trade issue and for his leadership in putting before the House a process that has enabled all the standing committees to take up various portions of the trade issue so that we could include all aspects of trade and competitiveness in a process that would bring that trade bill before the House which is now scheduled for debate beginning tomorrow.

Speaker WRIGHT is one of the few in the House who many years ago recognized the importance of international trade and felt strongly that many of our industries that were being battered by imports needed to achieve a new level of competitiveness if we were to effectively deal with the trade deficit that now so seriously threatens our domestic economic well being.

I have asked for this special order for the purpose of explaining this process as well as the provisions in this trade bill so that we can better prepare ourselves for the debate on tomorrow. Before I proceed with my outline of H.R. 3, I would like to yield to the gentleman from Arkansas, who, along with Speaker WRIGHT, has been in the forefront of this issue.

It was BILL ALEXANDER'S initiative that established the House Export Task Force, which has really accomplished major goals toward achieving greater competitiveness and export performance by U.S. businesses, and has done such a good job in keeping the membership of this House better informed about the overall challenge that faces not only U.S. businesses but policymakers as we attempt to deal with this enormous problem.

BILL ALEXANDER has also been particularly helpful in my understanding of the issue in his position as part of the leadership in past sessions of the Congress.

At this time, I am pleased to yield to the gentleman from Arkansas, BILL ALEXANDER.

Mr. ALEXANDER. I thank the gentleman for yielding.

Mr. Speaker, I would like to take a few minutes to discuss this issue from a local perspective and then bring it up to the point at which the gentleman from Washington began with the discussions of the trade bill and the provisions therein that will begin debate tomorrow.

In 1951, I recall being a workman with a construction company that dug the foundation for the Crompton Co. That was the first industrial manufacturing concern to come to my hometown of Osceola, AR, and bring industrial jobs. That was the work product of local leaders that resulted in the employment of from 300 to 400 of our citizens that had previously worked on the farm.

You might say that that example was an effort made in Arkansas many times over by other communities in order to balance agriculture with industry. To stem the flow of migration from our State from the farm to the city to other States nearby.

After World War II and the years that followed, thousands of our citizens were leaving the farm because of mechanization. They were moving away to St. Louis, MO, to Flint, MI, to Memphis, TN; some to Dallas, TX, and to Oklahoma City to find work that was no longer available on the farm. This positive action to balance agriculture with industry helped stem the flow of our population over the next 30 years to come.

Virtually every city in Arkansas, and, maybe, the South, repeated this story of attracting industry to our small towns to provide jobs for people there so that they would not have to move away with their families to find work to provide for them.

Hundreds of industries moved into my region and thousands of jobs were created in my State. I am sure that that occurred in other States throughout the Nation that were trying to balance a previously agricultural economy with an industrial job base.

The effort was enormously successful in attracting industry. Most of which were apparel concerns, textil mills, and footwear manufacturin concerns. Suddenly, in 1985, this tren ended.

In 1 day in October, in that same hometown in Osceola, AR, two textile mills closed and a thousand jobs were gone. The gates were shut; the padlocks were fixed on the gates, and today those industries remain idle.

So with the loss of those thousand jobs 1 year later, the merchants on Main Street discovered that the income to that city had dropped about a third up to 40 percent. As a result of that closure and that change and the ending of an era, that began back in the 1950's, many of our families have since moved away, and hard times have set in that persist today because of that change in conditions.

Now, it is not something that happened overnight. As the gentleman from Washington has observed, we have been concerned about this issue now for about 10 years. As I recall, the first debate that I had with the gentleman was back about 10 years ago. The result of which was to organize the export task force. I hope, with your cooperation as chairman of that group, that we can put in the RECORD a memorandum of recent activities of the export task force which should be preserved some place in this body and maybe this is a good place to do it.

I recall of the discussions we had about the coming trade crisis back in the mid-1970's.

The memorandum follows:

MEMORANDUM OF RECENT ACTIVITIES OF THE HOUSE EXPORT TASK FORCE, APRIL 27, 1987

I. INFORMATIONAL SERVICES

Weekly Report—Published every week except during adjournament. Consists of (a) a listing of bills introduced; (b) a listing of trade-related activities on the hill the previous week; (c) reports on hearings and legislative activities; (d) a review of regulatory activities in the Executive Branch agencies.

Background Reports—Analysis of legislation and topics of current interest to the Congress. Over the past year this series has included: (a) international provisions of the 1985 Farm Bill; (b) trade programs in the President's budget proposal; (c) the "J-Curve" theory of exchange rates; (d) comparison of trade remedy proposals; (e) a complete summary of HR 4800; (f) jobs and exports in the U.S.; (g) status of major trade legislation.

Annual Report—A complete wrap-up of the year's events in international trade. The report has included extensive coverage of macroeconomic issues, trade legislation, international economic relations, and sectoral issues. It has also included a chronology of events, a voting record and a final legislative status report.

II. WORKSHOPS

1986 International Trade Forum—This event, held just prior to the mark-up of HR 4800, was attended by Hill staff, embassy staffs and the Washington business community. Presentations were made by members of Congress (Bonker, Frenzel, Gibbons, Guarini, Bereuter), the U.S. Trade Representative (Yeutter) and the Ambassador of the European Community (Sir Roy Denman).

Export Promotion Workshop—This program was designed to acquaint staff with the export promotion services offered by various Executive Branch agencies. In attendance were the International Trade Administration, the Foreign Agricultural Service, the Overseas Private Investment Corporation, the Trade and Development Program, and the Small Business Administration.

III. MEMBER MEETINGS

Breakfast Briefings—In the past year and a half, Task Force members met with: (a) Secretary of Commerce Malcolm Baldrige on antitrust reform; (b) Under Secretary of Commerce Bruce Smart on auto parts exports; (c) U.S. Trade Representative Clayton Yeutter on pending trade legislation.

IV. LEGISLATIVE ACTIVITIES

Export Promotion—The Task Force staff developed legislation in the House trade bill giving a statutory basis to the U.S. and Foreign Commercial Service and creating an export promotion information service.

Preshipment Inspection—The Task Force staff worked with industry groups to develop legislation addressing their problems with preshipment inspection requirements. This legislation was added to the House trade bill by the Foreign Affairs Committee.

Export-Import Bank—The Task Force staff contributed to the debate over the reauthorization of the Bank in 1986, and monitored the budget process as it related to Eximbank funding.

V. ACTIVITIES OFF-THE-HILL

The Task Force has long been a liaison between the trade community and the Congress. Task Force publications are mailed to interested private sector firms and groups, and the staff meets with these parties on a regular basis to attempt to shed some light on trade activities in Congress.

□ 1450

So in 1978 the export task force was organized to bring together into one forum interested Members of this body on both sides of the aisle, Democrats and Republicans, to provide a forum where Members could debate the subject of trade.

The gentleman from Washington has provided extraordinary, outstanding, and signal leaders in the field of trade, guiding us over the years as chairman of the export task force and later as chairman of the task force on trade in the House. The result of his work product has resulted in setting the stage for the debate on the trade bill that will come before this body tomorrow and be debated this week. Without his stewardship, without his leadership, without the excellence, and the information that he has brought to this issue, we would not be prepared for this debate that will begin tomorrow, and I congratulate the gentleman for his leadership, I applaud that leadership, I wish that every Member of Congress will be available during that debate, because I know that the gentleman's contribution during that debate will be informative to all Members as well as the Nation as we debate this very critical issue.

In the last 6 years the tide of imports has swept many of our jobs away, as we have failed as a nation to follow a trade policy that represents the best interests of our own country and the best interests of the citizens within our country. It is only through leadership that will be demonstrated in this body as a legislative response to the vacuum that has occurred in the trade field over the last 6 years will we begin another era hopefully to result in the restoration of the jobs that have been lost in the last 6 years.

To make again a local reference, in the State of Arkansas we have lost 92 manufacturing plants that have been closed between 1981 and 1986; 22 of those plants have closed in the First Congressional District, costing over 4,000 jobs in my congressional district as a result of the failed trade policy of the Reagan administration.

I look forward to listening to the gentleman's outline of the trade bill in order to better prepare myself for the debate tomorrow, and I look forward to engaging in that debate. Again I congratulate the gentleman for his leadership and thank the gentleman for yielding.

Mr. BONKER. I thank the gentleman for his kind words and for his contribution. Without question he has brought leadership and inspiration to the trade debate, and with the support that he has given plus what we are able to develop on the House floor, I think that we will send a clear message to this country as well as our trading partners that the United States is definitely interested in being more competitive; that we are going to draw upon the positive resources that we have to bear upon this trade crisis, but we also expect other countries to do likewise; that if we are going to be truly part of this global economy, that all of us have to play by the same rules, so that wherever we have comparative advantage, then we can prevail in markets, domestic and internationally.

In the last few years we have seen a dramatic shift in trade from the Atlantic to the Pacific. We have seen the emerging nations of Asia develop their own economies, to strengthen their export positions, to apply their latest technology and in some cases to a low wage base that gives them a competitive edge in many manufacturing sectors.

Those of us who represent districts in the Northwest, indeed throughout the west coast, are very sensitive to these changing economic times, to the need to adapt to the economic realities that now exist in our trade relations in the Orient.

Mr. Speaker, I yield to the gentleman from Oregon [Mr. AuCoin], one of the great leaders of the Northwest, who again has been in the forefront of international trade for years in the Congress, and who has made considerable contributions to the trade bill that is coming before the House this week.

Mr. AuCOIN. I thank the gentleman for yielding.

Mr. Speaker, I certainly appreciate the gentleman's extravagant and generous remarks. I think that the gentleman in the well, who has taken out this special order, really takes a back seat to no one in the Congress for leadership in the field of international trade and opening up policies that would open up markets for U.S. products.

I am particularly pleased to be the gentleman's friend as well as his working colleague in mutually working for policies that will bring some rationality and constructiveness to America's trade policy. I want to say to my friend from Washington that I am pleased as well that he has taken out this special order today to give Members and others an opportunity to focus on the trade bill that the House is about to consider, but more importantly to focus on the procompetiveness features of the trade bill. I think that it is important to have a special order on that feature of the trade bill that the House will be debating this week because, as the gentleman knows, for the last several weeks the media have been focusing on some of the more sensationalized issues that we will be debating this week, but I think that it would be a shame for the sensational issues to cloud and perhaps fuzz over the important work and provisions that are also in this trade bill, provisions that the gentleman from Washington has worked very closely with me on to include in this bill, and without whose leadership they would not be included.

I think that it is a shame when the press focuses on sensational headlines like how the Congress is going to flex its muscles and punish its trading partners, how Congress is going to begin to dig trenches and build barriers around U.S. industry, and how Congress is getting ready to fight an all-out trade war, because that does blur, as I have said, the good and thoughtful work that is represented in very important provisions in this bill which do deserve to be passed and which I am pleased to be identified with.

As the Representative from Oregon's Silicon Forest or high-technology country, I am particularly pleased with the work of the Committee on Foreign Affairs on this bill, and I want to thank the gentleman from Washington for the hard work that he has done in working to adopt some truly significant reforms that will break down numerous trade barriers on U.S. manufactured products, barriers that have been erected by our own Government, as a matter of fact, in the area of high-technology trade.

Several of us in Congress, including the gentleman from Washington and myself, have been complaining for years about how it is that our own Government has virtually made it impossible for U.S. high technology to compete in the international marketplace. The problem has been the laws and the regulations that govern our export licensing system. Before most high-technology products can be shipped overseas under our law, the exporter must receive an export license. However, under the guise of national security, this administration, specifically the Department of Defense, has made it practically impossible for the high-technology industry, the sunrise industry of America, to get its products into the world marketplace as fast as the American high-technology industries' competitors in other countries can.

For example, while it takes companies in Japan only 2 days to get a license to ship a high-technology product, if often takes American manufacturers in high-technology months, sometimes years, to get the same product to their proposed customers abroad, if they ever get permission at all.

Earlier this year in fact, as the gentleman from Washington State well knows, as he has said so many times, and as I have tried to as well, the National Academy of Sciences earlier this year issued a condemnation of the U.S. export control system, and in its report it actually found that America's high-technology industry, because of the barriers and paperwork and requirements that are imposed upon it through our export licensing laws, is losing $9.3 billion a year and something like 188,000 jobs a year because of unnecessary paperwork and barriers imposed by our own Government on our own high-technology manufacturers.

Immediately after that report the gentleman from Minnesota [Mr. FRENZEL] and I introduced legislation that would streamline the export licensing system and help make our high-technology industry competitive again without endangering in any way the national security of this country.

☐ 1500

I am very, very pleased that Mr. BONKER, the gentleman from Washington, who takes out this special order today, adopted many of the reforms that Mr. FRENZEL and I had recommended and included in our bill.

I commend the gentleman from Washington, Mr. BONKER. I certainly thank the gentleman for the superb work that he has done, not just this year but for so many years, and the excellent and timely support that he gave our ideas in this year, because without his help, those ideas would not be in this bill that we are about to debate.

I am going to have more to say tomorrow when the bill is debated. When America's high-technology industry had a surplus, and that surplus began to decline and eventually slipped into the red, the first reaction of many of us who represent that industry was not to raise barriers, was not to ask for tariffs, and so forth, but instead to simply ask for the Government to lift the onerous burden it now imposes through Federal law on those manufacturers so they can fully compete with other industrialized nations of the West to get those markets and be able to provide jobs and profits and growth here in America.

I am glad that we have a chance to do that in the bill that we are going to be debating, but we would not have that chance if it were not for the leadership on the Committee on Foreign Affairs by my good friend from Washington State; and I thank him for yielding to me today for this purpose.

Mr. BONKER. I thank the gentleman, and I would like to take this opportunity to commend his work in an area that is very difficult; that is, the area of export control policy.

Not many Members of the House have taken the time to fully understand this complicated area of how we attempt to check or control the export and the distribution of technology that none of us wants to see end up in the hands of the Soviet Union that might enhance their military capability.

The idea is to establish balance so that we can achieve that effective control without unnecessary restrictions on U.S. exporters.

I think all of us who have been struggling in this area of export control policy want to achieve that balance.

As the gentleman has noted, we have seen a drastic turnabout in our technology exports and how we are dealing with other countries in the area of technology, which is supposed to be the area where America was to be competitive in the world of technology. That is where we had the edge. That is where we could really flex our economic muscle, but in 1981 we had a $27 billion surplus in technology trade.

Last year we had a $2 billion deficit in technology trade, and if we cannot really compete in this area, I think it is going to be very difficult for America to find its place in this fiercely competitive global economy.

The gentleman from Washington State, along with the gentleman from Minnesota [Mr. FRENZEL] on the Republican side, and DAN MICA and HOWARD BERMAN, have really taken time to fully understand this most vexing issue, and to come up with legislative proposals that would help us achieve that balance.

I think what the National Academy of Science panel found is exactly what we have been saying all along, and indeed their recommendations really endorse the legislative proposals that we have been sponsoring over these years.

I am proud to announce that with the gentlemen's help and support we have in this trade bill very significant reforms that will ease the restrictions and that will help facilitate the export opportunities of U.S. high-technology industries.

The gentleman from Washington State has an area that has a vital stake in high technology, as do I in southwest Washington; but beyond that, we have a national concern about our competitive position in the world of technology and, hopefully, the changes, the reforms that we have in this bill will help to enhance our competitive position without at all compromising our national security interests.

I yield to the gentleman from Oklahoma [Mr. WATKINS] who is a distinguished member of the Speaker's trade task force.

Two years ago Speaker O'Neill had appointed a trade task force that was made up of the gentleman from Oklahoma, the gentleman from Arkansas [Mr. ALEXANDER], and the gentleman from Ohio [Mr. PEASE], and many others, so that we could come to terms with this trade issue in a way that would result in positive legislation that would be placed before the full House.

It took a year for us to study the issue, and to meet with all the various committees with jurisdiction on trade, and to really come up with a trade report and recommendations that would become the basis for trade legislation here in the House.

The gentleman from Oklahoma has been one of the pioneers in this area, and I welcome his contribution today.

Mr. WATKINS. I want to thank my good friend, Mr. BONKER, for calling this special order.

I want to thank him for recognizing me for a few remarks on what I consider to be probably the major issue confronting this great country of ours and the economic future of our great Nation.

I want to ask the people to reflect back with me for the past 6 years. In 1981, the President of the United States sent to the Congress a new economic policy, a new economic experiment, if you please, called Reaganomics, that was passed by the Congress and signed into law by the President in September 1981.

I ask you to review and look at what has happened in just 6 years to the domestic economy as well as to the trade economy since that policy was enacted.

Our domestic deficits have been from $100 billion to $200 billion annually.

The national debt has grown from $900 billion to over $2.3 trillion in that 6 years. More importantly, we saw that to underwrite that enormous domestic debt that the investments from foreign countries have increased from 4 percent to where foreign investors own 33 percent of the Treasury notes underwriting the economy of this great country.

We found that our trade deficit, because of this demand on underwriting the debt, caused the value of the dollar to increase by over 60 percent. That is like putting a 60-percent tariff on any product, whether it is timber, whether it is agriculture, whether it is steel, whatever it may be. It is like putting a 60-percent tariff on anything that we try to export, so what happened?

In 1980 we had a trade surplus in this great country of ours. We have noted with great concern that month after month, year after year, our trade deficit has grown and exploded until today we have accumulated $629 billion in trade deficits.

That is what we owe to other nations. We have become the world's largest debtor nation in just 6 years. I think that is tragic for the future generations of our country.

In fact, let me state what is at stake here is literally the future of our children and our grandchildren. It is our standard of living, and just as important, if not more so, it is the national security of our country.

Let me reflect on why I say that. If you will note that during this same 6-year period we are now importing as much crude oil as we did prior to the oil embargo in 1973.

Today we import nearly 44 percent of our crude oil; but what is more alarming, today we are importing 15 percent of our petroleum products, refined petroleum products, in this country.

We have seen in this 6-year period 170 of our oil refineries in this country be dismantled, 170 oil refineries no longer exist.

Being an agriculturist myself, I have been doubly alarmed to see that in a number of months during this past year, we imported more agricultural products than we have exported.

Yet, we are the garden spot of the world. Yet, we have the greatest amount of knowledge and the know-how and technology to produce, but because of decisions in the State Department and decisions by this administration, we have shut the door to much of our agriculture exports from this great country.

□ 1510

Furthermore, I would like to mention technology. This country of ours, the United States of America, invented robots. But today 60 percent of the robots that we use in our manufacturing are shipped in from Japan. We have seen a lot in the news media recently about semiconductors. Eighty percent of the semiconductors that we utilize in this country, much of it to actually assist the sophisticated weaponary we have within our military, 80 percent of it comes from Japan. I mention this because we are seeing this not only happen in oil and agriculture and semiconductors and robots, but we have seen it in shoes, textiles and we have also seen it in steel and the lumber industry. We cannot continue to erode our national economic base or else we will find that we will not have a future for our children or grandchildren. We have lost one-third of our exports in 6 years.

The Trade Performance Index shows that we have dropped 48 percent, nearly 50 percent, while we have increased our productivity; yet, wages have slowed down in their growth.

I point this out because we have a major reorienting of our country, globalization, one world economy that makes us rethink where we are today in our manufacturing, natural resources and agricultural production.

The National Science Foundation, I think, points to a reference of investing our research money, relative to that of the various nations. They point out that West Germany invests 40 percent of their research budget for industrial growth, Japanese 13 percent, France 8 percent, England 4 percent. The United States of America, here we spend 1 percent of our research budget for industrial growth.

Is there any reason, is there any doubt in anyone's mind why we are lagging behind, why we are seeing other nations explode in exports around the world? We find we are exporting less. That is the reason why I feel like tomorrow we have got to have the strongest possible trade bill come out of the House of Representatives and sent to the Senate.

Along with the fact I have introduced three other bills that I think should place more emphasis on trade. I have asked for a White House conference to be called on international trade and I am asking that become law. I have also introduced a bill that changes the Department of Commerce to the Department of Trade and Industry, with greater emphasis on trade because I know it is very important to the future.

The third bill I have introduced is a bill calling for a GATT observers' team. Just as we have a Geneva Observer Team for Arms Control, we need to make sure that we have people from this Congress working with the various GATT organizations in the various countries making sure that we continue to follow the policies that are laid down.

We cannot continue to go in the direction we are unless we want to become a Third World developing country. I did not seek political office, I did not get into politics to monitor an economy that is going down. I got into politics to try to build a greater future, a future with new opportunities for our people, for our children in this great country of ours.

I think we must get on about doing business. Just last week we were having dinner with Ambassador Burt in West Germany, when he made the statement, and I totally agree, that we are not prepared to compete in the world market. He said in West Germany most of the businessmen literally know three or four foreign languages. In our country we are not prepared to compete in foreign languages, we are not prepared to compete to know the unknowns that are out there.

Yes, the overvaluated dollar, literally, brought us to our knees, to discover that we are deficient, that we do not know how to answer the questions.

But it is time that we get on with it. We do not have much time left. We need to move forward. We need to pass out of the House of Representatives the toughest, the strongest possible trade bill and let us sound a bell that will ring around this great world that we mean business and that we are going to lead in trade, again, in the near future.

Mr. BONKER. I thank the gentleman for his excellent statement.

He, as much as anyone, sees the importance of international trade and has made a number of contributions to the debate and to the legislation that is pending before the House.

I might add that many people would like to see Congress ignore this issue. They feel somehow we have no basis for addressing some of the economic and trade problems that are so clearly evident in that staggering trade deficit. But the Wall Street Journal, a few months ago, had a lead article and the headline said that the trade deficit has now replaced the budget deficit as the Nation's No. 1 economic problem. And if something is not done soon to correct it, it could well undermine America's domestic economy.

There is no way, as sitting Members of Congress, that we can ignore an issue of that magnitude. Indeed it would be the height of irresponsibility if the trade deficit went up, which clearly tells us that our industrial base is seriously challenged, that we have lost our export position in many Third World countries, that our import industries are being ravaged by increased competition. There are several ways we can address the problem. We do not have to legislatively close all our markets to foreigners as was the case in 1929 when the Smoot-Hawley Act was enacted. There is a way we can deal realistically and responsibly with the trade problems that beset this country. I think the House deserves a great deal of credit for approaching this issue in a constructive way. All of the standing committees of jurisdiction have made a contribution to this trade bill and all of them are constructive. There is no instance where we have attempted to legislatively mandate import restrictions. We have relied upon existing trade laws, we have worked through the trade agencies within the executive branch and allowed a latitude of discretion for the President so that we could weigh the relative merits. But the question is, How do you compel a reluctant President to act, especially in cases involving unfair trade practices? That is one of the great challenges before this House.

Mr. Speaker, I yield to the gentleman from Oklahoma.

Mr. WATKINS. If the gentleman will yield, that is one of the great questions before this great Nation, how to get the President to act, especially when you see that we do not have free trade. We find that many of the countries that we try to deal with have what we call trade tariff barriers three times greater than ours, three times greater than the level of ours dealing with that country. There is no way that we can compete. The gentleman has made an excellent point: The deficit, the trade deficit has become the No. 1 issue. But what I tried to point out in the logic as I went through the scenario, what brought that about was economic policies which produced the greatest domestic deficits that we have ever seen in the last 6 years, increasing the overvalued dollar as high as 60 percent, with 33 percent of investment in our debt coming from foreign countries, which are buying our Treasury notes. We are finding as a result, the trade deficit is just exploding and we are selling out the future of our children. I want to commend my good friend from Washington for his leadership and his efforts to try to make sure that we do not allow this to slip off into file 13, that we continue to push to keep it in front of the people of America.

Let me tell you, in the surveys that I have seen, 9 of 10 Americans feel that we are losing the competitive edge with Europe and Japan. That shows you that the American people are ahead of us and we need to be trying to catch up with what the people in America are thinking and trying to answer their concerns.

I commend my good friend, the gentleman from Washington [Mr. BONKER] for that tremendous help.

Mr. BONKER. I thank the gentleman for his comments.

Mr. Speaker, I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentleman for yielding.

I want to ask the gentleman a question concerning the bill. I notice that as chairman of the Export Task Force, the gentleman has published and distributed a memorandum summary of the bill. To preface my question, I would observe that over the years of dealing with this issue, meeting with foreign representatives abroad and here and at home that it has been my observation that the President of the United States, as well as presidents of private concerns, manufacturing concerns in our own country, have not represented the best interests of our producers in dealing with foreign competition. I see that in title I of the bill that there is a provision which calls upon the President and in fact directs the President of the United States to take some actions to coordinate policy and to represent the interests of our country.

Will the gentleman elaborate on that in order to explain to those who are observing in this debate the need for that direction and the reason for it?

Mr. BONKER. I thank the gentleman for his observation.

That provision is in the findings and policy section of title I of H.R. 3. I think what it says that we have had over the past few years a lack of coordination on economic and trade policy. Indeed when one looks at this administration's macroeconomic policies over the past few years, one is left with the impression that one foot has been on the brake and the other foot on the accelerator.

□ 1520

We go in a certain direction and then we stop and we are not sure in what direction we are going.

When Don Regan was Secretary of the Treasury, he cheered up the dollar. He extolled the virtues of a strong dollar. He thought it was the best thing around. Somehow, it sounded like apple pie. It really sounds good when you say your currency is strong.

So each year, the dollar, all the way up and until it was near impossible for our exporters to compete in world markets. As the gentleman from Oklahoma had noted, it was like placing a 60-percent, 40-percent tax on our exports. Little wonder we have lost huge markets abroad.

On the other hand, it was an open invitation for importers. It was like foreign goods being priced at 40 percent-plus under to what U.S. manufacturers could afford.

So they cheered the dollar up. Then when Jim Baker came into the Treasury's office and he went up to that historic Plaza meeting in New York in September of 1985, he said that the strong dollar is wrong. We ought to put it back on a decline and now he has been pushing the dollar all the way down.

We need to get out of this uncoordinated spontaneous policy formulation by cheering up the currency and cheering down the currency. What we need is stability. We need to have exchange rate stability so our exporters and others can anticipate what the financial markets are like and the price of their products so they can compete on an even basis. But this administration's fiscal policies have pretty much undermined our competitive position. I do not think there is any way that you can draw another conclusion.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, I would like to make an observation for farmers, who are in the state of economic depression at this time. Farmers have profited over the years when two conditions exist simultaneously; when our country has an aggressive export policy, and when we have a cheap dollar.

Now, a cheap dollar policy means that American farm products are cheap overseas. It does not mean that we are weak as a nation. Sometimes people get confused about that.

Mr. BONKER. I think the Reagan administration was confused.

Mr. ALEXANDER. The administration has been confused and not only have we had a strong dollar policy, which means that our products are too expensive for foreigners to buy, we are not competitive in international trade. We have had a retreating export policy, and we have invited imports, which have flooded our markets and our jobs have been closed down with our factories and have gone overseas.

Mr. WATKINS. Mr. Speaker, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from Oklahoma.

Mr. WATKINS. Mr. Speaker, the gentleman from Arkansas [Mr. ALEXANDER] has made a good point. I would like to mention also one other factor of that economic policy that this administration initiated 6 years ago was a tight money market to reduce inflation.

Let us grant that inflation has come down and interest rates have come down some, but we have had the largest real interest rates in the history of our Nation, from what the level of inflation is and what we have to pay for the money at the bank.

There is one other little category you can put on the list: The fact that the farmers have lost the value of their equity because of the intentional policies of this administration have squeezed deflation in on the farmers' equity in the land and the equipment that they have had to operate with over the years.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Speaker, would the gentleman from Oklahoma agree that the administration's policy of deflation has led to devaluation out in the farm country, and therefore, the economic depression that persists throughout the farm country in the United States today?

Mr. WATKINS. That is exactly what occurred. It is a policy. It is not by accident. if you look back to 1981, it was a policy that said we are going to have a tight money market. It drove us into a depression in 1982 that did not let up. It continued until it drove the equity right out of our land and right out of our equipment.

Most of my life, the gentleman from Washington and the gentleman from Arkansas, most of our lives, we have seen growth continue like this in an upward, steady incline. Only until the last 6 years have we seen this turn downward. It is shocking to me. It is shocking that we are selling out the future of our children and our grandchildren. We are selling it to other countries.

I think our country can compete. I think we have a nation of the brightest people, but we have got to make this a national commitment. We have to pass this trade bill, and then we have to have a national commitment that we are going to put the United States of America No. 1 again and the United States of America is going to become competitive again.

It is not going to just happen. We have got to make it happen.

Mr. BONKER. Mr. Speaker, last year, the House took up a similar trade measure, H.R. 4800, and it passed this House by a 3-to-1 vote. I might add, including the so-called Gephardt amendment.

Last year at this time when we took up the trade bill, the trade deficit for the month that was reported at the time was $12 billion. Now here it is, 1 year later, we are about to take up another trade bill and the trade deficit for last year was reported at $15.1 billion. In other words, given this 1 year in which the bill, because it was not taken up by the other body, was not enacted last year, if anything, our trade deficit has been climbing upward.

So for those who say that macroeconomic policy will take the pressure off the trade deficit that somehow things are going to get better in the future, we have had the evidence now of 1 year when, in effect, the trade deficit has gone up. We have lost more manufacturing jobs. Plants have closed down. Things have certainly not gotten any better.

Last year at this time, when the House took up the trade bill, President Reagan criticized it as kamikazi legislation. He said that it was irresponsible and that, if anything, it would invite wholesale retaliation.

Indeed, if anything over the course of the past year, Ronald Reagan has taken action that is just as strong as anything we have put into this bill.

In the recent case involving the Japanese, and a few months ago imposing countervailing duties on incoming Canadian lumber products, the fact is that we have to deal with unfair trade practices wherever they exist if we are going to restore our competitive position.

The task for doing this has been placed with the House Committee on Ways and Means, which is under the able chairmanship of the gentleman from Illinois [Mr. ROSTENKOWSKI], but one of the principal members of that committee, the gentleman from Ohio [Mr. PEASE], has made several important contributions to that House committee-passed trade measure. One that is of particular importance involves international worker rights, but that legislation has been crafted in a way that I think is responsible and will deal effectively with unfair trade practices. Hopefully, it will get us on the right path to bringing down that threatening trade deficit.

I yield to the gentleman from Ohio who is the author of several important sections in H.R. 3.

Mr. PEASE. Mr. Speaker, I appreciate my colleague yielding to me. I commend him for calling this special order today on a very, very important subject.

The gentleman has already outlined for our listeners how important it is.

I would like to talk a bit about a subject which you mentioned, and that is, the workers' rights provisions which I am responsible for in the trade bill. But before I do, I would be remiss if I did not commend the gentleman from Washington for his contributions. He is chairman of the relevant subcommittee and has been instrumental in stamping on this bill a very important promotion stamp.

Clearly, the parts of the bill relating to the Committee on Ways and Means chiefly address the problem of unfair trade practices on the part of our allies. We are trying to halt unfair practices, be they unfair dumping or subsidizing products coming into our market, or be they restrictions on the exports of the United States to foreign countries.

We have talked many, many times in the Committee on Ways and Means about the importance of creating a level playing field so that American corporations can compete fairly and effectively in the international arena.

□ 1530

An important component of that is concentrating on the importance of exports from this country. The gentleman from Washington [Mr. BONKER] has been a leader through his chairmanship of the export caucus, and through his leadership on the Foreign Affairs Committee in fashioning legislation to encourage more exports from this country.

As the gentleman knows, I submitted to his committee a suggestion to strengthen the United States and Foreign Commercial Service, and provide for some pilot programs involving Japan, Korea, and Taiwan where the United States and Foreign Commercial Service would go the extra mile in identifying possibilities for exports by American firms, finding out from Korea, Taiwan, and South Korea what feasible products there are going to the United States, identifying specific manufacturers of those products, specific firms and then matching up those two lists so that the officials of those three countries cannot say to us, "Well, we would love to buy products from the United States, but we cannot find anybody who makes them."

I am very indebted to the gentleman from Washington for his cooperation in adopting that language as a part of the trade bill coming out of his particular subcommittee.

Mr. BONKER. The gentleman had a worthwhile proposal and the committee was only too pleased to incorporate it in the export promotion section of the bill.

The gentleman makes reference to the Foreign Commercial Service, and this is one Federal agency that is in a position to help promote U.S. exports, to help facilitate export opportunities for U.S. businesses, and yet as important as that program is, it pales by comparison to what other governments are doing to aid their exporters.

In one recent study we found that Japan, for instance, has over 7,000 Government employees in their embassies throughout the country, their foreign commercial service throughout the world helping their exporters. At last count, the United States had 733 U.S. nationals assigned to the foreign embassies, helping U.S. exporters. Indeed, when one looks at how many are stationed here versus Japan and other countries, we also pale by comparison. Japan has some 5,000 of their foreign commercial service people inside Japan helping their exporters get a competitive edge. In the United States we have fewer than 500.

When one goes through the list it is not only Japan, but it is West Germany, England, Italy, France, Canada, all the other major industrialized countries have devoted far more of their resources to helping their exporters than has the U.S. Government.

The Foreign Commercial Service has only been around for a few years, but in the past our philosophy has been the Government really should not be involved in the private sector. We should not be putting taxpayer dollars at the disposal of U.S. businesses to help them compete abroad. But the real question is if other countries persist in doing this, if they have government programs that substantially help their exporters and we do not, then eventually we are going to lose these markets, and the trade deficit is going to go up, and it will be more difficult to restore our competitive position.

So we do this reluctantly because it is necessary if we are going to maintain any kind of competitive position in this very difficult global economy.

Mr. PEASE. Will the gentleman yield further?

Mr. BONKER. I am glad to yield to the gentleman from Ohio.

Mr. PEASE. The gentleman has made a very important point. I think he has rendered a real service to the House and to the trade bill of the House and to the Nation by his persistent emphasis on the comparison between what puny things the United States does and what extensive things are done by other nations in terms of export promotion. From a philosophical point of view, one could argue either side as to whether it is wise to have the Government spending taxpayer dollars encouraging exports in a free enterprise economy like ours, and might argue philosophically that that is not a role for the Federal Government. But we do not have the luxury of dealing with philosophy. We are working in the real world where our trading partners have already settled the question. Their answer is yes, it is a legitimate function for their government, and they are putting a lot of resources into that effort.

We have no choice, it seems to me, but to try to match their effort. It is like a retailer, if the gentleman and I were in business on Main Street in any town in his district or my district and we both had similar businesses, and I start offering trading stamps and the gentleman does not, he does not have a whole lot of choice, whether he thinks it is a smart idea or not, he would have to match my effort. There are a lot of other marketing techniques which one of us could use, and history is replete in our country of instances of businesses watching what the competition is and trying to match that effort.

We are in a position now as a nation in international trade, and as I say, it is very much to the credit of the gentleman from Washington that he continues to call that to our attention. I appreciate the gentleman yielding.

Mr. BONKER. I thank the gentleman.

There are other examples of how foreign governments are helping their exporters. One involves this problem of mixed credits or tied aid credits whenever governments weigh in with concessionary loans and government grants to enable their exporters to swing a contract in their favor.

I recently took a trade mission through several countries in the Pacific Basin, through India and Indonesia, the Philippines and other countries, and we were told by the finance ministers and the trade ministers that they no longer are making decisions on the big ticket items like hydroelectric projects, or aircraft, or telecommunications, they are not making their decisions based on the quality of the product or even the price of the products, but the financing terms. They are talking about a 25-year financing arrangement. If a Japanese firm weighs in with a 3½-percent blended rate, and the United States can do no better than 7 or 8 percent, we are going to lose the contract even though the United States firm may provide a better service, may have the better products, may even have a more favorable price. But because we did not have favorable financing terms we would lose the product.

These countries, notably Japan, that now are accumulating sizable capital surpluses, now have the resources which they do not hesitate to apply in ways that give them an unfair advantage in many of these markets. So our position is to exercise restraint, is to plead with these other countries to put an end to the practice. But if we do not, then we end up losing vital contracts and our trade deficit, of course, will go up.

Another thing that we have attempted to do in this trade bill is to reorganize the State Department so that there would be a new dynamic, a new emphasis, if you will, on export promotion. The State Department is always preoccupied with security matters and geopolitical affairs, and it has been very difficult to get them oriented toward economic policy and trade.

I know the gentleman has been on several trips to other countries, and now the talk is more on trade and economics and financial problems than it is on security and geopolitical matters. Yet the State Department seems preoccupied with some of these global political matters. So we have attempted to reorganize the State Department by taking the trade and development program, which is a small agency, out of AID, which has an orientation toward development assistance, and give them a new standing within the State Department, a larger budget and a new congressional mandate to conduct feasibility studies and export promotion projects that would help U.S. businesses compete more effectively in these markets.

Mr. Speaker, I will insert in the Record at this time the Export Task Force summary of H.R. 3.

The summary referred to follows:

EXPORT TASK FORCE BILL SUMMARY—H.R. 3

TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT

In January, the House Democratic Leadership reintroduced H.R. 4800 (of the 99th Congress), as H.R. 3, the broadest piece of trade legislation to come to the House floor in over a decade. It represents the culmination of several years' efforts at trade law reform, and also contains provisions dealing with export promotion, agricultural trade, international finance, and competitiveness.

The Rules Committee print distributed to Members on April 24 now consists of legislation reported out of ten standing committees, which was knit together with the cooperation of the committee chairmen. Those Committees contributing legislation are: Ways and Means, Energy and Commerce, Foreign Affairs, Banking, Education and Labor, Agriculture, Small Business, Merchant Marine, Government Operations and Public Works.

This summary, while far from exhaustive, is intended to give a comprehensive overview of the bill as reported by these committees. Any views expressed are, of course, those solely of the Export Task Force staff.

Title VII, dealing with changes to the Tariff Schedules, is not covered here:

TITLE I. TRADE LAW AMENDMENTS

SUBTITLE A: FINDINGS AND POLICY

This new subtitle is comprised of a series of findings on the causes and effects of the U.S. trade imbalance, and the necessity of trade deficit reduction. It also sets forth a U.S. policy that the U.S. trade account shall be in equilibrium by 1992, and that the U.S. shall work towards a system of exchange rate stability. The President is directed to achieve these policy goals through fiscal and regulatory policy, international economic policy coordination, attacks on unfair trading practices and actions on Third World debt.

The President would be required to report annually on deficit reduction progress and to submit to Congress a statement regarding the impact of proposed legislation or regulations on U.S. competitiveness.

SUBTITLE B: NEGOTIATING AUTHORITY, ENFORCEMENT OF U.S. RIGHTS AND RESPONSE TO FOREIGN TRADE PRACTICES

Chapter 1: Trade negotiating authority and objectives

Since, constitutionally, trade negotiations are a Congressional responsibility, the President needs to obtain negotiating authority from Congress. This authority is contained in the Trade Act of 1974, and must be renewed periodically.

Tariff Cutting Authority.—The negotiating authority in sec. 101 was intended for use in the Tokyo Round, and expired in 1979. The bill would extend that authority to January 3, 1993. In negotiating tariff reductions, the President would be limited to a 60 percent reduction if a further reduction would have an adverse impact on the U.S. industry. Tariff reductions on import-sensitive goods must be phased in over a ten year period.

The bill provides five year authority to the President for negotiating with Canada for the reduction or elimination of tariffs.

Non Tariff Barriers.—Sec. 102 gives the President the authority to negotiate agreements to limit the use of non-tariff barriers. This authority was extended in 1979, and will expire in early 1988. This negotiating authority would be extended until January 3, 1991, with a possible 2 year extension. The President is specifically empowered to use this authority to propose legislation to implement the Harmonized Code of tariffs.

Bilateral Authority.—Extends authority to enter into bilateral trade agreements until January 3, 1993, and instructs the USTR to identify countries with which bilateral free trade talks might be pursued.

Negotiating Objectives.—In order to delegate trade negotiating responsibilities to the President, Congress must outline its objectives for those negotiations.

The bill states that the primary overall objectives of trade negotiations are the achievement of open, equitable and reciprocal market access, trade barrier reduction, and a more effective international trading system.

Specific objectives cited in HR 3 include: (a) the improvement of the GATT dispute settlement mechanism; (b) gaining GATT coverage for trade in services and agricultural products; (c) developing GATT mechanisms for the protection of intellectual property rights; (d) improving GATT procedures for "escape clauses;" (e) developing procedures to induce countries with persistent and large trade surpluses to lower those surpluses; (f) achieving greater coordination between international trade and monetary systems; (g) developing new rules for investment and technology transfer; (h) developing mechanisms for ensuring recognition of internationally recognized worker rights.

Conditions and Limitations.—H.R. 3 requires a report by the President on the extent to which the agreement achieves the negotiating objectives stated in the bill.

The bill requires the President to recommend that the benefits provided by the agreement (i.e. MFN status) be applied only to those countries which have participated in the negotiations and have assumed their share of responsibilities.

H.R. 3 provides compensation authority for any trade restrictions imposed by the U.S. which violate GATT commitments.

Authority is also provided to implement the U.S.-E.C. agreement on pasta and citrus.

Chapter 2: Enforcement of U.S. rights and response to unfair trade practices

Section 301 of the Trade Act of 1974 is the basic law used for taking action against unfair trade practices.

Authority to initiate an investigation would be transferred from the President to the U.S. Trade Representative (USTR). The USTR would also be empowered to implement any actions which are mandatory, subject to the direction of the President. The President would retain authority to implement actions recommended by the USTR in cases where such action is not mandatory.

H.R. 3 would require mandatory 301 action in cases where foreign exporters have violated an existing trade agreement, or committed some practice considered "unjustifiable." This action must be in an amount equivalent in value to the foreign burden or restriction. The choice of action is left up to the President, with preference given to tariffs.

Where an unfair foreign trade practice is considered "unreasonable" or "discriminatory," but does not violate an agreement, retaliation would remain discretionary. Mandatory retaliation would be waived if (a) the GATT determines the practice not to be in violation of an agreement; (b) the U.S. reaches a negotiated solution for the elimination of the practice or for compensation; (c) the President determines that action would not be in the national economic interest.

The bill would include foreign industrial targeting as an actionable 301 offense where the practice is, or threatens to be, a significant burden on a U.S. firm or industry. The type of action would be decided by the President, but must be in an amount equal to the burden. A "national economic interest" waiver is included, and if the President uses that waiver, he must convene a private sector panel to propose actions to improve the affected industry's competitiveness.

Also added to the list of "unreasonable" trade practices would be (a) the denial of internationally recognized worker rights, if no action is being taken to institute those rights; (b) the toleration of cartels or other anti-competitive activities; (c) lack of trade reciprocity, where applicable.

Further limitations on 301 cases would be set as follows: (a) all cases would require a determination of 301 applicability; (b) for non-GATT cases, recommendations must be issued within 18 months; (c) recommendations must be acted upon within 30 days, with a six month delay if progress is being made in negotiations.

Authority is given to the USTR to modify or terminate 301 actions, and to offer compensation in the event that 301 actions violate the GATT.

The USTR would establish an Office of Unfair Trade Investigations to prepare the Annual Trade Estimates report, identify certain cases for further action, and coordinate 301 actions.

The bill adds a new subsection to section 301 designed to reduce large and "unwarranted" bilateral trade surpluses with the U.S. This is a revised version of the Gephardt Amendment. In this new version, the USTR identifies major US. trading partners (over $7 billion in trade with the U.S.) which maintain excessive bilateral trade surpluses (exports to the U.S. which are 175 percent of imports from the U.S.) and which engage in a pattern of unfair trade practices. The USTR then must negotiate with these countries to eliminate the offending practices. If negotiations are not successful, the USTR would be required to take action against those practices in an amount equivalent to the burden caused by them. This provision could be waived for countries with substantial debt repayment requirements, or if action would cause substantial harm to the U.S. economy.

The Secretary of the Treasury would be required to determine whether an "excessive surplus" country maintains its currency at an artificially low exchange rate. If so, Treasury would be required to negotiate an agreement to remedy the undervaluation, or, failing that, to impose a tariff to achieve the same end.

SUBTITLE C: RELIEF FROM INJURY CAUSED BY IMPORTS

Chapter 1: Section 201

Section 201, also known as the "escape clause," is the law which allows the Administration to take actions to provide temporary relief to an industry which has been severely injured by imports. In ordinary circumstances, unilateral imposition of trade restrictions would be in violation of the GATT.

H.R. 3 would transfer final decisionmaking authority from the President to the USTR.

The bill authorizes temporary relief for perishable products, and provisional relief in the case of "critical circumstances."

An oft cited complaint with section 201 has been that those industries granted relief do not necessarily use that breathing space to modernize and restructure. In response to this, the bill allows for the submission, prior to the injury determination, of a statement proposing adjustment measures. The statement would be drafted by the petitioner in consultation with the rest of the industry and with government officials. The International Trade Commission (ITC), which make injury determinations and recommendations for relief, would consider adjustment plans when making its decisions, and must report annually on adjustment efforts.

H.R. 3 makes the following changes in injury determination procedures: (a) only domestic production capability can be considered; (b) capital formation capability must be considered; (c) factors relating to economic recession cannot be aggregated such that the sum of such factors outweighs the injury caused by imports; (d) imports into geographically isolated areas may be disregarded.

The injury determination would have to be made within four months, and the remedy recommendations within two additional months.

If the ITC makes a positive injury determination in a 201 case, that industry would be eligible for expedited Trade Adjustment Assistance (TAA). The bill also provides that any revenues derived from import relief, such as tariffs or quota auction receipts, be placed in an Adjustment Assistance Trust Fund, for use in TAA retraining programs.

The ITC would be required to consider the impact of relief action on consumers, taxpayers, communities and workers.

In proposing relief measures, the ITC could recommend international negotiations to address the underlying cause of injury, or could recommend orderly marketing arrangements.

In the event of an affirmative determination of injury by the ITC, the USTR would be required to provide relief unless such action would threaten national security, or cause economic harm outweighing the benefits. The ITC could recommend modifications to relief measures, subject to USTR approval.

Chapter 2: Non-market economies

Since it is very difficult to make a dumping or subsidy determination in the case of imports from non-market economies, sec. 406 of the Trade Act of 1974 provides for a separate investigation and relief procedure covering those imports if they are found to be causing "market disruption."

The bill would make section 406 applicable for all "non-market economy" countries, lower the requirements for the law's applicability, and bring its standards closer to those used in other injury investigations. A variable tariff remedy could be applied, based on average domestic and import prices.

Chapter 3: Trade adjustment assistance

The Trade Adjustment Assistance (TAA) program is designed to provide retraining assistance to workers who lose their jobs due to increased international competition.

The bill provides for a system of training vouchers to fund training, remedial education or relocation. This allowance may also be used as a wage supplement for workers who take jobs paying less than their previous jobs. Educational institutions or firms which administer programs for displaced workers would be eligible for grants of up to $1 million.

The USTR would be required to seek an international agreement to permit an import fee to fund TAA, and if successful, to implement such a fee.

SUBTITLE D: COUNTERVAILING DUTY AND ANTIDUMPING LAWS

The bill adds a new provision on "diversionary dumping." This occurs when a product is dumped into a third market where it is incorporated into a product which is then shipped to the U.S. In order for a good to be subject to diversionary dumping penalties, the component in question must have already been subject to its own antidumping action in the U.S. H.R. 3 also contains procedures for monitoring the impact of antidumping and countervailing duties on U.S. imports of downstream products.

Several definitions would be expanded: (a) "domestic industry" would include only domestic operations of U.S. producers; (b) under certain circumstances producers or growers of raw agricultural products would be considered part of a processing industry; (c) "interested party" would include associations representing both growers and processors of agricultural products; (d) in order to prevent circumvention of final orders, certain unfinished goods would still be subject to duties even if they came in under different TSUS numbers.

The determination of whether a domestic subsidy is countervailable would be based on the actual effect of that subsidy, rather than on its legal nature. This provision is intended to deal with the natural resource subsidy question.

A new provision would be added to monitor and take swift action against foreign concerns which repeatedly dump.

In making injury determinations, the ITC would have to consider the cumulative impact of dumped or subsidized imports from two or more countries. The ITC would also have to disregard, in certain circumstances, imports into geographically isolated areas.

The Secretary of Commerce would be required to review the applicability of these import laws with respect to China in light of its economic reforms. CVD law would be more widely applied to non-market-economy countries.

H.R. 3 would prohibit refunds of antidumping or countervailing duties under duty drawback provisions.

The Antidumping Act of 1916 is amended to enhance the applicability of its provisions allowing for a private right of action in cases of persistent dumping. In cases where a firm has been gravely injured by dumping, it would be eligible for monetary compensation from an account funded by dumping duties.

SUBTITLE E: INTELLECTUAL PROPERTY RIGHTS—(SECTION 337, TRADE ACT OF 1930)

Section 337 covers unfair import practices in general, but has been used mainly in cases of intellectual property right violations.

H.R. 3 rewrites sec. 337, clarifying its use in intellectual property cases, and making a number of procedural changes.

The bill eliminates the injury requirement. Currently, in order for a patent or copyright owner to obtain action against the import of a product which represents an unauthorized use of that patent or copyright, the ITC must determine that a domestic industry is being injured by the practice.

Final decision-making authority would be transferred from the President to the USTR.

The USTR would be required to identify countries which persistently violate U.S. intellectual property rights and self-initiate 301 investigations of these practices. These 301 cases would have to be completed within 6 months.

SUBTITLE F: TRADE FUNCTIONS

Chapter 1: USTR

This section strengthens the role of the USTR, by placing that office in the lead position of U.S. trade policy development and implementation. It also transfers to the USTRA decisionmaking authority in section 406 and 337 cases, and with regard to the GSP.

A new Office of Unfair Trade Practices would be established in USTR to coordinate the identification of and action against unfair trade pracitces.

The interagency Trade Policy Committee is revamped, placing USTR at the chair, and including the Secretaries of Commerce, State, Treasury, Agriculture and Labor.

The USTR would be required to submit to Congress an annual statement outlining the Administration's trade policy agenda and its progress in achieving that agenda.

Chapter 2: ITC

The ITC would be required to conduct annual competitiveness assessments of key industries. The Commission would also undertake an ongoing monitoring of imports of products in threatened sectors.

The Trade Remedy Assistance Office at ITC would be enhanced.

SUBTITLE G: MISCELLANEOUS TRADE LAW PROVISIONS

National Security Import Controls.—Section 232 (Trade Expansion Act of 1962) provides procedures for restricting imports when they reach levels deemed to national security. This implies an excessive reliance on foreign sources for crucial products.

The bill reduces the time limit for conducting investigations from one year to 90 days, and requires subsequent action within 15 days. HR 3 also provides specific authority to implement the May, 1986 machine tool decision.

Miscellaneous.—The bill proposes scofflaw penalties that would prevent the importation of goods by any person convicted of, or assessed a civil penalty for, three separate violations of customs laws involving fraud or criminal culpability over a seven year period.

U.S. participation in the International Coffee Agreement is extended to October 1989.

Other provisions cover steel, coal, auto transport, watches and auto parts.

The penalties for mismarking the country of origin on imports would be increased.

TITLE II. TELECOMMUNICATIONS TRADE

This title is intended to ensure that U.S. providers of telecommunications goods and services receive the same treatment in foreign countries as the suppliers in those countries receive in the U.S.

The bill requires the USTR to identify countries which have significant telecommunications markets and which do not allow equal access to U.S. firms. The USTR would then negotiate with these countries to open those markets. If negotiations fail, the President would be required to take certain actions to guarantee reciprocal telecommunications equipment market access. Furthermore, if any country does not uphold its agreement, the USTR is required to take actions to restore a balance of competitive opportunities. The provision also allows for compensation authority in the event that a U.S. action is illegal under GATT.

TITLE III. EXPORT ENHANCEMENT

SUBTITLE A: EXPORT PROMOTION

H.R. 3 establishes in statute the United States and Foreign Commercial Service, the Commerce Department's principal export promotion agency. The authority of the Service has existed only under Executive Order.

The Secretary of Commerce would be given the authority to upgrade the diplomatic status of a limited number of overseas Commercial Officers, to enable them to gain access to top levels of government. H.R. 3 also encourages the Secretary of State to appoint Commercial Officers as Consuls General in U.S. consulates which conduct primarily commercial business.

The Secretaries of State and Commerce would be required to periodically review and adjust the export promotion staffing of embassies, and the Chief of Mission in each commercially important country would be required to report annually on the export promotion efforts of that mission.

The Commerce Department would be required to place Commercial Officers in the office of the U.S. Executive Director of each multilateral development bank. These officers would assist U.S. firms in obtaining business generated by these banks' lending activities.

The bill authorizes the Commerce Department to conclude "cooperator" agreements with businesses or trade associations which seek to expand overseas markets. These groups, along with Commerce, would combine resources to promote overseas sales of specific types of products. This has been patterned after a program within the Agriculture Department. Cooperators would be authorized to detail individuals to the U.S. and Foreign Commercial Service to assist in the Service's market research efforts.

A special marketing initiative is proposed for Taiwan, Korea and Japan, designed to identify and promote export potential to these countries. In addition, services similar to those provided by the Commercial Service would be provided at the American Institute of Taiwan.

The Secretary of Agriculture would be authorized to expand the Department's overseas activities, and enhance the diplomatic status of a limited number of Foreign Agriculture Service officers.

An annual report on the economic policies of foreign countries is proposed, similar to the State Department annual report on human rights. This report, prepared by the State Department, would contain information on monetary and fiscal policy, exchange rate management, external debt policies, regulation of foreign industries, trade barriers, and the use of export subsidies.

An Export Promotion Data System, based on the Commercial Information Management System currently under development, would be given a statutory basis. This system would provide information to the public and private sectors on specific foreign markets with a high U.S. export potential.

The bill would establish a program to regulate companies that perform preshipment inspections.

SUBTITLE B: EXPORT CONTROLS

Controls on exports of petroleum products from Alaska would be tightened.

Exporters to China would become eligible for multiple export licenses, and would be allowed to ship any product to China for display at a trade show.

Reexport controls would be eliminated for COCOM countries. Reexport controls would no longer be imposed on certain quantities of parts and components shipped anywhere in the free world.

Certain low technology goods would no longer require export licenses. The list of both countries and products eligible for such treatment would be expanded.

The bill requires a reduction of approximately 40 percent in the Commodity Control List over three years, and provides for a quarterly review of the list, as opposed to the current annual review. Also subject to review upon request would be the list of products eligible for distribution licenses.

Foreign availability standards are clarified to include uncontrolled goods available in free world countries.

The bill states that goods are controlled on the basis of their overall functional characteristics and not solely on component parts.

Section 10(g) is clarified, restricting the role of the Department of Defense in reviewing licenses.

The proposal, contained in the Department of Commerce 1988 budget, for an export licensing fee is prohibited by this legislation. Also prohibited is the detaining or seizure of goods, that do not require an export license, by the Customs Service for more than 10 days without the Secretary of Commerce's authorization.

A new Western Regional Office would be established with authority to issue certain licenses.

An Export Administration Reform Commission is established.

SUBTITLE C: DEBT, DEVELOPMENT AND WORLD GROWTH

The bill calls on the President to continue efforts to coordinate macroeconomic policies with other industrialized nations, and to promote growth-oriented and trade liberalizing economic policies in developing countries.

A Sense of Congress resolution reaffirms support for the Overseas Private Investment Corporation (OPIC). The bill also increases the limit on direct investment financing from $15 to $25 million. This funding must be approved by the Appropriations Committee, but has no impact on the Federal Budget.

The bill provides an independent status within the State Department for the Trade and Development Program (TDP). TDP is designated as the primary agency for export promotion related to bilateral development projects, and is given responsibility for the aid portion of the 1983 mixed credit program.

H.R. 3 establishes an interagency group, chaired by the Secretary of Commerce, to develop a U.S. policy on countertrade, and recommend ways in which it might enhance U.S. development programs and export opportunities.

Under the bill, U.S. foreign aid funds could not be spent on the purchase of any goods and services from countries which are internationally competitive with U.S. firms, unless reciprocal treatment for bidding on their foreign aid projects is received.

SUBTITLE D: PROTECTION OF UNITED STATES BUSINESS INTERESTS ABROAD

The bill urges the Administration to make intellectual property protection a major objective in international negotiations, and sets forth goals towards this end.

SUBTITLE E: MISCELLANEOUS PROVISIONS

This subtitle amends the International Emergency Economic Powers Act (IEEPA) to prohibit the President from restricting imports of informational materials.

A new Cabinet level commission is created to coordinate increased bilateral economic and commercial relations with Mexico, with a view towards an agreement on free trade.

TITLE IV: INTERNATIONAL FINANCIAL AND TRADE POLICY

SUBTITLE A: COMPETITIVE EXCHANGE RATE

The bill states that the negotiation of a competitive exchange rate value of the dollar in tandem with greater international economic coordination should be a priority of the President in international economic agreements. When the dollar falls outside of a range consistent with the economic fundamentals, the President would be required to initiate bilateral negotiations to correct it.

The bill directs the U.S. monetary authorities to intervene "as appropriate" in foreign currency markets to maintain this level. The only requirements specified are a report on the progress made in achieving a competitive exchange rate (semiannually), and a yearly report on the impact of international capital flows on the value of the dollar and U.S. trade.

SUBTITLE B: THIRD WORLD DEBT MANAGEMENT ACT

Chapter 2: International debt management and economic growth

The bill instructs the Secretary of the Treasury to investigate the possibility of issuing one time Special Drawing Rights (SDR's) to smaller and poorer nations for the specific purpose of reducing their official debt. A report must be submitted to Congress within three months of enactment of this bill.

H.R. 3 calls on the Treasury to negotiate on the possibility of establishing an international debt adjustment facility to manage the debt problem. The facility would be authorized to purchase sovereign debt at a discount and negotiate for its restructuring or retirement. The facility would also encourage surplus nations to increase their investments in the Third World. The Secretary of the Treasury should determine the assets of the World Bank and the IMF could be used in setting up this authority.

With respect to loans from Multilateral Development Banks, the bill provides that United States firms should be given fair access to the bidding opportunities available. Also a Foreign Commercial Service Officer should be appointed to serve with each of these institutions.

The bill requires the Secretary to ensure the effectiveness of the structural adjustment lending activities of the World Bank.

H.R. 3 instructs the Federal Reserve to enforce equal access for American companies in foreign countries' government securities markets.

The International Monetary Fund (IMF) must also report on the impact of their economic adjustment programs and their attempts to secure commercial and international financing of the debtor nations.

Chapter 3: Insuring the stability of the international financial system.

The bill requires the Treasury to report on any changes necessary in the regulation of U.S. capital markets and private financial institutions that would assist in resolving the debt crisis. The Secretary would also instruct the IMF and the World Bank to initiate discussions on increasing their roles in mobilizing private capital.

The Federal Reserve and the Treasury are instructed to adopt a more flexible procedure on Third World Debt by offering those banks involved options for rescheduling debt service payments. The options are: additional funds; debt forgiveness; interest reduction; debt-equity swaps; or any combination of those.

Chapter 4: Multilateral Investment Guarantee Agency (MIGA)

The bill authorizes the President to accept U.S. membership into the MIGA, and places a cap of $22 million in paid-up capital contributions for FY88.

SUBTITLE C: COMPETITIVE TRADE PRACTICES

H.R. 3 amends the Trade and Development Act of 1983 with respect to the Tied Aid program to require: (a) a simple majority for decisions of the National Advisory Council; (b) a semiannual Presidential report on the use of the Tied Aid fund and an evaluation of the possibility of introducing less stringent prepayment standards for the major debtor nations; and (c) a report by the Export-Import Bank on possible expansion of their loan guarantee authority with respect to U.S. exports to LDC countries.

SUBTITLE D: COUNCIL ON INDUSTRIAL COMPETITIVENESS

This subtitle establishes a Council on Industrial Competitiveness as an advisory committee to the President. The body would review, develop and promote ideas to enhance U.S. export promotion and competitiveness and coordination the efforts of the major departments involved in these activities. The sixteen member Council would include four individuals from each of the following sectors: business, academia, labor and Federal and state government.

SUBTITLE E: EXPORT TRADING COMPANY AMENDMENTS

The bill amends the Export Trading Company Act of 1982 to ease regulations to encourage greater use of bank related ETCs. It prohibits the Federal Reserve from imposing a dollar limitation on an ETC's inventory, except on a case by case basis. H.R. 3 provides a two year start up period before imposing the requirement that 50 percent of a bank related ETC's revenue should be generated from export activities. Fees from facilitating third party trade will be included as export revenue. In addition, the permitted leverage ratios between assets and capital to form an ETC will be increased.

TITLE V: EDUCATION AND TRAINING

This section of the bill contains provisions to enhance educational and training programs, aimed at increasing the technical knowledge and skills or workers and management, as well as foreign language skills and cultural awareness to improve the competitiveness of American industry.

SUBTITLE A: EDUCATION

Several grant programs are created to disburse funds to eligible state education agencies and the other at institutes of higher learning. This section authorizes a total of $501 million for FY 88.

The bill authorizes the Secretary of Education to make grants to state educational agencies for specific programs. The funds are allocated as follows: literacy training, $102 million; vocational education, $52 million; mathematics and science, $50 million; elementary and secondary foreign languages, $50 million; postsecondary mathematics, languages and science, $10 million. Grants are also given for the following: business and technology education, education telecommunications, and education and training software.

H.R. 3 bill authorizes the funding of grants to cover not more than one half the cost of programs within colleges and universities aimed at improving training for teachers of mathematics, science, and foreign languages.

Of the authorized funding of $100 million per year for this program, one half would be spent on summer teacher training and education partnership programs, and one half on instructional equipment for undergraduate teacher training.

The bill establishes an $85 million fund to upgrade college and University research facilities requiring that the funds be matched on a 50:50 basis.

SUBTITLE B: TRAINING

H.R. 3 authorizes $980 million for Basic Readjustment Services, a Worker Readjustment Training Program and a Federal Readjustment Program amending the Job Training Partnership Act (JTPA).

The Governor of each state is required to establish worker readjustment councils and designate areas of their state as "substate." These areas would then qualify for Basic Adjustment Services. This would entail a combination of job training, counseling, job search, and relocation assistance. The amount given would be dependent on various factors including: lay off and unemployment statistics. The bill is designed to provide assistance in anticipation, and in response to, lay offs. A dislocated worker unit (DWU) would be set up in each state to provide a "rapid response" to any actual or future mass dislocation of workers.

Worker Readjustment would include classroom and occupational training, relocation and job search and basic or remedial education. These programs would be aimed at assisting workers displaced by their employer's efforts to modernize production methods in order to remain internationally competitive. Eligible workers would be those whose skills became obsolete, or who were laid off due to increased automation.

The Secretary of Labor would have discretion over the Federal Readjustment Program providing industrywide, multistate and mass lay off projects and any technical services providing readjustment assistance.

$50 million is authorized for the development of computerized job information and matching capabilities within the U.S. Employment Service, and $50 million is authorized for states to implement computerized job bank systems.

A study on the dislocation of farmers and ranchers by the Secretary of Labor is required by the bill.

The Secretary of Labor would be required to submit an annual report to Congress identifying countries and enterprises which fail to adhere to internationally recognized worker rights.

TITLE VI: AGRICULTURE

A new office is established to monitor unfair trade practices in agriculture, and another office is established to aid victims of such practices.

A Long Term Agricultural Trade Strategy report, to be filed by the Secretary of Agriculture, would establish export goals and strategies for 1, 5, and 10 year periods for all commodities and value-added products. The bill would require a report on the extent to which U.S. food aid policies serve direct market development objectives, and would establish an Office of Food Aid Policy.

Commodities owned by the Commodity Credit Corporation would be available to cooperator programs, and to assist in countervailing duty actions.

A program of Agricultural Aid and Trade Missions is established.

The bill contains provisions relating to casein, tobacco, roses, beef, citrus, honey, poultry.

TITLE VII: FOREIGN CORRUPT PRACTICES AND ADJUSTMENT PLAN REVIEW

Foreign Corrupt Practices Act (FCPA).—The FCPA is the principal statute for preventing bribery and other illegal methods of doing business. The statute is a part of the Securities and Exchange Act.

A new culpability standard is proposed. The bill eliminates the "reason to know" standard under which an individual would be liable if he had reason to know that money he had paid out was to be used for a bribe made by someone else. This standard is replaced with two standards. If the individual has acted in a "reckless" manner, he would be liable for civil penalties, and if he actually had "knowledge" of the bribe, he would be liable for criminal penalties.

The bill also clarifies the standards for so called "grease payments." In the current statute, payments are permitted to individuals whose duties are primarily "ministerial or clerical." The bill changes this to allowing payments to secure a "routine" service, such as clearing customs, or expediting paperwork.

Adjustment Plan Review.—A review committee, chaired by the Secretary of Commerce and consisting of the USTR and Secretaries of Labor and Treasury, would be established to oversee the implementation of adjustment plans instituted in conjunction with relief under section 201. This committee would have the authority to recommend to the USTR that relief be terminated if the adjustment plan is not being carried out according to the original relief recommendation.

Registration of Foreign Investment.—Under this new provision, all foreign persons acquiring a significant interest in a U.S. business would have to register with the Secretary of Commerce. The Secretary would be required to keep a public record of all such registrations.

TITLE IX: UNITED STATES TRADE AND COMPETITIVENESS PROVISIONS

A competitiveness impact statement would be required, for any action by the Federal Government that might affect international trade and competitiveness.

A United States National Trade Data Bank is established in the Department of Commerce.

The Secretary of Commerce would be given oversight of efforts of foreign citizens to gain any control over persons engaged in interstate commerce that may threaten national security interests or the essential commerce of the United States. He shall also investigate the availability of resources, the capacity of domestic industry, and the production needed to meet the requirements of national defense and essential commerce.

The bill stipulates that the Commerce Department should recommend methods to reduce the existing barriers to bilateral trade with Mexico, including the stimulation of joint investment and coproduction by the two countries.

This title would require the U.S. Trade Representative (USTR) to investigate practices of the Government of Japan that impede the establishment and growth of trade in architectural, construction and other consultative services.

Upon receipt of a Department of Energy study on the impact of imports of crude oil production and refining capacity in the United States, the USTR would recommend appropriate action that may be necessary.

A program is established to provide funding for the development of semiconductor technology. $100 million is authorized for each of the next five years.

American firms engaging in countertrade would be required to report large transactions to the Department of Commerce.

TITLE X: BUY AMERICAN ACT OF 1987

A reciprocity provision is added to the Buy American Act of 1933, providing that Federal Agencies shall not procure goods from countries that do not subscribe to the standards of the GATT Government Procurement Code.

The President must file an annual report on the procurement practices of foreign governments, and take appropriate action against noncomplying countries.

TITLE XI: OCEAN TRANSPORTATION PRACTICES

The Federal Maritime Commission is required to investigate maritime trade practices which are alleged to discriminate against U.S. carriers. If such unfair practices are found, the country shall be subject to negotiations, or penalties should no negotiated solution be arrived at.

TITLE XII: INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES

Amends the International Air Transportation Fair Competitive Practices Act of 1974 to provide time limits for taking action on complaints. After taking such actions, the Secretary of Transportation would be required to report the results to Congress.

The views of the USTR and the Department of Commerce would be taken into account in the resolution of disputes.

TITLE XIII: SMALL BUSINESS

The bill is designed to increase the international competitiveness of small business in the United States, by enhancing their ability to export, facilitating the transfer of technology and access to long term capital, and increasing their ability to compete against imports.

Section 3 outlines proposals to reform the International Trade Office of the Small Business Administration (SBA). It advocates greater federal, state and local cooperation in developing and promoting small business exports. The legislation directs the Office to assist in the identification of possible export products, markets for those products, and to prescreen foreign buyers for commercial and credit purposes. It is directed to assist in forming trading companies and to provide certain language services. The Office is charged with more actively publicizing and assisting small businesses to finance those exports. Small business must make full use of the programs of the Export-Import Bank, other Administration financing and additional financial intermediaries and services. The Administration is authorized, under section 5, to provide extensions of financing of up to three years and revolving lines of credit for export and pre-export financing purposes.

The Bill would establish a Trade Assistance Division within the International Trade Office. In cooperation with the other relevant Federal agencies, this division should render advice and technical service to small businesses seeking access to U.S. trade laws and trade remedy procedures.

Section 4 of the bill requires numerous reports from the SBA including: (a) the effect of state tax systems on small business' competitiveness; (b) methods to streamline trade remedy procedures with relation to the access by small business; (c) the viability and cost of implementing an export incentive program.

The Small Business Development Centers would be authorized appropriation of $5 million for FY 88 in their role in export promotion and technology transfer. The Centers can also apply for additional funds from a $15 million pool. Section 6 also recommends continued and greater cooperation between the academic and business communities, to facilitate the transfer of technology. The Centers are directed to becoming more involved in marketing available financing program with a view to becoming a distribution network and service delivery mechanism for Exim Bank programs.

Under Section 7(a), the SBA loan guarantee limit is increased to $1 million from $500,000 for the purchase of capital for the production of goods involved in international trade, provided those loans are sold in the secondary market.

Provisions are included to try and develop the Small Business Innovation Research Program (SBIR). Section 8 requires the SBA to report on the viability of increasing each agency's share of R&D to 3 percent of total extramural R&D expenditure. The major agencies involved are the Department of Defense and NASA, as well as the Departments of Commerce, Agriculture, Energy, Transportation, Health and Human Services, and Education.

Under the title of "Globalization of Production," the SBA is required to report on the effect of increased outsourcing of U.S. firms, the impact of economic policy on outsourcing and any necessary policy changes. Section 10 requires the Administration to conduct a National Conference on Small Business Exports in 1988.

Mr. Speaker, the provisions in H.R. 3 that come out of the Ways and Means Committee are, in my judgment, very constructive.

□ 1540

The President wants out of this trade bill new authority at GATT so that he can reduce tariffs in order to negotiate an end to some of these unfair trade practices.

Beyond that, the committee has specified certain objectives that must be achieved at any upcoming GATT meeting. First, the improvement of the GATT dispute settlement mechanism. Second, gaining GATT coverage for trade in the vital areas of services and agricultural products. Third, developing GATT mechanisms for the protection of intellectual property rights. Fourth, developing procedures to induce countries with persistent large trade surpluses to lower those surpluses.

The Ways and Means Committee, in my judgment, has come up with a creative approach to dealing with unfair trade practices, and has indeed endorsed much of the Gephardt amendment which will be offered on the House floor sometime this week.

I would like to commend the Ways and Means Committee for developing what I think is an effective policy device for addressing this problem of unfair trade practices. What it provides is that if any country develops a sizable, or we call it an excessive trade surplus against the United States, and if that same country has been certified by the USTR as engaging in a consistent pattern of unfair or discriminatory trade practices, that country shall be placed on a list and be subject to negotiations to end those trade practices or narrow the trade imbalance. If that country fails to comply, then the President has existing authority to reduce imports.

Mr. DERRICK. Mr. Speaker, the American people have had enough. We can no longer allow this administration to walk all over the American manufacturing employee in the name of "free" trade. If free trade means that we allow our foreign competitors to take over large segments of our markets, to close their borders to our goods, to offer favorable banking terms, and to pay their workers pennies a day while subsidizing their livelihoods in other ways, then I don't think the American people want "free" trade.

What we want, Mr. Speaker, is fair trade. We need immediate action to stop unfairly advantaged imports from undercutting U.S. production. Our goal should be a comprehensive trade policy that protects and defends the interests and future of the United States. Our national economy depends on a reasonable balance of trade with assurances of stability in the future.

As everyone knows, manufacturers are closing down and/or moving their operations offshore on a regular basis—leaving the workers high and dry. Some of my colleagues are willing to sacrifice these thousands of workers in the name of a principle. Well, I am not willing to make this sacrifice. I don't want to reduce our standard of living for manufacturing employees in the United States to the level of some of our strongest competitors. I don't want to watch vital domestic industries being given away to countries who may be our allies today, and our foes tomorrow.

The administration's assurances that international trade is sufficiently regulated through GATT protections have a false ring to domestic manufacturers. According to the latest trade figures, we will set a new high in 1987 for the largest trade deficit ever recorded. And these figures come from the same administrative agency that openly admits that it does not have adequate ability to monitor the goods shipped to this country. If we are to ensure that we have real regulated trade, we must enact meaningful legislation that has a bite as well as a bark.

GENERAL LEAVE

Mr. DELAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas.

There was no objection.

THE TRADE SITUATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. DELAY] is recognized for 60 minutes.

Mr. DELAY. Mr. Speaker, I take this special order, as I originally came here to try to get some true facts as to what is happening in our trade situation. I must say, after listening to the previous special order, to me it seems that most of the statements were made with very little or no facts to back them up. I point to some of the examples. For instance, the example that is being used that we have a huge trade deficit and all they talk about is trade deficit. Every economist in this Nation, every businessman in this Nation knows that when you talk trade deficits, you do not just single out trade deficits. What you do is you talk about the balance of payments. How big is our trade deficit and how much money are we also bringing into the United States that is being invested in the United States in creating jobs, building businesses, and do we have a decent balance of payments at this particular time?

Also, the trade deficit that has been quoted time and time again is not the true deficit because we do not even take into consideration the exported service industries. An example is that we claim that the trade deficit with Canada is $22 billion when, if you count the exported service industries, the trade deficit is about $11 billion.

There are many other misstatements that are being made about trade in America. We talk about subsidized industry, and I hope to prove in my special order that the subsidized industry, the unfair trade practices practiced by foreign countries are adding to their weak economy, and through a weak economy they cannot buy our exports. I hope to prove that during my special order.

Mr. Speaker, there is an omnibus trade bill moving through the House this week that will probably be voted on tomorrow by the whole House. Speaking with many Members of this body, few of them know what is in the trade bill. Mr. Speaker, it is a 900-page bill. One of the most important pieces of legislation we will consider in this Congress.

As responsible legislators, we have a duty to know what we are voting on. It is unfortunate that this bill is being rammed through Congress in such a fashion. However, in order that Members will have a better idea of what is in the bill, I have called this special order to try to inform them.

In my judgment, this bill is going to cause international economic catastrophies, the likes of which we have not seen since Smoot-Hawley was a major cause of the Great Depression. Although this latest round of "beggar-thy-neighbor" trade protectionism is ostensibly aimed at foreign markets, the real cost of trade wars comes back home in the form of higher prices and reduced availability for desired products, lower standard of living for Americans, and losing job opportunities.

This false and costly bill of protectionist goods is being peddled in a Congress doing business as usual in the pockets of the American consumer. I can assure you that the United States is not losing the competitive battle with any other country. We are by far the most competitive country on the face of the Earth. However, when one of our last competitive industries decides to shut down a plant or to diversify, everyone in Congress starts saying our whole Nation is uncompetitive. Well, it just is not so.

We control over three-fourths of the computer software market up from two-thirds. We hold about 70 percent of the world computer market. Domestic textile production has risen more than 20 percent in the last 2 years, a rate five times faster than the overall growth in U.S. manufacturing.

Since 1981, output per hour in manufacturing has grown at an average annual rate of 3.8 percent, more than twice the annual rate of 1.5 percent recorded between 1973 and 1981. In my judgment and most leading economists, this productivity increase has been a direct result of U.S. industries trying to compete with the so-called flood of foreign imports. Without these imports, I doubt that we would have seen anywhere near these gains in productivity.

Our country is plenty competitive, but unfortunately, the loudest voices heard by many are those industries that are losing their competitive edge to oversea suppliers for one reason or another.

The result of this is that many of our leaders have started blaming other countries for our inability to compete with their efficient industries. We scorn them for making better quality cars and cheaper shoes. Subsequently, rather than allow our consumers to enjoy these economic benefits, we shut down our markets, maintain our inefficiencies or worsen them, and pile the cost onto the American consumer.

Let me show you this chart right here. This is a chart showing the consumer costs associated with protection on goods imported into this country. What it shows is how badly it hurts the poorest segment of our population. Those that are pushing for protectionism are hurting the very people that they claim, in other areas of our Government, they are trying to protect. I will show you why. For a family making $50,000 a year, protectionism costs them about 2.7 percent of their income above the poverty level. But for a family right here, just at or above the poverty level, it takes away a whopping 32 percent of their purchasing power. That was a cost of $121 billion to American consumers over the last 2 years.

□ 1550

The next chart will show the consumer costs and the wages per job saved as a result of import restraints.

For steel, right here, the cost to you and me is $114,000 for every $29,000 job that we save through protectionism. Voluntary-restraint agreements with the Japanese on automobiles cost you and me $241,000 for every $27,000 job that we save. The Sugar Program costs us $53,000 for every $19,000 that we save. And now the new trade bill might contain a provision to start protecting candy bars because we cannot seem to compete with foreign candy made with cheaper foreign sugar.

I guess that the most common myth surrounding the trade debate is that imports cost jobs, and that trade deficits indicate poor economic performance.

Let us look at another chart. Here you can see that during the years of 1983 to 1986, the years of our highest trade deficits, we created 5 times as many jobs as Japan, and 100 times as many jobs as West Germany, both of whom have trade surpluses with us. The United States has been enjoying the second largest and the longest period of economic expansion since World War II. However, at the same time, the recovery of economic activity in most other foreign countries has been weak, and as I said earlier about subsidized goods, unfair trade practices in the form of protectionism of other countries has led to weak economies. The result has been that we have purchased and imported far more than at any time in our past, and we have been exporting less because of weak overseas markets.

The next chart that I have is a chart showing the levels of total national spending or domestic demand in the United States versus Japan and the four larget European countries. Total domestic demand grew much more rapidly in the United States than in any other country during the first six quarters of our current expansion. Since then the differences have narrowed, but a large cumulative gap in domestic demand growth remains.

At an accounting level, the U.S. deficit indicates that total expenditures on goods and services in the United States exceed U.S. production of goods and services, and that the United States is simply importing the difference. How anyone can take this to mean that we are having economic problems is hard for me to imagine. These are natural growing pains associated with a strong economy.

What I think lies behind all this is a quest for a 1988 election issue to try to get Ronald Reagan's economic growth policies out of the White House. This is to me very clear. It absolutely confounds me to think how a trade bill like H.R. 3—also known as the Trade Reduction and Job Destruction Act of 1987—could possibly get the support that it is getting. There is not one think tank, from the Brookings Institute on the one end of the spectrum to the Heritage Foundation on the other, and including the American Enterprise Institute, that says that protectionism works in saving jobs or helping the economy.

Mr. LEWIS of California. Mr. Speaker, will the gentleman yield?

Mr. DeLay. I yield to the gentleman from California [Mr. Lewis], the chairman of the Republican Research Committee.

Mr. LEWIS of California. I thank the gentleman for yielding.

Mr. Speaker, I must say that the gentleman reflects, I think, the finest of the spirit in the House which recognizes that the difference between our economy and our system of government versus much of the rest of the world is the fact that throughout our history we have given the highest priority to individuals, individual opportunity, and individual enterprise, and fundamental to that is the marketplace in which individuals cannot only exchange their ideas but peddle their wares and deal with one another. When you get government in the middle of that process in a bureaucratic form, usually you screw up that process, and what the gentleman is saying here today is, "Mr. and Mrs. America, you'd better be very careful before you look for a simple answer that is passed by this Congress."

Mr. Speaker, the "greatest show in Washington" will soon be out on the House floor beguiling both the news media and inveterate C-SPAN watchers. I am speaking of course, about the comprehensive trade bill. Let me start by expressing the gratitude of many of our members on the minority side for the opportunities afforded all of us in the process of various committee markups. From the outset, the Speaker has assured us that the goal of this difficult but necessary process would be to have a bipartisan trade bill.

I am reminded of Mr. Wright's management of the comprehensive drug bill last year. I think it's fair to say that what emerged from the House was a fundamentally bipartisan piece of legislation. The credit, in large measure, was due to the then majority leader, who toiled with those on the majority side so that a limited number of priority floor amendments could be offered by those of us in the minority. Some of the commitments he gave us for floor amendments were unpopular with those in the majority but they were necessary to assure a bipartisan bill.

They are central to bipartisanship now that Mr. Wright is Speaker rather than majority leader. The drug bill experience is very instructive as a guide in determining whether we can have a trade bill in the House worthy of bipartisan support. In my judgment, two things made bipartisanship possible then and would be required again in the upcoming trade debate. The first is the Democratic leadership's commitment to fairness. That requires the personal engagement of the Speaker and a willingness to air minority views in the form of amendments on the floor.

The second requirement of bipartisanship is leaving a margin for error after the expedited committee markups. As often happens, the committees have been put to the test of meeting a greatly accelerated schedule for completing their markups. They have done that job with considerable aplomb. We now get to the nub of the matter. Some people will argue that the minority has had the opportunity in committee to present its views and iron out all fundamental differences. They will suggest that finely crafted compromises have been reached and that reopening the controversies on the floor is like the old medical practice of bleeding the patient with leeches. That approach is fundamentally wrong. Bipartisan bills require the fresh air of floor debate.

In fact, the level of committee cooperation in most cases has been nothing short of outstanding. But the true secret of this bill is that we lack the fundamental consensus that we had on drugs. There is legitimate disagreement on a few major factors. That disagreement is not primarily within the minority ranks. It is within the majority side as well. All of this points to one underlying reality. You have to resolve the remaining differences out on the floor. That means that the Speaker must work with the Rules Committee to assure that a limited number of floor amendments are in order and I think he has.

Let me suggest just a few issues that both require floor action and illustrate the point that even the Democrats have yet to reach a consensus.

One example would be the so-called Gephardt provision. It has seen three incarnations and may well be the key to whether you can actually get bipartisan affirmation of the trade bill next week. The Ways and Means Committee, and Chairman Rostenkowski in particular, found it necessary to water down this provision. They increased the deadline for negotiations from 4 to 6 months. More importantly, they provided a waiver for the required retaliatory actions reducing all unfair trade practices if the President felt these actions would harm the national economic interest.

Chairman Rostenkowski's views of the Gephardt amendment and H.R. 3 in its original form are a matter of public record. Last month Mr. Rostenkowski said:

> Initially, I was opposed to the introduction of any legislation on trade because I didn't want to defend H.R. 4800 or H.R. 3.

His views on the Gephardt provision were equally forthright:

> What I worry about with Gephardt is whether we are going to be opening other countries' markets or will we be closing ours?

Mr. Gephardt has a revised version which will be offered on the floor. While it offers additional opportunities for the President to waive the mandatory actions, subject to a joint resolution of congressional disapproval, it remains as the single biggest stumbling block to a truly bipartisan bill.

Another valid example would be the Schumer provision which was passed in the Banking Committee deliberations. There is apprehension on both sides about how this provision, which chokes off access to the U.S. market in Government debt instruments to nations which limit access to U.S. companies, would work. In committee, its sponsor was sure that it would not affect Canadian dealers. Now we are told that it does. Beyond who it impacts is the question of whether it would work. Like its beefless brainchild and brother, the Gephardt amendment, it is entirely reasonable to suspect that instead of opening markets it would create an incentive for retaliation thus closing markets to U.S. companies.

A final example helps to indelibly etch the point I am making. We will attempt to strike the Bryant amendment which requires registration of foreign equity investments. We understand that it is intended to ease our trade difficulties. Nevertheless, it too appears to be counterproductive. Such requirements could result in large-scale trading shifts to overseas markets. The result would be to increase the cost of capital in this country. If that were the case, the Bryant amendment could be best understood as a disincentive to competitiveness.

These three examples do not constitute the entire list of problems that the minority has with the trade bill. But isn't it ultimately wiser to view them as opportunities for the Rules Committee and the majority leadership? They are symbolic politics.

A failure to accommodate a minimum list of such opportunities would be the final signal that the frequent calls for bipartisanship were only smoke signals. More importantly, they would stand for an entirely different brand of symbolic politics. A failure to open these doors of bipartisan opportunity would indicate that the leadership on the other side of the aisle was accommodating but to the wrong groups.

It would mean that the House was interested in the trade issue largely as it has become a premium coin of the realm in Presidential politicking. It would legitimize the campaign themes of some at the expense of others. Least importantly, it would legitimize the publicly expressed view of organized labor from its Boca Raton meeting earlier this year. That view was expressed by Morton Bahr of the Communications Workers Union. He said:

> Our attitude is that any bill that the President doesn't veto is not worth passing. Our objective now is working towards the type of bill that almost insures a veto.

Let me pause for one final moment to note that the House Republicans I have been working with are committed to doing more than just naysaying about the trade bill's most onerous provisions. We will be offering a substitute which we believe should be viewed as the truly bipartisan version of the trade bill. It is, in simplest terms, a greatly simplified version of the trade bill as marked up in the Ways and Means Committee. Our major concern remains with creating incentives to negotiate so that the wide range of unfair trade practices can be dealt with. Provisions which publicly humiliate our trade partners and demand action by impractical deadlines are unlikely to meet with any measurable success. Such provisions are likely to leave us in a protracted trade war that benefits no one. It will answer that question which never seems to pop up in our deliberations. Who gets hit by the big stick—American consumers, our trading partners or both?

The approach which says that we need to pass a bill which draws a veto is certainly one strategy. It is not the bipartisan one. I would expect to see the type of limited accommodation that the Speaker made possible on the drug bill. That will require a Rules Committee and floor process that isn't wired to restrict our opportunities. I have seen it done. I believe it can be done. The real question is, Will it be done? The answer lies with the Speaker. I prefer to believe that we will have a bipartisan trade measure. The nature of our trade difficulties requires no less.

Mr. DELAY. Mr. Speaker, I appreciate the remarks from the fine gentleman from California, who is in the forefront of leading the trade task force on our side of the aisle and is working very hard I know, I have watched him work very hard, to try to bring some sense to this bill, especially the Gephardt portion that may be put into this bill, so that we use real facts and real economic policy when we make these decisions in what is a huge, complicated, worldwide market problem and trade problem.

I was talking about the think tanks and what most people who study trade and international trade are saying about this bill. For example, a recent Brookings Institute study found that voluntary export restrictions were supposed to increase employment in the U.S. auto industry, but they found that it actually had reduced it. The study goes on to say that these effects could have been anticipated if careful economic analyses had been performed before legislation was initiated.

Unfortunately, most Congressmen would say, "Hey, don't confuse me with the facts."

This is exactly what has happened in the U.S. House of Representatives. We are probably going to pass a trade bill. Mr. GEPHARDT says that he has the votes to pass his protectionist amendment, God help us. And all this amid thousands of studies—thousands of studies—showing that these types of actions do not work, have never worked, and never will work. Time and time again, history has shown this to us, but the House is going to pass the bill anyway, and if the administration's minuscule tariff action affecting less than 300 million dollars' worth of goods could cause the stock market to take the second largest plunge in its history, just watch what happens when we pass Gephardt.

If we are truly concerned about reducing our trade imbalance, we should concentrate on methods of achieving real reductions, not emotional methods that have no substance. It is generally understood that even if all trade barriers in foreign countries were dissolved, we would see only a $10 or $15 billion improvement in our trade deficit. That is less than 10 percent.

Rather than blame the Japanese for everything wrong with our country, we could take very positive steps to make real and lasting changes to our economic business environment to improve our competitiveness.

□ 1600

Competitiveness is not synonymous with protectionism. The House, as I pointed out in a special order before, the congressional competitive caucus has a competitive rating, a procompetitive rating of 29 percent.

Most of them are protectionisms. This House is about to pass an emotionally charged bill that I feel will cause much greater hardships than the problems it was designed to solve.

The Gephardt amendment is going to cause a trade war that will empty the pockets of American consumers. Last week, Sir Roy Denman, the head of the delegation of the Commission of the European Community, said that if you take a 2 by 4 to us, then we will take one back. Let us not kid ourselves. We do not control the Government's or the consumers' choices in other governments. In fact, when we try to do so, we will provoke that natural human reaction of retaliation. In this situation everyone loses.

The trade bill calls for a dollar for dollar retaliation against unfair trade practices. I wonder how one would define our trade barriers on textiles, chemicals, ceramics, porcelain, knives, cheese, shoes, petroleum products, sugar, cotton, peanuts, machine tools, wine, beer, apple and pear juice, candy and chocolate, firearms, steel pipes and fittings, aircraft spare parts, ham, and high voltage power equipment?

We are going to be so arrogant that we enact trade sanctions on other countries which are inconsistent with our domestic import policy, few would argue that this would inevitably lead to a trade war.

I think this country is missing a prime opportunity to make changes that really affect our competitiveness.

I am proud of this country and our ability to compete. I think we should quit whining about how unfair everybody else is to us, and start putting our economic engine to work.

The way we do this is to unshackle U.S. businesses and labor from the burdens of obtrusive government. On the very top of the list is reducing the Federal deficit.

The other day in a Senate Banking Committee hearing Paul Volcker said that neither a cheaper dollar for sweeping protectionist measures would cure our trade deficit problems. Instead, he said, the most important thing to do is to reduce the Federal budget deficit and thereby cut the flow of capital from their countries to the United States.

If that capital inflow is reduced, the trade deficit will be too.

This No. 1 issue is obviously on the bottom of the list for the leadership in Congress. They are trying to loosen the Gramm-Rudman targets, and then raise taxes to achieve the higher ones.

If our budget deficit problem is not taken seriously, we will never make any headway on reducing our trade imbalance.

Another positive way in which we can increase our competitive edge is by scaling back antitrust restrictions. The U.S. economy suffers from a range of self-inflicted regulatory restrictions on voluntary arrangements that could otherwise advance economic welfare.

As businesses attempt to adapt to fluctuating global markets, changing consumer demands and new taxes, the Federal Government, to protect the consumer, clamps down on these efforts to adapt.

Antitrust has itself become a restraint of trade. Efficient financing is essential for a competitive economy. However, the failure of our Congress to modernize our banking laws is one of the major reasons why the United States is slipping as a provider of worldwide financial services.

Do you realize, Mr. Speaker, that only 1 American bank remains among the world's top 10 banks?

Finally, the competitive rationale for freeing the U.S. economy from deregulation has now become obvious. The limited deregulation of the trucking, airline, and rail industries has resulted in transportation and logistic cost savings on the order of $100 billion annually.

And as we look into the future, we can expect comparable savings resulting from deregulation of financial services and telecommunications. Akio Morita, chairman of the Sony Corp. was recently asked, "What advice can you provide to help us reduce our trade deficit?" and he responded, "Your industry needs more relief from Government regulation in order to restore your worldwide competitiveness."

I could go on and on about what we should do to increase our competitiveness—but I won't. But if we in Congress could think of positive steps like these—that we can do for ourselves—instead of against some other country, we can make strident gains in reducing our deficit and ensure a rock solid and permanent position of global productive preeminence.

Mr. CRANE. Will the gentleman yield?

Mr. DeLAY. I will be glad to yield to the champion of free enterprise from Illinois, Mr. CRANE.

Mr. CRANE. I am very proud to be associated with the champion of free enterprise from Texas, and I want to commend the gentleman from Texas for the important educational contribution he has made to this upcoming debate that will take place tomorrow and Wednesday.

I am sorry to say I think the impact of rational, sound arguments, along with the kind of documentation that you have provided here in the well, is something that may be lost temporarily on some of the Members of this body. But, on the other hand, I think you are making a major contribution to the national understanding of the problem by taking it up under special orders, as you have done, and I hope that you will have the opportunity during the debates that we have on the trade bill to also bring out the graphs that illustrate the points that you have been making.

One of the important points I think that was on that graph in part was this question of what accounts for our trade imbalance. The fact of the matter is, we are importing as a percentage of GNP less now than we were importing in 1980.

The figures are significant, though, when you look at what we are exporting. Our exports have gone down better than 2 percentage points, percentage of GNP, and I think it is not entirely fair to say that is because we make shoddy equipment, or that American goods cannot find favor because they are unrealistically priced.

The answer is better found in a point that you touched upon also, and that is, looking at the world economy versus our own. Coincident with that line going up there in terms of domestic consumption here in the United States was implementation of the 1981 tax bill, and Americans enjoyed some significant tax relief after the 1981 bill passed, and that was reflected in increased consumption habits too.

The fact is that while we have this enormous, voracious appetite for consumption, that is not true in the rest of the world. The Third World countries are strapped, and in fact for Third World countries to qualify for IMF loans involves, amongst other things, in effect cutting out any imports, maximizing exports, and in some instances even indirect pressures brought to bear as occurred in Thailand recently to devalue their currency, that almost produced a coup on the part of an important ally with respect to the Thailand incident.

The Third World countries obviously are not in a position to consume. Where else do you look? Major robust economies, like Japan; Japan's employment since 1975 has been static.

They have not produced new jobs in Japan and in Western Europe since 1975. They have lost 1½ million jobs.

Contrast that with our experience where, since 1975, we have created 25 million new jobs, and for those who attempt to suggest oh, that is just in fast foods and the McDonald employee is going to presumably continue the Wendy employment, and in turn going to Taco Bell, and the employee at Taco Bell goes to McDonalds, only 2½ million of those 25 million new jobs come in that kind of new service industry.

Eleven million, roughly, are in managerial and professional positions, and it is important to note too that manufacturing as a percentage of our GNP during this same timeframe has remained constant at 20 percent.

There has been a change in the percentage of our employment in manufacturing.

It was 25 percent of our total labor force in 1975. It is down to 18 percent today, and yet the percentage of manufacturing as a component of GNP is a constant.

Now, that suggests that we are improving productivity, that we are finally catching up with some of the other countries of the world that admit very candidly that they learned these lessons in productivity from us, and why haven't we been doing it.

We are beginning to do it. An important consideration, when you talk about this Gephardt amendment, and it was one made by our distinguished chairman, SAM GIBBONS, the chairman of the Subcommittee on Trade, in the Rules Committee this morning he pointed out that we incorporated some of the good features of Gephardt in terms of trying to get reciprocal concessions made by trading partners when there are unfair practices involved, but that the proposed Gephardt 3, if you will, which apparently is going to be in order, and Americans will have greater opportunity to hear about, goes beyond that.

It goes beyond that in terms of their mandating when the trigger goes into effect certain reductions, 10-percent reductions in the amount of goods coming into this country from trading partners who have trade surplus advantages with us.

□ 1610

Now, Mr. GEPHARDT testified up there this morning, too, he said, well, this is only when they are guilty not just of having an excessive trade imbalance in their favor, but when they are guilty of unfair trade practices. But there is an indiscriminate retaliation contained in Gephardt 3. Mr. GIBBONS observed that most economists anticipate that by the 1990's we are going to be enjoying significant trade surpluses again. And what happens when we have the trade surpluses if those foreign trading partners then pass their own Gephardt legislation which is what Chairman ROSTENKOWSKI has predicted will happen. They have as much right to do this to us as we have to do it to them.

The fact of the matter is that we engage, as the gentleman started to articulate there, in a number of what are clearly unfair trade practices. We hear a lot about countries dumping in world markets. The biggest dumper in world markets is the United States. We lead all other countries in dumping worldwide. You talk about export subsidies; we even have targeted export subsidies to target certain products into certain special markets. Mostly this results in hurting some of our trading partners in European countries because those targeted export subsidies are mostly directly toward the Third World. We have, in addition to this, costly procedures in telecommunications, for example, where the European community has been complaining for years that to get some of their telephone equipment approved by Bell, you go through Bell Laboratories which can take up to 3 years time and can cost an exporter up to $10 million with no guarantee after it is all over that he has a market here.

So these are some of those indirect kinds of barriers that we have criticized the Japanese for engaging in. But the truth of the matter is we have done it ourselves.

Government R&D moneys, $60 billion a year in the R&D effort, that is not all for national defense purposes by any manner or means, but yet again it is an indirect form of a Government subsidy in the production of certain goods that in turn we will take out into foreign markets.

We criticize the Japanese taste for Japanese products. The problem is the

Japanese do have a propensity to buy Japanese.

Mr. Nakasone has urged them repeatedly to buy American, buy American. Can you imagine "Buy Japanese" posters put up in Detroit? It would hardly sell here. But the fact of the matter is in our Government procurement programs Congress has directed our Government to buy American. That again is a violation of free trading practices and we are guilty of violations of the General Agreement on Tariffs and Trade in many other instances, as well.

So, taking our propensity also not to play entirely fair, whether it is tariffs—and, boy, talk about tariffs, you know, on European textiles that can run as high as 49 percent tariffs. Also, shoes, cheese, other products out of the European community, a minimum of 20 percent, sometimes higher, pretty stiff tariffs.

Look at what we do for our sugar growers here. One percent of our agricultural base is engaged in sugar production here. That 1 percent enjoys such a degree of protection that we have locked 80 percent of our exports from sugar-exporting nations to the United States out in just the last 4 or 5 years. Now, this has come at severe dislocation to their economies, but it has come, as the gentleman has noted repeatedly, at significant expense to the domestic consumer. This has put sugar at about 23 cents a pound here where the world market price is 6 or 7 cents a pound. But even more damaging, the Committee on Ways and Means just a few years ago passed a Caribbean Basin Initiative. This was designed to try to help those Third World economies in the Caribbean, right on our doorstep. Their major exports are sugar. We have locked 80 percent of those exports out since 1981. So what is the consequence? We pour about $200 million a year in foreign aid down there and at the same time we just denied them $200 million of sales here in the United States of their sugar. And the worst feature of this is it has given the Soviets a toehold on the cheap. The Soviets went in and took over that excess sugar. For $200 million now, they have a legitimate reason to have their presence in every one of those nations.

In addition to having a presence, they create a state of dependency on the part of those nations upon the Soviets to maintain their economies.

So there are foreign policy implications that are not properly factored into the whole discussion, too. One final point, and I thank the gentleman so much for yielding to me on this, but one final point I would make in looking at the trade figures is we are using a merchandise trade relationship as a means of calculating what the deficit is. That is not entirely accurate, not entirely accurate because it does not factor services in.

If we use the current account surplus as a means of determining what trade imbalances were, it would be more accurate. And that constitutes anywhere from $40 to $60 billion more in our favor worldwide. And that is not considered. That includes such things as tourism, the hotel industry, airline industry, banking abroad, a variety of other American enterprises that are not counted. And that is before you take into consideration some of our arms sales abroad which are not calculated in that total either.

This would put the figures into a greater harmony. But there is one other thing we can do as well. The gentleman cited the fact that if we had free trade worldwide it would have a $10 billion to $15 billion impact. Bruce Smart, the Under Secretary of Commerce, testified before our committee last year that if the whole world practiced free trade, at best, at best it would reduce our trade deficit 20 percent, which goes higher than the figure of the gentleman, but somewhere between 10-percent and 20-percent maximum. Now, what would that mean with regard to last year's trade imbalance? That was about $170 billion against us. That means instead of $170 billion deficit, in the best of all worlds, if everybody practiced free trade, we would have $135 billion trade deficit. And that ought to set Members to thinking about what are the other components of the trade deficit? Well, let me give you a case in point of what constitutes other components. A congressional policy: We, for example, back there in coming out of the oil embargo prohibited the export of North Slope oil to the Japanese or to the Taiwanese or to the Koreans who import great quantities of oil and they could import our oil at less cost than they are buying Middle Eastern oil. If you think back to 1984, our trade deficit with Japan was $35 billion that year. With those oil prices then, had they purchased North Slope oil which they wanted to do, that would have been a $10 billion item. That would have cut the imbalance down to $25 billion. Had we liquefied or made arrangements to liquefy North Slope oil there was another $11 billion item the Japanese wanted to purchase. So that would have cut the $25 billion down to $14 billion. If Congress did not prohibit foreigners from cutting, or getting raw cut timber from our timberlines, there was another $2 billion item that the Japanese would have picked up. That would have cut the imbalance down to $12 billion just by a simple change in congressional policy that is a policy resting on stupidity. There is no explanation for maintaining the policy. It was falsely argued at the time that we were running out of fossil fuel. The whole world knows better now. But the fact is once we came to the understanding, why continue doing dumb things? Simple changes like that.

Mr. DeLAY. If I may interrupt the gentleman for just a minute to talk about that because I think it is very significant that in this trade bill H.R. 3 is an expansion; it is keeping the oil export restrictions, not only keeping it, but expanding it to refine products, petroleum products. Now, they talk on that side about opening markets. In this bill we are prohibiting American companies from exporting oil to the Japanese and the Taiwanese and those Far East countries that would buy it in a minute.

Mr. CRANE. Absolutely. I was in Taiwan, if the gentleman will yield back, I was in Taiwan just a week and a half or so ago. They desperately, for example, in Taiwan would like to enter into a free trade agreement with the United States. They like that concept. They would eliminate all barriers just as we have done with Israel. But they also raise the question since they, too, as an island country, are totally dependent upon oil imports, they ask why we continue to deny access to North Slope oil, because it would be cheaper for them as well as the Japanese, and they are two of our foreign trading partners—well, certainly Japan is No. 1 in terms of our imbalance of trade with them, but Taiwan is another substantial one. It is a tiny little country.

Something else they pointed out while we were there: You look at the trade imbalance with Taiwan. There are 19 million people living there while we have 235 to 240 million living here. Americans consume on a per capita basis 100 dollars' worth of Taiwan goods annually. In Taiwan they consume, on a per capita basis, 250 dollars' worth of American goods. Yet we have an unfavorable balance of trade with them. But the point is you are not talking about comparable entities. And who are the beneficiaries? And this is the point of the gentleman which has said so many times and I cannot commend him enough for it because in the equation when people start moving in the direction of protectionism or talking in that direction, they are overlooking the beneficiary of the whole magnificent system. The beneficiary is the consumer. If we really want to deal with the problem of excesses, then let us stop mortgaging the future of our kids. We are doing it with excessive Government spending, at the Government level we are doing it in living beyond our means privately as individuals and in terms of business indebtedness.

□ 1620

We can do something about the Government's deficits down here when we are adding trillions of increased debt burdens for our kids in the short span of just 4 years, as we did 1981 to 1985. That would make a big contribution to trying to get this consumption level down.

Stop squandering the heritage of our kids. Start living within our means a little bit more. That will do more than any other single thing in getting these imbalances back to some degree of balance.

Mr. DELAY. Mr. Speaker, I wonder if I could interrupt the gentleman just right on that point, because I think it is important, again, to show the hypocrisy of this bill and the dichotomies that exist in this bill.

We have talked a lot about the No. 1 thing that would get the trade deficits down, and that is, to take care of our spending practices in Congress. Yet, in this bill is a brandnew entitlement program that is set up with seed money of $1.6 billion to start in education and training of those who are displaced because of unfair trade practices, and it makes everybody who is laid off, whether you were laid off because of imports or not, it allows them to collect $4,000 in training. If they find another job at a lower salary than the job they had, the Government will make up the difference. An incredible brand new entitlement program.

Mr. CRANE. Mr. Speaker, if the gentleman will let me conclude on one point, that is simply to salute the distinguished work that the gentleman has engaged in, and this goes on for many weeks, in trying to provide some degree of perspective that has been sorely lacking in this entire discussion. Unfortunately, I think it will be lacking in the debates that ensue tomorrow and the next day as we race to meet some imaginary deadline for getting this trade bill out of the House.

I would hope that there is a greater opportunity, though, for imput in the other body, and in no small measure as a result of your outstanding contribution.

Mr. DELAY. Mr. Speaker, I yield to the distinguished vice chairman of the Banking Committee, the gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. Mr. Speaker, I want to congratulate the gentleman for the time and effort that he has expended in an attempt to gain additional educational knowledge about this bill. I thank the gentleman for inviting me to take the opportunity to draw attention to title 4 of the bill, which is the Banking Committee title.

In my judgment, we could drop title 4 and have a better trade bill, but there are three provisions which are particularly objectionable to me. One would create a $5 million a year permanent bureaucracy to be known as the Council on Industrial Competitiveness. In the report which I have here, it says that this "Council shall be composed of 16 members appointed by the President, after consideration of such recommendations as may be submitted by the Speaker of the House of Representatives and the majority leader of the Senate." Then it specifies from whom those individuals shall be designated.

The point I would make here is that in the last Congress, this Council would have cost $15 million and this Congress, it would cost $5 million, so some progress has been made. But such a Council would be housed in the White House as a central planning council, advisory council to the President.

The President has not asked for the Council and does not want it. Title 4 of the bill would call for the establishment of a competitive exchange rate. The competitive exchange rate, as defined again in this report, is "the set of exchange rates that would be consistent with an appropriate and sustainable balance in the current account, as determined by the Secretary of the Treasury based on the appropriate methodology that takes into account the appropriate factors which provide the most opportune prospects for economic growth."

I do not know what that means. I have read it several times, but it says "all exchange rates also will be indexed to all appropriate currencies." I do not know what that means, either. "We agree that the recent overevaluation of the dollar and the subsequent decline indicates the desirability of a stabilized dollar, but the experts agree it is not possible to identify with precision what a 'competitive' exchange rate is or should be at any given time."

The point I would make is that the subtitle evades the issues by having the Secretary make such a determination.

The third part of it which is objectionable to me suggests a Third World debt management agency, which would be established in what I refer to as a big bank bail out. We know that lesser developed countries have a real debt problem, but the bill instructs the Secretary of the Treasury to negotiate with his opposite numbers in other industrialized countries to set up an international debt management authority, which would buy at a discount the impaired loans currently held by creditor banks in Third World countries.

While the drafters of this part of the bill have been quite specific as to what the Secretary and his colleagues elsewhere should do, they are particularly vague in explaining how this facility is to be funded or by whom. At first, it was thought it would be funded by taxpayers through a replenishment fund account, and then later on, it was suggested that maybe we can pledge the gold in reserve at the International Monetary Fund, which would involve a donation.

So it would not be workable, in my judgment.

The point I would make is that we will be offering a substitute, which would provide for a sense of Congress, with reference to the competitive exchange rate issue, and we would also in our substitute suggest that a feasibility study be made with reference to international debt and what we should do there, and the sense of Congress expression that other regulatory agencies should have wide latitude for negotiations as far as Third World debt is concerned.

I thank the gentleman for yielding and affording me the opportunity to point out what I think are weaknesses in this trade bill before us. I hope that the Members will be persuaded by the substitute which I will be afforded the opportunity to offer by a rule that was just adopted by the Committee on Rules a little while ago.

Mr. DELAY. Mr. Speaker, I appreciate the gentleman participating in this order. No one knows more about banking in this country than our vice chairman of the Banking Committee.

I think the gentleman pointed out very well sort of the wishes of this Congress that this would all go away and the wish list is this trade bill. How in the world can you wish or write a bill that can attempt to set, in the world economy, a competitive exchange rate artificially? Every time we try to do something artificially to our economy or to the world market or to our own domestic markets, we have failed, and we usually disrupted our economy 10 times over the effects of allowing the cyclical market to function properly at market levels.

To assume that the Secretary of Treasury can set an exchange rate just arbitrarily and probably with a lot of politics involved, would just devastate our market and our ability to compete overseas.

Mr. WYLIE. Mr. Speaker, the gentleman makes the point that usually letting the market work will, in the long run, be the better system.

Mr. DORGAN of North Dakota. Mr. Speaker, will the gentleman yield?

Mr. DELAY. I yield to the gentleman from North Dakota.

Mr. DORGAN of North Dakota. Mr. Speaker, let me pick up on that point. If we let the market work, it would solve things.

My concern is, when I listened to the sort of things that I have heard said today, that there is some presumption that there may not be as big a trade problem as some are asserting. In fact, in my judgment at least, the trade problem is a very substantial problem and one we can no longer ignore.

I do not think it is a bipartisan problem in terms of Republican versus

Democrat, but the fact is we have a Republican in the White House and he has called the shots on trade, and now you have a Democratic House that is providing the initiative for a trade bill.

The question that we have to confront is, is there a trade problem or is there not?

If the answer to the question is, yes, there is a trade problem of significant proportions, then the next question is, how do we respond to it? Or do we? It seems to me the logical answer is we do respond to it. We do respond to it.

Do we respond the way President Reagan would have us respond? My answer is clearly, no, because the same soothing sounds from the White House have come to us on the fiscal policy issues as have now been coming to us on trade. "Just relax; things will be fine; we will have a balanced budget in 1984; the trade deficit is not much of a problem; we have 40 million new jobs," or whatever the newest figure is.

The fact is that we are drowning in red ink in this country from fiscal policy and trade policy. Let me make one final point.

The gentleman who spoke earlier said, and I think he was referring to the Gephardt amendment, perhaps, this will not solve the trade problem. The answer to that is he is right. This will not, by itself, solve the trade problem. It will solve part of it, but part of the trade problem is unfair barriers in tariffs that prevent American producers from having access to overseas markets. That is part of the problem.

□ 1630

That is part of the problem, not the majority of the problem, but a significant part of the problem. Therefore, the question is, what do we do about that part of the problem?

We have had a debate about fiscal policy. The gentleman from Georgia and I have debated that for hours on the floor over the years. For the moment we are on trade policy. What do we do about barriers and tariffs that are unfair to American producers? Do we do something, or do we do nothing?

Mr. DELAY. If I may, I will respond to the gentleman. He has asked many questions, and I would like to respond to some of them. I will get to his last question last.

The gentleman asked, do we have a problem? I say, yes, we do have a problem but not of the magnitude some are suggesting. First, if you are trying to define a problem, you have to use real figures, not something that is grabbed out of the air. You have to use real trade deficit figures, not the $170 billion we talked about but real figures, including not just the merchandise side of it but the service side and the exchange rates, and using securities and everything else to put into that pot, and that figure alone will suggest that we do not have the problem some are suggesting.

The second question was, what do we do about it? Well, in my opinion, we do not shut down markets and start a trade war in our efforts to eliminate barriers, what some call unfair barriers, in other countries. We do not take the attitude that is arrogant, in my opinion, that we control the markets of the world, and that other countries will go along with it. That is what this bill does. What it does is shut down, through trade wars, markets that are now open to us, costing us jobs, costing us our standard of living, and hurting our situation in the first place.

Mr. DORGAN of North Dakota. Mr. Speaker, if the gentleman will yield, I think that is not true.

Mr. DELAY. It is true.

Mr. DORGAN of North Dakota. How would it shut down those markets? I do not believe that would be the case.

Mr. DELAY. If you mandate retaliatory action—and that is what is done in this bill—on a certain time schedule, disregarding the circumstances around that particular trading agreement, if you do not reach a negotiated agreement and we go into retaliation, that is mandating a trade war through legislation.

Mr. DORGAN of North Dakota. Mr. Speaker, if the gentleman will yield and let me respond to that, I think the true evaluation of this bill is different than that. The true evaluation of this bill is that this bill says the following: if a country has a substantial trade surplus with us and if that country maintains unfair barriers and tariffs, if both of those conditions are present, then we put pressure on that country to eliminate its barriers and tariffs. If that country decides not to do that, if that country tells us, "Sorry, we like our barriers and we want to send our automobiles to your country to sell to your consumers, but we want to keep our barriers up, sorry about that, we don't care," a response is triggered. Our response is, "We are going to impose tariffs equivalent to your barriers."

But this bill does not at the outset attempt to restrict our markets. It is not protectionist; it is expansionist. It is an attempt to pry open their markets.

Mr. DELAY. You cannot pry open markets.

Mr. DORGAN of North Dakota. Let me finish my question, if I may.

We have a country, a good ally of ours—and most of our trading partners are good allies of ours, such as Korea. That is a good example. Korea decides to sell new cars in America. They have a very good new car that they put out; they sell 180,000 the first year, and they are geometrically above that the second year. At almost the same time, they cut off the imports of beef from America. Clearly, it seems to me, that is an unfair situation.

What would the gentleman in the well do about that? What would the gentleman do about that type of situation? Would he just keep pleading with them?

Mr. DELAY. Absolutely not.

Mr. DORGAN of North Dakota. Would the gentleman just keep asking them, and they would keep saying, "Sorry about that"?

Mr. DELAY. Absolutely not. If I may reclaim my time, I will answer the question.

I would retaliate in that specific area because they have violated an agreement. Let me finish this and let me finish you other question before we go to many more questions. If they would do that sort of thing, we would retaliate, just as we did last week or 2 weeks ago with the Japanese when they broke their agreements.

We have been wimps. We are bad negotiators, and when they break our agreements, we do not stand up and make them hurt when they do so. I refer not just to this administration but many administrations before this.

So our trading partners know what to expect and always call our bluffs. Just recently, in the last 2 to 3 years—actually in the last 10 years—we have been getting better and better agreements. More markets are being opened to us. But the gentleman said that this bill is trying to pry open markets. That is exactly my point. You cannot pry open markets. Trade is based on a bilateral agreement on what is going to happen, and with two groups agreeing on it. You cannot go over there and do that. That is why this bill is going to shut down markets.

We ought to be doing just the opposite. First we ought to base our discussion on the true figures of why we have a trade deficit. Basically, as I said earlier, it is because we are consuming more imports than we are producing for export, and other countries have weak economies and are not buying our exports. That is the basic reason, plus our spending deficit, that is the main reason we have a trade deficit problem.

But what I am trying to get at is that in all this discussion—and there was a previous special order held on this before mine—there are no facts, no figures, and no basis of fact, including the liberal think tanks, the conservative think tanks, and everybody in between, because they say that the discussion that is being held about H.R. 3 is all fallacious and specious because it is not based on true economic facts and true economic histories. What we ought to be doing and what this gentleman in the well suggests is using incentives. Let us use the basic human nature tool—greed, if you will—to open markets.

It was mentioned earlier, and we have bills pending on it, that we ought to create a free trade zone with Taiwan. That would create pressure on Japan to join with us in a free trade zone. Korea would want to join with us in a free trade zone, and you would start creating a free trade, open trade policy, and carrying it to its logical conclusion, maybe the whole world would have free trade and everybody would benefit.

But what do we do? We turn just the opposite and we start kicking people. We cut them down and say, "If you don't do this, we are going to automatically retaliate against you, notwithstanding the consequences or the reasons and the circumstances."

Mr. DORGAN of North Dakota. But the gentleman will admit that whatever the real figures are, the trade deficits have grown geometrically. Trade deficits represent a very serious problem, and we can provide incentives to death in the next 50 years, but the fact is that until our trading partners believe we are finally serious, the situation will not change.

Incidentally, I supported President Reagan's recent initiative, and you and I both know why he did it. He would not have done that 3 years ago.

Mr. DELAY. I agree.

Mr. DORGAN of North Dakota. He has not done a thing for years on trade. He did it because there is a real danger that somebody else is going to step in and do something on trade because he has not been doing what he should do.

Mr. DELAY. I will agree with the gentleman.

Mr. DORGAN of North Dakota. Whether you see the light or feel the heat, whatever the motive is, I think it is fine that the President is doing what he is doing. But the fact is that we have a problem that the President is not going to solve unless we put pressure on him. We have markets overseas that are not going to be opened with incentives; they are to be opened if we put pressure on to say that we are not going to put up with it anymore.

Our response is not to shrink our markets because we do not want to shrink our markets. Our response is to expand markets. The difference we have, I think is that I do not believe the barriers that exist around the world exist because we negotiated something that allows them to exist. I think in fact these barriers exist because some of our major tough trading partners these days still walk around acting like they are war-torn Europe or war-torn Japan.

They are in fact shrewd, tough, smart competitors of ours, and they understand that if they just keep proposing 5-year solutions to us, that is all they need to do. They say, "Yes, you're right, we have a problem, but we have a new 5-year plan to eliminate these barriers," and then at the end of 5 years they say, "Yes, you're right, we are very sorry, we have done nothing, but we have a new 5-year plan."

□ 1640

Now we are up to our neck in red ink, and some people are saying, "Wait a second, we have got to do something about this." Now, let us do the right thing. Let us not do just anything because we do not want a trade war.

Mr. DELAY. I agree with the gentleman in some of his premises, but it does not change the fact that our response to our Government and our administration not doing what they should have been doing in the past. Our response to other countries calling our bluffs. The bottom line of what you were saying is that they know that we would not retaliate against them over the past. Our response should be based upon true economic facts, true economic figures, and should be based upon economic history. This bill throws all that right out the window and it is based on nothing.

I would like to ask the gentleman, if the gentleman is for this bill, and the gentleman is right and it opens markets, are we going to lift our unfair trade practices in response?

Mr. DORGAN of North Dakota. I think the gentleman in the well will understand that when you talk about who has been demonstrating the practice of free trade around the world, it has been us. Oh, there are some isolated instances, perhaps, in which we stray off the course on that.

Mr. DELAY. More than isolated. I have got to challenge you on that. There is more than isolated instances.

Mr. DORGAN of North Dakota. But you cannot make a case that this country has not been the beacon of free trade around the world. We have been. We have been the leaders of free trade.

What we discover is our producers do not find reciprocal treatment when we expect to be able to be treated well when we go into a foreign market. That is not true in all cases, but the USTR put out a book with 300 pages listing the barriers in tariffs, and that is the problem.

Mr. DELAY. I thank the gentleman for participating. My time is over. We could carry this on forever.

Mr. KEMP. Mr. Speaker, I applaud Congressman DELAY for his exceptional leadership on the issue of American trade, which is one of the most important concerns facing this Congress.

The United States is at an economic crossroads. By the choices we make, America can either continue and expand the domestic growth and advancement begun under President Reagan or return to the spirit of malaise and conditions of economic decline that existed under President Carter.

By many measures, the United States now is doing very well. The country is in its fifth year of economic expansion, one of the longest periods of continuous economic growth in the last 40 years. Since 1982, the average annual inflation rate has been almost one-third of what it was in the preceding 9 years and is lower than in most European countries; manufacturing productivity has been high; and per capita income has outpaced the consumer price index raising the purchasing power of the average American.

In this country, 12 million new jobs have been created since late 1982. By comparison, the 12 countries of the European Economic Community created a net total of only 500,000 jobs. Even Japan which is acclaimed for its rapid growth created only 1.6 million jobs in this period. America has truly become the "great employment machine." But we can do better.

Although the United States is one of the world's largest exporters, the value of our exports has remained relatively constant since 1980. It has not kept pace with the 35-percent increase in our gross national product since that date. As a result, in terms of value shipped, exports as a share of GNP have decreased from 12.8 percent in 1980 to 8.9 percent in 1986. In contrast, the value of our imports has remained at about 11.5 percent of GNP, thus causing our large trade imbalance.

America must commit itself to having strong and active foreign trade. U.S. industries have relied too exclusively on our large domestic market, and have not concentrated enough on foreign trade. Only 12 percent of the estimated 225,000 U.S. manufacturers export. Today, 250 firms account for 85 percent of all U.S. exports. Yet, a study by the General Accounting Office estimates that there are an additional 11,000 firms capable of exporting goods and services. With one-fifth of the industrial production of the U.S. exported and 70 percent of the goods we produce facing foreign competition, Americans must recognize that the future well-being of the Nation is linked to our performance in the international marketplace.

Expanding America's share of world markets, which I will call competitiveness, requires three major conditions operating together. First, American goods and services must be price attractive in world markets. A 3-, 4- or even 5-percent increase in productivity will have little effect on the price of American goods in another country, if there are 40 to 50 percent swings in exchange rates. Widely fluctuating exchange rates cause uncertainty for those making investments for producing goods and services for export, disrupt trade, cause unemployment, and often lead to calls for protectionism.

Since the United States has the world's strongest and safest economy, the dollar is used as money by other countries. Foreign demand for the dollar creates an upward pressure on the exchange rate and causes a premium on American farm and manufacturing exports. Stabilizing exchange rates between nations and remobilizing gold as the international monetary reserve are important first steps toward regularizing trade flows.

Second, foreign markets must be open to Americans. We cannot compete in other countries, if they will not let us. We must use the leverage of our large domestic economy to encourage broad trading agreements, and move beyond the product-by-product approach that has culminated in the recent trade conflicts with Japan and Canada. Product-specific actions usually raise the cost of goods to American consumers, with little or no benefit to U.S. firms.

Today, the world's markets are replete with obstacles to the free flow of goods and services. Legal restrictions bar or limit imports of foreign cigarettes and films to Korea, personal computers to Brazil, telecommunications equipment to Japan, cars to China, and beer to Germany and Canada. In a congressionally mandated study of U.S. exports to 34 countries, over 200 nontariff barriers were found, blocking the sale of billions of dollars of American goods and services. With the growth of global markets in which firms from different nations compete for the same consumers, it is essential that free and fair trading conditions prevail in all countries.

Lower trade barriers, expanding domestic consumption and investment in other nations, and sufficient economic growth among our trading partners to pay for the goods and services they import will do more to retain American jobs and improve our economy than will limiting exports from those countries.

A way to begin lowering barriers is through the establishment of a North American free trade area, as Senator PHIL GRAMM and I have proposed in H.R. 1282. This would allow firms in the United States, Canada, Mexico, and the non-Communist Caribbean nations to have access to markets in countries that together account for one-fifth of the world's trade. Similar agreements could be developed with nations in other parts of the globe. If a nation violated a trade agreement or would not open its markets, America could negotiate special trade relationships with countries that produced competing goods, and place the reluctant country at a market disadvantage.

But even if other markets are opened, U.S. goods will not sell unless they are of the highest quality, incorporate the most advanced, customer-desired features, and are produced at the lowest possible cost. This attention to quality and productivity is the third condition for competitiveness.

Many American companies, unfortunately, have not given adequate attention to these matters. Among Europeans, according to a Roper poll conducted last summer, only 18 percent gave U.S. goods high marks for quality. In contrast, 32 percent gave Japan top marks and 54 percent rated West German goods highly. If the quality of American products is poor, or perceived to be poor, relative to those produced in other countries, there is no way that American manufacturers can compete on the world market. Other nations will not have to resort to dumping or illegal pricing tactics to increase their share of world markets.

In the past, American industries did not respond to foreign competition with product or process innovations. They chose not to compete on the basis of new products, advanced technology or price, but stressed repackaging efforts and the rearrangement of assets to maintain profits. These strategies are no longer satisfactory—if they ever were. Technology is and will continue to be a vital force in the U.S. economy, as it provides our industries with a primary competitive edge. The long-term health of the U.S. economy depends on the Nation's ability to lead in technology, not to catch up.

By adopting a longer term view for planning and investment, recognizing that the growth of the company provides the best advantages for both management and labor, and through actions to maintain our competitive edge in technology and apply it to improve our production processes, American firms can meet the needs of consumers with high-quality, cost-competitive products and services.

Our objectives should be to continue to strengthen America's technological capability; to enhance our Nation's ability to create jobs; to raise the standard of living of all Americans; and to provide the consumer with a greater choice of high-quality products and services.

Although America's economy is being challenged, we should be hopeful about the future. We are blessed to live in the United States, with its high standard of living and tremendous opportunities for each individual to develop to his or her fullest potential. Our Nation has the capabilities to continue its history of economic progress. It has a strong base of technology, a spirit of adventure and risk taking, the largest economy and domestic market in the world, and a democratic government that encourages entrepreneurship, individual achievement and private enterprise.

We need, however, more than just a commitment to economic expansion. The strength of our growing economy must be used to improve the standard of living of all Americans, provide for the needy in our society, deal with the health and social problems of our cities, assure our national defense, and continue to hold forth the American ideal as a beacon of hope to freedom-loving people throughout the world. In short, we need a true American renaissance, undergirded by a resurgence of traditional American values.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mrs. Emery, one of his secretaries.

JOB-KILLING TRADE BILLS AND THE COMING AMERICAN CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. GINGRICH] is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I think it is fascinating, I happened to be at home over the weekend in Georgia, and I just clipped out of the Sunday paper three articles on the dangers we in Washington are running as we look at the world economic situation.

David Hale, chief economist for Kemper Financial Services, said, and I quote:

> We are facing potentially the biggest challenge since the late 1920's. I would not be an alarmist, but I would say the clock is ticking. The situation is very scary. We are really at the brink, but the situation is not yet out of control. There is still time to come back.

Donald Ratachek, who is the director of the Economic Forecasting Center at Georgia State University said:

> Now we are in a danger zone. Whether we can move out of this in an orderly fashion, I do not know yet. The dollar is the lynch pin. We are in danger. We need to do something dramatic about the dollar.

Donald Stroutheim, president and chief economist of Merrill Lynch Economics, used the word, "schizophrenic" to describe the American economy. He said:

> It is an economy that has strong sectors and weak sectors, calm sectors and crazy sectors. The economy is not even close to being balanced. We have a $200-billion budget deficit four years into a recovery and a $150-billion trade deficit, and there is no end in sight for either.

He went on to say:

> The Japanese want the decline in the dollar to halt and the United States wants Japan to take down her trade barriers. There are just too many reasons to be optimistic about that meeting. In short, all I see is a political and economic morass.

Now, I want to make a couple of points to my colleagues and just for the record. First of all, the trade bill we are taking up this week is probably, in historical terms, the most dangerous single bill we have ever taken up in my 9 years in Congress.

It is dangerous because of the level of confusion in the world monetary situation. Let me paint a very quick picture. In Latin America we have three or four countries that owe enormous amounts of money. Money they should not have borrowed, money that the United States encouraged them to borrow in the 1970's. Money they may never pay back. But they are wrestling with it.

In Japan, Taiwan, Korea, Hong Kong, and Singapore, they are countries whose economies have grown over the last 25 years largely by exporting and largely by exporting to the United States. Their economies depend very heavily on our accepting their goods. When we close our markets, we guarantee unemployment in East Asia.

In Europe, there is a Western European culture which I think is moving toward several crises at one time. One of the crises is a question of how much to compete in the world. Can France and Germany and Italy and Britain become again dynamic exporters or are they restricted to sort of a relatively slow decay dominating their continent, being relatively wealthy, but being incapable of competing either with Japan or the United States. The level of change it would take in European culture in such things as moving from the village you have lived in all your life to move toward a job, something which is common in America, that level of change in European society would be very radical and very difficult and they are wrestling with it and it is very hard.

Faced with a situation, there are three major governments that will decide what happens. The Germans, the Japanese, and the Americans. The American position is that we cannot bring our deficit under control for our Federal Government. We are going to borrow enormous amounts of money, and frankly, we are very tired of being the dumping ground for everybody else's products.

Therefore, we would like the Japanese and the Germans to inflate their economy a little bit, have a little bit more consumption at home, spend more of their money on their own products, and import American goods.

The Japanese and the Germans look at the Americans from a very different angle. In the first place, they remember the 1970's. They remember Jimmy Carter, they remember the inflation of the 1970's. They say to the Americans, "We are not so sure we want our country to have the kind of inflation rate you had the late 1970's. We do not want to catch what then looked like the American disease.

In addition, both countries are pretty happy with the situation they are in. They are pretty comfortable exporting more than they import. They like having a trade surplus. Each country in some ways thinks of itself as being smaller than it really is. Japan and Germany got in the habit, after we defeated them in World War II, of seeing us as a giant and themselves as tiny countries, and so they say, "Gee, we really cannot do all those things the Americans want us to; why are they picking on us?"

Now, I am very, very strongly in favor of the United States pushing the Germans and the Japanese. I think that we should be tougher with the Koreans and the Taiwanese, and I think we should demand of the Latin Americans that ultimately they pay back their debt.

I want to make a key point as a historian to my colleagues. If we are dumb enough in the next 6 or 8 months, "we" collectively, the Republicans and the Democrats, the House and the Senate and the White House, the Federal Reserve, the American establishment, if you will, if we are dumb enough, by the end of this year we will have created a trade war, we will have seen our currency collapse, we will see the Japanese pull out of the New York market, and we will be in the early stages of a severe depression of the first order.

□ 1650

That is very possible. Anyone who thinks that it is not should read John Kenneth Galbraith's "The Great Crash," chapter 1, which outlines a situation very much like the one that we are in right now.

We are tempted to be dumb. We are tempted to be impatient. We are tempted to say, "We'll teach you." Yet there are second- and third-order consequences that strike at the very heart of the world we live in.

For example, what if we managed this week to punish Nakasone, the Japanese Prime Minister. We show him. And he goes home—and Nakasone is already in a weakened position, and unlike the United States, in Japan your government can collapse overnight—and Nakasone collapses, and is replaced by a Japanese nationalist, a nationalist who says, "We'll teach the Americans."

Now, the Japanese would be severely wounded by our closing our markets. It would be a savage impact on their economy. That was also, by the way, precisely what happened in the late 1920's which led to the rise of Japanese militarism. Most of the Members of the House I suspect are not aware of the fact that in the 1920's the Japanese Government was civilian, and by the early 1930's economic catastrophe led to the domination of a military class and the invasion of China.

That could happen. The cover of the New York Times Sunday Magazine 2 weeks ago was entitled "Japanese Nationalism Revives," and is worth reading by anyone who thinks that we are automatically going to have a rational Japanese Government.

Let us look at Europe for a moment. For 40 years at relatively small cost we have dominated Europe. We have had an Army which has been the most successful in our history sitting in Bavaria keeping the peace. The Europeans have generally supported us on the world scene.

How hard is it to imagine that if we infuriate the Europeans enough that they might decide that this has only been a temporary passing phase in their history, that much as they like knowing the Americans, and is not all that great some weeks, they have no interest in being dominated by an American which is unsophisticated, capricious, and cuts off their markets?

We can say, "Well, obviously they don't have any choice." I guess as a historian my first point is very simple: Starting a trade war is easy; winning a trade war is impossible. We are playing a game in this House this week that is incredibly dangerous, and the Gephardt amendment in its mechanical process guarantees retaliation, and in my judgment is the first step toward a depression, and should be opposed vigorously on two grounds: If you believe in the world market, the Gephardt amendment is a step toward isolationism, and if you believe that overall we have profited more from the last 40 years by being the leader of an alliance, then it is very foolish to say to the rest of that alliance, "I challenge you to a duel; let's see who has more courage."

Mr. DORGAN of North Dakota. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from North Dakota.

Mr. DORGAN of North Dakota. Mr. Speaker, I wonder sometimes whether one of our virtues has not been patience. The gentleman indicates that we seem to be impatient. In fact, I think that we have been so patient that we have incurred a staggering trade deficit and a staggering fiscal policy deficit that we are not going to recover from for decades.

The reason that we are here now debating trade, talking about the Gephardt amendment, is that our patience is exhausted. It is because we have exhibited so much patience for so many years that at some point you stop and say, "Where does this lead if we continue down this road? Does it lead to a solution to the problem, or does it lead to more 5-year plans that do not solve the problem?"

I guess what I would say to the gentleman is that the trade bill that we are going to be voting on, including the Gephardt amendment, is not in the least a protectionist approach. It is by design an approach that says to our trading partners, "You're strong, tough, smart trading competitors, and we expect you to treat us as we have treated you. We expect reciprocal trade treatment. We do not want to close our markets, that is the last resort, we will not close our markets to you, provided you open your markets to us."

Now I think that that is a perfectly reasonable position, and I stand here on the floor saying we do not want a trade war, the world cannot stand a trade war. Shrinking the world trade market would be a catastrophe, and yet, what do the Japanese and West Germans and some others have to lose by continuing what they are doing if we say to the President, "Your approach is just fine. Just keep whispering a protest every now and then and every time there is a bill about to come up in the legislative body, do one thing that is dramatic."

That is not solving the problem, and I think that both the gentleman from Georgia and I would like to solve the trade problem. Part of it is fiscal policy, albeit a large part. Another part, and not an insignificant part, is barriers, and the fact that the Japanese, West Germans, and others have grown up economically. It is time for them to understand us. What we want from them is to be treated as fairly as we have treated them. That is what we are asking.

Mr. GINGRICH. I have been a very strong advocate, as the gentleman knows, of very aggressive retaliatory measures to get their attention. I have thought that this administration was incredibly out of touch with the reality of the world market as it really exists. I am not defending their position. But I think that the Gephardt amendment is like having an argument with your teenager and finally getting so frustrated that you blow his head off with a sawed-off shotgun on the grounds that what is left will be a lot better teenager.

The Gephardt amendment is a lockstep declaration of war on six countries: Japan, West Germany, Taiwan, South Korea, Italy, and Brazil. Let me tell you, maybe this is because I represent Georgia, and maybe Georgia is different from North Dakota, but the average Georgian, if he were told that some outsider had threatened our State, his reaction would be, "Fine, let's fight."

Does the gentleman not think that there is going to be a nationalist political leader in Brazil who jumps up in the morning and says, "Tighten the belt forever, but never give in to Yankee imperialism"?

Mr. DORGAN of North Dakota. But if we assume that position, the gentleman describes a problem that we cannot solve. How do you solve a problem if it immediately retreats into economic nationalist fights? If there is a problem, then we must solve it.

Mr. GINGRICH. Let us talk about Gephardt and Reagan, because I think that they are equally wrong. Reagan's policy has been, no matter how absurd our foreign traders are, we will be patient. No matter how ridiculous, we will be patient. I have opposed that. I cosponsored the textile bill. At one point in the early eighties I cosponsored the domestic-content bill, precisely to say as a signal, "This administration ought to get smart about how tough the world market is." So I reject Reagan's position of free trade no matter how often you step on my foot.

But let us look at Gephardt. Gephardt basically says a trade war is better than the current situation, that we are going to pass a bill, as I understand his amendment, which gives the President 6 months to negotiate fundamental change, and at the end of 6 months there has to be a 10-percent reduction in the balance year by year in the surplus on foreign countries, year by year through 1992, dollar for dollar.

Mr. DORGAN of North Dakota. May I give the gentleman some specifics, because that is important. Even under the worst of circumstances, if the entire Gephardt proposal played out, because we said to those other countries, "You must eliminate these barriers, you must reduce those tariffs, you must play fair," and they said, "Absolutely not; we refuse". Japan's surplus with the United States would at that point be around $45 billion. Does that sound like a solution that is as radical as the gentleman is painting it?

Let me just say most importantly that the Gephardt amendment does not provide for retaliation unless as an end product all of the trading partners say, "No, we will not treat you as you treat us. No, we do not believe in reciprocal trade. No, we do not accept the premise of free trade." That is the only basis on which the Gephardt amendment takes effect.

Mr. GINGRICH. But the gentleman is illustrating the naivete that I am talking about. Listen, our major problem with the Japanese and the Koreans is not legal trading barriers. In fact, there was a brilliant article by Kutner last fall in the New Republic in which he said, you know, we've been stupid. We think that lawyers matter, so we sign legal documents. In Japan and Korea, they understand that lawyers do not matter at all.

The French are another good example. What do these three countries do? The French said;

> Oh, we will legally allow Japanese videotape recorders into France, because we cannot stop them. However, we will only allow them in through one customs point. They will only come in with one agent inspecting them. And until the Japanese negotiate with us, that's life.

Well, you all of a sudden had stockpiled huge quantities of VCR's that could not get inspected. The French had not broken any rules. They had found a nice bureaucratic gimmick to send a signal to Japan that said, "You aren't going to ship them in here."

□ 1700

What happens in Korea? You cannot quite get a permit but they will get you someone. You ask, "How soon is too soon?" And, they say, "Not too far away."

The guy that gives out the permits is on vacation. He will be back next week, they say. Then they say, "You know, he just got back, but he has been transferred; and the guy who gives out the permits, the new guy, won't be here for 3 more weeks."

This goes on forever. What I am suggesting to you is that, and on its positive side, the Gephardt amendment is incredibly naive because it underlooks two examples.

One is, if I were the Japanese or the Koreans, so forth, I would agree to everything Gephardt wants technically. It just would not happen.

The second is, that if I were the Japanese and you threaten me, I would systematically look for those exports to the United States which are not replaceable in the world market and which are reexported by the United States.

The best example is computer chips which are sold by the Japanese to American computer companies, and I would eliminate those exports which would maximize American unemployment.

I would simply close down 300 or 400 American factories, because I would cut off the products.

I would say fine, you want us to meet your terms; and my point is this, as my friend well understands.

When you psychologically slap somebody in the face and say to them, "You are going to do it our way, or we are going to bring to bear an automatic lockstep penalty," there is a very real human tendency to say, "Boy, have you get a problem."

Mr. DORGAN of North Dakota. If the gentleman will yield again, where will the Japanese find a substitute market for the American consumer?

Mr. GINGRICH. Wait a second. You just said you wanted them, under Gephardt, you want them to reduce their surplus 10 percent.

Mr. DORGAN of North Dakota. Correct.

Mr. GINGRICH. I am now the Japanese, and I decide to reduce my surplus 10 percent. One way to do it is to selectively not send to the United States.

Mr. DORGAN of North Dakota. The implication the gentleman is making is that the Japanese somehow will reject a requirement that the rules be fair rules, that we change the rules so they are fair to both sides.

You imply that somehow the Japanese will likely reject that through subterfuge or some other approach.

I am saying this: In the stakes in the trade game, the Japanese have a great deal to lose and they know it. We know they know it.

They send us 2.3 million cars and 1 million light trucks, 3.3 million vehicles to this country.

Where is there an alternative to the American marketplace for the Japanese automobile? Ethiopia?

The Japanese desperately need this marketplace. They know that if we apply some pressure and demand free trade, they are going to have to give you this, they will 5-year us to death on these plans and do nothing until they understand we are finally serious.

Mr. GINGRICH. The most fascinating psychological phenomena in American politics, conservatives who are incredibly hard line on the Soviet Union collapse into unilateral disarmor when you start talking about trade, and liberals who would do nothing to offend Gorbachev, because you do not know what Russia will do next, say cheerfully what you just said, oh, they do not have any choice when they talk about Japan, or West Germany, or Taiwan.

I think I am a realist in this sense. I think right this minute you have a much angrier Japanese leadership than we have any notion of right at this moment.

Let me tell you why. If you bought with Japanese yen American securities, just before Jim Baker announced the drop in the value of the dollar, you have taken a 41-percent loss on your investment.

Now, if you are sitting in Toyko this afternoon and you put, say, $100 million into American savings bonds 2 years ago, thinking you were going to make 7 percent on your money, you have now lost 41 percent of your money. You have been cheated.

You are sitting over there saying to yourself, now, let me understand. They are not going to tell us that after taking 41 percent of my money, I have to go and do whatever the Americans want.

All I am suggesting to you is, and I just raise this as a danger, I am very much for being tough with the Japanese. I am very much for being tough with the Koreans, but I am suggesting to you that the Gephardt amendment, after 3 weeks of watching the world money markets go crazy, after watching the stock market bounce up and down, with morning's report in the Wall Street Journal, suggesting that U.S. long-term Treasury bonds will be at 9 percent by the end of this week, early next week, that we are on the edge of fundamental recession in the world market.

If we sent the signal this Thursday that this House is prepared to close the United States off and is prepared to start a retaliatory war, then all I am suggesting to my friend is, a year from now if we are at 11-percent interest rate, if our economy is in a recession, if the world market is decaying, if we are involved in a very nasty public war with the Japanese and Germans, do not come back to guys like me and say, oh, we made a mistake.

I think it is very, very dangerous to suggest pleasantly that the Japanese have no choice, because in real life human beings always have a choice.

Mr. DORGAN of North Dakota. Let me just say that no one is talking about closing our markets, no one, not the Gephardt amendment. No one is talking about that.

Mr. GINGRICH. Give me a break.

Mr. DORGAN of North Dakota. Let me just say this: No one is going to accuse you of making a mistake, because I do not think anything is going to get done unless we do it. Nobody is going to accuse people of making a mistake who refuse to do anything, and the trade deficit grows, the tariffs exist and our producers are disadvantaged on the world trade scene.

I guess all of us who are public decisionmakers, particularly in the trade area, are willing to risk making a mistake; but we would never risk closing our markets to foreign competitors.

Mr. GINGRICH. Wait a second. What does Gephardt stand for if it does not potentially close markets?

Mr. DORGAN of North Dakota. I described numbers behind the Gephardt amendment in which I said even if the entire Gephardt amendment flowed through, the Japanese would still have a $45 billion surplus with us.

Is that closing our markets to the Japanese? That is a far cry from closing markets.

Mr. GINGRICH. If the entire Gephardt amendment goes through, how does it force the President to retaliate?

Mr. DORGAN of North Dakota. The Gephardt amendment forces the President to impose tariffs equal to the barriers, and then 10 percent a year.

If the Japanese decided they were going to ignore the warning signals, ignore the demands for free or reciprocal trade, it would get their current surplus down to about $46 billion.

The only point I wanted to make is that that should not be called by anyone closing our markets.

Closing our markets would suggest that we are zipping it up, buttoning it tight and saying no more.

In fact, we would still have significant trade deficits.

Mr. GINGRICH. You would add every year a tariff equal to 10 percent of the surplus if they were above the threshold?

Mr. DORGAN of North Dakota. No, the first year's tariff would be based on a computation of what the barriers and tariffs that are unfair are in the offending country.

Mr. GINGRICH. Would you hire an AFL-CIO economist to tell you what the cost was?

Mr. DORGAN of North Dakota. Maybe a historian from Georgia.

Mr. GINGRICH. How do you tell the cost of the barriers?

Mr. DORGAN of North Dakota. If you had a chance to look at the bill, because the bill describes precisely how that was done, the ITC would determine how the tariffs and the barriers restrict trade and the quality of the retaliation.

Mr. GINGRICH. Let me give you an example.

Say a country does allow McDonald's to operate in their country. Now, you have got to have a projection of how many people would go to McDonald's and use McDonald's and what the reflow back to the United States would be of purchasing McDonald's if McDonald's existed in a country where nobody at the present time eats hamburgers?

Mr. DORGAN of North Dakota. Are you against it because it is mechanically different?

Mr. GINGRICH. No. I am suggesting that it is a nightmare.

First of all, let me go a stage further. Say you had a bureaucracy in Washington looks out and decides on a number.

I do not care what the number is for the purpose of this discussion. The Europeans have said unequivocally, to get away from Japan for a minute, the Common Market has said unequivocally if we impose this barrier, they will match it. They will retaliate.

They have been very clear about this. Now, you might say, well, they are really bluffing. So they match it. What is my good friend from North Dakota going to say?

Mr. DORGAN of North Dakota. If the EC matches?

Mr. GINGRICH. Right, the European Community says we are going to call the Americans' bluff. We are going to match your tariff.

You put an 11-percent tariff on European products.

Mr. DORGAN of North Dakota. The one thing the gentleman, I think, understands is that in trade for every action there is a reaction. That is certainly true.

What we are attempting to do is to force open other markets.

Mr. GINGRICH. What if we fail?

Mr. DORGAN of North Dakota. There might well be a time in this process when the war of nerves between those who have a lot to lose and us exists. In the event that someone would suggest to us that if we do something they are going to do something, does that lead the gentleman to fold his tent and run off?

Mr. GINGRICH. Gephardt is not optional. Gephardt does not say the President will have the power to.

It says that if this does not happen, then automatically the machinery goes into place; and if we do not repeal it in the Congress, the President, as I understand it, would be legally required to do it.

□ 1910

Mr. DORGAN of North Dakota. That is true. It is certainly true and the reason for that is, as the gentleman fully understands, that the President has done nothing.

Mr. GINGRICH. Now, wait a second. What lack of faith does the gentleman show; by his own words this bill would go into effect in 1989.

Mr. DORGAN of North Dakota. That is correct.

Mr. GINGRICH. Who will be President in 1989? Think about this. President Gephardt——

Mr. DORGAN of North Dakota. If that is the case why is the President so opposed to it?

Mr. GINGRICH. Wait a second. President Gephardt, because he distrusts himself is now going to pass on the Congress this week an amendment which would require him as President to do that which the Congress does not trust the next President to do voluntarily. Now we will say Gephardt in that sense is showing the least faith in his own electoral vote that I have ever seen because after all it would seem to me you could offer an optional Gephardt amendment which then, if GEPHARDT got to be President, he could decide to use because it would be optional.

Mr. DORGAN of North Dakota. I am tripping over the logic there. First of all, the gentleman is concerned about the immediacy of it.

Mr. GINGRICH. No.

Mr. DORGAN of North Dakota. The special order was apparently to be concerned with the money speculators in Wall Street.

Mr. GINGRICH. Yes, for a very specific reason.

Mr. DORGAN of North Dakota. Now, the gentleman is concerned that it does not take effect for 2 years.

Mr. GINGRICH. If you look at Jude Wanniski's very interesting book on the way the world works, it really is a fascinating study, Wanniski makes the point that the first great drop in the stock market in 1929 came the week the House passed the Smoot-Hawley tariff for the first time. In fact, the tariff was vetoed and did not finally go into effect until 1931. But what happens is that all over the world people who invest a lot of money are constantly trying to anticipate the future. Now, one of the major signals of that future is going to come out of this House this week. Let us say we pass Gephardt by a huge margin and let us say that ROSTENKOWSKI keeps his pledge that if we pass it, he is going to fight to keep it in the bill. Let us say that you have enough people to do that. So here you have a Japanese or a German or a Brazilian sitting out there with a lot of money and they say to themselves, "What do I think is going to happen in the world in the next 3 or 4 years?" The No. 1 thing they get out of passing Gephardt is a signal that the world is about to become a lot more dangerous for trade, that you are likely to go into a 2- or 3-year cycle of bluff and counterbluff, argument and counterargument. So they are going to gamble that the economies are going to be shakier, the interest rates are going to be higher and it begins to be a self-fulfilling prophesy.

I would commend to the gentleman sometime, Wanniski has a chapter here which is fascinating on the whole issue of the relationship between the stock market crash of 1929 and trading policy, from this standpoint: The morning in 1929, the morning it became obvious that Germany and Latin America could not export to the United States in order to earn the money to pay off their debt, it became obvious that they would renege on their debt, that they would go bankrupt. When you start thinking about bankruptcy, let me suggest to you by the way, that the National Telephone Co. of Japan is currently valued higher, in terms of multiples of earnings, than any stock on the New York Stock Exchange the week before the crash of the stock market. Now, I would just suggest that there are a lot more shaky things in the world right now and that we are playing with nitroglycerin. But I want to carry it a stage further for a second and I want to go back to the point of the gentleman. By locking into law an absolute requirement, we are setting up a situation in which the President, the next President, whether it is JACK KEMP, DICK GEPHARDT, or whoever it is, in either party, now is bound by law. Now this, as the gentleman says, is 2 years off. We will then have sent the signal for protectionism, we will have sent the signal for a trade war and we will have in my judgment, a significant step toward a recession.

Mr. DORGAN of North Dakota. I think if President SAM NUNN or some other President in 1989 confront a trade law with the Gephardt amendment they can look back and see that there were some people who were willing to lead. Some people were willing to say, "You want to talk about shaky investors, you want to talk about leaky confidence, then you talk about the status quo, i.e. fiscal policy that is embarrassing and outrageous and debts up to here. You talk about trade deficits right up to here. People sitting around twirling their thumbs saying, "For heaven's sake let us not do anything because it will make somebody nervous." They are going to look back and they are going to say, "Fortunately there were some who were able to send a clear enough and strong enough message to the trading partners to say to them 'We expect you to treat us with reciprocal policy. No, we are not asking for miracles, we are not asking for immediate change tomorrow, we are simply asking, now that you have become strong economic powers, that you open your markets and treat us as generously as we treat you.' "

Some people along the way have said, "No, don't do it because we are afraid of what the consequences will be." But they will say, "Thank Heaven there were some folks around who took the lead to say that we are going to do what we are going to have to do in order to expand world trade." It is expansionist, it is not protectionist. This leds to economic expansion.

Mr. GINGRICH. Wait a second. I would argue for a continued increase in the toughness of our trading position. I would argue for a much more sophisticated State Department than we currently have and a much tougher State Department.

Mr. DORGAN of North Dakota. That dreams of a tomorrow that will not come, a more sophisticated State Department.

Mr. GINGRICH. Then we ought to abolish the State Department and rerecruit. Because look at what the gentleman is saying: If you have the current appeasement mentality in the State Department, they are going to find every possible excuse, even under the Gephardt amendment, to avoid the kind of change you and I both want.

What worries me is on the other side of the coin. If I was confident that the gentleman was correct about the Japanese and German psychology, if I was as confident that the world would work in the rational way that the gentleman describes it, I would vote for Gephardt. My question to the gentleman is, "What if you are wrong? What if in fact this is one of the very powerful signals that in fact breaks up the Western Alliance and breaks up the world market as we know it?"

Mr. DORGAN of North Dakota. There is an alternative question that I think the gentleman would have to answer and be prepared to deal with.

Mr. GINGRICH. Very well.

Mr. DORGAN of North Dakota. What if we do nothing?

Mr. GINGRICH. Nobody is suggesting that. Come on.

Mr. DORGAN of North Dakota. What if the strength of this Nation dissipates off its shores.

Mr. GINGRICH. My friend is far too sophisticated, and has been around for a long time. That is a straw man of such thinness.

Mr. DORGAN of North Dakota. No, it is not a straw man.

Mr. GINGRICH. In the first place I would suggest to the gentleman that a trade bill with Gephardt in it is vetoed and the veto is sustained, period.

You cannot possibly pass this bill with a big enough margin to override the veto.

Mr. DORGAN of North Dakota. Well, that is the President's choice, not ours.

Mr. GINGRICH. No, that is the House's choice. I would also suggest to the gentleman that in the absence of Gephardt and one or two other provisions, it is possible to pass a trade bill which will be the strongest trade bill in the last 30 years and which we can get a large enough majority to override the President's veto. So part of the choice here and Chairman ROSTENKOWSKI of the Committee on Ways and Means has said it himself, part of the choice is between a Presidential campaign document which Ronald

Reagan will veto and we will sustain the veto, or a much calmer, much milder, much more realistic document which either the President will sign or you will get 130 Republican votes to help you override the veto.

Mr. DORGAN of North Dakota. Might I query the gentleman: Without the Gephardt amendment does the gentleman think it is generally a pretty good trade bill?

Mr. GINGRICH. I think large portions of it are very reasonable.

Mr. DORGAN of North Dakota. I am just curious because of the previous speakers on the previous special order.

But let me finish because the gentleman wants to complete his time and I appreciate his generosity in yielding.

I think the point is our producers went through incredible tax on their production, they moved into foreign markets or tried to move into international sales, as the gentleman will recall, when the dollar increased. Our producers were out there having an increasingly difficult time moving their goods in international commerce. I understand the point the gentleman makes about the falling dollar and the price that imposes upon people who hold the dollars. I understand that full well. I am just saying the reverse side of that picture is that the American producers some years ago, in fact in recent years up until now, suffered the same fate with their production. All of us I think want to do something that is right. None of us come to this floor saying, "What we would like to do is construct an approach that we think will weaken this country." I do not believe the gentleman feels that way and I do not believe that the gentleman feels that I feel that way. We want to do something that we think is the right approach to deal with trade.

Now, the gentleman and I have a disagreement about what our approach should be and what the risks are of that approach. But in my own judgment, the trade bill and the Gephardt amendment represent a reasonable approach that does not close our markets. By "close" I mean that we will shut our markets down and zip them up; it does not do that. It in fact applies the right amount of pressure to pry open foreign markets for American producers.

Mr. GINGRICH. Let me read something, from Andrew Glass, who is a columnist in Washington for the Cox Newspapers, from his Sunday column. He says—and this is the highlight of my opposition to the Democratic Party's current policies in trade and other areas—he says:

> Americans owe more money to foreigners than other countries owe us. History teaches that any debtor country needs to avoid taking any external actions that could, down the road, lead to an internal bust.
>
> Here's one example: The United States national debt currently stands at a staggering $2.2 trillion, or roughly $9,200 for every person living in America. The Japanese own only a relatively small hunk of that debt, about $55 billion.
>
> Nevertheless, Japanese investors have taken a cold bath in United States securities, both public and private ones. That's because the value of the dollar against the yen has fallen nearly 40 percent in the last 18 months. If the word in Tokyo is to sell, then the affect on United States markets could prove substantial. Gephardt and other members of Nakasone's chilly welcoming committee fail to recognize that, these days, all of us are tied into the same economic chain gang.
>
> In such financial prisons, even Reagan's relatively mild trade actions could yield unhappy results.
>
> The point is that these days, when capital markets are internationally liquid, governments no longer can pursue economic policies that fail to look beyond their borders.

□ 1720

Let me say that I would like to just tell you what really goes to the heart of my critique. We are a country in enormous trouble. I would accept a great deal of your critique of the Reagan administration. This has been an administration which in many ways has done some things very well; some things not at all.

The things we have not done at all, we are in big trouble on. We are in big trouble that goes to the very root of being American.

There was a test done recently, for example, in which 75 percent of the Japanese tested scored higher in math than the top percent of Americans. That is a challenge of such staggering enormity that it is not going to be able to come overnight.

We are in trouble because we do not save enough, as you well know. We are in trouble because we have a deficit that is an incredible burden on our children and grandchildren. I would say this administration shares at least some of the burden for that. I am not saying this purely as Republican/Democrat or as Reaganite/anti-Reaganite.

In the middle of all that, we are trying to do something that I was grimly reminded of by an expert in modern history, who said to me:

> The last time the Democracies went into a depression, Adolf Hilter was a radical extremist who had never been in power. It took 10 years to get to World War II. The next time the Democracy stumbled into a depression, the Soviet Union will have been building its army for over a half century.

We are balancing, those of us in the House and the other body and downtown at the White House, and the Presidential candidates of both parties, we inherited from our parents the most powerful Nation on the face of the planet. We inherited from our parents an alliance so large and so successful that it had enormous margins for error.

I talked with Jeane Kirkpatrick last Monday, just a private conservation. I do not think she would mind my repeating part of what she said.

She said what truly scares her—this was just a private talk, she was not trying to whip up some audience—she said what truly frightens her is that we have lost the margin for error that we had in 1976. If our next President or the one after that is incompetent, and they may well be, given the way we choose Presidencies, if we end up stumbling through 4 years or 8 years of somebody who does not understand what is going on, we could literally face the question of freedom and survival in ways that none of us think possible.

Looking at it from that side, then, I think the two things that frighten me most about the Congress so far this year are that we are not addressing the really fundamental issues, the issues that go to the heart of not saving enough, that go to the heart of an educational system that is failing, that make us competitive.

Frankly, part of the problem with your argument is that if you really want to widen the world market, I am not so certain, given our current savings rate and given our current education system, we could necessarily compete. I think we have to face that. We are going to have to shape up America again.

The second thing I would say to you, in the middle of managing the Western Alliance, to adopt the Gephardt amendment at this point in time, could have repercussions. All I am asking you and your friends to do is ask yourself the question, are you really that certain that when we try to scare the other fellows, they are going to be scared? Are we really that certain that they are not going to get their pride up and act very human and get very angry and that we are not going to see a wave of anti-American nationalism?

Again, the gentleman comes from farm country. You know that there are many farmers who, out of pride, will say and do things that might not necessarily make economic sense in a given day, but it relates to owning the land for a century. It relates to a way of life. It relates to a belief system.

I am saying that I would give our trading partners the benefit of the doubt that they may have as much pride as we do, and they may be as willing to stand firm, even at cost, as we are, and that if Gephardt is wrong and if you are wrong, if we send the signal for protectionsim, as it will be read, and I think you would concede that it will be read that way, even if it is unfair, it will clearly be read and the articles will clearly say the U.S. Congress voted today for much tougher trade sanctions, and you will have analysts who are saying we have taken a major step toward protectionism. I think you would concede that.

If that goes out across this world late this week, all I ask you is if next week you see the dollar drop 10 more points compared to the yen and you see interest rates go up a percent and a half, do not look to our side of the aisle for how it happened.

Mr. DORGAN of North Dakota. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from North Dakota.

Mr. DORGAN of North Dakota. Mr. Speaker, let me make just three points.

First, you would have to have been an international sleepwalker not to have understood that the dollar was going to fall against the yen. The dollar was overpriced against the yen. Those who suggest that they were living in a world that would not have expected the dollar to fall were not thinking very clearly. I think most of us understand that when our currency is as overvalued as ours was against the yen, it is going to fall.

Second, you are right about education. It is a very serious problem. It is something that would be nice for us to talk about sometime on the floor of the House in a serious way. Our classrooms are dark over half the year. Most industrial countries are not. The Japanese have 240 days a year; the United States classrooms, only 180 days a year. We have very serious problems in education.

How do we solve it? Investments. What kind of investment and by whom? How is it invested? Those are the core questions that we have to deal with as public decisionmakers. I want to agree with that point.

But I want to make a third and final point. I do come from farm country. The last thing that we need is to have markets closed to us. We would be devastated by a trade war. In my judgment, the National Farmers Union, the National Farmers Organization, American Ag, and others who support the Gephardt amendment feel the same as I do, that we cannot stand a trade war. But why do we support the amendment? Because the amendment, in our judgment, does not lead us to a trade war. The amendment applies the right kind of pressure to say to our allies and our trading partners that we cannot take this any longer. We must insist that the rules be fair.

I know that you agree with that, but you do not agree with remedies that will get us to that point.

Mr. GINGRICH. Mr. Speaker, I could probably be talked into considering seriously an optional Gephardt bill that said that the President will have this stand-by authority.

Mr. DORGAN of North Dakota. The one thing we all ought to understand is that the President has had plenty of authority since he took office to do whatever is necessary, but he refuses to do it.

Mr. GINGRICH. By your own statement, you are talking about the next President.

Mr. DORGAN of North Dakota. The next President could very well be like this one. If he is, we are going to need the authority to do what is necessary to solve the problem.

Mr. GINGRICH. If he is, you are going to lock him into a legislative meat grinder 2 years—I mean, actually 5 years out to the final effect of Gephardt. You are going to tie the President's hands, whoever he is or she is. Whoever they are, the next one, whether it is a Democrat or a Republican, you are going to legally tie their hands and require them to implement the Gephardt amendment——

Mr. DORGAN of North Dakota. The only condition under which they would be required to act is if our trading partners refuse to open their markets to free trade. If they refuse to do that, at some point, we have to do something about it.

Mr. GINGRICH. Mr. Speaker, we have to do something about it, but as I said at the beginning, your version of something is to say that "My teenaged son has been arguing too long; I'll blow his head off and that will teach him." I am just suggesting to you, and I am not worried, frankly, about Taiwan or South Korea, they are relatively small countries; they do not have a great deal of choice.

But let me tell you, Italy and Germany combined in the Common Market have a lot of choice. Japan has a lot of choice, and if they decide to get their back up, if the next Prime Minister after Nakasone decides that his future is better being slightly anti-American and he decides that every unemployed person is a Gephardt-unemployed person, and he sells that in Japan, you could build a head of steam that would be a little scary before the end of 1989 or 1990.

Mr. DORGAN of North Dakota. Mr. Speaker, the gentleman and I both know that what is scary in this country is a trade deficit of staggering proportions.

It was just a few years ago that you and I would see the reports that this quarterly trade deficit was $6 billion. Right now, we are talking about $170 billion a year. That is frightening.

Mr. GINGRICH. Let me suggest two things to you that may seem very radical.

First of all, the scariest thing in this country is the gap between how big our problems are and how trivial our proposed solutions are, across the board.

Second, the biggest thing that frightens me is whether we are looking at how we increase the world market and increase our leadership in the Western alliance, and I think that requires, for example, fundamental overhaul of the State Department much more than it requires the Gephardt amendment, or whether we are going to try to bludgeon our allies. It is sort of like saying, "Let's have a family picnic and see who we can beat up on this week."

□ 1730

Let me carry us one stage further. I think a lot of people may wonder why you and I have been off talking about abstract things, but I guess it is the historian in me.

Mr. DORGAN of North Dakota. I understand, and I thank the gentleman for yielding to me. I appreciate it.

Mr. GINGRICH. I just want to say that the history teacher in me has to say this to both our colleagues and to the folks back home: the collapse of the Credit Anstaltz Bank was the key step in Austria setting off the Great Depression, and it was more important in dragging the world down to depression than the collapse of the stock market in New York.

The world is tied together. This is my central message. I want America to be very tough. I have supported many bills that would increase our ability to retaliate over what we have now. I think the President has not been tough. However, I think we have got to be very, very careful because we Americans are like somebody walking a tightrope, carrying two—not just one but two—jars of nitroglycerin. Over here is the nitroglycerin that is nuclear war and the Soviet Empire and freedom in the military sense, and over here is the nitroglycerin of a world trade war in which the Western alliance collapses as Japanese come to hate Americans and Germans come to hate Americans and Americans come to hate Japanese and Germans.

We take too much for granted, the 40 years of prosperity and peace and safety that our parents and grandparents earned through World War II. If we are sloppy or clumsy, if we make assumptions that do not work, I fear very, very deeply that this week's debate could trigger a very severe recession in Germany and Japan, and that if the three largest industrial powers in the world decay at the same time and we all three stop growing, the Brazilians, the Mexicans, and the Argentines could find that they no longer have the money to pay their debts, and, therefore, sometime early next year we could suddenly have two or three big Latin American countries go bankrupt in terms of the New York banks, and that by sometime next summer we could be in a true depression.

That is scare talk. It is not likely. As a history teacher, let me suggest, though, that it is the unlikely that makes history. It is the turning point that we study later and ask, "how could they have been so blind? How could they have been so dumb?"

We are on the verge of starting a serious fight with the Common Market in Japan. Now, I am for applying pressure. Again let us think of it as a giant family. We have a brother-in-law who is not doing his share, we have a sister-in-law who maybe is not helping with the dishes after the family reunion, and we have got to clean up some of the mess. We have got to apply some more sanctions; we have got to be tougher.

But I think it is a huge jump from being tougher to the kind of protectionist trade war that Gephardt proposes, and I think that every American should look carefully before we cheerfully leap off the cliff, kill a lot of American jobs, and create a crisis that is avoidable.

Finally, let me also say that I think it is very, very hard for our friends on the left, tied closely to the large labor unions and tied closely to the welfare state bureaucracy, to propose the kind of changes necessary if America is going to be competitive. I think the real goal for us is to get our own house in order, to change the educational system so we are learning enough, to change our tax and our welfare system so we are saving enough, to get America back in shape, to reform the State Department so we are able to negotiate tough, to make sure that we have Customs agents who are committed to inspecting imports and making sure that we get a fair break. I think we are in for a long, steady struggle to get America back in shape at the same time that we avoid a trade war, to make sure that we retaliate realistically so we are not patsies but that we avoid the kind of trade war and the kind of protectionism that breaks up the world market.

That is going to take years. It is not going to happen with one fast, easy gimmick. It is not going to happen with one symbolic amendment. It is going to take hard work from all of us, and it is going to take a long time.

BUDGET OF THE DISTRICT OF COLUMBIA GOVERNMENT FOR 1988—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 100-70)

The SPEAKER pro tempore (Mr. SKAGGS) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

(For message, see proceedings of the Senate of today, Monday, April 27, 1987.)

GENERAL LEAVE

Mr. CONYERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, on the subject of the special order of the gentleman from Washington [Mr. BONKER].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

THE MISSING IN ACTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DREIER] is recognized for 60 minutes.

Mr. DREIER of California. Mr. Speaker, I have taken this special order not to talk about trade, which is what most of the attention has been focused on today and what most of the attention will be focused on in the next several days in the House of Representatives, but to talk about an issue which is very important to many of us. In fact, I would like to quote this maxim: "Truth is not only violated by falsehood, it may be equally violated by silence."

I think it is very important for us to remember that when we think about an issue which is very near and dear to certainly every American and also to a number of us in the House of Representatives who have spent the last several years working on this particular issue. It has to do with the fact that as we stand here today, there are 2,417 Americans who are still classified as missing in action in Southeast Asia.

I first got involved in this issue back in 1981 when a couple of constituents of mine, Fran Masterson and Janet Townley, and their families came to me and talked about their extraordinarily difficult situation.

□ 1740

One of them said to me, one of the children said, "Congressman, I would like to know if my father is dead. If my father is dead, I would be reassured, but for me there is an uncertainty. Because we continue to receive these reported sightings of Americans in Southeast Asia."

So they, every morning, after having gone through sleepless nights, as many of them have, deal with the question of wanting to know whether or not their loved ones are still alive. This happened to me in 1981. I made a commitment then that I would do everything that I could to focus as much attention on this issue and not allow silence to let this falsehood prevail.

I think that a lot of things have been done to focus attention on it. I still wear the bracelet of Lt. Col. Michael Bat Masterson, who, on October 13, 1968, bailed out of his plane in Laos and he is one of the 569 U.S. airmen shot down there. You know, there is not one remain which has ever come back from Laos.

I believe that the U.S. Government has been focusing attention on it. It has been well over a decade, and I believe that there are people in this Government who are sincerely concerned about this issue. I believe that there are people within the Defense Intelligence Agency who are sincerely concerned about this issue. I certainly know that the families are sincerely concerned about the issue.

Unfortunately, we have yet to see one American return from Southeast Asia, and I think that we all need to commit to do anything that we possibly can.

This morning, at 9 o'clock, four of our colleagues, the gentleman from Connecticut [Mr. ROWLAND], the gentleman from New Hampshire [Mr. SMITH], and two of my California colleagues, Mr. HUNTER and Mr. DORNAN, climbed aboard an airplane and flew to Charlotte, NC. We made a commitment last week that we would each try to commit to raise $100,000 to provide a reward, a reward which would go to a Laotian, a Cambodian, or a Vietnamese citizen who would choose to defect and bring a live American back.

We went this morning to the racetrack at Charlotte, NC, and held a news conference surrounded by families, surrounded by some very courageous prisoners of war, including Capt. Red McDaniel, who had spent 6 years in a POW camp. We were joined also by our former colleague who continually focused on this issue, Bill Hendon of North Carolina, and we also stood there with $1 million in cash; $1 million to demonstrate that, it came out to be 10 of us. Several of our other colleagues joined in this commitment, and in fact, one other person there in the audience joined in to pledge another $100,000. So it ended up being $1.1 million that was pledged as a reward.

How is it that people in Southeast Asia will learn about this? The fact of the matter is it takes publicity to get that word out. We all know in this spectacular day and through the miracle of modern technology we are able to utilize satellites for telecommunications. We know that in this country there are a wide range of different outlets. The Cable News Network, the Entertainment and Sports Programming Network, ESPN, and a number of other vehicles which use satellite technology for their communication.

We have unveiled this morning, in Charlotte, NC, one commercial which is going to be broadcast through the different satellite networks and beamed into Southeast Asia. I realize that not everyone in Southeast Asia has a satellite dish, but there is no doubt that the message will get out.

If you look at the evidence, and I thought I would take just a few moments to go through a little more of this evidence to demonstrate that people are alive and have been held prisoner of war and are still being held against their will in Southeast Asia, one could certainly be led to believe that there is a great opportunity for us to beam this message which you will be seeing on those different networks, actually in Vietnamese, into Southeast Asia.

There have been over 790 first-hand, eyewitness sightings of Americans which have been held in Southeast Asia. Our colleague from Ohio, Doug Applegate, testified in 1984 for the House Foreign Affairs Subcommittee that he had a list of 97 CIA reports on tracking prisoners in Vietnam.

The former Director of the Defense Intelligence Agency, Lt. Gen. Eugene Tighe said, and I quote:

> At the time I left the Defense Intelligence Agency, I felt strongly that there were still Americans being held against their will in Southeast Asia. I have seen nothing to change my view.

Robert McFarlane, who, as we all know was the National Security Advisor for President Reagan, told a private business group that he believes U.S. prisoners of war are still being held in Indochina and the United States should step up efforts to gather conclusive POW information.

The latest top secret reports claim that a group of up to dozen American POW's are being forced to do technical work for the Vietnamese. This was carried in columnist Jack Anderson's report a couple of years ago.

During testimony at the Senate Veterans' Affairs Committee hearings, Army Lt. Col. Robert Howard said, and I quote,

"I am convinced that we have live Americans in captivity in Southeast Asia." He also stated, that while at the POW issue in Korea, he had intelligence information and photographs to substantiate that opinion.

Lieutenant Colonel Howard, by the way, is a Medal of Honor winner and is the most highly decorated soldier in the U.S. Army. Last year, on Valentines Day, there were a number of us who were members of the POW-MIA task force who had an opportunity to go to Vietnam and based on the evidence which we gathered on that visit, it only reaffirmed what we already believe; that is, that there are Americans who still are being held against their will.

The meeting today with the families was, of course, an emotional one because this is a very, very difficult thing. Some could say that we made a mistake to pledge this reward. The fact of the matter is, we have not seen an American come out of Southeast Asia, and while people can say that we are wrong in doing this, they cannot say that we are wrong in doing it because they are more successful than what we have proposed to do.

So, for that reason, I think that it was something that I hope and pray will resolve this, and I am very pleased that a couple of my colleagues who went with us on the trip today down to Charlotte, NC, have joined us here on the House floor and I would first like to yield to my friend who is a distinguished member of the House Armed Services Committee, my California colleague, Duncan Hunter.

□ 1750

Mr. HUNTER. I thank the gentleman for yielding.

Mr. Speaker, I just arrived on the floor, and I think that my friend, the gentleman from New Hampshire [Mr. Bob Smith], should be yielded to first, but as long as the gentleman has yielded to me, let me make a few comments.

Mr. DREIER of California. I went by way of seniority on this, with all due respect to Bob.

Mr. HUNTER. It was, I think, a very fruitful mission today in having the press conference. I was particularly pleased with the reactions of the families and the people who have waited for years and years. Maryann Shelton, who gave me this POW bracelet, lost her husband, Charles Shelton. He became missing, in——

Mr. DREIER of California. I understand that Charles Shelton is the only person still classified as a prisoner of war. The rest are classified as missing in action.

Mr. HUNTER. That is right. He is still classified as a POW. He was confirmed as a POW. It was 1965, and yet today she is as fervent and enthusiastic about getting him back as she has ever been, and she is a friend from San Diego, and I think that we should be sustained by the strength of the POW families.

A lot of people have said that this is a real long shot. The gentleman is talking about offering a reward for the production, for the dislodgement of a person, the return of a POW from Southeast Asia, and people say, "Well, gee, that's going to be very difficult to do." On the other hand, we are at a standstill right now. Nothing has worked so far. And I just ask myself, as I told my colleagues in the press conference, if the POW's in Southeast Asia would want us to embark on this venture, to do what we are doing.

I think that the answer is yes. I think that they would want us to do everything that we possibly could do. I want to thank the gentleman from California [Mr. Dreier], who has done a lot more work than I have, and also the gentleman from New Hampshire [Mr. Smith]. They have gone to North Vietnam, they have really worked the problem, they have given up a lot of time that could have been spent with their families or spent at home or maybe working other issues that more directly relate to more people in their districts, but they have worked on this. I think that there is a real chance of having the return of one of our colleagues from Vietnam.

Mr. DREIER of California. I thank the gentleman for his contribution, and I would simply say that I am standing here with two very distinguished veterans of the Vietnam war. I was never in the military. I do not have any military service at all, other than the fact that my father was a drill instructor in the Marine Corps, and he still has me doing marine pushups. I feel like I still face military service on a regular basis, but I never had service in Vietnam, as both of the distinguished gentlemen who are part of this trip today have, and I simply want them to know how much I appreciate that, and even though I did not serve there, my resolve continues to be just as great.

Mr. HUNTER. I know that the gentleman from New Hampshire, Mr. Bob Smith, will give us some really good testimony. I did nothing distinguished in Vietnam that was any more distinguished than hundreds of thousands of other people who served over there. I think that what Red McDaniel said today is very applicable to this situation. He said—and Red McDaniel was a prisoner for many years, I think 6 years—he said, "I was prepared to fight for my country, prepared to die for my country, prepared even to be taken prisoner of war for my country, but I wasn't prepared to be abandoned."

I think that it is efforts like this that keep that spark alive and that continue the commitment that we have to get those people out.

Mr. DREIER of California. I thank the gentleman for his contribution, and there are a number of people who have as I said earlier focused a great deal of attention on this issue, and no one has a greater and more emotional commitment, and I have seen that emotion come to the surface on many occasions, than the gentleman from New Hampshire, and I am happy to yield to my friend, Mr. Smith.

Mr. SMITH of New Hampshire. I thank the gentleman for yielding, and commend him for calling this special order on the heels of the trip that he and I, Congressman Hunter and Congressman Dornan and Congressman Rowland just took on behalf of this issue.

I think that what my friend just said, the emotional remarks of Captain McDaniel this morning at that press conference where he was in fact a prisoner of war for 6 years in

Hanoi—he calls it "seeing how the Communist system works"—but the fact is him saying that he was not prepared to be abandoned, that anything else that came his way, whether he be wounded, whether he be captured, whether he even be killed, he was prepared for all of that, but not to be abandoned.

You know, as you look at it, 2,441 MIA families across the country, many of whom are in the gentleman's district and my district and other districts—probably at least one in every district in the United States—you know, those people do not have a big lobby. When you really get right down to it, 2,441 people versus 250 million Americans is not a big lobby.

We look back on the history of this war and we think about the involvement there, a war which we were asking young men to fight and die and be captured for without really the support of the politicians who were in authority at all levels at that time, and without really ultimately the support of the American people, then to leave in 1973, to allow the whole thing to collapse even further in 1975 with the fall of Saigon by the invasion of the North, to negotiate a peace treaty in 1973 which did not even involve all of the principals.

The country of Laos, as you know, we were bombing Laos, they were certainly a part of the war, and we lost some 600 men in Laos, pilots who were shot down, not one of whom ever returned—not one ever returned from Laos. The country of Laos did not sign the Paris peace accords, were not a party to them, and yet we in "Homecoming I" brought home "all of the American prisoners of war."

Well, as the gentleman well knows, in 1979 another prisoner of war came home, former prisoner of war, and I call that "Homecoming II," even though it was only one man, and that was Robert Garwood. Accusations about collaboration with the enemy were made, but the point was that he was a POW, he was alive, and he came out in 1979. That was 6 years after the war had ended.

He came out, as you well know, with a lot of information. Certainly I believe that the mistake that was made, and hindsight is cheap, however, the U.S. Government, whether it be the Marine Corps—I do not know exactly who wants to assume the responsibility, if anybody—but we do not know that when Mr. Garwood came out in 1979 a decision was made—and I am not trying to cast a stone at any individual—but a decision was made to prosecute, to court-martial, if you will, Robert Garwood for his involvement or "collaboration with the enemy."

By the admission of some pretty heavy hitters this morning—one gentleman, as you know, Mr. Morgan, had spent 7½ years as a prisoner, Mr. McDaniel, 6 years, and some others—he did not do as much as some others who had come out in terms of talking or giving information to the enemy.

The point is, how do we know what any one of us would have done under those circumstances? I am not condoning giving information to the enemy, but what I am saying is this, in regard to Garwood. He said after coming out, being a prisoner of war for 14 years, I think that we could assume that as he was involved in that system under the Vietnamese as a prisoner of war that he would have some information regarding live sightings, regarding perhaps men we know that he buried, who died with him in captivity. The point is, instead of going after that information in a systematic, analytical fashion, we opted to court-martial Robert Garwood, and those other men who came home as heroes with "Homecoming I" as we saw them coming off the plane in a very emotional reception, and a justified one obviously, he was not treated to that. He was not given medical help. He was not given the psychiatric care that perhaps he should have had. In fact, he was basically put under house arrest and court-martialed, losing 14 years of back pay and basically being run out of the service in disgrace.

To this day the DIA has not thoroughly briefed Robert Garwood. Why? If one says that they cannot find him, well, I have a hard time accepting the premise that the greatest intelligence-gathering agency in the world could not find an individual whom, by the way, I talked to 2 or 3 days ago.

So I think that the issue here is, "Are we prepared to move this?" I am tired, frankly, of inaction on the part of this body. We accepted a couple of reports in 1976. The circumstances were different then. We had the Woodcock Commission, we had the Montgomery Commission, two honorable men. But the circumstances are different. After those commissions ended, out came a POW in 1979, not to mention the thousands, hundreds anyway, of live-sighting reports that have come out of there, evidence, information constantly about live sightings.

The only way that we are going to prove this is to analyze that information and to move on it, and we have not done that. I think that the action that was taken today by the American Defense Institute, which we all participated in, to offer a reward to any individual who defects and I think that it is important to note that this is an indigenous individual in Cambodia, Laos, or Vietnam who defects and brings out an American prisoner. This is not money to be paid for information; it is not money to be paid to any American organization, Rambo or whatever you want to call them to go in and risk lives. That is not at all the case.

□ 1800

I want to make that very clear. This is reward money to be paid to any individual indigenous who comes out of that country with an American POW, and I hope that we will move it off center.

Mr. DREIER of California. I thank the gentleman for his very fine contribution.

There are a number of people who certainly wanted to be here. Three other of our colleagues wanted to be here with us on the trip to North Carolina, but unfortunately, they had other commitments.

I know that everyone in the House does desperately want to resolve this issue. I know that the President of the United States desperately wants to resolve this issue, and Ronald Reagan, as well as anyone, focuses attention on the necessity to bring about a spirit of voluntarism and to get the private sector involved.

That is exactly what we are doing today. The Government has not been successful in resolving this issue, and I only hope and pray that our pledge today is one that will be successful, and we believe that when that first American comes out, that the floodgate will open and we will see a resolution to the closest of all of those Americans who still are classified as missing in action.

I thank my colleagues very much for the fine contribution and yield back the balance of my time.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. STRATTON) to revise and extend their remarks and include extraneous material:)

Mr. STRATTON, for 5 minutes, today.

Mr. ASPIN, for 60 minutes, today.

Mr. CONYERS, for 30 minutes, today.

Mr. GONZALEZ, for 60 minutes, today and April 28.

(The following Members (at the request of Mr. MCCOLLUM) to revise and extend their remarks and include extraneous material:)

Mr. KEMP, for 60 minutes, today.

(The following Members (at the request of Mr. DELAY) to revise and extend their remarks and include extraneous matter:)

Mr. SWINDALL, for 60 minutes, on April 28, April 29, and 30.

Mr. DREIER of California, for 60 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Bunning) and to include extraneous matter:)

Mr. McKinney.

Mr. Moorhead.

Mr. Conte.

Mr. Broomfield.

Mr. Smith of New Jersey.

Mr. Hammerschmidt.

Mr. Bliley.

(The following Members (at the request of Mr. Stratton) and to include extraneous matter:)

Mr. Anderson in 10 instances.

Mr. Gonzalez in 10 instances.

Mr. Brown of California in 10 instances.

Mr. Annunzio in six instances.

Mr. Jones of Tennessee in 10 instances.

Mr. Boner of Tennessee in five instances.

Ms. Kaptur.

Ms. Slaughter of New York.

Mr. Levin of Michigan.

Mr. Murtha.

Mr. Hoyer.

Mr. Nelson of Florida.

Mr. Thomas A. Luken.

Mr. Hochbrueckner.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 360. An act to improve the education status of Native Hawaiians, and for other purposes; to the Committee on Education and Labor.

S. 778. An act to authorize a star schools program under which grants are made to educational telecommunications partnerships to develop, construct, and acquire telecommunications facilities and equipment in order to improve the instruction of mathematics, science, and foreign language, and for other purposes; to the Committee on Education and Labor.

ENROLLED BILLS SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 14. An act to designate certain river segments in New Jersey as study rivers for potential inclusion in the national wild and scenic river system, and

H.R. 1963. An act to amend the Surface Mining Control and Reclamation Act of 1977 to permit States to set aside in a special trust fund up to 10 per centum of the annual State funds from the Abandoned Mine Land Reclamation Fund for expenditures in the future for purposes of abandoned mine reclamation, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 240. An act to amend the National Trails System Act to designate the Santa Fe Trail as a National Historic Trail.

ADJOURNMENT

Mr. DREIER of California. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 1 minute p.m.) the House adjourned until tomorrow, Tuesday, April 28, 1987, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1251. A letter from the Department of Health and Human Services, transmitting the annual report for 1986 on compliance by States with personnel standards for radiologic technicians, pursuant to 42 U.S.C. 1006(d); to the Committee on Energy and Commerce.

1252. A letter from the Secretary of Health and Human Services, transmitting a report on health professions school compliance with the Selective Service Act, prepared by the Bureau of Health Professions, Health Resources and Services Administration, Public Health Service, pursuant to 50 U.S.C. app. 462 nt.; to the Committee on Energy and Commerce.

1253. A letter from the Acting Assistant Secretary of State Legislative and Intergovernmental Affairs, transmitting notification of proposed antiterrorism assistance to the Government of Barbados, pursuant to FAA, section 574(a)(1) (97 Stat. 972); to the Committee on Foreign Affairs.

1254. A letter from the Acting Assistant Secretary of State, Legislative and Intergovernmental Affairs, transmitting a travel advisory issued for Colombia which has security implications for Americans traveling or residing in that country, pursuant to 22 U.S.C. 2656e; to the Committee on Foreign Affairs.

1255. A communication from the President of the United States, the report on the activities of countries within the United Nations and its specialized agencies; in addition, the report includes the report required of the Secretary of State under section 117 of Public Law 98-164 on the performance of U.N. member countries in international organizations, pursuant to Public Law 99-500; 22 U.S.C 287b nt. (Public Law 98-164, section 117); to the Committee on Foreign Affairs.

1256. A letter from the Administrator, General Services Administration, transmitting GSA's investigation of the costs of operating privately owned vehicles based on calendar year 1986 data, pursuant to 5 U.S.C. 5707(b)(1); to the Committee on Government Operations.

1257. A letter from the Director, Office of Management and Budget, transmitting the fifth annual report under the Paperwork Reduction Act of 1980, pursuant to 42 U.S.C. 3541; to the Committee on Government Operations.

1258. A letter from the Chief, Forest Service, Department of the Interior, transmitting notification that the legal descriptions and maps of the Tongass National Forest boundary changes as provided by ANILCA, have been sent directly to the interested committees, pursuant to 16 U.S.C. 3103(b); to the Committee on Interior and Insular Affairs.

1259. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend chapter 15 of title 18, United States Code, by repealing two conflict-of-interest provisions that apply solely to retired Regular officers of the armed services; to the Committee on the Judiciary.

1260. A letter from the Chief Judge, U.S. Claims Court, transmitting a certified copy of the hearing officer's report on the claim of Coushatta Tribe of Louisiana and the report of the review panel concerning Congressional Reference No. 3-83, *Fulton Battise, Chief of the Tribal Council of the Alabama Coushatta Tribes of Texas, et al.* v. *The United States*, pursuant to House Resolution 69, 98th Congress, 1st session; to the Committee on the Judiciary.

1261. A letter from the Director, Office of Personnel Management, transmitting the agency's report on drug and alcohol abuse prevention, treatment, and rehabilitation programs and services for Federal civilian employees, pursuant to Public Law 99-570, section 7363; to the Committee on Post Office and Civil Service.

1262. A letter from the Chairman, U.S. Railroad Retirement Board, transmitting a draft of proposed legislation to amend the Railroad Retirement Tax Act to require rail section financing of certain railroad retirement costs currently borne by the general taxpayer and to increase contributions to the rail industry pension fund, and for other purposes; jointly, to the Committees on Energy and Commerce and Ways and Means.

1263. A letter from the Secretary of Transportation, transmitting the eighth annual report on the administration of the offshore oil pollution compensation fund which covers the fiscal year from October 1, 1985 through September 30, 1986, pursuant to 43 U.S.C. 1824; jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

1264. A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to enhance effective administration of certain Federal lands and for other purposes; jointly, to the Committees on Interior and Insular Affairs and Agriculture.

1265. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a report entitled, "A Study of the Joint Use of Vehicles for Transportation of Hazardous and Nonhazardous Materials," pursuant to Public Law 99-499, section 118(j); jointly, to the Committees on Public Works and Transportation and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1567. A bill to provide for the use and distribution of funds awarded to the Cow Creek Band of Umpqua Tribe of Indians in U.S. Claims Court docket numbered 53-81L and for other purposes; with amendments (Rept. 100-66). Referred to the Committee of the Whole House on the State of the Union.

Mr. PEPPER: Committee on Rules. House Resolution 151. Resolution providing for the consideration of H.R. 3. A bill to enhance the competitivenes of American industry and for other purposes (Rept. 100-67). Referred to the House Calendar.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

[Pursuant to the order of the House on Apr. 24, 1987 the following report was filed on Apr. 24, 1987]

Mr. de la GARZA: Committee on Agriculture. H.R. 1205. A bill to direct the Secretary of Agriculture to release a reversionary interest of the United States in certain land located in Putnam County, FL, and to direct the Secretary of the Interior to convey certain mineral interests of the United States in such land to the State of Florida; with an amendment; referred to the Committee on Interior and Insular Affairs for a period ending not later than April 25, 1987, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that commitee pursuant to clause 1(1), rule X (Rept. 100-65). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASPIN:

H.R. 2169. A bill to authorize appropriations for fiscal year 1988 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for fiscal year 1988 for the Armed Forces, to authorize appropriations for fiscal year 1989 for certain activities of the Department of Defense, and for other purposes; to the Committee on Armed Services.

By Mr. BENNETT:

H.R. 2170. A bill to establish a Commission on National Fiscal Priorities, and for other purposes; to the Committee on Government Operations.

By Mr. BONKER (for himself and Mr. Conte):

H.R. 2171. A bill to amend the Foreign Assistance Act of 1961 with respect to the trade and development program; to the Committee on Foreign Affairs.

By Mr. DINGELL (for himself, Mr. Markey, Mr. Slattery, Mr. Bryant, Mr. Cooper, and Mr. Eckart):

H.R. 2172. A bill to amend the Securities Exchange Act of 1934 with respect to corporate tender offers, and for other purposes; to the Committee on Energy and Commerce.

By Mr. DYMALLY:

H.R. 2173. A bill to provide for the development of educational programs relating to the contributions of Martin Luther King, Jr.; to the Committee on Post Office and Civil Service.

By Mr. HAMMERSCHMIDT:

H.R. 2174. A bill to amend title II of the Social Security Act to extend for 30 months the operation of provisions providing for continued payment of disability insurance benefits during administrative appeal of terminations of such benefits; to the Committee on Ways and Means.

By Mr. KONNYU (for himself, Mr. Lantos, and Mr. Porter):

H.R. 2175. A bill to suspend most-favored-nation trade privileges to Romania until that Government recognizes and protects fundamental human rights, and for other purposes; to the Committee on Ways and Means.

By Mr. THOMAS A. LUKEN:

H.R. 2176. A bill to establish a commission on intercollegiate athletics; jointly, to the Committees on Education and Labor and Energy and Commerce.

By Mr. OXLEY:

H.R. 2177. A bill to amend part D of title IV of the Social Security Act to provide that States which are unable to enforce payment of overdue child support by noncustodial parents must require such parents to perform public service employment sufficient to reimburse the Government for the costs involved; to the Committee on Ways and Means.

By Mr. RICHARDSON:

H.R. 2178. A bill to make technical corrections to title XV of the Higher Education Amendments of 1986, relating to Indian education; to the Committee on Education and Labor.

By Mr. THOMAS of Georgia:

H.R. 2179. A bill to improve the operation of the secondary market for certain loans guaranteed by the Farmers Home Administration; to the Committee on Agriculture.

By Mr. DANNEMEYER:

H.J. Res. 258. Joint resolution to designate June 7, 1987, as "National Family Day"; to the Committee on Post Office and Civil Service.

By Mr. BATES (for himself, Mrs. Schroeder, Mr. Mrazek, Mr. Jacobs, and Mr. Ford of Michigan):

H. Res. 150. Resolution amending the Rules of the House of Representatives to limit election expenditures by candidates for the House of Representatives; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

54. By the SPEAKER: Memorial of the legislature of the State of Nevada, relative to the purchase of environmentally sensitive land in the Lake Tahoe Basin; to the Committee on Interior and Insular Affairs.

55. Also, memorial of the legislature of the State of Minnesota, relative to lobbying activities by nonprofit organizations; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. McKINNEY introduced a bill (H.R. 2180) for the relief of Ivan Lendl; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 8: Mr. Badham.

H.R. 50: Mr. Nielson of Utah and Mr. Dornan of California.

H.R. 618: Mr. McGrath, Mr. Clarke, Mr. Sikorski, and Mr. AuCoin.

H.R. 758: Mr. Schuette and Mr. Upton.

H.R. 768: Mr. Weiss.

H.R. 804: Mr. Carper.

H.R. 1049: Mr. Gejdenson, Mr. Durbin, and Mr. Morrison of Connecticut.

H.R. 1068: Mr. McEwen and Mr. Lagomarsino.

H.R. 1086: Mr. Shumway and Mr. Thomas of Georgia.

H.R. 1101: Mr. Downey of New York and Mr. Murphy.

H.R. 1200: Mr. Levin of Michigan, Mr. Garcia, Mr. Fish, Mr. Frost, Mr. Fazio, and Mr. Hertel.

H.R. 1207: Mr. Lancaster and Mr. Tallon.

H.R. 1411: Mr. Traficant, Mr. Manton, Mr. Levin of Michigan, Mr. Conyers, Mr. Ackerman, Mr. Mfume, Mr. Solarz, Mr. Smith of Florida, Mr. Biaggi, Mr. Darden, Mr. Scheuer, Mr. Frost, Mr. Davis of Illinois, and Mr. Stokes.

H.R. 1496: Mr. DeLay.

H.R. 1751: Mr. Cheney.

H.R. 1770: Mr. McHugh and Mr. Torricelli.

H.R. 1811: Mr. Lipinski, Mr. Sunia, Mr. Ackerman, Mr. Perkins, Mr. Roe, Ms. Kaptur, Mr. Bevill, Mr. Solarz, Mr. Olin, Mr. Gray of Pennsylvania, Mr. Frank, Mr. Weiss, Mr. Feighan, Mr. DeFazio, Mr. Smith of Florida, Mr. Davis of Illinois, Mr. Darden, Mr. Bustamante, Mr. Martinez, Mr. Clarke, Mr. Udall, Mr. Fish, Mr. Conyers, Mr. Rahall, Mr. Boucher, Mr. Leland, Mr. Hochbrueckner, Mr. Gray of Illinois, Mr. Fazio, Mr. Richardson, Mr. Barnard, Mr. Manton, Mr. Towns, Mr. Borski, Mr. Torres, Mrs. Boxer, Mr. Davis of Michigan, Mr. McHugh, Mr. Hughes, and Mr. Mollohan.

H.R. 2150: Mr. Lent.

H.R. 2168: Mr. Matsui.

H.J. Res. 106: Mr. Hefner, Mr. Lagomarsino, Mr. Bevill, Mr. Kostmayer, and Mr. Bates.

H.J. Res. 116: Mr. McDade, Mr. Anderson, Mr. Daniel, Mr. Stenholm, Mr. Evans, Mr. Lancaster, Mrs. Byron, Mr. Price of North Carolina, Mr. Courter, Mr. LaFalce, Mr. McEwen, Mr. Holloway, Mr. Wortley, Mr. Rose, Mr. Gekas, Mr. Ireland, Mr. Leland, Mrs. Patterson, Mr. Buechner, Mr. Bennett, Mr. Davis of Illinois, Mr. Bilirakis, Mr. Sawyer, Mr. Petri, and Mr. Pepper.

H.J. Res. 121: Ms. Oakar, Mr. Wolf, Mr. Badham, Mr. Lowry of Washington, Mr. Tauzin, Mrs. Saiki, Mr. Coble, Mr. Morrison of Washington, Mr. Davis of Illinois, Mr. Roemer, Mr. Callahan, Mr. Hunter, Mr. Chandler, Mr. Hammerschmidt, Mr. Latta, Mr. Traficant, Mr. Sikorski, Mr. Hansen, Mr. Grant, Mr. Clarke, Mr. Hubbard, Mr. Eckart, Mr. Wylie, Mr. Bilbray, Mr. Donnelly, Mr. Stallings, Mr. Holloway, Mr. McMillen of Maryland, Mr. DeWine, Mr. Mfume, and Mr. Dannemeyer.

H.J. Res. 143: Mr. Gallegly.

H.J. Res. 150: Mr. English, Mr. Applegate, Mr. Derrick, Mr. Jontz, and Mr. Johnson of South Dakota.

H.J. Res. 166: Mr. Anderson, Mr. Atkins, Mr. Ballenger, Mr. Bevill, Mr. Boner of Tennessee, Mrs. Boxer, Mr. Brown of California, Mrs. Byron, Mr. Chandler, Mr. Chappell, Mr. Coelho, Mrs. Collins, Mr. Conyers, Mr. Davis of Illinois, Mr. Dellums, Mr. DeWine, Mr. Dixon, Mr. Dowdy of Mississippi, Mr. Dwyer of New Jersey, Mr. Dymally, Mr. Emerson, Mr. Espy, Mr. Fish, Mr. Flippo, Mr. Foley, Mr. Fuster, Mr. Guarini, Mr. Hall of Texas, Mr. Hayes of Illinois, Mr. Hefner, Mr. Henry, Mr. Howard, Mr. Hoyer, Mr. Hutto, Mr. Hunter, Mr. Hyde, Mrs. Johnson of Connecticut, Mr. Jones of Tennessee, Mr. Kasich, Mr. Kemp, Mr. Kildee, Mr. Kleczka, Mr. Kolter, Mr. Lagomarsino, Mr. LaFalce, Mr. Leland, Mr. Levin of Michigan, Mr. Levine of California, Mr. Lewis of California, Mr. Lipinski, Mrs. Lloyd, Mr. Lowry of Washington, Mr. Madigan, Mr. Mollohan, Mr. Martin of New York, Mr. Martinez, Mr. Matsui, Mr. Mazzoli, Mr. Miller of Washington, Mr. McDade, Mr. McEwen, Mr. McGrath, Mr. Mineta, Mr. Moakley, Mr. Moody, Mr. Murphy, Mr. Ortiz, Mr. Owens of New York, Mr. Panetta, Mr. Perkins, Mr. Rahall, Mr. Regula, Mr. Rinaldo, Mr. Rodino, Mr. Roe, Mr. Rose, Mr. Rowland of Georgia, Mr. Sawyer, Mr. Scheuer, Mr. Schumer, Mr. Shumway, Mr. Smith of New Jersey, Mr. Stenholm, Mr. Stokes, Mr. Sunia, Mr. Tallon, Mr. Tauke, Mr. Tauzin, Mr. Towns, Mr. Traficant, Mr. Udall, Mr. Valentine, Mrs. Vucanovich, Mr. Watkins, Mr. Waxman, Mr. Weber, Mr. Wilson, Mr. Wortley, Mr. Wyden, and Mr. Yatron.

H.J. Res. 194: Mr. Berman, Mr. Biaggi, Mr. Bonior of Michigan, Mr. Clay, Mr. Conyers, Mr. de la Garza, Mr. Fish, Mr. Hayes of Illinois, Mr. Lagomarsino, Mr. Levin of Michigan, Mr. Lewis of California, Mr. Mrazek, Mr. Sikorski, Mr. Smith of Florida, Mr. Towns, Mr. Vento, Mr. Walgren, and Mr. Fuster.

H.J. Res. 197: Mr. Tauke.

H.J. Res. 201: Mr. Bilbray, Mr. Guarini, Mr. Mineta, Mr. Pursell, Mr. Montgomery, Mr. McGrath, Mrs. Saiki, Mr. Kolter, Mr. Lowry of Washington, and Mr. de Lugo.

H.J. Res. 207: Mr. Dornan of California, Mr. Berman, Mr. Fuster, Mr. Pepper, Mr. Beilenson, Mr. Fauntroy, Mr. Fazio, Mr. Shaw, Mrs. Boxer, Mr. Wortley, Mr. Frost, Mr. Hughes, Mr. Stenholm, Mr. Gordon, Ms. Kaptur, Mr. Schuette, Mrs. Johnson of Connecticut, Mr. Davis of Illinois, Mr. Chapman, Mr. Wheat, Mr. Daub, Mr. Jacobs, Mr. Roybal, Mr. Nelson of Florida, Mr. Aspin, Mr. Sabo, Mr. Bennett, Mr. Perkins, Mr. Frank, Mr. Kennedy, Mr. Lancaster, Mr. Sunia, and Mr. Weber.

H. J. Res. 229: Mr. Berman, Mr. Dymally, and Mr. Frost.

H. Con. Res. 67: Mr. Lewis of California, Mr. Young of Alaska, Mr. Gunderson, Mrs. Schroeder, Mr. Traficant, Mr. Buechner, Mr. Lightfoot, Mrs. Johnson of Connecticut, and Mr. Donald E. Lukens.

H. Con. Res. 105: Mr. Badham, Mr. Schuette, Mr. Oxley, Mr. DeLay, and Mr. Daub.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3

By Mr. LENT:

(To the amendment in the nature of a substitute.)

—Page 757, beginning on line 11, strike out all of subsection (j) through line 21 and insert the following:

(j) Regulations.—

(1) Regulations required; deadlines for promulgation.—Not later than 90 days after the date of enactment of this Act, the Secretary shall, in accordance with the requirements of this subsection, publish for notice and public comment regulations to carry out this section. The Secretary shall prescribe final regulations to carry out this section not later than 180 days after such date of enactment.

(2) Contents of regulations.—Regulations prescribed by the Secretary under this subsection—

(A) shall establish forms and procedures for making the disclosures required by this section;

(B) shall establish procedures for indexing, and providing public access to, the information disclosed under this section;

(C) may define any term used in this section which is not defined in subsection (m) and may provide further clarification of any term which is defined in such subsection;

(D) may, subject to paragraph (3) of this subsection—

(i) exempt any person or interest or class of persons or interests, in whole or in part, or upon specific terms and conditions, from the requirements of this section, or exempt from public access the information disclosed by any person or class of persons, in whole or in part, or upon specific terms and conditions; or

(ii) establish procedures for the granting of such an exemption by order, upon application by any person;

(E) may prescribe means reasonably designed to prevent any person from evading or circumventing the provisions of this section; and

(F) may otherwise provide for the implementation of the provisions of this section.

(3) Criteria for exemptions.—No exemption may be granted pursuant to paragraph (2)(D) of this subsection unless the Secretary determines, in the proceeding to establish the exemption by rule or to grant the exemption by order, that the exemption is necessary in order to prevent a substantial impairment of beneficial foreign investment in the United States. In making such a determination, the Secretary shall consider the impact of foreign investment in the United States on—

(A) employment in the United States;

(B) Federal and State tax revenues;

(C) the balance of international trade;

(D) access to advanced technology;

(E) the cost and availability of capital to United States businesses; and

(F) the stability of United States markets in securities, real estate, and natural resources.

EXTENSIONS OF REMARKS

A MOCKING MEMORY

HON. JOHN LEWIS

OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES
Monday, April 27, 1987

Mr. LEWIS of Georgia. Mr. Speaker, on February 23, 1987, Alberto Armas-Castillo hanged himself in his prison cell. He had only recently come off suicide watch. Four days earlier, Santiago Peralta-Ocana died at the prison in what was initially described as a heart attack. However, later reports indicate that the FBI is investigating eyewitness accounts that Peralta was beaten to death by prison guards.

On November 26, 1986, Jorge Ramirez-Heredia died at the same prison. Authorities did not bother to inform his family until December 2, when Ramirez' naked body was shipped to Miami. Having spoken to Jorge only a few days prior to his death, the family is still seeking an explanation.

All three of these deaths occurred at the Atlanta Federal Penitentiary, which sits in the heart of my district. Opened in 1901, this facility no longer serves primarily as a prison; instead, it has become a detention facility for some 1,800 stateless Cuban detainees.

These detainees, along with another 1,500 or so, are not serving criminal sentences. Rather, they are being held because our Government has decided that their continued presence in this country is unacceptable. As part of the Mariel boatlift, these detainees came to the United States in 1980 when President Carter promised to greet them with "an open heart and open arms." Their continued imprisonment is, as the Boston Globe has recently described it, "a mocking memory, a reminder that they lack even the basic constitutional rights granted to illegal aliens who sneak over the border."

The plight of the Mariel Cubans, or "Marielitos," reminds me of a verse of scripture: "Do not mistreat foreigners who are living in your land. Treat them as a fellow Israelite and love them as you would love yourselves. Remember that you were foreigners in the land of Egypt." [Leviticus 19:33.] I believe we have failed this Biblical command in the case of the Marielitos. And, because I cannot ignore the presence of 1,565 unwanted souls who are imprisoned in my district, their status is an issue I choose to address today.

When President Carter welcomed the Marielitos to this country, little did anyone suspect that 125,000 would come. Yet, come they did, embarking on our shores, en masse. Unlike many prior refugees however, the majority of the Marielitos were of a lower economic class—and many of them were black. Expecting to find liberty, many were instead placed in detention centers around the country. Although all were eventually paroled, some 300 remained imprisoned in Atlanta and have been since their arrival. The Marielitos retained the status of "excludable" aliens; that is, unwanted by us and subject to arbitrary arrest and detention at any time.

That is the situation in which the 1,800 detainees in Atlanta find themselves today, along with some 600 in Oakdale, LA, some 75 in Minnesota, and hundreds of others around the country. These men and women are not serving criminal sentences, but they are detained solely because their immigration parole has been revoked. Some have committed crimes, however, many of those who were convicted have completed their sentences, yet remain imprisoned. In many instances, violators received probation or light sentences. Some detainees were only charged with minor crimes or even such minor transgressions as halfway house violations. Yet, in most instances, immigration authorities revoked the parole and are indefinitely detaining these people without trial or sentence.

In the words of one appellate court judge who heard the recently concluded litigation of this matter, "the Government can keep them in the Atlanta pen until they die." Last year, the Subcommittee on Courts, Civil Liberties, and the Administration of Justice issued a report on the situation there. The chairman of the subcommittee, the distinguished gentleman from Wisconsin, Mr. KASTENMEIER, characterized the warehousing of the Marielitos as "brutal and dehumanizing." Continuing, the chairman stated the conditions under which these persons live are worse than those which exist for the most dangerous convicted felons. The conditions of confinement do not appear to meet minimum correctional standards.

The situation in Atlanta is truly numbing and staggering. There have been at least 20 murders and suicides in the past 6 years. There have been over 150 serious suicide attempts and 4,000 episodes of self-multilation. I find myself in agreement with the distinguished gentleman from Wisconsin, our Nation's indefinite detention of Mariel Cubans in the antiquated, overcrowded Atlanta Penitentiary—and elsewhere for that matter—fails to meet any minimum standard of decency and perpetuates a cycle of frustration, violence, and despair.

In 1984, a riot was set off in the Atlanta Penitentiary when officers attempted to move a man into the disciplinary unit for reasons other detainees considered unjust. The Government prosecuted two Marielitos as ringleaders of the riot. Not only were the two found not guilty, members of the jury also said that the testimony from the American inmates and Cuban detainees was more credible than testimony from prison guards and officials.

The foreman of the jury, Mel Magidson, stated that "we are ashamed of our Goverment and the way things are going for those people." Juror Laquetta Goodman commented that "they're not having a hearing, they don't have a voice. Everybody in these United States should have a voice."

Recently, the Atlanta Federal judge, Marvin Shoob, who presided over this case for 6 years, commented after the litigation was concluded "the moral of the Cuban situation is it can happen here." Said Judge Shoob, "After some years pass and we can view this more dispassionately, there will be some real criticism of the decision to detain these people in a maximum security prison without trial for up to 6 years."

The courts have refused to act, and have accepted the legal fiction that the Marielitos are not here. For purposes of their legal status, the imprisoned Mariel Cubans are floating around in Miami harbor. But, ladies and gentlemen, they are not floating in Miami harbor. They are in our prisons and jails under indefinte detention. Eighteen hundred of them are in my district. Because the courts have refused to act, we must. In 1987 as we celebrate the bicentennial of our Constitution, we must extend to refugees due process of our laws.

Commissioner Nelson of the Immigration and Naturalization Service has recently stated that the Marielitos have more due process than "people in many places." I suggest to you ladies and gentlemen, as the Atlanta Constitution has recently suggested, that to find it sufficient that our conduct in this matter might favorably with policies in the Soviet Union, South Africa, or even Cuba for that matter, is ignominious and outrageous.

The immigration authorities have maintained that the Mariel detainees present dangers to society due to ciminal tendencies or mental problems. The INS now admits that not all the detainees are dangerous, contrary to the position it took as recently as a year ago. A few detainees have been processed and released from the detention center in Oakdale, LA. As for those with mental problems, I thought our society had progressed beyond confining mental patients in prisons on psychotropic medication. If there are detainees who have mental health problems, it strikes me that they ought to receive treatment in an appropriate setting.

As for the other Marielitos who are said to be "dangerous," they at least deserve a hearing on the matter with an opportunity to bring a lawyer, call witnesses, present evidence, and confront the evidence against them. At the present time, they have no such rights, but are at the whim and caprice of INS and Bureau of Prison officials who view them disparagingly as "Marielitos," a term I have used often today and one which has almost reached the level of a racial epithet.

Let me be clear. I accept the fact that their may be some Mariel Cubans in detention who may present dangers to society even through they are not serving criminal sentences. As long as aliens do not enjoy the full panoply of rights enjoyed by American citizens—a situation that Congress is not likely to soon change—some of those detainees may remain in detention. Nevertheless, what

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

should be required is the provision of basic due process for Cuban detainees. Each detainee should be granted the right to an individual hearing to determine whether or not he or she is a danger to society. The detainee should have the right to a lawyer, to present evidence and witnesses, and to contest the evidence against him. The rules and regulations and release criteria should be spelled out and clear to all.

If the detainee is found not to present a danger to society, he or she should be released under appropriate conditions; if the detainee is found to present a danger, he or she should be given a determinate sentence and an explanation of what conduct is required before eligibility for release will be considered.

I believe that due process protections are long overdue. The INS has the authority to administratively implement them immediately. If the INS fails to do so, this Congress must act. The present status of excludable aliens indefinitely detained cannot be permitted to continue.

Recently, Silvia Valdes, the wife of a Cuban detainee, visited me in my office. Her husband, Ernesto Valdez-Barcourt, came to this country, made his own way, and met and married Silvia, a citizen of the United States. They now have a young daughter, Nancy. On May 3, 1984, Ernesto was arrested for drug involvement. Released on bond, he was ultimately sentenced to a year in jail. He served his time and was released early due to good behavior.

Upon his release on November 1, 1985, he was picked up by the Immigration Service and has been detained ever since though he is not serving a criminal sentence. While I do not condone Mr. Valdes' involvement in selling drugs, he has done his time. He was sentenced to 1 year. Is he now to serve a life term? Is he to be deported to Cuba at some future date never to see his wife and child again? Does he not at least deserve a hearing on whether he has learned his lesson and can be released from indefinite detention?

In the case of Gerardo Mansur-Piniero and his wife Julia Martinez, both Marielitos. In 1984, both pleaded guilty to possession of an ounce of marijuana. Both were placed on probation. Upon reporting to their probation officer the Mansurs were arrested by immigration officials. Gerardo, since transferred to Florence, AZ, was immediately imprisoned in Atlanta, and his wife in Lexington, KY, where she remains. Their two young children, then 2 years and 4 months olds, were taken from them and put in foster care. The family has not seen each other since, and in a recent letter Gerardo reports that "of my children, it's more than a year that I have heard any type of news from them." Is this not excessive punishment for possession of an ounce of marijuana?

Such stories abound. These Cuban detainees, Marielitos; their wives, children, parents, and other loved ones, cry out for justice. It is a cry we can no longer ignore. Recently, one Marielito confined in Atlanta, Armando Sanchez-Garcia, expressed his frustrations in a poem I repeat here:

WE ARE

You see our faces
. . . look really mean
We are scum.
We are worse.
We have no end.
But look deeply inside us . . .
What do you see?
Are they hard faces?
Are they full of hate?
You know better than that!
It is pain and sadness.
It is crying and hurt.
It is the resentment of a victimized people, and ones suffering, weeping, and hopefully waiting!

I would like to conclude by recalling the words of the famed Soviet writer and dissident Aleksandr Solzhenitsyn. In volume 11 of his work, the Gulag Archipelago, a history of Soviet internment camps, there is a chapter entitled "Hand Over Your Second Skin, Too." Asked Solzhenitsyn:

> Can you kill a man whose head has already been cut off? You can. Can you skin the hide off a man when he has already been skinned? You can.

What Solzhenitsyn was referring to was the additional detention imposed after a prior prison term had been served. Sardonically, the author continues:

> Oh, blessed are those pitiless tyrannies, those despotisms, those savage countries, where a person once arrested cannot be arrested a second time! Where once in prison he cannot be reimprisoned. Where a person who has been tried cannot be tried again! Where a sentenced person cannot be sentenced again! But in our country [the Soviet Union] everything is permissible. When a man is flat on his back, irrevocably doomed and in the depths of despair, how convenient it is to poleax him again.

Mr. Speaker, we do not maintain gulags in this country. We are not the Soviet Union or South Africa. Because they have no strong or wealthy constituency, it has been easy enough for us to ignore the plight of the Marielito detainees. However, I have 1,565 imprisoned in my district who are there solely as a result of their status—not as punishment for any crime. I cannot ignore them. It is long past time for us to demand that elemental concepts of justice, decency, and human dignity prevail.

KILDEE HONORS MR. JOHN W. HUNTER

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. KILDEE. Mr. Speaker, I rise today to urge the distinguished Members of this House to join me in honoring Mr. John W. Hunter, a man who has served the people of Michigan and the Flint area for more than three decades as a dedicated volunteer and a devoted public servant.

As we who reside in the Seventh Congressional District well know, Mr. Hunter is a hard-working man, with 30 years of experience with Chevrolet Manufacturing. During this time, he has been an active member of the United Auto Workers, helping to further the rights and opportunities of his fellow plant workers and their families. But Mr. Hunter's contributions extend far beyond his work in the automotive industry. He has been a tireless figure in serving the people of Michigan in political, social, and human rights circles.

Mr. Hunter served for an illustrious 12 years on the Genesee County Board of Commissioners, working as chairperson of the Genesee County Human Resources, Equalization, and Personnel Committees from 1977 to 1982. He also served as vice chairperson of the Administrative Service, Finance, Governmental Operations, and Human Resources Committees. While serving on the Genesee County Board of Commissioners, John Hunter was a strong leader who deeply believed in government for the people and by the people. He was a politician who never allowed politics to dictate his decisions, and he remains a dignified man who never compromises his values. Mr. Hunter has also served the Democratic Party as political director of the Genesee County Democratic Black Caucus and as a precinct delegate to county and State Democratic conventions. He is currently serving as a member of the Genesee County Road Commission, the first black ever to serve on the commission. In his capacity as a public official, Mr. Hunter has exhibited a deep sense of compassion, and a true understanding of the problems facing the people he represents. John Hunter always has been, and I know will continue to be, a champion for those who are the most economically vulnerable in our society.

In addition to his work as an elected official, Mr. Hunter has participated in numerous volunteer organizations, including the National Association of Counties, Michigan Association of Counties, Flint Bicentennial Commission, Genesee County Substance Abuse Commission Advisory Board, Model Cities Economic Development Corporation, Urban League of Flint, NAACP, and the Genesee Federation of the Blind. Mr. Hunter's caring and humanistic activities have also stretched into the field of health, where he has served on the Genesee County Board of Health and the board of directors of the Genesee Memorial Hospital. In honor of Mr. Hunter's selfless work, the Genesee Memorial Hospital has named the ambulatory wing of the hospital in his behalf.

The tireless efforts of this man have been recognized by the Black Business and Professional Women's Organization, which presented Mr. Hunter with their leadership award in 1978. He has also been listed twice in Who's Who Among Black Americans.

Mr. Speaker, I am pleased to have this opportunity to recognize the work of Mr. John W. Hunter. His efforts for the people of Michigan have established him as a community leader and a credit to the State of Michigan and the people of this country. Mr. John W. Hunter has given of himself for the good of his fellow man, and I am honored to have the opportunity to pay tribute to him.

THE CHALLENGE OF AMERICAN CITIZENSHIP

HON. LOUISE M. SLAUGHTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Ms. SLAUGHTER of New York. Mr. Speaker, I ask my colleagues to join me in extending congratulations to Effie C. Anagnostopoulos of Mendon, NY, the New York State winner of the 1986/87 Veterans of Foreign Wars and Voice of Democracy Scholarship Program.

Each year the VFW and its ladies auxiliary conduct the Voice of Democracy broadcast scriptwriting contest. This year more than 300,000 secondary school students participated in the competition.

Effie is a senior at Honeoye Falls-Lima High School. I would like to share with you her winning entry on "The Challenge of American Citizenship."

THE CHALLENGE OF AMERICAN CITIZENSHIP

American citizens are endowed with the gifts of a nation conceived in liberty and dedicated to the proposition that all men are created equal. In no other country of the world have so few words inspired such sacrifices as the American people have endured to uphold their dream. And in no other country of the world has the dream of its people been more successful. Now, we are faced with the challenge of remembering and honoring those who have endured hardships in the name of democracy and given up their lives so that their children may lead better ones.

Two hundred years ago, our forefathers faced the tremendous challenge of instituting those ideals to which they had pledged their lives, their fortunes, and their sacred honor. To this effort, they brought Washington's fortitude and strength of character, Jefferson's love of democracy, and Franklin's wit and wisdom. These men dared to believe in the virtue and judgement of every man in an age when most people believed that these characteristics belonged solely to aristocrats. We must remember the constant faith the forefathers had for the wisdom and intelligence of the individual, and we must strive to not only fulfill, but to exceed, their expectations of virtue and knowledge.

Perhaps the greatest thing about America is that it proves that the beliefs of the founding fathers were based on solid foundations. The common man, through uncommon perseverance and strength of character, has managed to make it the prosperous and peaceful land that it is today. As I study and learn our country's history, I am profoundly moved by the sacrifices and efforts put forth by the American people to rise to the level of the challenges they had to face. From the fundamental problems of the founding fathers, to the hardships suffered during the two World Wars and the Great Depression, to the struggle to adapt to a rapidly changing society in the 1960's, the American people have found the strength to face their challenges. We must remember and honor these people and not take their effrots for granted. They strived to make America better for their children and we, who now enjoy the fruits of their labor, must always remember them and be grateful.

All too often, when times are good, we tend to loose that spirit and fire that motivated the builders of this country. This is another reason why we must remember the great debt we owe to our ancestors. We must make our vows to uphold the priniciples of democracy an integral part of our philosophy. It is not necessary that we constantly wave flages, or shout out our beliefs to the world; but it is necessary that we constantly strive towards them in our actions and words.

As I stand on the brink of adulthood, I think of those who have made their VOWS silently and seriously. These are the men and women that have made democracy possible. To them I am immensely gratefuly because they have given me the priceless gifts of opportunity and education. And it is to them that I now make my vow to support our country and pass on the gifts they have given me. Yes, there are many challenges that face Americans today, but the real challenge is what it has always been; to meet our problems with the full strength and integrity of our character and not yield to despair.

STATEMENT FOR HEARING ON PROPOSED BUDGET CUTS

HON. BENJAMIN L. CARDIN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. CARDIN. Mr. Speaker, I would like to bring to the attention of my colleagues testimony by Joseph T. Durham, president of the Community College of Baltimore. Mr. Durham attended my town meeting on the Federal budget to detail the effects the President's proposed budget would have had on his institution and its students. While Mr. Durham speaks directly to the situation at the Community College of Baltimore, his message rings true for all institutions of higher learning.

STATEMENT FOR HEARING ON PROPOSED BUDGET CUTS

(By Joseph T. Durham, President, Community College of Baltimore)

I would like to thank representatives Cardin and Mfume for allowing me the opportunity to respond to the impact of the federal budget cuts on the Community College of Baltimore. I wish it were not necessary for us to be here tonight to justify funding in programs that are so vitally needed for college students, residents of the city of Baltimore, and the state of Maryland.

It appears to me that the current Administration, in developing its budget proposal, was not concerned with the needs of higher education. Rather, the president was concerned with accomplishing the goals of Gramm-Rudman-Hollings. My belief is supported by the members of Congress who did not take the President's proposed budget seriously.

Gentleman, I say to you concerning the funding of the Title IV student financial aid programs, the President and Congress have not lived up to the funding commitment they made to the American people in Higher Education Amendments of 1980. I would like to discuss the Pell Grant, Supplemental Educational Opportunity Grant, and College Work-Study Programs. First, the Pell Grant program, which has approximately three million applicants annually (3,800 of whom are attending our College), was supposed to have been funded at a maximum eligibility of $2,600 for FY 85-86. I do not have to tell you that the appropriation for the Pell Grant Program has just reached a maximum eligibility of $2,100 per student for the next fiscal year. Let me add that the way the Pell Grant Program is structured, only 60% of a student's need is met. That is why one cannot seriously consider the President's proposed budget, which recommends that we reduce the number of Pell Grant recipients by 39% and reduce the funding by 20%.

The impact of such drastic cuts will have a devastating effect on the students attending the Community College of Baltimore. The College would lose 1,482 students and approximately 1.3 million dollars.

Secondly, the proposed elimination of the College Work-Study/Job Location Development Programs would be a nightmare for most colleges. These employment programs are an integral part of the part-time employment activities at our institutions; therefore, we would have to find other resources to fund our institutional employment programs. Approximately 775 students would be eliminated from the programs, and we would lose $1,120,630.

Finally, the proposed elimination of the Supplemental Educational Opportunity Grant Program would result in the College losing $716,764. In addition, 1,502 students would also be eliminated from the program.

The College's formula for funding is enrollment driven; therefore, the proposed reductions would also have an adverse effect on the dollars allocated by the state and the city of Baltimore.

Again, I assume you that the proposed budget cuts would be devastating for all students in Maryland, and especially for the students enrolled at the Community College of Baltimore.

Overall, the proposed budget cuts would result in a $3,146,395 reduction in federal funds and a reduction of 3,159 financial aid recipients. This translates into a 53% cut in our federal funding and a 62% decrease in our student financial aid population.

In addition, if these cuts are realized, they will negate all the hard work the Congress did on the Higher Education Amendments of 1986.

Gentlemen, as you go about your work in the Congress, I request that you enlighten the President and your colleagues on the importance of the Title IV student financial aid programs. The investment in these programs will pay off in the future if we educate our citizens today.

Thank you for the opportunity to express my concerns about the President's proposed budget cuts. Are there any questions?

PACIFIC COUNTY IN DISTRESS

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. BONKER. Mr. Speaker, previously today, I spoke on the floor to describe the fiscal plight of a county in my district that is on the verge of bankruptcy. Pacific County, in southwest Washington, facing diminishing revenues and rising costs, recently transmitted a resolution to the Washington State Legislature asking for help.

I'd like to request permission to reprint the resolution in its entirety.

BEFORE THE BOARD OF COUNTY COMMISSIONERS, PACIFIC COUNTY, WASHINGTON

RESOLUTION NO. 87-030—IN THE MATTER OF NOTIFYING THE LEGISLATURE AND THE GOVERNOR OF THE NEED FOR EITHER ADDITIONAL FINANCIAL RESOURCES AND/OR RELIEF FROM MANDATED SERVICES, OR THE MEANS FOR THE COUNTY TO DECLARE BANKRUPTCY

Whereas, Washington counties are subdivisions of the State of Washington and, as such, are charged with the obligation of providing various general governmental services in accordance with the provisions of the Constitution and the laws and administrative rules and regulations of the state; and

Whereas, in addition to the health, safety and welfare services that have become expected by the general public and mandated upon municipal governments, county-provided general government also includes such things as:

voter registration and election services, which the court has determined to be the principal duty of counties;

licensing and recording services;

property appraisal and tax assessment, collection and distribution services;

civil and criminal justice system, including indigent defense, probation and detention/correction services, for juveniles as well as adults;

solid and hazardous waste management;

mental health and retardation services;

soldiers' and sailors' relief services;

Whereas, in recent years state government continued to add to the duties and responsibilities of the various municipal governments, especially those of counties, without regard to the resources available to furnish these additional services; and,

Whereas, city governments may have some flexibility in generating the financial resources necessary to offset the economic impacts of these ever-increasing requirements, county government options are basically inflexible and, for the most part, currently being utilized to the maximum legal limits available; and,

Whereas, forest products revenues, which constituted nearly forty percent (40%) of this county's operating resources as recently as six years ago, provided less than three percent (3%) of last year's resources, a loss of nearly two million dollars ($2,000,000) a year; and,

Whereas, another quarter million dollars ($250,000) each year, approximately three percent (3%) of operating funds, has been lost by this county as a result of the termination of the federal general revenue sharing program last year; and,

Whereas, substantial increases have occurred in general liability insurance premiums as a result of the recent insurance crisis and in telecommunication charges due to U.S. District Court Judge Green's decision regarding the divestiture of American Telephone and Telegraph; and,

Whereas, in an effort to continue as many of the mandated, county-provided services as possible while crisis relief was being sought through the Legislature, cash reserves have been depleted; and,

Whereas, thirty percent (30%) of this county's deputy sheriffs were laid off last fall to continue to operate within financial means and, unless an excess property tax levy for improving law enforcement services within the county being considered by the voters at a special election scheduled for May 19th is successful, only two deputy sheriffs, twenty percent (20%) of the traditional level, will be available for the entire county later this year; and,

Whereas, this county's operating expenses to provide these mandated services are nearly twenty-five percent (25%) more than the operating income that the county now has available to provide with; and,

Whereas, while the Legislative has considered tax options for municipal governments during the current session, none of which would have provided Pacific County with even enough to offset the loss of federal general revenue sharing and less than ten percent (10%) of the resources needed to continue operation at the basic level of county-provided services established within the last decade, recent legislative actions have apparently removed all these options and no additional tax support will be available for municipal governments; and,

Whereas, this county's only available taxing authority would eliminate most, if not all, of the special districts' property taxing powers, including the county-wide hospital district, eight fire districts, and the Timberland Regional Library District, and would very likely negatively affect the cities' and the state's property taxing authorities; now, therefore,

Be it hereby resolved by the Board of County Commissioners, County of Pacific, State of Washington, that the Legislature and the Governor of this State be requested to either provide this county and other counties and cities of this state additional financial resources and/or relief from various mandates, or prepare for this county's and other municipal governments' financial collapse, including providing the means to deal with it such as legalizing bankruptcy for municipalities; and,

Be it further resolved that a copy of this resolution be furnished to Senator DeJarnett and Representative Basich, this county's legislators, in addition to the Secretary of the Senate, the Chief Clerk of the House of Representatives and the Governor.

INTRODUCTION OF A BILL TO AMEND TITLE II OF THE SOCIAL SECURITY ACT

HON. JOHN P. HAMMERSCHMIDT

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. HAMMERSCHMIDT. Mr. Speaker, today I am introducing a bill to amend title II of the Social Security Act by extending for 30 months the provision for disability insurance [DI] benefit continuation through the administrative law judge [ALJ] decision for claimants who appeal their terminations. Under the current law, claimants filing for appeals cannot elect the continuation of benefits after January 1, 1988. Those receiving extended benefits cannot do so beyond June 1988. Under my bill, claimants may elect to have continued benefits through July 1, 1990, and payments would continue through December 1990.

The impetus for this amendment dates back to the 1980 Social Security Amendments, signed into law by President Carter, which required regular and periodic review of the disability rolls. While the concept may have been sound, the Social Security Administration [SSA] was not adequately staffed to administer the review process. In 1980 SSA was straining its resources to review 100,000 cases. The 1980 amendments required SSA to review 500,000 cases in 1982 and 700,000 in 1983, a 500 percent and 600 percent increase over 1980 levels. In March 1981, the Social Security Administration began the accelerated review of claimants receiving DI payments. By December 1982, about 200,000 people had been terminated from the DI rolls. Of the 50 percent of claimants who appealed their terminations, 67 percent had been returned to the rolls through the appeals process. During each succeeding month, it was projected that 53,000 cases would be reviewed and 22,000 beneficiaries would be terminated. At least 7,500 of those beneficiaries would have been erroneously terminated each month and taken off the rolls with, at most, 2 months' notice.

Many of these people had no income other than their disability insurance. The effect on those people who were erroneously terminated and their families was tragic. There were documented cases of people committing suicide after receiving their termination notices. There were people who died from conditions, that SSA said they didn't have or weren't serious enough to keep them from working. Many people experienced severe financial setbacks including the loss of all their assets, homes, furniture, and cars. Additionally, when claimants lost their DI benefits, they also forfeited their Medicare coverage. Therefore, many people were unable to get necessary medical care when their benefits were terminated and their health conditions worsened.

In April 1982 the Social Security Subcommittee developed H.R. 6181, legislation which would alleviate some of these serious problems. One section of the bill would have allowed beneficiaries who were terminated to elect to have benefits continue through the reconsideration level, the first stage of the appeals process.

At that time it was taking, on the average, 6½ months to get an ALJ decision following reconsideration and an additional 6 weeks to receive a check if the case were favorably determined. For this reason I decided to offer the amendment to continue benefits through the ALJ decision and not limit payments to the reconsideration period. I was prepared to testify before the Rules Committee to seek a rule which would allow me to offer my amendment on the House floor. With all the congressional hearings and the strong public outcry, there was reason to believe that a favorable rule would be granted. Just prior to the hearing before the Rules Committee, H.R. 6181 was withdrawn from consideration by the Ways and Means Committee.

A new bill was drafted by the Ways and Means Committee which among other things included by amendment to continue benefits through the ALJ level.

The final bill agreed upon the House and Senate, H.R. 3755, contained the provision to continue benefits through that ALJ level but this provision now included an expiration date of January 1, 1988.

It has been 3 years since Secretary Heckler ordered the moratorium on continuing disability reviews [CDR]. As I understand it, SSA is starting the CDR process again this year and expects to have 216,000 cases reviewed in fiscal year 1987. I am concerned that the State DDS offices will have difficulty processing these additional cases. Most have had staff reductions during the 3-year period and many offices will continue to lose staff under SSA plans. In addition, the DDS staff will be working for the first time with the 1984 amendments. The regulations on medical improvement and mental impairment will be utilized for the first time. Authorities at SSA agree that no one can be sure, at this time, how long it will take for a case that is terminated at the CDR to go through the appeals process.

If we again find ourselves with a lengthy and overburdened appeals process, we must ensure that claimants are not faced with serious financial losses and the loss of their Medicare coverage. The 30-month extension of benefits and Medicare will provide Congress and SSA the opportunity to see how the new review process is working and at the same time protect the beneficiaries and their families.

KILDEE HONORS NORTHERN HIGH SCHOOL ALUMNI ASSOCIATION

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. KILDEE. Mr. Speaker, I rise today before the Members of the House of Representatives to pay tribute to the Alumni Association of Northern High School of Flint, MI. The alumni association has established a three-part endowment and enrichment program which will greatly aid student educational opportunities at the school. This revolutionary three-part program will strengthen the community of Flint and serve as a unique example to the educational system in this country.

Beginning in 1987, the first part of the alumni association's program will be the provision of annual scholarships to students. The funds for these scholarships will come from an endowment established through the Flint Board of Education. The criteria for the scholarships will be developed and approved by the trustees.

Second, with a Distinguished Fellow Award, the association will annually recognize outstanding graduates of Northern High School for their achievements and their service to the community. The alumni association will also present the Frances B. Lyon Distinguished Staff Award to an outstanding faculty member. Lyon served as the dean of girls from the year the school opened in 1928 until her retirement in 1964. Norbert Badar, who retired after a long and storied career as a teacher and track coach at Northern, was recently named the recipient of this year's Francis B. Lyon Award.

Third, the association will work with Distinguished Fellow Award winners and other graduates to form a graduate training group which will subsequently share their life experiences with current members of the student body. This aspect will provide a fresh educational perspective and a positive stimulus for students.

The alumni association's Distinguished Fellow Awards were recently presented to five Northern High School graduates. Samuel Carpenter was a stellar athlete at Northern in the 1930's and a decorated World War II hero. Carpenter was an official of the United Auto Workers and was recognized and honored by President Lyndon B. Johnson. Thomas E. Darnton, a 1934 Northern graduate, retired as the vice president of General Motors in 1980 and has been an active alumnus at Michigan State University.

Roger M. Hehn is an internationally renowned dentist who devoted his life to delivering health care to the people of Central and South America. He also served during World War II after his graduation from Northern. James L. McCrary was a star athlete at Michigan State University and taught for 29 years at the Moore School for Boys in Detroit. He was honored by the Michigan House of Representatives in 1974 for his many humanitarian achievements. Eleanor Ruth Vorce taught for nearly 40 years at the Lexington, NY, School for the Deaf and received international acclaim for her contributions to the education of handicapped people.

By honoring these Northern High School graduates, the alumni association has sent a beacon of light to high school students, to encourage them to strive for the highest achievements for themselves and their fellow man. By honoring these community leaders and by providing financial and educational opportunities, the Northern High School Alumni Association has provided a great service to the people of Flint. The effects of their efforts will be felt for years to come.

Mr. Speaker, I urge my colleagues to join me in saluting the generous work of this organization. Its contributions should serve as a model for educational systems throughout the country, and I am proud to have the opportunity to rise today and pay tribute to the members of the Northern High School Alumni Association.

ABORTING THE ERA

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. SMITH of New Jersey. Mr. Speaker, in recent years State affiliates of the American Civil Liberties Union [ACLU] have sought to use State equal rights amendments [ERA's] to compel those States to pay for abortions. They have made such arguments in Connecticut, Hawaii, Massachusetts, and Pennsylvania.

In April 1986, Judge Robert I. Berdon of Connecticut's Superior Court accepted the ACLU's argument, saying: "Since only women become pregnant, discrimination against pregnancy by not funding abortion is sex-oriented discrimination."

Clearly, if the Federal ERA is adopted without explicit abortion-neutral language, ACLU attorneys will rush into Federal court in an effort to have the Hyde amendment and other Federal limitations on abortion funding invalidated. A very straightforward amendment has been proposed by Congressman JIM SENSENBRENNER that would eliminate the ACLU-inspired abortion-ERA connection. I believe that this amendment deserves the support of all Members of Congress, regardless of their position on the issue of abortion funding.

In the May 1987, edition of American Politics, Douglas Johnson, legislative director for the National Right to Life Committee, presents a very persuasive case for the adoption of an abortion-neutral amendment to the ERA. I strongly recommend this article to my colleagues and to all concerned individuals who share my view that the ERA should be approved by Congress in a form that will enable it to be ratified by the required 38 State legislatures.

At this point, I wish to insert Mr. Johnson's insightful article in the RECORD.

The article follows:

[From American Politics, May 1987]

ABORTING THE ERA

(By Douglas Johnson)

Does Democratic control of the U.S. Senate, coupled with the current heightened public interest in the Constitution, create an environment favorable to launching a revival of the Equal Rights Amendment?

Many feminist leaders think so. At a recent Washington press conference, spokeswomen for 16 liberal women's groups said that the E.R.A. was their top legislative priority for the 100th Congress. They predicted overwhelming approval.

Despite their confidence, however, this effort to revive the E.R.A. is certain to fail. The chance that Congress will pass the E.R.A. this year or next is slim. If it were passed, the chance that the amendment would be ratified by the required number of states is zilch. The main reason? Abortion.

Many people used to think that there was no connection between the E.R.A. and abortion. But the American Civil Liberties Union has changed all that.

Sixteen states have added equal rights amendments to their state constitutions. In four of those states, A.C.L.U. lawyers have argued in court that the state's refusal to pay for abortions under Medicaid constitutes a violation of that state's equal rights amendment. Briefly stated, their argument goes something like this: Abortion is a medical procedure sought only by women; therefore, a law that treats abortion differently from other medical procedures is a form of sex discrimination.

To date, the courts have given a final answer to this argument only in Pennsylvania and Connecticut. In Pennsylvania, a judge accepted the A.C.L.U.'s position, and the state was compelled to pay for elective abortions for a year. The State Supreme Court, whose members are elected, reversed that decision. More recently, in Connecticut, the A.C.L.U.'s victory was more, complete. Connecticut's Medicaid program paid for abortions only to save the mother's life or in cases of rape and incest. Last April, Judge Robert I. Berdon of the Superior Court declared this policy unconstitutional under the state's equal rights amendment and ordered the Medicaid program to pay for all physician-performed abortions.

"Since only women become pregnant, discrimination against pregnancy by not funding abortion . . . is sex-oriented discrimination," Berdon rules, accepting the A.C.L.U.'s argument virtually verbatim.

Berdon's ruling was a stunning breakthrough for the attorneys at the A.C.L.U.'s Reproductive Freedom Project in New York, who masterminded the equal rights amendment abortion linkage. They were given a precedent to use in attacking anti-abortion laws in other states that have equal rights amendments. Already, the Project has published a booklet that encourages E.R.A.-based legal challenges to state laws that require physicians to notify parents before performing abortions on minors.

Ironically, however, the Connecticut ruling had another effect: It hammered the final nail into the coffin of the proposed Federal E.R.A., at least in its traditional form.

Connecticut's equal rights amendment is functionally equivalent to the proposed Federal E.R.A., which states that "equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex." Therefore, the A.C.L.U.'s equation of sexual equality with abortion rights could just as easily be applied to the Federal version.

Indeed, pro-abortion attorneys now openly admit that they believe the Federal E.R.A. should be interpreted as invalidating anti-abortion laws. As Lynn Paltrow, Reproductive Freedom Project staff attorney, put it in a speech last October: "They [Opponents of E.R.A.] say the E.R.A. will lead to funding of abortion. I say, I hope so."

(Such candor is a recent development. Just a few short years ago, conservative activists who suggested a connection between the E.R.A. and abortion funding were regularly ridiculed by feminist leaders and skeptical editorial writers.)

If a Federal E.R.A. were interpreted as the A.C.L.U. desires, in other words, it would invalidate almost every existing Federal and state law dealing with abortion. The Hyde Amendment, which prohibits Federal funding of most abortions would obviously be declared unconstitutional, as would similar laws in 36 states. According to Federal Judge John T. Noonan Jr., an eminent Constitutional scholar, the E.R.A. would also jeopardize laws in 44 states that allow doctors, nurses and hospitals to refuse to participate in abortions without being penalized. (Abortion-rights lawyers have long criticized such laws as constituting state approval of "discrimination.") Furthermore, the E.R.A. would provide a solid constitutional foundation for legal abortion—a foundation that, according to former Solicitor General Rex Lee, Judge Noonan and others, would endure even if the Supreme Court reversed Roe v. Wade.

You may regard these potential outcomes with approval or horror, but my aim is not to discuss the merits of the A.C.L.U.'s position. Rather, I would like to make a political point: Now that everyone understands that the E.R.A. may have such a significant impact on abortion law, it cannot possibly inspire the degree of political consensus it needs to become part of the Constitution. Although the E.R.A. had problems during its first go-round, its defeat was never a foregone conclusion. But, by creating an undeniable link to abortion, the A.C.L.U. has erected a political obstacle that backers of the amendment will find insurmountable.

Approval of a Constitutional amendment requires an extraordinary degree of political consensus. A two-thirds vote in favor in each house of Congress must be followed by ratification by three-quarters (38) of the states. Ratification in any state requires a favorable vote in both houses of the state's legislature, with the exception of Nebraska, which was a unicameral legislature. Put another way, if as few as 13 of the 99 state legislative houses oppose ratification, the amendment will not become law.

The original E.R.A., approved by Congress in 1972, failed to obtain approval by the required 38 states despite an unprecedented 10-year ratification period. Thirty-five legislatures approved the amendment, with five later rescinding their approval. (The legality of such rescissions is an unresolved legal issue.)

Despite considerable political mythology to the contrary, anti-abortion sentiment was not a major factor in the battle over ratification of the original E.R.A. Pro-life opposition was important in only a handful of legislatures, and only during the final years of the ratification effort. Twenty-two of the 35 states that approved the amendment did so even before the Supreme Court's Roe v. Wade ruling provoked a national anti-abortion movement. Twelve more states approved the E.R.A. before government funding of abortion became a volatile issue in 1976.

But the A.C.L.U.'s success in entangling the E.R.A. with abortion has drastically changed the ratification prospects for the amendment in its second go-round. If Congress submits the traditional E.R.A. wording to the states again, the amendment will be rejected in many of the same legislatures that ratified it with little fuss during the early 1970s.

In at least 10 of those ratifying states, one or both legislative houses are now strongly anti-abortion, reflecting the politically energetic anti-abortion organizations that have developed over the past 10 years. These states are Idaho, Indiana, Kentucky, Massachusetts, Michigan, Minnesota, Nebraska, North Dakota, Pennsylvania and South Dakota.

In addition, anti-abortion sentiment would all but guarantee rejection of the E.R.A. in most, if not all, of the 15 state legislatures that never ratified the original amendment. The major anti-abortion groups, which worked against the E.R.A. in only a few of these states during the 1972–82 ratification campaign, would be far more active in galvanizing opposition this time.

In a second ratification fight, single-issued anti-abortion political organizations, most of which are federated in the National right to Life Committee, would be joined by several large religious bodies that mounted no significant opposition to the E.R.A. during the 1972–82 campaign. Among these would be the affiliate denominations of the National Association of Evangelicals, a church group with 47,000 member churches that should not be confused with the religious right.

Most of the nation's Roman Catholic bishops would also be allied with the anti-E.R.A. coalition. The E.R.A. enjoyed substantial public support from members of the Catholic hierarchy during the 1970s, but the A.C.L.U.'s legal efforts have changed that. Following the A.C.L.U.'s initial succession using Pennsylvania's equal rights amendment as a pro-abortion legal weapon, the National Conference of Catholic Bishops announced that it would "have no alternative but to oppose" the E.R.A., unless it is amended to prevent it from affecting abortion laws.

Growing opposition by the Catholic bishops and other pro-life forces has already effectively halted the addition of equal rights amendments to state constitutions. Since 1982, anti-abortion sentiment has been primarily responsible for defeating state equal rights amendments in legislatures in Minnesota, Rhode Island, Wisconsin and New York. To the surprise of many political observers, even voters in Maine (1984) and Vermont (1986) rejected equal rights amendments. In both states, contentious public debates centered on the abortion issue, and bitter feminists leaders gave anti-abortion forces much of the credit (or blame) for the surprising outcomes.

As University of Vermont professor of political science Garrison Nelson told the New York Times after the Vermont vote: "If the E.R.A. can't win in Vermont, it can't win anywhere, because the right conditions were present."

Abortion has become the albatross around the E.R.A.'s neck. The current Congress is unlikely to approve an amendment that may be construed as supporting abortion or state funding of abortion. The E.R.A.'s only chance of passage by this Congress hinges on whether its proponents agree to a revision that will make the amendment inapplicable to abortion.

A modification of this sort was first proposed in 1983 by Congressman F. James Sensenbrenner, a Wisconsin Republican who, although a conservative, voted to ratify the E.R.A. when it came before the Wisconsin legislature in 1972. The Sensenbrenner clause would revise the E.R.A. to explicitly state that it would not "grant, secure or deny any right relating to abortion or the funding thereof." This revision would not change the current legal status of abortion, nor would it permit the E.R.A to be employed for anti-abortion purposes. It would simply render the E.R.A. neutral on abortion.

When the E.R.A. last came before the House of Representatives in 1983, feminists leaders recognized that the Sensenbrenner clause would command majority support. To prevent this, they persuaded then-Speaker Tip O'Neill to permit only a single up-or-down vote on the traditional language. They were stunned when the E.R.A. was defeated by six votes, with many anti-abortion Democrats and E.R.A. co-sponsors voting against it.

It is unlikely that an unamended E.R.A. will fare any better in this Congress. Over 60 liberal and moderate House members consistently vote against abortion, and the A.C.L.U. has made it impossible for them to plausibly argue that there is "no connection" between the E.R.A and abortion.

Moreover, many pro-choice Congressmen think that an E.R.A. is needed for reasons that have nothing to do with abortion. In growing numbers, they are recognizing that the E.R.A. is doomed for the foreseeable future unless it is revised to remove it from abortion politics. Even pre-eminent liberal Congressman Barney Frank of Massachusetts recently wrote on a National Right to Life Committee questionnaire that he would support the Sensenbrenner clause "if necessary to pass E.R.A."

For the anti-abortion movement, blocking the traditional E.R.A. is a purely defensive effort. Anti-abortion leaders find the Sensenbrenner solution appealing because it would allow them to forget about the E.R.A. and redirect their full energies to more affirmative goals.

The E.R.A. is at a critical juncture. If a sufficient number of pragmatic pro-choice Congressmen were to accept the Sensenbrenner solution, the E.R.A. could be restored to political viability. If, on the other hand, Congress resubmits the E.R.A. to the states without the Sensenbrenner revision, the anti-abortion forces will be waiting in the state legislatures, and it will all be over but the shouting.

IN SUPPORT OF THE ESTABLISHMENT OF A COMMISSION ON INTERCOLLEGIATE ATHLETICS

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. THOMAS A. LUKEN. Mr. Speaker, today, I reintroduced a bill to form a Commission on Intercollegiate Athletics that would report to the Congress and the President on how to stop abuses in college sports programs and to stop the exploitation of athletes in these programs. It is long past time to decommercialize college sports and put educators back in control of the entire university.

Last year in the 99th Congress, the House passed my proposal as part of the omnibus drug bill. In conference with the Senate, the relevant provisions were incorporated in the White House Conference for a Drug Free America. The White House Conference was directed to study the exploitation of students in major league college sports, especially as it relates to drugs and drug abuse, and to transmit a final report to the Congress and the President no later than 6 months after the effective date of the legislation, October 27, 1986.

To date, no action has been taken by the President to convene the White House Conference. The deadline for a report is on us, and the President has yet to appoint the first delegate to the Conference.

But much has occurred on the student athlete front. The situation at SMU demonstrates that the problems persist and are bigger than ever. A Commission designed to address those problems effectively is needed now more than ever. And, it is clear the Congress will get no help from the White House.

I believe that current student athlete policies threaten the very foundation of America's educational system. As the athletic director for one of our leading universities has pointed out, there is a built-in conflict in running a major sports program and being an educator at the same time. Filling stadia and playing as many games as possible, both preseason and postseason; playing star freshmen; lowering academic standards—all this amounts to outright exploitation of the participants.

The problem is that big time athletic departments must be financially self-sustaining, which means that the profit motive is supreme: Winning is a necessity. The necessity to win is a corrupting and destructive force. In the quest for the sports dollar, college sports programs often produce celebrated athletes who cannot be considered students in any sense. These young people, who are marginally prepared for college, often leave the university upon completion of their eligibility unprepared for the game of life and vulnerable in many ways.

Our universities were never intended to provide mass entertainment for the Nation. Nor are they supposed to be a farm league for professional sports, the NBA and the NFL. Nor were they created to support a trade association of athletic directors called the NCAA.

For years, this National Collegiate Athletic Association has been the governing body for major college sports. Three years ago, it attempted to respond to charges against it by creating a commission composed of university presidents to suggest reforms. Some educators originally wanted the NCAA presidents commission to have veto powers over the NCAA governing body. However, athletic directors prevailed against this reform movement, and ironically, the educators on this commission play only an advisory role in the NCAA, which has repeatedly ignored or watered down commission proposals on matters such as eligibility requirements and length of playing season.

College athletic programs must be integrated into the university, and student athletes should be integrated into the life of the university. Instead, athletic departments are separate, profitmaking entities, and the athletes recognize that they are part of a commercial venture. They are "talent" rather than students, employees of a separate corporation. In their segregation, they often live like campus royalty in separate athletic dormitories, aloof from academic requirements, unconcerned about graduation, and exempt from attending classes.

Some educators are misguided. They wash their hands of athletics and thereby approve a separate department with a separate set of books, which must balance. There educators divorce athletics from the rest of the university so that their academic programs will not be contaminated with the commercialism of sports, and so that sports are not a financial burden, but the tragic victims of that separation are the isolated athletes.

WHY A NATIONAL COMMISSION?

The NCAA has been unable to make any real progress on reform. Educators and college presidents who have shown an interest in such things as raising academic standards, shortening schedules, requiring "satisfactory progress" of student athletes toward graduation, or abolishing freshman eligibility have found the present system an insuperable obstacle. Since the universities, State governments, and the regional and national intercollegiate athletic organizations cannot or will not protect the integrity and mission of student sports, a Federal and national assessment is the only alternative. College presidents and faculty need the clout of a national assessment—a blueprint to follow—in order to achieve reform.

The Commission on Intercollegiate Athletics Act will draw together experts in education and will request them to scrutinize the overemphasis of sports as well as the college athletic drug problem. Additionally, this legislation requests the Commission to investigate the impact of large television revenues on schools and their athletes and to report its conclusions to the Congress, the educational community, and the American public.

Finally, some schools succeed in preparing student athletes for life. They are living proof that a sports program can provide the challenges of major sports competition while producing graduates who are well-rounded, college-educated people who succeed at life. The Commission will want to study these as possible models. College sports programs can be managed without depriving schools of the values of competition.

As Coach Joe Paterno has said, "We must break the athletic circle and interject the academic circle."

TENDER OFFER REFORM ACT OF 1987

HON. JOHN D. DINGELL

OF MICHIGAN

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. DINGELL. Mr. Speaker, today the gentleman from Massachusetts [Mr. MARKEY] and I are introducing the Tender Offer Reform Act of 1987, a bill designed to eliminate abusive practices currently flourishing in the corporate takeover field. There are few issues in the 100th Congress more important or more sensitive than the legislative reforms Congress should enact to deal with corporate takeovers. We are faced with a classic question of how to strike the proper balance between sufficient market freedom to liberate economic energy and sufficient regulation to curb abuses. The bill we are introducing today is crafted to strike that balance.

The overarching aim of this bill is to restore the equal treatment of bidders and management originally intended by the adoption of the Williams Act in 1968. We do not favor one side above the other. We do not intend to stop contests for corporate control. Our primary goal is to assure that the rules remain fair and shareholders have a reasonable and meaningful opportunity to distinguish between competing offers.

In drafting this legislation, we relied extensively on the exhaustive hearing record compiled since the 98th Congress by the Subcommittee on Telecommunications and Finance. The subcommittee's report, "Corporate Takeovers: Public Implications for the Economy and Corporate Governance," Committee Print 99-QQ, provides a complete summary of the issues considered by the subcommittee and incorporates the views of numerous expert witnesses who testified before the subcommittee.

We would like to acknowledge the assistance and contributions of the many individuals and organizations who have submitted various recommendations and proposals for our consideration over the past few months.

Even though this legislation is the result of several years of intensive consideration and deliberation by the Energy and Commerce Committee, we emphasize that the legislative process is only beginning with introduction of this bill. As we approach the task of perfecting this legislation, we plan an extensive hearing schedule which will give ample opportunity for all parties to air their views and present constructive alternatives. In addition, in the course of our legislative hearings, we will examine the ramifications of the recent Supreme Court decision, CTS Corp. versus Dynamics Corp. of America et al., and how Federal and State tender offer regulation should be harmonized in order to effect appropriate public policy.

In summary, the bill allows for prompt disclosure of the bidders' intentions, and extends to corporate management a more reasonable time period in which to respond to such bids. It also restricts abusive defenses which can be wielded by management in fending off unfriendly offers: Prohibiting greenmail, poison pills, tin parachutes and lockups except when expressly approved by shareholders, and limiting golden parachute payments. Other provisions regulate abuses employed by bidders, such as banning market sweeps and requiring that acquisitions over 10 percent be made by tender offer. In addition, the bill increases shareholder rights by requiring a one-share/one-vote standard for certain securities and improving shareholder access to the corporate proxy machinery. And finally, the bill extends and clarifies the definition of "group" in order to alert the marketplace, at an early stage, of concerted acquisition activities and permits trading halts in all markets when necessary.

Following is a section-by-section analysis of the Tender Offer Reform Act of 1987 which explains in more detail the individual provisions of the bill.

EXPLANATION OF THE TENDER OFFER REFORM ACT OF 1987

SECTION 1. SHORT TITLE

Section 1 of the bill states that the bill may be cited as the "Tender Offer Reform Act of 1987."

SECTION 2. TRADING HALTS

Section 2 of the bill amends the trading halt provisions of section 12(k) of the Securities Exchange Act of 1934 (Exchange Act).

Currently, when a national securities exchange suspends trading in a security or the National Association of Securities Dealers suspends the dissemination of quotations through NASDAQ in order to allow for the correction or order imbalances or to allow market participants, including small public investors, an opportunity to digest material corporate news before adjusting their trading decisions, many institutional investors and arbitragers continue to trade in the third market. As a result, trading halts have had a disproportionate effect on primary markets and public investors and, where a tender offer is involved, concerns are raised that persons trading in the third market during the interim period enjoyed an informational advantage.

Section 2 adds a new section 12(k)(2) which makes it unlawful for a broker or dealer to continue to trade or to induce the purchase or sale of any security during any period that the primary market for the security has suspended trading for the purpose of facilitating the orderly dissemination of material information concerning the issuer, the security, or the market for the security. A primary market determination to suspend trading under this provision shall be effective for not more than one business day, shall be subject to review by the Securities and Exchange Commission (SEC) on its own motion or that of an adversely affected party, and may be renewed or extended only with the approval of the SEC.

The SEC is authorized to approve, by order, the suspension of primary and third market trading unless it finds that grounds for the suspension do not exist, that the primary market has not followed its own rules or its rules are being applied in a manner inconsistent with the purposes of the Exchange Act, or that the suspension would impose an unnecessary or inappropriate burden on competition. The SEC is empowered to set aside or modify the suspension, if it so finds; may grant certain exemptions by rule, regulation, or order; and must define the term "primary market."

SECTION 3. REQUIREMENT OF ONE-SHARE/ONE-VOTE

Section 3 of the bill adds a new subsection (n) to provide that a company's shares may not be traded on a national securities exchange or through a national securities association unless each share of the company's common stock has one vote, and a majority of the voting power for directors of the company is held by the common stock. The subsection gives the SEC the power to grant temporary exemptions from this provision in order to accommodate corporations unable to modify their governing instruments by the effective data and otherwise to avoid undue hardship and disruption to the securities markets.

This provision is designed to protect shareholders democracy and corporate accountability. In the context of the protections provided by sections 9, 11 and 13 of this bill, this subsection removes potential deterrents to those takeover offers that are fair to shareholders. Together with section 6 of the bill, this provision ensures that sections 9, 11 and 13 function purely as shareholder protection measures and cannot be used to diminish or insulate officers and directors from responsibility and accountability. This subsection is not intended to interfere with issuance of stock for use in connection with innovative acquisition or financing techniques that do not entrench management or preclude the effective exercise of shareholder democracy.

Currently, the SEC is trying to resolve the public policy and legal questions presented by the disparate voting rights rule proposal of the New York Stock Exchange (File Nos. SR-NYSE 86-17 and 4-308) and the numerous comments submitted in response to Release 34-23803 (November 13, 1986). In view of the long standing role of listing standards in section 12(d), 12(f) and 19 of the Exchange Act, and the fact that those standards have had "qualitative" aspects since the 1930's, coupled with the "investor protection and the public interest" and other Exchange Act standards applicable to self-regulatory organization rules by reference to the standards implicit in and the objectives of sections 11A, 14(a), 14(d) and 14(e), the Exchange Act clearly authorizes the SEC to prescribe shareholder voting rights in the context of self-regulatory organization listing and eligibility rules by Commission action under section 19(c) and enforced under section 19(h). See, e.g., letter to the SEC from Andew M. Klein, dated February 19, 1987. Section 3 of the bill is not intended to limit the SEC's present authority. The results of the ongoing SEC rulemaking will be evaluated in the legislative hearings in connection with section 3.

SECTION 4. REQUIREMENTS FOR TIMELY AND ACCURATE DISCLOSURE BY PRINCIPAL SHAREHOLDERS

Section 4(a) amends the beneficial ownership reporting requirements of section 13(d) of the Exchange Act. Currently, under section 13(d) of the Exchange Act, any person who acquires more than 5 percent of a class of equity securities of an issuer must, within 10 days after acquiring more than 5 percent, notify the issuer and file with the SEC a statement containing certain information about the acquiror's background, the source and amount of funds used to make the acquisition, any intentions to acquire control of the issuer, and other information prescribed by statute or SEC rules.

Section 13(d) in its present form permits the notification and filing to occur as many as 10 days after the 5 percent threshold is exceeded. The 10-day window has frequently failed to supply stockholders, the trading markets, and the public with timely information about the identity and intentions of the purchaser. In 1968, when the Williams Act was enacted, a 10-day window was not unreasonable but, in today's high volume market conditions, an acquiror can gain controlling interest in a company in a matter of days before the Schedule 13-D is filed, thereby allowing for circumvention of a principal purpose of the Williams Act—adequate notice of potential changes of control. The 10-day window may also inadvertently be contributing to creeping tender offers, market sweeps, and a number of other abusive practices.

Section 4(a) eliminates the 10-day window by requiring that a person, who acquires more than 5 percent of a class of a covered equity security, publicly announce that acquisition and file the materials presently required by the Exchange Act with the SEC, the issuer and to each exchange upon which the security is traded within 24 hours of the acquisition. The acquiror is then precluded from acquiring additional securities of the same class for two business days after the acquisition that caused the acquiror's obligation to file the report, or such shorter period as the SEC may prescribe.

Section 4(a) also defines the term "covered equity security" and specifies the information that must be contained in the public announcement required by section 13(d)(1)(A). Further, it permits the SEC to adopt rules, regulations, and orders to implement the provisions, define any terms, and prescribe means reasonably designed to prevent any person from evading or circumventing section 13(d) if the SEC determines that such action is in the public interest or necessary for the protection of investors.

Finally, section 4(a) creates a new section 13(d)(9) which specifies that, whenever it appears that any person has violated the requirements of section 13(d) with respect to any securities, the SEC may seek an order in a district court action requiring the violator, or anyone who aided and abetted the violation, to pay as a civil penalty an amount of money not to exceed, for each day that the violation continues, one percent of the value of the securities with respect to which the violation occurs. The penalty shall be payable into the Treasury of the United States, and is subject to a five-year statute of limitations.

The provisions of section 27 relating to venue, service of process, and other matters in "actions to enforce a liability or duty created by this title" apply to actions under this paragraph. This new remedy is available to the SEC regardless of whether or not it has pursued other remedies available to it. The choice of which remedies to pursue remains in the discretion of the SEC.

Section 4(a) also empowers the Commission to adopt rules or regulations that exempt any class of persons or transactions from the operation of the civil penalty provision.

Section 4(b) codifies and clarifies current SEC interpretations with respect to certain groups acting in concert for the purposes of acquiring, voting, holding, or disposing of securities, as well as the procedures for determining the percentage of a class of any security that is beneficially owned. Although the statute currently applies to groups acting in concert for certain purposes, this section clarifies the application of the statute in light of recently publicized abuses involving warehousing and parking of securities. Section 4(c) is technical in nature and makes conforming amendments to section 13(g).

Some commentators have suggested that section 13(d) of the Exchange Act be amended by lowering the threshold level at which a person must report beneficial ownership from 5% to 3%, 2% or 1%, with no other changes to section 13(d) or in conjunction with closing the 10-day window or in connection with provisions requiring that acquisition of more than 5% of a corporation's voting equity securities must be by tender offer for all of the corporation's stock. Critics claim that the flood of filings would not be related in any way to a possible change of control and that the lower threshold married to the 5% limit on creeping acquisitions would stop all mergers, even beneficial ones. The legislative hearings will focus on the ramifications of such proposals.

SECTION 5. GREENMAIL PROHIBITED

Section 5 amends section 13(e) of the Exchange Act by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and inserting after paragraph (1) a new paragraph (2) to limit a corporation's ability to make so-called "greenmail" payments.

Greenmail, clearly derived from the term "blackmail," is a discriminatory form of "targeted share repurchase." It is a repurchase because a corporation's management buys back the firm's own stock, at a significant premium over the market price, from a shareholder or group of shareholders. It is targeted because the offer is open only to those shareholders threatening to take over the company. A corporation may buy back its shares from selected groups of shareholders for other reasons, but critics claim that greenmail discriminates among shareholders since it involves a large transfer of corporate assets to pay off predators at the expense of all other shareholders, for the apparent purpose of protecting entrenched management.

Section 5 prohibits a company from purchasing its securities at a price above the average market price of the securities during the 30 preceding trading days from any person who has held more than 3 percent of its voting equity securities for less than 2 years. The payment of greenmail to a person covered by this section would be permitted upon the approval of a majority of the shareholders or if the company makes an equal offer to all other shareholders of such class. The SEC is empowered to adopt rules, regulations, and orders to implement these provisions, define terms, grant certain exemptions, and prescribe means reasonably designed to prevent any person from evading or cricumventing this provision.

SECTION 6. ACCESS TO PROXY STATEMENTS FOR BOARD NOMINEES OF STOCKHOLDERS

Section 6 amends section 14(a) of the Exchange Act to provide that a beneficial owner of voting securities of an issuer representing the greater of 3 percent of the voting power of such issuer or $500,000 in market value is entitled to free and equal access to the corporate proxy machinery for such beneficial owner's nominess for director, on an equal basis with candidates nominated by the issuer's management or board of directors.

As with section 3 of the bill, this provision encourages director accountability and responsibility. While sections 9, 11 and 13 of the bill are intended to reduce the potential for unfair treatment of shareholders and detrimental pressure on directors, sections 3 and 6 should restore whatever director accountability might otherwise be lost, and remove deterrents to fair takeover attempts. The threshold for access to the corporate proxy machinery is set at 3 percent or $500,000 of the corporation's voting securities (whichever is higher) in order to protect against abuse of such access by "proxy statement gadflies" but at the same time to assure that any substantial shareholder can submit to a shareholder vote a proposal for a change in corporate management. The access to the proxy machinery provided by Rule 14a-8 under the Exchange Act would remain intact and would supplement the new provision.

SECTION 7. SUMMARY DISCLOSURE REQUIRED FOR TENDER OFFERS

Section 7 strikes out paragraph (2) and inserts in lieu thereof a new provision to section 14(d) of the Exchange Act to effectuate the original purpose of the Williams Act—that shareholders receive a clear explanation of the terms and conditions of the offer from the offeror—by requiring that an "executive summary" of the material terms and conditions of the tender offer be provided in addition to or included in the other tender offer materials received by shareholders.

Currently, under section 14(d) of the Exchange Act, a person making a tender offer for, or a request or invitation for tenders of, any class of any equity security registered pursuant to section 12 of the Exchange Act must file certain information with the SEC and publish, send, or give information to shareholders of the securities sought by the acquiror. Tender offer disclosure documents, given today's complex transactions, are not easily comprehensible and often contain lengthy boilerplate language which obscures material information and confuses shareholders. The SEC Advisory Committee on Tender Offers recommended requiring a concise statement in plain English of the price, terms, and key conditions of the offer. Section 5 does just that.

The new paragraph (2)(A) thru (G) describes the information to be provided, including the extent to which contingent or "junk bond" financing is involved. The acquiror must publicly announce any change in the information.

SECTION 8. CLARIFICATION OF AUTHORITY OF COMMISSION TO ADOPT RULES, REGULATIONS, AND ORDERS CONCERNING TENDER OFFERS

Section 8 of the bill relates to the SEC's rulemaking authority with respect to the provisions of section 14(d) of the Exchange Act. The SEC already has broad authority under the Exchange Act to define terms and to make rules necessary to implement the provisions of the Act. Nevertheless, because the new substantive provisions of this bill may require the SEC to adopt new rules, section 8 amends section 14(d) of the Exchange Act by striking out paragraph (3) and inserting in lieu thereof a new paragraph (3) to clarify and concisely set forth within one subsection the SEC's rulemaking authority in this area. Sections 4 and 5 of the bill similarly address the SEC's rulemaking authority with respect to section 13(d) of the act and the new anti-greenmail provision of section 13(e)(2).

SECTION 9. DURATION OF TENDER OFFERS

Section 9 of the bill establishes a minimum offering period of 60 calendar days. Under existing SEC rules, an offer must remain open for at least 20 business days, so this amendment will extend the minimum offering period. In addition, this amendment will necessarily extend the periods for the exercise of withdrawal and proration rights, which, under current Commission rules, throughout the term of the offer.

Section 9 of the bill also adds to section 14(d)(6) of the Exchange Act an express provision that the SEC may, by rule, regulation or order, extend the ten-day proration period of the statute. The SEC's existing rule in this regard is entirely appropriate. The language added by section 9 is intended simply to clarify the SEC's rulemaking authority in this area.

Although extension of the tender offer period might be argued to deter offers, the overall effect of the bill is to remove many deterrents to offers and, within this context, extension of the tender offer period is necessary. Extension of the tender offer period will also allow courts, in applying the business judgment rule, to reject the argument that extreme defensive tactics are justifiable because they are necessary to "buy time" in looking for alternatives to the offer. With sufficient time, crown jewel options and other self-destructive defensive tactics that under pressure seem to be the only alternative available to a corporation may turn out to be the less desirable of a number of more constructive alternatives.

SECTION 10. CORRECTION OF RUMORS CONCERNING TAKEOVERS

Section 10 adds a new paragraph (10) to section 14(d) requiring the SEC to prescribe rules and regulations to prohibit a company from refusing to respond to an inquiry from the SEC, a national securities exchange, or a national securities association concerning the pendency of a tender offer or other actions that may result in a change in corporate ownership, control, or management.

Rumors of a pending merger or other material event, whether true or false, often cause substantial movements in the price of a company's stock. Critics complain that the SEC's report *In the Matter of Carnation Company* (Release 34-22214, July 8, 1985) encourages companies to issue "no comment" responses, even to official inquiries, rather than make substantive disclosures, and that responding "no comment" served only to heighten speculation surrounding the stock and does not adequately protect shareholders or promote orderly markets. Section 14(d)(10) intends that a corporation answer with a definite "yes" or "no" to official inquiries concerning takeover activity rather than the present "no comment."

As the SEC stated in the *Carnation* report at p. 6 and fn. 6:

"The importance of accurate and complete issuer disclosure to the integrity of the securities markets cannot be overemphasized. To the extent that investors cannot rely upon the accuracy and completeness of issuer statements, they will be less likely to invest, thereby reducing the liquidity of the securities markets to the detriment of investors and issuers alike.

* * * * *

"The Commission encourages public companies to respond promptly to market rumors concerning material corporate developments. *See also* New York Stock Exchange Listed Company Manual Sec. 202.03 (1983) (Dealing With Rumors or Unusual Market Activity); American Stock Exchange Company Guide Sec. 402(3) (1983) (Clarification or Confirmation of Rumors or Reports)."

SECTION 11. MARKET SWEEPS AFTER TENDER OFFER TERMINATIONS PROHIBITED

Section 11 amends section 14(e) of the Exchange Act to apply the protections of the Williams Act to acquisitions during or shortly after termination of a tender offer. New section 14(e)(2) prohibits acquisition of a target company's securities by any person after commencement of a formal tender offer for such securities, and until the expiration of a cooling off period of 30 calendar days after termination of the tender offer, except by tender offer in compliance with the tender offer rules. The SEC is empowered to provide exemptions by rule or order from this provision.

Critics complain that shareholders have insufficient time and information in the face of unregulated acquisition programs and that some groups of shareholders are unfairly disadvantaged, because of the speed within which the transactions occur or the inability to participate on the same basis as other shareholders, in situations such as permitted in *SEC* v. *Carter Hawley Hale Stores, Inc.*, 760 F.2d 945 (9th Cir. 1985) and *Hanson Trust PLC* v. *SCM Corporation*, 774 F.2d 47 (2d. Cir. 1985) or Jeffries & Co.'s "street sweep" of a 25.8 million share block of Allied Stores Corp. which Campeau Corp. bought in an open market purchase minutes after announcing that it had terminated its tender offer for Allied. (See also discussion of Section 13 of the bill.)

SECTION 12. GOLDEN PARACHUTES PROHIBITED

Section 12 adds a new subsection (g) to section 14 of the Exchange Act to prohibit the award of golden parachute agreements. Section (g)(1) prohibits an issuer, during a tender offer, from entering or amending agreements that increase directly or indirectly, the current or future compensation of any officer or director. The practice of awarding golden parachutes during the pendency of a tender offer presents the appearance of self-dealing by the management of a target company at the expense of its shareholders. The prohibition extends to provisions "whether or not dependent on any event or contingency." Thus, the prohibition affects termination agreements, large salary increases or stock options if they are precipitated by a tender offer.

This section neither prevents the hiring of new officers or directors, nor increases in compensation, if such actions resulted from an agreement pre-dating a tender offer. The prohibition does not apply to routine compensation agreements undertaken in the normal course of business. Golden parachute agreements adopted in the normal course of business that are disclosed to shareholders are not prohibited. Such agreements do not exemplify the type of abusive self-dealing the legislation would curb. Although recent amendments to the tax code discourage golden parachute payments by increasing the tax imposed upon them, additional legislation is required to prohibit golden parachute agreements adopted during a contest for corporate control. Critics complain that companies have merely increased the agreements to take into account the tax penalty thereby increasing the level of abuse.

Subsection (g)(2) prohibits an issuer from making any payment to an officer or director that is not deductible under subchapter B of chapter 1 of the Internal Revenue Code by reason of section 280G relating to "any excess parachute payment." Under the conference agreement to accompany H.R. 4170, the Deficit Reduction Act of 1984, P.L. 98-369, the term "parachute payment" also includes any payments under a contract similar to a contract providing for parachute payments which violates securities law or regulations. Subsection (g)(2) is not applicable to agreements entered into before April 27, 1987.

SECTION 13. ACQUISITIONS OF MORE THAN 10 PERCENT PROHIBITED EXCEPT BY TENDER OFFER

Section 13 of the bill adds a new subsection (h) to section 14(d) of the Exchange Act to limit the inequities suffered by shareholders in large open market purchases and other so-called unconventional takeovers outside the coverage of the Williams Act. It prohibits the acquisition of any covered equity security of a class (defined in the subsection), except by tender offer, after a person acquires beneficial ownership of 10 percent of such class. This section also contains certain exclusions and grants the SEC the authority to exempt certain persons, securities, or acquisitions in the public interest and consistent with the protection of investors.

The takeover contests between the Limited and Carter Hawley Hale Stores and Hanson Trust PLC and SCM Corporation, mentioned in the discussion of section 11 of the bill, are examples of large purchases that were determined not to constitute conventional or unconventional takeovers. The SEC challenged the legality of the purchase program of Carter Hawley Hale and argued that the company's purchases constituted an unconventional tender offer. In *SEC* v. *Carter Hawley Hale Stores Inc.*, the court allowed the purchase of a large percentage of the target company's shares in a short time without requiring compliance with the Williams Act, even though the purchase program was undertaken to defeat an offer conducted in accordance with the statute. The decision in *Hanson Trust PLC* v. *SCM Corp.*, suggests that a bidder can begin a tender offer thereby calling into play market forces that facilitate large accumulations of a target's stock, and then terminate the offer to take advantage of the market forces to purchase quickly an amount of stock in the open market that affects corporate control. This decision also suggests that an equal opportunity for shareholders to participate in tender offer transactions is not a goal of the Williams Act and that sophisticated investors do not need the protections of the Act. The decision demonstrates a fundamental failure of the court to comprehend the purpose of the investor protections provided by the Williams Act. The Act is designed to treat all shareholders equally regardless of their level of sophistication and to ensure that all shareholders are accorded the opportunity to participate in an offer at the same terms and for the same price. Section 14(d)(h) should clarify any judicial misconstructions of the Williams Act and reaffirm Congressional intent.

SECTION 14. ABUSIVE DEFENSIVE TACTICS: POISON PILLS; LOCK-UPS; TIN PARACHUTES

Section 14 of the bill adds a new subsection (i) to section 14 of the Exchange Act to require, in accordance with rules and regulations prescribed by the SEC, shareholder approval of defensive tactics implemented during any proxy contest or tender offer. Subsection (i)(2) identifies certain defensive tactics as specifically contemplated for such rulemaking. These tactics—adopted by corporations without shareholder consent—have in common the effect of erecting insurmountable barriers to offers from outside bidders except those favored by management. They impose prohibitive costs on bidders unless, in the case of poison pills (see subparagraph (2)(A) of the new provision), they are redeemed by the company's board, or, in the case of tin parachutes (see subparagraph (2)(B) of the new provision), the company's board accepts the tender offer, thus giving the board exclusive control over the decision as to whether or not an acquisition can proceed.

Section 14 of the bill is designed to remove deterrents to takeovers that are fair to shareholders and to make sure that shareholders are informed of and given an opportunity to consent to or disapprove measures that may be used to insulate officers and directors from responsibility and accountability.

SECTION 15. CONFORMING AND TECHNICAL AMENDMENTS

Section 15 is technical and amends section 14 of the Exchange Act with respect to groups, the computation of percentages of a class of securities, and the term "voting equity security." It also amends the heading of section 14 to read: "PROXIES AND TENDER OFFERS."

SECTION 16. PRESERVATION OF EXISTING COMMISSION AUTHORITY

Section 16 of the bill provides that the amendments made by the bill are not to be construed to limit the authority of the SEC to supplement the proration, withdrawal and minimum offering periods applicable to a tender offer or request for tenders. The SEC has in the past exercised its existing authority to make rules relating to these matters, and this bill is not intended to undermine those rules. For example, the provision in section 9 of the bill to establish a statutory minimum offering period does not affect the existing authority of the SEC to supplement the proration, withdrawal, and minimum offering periods. It is not our intention to cast doubt on the SEC's authority to promulgate rules on any other subjects, whether or not they are specifically mentioned in section 16 of the bill.

CHANGES IN SECURITIES EXCHANGE ACT OF 1934 MADE BY THE TENDER OFFER REFORM ACT OF 1987

SEC. 12. * * *

(k)(*1*) Authority of Comm. to summarily suspend.

(2) Suspension of trading because of suspension by primary market.

(n) One-Share/One-Vote.

SEC. 13. * * *

(d)(1) Disclosures by Principal Shareholders [complete rewrite]

[(2) Requirement to file amendments concerning material changes (see par. (5) below).]

(2) Definition of Covered Equity Security.

[(3) Group Definition (see sub. (h) below.]

(3) Contents of Statement.

[(4) Determination of % of class (see sub. (i) below).]

(4) Public Announcement Contents.

[(5) Notice in lieu of statement for course of business acquisitions (See par. (6) below).]

(5) Requirement to file amendments concerning material changes.

(6) Notice in lieu of statement for course of business acquisitions.

(7) Exemptions from provisions.

(8) Authority of Comm. to prescribe regulations.

(9) Civil penalty authority.

(e)(1) * * *

(2) Prohibition of Greenmail.

[(2)]*(3)*

[(3)]*(4)*

(f) Institutional investment manager reporting requirements.

(g) (1)-(2) Continuing disclosure requirements of principal shareholders.

[(3) Group definition.]

[(4) Percentage of Class.]

[(5)]*(3)*

[(6)]*(4)*

(h) Definition of Group

(i) Determinations of % of Class.

SEC. 14.

(a)(*1*) No proxy in contravention of Comm. rules.

(2) Proxy materials on shareholder candidates.

(b) No proxy by members, broker, or dealers for customer in contravention of Comm. rules.

(c) Filing of late proxy information with the Comm.

(d)(1) No tender offer unless statement filed with Comm.

[(2) Definition of Group. (See (j) below).]

(2) Information required in summary statement.

[(3) Determination of % of Class (See (j) below).]

(3) Authority of Comm. to make tender offer rules.

(4) Recommendations on tenders in form provided by Comm. rules.

(5) Tender offers to be open for 60 days.

[(5)] (*6*) Rights of withdrawal. Authority of Comm. to extend.

[(6)] (*7*) Pro-rata take up of over-tenders.

[(7)] (*8*) Rights following variation in terms.

[(8)] (*9*) Exclusions from provisions.

(10) Rules to require comment on takeover rumors.

(e)(*1*) Prohibition of fraud in tender offers.

(2) Prohibition of Market Sweeps.

(f) Information filing requirement for directors elected not at stockholder meeting.

(g) Prohibition of golden parachutes.

(*h*) Acquisitions of more than 10% by tender offer only.

(*i*) Rules concerning abusive defensive tactics.

(*j*) Definition of Group, computation of % of class, definition of voting security.

[(g)] *(k)* Fees on proxy statements.

CENTENNIAL OF THE UNITED WAY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. CONTE. Mr. Speaker, I would like to take this opportunity to bring to the attention of my colleagues the centennial of the United Way. The 2,300 United Ways across the United States help individual communities provide critical health and human care needs through its network of charitable groups and volunteers.

Problems, similar to those faced by society today, led religious leaders in Denver back in the 1800's to initiate the United Way to help the needy and indigent. Today the organization has grown into one that is able to assess current and future community needs, bring people and organizations together to address these needs, put people in touch with the services they need, and much, much more.

Each United Way is an independent community resource, governed by a local board of volunteers to assess the needs, set priorities, and disburse resources. In 1986, the United Way collectively raised $2.44 billion through voluntary contributions from individuals, corporations, small businesses, and foundations. United Way is among the most efficient of all charitable organizations. Approximately 90 percent of all funds raised go directly to needed services in the communities.

Adult education, consumer protection, emergency food and shelter, the homeless, to name just a few, are issues prominent in the United Ways focus of attention. On May 1, a commemorative stamp honoring the century of service and contributions made by the United Way, will be unveiled. It is an honor due this network of organizations, and as United Way's second century of commitment to caring and serving the communities begins, I want to wish them the best of luck with their continuing effort.

GODDARD SPACE FLIGHT CENTER

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. HOYER. Mr. Speaker, I am very proud to bring to the attention of my colleagues an article from the Washington Times that reviews the very important work in the area of space science that is being conducted by the men and women of Goddard Space Flight Center located in Greenbelt, MD. Following my remarks, I will ask to have printed in the RECORD an article from the Washington Times entitled "Goddard: NASA's Low Profile Strong Arm" which highlights some of the specific programs under the responsibility of Goddard Space Flight Center.

Goddard is the largest and most diversified of NASA's eight major complexes nationwide. With six research laboratories and three major communications and tracking networks, it employs some 8,600 people. The Center plays a critical role in 35 major space projects. In addition, Goddard has the lead on work package No. 3 of NASA's space station program. This effort involves responsibility for a servicing facility, the telerobotic servicer, and two free-flying platforms.

Among its most prized future endeavors is the launch in late 1988 of the Hubble Space Telescope. This space-based telescope has been developed at Goddard over the course of the past 10 years, and it will provide us with an exceptional view of the universe. Its range will extend for a remarkable 14 billion light years away, and it will do so with 10 times the clarity of ground-based telescopes.

Another source of legitimate pride at Goddard is the cosmic background explorer project [COBE] which will study the evolution of the universe. COBE is also characteristic of the tradition at Goddard of doing all the work in-house, without the assistance of outside contractors. Current plans call for the launch of COBE aboard an unmanned Delta launch vehicle in early 1989. It is a program that speaks volumes to the dedication to excellence that exists at Goddard and that will keep this NASA Center at the cutting edge of advanced technology and scientific achievement.

[From the Washington Times Magazine, Feb. 12, 1987]

GODDARD: NASA'S LOW-PROFILE STRONG ARM

(By Jennifer Harper)

At first glance, Goddard Space Flight Center in Greenbelt, Md., does not look like it has much to do with "space flight." It's an unglamorous, no-frills place, lacking the towering launching pads and steaming rockets of its more high-profile NASA counterparts in Texas and Florida.

Goddard's buildings are strictly government-issue brick, many on streets with numbers instead of names. But a closer look reveals that the 1,000-acre complex is, indeed, part of the space realm.

Roofs sprout bristling antennae. Giant casks of liquid nitrogen appear on the wayside, fiercely labeled: CAUTION—Temperature minus 320 degrees Fahrenheit. Beyond the main roads, the big dish antennae sit like sentinels among the trees, their broad faces aimed at some 20 satellites which have fallen under Goddard's permanent guardianship.

Of NASA's eight major complexes nationwide, the 28-year-old Goddard Space Flight Center is considered the largest and most diversified. Goddard employs 8,600 people at its six research laboratories and three major communication and tracking networks. Currently, the center plays an ongoing and integral role in 35 major space projects, many in conjunction with other federal agencies or foreign governments.

"Because of its immense versatility, Goddard can support a space mission from beginning to end, from cradle to grave," says the center's fact sheet.

Which seems very true inside Goddard's plain-Jane buildings. Over in giant Building 5, gargantuan machines fabricate satellite parts in a workshop the size of a football field. In Building 10, an experimental payload has a trial run aboard a full-size mock-up of a space shuttle.

And in Building 14, beneath an antenna large enough to rival the Eiffel Tower, the communications and tracking center's 370-circuit switchboard blinked furiously. It can coordinate up to 70 simultaneous conference calls from ground stations across the world and from space. Even the voices of astronauts must go through its circuitry before reaching Mission Control in Houston.

It's business as usual, in other words.

But one can't help wondering how Goddard—NASA's main research arm—has persevered during the space agency's highly publicized year of troubles following the space shuttle Challenger disaster.

Not to mention NASA's uncomfortable identity crisis. Previously, NASA had virtually unlimited control of the U.S. space program. In the past five years, the military has gradually assumed the starring role.

In 1982, the Pentagon space budget exceeded NASA's for the first time since 1960, primarily because of the Reagan administration's ambitions for the Strategic Defense Initiative, the so-called "star wars" defense system. By fiscal year 1986, the Pentagon's spending for space-related global defense systems was nearly double that of NASA's civilian projects, controlling 68 percent of total federal spending in space.

The military is also interested in existing programs. In December, the Defense Department announced that NASA's space station project is a likely candidate for military research when it becomes operative in 1994. And of the five space shuttles scheduled to be launched in 1988, four will be used for military purposes, such as spy satellites and "star wars" experiments. Only one shuttle is slated for a civilian scientific experiment.

Which has not sat well in many sectors. Some congressmen feel that these developments virtually nullify the 1958 goal of the U.S. space program—to use space for peaceful purposes. Others worry that military space efforts may disrupt relations with foreign allies who are fearful of "star wars."

Throughout the dispute, Goddard seems to have adopted a stick-to-your-guns, keep-your-powder-dry kind of attitude.

In a 1986 fall strategic planning report, Goddard director Noel Hinners told employees, "The vision statement included in this report is a conscious reaffirmation that we believe in what we're doing . . . the importance of sticking to what we do well cannot be underestimated. The emphasis on excellence and leadership goes hand-in-hand with getting NASA 'back-on-track' after a difficult year."

"Underneath it all, there's a kind of resentment building, I think," says James Elliott, chief of public affairs at Goddard. "NASA has always been so open with everything, and any time there's a restriction placed on us, there is a resentment that develops. We're used to being honest with everything."

Says Robert Farquhar, senior staff engineer in Goddard's Flight Dynamics Division, "The situation is irritating—with the military coming in and telling us how to operate our spacecraft. And there's not a heck of a lot that any of us can do about NASA's relationship with Congress or the military and all the complications therein.

"And the press goes on and on about how there's no funding and everything is going downhill. Well, in my view, things couldn't be better. I've never had more work in my life. The trick in this is facing facts. Scientists have got to remain optimistic and simply tailor their programs within fiscal restraints, not go in a corner and pout when they don't get their way."

The lucky NASA payload that will be sent up on the late 1988 space shuttle Atlantis is the Hubble Space Telescope, which has been developed at Goddard over the past 10 years.

The space telescope is monstrous, to say the least—it's the size of a railroad car and weighs in at 25,500 pounds (almost 13 tons). Once it reaches orbit 370 miles above the haze of the Earth's atmosphere, the space telescope will provide the world's best view of the universe, with 10 times the clarity of ground-based telescopes. The range is expected to extend 14 billion light years away—right to the edge of the observable universe.

"When the space telescope goes up, the Baltimore-Washington area will be the world capital of astronomy, most likely for some years—it will be that powerful. This is really a golden era for astronomy," says Dr. Stephen Maran, chief scientist for Goddard's Astronomy and Solar Physics lab.

Along with its scientific significance, the telescope epitomizes America's current preference for mammoth, increasingly more complicated space projects which tend to dwarf predecessors.

"You can have a personal involvement in a project like this, but it's not as personal as it used to be," says Mr. Maran, who has been with Goddard since 1969.

"In the old days, you were intimately associated with every aspect of development, because both projects and budgets were smaller. Nowadays, something like the Hubble Space Telescope involves thousands of people around the world. I've been on the project for 10 years, but there are organizations involved with it that I have never even encountered.

"There was much more of a small community of people involved," Mr. Maran continues. "Now NASA is lucky if it gets to say anything anymore. There are many more voices at places like the departments of Transportation, State, Energy and Commerce. Some of the mystique about the whole thing has been lost."

Though the mystique may have fallen by the wayside, space research has become much broader in scope and more efficient. Goddard scientists have traded their community atmosphere for an international forum, in which scientists from many countries pool their knowledge and create a "package" of space hardware.

"We've developed the art of effective interface, I think," says Mr. Maran. "You issue information about your own little part of the project—where it gets bolted on, how it connects, how much heat it can take, and so forth. At the same time, you're using other people's resources, and in theory you don't even have to know what's going on beyond your area of control."

Another Goddard project has set its sights far beyond Earth. The Cosmic Background Explorer will study the evolution of the universe—about 15 billion years' worth—in a yearlong mission set 560 miles above the planet.

COBE will measure a phenomenon called "diffuse background radiation." Simply put scientists theorize that this "glow in space" was left over from the "Big Bang," or the initial explosion believed to have created the universe in the first place.

"It's all in the mind-boggling mode," says Roger Mattson, COBE project manager. "Was there a 'Big Bang' that started the universe? Where are the oldest stars? Is there an edge or center of the universe? They are big, big questions—yet they are still very much a part of basic science."

All instruments for COBE, as well as the spacecraft itself, are being built in Building 7, which stretches for three blocks across the middle of the Goddard complex.

Engineers and technicians, swathed in white coats, masks and hats, tinker with the electronic systems in "clean tents," areas cordoned off with clear plastic and fitted with roaring ventilation tubes. Hardware for the project is tested in the "Solar Environmental Simulator," which mimics the weightless vacuum of space in an enclosure that resembles a five story stew pot.

The fact that COBE is a real "Goddard baby" is a matter of pride for those involved.

"It's very significant that all work on COBE is being done in-house," says Mr. Mattson. "We're not going to outside contractors or contributors. In the past, we've built up a heritage of in-house expertise, and COBE is a return to that tradition. Plus, we're advancing technology through the project. I hate to use the term state of the art; but that's what it is."

Instruments of COBE include light detectors sensitive enough to pick up a 60-watt bulb being flicked on in Manhattan—from Washington. The sensitivity of these instruments will be ensured by surrounding them with liquid helium, which maintains a temperature of 2 degrees Kelvin."That's almost as cold as you could get. It's like a space version of a thermos bottle," adds Mr. Mattson.

For all its technical advances, COBE was nearly grounded after 10 years of research. It was to be launched into Earth orbit on a 1988 space shuttle, but plans were scrapped after the Challenger disaster and the subsequent Air Force decision to slow down West Coast launch operations. "We weren't sure we would ever get off the ground, after 10 years' work. But all the people on the project were problem-solvers—and our biggest problem was to salvage our operation."

In the past year, the COBE team has managed to do just that by forgoing a ride on the space shuttle altogether. COBE will lift off from Cape Canaveral in early 1989 aboard a rocket which is sponsored and controlled entirely by Goddard—the Delta Launch Vehicle.

"We were really fortunate to be chosen for the Delta project, and it took all of us working together to accomplish it," says Mr. Mattson. "But to do that, we had to cut the size of COBE literally in half, while still maintaining its technical abilities. But like I said, we're problem-solvers. We pulled it off. And now we're ahead of schedule."

[From the Washington Times Magazine, Feb. 12, 1987]

A GUIDE TO GODDARD'S ALL-STAR PROJECTS

Goddard Space Flight Center is currently invloved in 35 major projects, most labeled in typical science-speak—no-nonsense acronyms in capital letters. Among them.

SARSAT (Search and Rescue Satellite-Aided Tracking)—Under the sponsorship of the United States, Canada, France and the Soviet Union, four American and Soviet satellites pick up electronic distress signals sent from ships, planes or land emergencies. The signals are then reflected to a ground station. If a satellite is within 1,600 miles of the crash site, the signal reaches the ground station almost instantaneously. With computer assistance, rescue crews determine the location and send help. Since 1982, more than 700 lives have been saved through the SARSAT system.

ICE (International Cometary Explorer)—This Goddard-managed spacecraft was the first in the world to fly through a tail of a comet and collect scientific data in September 1985. Originally launched in 1978 to study solar wind, the satellite was redirected toward the comet Giacobini-Zinner through complex maneuvers suggested by Dr. Robert Farquhar. The innovative re-use of the satellite saved close to $200 million in research funds. ICE reached its comet four months before four satellites from other nations encountered Halley's comet last spring. ICE will return to Earth in 2014 and is already slated for a spot in the National Air and Space Museum.

SMM (Solar Maximum Mission)—Launched on Valentine's Day seven years ago, this Goddard spacecraft has studied more than 8,000 solar flares, as well as other sun activity. It also bears the honor of being the first satellite ever repaired in orbit. The project was carried out by the space shuttle crew in April 1984.

UARS (Upper Atmosphere Research Satellite)—If you're worried about the Earth's disintegrating ozone layer, read on. Currently under development, UARS will collect critical data from the upper atmosphere relevant to this disintegration—particularly the "hole" in the ozone layer over Anarctica. The data in turn will be used to create a global, time-varying map of atmospheric conditions, available to scientists through a computer network. The 11,000-pound UARS is scheduled to be launched on a future space shuttle and remain in orbit 373 miles over Earth.

TDRSS (Tracking and Data Relay Satellite System)—When fully operational, TDRSS will be the Rolls-Royce of satellite tracking networks. Three 57-foot satellites will remain in orbit 23,000 miles over Earth, transmitting signals to two ground stations in White Sands, N.M., to be then relayed to Goddard. Each satellite will handle up to 300 million bits of information per second and will be able to track any orbiting spacecraft to an altitude of 3,100 miles. TDRSS is designed to provide "blanket coverage" for spacecraft, tracking them for 85 to 100 percent of their orbit, which previously was impossible. Currently one member of the TDRSS trio is in operation, positioned over northwest Brazil.—Jennifer Harper

HONORING THE ARTIST ALONZO CHAPPEL (1828-1887) ON THE 100TH YEAR AFTER HIS DEATH

HON. GEORGE J. HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. HOCHBRUECKNER. Mr. Speaker, today I would like to call to the attention of my colleagues here in the House of Representatives the life of an artist whose work many people have seen but whose name is hardly known.

Alonzo Chappel was born in 1828 in New York City. By the age of 12 he was earning $10 painting portraits. At 17 he studied at the National Academy of Design and his work was exhibited at the American Institute.

Alonzo Chappel's passion was painting scenes from the history of our Nation, especially scenes of the American Revolution and the Civil War. Thomas Bayles, who studied and wrote about the history of Long Island wrote that "Mr. Chappel seemed to understand a subject completely and to be possessed of the ability to portray the subjects of his imagination with striking effect. No written labels were necessary to explain the character of individual figures." His work is so effective in evoking the spirit and character of the subjects he portrayed that his paintings of Washington's inauguration and the Battle of Long Island are still used in history text books today.

In 1869, Alonzo Chappel moved to the village of Middle Island and bought a farm near Corwin's Pond. Here he lived and worked on paintings until his death on December 4, 1887. As a result of his residence, Corwin's Pond has since become known as Artist Lake.

This year marks the 100th anniversary of the death of Alonzo Chappel. The life and work of Alonzo Chappel was brought to my attention by Robert Hoffman, the historian of the Artist Lake Condominiums Golden Age Club. Robert Hoffman shares the artists' dedication to bringing our Nation's history to life for the people of today. He has donated much of his time speaking at elementary schools in my district teaching students about the history of central Brookhaven. Robert Hoffman is the leader of efforts to commemorate the location of Alonzo Chappel's house and the 100th anniversary of his death. I appreciate his efforts to recognize the accomplishments of Alonzo Chappel and am proud to participate in this endeavor.

DONALD STOLTZ, ALWAYS A LEADER—ALWAYS A DOER

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. VANDER JAGT. Mr. Speaker, I want to pay this special tribute to a very good friend and a very special individual as well, Donald Stoltz of Holland, MI. In the many years that I have known him, Don has exhibited the extraordinary energy, dedication and community spirit that have made him a leader in the Holland, as well as the western Michigan area. He has always been guided by the values of friendship, family, church and community. He has given a great deal to all who have been privileged to know him and to work with him. I take great pride in sharing his accomplishments with my colleagues today.

A resident of Holland throughout his life, with the exception of his military service in the U.S. Army as an officer personnel section chief (S-1), Don graduated from Holland High School and Hope College. His major field of study was economics, with an additional concentration in educational administration at Michigan State University.

Don Stoltz personifies commitment to hard work, intense preparation, leading to excellence. The citizens of Holland owe a great debt to Don for his dedication and concern for their well-being. He has helped to promote Holland in the best tradition of community spirit. His effectiveness, influence and abilities rank him among the best leaders in Holland and Ottawa County and his quiet effectiveness behind the scenes has contributed to innumerable achievements.

While operating his own piano and organ business for over 30 years, Don still finds time to be a leader in every major program and project in Holland and Ottawa County. A member of the county board of commissioners—four times, past president of the Holland Area Chamber of Commerce, past president of the Holland Rotary Club, past chairman of the Tulip Time 50th Anniversary Committee and member of the Maple Avenue Foundation are but a few of Don Stoltz's important roles. He is also a past president of Tulip Time, Inc., a past executive committee member of the Ottawa County chapter of the American Red Cross, an active member of the Maple Avenue Christian Reformed Church and a member of the campaign committee for the Christian School International. Additionally, he has served the Republican Party in Ottawa County with great distinction in every capacity and has assisted in various fundraising drives for Hope College over the years.

In further detailing his remarkable work with the Republican Party, Don has been a blockworker, precinct chairman, ward chairman, delegate to State and county conventions, served on many convention committees, a director of political education, a member of the executive committee and a county finance chairman. He also serves as vice chairman of the Ottawa County Finance Committee.

On a personal note, Don has been exceptionally close and good to me in our efforts to serve the Ninth Congressional District of Michigan. I shall always be grateful for his support and trust. Back in the earlier days of my congressional tenure, Members of the House of Representatives were restricted to one trip back to the district per month at Government expense. Don knew I wanted to come back more often and so he founded the Flying Vander Jagt Club whereby individuals could contribute to a fund to pay for any necessary additional trips.

Further, in order to promote the best possible working relationship between the people of Ottawa County and their representative, Don founded an annual "Breakfast for Guy" which has continued for nearly 20 years. He was also instrumental in securing the Holland Christian High School's participation in the 1969 Presidential Inaugural Parade and in convincing the Ninth District Republican leadership to support me for election to the House leadership as chairman of the National Republican Congressional Committee. I appreciate this opportunity to publicly thank him for his loyal support for all these years and to let him know how much his loyalty and friendship has meant to my wife, Carol, daughter Ginny and me.

Donald Stoltz has worked tirelessly to improve his community, to help his neighbors, and to support the values he holds so dear. His invaluable contributions of time and talent in promoting the growth of his community is a fine example to us all. He has a strong personal influence for good—a unique individual who combines a strong determination with a genuine sense of caring for people. "A good friend, a generous and unselfish leader and a truly outstanding American" all describe Don Stoltz. I know my colleagues will join me in wishing him continued success and fulfillment in all his endeavors.

What this country needs are a few more Don Stoltz's in each and every community. He is that kind of guy—just super.

HIGHER EDUCATIONAL AMENDMENTS OF 1986

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. RICHARDSON. Mr. Speaker, I submit the following legislation for the RECORD.

Text of bill follows:

H.R. 2178

A bill to make technical corrections to title XV of the Higher Education Amendments of 1986, relating to Indian education

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES TO AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT ACT.

(a) SHORT TITLE.—This Act may be cited as the "Indian Arts Amendments Act of 1987".

(b) REFERENCES TO AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT ACT.—Whenever in this Act a section or other provision is amended, such amendment shall be considered to be made to that section or other provision of the American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act (Public Law 99-498; 100 Stat. 1600).

SEC. 2. INITIAL BOARD OF DIRECTORS.

(a) APPOINTMENT OF VOTING MEMBERS OF INITIAL BOARD.—Section 1505(a)(1) of the Act is amended—

(1) in subparagraph (A)—

(A) by inserting "(i)" after "(A)"; and

(B) by striking out "The" and inserting in lieu thereof "Except as provided in clause (ii), the"; and

(2) by inserting at the end thereof the following new clause:

"(ii) Of the members first appointed under this subparagraph, 10 members shall be appointed by the President under clause (i) and 3 members shall be appointed by the Advisory Board of the Institute of American Indian Arts. The members appointed by the Advisory Board shall be chosen by vote from among its own membership.".

(b) DETERMINATION OF STAGGERED TERMS.—Paragraph (3) of section 1505(b) is amended by striking out "drawing of lots during the first meeting of the Board" and inserting in lieu thereof "President".

SEC. 3. GENERAL POWERS OF THE BOARD..

Section 1507 is amended—

(1) by striking out paragraph (11);

(2) by striking out "(12)" and inserting in lieu thereof "(11)"; and

(3) by striking out "(13)" and inserting in lieu thereof "(12)".

SEC. 4. LENGTH OF APPOINTMENTS OF STAFF.

Paragraph (1) of section 1509(b) is amended by inserting "fix the length of such appointment," after "appoint,".

SEC. 5. ADVISORY BOARD OF THE INSTITUTE OF AMERICAN INDIAN ARTS.

Subsection (e) of section 1514 is amended to read as follows:

"(e) ADVISORY BOARD OF THE INSTITUTE OF AMERICAN INDIAN ARTS.—

"(1) From the effective date of this Act, as set forth in subsection (f), until May 1, 1987, the Advisory Board of the Institute of American Indian Arts, as constituted on the date of enactment of this Act, shall serve in an advisory capacity to the Bureau of Indian Affairs except that the Assistant Secretary from Indian Affairs, Department of the Interior, shall take such actions as may be necessary to fill all vacancies on the Board which exist on the date of enactment of this subsection. The Advisory Board shall have full access to all information pertaining to all aspects of the Institute and all aspects of the management of the Institute by the Bureau of Indian Affairs, without regard to the administrative entity currently in possession of the information.

"(2) During the period beginning on May 1, 1987, and ending when a quorum of the Board appointed under section 1505 has been appointed by the President and a time and place for the first meeting of that newly appointed Board has been set, the Board shall no longer be regarded as advisory but shall stand in the place of the Board to be appointed under section 1505. During this period, the Board shall work with the Bureau of Indian Affairs to—

"(A) identify all actions needed for the implementation of this Act, including the orderly transfer required under section 1514(b), and

"(B) establish a time frame for such transfer. The Secretary, or the Secretary's designee, shall have the sole authority to make final determinations upon the items and matters to be covered under such transfer.

"(3) The Board shall appoint an interim President for the period beginning on May 1, 1987, and ending on June 30, 1988. The interim President shall—

"(A) be charged with the development of the personnel system as set forth in section 1509,

"(B) report directly to the Board, and

"(C) also perform such duties as the Board may require.

During this period, and subject to the provisions of subsection (b)(1), the Board shall accept from the Bureau of Indian Affairs such items and matters as may from time to time be transferred under that subsection.".

SEC. 6. TRANSFER OF FUNCTIONS.

Section 1514(b)(1) of the Act is amended by inserting before the period at the end the following: "in a timely and expeditious fashion, provided that all such personnel, liabilities, contracts, real property, personal property, assets, and records which have not been transferred by June 30, 1988, are hereby transferred to the Institute as of such date".

SEC. 7. FINANCIAL AUDIT REPORT.

Section 1515(a) of the Act is amended by adding at the end the following new sentence: "The Comptroller General of the General Accounting Office shall also submit to the Congress and the Board every three years a complete financial audit conducted under the requirements set forth in subsection 9105 and 9106 of title 31, United States Code.".

SEC. 8. ESTABLISHMENT OF ENDOWMENT PROGRAM.

Section 1518(d) is amended by striking out "section 1521(a)" and inserting in lieu thereof "section 1531(a)".

H.R. 1987

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Ms. KAPTUR. Mr. Speaker, just before the Easter district work period, I introduced H.R. 1987. This bill would, for the first time, designate an official name for the area in Arlington National Cemetery where the remains of four unknown service members are interred.

The tomb area at Arlington, where the Unknowns of World War I, World War II, Korea, and Vietnam are buried, has become a deeply symbolic national shrine. Thousands, from our own country and abroad, make this moving pilgrimage each year. They come to honor all men and women who sacrificed their lives in defense of our Nation. They leave with renewed commitment to the values and ideals for which those men and women died.

The site of this shrine has never been officially named. After burial of the first Unknown from World War I, it was commonly referred to as the "Tomb of the Unknown Soldier." When unknown members of the military from World War II and Korea were interred in 1958, and from Vietnam in 1984, the broader term "Tomb of the Unknowns" was adopted. This more inclusive phrase recognized the participation by all branches of the service in those conflicts, and is now widely used.

I ask my colleagues to support H.R. 1987 so that this historic site may bear in a more formal sense the honored name "Tomb of the Unknowns."

A SOVIET NUCLEAR DISASTER BECOMES A PROPAGANDA PLOY

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. BROOMFIELD. Mr. Speaker, when many in the Western world are applauding Gorbachev's policy of glasnost as heralding new Soviet respect for human rights, we need only look at the Soviet response to the Chernobyl nuclear disaster which sent a plume of lethal radioactivity across Europe 1 year ago.

The Soviet Union waited 3 days to announce that the world's worst nuclear accident had occurred. That shows very little concern for the most basic of human rights—the right to live.

The Soviets failed to give notice to the International Atomic Energy Agency, even long after many Soviet citizens had died and tens of thousands of Polish, Czechoslovakian, and Romanian citizens were exposed to high levels of radiation.

The Soviet Union came forth with information only after it became apparent that news of such a major disaster could not be suppressed. Even then the Soviets only described in general the incident and measures underway to deal with the damage. The Soviets still have not produced the data promised to the world on the initial medical tests of evacuated residents and rescue workers.

It is ironic that the Soviets brought about a nuclear disaster that threatened the health of millions of Europeans, and now uses that Soviet disaster as a centerpiece in its propaganda campaign for the elimination of Western nuclear weapons from Europe.

Those who think glasnost means openness ought to ponder Soviet conduct after the Chernobyl disaster. It does not mean openness in the Western sense of truth. To the Soviets, glasnost means propagandizing the Western world's free press to manipulate public opinion in the West, as the Soviets have done with the Chernobyl disaster.

A TRIBUTE TO WILLIAM T. "BUD" BLAIR

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. McEWEN. Mr. Speaker, distinguished colleagues. It is with great pleasure that I take this opportunity to join the many friends of William T. "Bud" Blair in honoring him on the occasion of his retirement as President of the Ohio Chamber of Commerce after 30 years of dedicated service.

Certainly the list of accomplishments heralded by Mr. Blair, and listed below, further outline Bud's enormous contributions to the State of Ohio and the business community.

Born in Canton, OH, a graduate of Ohio Wesleyan University in Delaware, a resident of Columbus, OH—every part of the State seeks to call Bud their own. In addition, Bud furthered his education through study at the Michigan State University's Institute for Advanced Management Training in Ann Arbor, MI.

A good father to his four children, Timothy, Anne, Linda and Carol, a loving grandfather to four, and a faithful husband to his wife, Eleanor, Bud has set a fine example for all of us in America today through his work at the Ohio Chamber and through his untiring efforts on behalf of his community.

Mr. Speaker, let me share with you just a few of the ways in which Bud Blair has left his mark in Ohio:

With over 30 years at the Ohio Chamber of Commerce, William Blair has served as: Trustee to 15 business related organizations; past chairman of the Council of State Chambers; board of directors to the Center of Science and Industry, Columbus, OH; board of directors to the Ohio Society of Association Executives; committee of American Society of Association Executives; past president of the Great Lakes Area Industrial Development Council.

Also executive committee of Blue Shield of Ohio; Chairman of the Board, Central YMCA, Columbus, OH; alumni association of Ohio Wesleyan University; member, University Club, Columbus, OH; member, Overbrook Presbyterian Church; member, Scottish Rite; member, Columbus Athletic Association; member, Sons of the American Revolution; member, Phi Kappa Psi; member, Columbus Rotary; and listed in Who's Who in America.

Mr. Speaker, as Bud Blair seeks to enjoy a rewarding and certainly well-deserved retirement, I take this time to tip my hat to Bud and to say, "thanks!" His untiring efforts on behalf of Ohio will be missed, not only by the Chamber of Commerce, but by myself and my colleagues in the Ohio delegation particularly.

Best of luck to you, Bud. May you find time, not for business, but for "tee" time in the months to come. Thank you, for all you have done. You are a tribute to America.

REMEMBERING DR. CARLOS H. BAKER

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. COURTER. Mr. Speaker, it is with sadness and pride that I bring to my colleagues' attention the life and fine work of Dr. Carlos H. Baker of Princeton, NJ, who died earlier this month after a brief illness.

This recently retired Woodrow Wilson professor of literature emeritus at Princeton University was an authority in modern American and English literature and celebrated biographer of Ernest Hemingway. He held the chairmanship of the English Department on two separate occasions and retired from teaching in 1977. He was at work on a biographical study of Ralph Waldo Emerson at the time of his death.

Dr. Baker was a native of Biddeford, ME, and graduated with the class of 1932 at Dartmouth. He received his M.A. from Harvard and a doctorate from Princeton in 1940. He began teaching at Princeton 3 years later. In 1952, he gained wide recognition as a scholar with the publication of the first full-length study of Hemingway entitled "Hemingway: The Writer as Artist." Dr. Baker was invited by Charles Scribner, Jr., to undertake a biography of the writer following the artist's death in 1961. This work, "Ernest Hemingway: A Life Story," was a Book-of-the-Month Club selection in April 1969, and has since been translated into 14 foreign languages.

His publications often appeared in the metropolitan press and in scholarly publications. His work has been published in the Atlantic, the New Republic, the New York Times Book Review and the Nation. He also authored numerous novels, including "A Friend in Power," "The Land of Rumbelow," and "The Gay Head Conspiracy."

In 1974, Dr. Baker served as chairman of the fiction judges for the Pulitzer Prize and once served as editorial consultant for a report issued by former Gov. Alfred E. Driscoll's New Jersey Legislative Commission to Study Narcotics. In 1976, he was chairman of the editorial committee for the American Revolutionary Bicentennial Administration, which was charged with selecting 100 masterpieces of American literature for future publication by Franklin Library.

Dr. Baker was an excellent teacher who has, by now, left his impression on thousands of Princeton alumni. He will be sorely missed by his colleagues, friends, and especially his family—his wife Dorothy and children, Diane, Elizabeth and Brian. I, for one, lost a very remarkable and generous constituent.

ONE OF THE GREATEST—A PRESIDENT WITH A RECORD LIST OF ACCOMPLISHMENTS—HOPE'S DR. GORDON VAN WYLEN

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. VANDER JAGT. Mr. Speaker, I rise today to ask my colleagues to join me in giving proud and deserving recognition to one of the outstanding educators of our time, Dr. Gordon Van Wylen. Dr. Van Wylen is retiring as President of Hope College in Holland, MI at the end of this academic year after 15 years of very special service.

As a graduate of Hope College, this unique school holds a very special place in my heart. During the last 15 years I have come to know Dr. Van Wylen as a man who is always sincere, forthright and intelligent; a very compassionate man, dedicated to helping the leaders of the future. Please join with me in honoring this unique man who fully committed himself to Hope College, its students and faculty. He deserves our congratulations on his commitment to improving the quality of their lives through education. I am indeed proud to call him, friend.

It is rare to come across an individual who has been so successful in achieving the goals he set for himself and his school. Dr. Van Wylen has been a driving and instrumental part of many projects and changes that have contributed greatly to making Hope College the outstanding school it is today. As Gordon retires, he will leave behind a stronger educational institution with a stronger commitment to excellence and a stronger adherence to the principles upon which the college was founded. His work is a fine example to us all of how best to nurture the spirit of learning and Christian faith. Perhaps that is the most anyone can say about one man's career. Dr. Van Wylen did indeed provide his students with a unique "window on the world".

In his own words, upon assuming the office of president in July 1972, Dr. Van Wylen stated that the "mission" of Hope College, was to "offer with recognized excellence, academic programs in liberal arts, in the setting of an undergraduate, residential coeducational college and in the context of the Christian faith." This he has accomplished and so much more.

Dr. Van Wylen came to Hope College after serving as Dean of Engineering at the University of Michigan. His era at Hope College has been marked by improving academic excellence, promoting extensive campus development, and substantially increasing fundraising to ensure the future well-being of the Institution he serves so well. A generous and unselfish leader, Dr. Van Wylen postponed his retirement for 2 years to work on the latest Hope College capital campaign, The Campaign for Hope. It would be impossible for me to chronicle his many achievements in this limited time, but I hope by touching on a few of his outstanding efforts I can underline his hard work and dedication and how he established himself as an integral and indispensible part of Hope College.

There have been amazing changes in campus development during his tenure. As a former student, whenever I visit, I remark in wonder at the extensive building and renovation that has taken place in the last 15 years. From the new Dow Health and Physical Education Center to the DePree Art Center and Gallery, the improvements Dr. Van Wylen has instituted have led to the establishment of a vital and exciting campus. This new growth, joined with the traditions of the school, has culminated in a better environment for all the students, leading to greater excellence and creativity.

To achieve this new growth and to ensure the future of the school, Dr. Van Wylen had to turn his hand to fundraising, at which he was extremely successful. During his term as president, Hope College has raised more money than at any other time in its history through annual fund drives and two major capital campaigns; the Build Hope Fund and The Campaign for Hope. Under his direction, the Build Hope Fund became the most successful campaign in the college's history. Started just prior to his term as president, it easily succeeded its goal and when it ended in December 1976, the school had raised $10,407,690. Nine years later the college began an even more ambitious fund drive, the Campaign for Hope, with a goal of $26 million. This goal was reached by the fall of 1986 with $12 million earmarked for the construction of a new $8.5 million library, which eventually was unanimously voted by the board of trustees to be named in honor of Gordon J. and Margaret D. Van Wylen.

What makes his fundraising accomplishments all the more impressive is that Dr. Van Wylen not only raised the resources needed to extensively redevelop the school, but at the same time he increased the school's endowment 7.5 percent, while maintaining a balanced budget and keeping student tuition relatively low.

In addition to development, administration and fundraising, Dr. Van Wylen set out to help Hope College in another vital area during his tenure—the improvement of its academic reputation. Dr. Van Wylen has been a man in touch with his students and his faculty. He is an educator dedicated to growth and excellence. Under his leadership, in 1974, Hope College initiated a reorganization of the academic administration to strengthen the academic program. These efforts resulted in the establishment, prior to the 1975-76 school year, of the provost-dean structure. Another effort to strengthen academic excellence was the expansion of the faculty development grant program that enables faculty members to pursue research grants during the summer.

In addition to his work directly with the school, Dr. Van Wylen also found time in 1982 to chair a committee for the Holland community that was formed to study a proposed city airport. In 1983 he led a campaign committee that promoted the airport construction and in August of that year the plan was approved, thanks largely to his work and influence, by the Holland voters. Later that year he became the first recipient of the Holland Area Chamber of Commerce Distinguished Service Award for his involvement. He was also selected as one of the first recipients of a honorary doctorate from Meiji Guakin University in Tokyo, Japan. The degree will be awarded this spring.

Achievements of the magnitude discussed here should not go unnoticed. Dr. Gordon Van Wylen deserves thanks and appreciation from all those connected to Hope College, and as importantly, from all of us who revere the American work ethic, dedication to faith, and devotion to making this a better world. Dr. Van Wylen has had a special positive impact on those who worked with him, who have known him and who have been enriched by his teachings. He is a shining example to us all and it is fitting that this tribute be recognized by the Congress. I know that my colleagues will join me in wishing him all the very best in his future endeavors.

THE TRAINING-FOR-TRADE BILL

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. BONKER. Mr. Speaker, today I am introducing, with the cosponsorship of Representative CONTE, a measure designed to promote the development of the China market for United States businesses. Senator KERRY, the author of the bill, has already introduced this legislation in the Senate as S. 738, and I am privileged to be the House sponsor.

The bill would establish a small program of education and training for Chinese nationals in the United States, which would in turn provide long-term benefits in increased American exports to China. The legislation builds upon the success of the Trade and Development Program's [TDP] feasibility studies in generating hundreds of millions of dollars in U.S. exports. As indicated by the feasibility studies, Chinese nationals educated and trained by American firms in the United States are more likely to favor the American equipment and services with which they are familiar when seeking foreign input for their country's economic modernization program. Our businesses—especially our small businesses—are well-qualified to offer the type of education and training the Chinese want, particularly in the areas of computer programming and midlevel management. Because of its impressive track record in promoting United States exports to China, TDP is well-positioned to administer this program.

The legislation focuses on China for several reasons. China is the most important market to emerge in more than 40 years, and the country's latest 5-year plan envisions a doubling of China's foreign trade. American firms are losing major export opportunities because they cannot offer education and training programs comparable to those offered by our competitors with Government backing, as part of their project bids. Japan, for example, spends $37 million yearly on a program similar to the one this legislation would establish. Canada expects to spend almost $40 million this year on its Training-for-Trade Program; West Germany allocates $18 million annually to its program. The United States is virtually alone among China's major industrialized trading partners in not offering such a program. It is time the U.S. recognized that a small investment in such a program now can produce big payoffs in U.S. exports in the not-too-distant future.

Mr. Speaker, compared to the China training programs of our key trading partners and to the potential boosts to United States exports such a program could provide, the $25 million authorization is very modest. The bill enjoys the support of the Small Business Service Bureau, which represents more than 35,000 small businesses across the country. I hope my colleagues will join with Mr. CONTE and myself in supporting this bill.

THE RENAMING OF THE CORPUS CHRISTI POST OFFICE FOR DR. HECTOR GARCIA

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. ORTIZ. Mr. Speaker, I am pleased that legislation, H.R. 781 that I introduced, which designates the Corpus Christi Post Office in honor of Dr. Hector Perez Garcia, was passed today without objection.

Dr. Garcia's accomplishments are many and this honor is befitting to a man who has dedicated so much of his life and talents to the Corpus Christi community and to the service of others. He will long be remembered by this symbolic gesture which commemorates his many achievements.

Dr. Garcia is probably best-known as being the founder of the American GI Forum, a veterans group composed of Americans of Mexican origin. He served in the Engineer and Medical Corps in World War II and was awarded the Bronze Star Medal along with six Battle Stars.

Dr. Garcia has served as an adviser and representative to Presidents Kennedy, Johnson, and Carter in many capacities ranging from various commission positions to special ambassador. Most recently, he was awarded the Medal of Freedom from President Reagan. Dr. Garcia is a well-loved and admired leader in the Corpus Christi community, south Texas, and the Nation.

I believe Dr. Garcia is deserving of this recognition, which will be a profound reminder to current and future generations of his dedication and spirit which has touched so many lives. I appreciate the unanimous approval of my colleagues for this bill.

PALM BAY SERTOMA CLUB ACTIVE DURING BETTER HEARING AND SPEECH MONTH

HON. BILL NELSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. NELSON of Florida. Mr. Speaker, it is my pleasure to share with you today the commendable activities planned by the Palm Bay, FL, Sertoma Club during the month of May. The Sertoma Club will be joining others nationwide to promote an annual public education campaign held each May. National and local efforts combine to inform the public about the massive impact of communication disorders in this country and the help that is available.

An estimated 24,000,000 Americans have communication disorders—problems with hearing, speech, or language. This makes communication disorders our Nation's No. 1 handicapping disability, affecting more people than heart disease, paralysis, epilepsy, blindness, tuberculosis, cerebral palsy, muscular dystrophy, and multiple sclerosis combined. The yearly health care costs and loss of earnings due to communication disorders is a staggering $26 billion.

This year, actor Richard Thomas is the chairman of the May 1987 Better Hearing and Speech Month, joined by 5-year-old poster child Jason Juan Aristy of Hollywood, FL. The national campaign will kick off in Washington, DC on May 1.

During the month of May, the Sertoma Club of Palm Bay will sponsor the Sertoma Foundation "Quiet Pleases" program throughout the Brevard County school system. It will also have educational exhibits in the Melbourne Square Mall on May 30 and 31. Other local partial sponsors for the month are Florida Today, WAYK-TV channel 56, and Morrow's Nut House.

I am delighted to share this information and urge all citizens to learn more about hearing, speech, and language disorders and to join in the effort to create a more enlightened public attitude and response to this Nation's widespread problem.

GILMAN URGES HATCH ACT REVIEW

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. GILMAN. Mr. Speaker, on February 5, 1987, the three-member Merit Systems Protection Board suspended from Federal service for 60 days American Postal Workers Union President Moe Biller, National Association of Letter Carriers President Vincent Sombrotto, and American Federation of Government Employees President Kenneth Blaylock.

This most disturbing action strongly indicates to me that the Hatch Act is in need of close scrutiny by the appropriate congressional committees. Stretching this law to apply to individuals who have been on leave from the Federal work force for a combined total of 60 years is most perturbing.

I would urge these three distinguished gentlemen not to allow this action to serve to "muzzle" or prevent them from fulfilling their responsibilities. If it did, it would have as Moe Biller stated, "A chilling effect on the ability of postal and Federal unions to participate in our Nation's political system."

Mr. Speaker, two measures currently pending in the House Committee on Post Office and Civil Service would help correct some of the current problems created by the Hatch Act. H.R. 20 and H.R. 21 amend title 5, United States Code, to restore to Federal civilian and postal employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, and to protect such employees from improper political solicitations.

Accordingly, I urge my colleagues to carefully review and analyze some of the apparent ambiguities in the Hatch Act.

SOUTH PASADENA DEDICATES NEW POLICE/FIRE FACILITY

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. MOORHEAD. Mr. Speaker, on April 13, 1987, the city of South Pasadena dedicated a new police and fire facility. This was an occasion for great joy in South Pasadena because a new station and firehouse were so desperately needed.

South Pasadena is not a large town. It has a population of 23,526 and covers about 3.5 square miles. Yet even for a small community, the police and fire facilities were woefully inadequate.

The police station was built sometime in 1908 although that is not certain because there are no records. It was constructed not as a police station but as a garage and grocery store that was subsequently converted for police use. Despite the conversion, the plant never really fully met the needs of the lawmen of South Pasadena.

The fire station has a similar history. It was constructed sometime before 1912. Again the local historians aren't sure when the old firehouse was built because again there are no building permits or other records.

In the future, there will be no question about when the new facilities were occupied. The attention of a considerable segment of South Pasadena was turned toward the dedication ceremonies. The new $3 million facilities is a great source of community pride. For one thing, it did not necessitate a tax increase for the city's residents. The police and fire personnel of South Pasadena are now much safer and much better housed. These dedicated, capable, and long-suffering men and women will be able to do an even better job protecting the person and property of their constituents. Overall, this is a very beneficial step for all the people of South Pasadena.

Mr. Speaker, this statement, along with other memorabilia from the dedication ceremony, will be placed in a time capsule that will be buried on the site of the new facility. It will be opened a century later in the year 2088. We must hope and pray that the strides made by the city of South Pasadena and the United States in the last 100 years will be repeated in the next 100 years.

We must hope that the residents of South Pasadena who open the capsule 10 decades from now will be able to look back to this moment with gratitude because it was a time when we looked forward with care and foresight; because it was a time when we governed with consideration for future generations and did not opt for the temptations of short-term gratification.

However, in the near term, Mr. Speaker, it is surely fitting to offer congratulations to all the people of South Pasadena who were involved directly or indirectly in this most necessary and worthy effort.

THE 60TH ANNIVERSARY OF THE ORATORIO SOCIETY OF QUEENS

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. ACKERMAN. Mr. Speaker, this year marks the 60th anniversary of one of Queens County's most prestigious organizations. The Oratorio Society of Queens has been enriching the lives of the community with public performances of choral masterpieces for six decades.

Begun as the Oratorio Society of Flushing in 1927, this fine group has appeared in churches, synagogues, hospitals, parks and community centers. It is a charter member of both the Queens Council on the Arts, and the Flushing Council on Culture and the Arts. The society is especially proud of its performances at world-renowned Lincoln Center, and for Pope John Paul II at Shea Stadium. Never lost through these appearances, though, is the society's original intent, which has remained singularly clear: to enrich the lives of the citizens of Queens through public performances.

David Close, the society's artistic director since 1970, has enhanced the group's performances as he solidified one of the most prestigious arts organizations in Queens. With professional soloists and orchestra, the group has most recently performed the works of Mozart and Bach. It is best known for its rendition of Handel's "Messiah" during the holiday season.

The Oratorio Society of Queens operates under the distinguished stewardship of 12 officers whose experience represents over 90 years of service to the community. Led by Anne Brueckner, the society's president, these selfless individuals also include Madeleine Bini, Hillel Ausubel, Dolores McClearnen, Isabelle Carpino, Minette Tolciss, Mary Lou Osmers, Elsa Aziz, Noreen Dumaresq, Judy Redel, Catherine Gruebel and Christine Gutt. Their hard work and dedication has made the Oratorio Society such an outstanding part of the arts community in Queens.

Mr. Speaker, I call now on all my colleagues in the U.S. House of Respresentative to join me in congratulating all the past and present members of the Oratorio Society of Queens as they celebrate their 60th anniversary. In these times where materialism seems to take precedence over many of the more esthetic aspects of society, it is most important that the arts and the needs of the human spirit are not neglected. Through the fine efforts of the Oratorio Society of Queens, we may be sure that will not be.

THE ADVANCED TECHNOLOGY BOMBER

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. ASPIN. Mr. Speaker, I rise today to report to the House on the Air Force's Advanced Technology Bomber [ATB] Program, and to outline an amendment that SAM STRATTON and I will offer in this area when we consider the annual National Defense Authorization Act.

Late last month, a special House Armed Services Committee panel completed its investigation of the B-1B Bomber Program. That report has been issued, and cuts in the B-1B budget line have already been executed in the committee markup of the fiscal year 1988 authorization bill. Those cuts continues the test program, but halt enhancements until the basic capabilities of the aircraft have been demonstrated.

The B-1B report is also important from the standpoint of the lessons learned. As the report stated:

> The B-1B experience also raises questions about other programs currently in critical stages of development that involve advanced technology. The B-1B program is not considered to be pushing the "state of the art." Yet, the B-1B management and development problems raise concerns over the stability and execution of programs that incorporate more advanced technology such as the advanced technology bomber, the advanced medium-range air-to-air missile (AMRAAM), the advanced tactical fighter, and the advanced cruise missile.

For the ATB Program to be a complete success the lessons learned from the B-1B experience must be applied.

The same group that reviewed the B-1B—the members of the Procurement and R&D Subcommittees—have also been examining the ATB Program.

The R&D and Procurement Subcommittees have each had a hearing with the Air Force on the ATB. Also, the two subcommittees met jointly on March 30 to receive testimony on the program from the General Accounting Office and Deputy Secretary of Defense Taft.

Some 14 months ago, in February 1986, the Armed Services Committee directed the General Accounting Office to review all the major elements of both the B-1B and the ATB Programs.

The assistance of the GAO staff has been critical to the subcommittees' understanding of the ATB issues at this point. Late last month, I joined officials of the GAO in meeting with Air Force program managers at their Wright-Patterson Air Force Base Headquarters.

There is a great deal of information on the ATB that should be reported. However, the security restrictions imposed by the Department of Defense prevent me—at this time—from raising a number of important program issues in a public debate.

As I mentioned earlier, the ATB Program is one of several special access or so-called black programs. The special access classification means that information on critical ATB system technology is—appropriately—very closely held.

But it also means that essential information on program cost and schedule is—inappropriately—withheld from the public debate. That information, however, is not withheld from the Armed Services Committee which is exercising its oversight powers in reviewing all the elements of the ATB Program.

Our investigation has covered: System performance and capability; schedule and concurrency; costs; and program management.

In addition to the assistance of the GAO, we are also about to attract other outside help in evaluating the program implications of the relative penetration capabilities of the B-1B and the ATB. Specifically, if the B-1B is not used as a penetrating bomber, how many ATB's do we need to buy? That information should be very useful as we continue to monitor these programs.

With SAM STRATTON, chairman of the Procurement Subcommittee, I plan to offer an amendment when the House considers the defense authorization bill the week of May 4.

The amendment contains three elements: Public accountability; contractor accountability; and institutional accountability.

Let me explain.

PUBLIC ACCOUNTABILITY

First there is a need for public accountability. The amendment begins by expressing the sense of the Congress on the advanced technology bomber, as well as two other special access programs, the advanced cruise missile, and the advanced tactical aircraft.

These points are:

First, that the ATB, ACM, and ATA Programs involve the development and production of new advanced technologies that are critical to U.S. national security;

Second, that in conjunction with national security requirements, it is necessary that certain information involving the technological characteristics and performance of these systems remain classified; and

Third, that it is consistent with the public interest and it would not jeopardize our national security for the security of defense to disclose, in a nonclassified form, the total cost, the annual budget request, and a general description of the schedule for these programs.

The point has been reached in each of these programs where program cost, the annual budget request, and the schedule should be made available and basic public accountability established on major special access programs.

CONTRACTOR ACCOUNTABILITY

Second, there is the need for contractor accountability through competition in the ATB program.

Earlier unclassified statements indicate that the Air Force plans to procure 132 ATB's at a cost of $36.6 billion in fiscal year 1981 base year dollars.

Although the total bill for the B-1 is not in, it is clear that a de facto competition with the ATB did keep B-1 costs lower than they otherwise would have been.

While I cannot discuss the specifics of ATB cost growth, it is an area of concern.

When Congress made the decision—correctly—to limit B-1 production to 10 aircraft, the competitive pressure on the ATB vanished.

In fact, this was a concern expressed last year when SAM STRATTON included language in the authorization bill requiring the Air Force and Secretary of Defense to evaluate the acquisition strategy of the ATB.

Our requested report—4 months late—expressed the need for maintaining competition as an element in the ATB Program.

Because I am concerned the Government may be at a disadvantage in critical contract negotiations, it is necessary for the House to act now.

The amendment mandates that the Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, establish a means to provide ongoing competition for the production of the ATB.

Secretary Weinberger and Under Secretary Godwin have a number of options available.

There are several possibilities:

First a production-management study of the ATB Program conducted by other experienced contractors in the field of aircraft production selected through the use of competitive procedures;

Second, an annual competition for final assembly and check-out of aircraft systems, basically a competition for aircraft integration;

Third, a solicitation for information on proposals for establishing a complete second production source.

There are certainly other options available, and the amendment in no way restricts the Department of Defense to these three.

The amendment provides $100 million to implement the competition. These funds were made available through a reduction in other funds requested this year for the ATB.

While establishing competition may eventually cost more than the $100 million provided in the amendment, the alternative is a potential for unchecked cost growth, schedule delays, and the uncertainty of having to put all our eggs in one basket for an extremely important national security program.

To guarantee that our recommendation is implemented, the language restricts the obligation of ATB dollars after fiscal year 1988 if the competition program is not started. We ask for a report on the status of the competition by April 1, 1988.

INSTITUTIONAL ACCOUNTABILITY

Third and finally, there is the issue of institutional accountability.

It is necessary and proper that steps be taken to guarantee a complete and accurate institutional record of this program. In the event that a future Congress must review the ATB, sufficient evidence and documentation must be available.

Therefore, the amendment requires the following:

First, a report on the expected capabilities of the ATB as of the date of its official initial operational capability, and preplanned post IOC product improvements and enhancements;

Second, annual reports on the status of ATB developmental and operational testing;

Third, selected acquisition reports for the ATB, the advanced cruise missile, and the advanced tactical aircraft; and

Fourth, an examination by the General Accounting Office of the criteria used by the Department of Defense in determining whether a program should be designated for special access.

Mr. Speaker, there is a great potential for U.S. national security in the ATB Program. Our challenge is to impose a new element of discipline and competition on the program, and apply the lessons we have learned from the B-1 experience.

I look forward to working with other interested Members in this area, and certainly welcome any suggestions they might make.

MAN'S INHUMANITY TO MAN

HON. THOMAS J. BLILEY, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. BLILEY. Mr. Speaker, since the House of Representatives was not in session on this April 24, I would like to use the time today to comment on a matter of timeless importance. I rise in strong support of House Joint Resolution 132 designating April 24 as the "National Day of Remembrance of the Armenian Genocide of 1915-1923."

In the shadow of World War I, the Ottoman Turk Government embarked on a plan to systematically eliminate the Armenian people from their ancestral homeland.

The Armenian men who had answered the call to join their country's armed forces were isolated and shot. On orders from the central government, Turkish soldiers rampaged from town to town, brutalizing and butchering the remaining Armenian population. Women and children were then forced on a death-march into the Syrian desert. By the end of the war, the Ottoman Turks had been successful in exterminating 2 out of every 3 Armenians.

Henry Morgenthau, Sr., then U.S. Ambassador to Turkey, wrote: "I am confident that the whole history of the human race contains no such horrible episode as this. The great massacres and persecutions of the past seem almost insignificant when compared to the sufferings of the Armenian race in 1915." Though the details of these atrocities were well known in all foreign capitals, the world looked the other way. The killing of an individual was considered a crime; the murder of a nation went unpunished.

Only 20 years later, Adoph Hitler asked rhetorically, "Who remembers the Armenians?" as he began his master plan to annihilate the Jews. Mr. Speaker, those who fail to remember history are condemned to repeat it.

The years cannot mute the voice of those Armenian survivors whose individual accounts of savagery combine to form a bedrock of irrefutable evidence. Despite the attempts to hide the records and to distort the facts; despite the world's preoccupation with politics and strategy, the truth of the Armenian Genocide remains.

As Representatives of the United States, a country that was born out of the conviction that each man, each group, each people had the right to life, liberty and the pursuit of happiness, we have a duty to this truth. We have a duty to use this tragedy as an example of man's inhumanity to man. We must recognize that genocide has not been a singular blip in history. We must use this recognition to prevent such an outrage from happening again.

So as we commemorate April 24 as the National Day of Remembrance of the Armenian Genocide of 1915-1923, we must pledge that their deaths were not in vain, that their suffering will not be forgotten. We also rejoice in the survival of the Armenian people and use it as a beacon of hope for all those throughout the world who have been victims of the breakdown of civilization.

Mr. Speaker, I urge my colleagues to join in speaking out against man's inhumanity to man by cosponsoring House Joint Resolution 132.

RECOGNIZING JOHNSTOWN GOODWILL INDUSTRIES

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. MURTHA. Mr. Speaker, on Tuesday, April 28 a special dinner will be held in Johnstown commemorating the outstanding work done by the local chapter of Goodwill Industries.

From working in numerous community projects myself, I know how outstanding the work of Goodwill volunteers has been in our area. We have been one of the most hard-hit economic areas in the entire country, and without the spirit of cooperation and voluntarism displayed by groups like Goodwill our community never could have survived.

I often remark that the history of our great country is written less in the daily news headlines than by the countless individual steps of dedication, compassion, and commitment taken daily throughout America. The work of Goodwill volunteers marks an essential part of that dedication and is in the highest tradition of the American spirit and of American principles.

I extend my congratulations to the Johnstown Goodwill Chapter and look forward to their continuing efforts on behalf of our community.

WORLD POPULATION AWARENESS WEEK

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. KENNEDY. Mr. Speaker, the world's population today stands at more than 5 billion people. If that seems like a lot of people—and it should—consider that there will be twice that number living on this planet in just 40 years if current growth rates continue. Consider also that 90 percent of that astonishing growth is occurring in the developing world, in exactly the nations of the world that can least afford to support those booming numbers.

In light of these trends, I am pleased that my own State of Massachusetts joined with nearly 3 dozen others in urging a more responsible approach to the world's future. Gov. Michael Dukakis declared the week of April 20 through 25 as "World Population Awareness Week," a fact that was marked in conferences and forums held at Wellesley College, Dean Junior College, and other sites across the State.

Similar events scheduled that week across the country gave World Population Awareness Week national importance. To recognize that fact, I am pleased to have joined my colleagues in the Massachusetts Delegation, Senators EDWARD KENNEDY and JOHN KERRY, in supporting House Joint Resolution 148 and Senate Joint Resolution 69 to grant World Population Awareness Week the national recognition it deserves.

Mr. Speaker, I submit Governor Dukakis' resolution to be printed in the CONGRESSIONAL RECORD.

PROCLAMATION

Whereas the world's population has reached five billion and is growing at the unprecedented rate of 87 million a year; and

Whereas rapid population growth causes or intensifies a wide range of grave problems in the developing world including environmental degradation, urban deterioration, unemployment, malnutrition, hunger, resource depletion, and economic stagnation; and

Whereas fifty percent of the ten million infant deaths and twenty-five percent of the 500,000 maternal deaths that occur each year in the developing world could be prevented if voluntary child spacing and maternal health programs could be substantially expanded; and

Whereas some 500 million people in the developing world want and need family planning but do not have access of means to such services; and

Whereas the United States has been an advocate of the basic human right of couples to determine the size and spacing of their families;

Now, therefore, I, Michael S. Dukakis, Governor of the Commonwealth of Massachusetts, do hereby proclaim the week of April 20th-25th, 1987 as World Population Awareness Week and urge the citizens of the Commonwealth to take cognizance of this event and to participate fittingly in its observance.

"LET'S MAKE OUR TOWN A FAMILY"

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. STARK. Mr. Speaker, today I rise to pay tribute to the community activism taking place in my district. This week has been nationally proclaimed the American Home Week. This year's theme is "Let's Make Our Town a Family"; I am proud to say that this idea is alive in the Ninth District of California.

Unfortunately budget constraints often limit the amount of funds that are allocated for the improvement of youth facilities. It has been decided that this year's efforts would center around the improvement of community facilities that benefit children. The people of my district have decided to clean up three facilities in southern Alameda County, which will benefit the whole community and especially the children.

Many mayors from southern Alameda County support this action. I join them in recognizing this important community effort. This weeks theme of "Let's Make Our Town a Family" is alive and strong in southern Alameda County and I congratulate everyone who is a part of this effort.

A BILL TO BESTOW AMERICAN CITIZENSHIP ON IVAN LENDL

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. McKINNEY. Mr. Speaker, today, I am honored to be introducing a private immigration bill which would bestow American citizenship on an outstanding athlete and competitor, Ivan Lendl. A native of Czechoslovakia, Mr. Lendl has resided in my congressional district since 1981, and he has asked to become an American citizen for both philosophical and personal reasons.

When Mr. Lendl won the U.S. Open in 1985, he declared,

> To me, this is the biggest tournament in the world * * * it is the championship of the country where I enjoy living very much. I'm just so happy that I'm not even going to try to describe it.

Mr. Lendl first visited the United States in 1979 to compete in a tennis tournament, and although he spoke no English at the time, he fell in love with our country. Since coming here in 1981, he has spent only 20 days in his native country, and only returned to play in a tournament because of pressure from the Czechoslovakian Government. Mr. Lendl has already demonstrated a strong allegiance to this country. He has made appearances, without compensation, on behalf of a number of charitable organizations, including Big Brothers and Big Sisters of America, the Leukemia Foundation, and the Special Olympics. Mr. Lendl also has enthusiastically agreed to make appearances on the local level on behalf of the Greenwich Police and Fire Departments, senior citizen centers, and local schools.

As an athlete, Mr. Lendl is requesting U.S. citizenship so that he will be eligible to represent the United States in international tennis competitions. He is particularly interested in competing on the U.S. team in the upcoming Davis Cup and World Cup championships. Presently, the Olympic Committee is making its final decision on whether to allow professional tennis players to compete in the 1988 Olympics. If professionals are allowed to participate in the summer games in Seoul, Mr. Lendl says he would be honored to compete on the U.S. team. I know that tennis fans across the country would share my excitement over the prospect of having Mr. Lendl on the U.S. squad for these three major sporting events.

While I realize that the private bill is an extraordinary remedy to be used only in extreme cases, this case clearly merits such special consideration. By virtue of his athletic prowess and his superb dedication to the sport of tennis, Mr. Lendl deserves the opportunity to compete as a citizen of the country where he has chosen to live. Furthermore, by virtue of his fame as a world class athlete, Mr. Lendl's decision to become a citizen of the United States will make a valuable statement to the rest of the world.

The U.S. Congress should be honored to bestow citizenship on Mr. Lendl, and I urge expeditious consideration of this legislation so that Mr. Lendl will be able to compete for our country in the upcoming international tennis tournaments and perhaps the 1988 Olympic games. I can assure you that Mr. Lendl will appreciate the freedoms this country has to offer and in return, this country can point proudly to his tennis jacket inscribed with the initials, "U.S.A."

A TRIBUTE TO RICHARD HENSON

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 27, 1987

Mr. DYSON. Mr. Speaker, I rise today to salute Mr. Richard Henson, accomplished airline pilot, successful entrepreneur, and generous patron of higher education.

At a time when most institutions of higher education are experiencing stringent budget limitations, Mr. Henson has made a generous donation to the cause of higher learning. This donation to the University of Maryland Eastern Shore will greatly enhance the institutional capacities of the university. The gift of $2 million will provide a fund for full scholarships for undergraduate students and fellowships for graduate students. This donation will be shared among approximately 20 scholars, who will receive up to $25,000 in grants each.

Mr. Henson directs Henson Aviation, which operates in Maryland's Eastern Shore. He has demonstrated his business savvy through the impressive success of his company, and he now shows his genuine concern for the Eastern Shore community with this donation, the largest gift ever made to a historically black college.

Through his generous donation to the University of Maryland Eastern Shore, Mr. Henson has made a lasting contribution not only to the university by enabling it to offer greater educational opportunities, but also to the community at large for furthering the vital cause of higher education.

So, Mr. Speaker, Mr. Henson's scholarship fund enhances our children's ability to meet the most important challenges of the future. For this reason, I salute Mr. Henson, who stands as a source of great pride to his family, friends and all in Maryland's First Congressional District.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, April 28, 1987, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 29

9:00 a.m.

Agriculture, Nutrition, and Forestry

To hold oversight hearings on the implementation of the Federal Insecticide, Fungicide, and Rodenticide Act, focusing on problems with pesticide contamination in groundwater.

SR-332

Energy and Natural Resources

To hold hearings on S. 839, to authorize the Secretary of Energy to enter into incentive agreements with certain States and affected Indian tribes concerning the storage and disposal of high-level radioactive waste and spent nuclear fuel.

SD-366

Environment and Public Works

Superfund and Environmental Oversight Subcommittee

To hold oversight hearings on the implementation of the Superfund program.

SD-192

Rules and Administration

Business meeting, to consider proposed legislation authorizing funds for fiscal year 1988 for the Federal Election Commission, and S. 2, Senatorial Election Campaign Act of 1987.

SR-301

9:30 a.m.

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

Governmental Affairs

Oversight of Government Management Subcommittee

To hold oversight hearings on value engineering programs in Federal agencies.

SD-342

10:00 a.m.

Environment and Public Works

Environmental Protection Subcommittee

To hold hearings to examine the impact on marine environment of the use of tributyltin (TBT) in marine paints.

SD-406

Finance

Business meeting, to continue markup of S. 490, Omnibus Trade Act of 1987.

SD-215

Foreign Relations

To resume joint hearings with the Committee on the Judiciary to review constitutional implications of the Anti-Ballistic Missile Treaty of 1972.

SD-419

Judiciary

To resume joint hearings with the Committee on Foreign Relations to review constitutional implications of the Anti-Ballistic Missile Treaty of 1972.

SD-419

Labor and Human Resources

To hold hearings on the nominations of LeGree S. Daniels, of Pennsylvania, to be Assistant Secretary of Education for Civil Rights, Beryl Dorsett, of New York, to be Assistant Secretary of Education for Elementary and Secondary Education, and Bonnie Guiton, of California, to be Assistant Secretary of Education for Vocational and Adult Education.

SD-430

Small Business

Export Expansion Subcommittee

To hold hearings on how to increase small business participation in export markets.

SR-428A

2:00 p.m.

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

To resume hearings on the President's proposed budget request for fiscal year 1988 for the National Aeronautics and Space Administration, focusing on the space program.

SR-253

Energy and Natural Resources

To hold hearings to review the Department of Energy's proposed establishment of a Monitored Retrievable Storage (MRS) facility.

SD-366

Judiciary

Business meeting, to consider pending calendar business.

SD-226

Select on Indian Affairs

To hold oversight hearings on the Indian Financing Act and the Buy Indian Act.

SR-485

Select on Intelligence

Closed business meeting, to mark up proposed legislation authorizing funds for fiscal year 1988 for the intelligence community.

SH-219

APRIL 30

9:00 a.m.

Select on Indian Affairs

To hold hearings on S. 721, to provide for and promote the economic development of Indian tribes.

SD-628

9:30 a.m.

Appropriations

Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Defense.

SD-192

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of the Interior, focusing on territorial governments.

SD-124

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Justice, focusing on the Office of Justice Programs, Immigration and Naturalization Service, and the Federal Prison System.

S-146, Capitol

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

Banking, Housing, and Urban Affairs

Business meeting, to mark up proposed legislation to amend the Export Administration Act of 1979, to amend the Bank Export Services Act of 1982, to enhance the competitiveness of U.S. exports in world trade, to provide for long-term exchange rate stability, to increase bank safety and soundness, and to alleviate the international debt crisis.

SD-538

Commerce, Science, and Transportation

To hold hearings on the nomination of James L. Kolstad, of Colorado, to be a Member of the National Transportation Safety Board.

SR-253

Environment and Public Works

Nuclear Regulation Subcommittee

To hold hearings on S. 44 and S. 843, bills to extend and improve the procedures for the protection of the public from nuclear incidents.

SD-406

Judiciary

Antitrust, Monopolies and Business Rights Subcommittee

To hold hearings to review modifications to AT&T decree.

SD-226

Labor and Human Resources

Children, Family, Drugs, and Alcoholism Subcommittee

To hold hearings on S. 476, Young Americans Act of 1987.

SD-430

Veterans' Affairs

To hold hearings on proposals providing employment and education assistance to veterans.

SR-418

10:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit Subcommittee

Business meeting, to mark up S. 57, Agricultural Interest Rate Relief Act of 1987, and related proposals.

SR-332

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Urban Mass Transit Administration of the Department of Transportation, and the Washington Metropolitan Transit Authority.

SD-138

Energy and Natural Resources

Public Lands, National Parks and Forests Subcommittee

To hold hearings on H.R. 568 and S. 252, bills to establish the San Pedro Riparian National Conservation Area, Arizona, and S. 575, to convey public land to the Catholic Diocese of Reno/Las Vegas, Nevada.

SD-366

Finance

Business meetings, to continue markup of S. 490, Omnibus Trade Act of 1987.

SD-215

Foreign Relations

To hold hearings to review security at the U.S. Embassy in Moscow.

SD-419

Governmental Affairs

Business meeting, to mark up S. 328, to revise Federal law regarding prompt payment on completion of contracts for service or delivery of property.

SD-342

10:15 a.m.

Commerce, Science, and Transportation

To hold hearings in conjunction with the National Ocean Policy Study on S. 62, to regulate driftnet fishing operations in waters off the coast of the United States, and to review fishery programs.

SR-253

2:00 p.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of the Interior, focusing on territorial affairs.

SD-192

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

Environment and Public Works

Environmental Protection Subcommittee

Business meeting, to mark up S. 744, to assist States in responding to the threat to human health posed by exposure to radon, and S. 743, to authorize a study to determine the extent to which radon in the Nation's schools poses a threat to children and employees.

SD-406

Small Business

Export Expansion Subcommittee

To continue hearings on how to increase small business participation in export markets.

SR-428A

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To hold a closed meeting.

S-407, Capitol

2:30 p.m.

Judiciary

To hold hearings on pending calendar business.

SD-226

Labor and Human Resources

Aging Subcommittee

To resume hearings on S. 887, authorizing funds for fiscal years 1988-1992 for programs of the Older Americans Act.

SD-430

MAY 1

9:30 a.m.

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development and related agencies, focusing on the space station program.

SD-124

Finance

Business meeting, to continue markup of S. 490, Omnibus Trade Act of 1987.

SD-215

Labor and Human Resources

Business meeting, to consider pending calendar business.

SD-430

10:30 a.m.

Environmental and Public Works

Water Resources, Transportation, and Infrastructure Subcommittee

To hold hearings on proposed legislation to authorize construction of a Federal office building and a trade and cultural center on Pennsylvania Avenue.

SD-406

2:00 p.m.

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

MAY 4

9:30 a.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-192

2:00 p.m.

Energy and Natural Resources

Research and Development Subcommittee

To hold hearings on proposals to restructure the Department of Energy's uranium enrichment program.

SD-366

MAY 5

9:30 a.m.

Agriculture, Nutrition, and Forestry

To resume hearings to review economic problems of rural communities.

SR-332

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-138

Commerce, Science, and Transportation

Business meeting, to consider pending calendar business.

SR-253

10:00 a.m.

Foreign Relations

Business meeting, to mark up S. 766, authorizing funds for fiscal years 1988 and 1989 for the Department of State, S. 740, authorizing funds for fiscal years 1988 and 1989 for the Board for International Broadcasting, S. 767, authorizing funds for fiscal years 1988 and 1989 for the United States Information Agency, and S. 859, authorizing funds for fiscal years 1988 and 1989 for the Arms Control and Disarmament Agency.

SD-419

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To hold joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Smithsonian Institution, Woodrow Wilson International Center for Scholars, and the Holocaust Memorial Council.

SD-138

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

MAY 6

9:00 a.m.

Environment and Public Works

Nuclear Regulation Subcommittee

To hold hearings on proposed legislation authorizing funds for the Nuclear Regulatory Commission.

SD-406

9:30 a.m.

Agriculture, Nutrition, and Forestry

Business meeting, to mark up S. 512, Agricultural Competitiveness and Trade Act of 1987.

SR-332

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-116

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the U.S. Supreme Court, and for the Department of Justice, focusing on the Federal Bureau of Investigation, Drug Enforcement Administration, and the U.S. Marshals Service.

S-146, Capitol

Budget

To hold hearings on U.S. access to Japanese financial markets.

SD-608

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

10:00 a.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1988 for military construction programs, focusing on defense agencies.

SD-192

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra Affair.

SR-325

2:00 p.m.

Commerce, Science, and Transportation

Foreign Commerce and Tourism Subcommittee

To hold hearings on proposed legislation authorizing funds for the U.S. Travel and Tourism Administration, Department of Commerce.

SR-253

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:30 p.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-116

MAY 7

9:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for fossil energy, and clean coal technology programs.

SD-192

Rules and Administration

Business meeting, to consider proposed committee requests for supplemental funding for fiscal year ending September 30, 1987, and to resume consideration of S. 2, Senatorial Election Campaign Act of 1987.

SR-301

9:30 a.m.

Agriculture, Nutrition, and Forestry
Business meeting, to mark up S. 512, Agricultural Competitiveness and Trade Act of 1987.
SR-332

Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.
SD-116

Environment and Public Works
Nuclear Regulation Subcommittee
To hold hearings on emergency planning.
SD-406

10:00 a.m.

Appropriations
Military Construction Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1988 for military construction programs, focusing on Army and Army Reserve Components.
SD-146

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Federal Aviation Administration, and the General Accounting Office (FAA operations).
SD-138

Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on H.R. 191 and S. 261, bills to authorize the establishment of a Peace Garden on a site to be selected by the Secretary of the Interior, and S. 451, to authorize a study to determine the appropriate minimum altitude for aircraft flying over national park system units.
SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran-Contra affair.
SR-325

2:00 p.m.

Energy and Natural Resources
To resume hearings on S. 839, to authorize the Secretary of Energy to enter into incentive agreements with certain States and affected Indian tribes concerning the storage and disposal of high-level radioactive waste and spent nuclear fuel
SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SR-325

2:30 p.m.

Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.
SD-116

MAY 8

9:30 a.m.

Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Labor, Health and Human Services, Education, and related agencies.
SD-192

Energy and Natural Resources
Research and Development Subcommittee
To resume hearings on proposals to restructure the Department of Energy's uranium enrichment program.
SD-366

Joint Economic
To hold hearings to review the employment/unemployment statistics for April.
Room to be announced

10:00 a.m.

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development, and Independent agencies.
SD-124

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Federal Aviation Administration of the Department of Transportation, and the General Accounting Office (R, E&D, F&E, Airport Grants).
SD-138

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SD-325

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SD-325

2:30 p.m.

Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.
SD-192

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Legal Services Corporation.
S-146, Capitol

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 12

9:00 a.m

Judiciary
Technology and the Law Subcommittee
To hold hearings to review legal issues that arise when color is added to films originally produced, sold, and distributed in black and white.
SD-628

10:00 a.m.

Appropriations
To hold hearings on proposed budget estimates for fiscal year 1988 for certain export financing programs.
S-126, Capitol

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Board for International Broadcasting, and the Equal Employment Opportunity Commission.
S-146, Capitol

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To resume hearings on proposed legislation authorizing funds for the Hazardous Materials Transportation Act.
SR-253

Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on S. 84, authorizing funds for the Land and Water Conservation fund, and S. 735, relating to the distribution of revenues received under the Land and Water Conservation Fund Act.
SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran

on matters relating to the Iran/Contra affair.

2172 Rayburn Building

MAY 13

9:30 a.m.

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

10:00 a.m.

Appropriations

Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for foreign assistance programs.

S-126, Capitol

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988, to receive public testimony on certain programs of the Departments of Commerce, Justice, State, the Judiciary, and related agencies.

S-146, Capitol

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Transportation and related agencies.

SD-138

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

2:00 p.m.

Commerce, Science, and Transportation

To hold hearings in conjunction with the National Ocean Policy Study on proposed legislation authorizing funds for the National Oceanic and Atmospheric Administration, focusing on atmosphere and satellite programs.

SR-253

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

MAY 14

9:00 a.m.

Governmental Affairs

Federal Services, Post Office, and Civil Service Subcommittee

To hold hearings with the House Committee on the Post Office and Civil Service's Subcommittee on Census and Population to review the 1990 census questionnaire.

SD-342

9:30 a.m.

Veterans' Affairs

Business meeting, to consider proposed legislation providing employment assistance to veterans, and proposed legislation approving VA construction of major medical facilities.

SR-418

10:00 a.m.

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Transportation and related agencies.

SD-138

Energy and Natural Resources

Public Lands, National Parks and Forests Subcommittee

To resume hearings on S. 84, authorizing funds for the Land and Water Conservation fund, and S. 735, relating to the distribution of revenues received under the Land and Water Conservation Fund Act.

SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development, and independent agencies.

SD-124

MAY 18

2:00 p.m.

Commerce, Science, and Transportation

To hold hearings on pending nominations for the Board of Directors of the Corporation for Public Broadcasting.

SR-253

Energy and Natural Resources

To hold hearings on proposed legislation to expand the clean coal technology program.

SD-366

MAY 20

9:00 a.m.

Veterans' Affairs

To hold hearings on S. 6, Veterans' Health Care Improvement Act, S. 216, to increase the per diem rates paid to States for providing care to veterans in State homes, S. 631, to improve the procedures for the procurement of medical and pharmaceutical supplies by the VA, S. 713, to facilitate the recruitment of registered nurses by the VA, proposed Veterans' Administration Health Personnel Recruitment and Retention Act of 1987, and other related proposals, and proposed legislation approving VA construction of major medical facilities.

SR-418

9:30 a.m.

Agriculture, Nutrition, and Forestry

To resume oversight hearings on the implementation of the Federal Insecticide, Fungicide, and Rodenticide Act, focusing on pesticide residues in domestic and imported food.

SR-332

10:00 a.m.

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Judicial Conference, Commission on the Bicentennial of the Constitution, U.S. Sentencing Commission, and the State Justice Institute.

S-146, Capitol

JUNE 2

9:30 a.m.

Energy and Natural Resources

To hold hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 4

9:30 a.m.

Energy and Natural Resources

To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 8

9:30 a.m.

Energy and Natural Resources

To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 10

9:30 a.m.

Veterans' Affairs

To hold hearings on S. 9, Service-Disabled Veterans' Benefits Improvement Act, S. 453, to improve the standards for determining whether a radiation-related disease is service connected, proposed Veterans' Radiation Exposure Compensation Act of 1987, and other related proposals.

SR-418

JUNE 11

9:30 a.m.

Energy and Natural Resources

To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 23

10:00 a.m.

Appropriations

Foreign Operations Subcommittee

To hold hearings to review proposed budget estimates for fiscal year 1988 for the Department of State.

SD-192

JUNE 30

9:30 a.m.

Veterans' Affairs

Business meeting, to consider S. 9, Service-Disabled Veterans' Benefits Improvement Act, proposals providing VA compensation, pension, education assistance, home loan, and other related benefits, proposed legislation providing for disability payments based on nuclear-detonation radiation exposure, and proposed legislation relating to the administration of the VA Loan Guaranty Program.

SR-418

CANCELLATIONS

MAY 7

2:00 p.m.

Energy and Natural Resources Research and Development Subcommittee

To hold hearings to review the status of the Department of Energy's defense materials production facilities.

SD-366

SENATE—*Tuesday, April 28, 1987*

(Legislative day of Tuesday, April 21, 1987)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the Honorable JOHN F. KERRY, a Senator from the State of Massachusetts.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

Is anything too hard for the Lord? (Genesis 18: 14) *The things which are impossible with men are possible with God.* (Luke 18: 17) * * * *with God all things are possible.* (Matthew 19: 26)

Almighty God, all-wise, all-powerful, perfect in justice and mercy, make Thy presence, Thy wisdom, Thy power, felt in the Senate this week. Politics may be the art of the possible, but the Senate confronts insuperable, if not impossible, tasks. Not only the substance of the enormous issues, but the conflict and controversy generated by them challenges both the best and the finest that the wisest and most powerful leaders have to offer. Gracious Father, infuse this place with Your wisdom and Your love. Demonstrate to the Senators, Your nearness, Your relevance, Your availability in the immensity of their responsibility. We pray in His name who is the way, the truth, and the life. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. STENNIS].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, April 28, 1987.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JOHN F. KERRY, a Senator from the State of Massachusetts, to perform the duties of the Chair.

JOHN C. STENNIS,
President pro tempore.

Mr. KERRY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order the majority leader is recognized.

RESERVATION OF REPUBLICAN LEADER'S TIME

Mr. BYRD. Mr. President, I ask unanimous consent that the Republican leader's time be reserved for his use until later today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE RELATIONSHIP BETWEEN CONGRESS AND THE EXECUTIVE

THE BUDGET

Mr. BYRD. Mr. President, the President of the United States made a speech before the Chamber of Commerce on yesterday and it was filled with good one-liners. The President is good on one-liners. He said:

> Congress has a budget process that's out of control—missed deadlines, Gramm-Rudman-Hollings targets that get ignored. Now, they want a budget summit with the White House. Well, we've sent them a budget. And if Congress doesn't like it, they should first produce one of their own as a basis for talking. But even then, under today's rules, if we sit down to talk, no agreement they make would be binding on them.
>
> Congress needs to change the way it does business on the budget. They need ways of insuring that they will stick to budget decisions once they're made—no back door spending, no missed targets, no swearing off the bottle of spending only to take a nip the next morning. Lock away the bottle, and then we can talk. Maybe with the budget summit, they hope I'll bail them out.

Mr. President, we do not hope the President will bail us out. We hope the President will help us to help him and the country in dealing with the problems that are before us.

We hope that he will help us to help him to bail himself out and the country out of the thorny problems that confront the country with triple-digit deficits in trade and triple-digit, Federal deficits. These are legacies that this President will leave to the next President whether that next President be a Republican or a Democrat unless this President helps the Congress, stops bashing the Congress, and works with the Congress in resolving the problems that he and his administration have helped to create.

He talks about ignoring Gramm-Rudman-Hollings targets. His own budget ignores the targets. It does not meet the targets this year and it would not balance the budget by fiscal year 1991—which is a Gramm-Rudman target.

Yes, he sent a budget. He says, "We have sent them a budget." Yes, the President has sent the Congress a budget, but a point of order could be made against the President's own budget because it does not meet the Gramm-Rudman targets. He said he would veto any bill that raises taxes. His own budget calls for taxes, increased taxes, new taxes.

Mr. President, the Senate is now entering a period of intense legislative activity. The budget is before us. A significant and far-reaching trade bill is now beginning to be marked up. A supplemental appropriations bill must be passed and the debt limit ceiling must be addressed.

Senator NUNN is moving the defense authorization bill forward in an expeditious manner. Senator PELL has indicated that a foreign aid bill will soon be ready for floor action. The Senate select committee investigating the Iran-Contra controversy will begin its public proceedings in the first week of May.

Looming over this busy legislative process is the question of what type of relationship the Congress and the Executive will have. Will it be one of confrontation or one of cooperation? The Congress showed in its first 100 days that it can help lead the Nation forward.

But now, spring training is over. The regular season is underway. The President can bat cleanup or the President cannot bat at all but the Congress is going to have to play all nine innings. How the game is played depends largely on the President.

If the President chooses a strategy of cooperation, then we may have a government that is active, positive, and forward looking.

I hope that the legislative strategy adopted by the administration is not one of confrontation one-liners, pointing fingers, Congress bashing simply to divert attention away from the select committee hearings that will soon begin. The Congress must investigate. The people must make their own final judgment on the competency and leadership of the President on this matter. The Iran-Contra hearings are on one track. The legislative agenda of the Congress is on another track. Those tracks should and will be kept distinct and separate.

Mr. President, what does the Congress seek as a sign of "good faith" that the President is willing to cooperate with the Congress? Three areas of legislative concern immediately come to mind.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

First, the Congress seeks the cooperation of the Executive in driving the budget deficit downward. The House has passed a budget. The Senate is working on a budget prepared by the chairman and the Democratic members of the Budget Committee.

Both the House budget and the proposed Senate budget deal realistically with the problem of the budget deficit.

The reason I say that the budget the Senate is working on is a product of the chairman and the Democratic members of the Budget Committee is that no Republican member of the committee voted to report out the budget. No Republican member of the House voted for the budget that was adopted by the House.

Thus far, we have had no Republican support in the Senate on the budget. But I am hoping that we will have, and I believe that we will yet have bipartisan support in the Senate.

Both budgets, the House and Senate budgets, propose cuts in domestic spending reductions, in the rate of defense spending, and an increase in revenues. But remember that the President's budget also increases revenues.

The reaction of the Executive to both the House-passed budget and the budget produced by Senator CHILES has not been encouraging. What is the Congress doing? How can the Congress propose a budget that differs from the President's?

The answer is quite clear. The Congress wants to be realistic about budget priorities and give the American people a budget with some degree of fiscal integrity. The Congress is unwilling to rely on garage sales, the selling of Government assets, to fill the revenue gap. The Congress is unwilling to tell the American people that we will keep the deficit moving downward just as soon as we sell the tires to buy the gasoline.

If one looks closely at the President's budget and the House and Senate alternatives, all three recognize that new revenues will be needed.

Now the President may say that is not so. Apparently, he has not been told that his own budget contains $22 billion in increased revenues. The people around him have not told him, so he apparently does not know. He does not have his facts straight. This is just another situation, another instance in which the President does not have his facts straight. He has not been advised properly, apparently.

He has $6 billion in new and increased taxes in his own budget—increased excise taxes on coal, taxes on black lung payments, for example. Does the President know that? Does he know what is in his own budget?

The only difference is that the Congress is prepared to be realistic. We can either give the American people a junk bond budget that would make Ivan Boesky feel proud, or, we can give them a budget with some degree of fiscal integrity to it; a budget which has some spine to it.

Mr. President, if we are to have a budget that works, then we must have the good faith cooperation of the Executive. I do not know the legislative strategy of the Executive. But it is my hope that my colleagues from the other side of the aisle will not be held hostage by the White House to a strategy of noninvolvement in the development of a budget.

Senators were not elected to be no-shows. Senators were not elected to be nonparticipants, nor was the President. So it is my very real hope that the President will release his troops in this Senate and show good faith in putting the budget together.

Mr. President, we have much to do to get America ready for its future. The Congress extends its hand to the Executive and says let us work together.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 10 a.m. with Senators permitted to speak therein for 3 minutes each.

WHY SDI IS THE ENEMY OF ARMS CONTROL

Mr. PROXMIRE. Mr. President, is the strategic defense initiative [SDI] or star wars consistent with arms control? Absolutely not. There is no way we can have both. To understand why, let us assume that the Soviets were pushing their own strategic defense initiative as they were in the 1960's. Assume that the announced purpose of the Soviet star wars program was to destroy the credibility of what we regarded as our deterrent. Assume that the Soviet Union had a technological advantage over us, as they must assume realistically we in the United States now have over them. Assume that we believed that with the Soviet technological advantage they could achieve their objective. They could develop an SDI that would prevent us from retaliating in the event of a soviet nuclear strike against us. Let's make two more assumptions. Assume that even the Soviet scientists overwhelmingly agreed that the United States could overcome the Soviet SDI by enhancing our deterrent with penetration aids, plus a massive increase in warheads, plus reliance on cruise missiles to underfly their star wars defense. Finally, suppose it was agreed that with a vigorous offensive effort to build up our offensive nuclear capability, we could restore the credibility of our deterrent and at far less cost than the cost to the Soviets of building their SDI.

Now I ask you—under these circumstances would this country agree to a Soviet proposal to reduce offensive nuclear weapons on both sides? Would we make the day for our adversary? Would we in effect guarantee that the Soviet SDI would work by slashing the number of our offensive nuclear weapons? Would any of us here in the U.S. Senate advocate such a policy? Would any of us—no matter how attached to arms control—agree that we would assure the success of the Soviet SDI by negotiating an arms control agreement that reduced offensive missiles on both sides? How would we react if any President of the United States made such a proposition to this Congress? Or to any Congress? Let me tell you how we would react. We would vigorously oppose the President. We would call his policy unilateral surrender. We would charge him with betraying our allies and turning in the U.S. card as leader of the free world and a superpower. We would charge that the President was depriving us of the only realistic response we could have to nuclear blackmail.

Do I overstate the case? No indeed. A Soviet Union that had developed an SDI defense would not destroy this country's ability to retain our superpower status if we turned down arms control. After all only that arms control would limit our offensive nuclear buildup. Suppose we then spent far less than the Soviet Union was spending on its SDI. Suppose we built an offensive competence that even the Soviet experts believed could overcome their SDI defense. Such a policy would win overwhelming popular support in this country and why not? Under these circumstances, this Senator maintains that not a single Member of the House or the Senate, not a major United States newspaper and very, very few American citizens would support a policy of adopting an arms control agreement that would give the Soviet SDI a fighting chance to succeed.

Would that mean that we as a people are opposed to arms control? Of course not. It means that we put the survival of our country as a free democracy first. It means that we will not give the Soviet Union a definitive nuclear arms advantage. And it means that we would not negotiate an arms control agreement to limit our offensive nuclear arms if the Soviets were building an antimissile defense that could give them clear nuclear superiority provided we agreed to such an arms control agreement.

Here, Mr. President, is why SDI as advanced by this administration literally kills any prospect of an arms control agreement with the Soviet Union to limit offensive nuclear arms.

And where does that leave us? We have two prime options. We can proceed with star wars at an eventual cost of $1 trillion and a regular annual cost for operation, maintenance and modernization of $150 billion. We will be able to build a defense system against ballistic missiles. But will it work? As the experts, National Academy of Science physicists, engineers and mathematicians tell us, by an eight-to-one vote, even $1 trillion all-out SDI cannot defend this country against a Soviet nuclear attack. Nevertheless that is one alternative.

What is the other alternative? It is to save the $1 trillion and the $150 billion per year expenditure for its annual cost. Stop SDI. We can agree to continue to abide by the ABM treaty that prohibits both superpowers from building an SDI.

We can then build on verifiable adherence to that ABM treaty with limitation on the offensive nuclear arsensals of both sides to assure improved stability and a gradual reduction in the size of both deterrents.

TV IN THE SENATE IS PUTTING THE COUNTRY TO SLEEP

Mr. PROXMIRE. Mr. President, the Senate is now far enough along in its marriage with television to judge who was right about bringing TV to the Senate floor. Has the coverage of Senate floor proceedings by television brought an improved understanding for the American people of the job the Senate is, or is not, doing for our country? Has TV improved or diminished the quality of Senate debate? Has it slowed down or speeded up the transaction of Senate business? Has it significantly affected the unique ability reserved especially for U.S. Senators of prolonged discussion and debate—designed to require more careful and detailed consideration of issues—or simply to defeat them by filibuster? Has TV brought greater or lesser convenience to those Senators who wish to use the floor of the Senate as a forum for advancing their position on leading national and international issues?

In the judgment of this Senator TV has had virtually no significant effect on the Senate or its business at all. There was a time during the first tentative weeks when the bright lights and the cameras conspicuously changed this body. Senators warned each other not to simply look down at their text or the camera would just show the top of their head. They were told not to read their speeches because most of us read badly and the lack of conversational inflection and at least occasional eye contact with something besides the text of the speech would put the audience to sleep. Many Senators heeded that advice. Senate debate did improve a little. Also, far more Senators came to the floor to take advantage of the prospect that there might be a million or two souls out there watching Senate TV, including a few thousand in any Senator's State watching to see if their vote and their tax money had been well expended in selecting their Senator.

All that was the first few weeks. TV had brought some improvement in the quantity of Senate speeches and, for better or worse, a very obvious increase in the quality of Senate speeches. But, Mr. President, as the months passed, the effect of TV on the Senate has changed and dramatically changed. It has changed in a way that has surprised this Senator. This year almost from the opening bell, television coverage has appeared to have literally no effect on the Senate or on Senators at all. None. Most Senators including this one go for days taking an active part in floor discussion and completely forgetting that television is in fact covering this body. Oh sure the lights are on more brightly than they were a year or so ago, before TV came to this body. But that's about it. Notice the demeanor of Senators when they speak under the bright lights with full-time television coverage of every word they utter. Virtually every speaker on the floor will generally read from a text if the speaker makes any substantial remarks. Senators who are not chained to a formally prepared text may make occasional informal responses to questions from other Senators or to statements that provoke a brief reply. But this informal response is about as frequent as it was before the introduction of Senate TV coverage.

Why is this? Why have we gone back to the same old pre-TV pattern? Why are Senators with few exceptions now virtually unconscious of the television audience? Why is the response to television so conspicuously different than it was for the first few months after the introduction of television? This Senator believes that answer is because there has been a conscious or unconscious realization by Senators that nobody and I mean nobody is watching TV Senate coverage. Why do I believe this? Simple. There is virtually no TV audience response to this Senator's appearance on television. None. This Senator speaks daily on the floor on controversial issues. Not infrequently I have people tell me or write me that they have read my speeches in the CONGRESSIONAL RECORD, or they tell me that they have sat in the Senate gallery and heard my speeches. But responses from a TV audience? Never. I receive up to 1,000 letters a day from Wisconsin and elsewhere. How many oppose or support or comment on any statement I have made on the floor that the letter writer reports has come from his watching TV coverage of Senate floor discussion? I go back to my State a great deal and will often shake hands with a couple of thousand people on a weekend. Do any of these thousands of constituents ever tell me they watched and heard me speaking on the floor of the Senate? Never. Now let me make it clear that after I have questioned witnesses in committee hearings that were covered by CNN or the networks, there will often be letters and direct oral comments from constituents and others who have watched the hearings on TV. But responses to floor debate or floor speeches? None.

Mr. President, based on my experience we might as well turn off the lights, sell the cameras, close down the television of Senate proceedings and send the proceeds to the Treasury to help reduce the deficit. Senate proceedings on the floor, debate, discussion, exposition are all important contributions to our responsibilities as Senators. They provide the basis on which we make our country's laws. But they are not a good TV show. The public has watched this experiment for a year or so now. It has put them to sleep. It may drive Sominex off the market. But it is not performing any useful function for our country.

ARMS CONTROL

Mr. BYRD. Mr. President, the possibility of a treaty regarding missiles in the European theater coming before the Senate, for its advice and consent, is somewhat real.

I am cautiously hopeful that the President can negotiate a treaty that protects our national security and enhances the security and cohesion of the Atlantic Alliance. It is, however, critical that several standards be satisfied if such a treaty is to be entered into.

First and foremost, there must be a widespread consensus created by the administration with both the allies and the Congress on the nature and specific details of the agreement. The terms of such an agreement must comport with the strategy of nuclear deterrence in Europe. Without a viable and credible deterrent strategy, Europe becomes more vulnerable to Soviet blackmail and pressure, as well as attack by conventional means, than at present.

Mr. President, this means that some road map on the conventional side, to address the imbalance of conventional forces between NATO and the Warsaw Pact, must be developed by the administration. Responsible and knowledgeable Senators and former administration officials have been making this point. In order to do this, the administration itself has to get its act together and the President must take a strong hand in building consensus within his own team. It seems axiomatic to me that no consensus can be built with the allies and the Congress without that precondition.

I addressed this question, as well as a number of central concerns on our arms control policies in a letter to the President nearly 2 months ago. I addressed my concerns on the appropriate interpretation of the ABM Treaty, on nuclear testing, on SALT II, and on the need to get down to specifics in negotiating strategic offensive and defensive systems, among other things. The fact that I have not yet received a reply does not give me great comfort that the administration has yet been able to agree on its position on these very weighty issues. I hope that this situation will change soon.

My point, Mr. President, is that the administration has not built up a great deal of confidence with the Congress regarding its arms control policies. We cannot afford a second Reykjavik—this time we must be prepared.

And we also have to read the fine print on the proposals that are being discussed. I am not going to sign onto any proposal until I am able to see and read it for myself. I want to see what the bottom line is—what the fine print says. I also want to be sure that our allies are in concert with us in support of whatever proposals are finally tentatively agreed upon.

TRADE

Mr. President, another area of concern is obviously trade. For several years now the Congress has been asking the administration to do something about the trade deficit. Last week, I spoke about the seeming unwillingness of our Japanese trading partners to open up their markets.

But it is well to remember that the trade deficit is exacerbated because there is a Federal budget deficit. We cannot solve the trade deficit without solving the budget deficit. The budget deficit exists because of the President's policy of borrow and spend.

The President talks about the Democrats. He refers to them as taxers and spenders. This administration and the President's policies have been borrow and spend policies. Look at the public debt. It stood just under $1 trillion when this administration came into power. During these 5½ years of budget and fiscal policies under this administration it has more than doubled—over $2 trillion. How long would it take to count $1 trillion at $1 per second? It would take 32,000 years. That is quite a lot of money. And the interest on that public debt was $136 billion last year, and will be $140 billion this year. Thirty-seven cents out of every individual's income tax dollar goes for interest on the public debt.

So the President does not want to sit down with the Congress apparently. He would prefer to sit on the sideline and point the finger at Congress, and bash the Congress. He says that he will veto any measure that comes across his desk that increases taxes. The President's own budget increases taxes. He would have to veto his own budget if it came across his desk.

The Republicans in the House would not support the President's own budget. So what we need is cooperation from the President, not finger-pointing.

The President's policy is borrow and spend. That is exactly what it is because we are paying interest on that public debt. We have gone into hock with foreign countries to a very considerable extent—foreign individuals, foreign groups, and we owe them interest. We are paying them interest on the money that we have borrowed from them. That borrowing has greatly increased under this administration. The debt has more than doubled over what it took 39 previous administrations and 192 years to do, cumulatively speaking.

So we now borrow and spend, under this administration, and just add it to the public debt. We pay interest on it. Our children, our grandchildren, and their children will continue to pay interest on that debt under this administration's policies now of borrow and spend, borrow and spend.

The President's policy of borrow and spend exists because the President is willing to saddle future generations with today's debt.

The rise of the trade deficit is symptomatic of the short-sighted economic policy of the Reagan administration. We all have a tendency to blame the Japanese; to say that our trade deficit is only the result of their closed door policy. Let us be truthful about it. The Japanese are not entirely at fault. The Congress has asked the administration on repeated occasions to take a tougher stance on trade. Defend America. Argue America's case with vigor. Driving the dollar down cannot, alone, solve our trade deficit. It has not helped much so far.

The administration has placed a tariff on imported Japanese semiconductors products, and that is a step forward.

But one step is not a policy. Reports over the weekend that the administration may be getting ready to lift the retaliatory measures in order to accommodate Mr. Nakasone's visit and the June economic summit in Venice do not give me a high degree of confidence.

We have to be able to communicate our serious intent to get to a level playing field. Those retaliatory measures should be lifted only when it is crystal clear that the Japanese market is now open to the sale of American semiconductors in the same way that our market is open to theirs, and that Japanese dumping on world markets has ceased.

I will be looking very carefully at the data the administration develops to justify any lifting of these sanctions. We have to be serious about this matter.

We also have to be taken seriously. Otherwise, the retaliatory measures we took will have no long-term effect—indeed, the effect could be otherwise. So my advice to the administration is to make a good faith effort to work with the Congress in creating a trade policy that works for America.

If the President needs stronger tools to argue America's case the Congress will give them to him. I urge the administration to work with the Congress. Roll up your sleeves. Do not dismiss the concerns of the Congress and the American people as simply protectionists. The trade deficit and the budget deficit are related and must come down together.

BICENTENNIAL MINUTE

APRIL 28, 1758: JAMES MONROE IS BORN

Mr. DOLE. Mr President, on April 28, 1758, 229 years ago today, James Monroe was born in Westmoreland County, VA. While best remembered as our fifth President and author of the Monroe Doctrine, Monroe's entire life was devoted to serving the young Nation he helped mold.

In 1774, Monroe entered the college of William and Mary, only to leave 2 years later at the start of the American Revolution to enlist in the Continental Army. After the war, Monroe studied law with Thomas Jefferson, then Governor of Virginia. In the years that followed, Monroe was elected to the Virginia Legislature, the Continental Congress, and the Virginia Ratifying Convention. In 1789, he was defeated by James Madison for the seat in the First Congress; but the next year, when a Virginia Senator died in office, Monroe won a Senate seat—becoming the first of 15 future Presidents to serve in this body. Leaving the Senate in 1797, Monroe served as Minister to France and England. In 1808 he was defeated for the Presidency by Madison. But, in 1811, he became Madison's Secretary of State, a position he held until 1817 when he himself became President.

As President, James Monroe blossomed. In his early years, he had been strongly sectional, narrowly partisan, and exceedingly ambitious: His diplomatic achievements were less than brilliant. While Jefferson said of him, "he is a man whose soul might be turned wrong side outwards without discovering a blemish to the world," many contemporaries disagreed. In the Presidency, however, Monroe exhibited a capacity for administration, and for accurate interpretation of the mood of the Nation that commanded great respect. Less intellectual than either Jefferson or Madison, Monroe surpassed them both as an administrator.

When James Monroe died on the 4th of July 1831, at the age of 73 his public life spanned more than five decades, from his days as a youthful Continental soldier to President of the United States.

HUBERT DUVALL OSTEEN

Mr. THURMOND. Mr. President, I rise today to pay tribute to Hubert Duvall Osteen, one of South Carolina's most distinguished journalists who passed away last week. To his lovely wife Margaret, his son Hubert and the rest of the family, I extend my deepest sympathy.

Mr. President, Hubert Osteen was much more than the successful editor and publisher of the Sumter Daily Item. He was a fine man, an outstanding citizen, and a devoted husband and father.

Mr. Osteen was born in Sumter in 1904, a son of Hubert Graham and Elizabeth Duvall Osteen. He was educated at Sumter High School in Sumter, SC, and graduated from Hobart College in Geneva, NY, in 1924.

His father was the founder of the Sumter Daily Item in 1894, so Hubert Osteen grew up with the newspaper, working there as a young boy and returning there after finishing college. In the course of his lifetime, he held practically every job at the paper—from ad solicitor, bill collector, sports writer, and reporter to editor and publisher.

Mr. Osteen interrupted his journalism career to serve in the Army Air Force from 1943 to 1946 where he achieved the rank of captain. After his father died in 1947, he became editor and publisher of the newspaper.

Under his 40-year leadership, the Item enjoyed its greatest period of growth, expanding its circulation from 2,000 at the time he came to the paper to more than 22,000 at the time of his death. The number of people employed at the paper grew from 10 to 75 in that same period of time. It remains as one of only two family-owned daily newspapers in South Carolina.

Mr. Osteen helped establish the C & S National Bank of South Carolina in Sumter in 1964, served on its board of directors, and was later a member of the C & S State board of directors from 1963-73.

He was a member of the Southern Newspaper Publishers Association and the South Carolina Press Association where he served as president from 1953-54. In January of this year, Gov. Richard Riley awarded him the Order of the Palmetto, the highest award the Governor can bestow upon a private citizen.

Mr. President, Hubert Osteen was a man of rare ability and character. I have known him for many years and always found him to have complete integrity and fairness.

He pursued his occupation as a newspaperman with a great sense of responsibility, knowing the power of the media and never abusing it. He reported events with candor, never too timid to print what was true and always determined to do what was right.

He was a civic-minded individual who used his influence to benefit Sumter County. A key mover behind the construction of Sumter's Civic Center and some of the city's first housing projects, Mr. Osteen was active in many community organizations, including the Sumter Chamber of Commerce, Rotary Club, housing authority, and the Sumter Area Technical Education Commission.

All who knew Hubert Osteen loved and respected him. He was a leader and gentleman, a man of great courtesy and compassion who loved his family, his community, and his country. He was one of my finest friends.

Mr. President, I ask unanimous consent that the following articles, collected from newspapers around the State, be included in the RECORD, and I ask my colleagues to join me in paying honor to this outstanding journalist, loyal patriot, and truly great American.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Sumter (SC), Daily Item, Apr. 20, 1987]

TRADITION CARRIED ON

Publishers of community newspapers must walk a fine line, and H.D. Osteen walked that line with a sense of purpose and with a commitment to principle.

His death Tuesday at the age of 83 ended a career that spanned the greatest technological changes the newspaper industry has seen since its beginnings.

When he began work in 1924, The Item had a circulation of 2,000. Linotype machines spat out the day's newspaper in line after line of hot lead.

The newspaper that carried the news of his death 63 years later went to more than 10 times 2,000 subscribers. It was composed by writers and editors working on computer-driven equipment, as far a cry from linotype machines as space shuttles are to the Model T.

But while the method of publishing the newspaper changed, the purpose for publishing it did not.

A tribute the equal of any other is to say that Mr. Osteen understood that a community needs its newspaper and that the newspaper needs its community. To his greater credit, he passed that knowledge on.

He managed to combine his professional responsibilities with civic duty, without allowing either to suffer. He served terms as president of the chamber of commerce and the Sumter Rotary Club. He was chairman of the Sumter Housing Authority and vice chairman of the Sumter Area Technical Education Commission.

Those are not credits to be tossed off lightly, either. Combining journalism and civic involvement can be a perplexing undertaking. The newspaper, in its role as public watchdog, often comes in conflict with the powers of the community. It is no easy thing to be among those powers and to be a watchdog as well.

Yet Mr. Osteen managed to balance the two and to acquire the confidence of his readers and the respect and friendship of his peers.

He expected good work at his newspaper and could sear the hide off those who did not meet expectations. But he also had a keen sense of humor and a sense of fairness.

A letter of condolence written by former Item Sports Editor Mac McLeod pretty well sums up the relationship between Publisher Osteen and the newsroom.

McLeod recalled that he had once written a column critical of the Sumter American Legion baseball committee. Mr. Osteen called him into his office the next morning.

"I'm sure he had already received numerous calls about the column, but I got the impression right off that he wanted my side of the story before he made any comment or took any action," McLeod wrote.

"Looking at me across his desk he stated that I had made some 'very serious statements in the column.' I agreed and was expecting to really catch it at that point.

"He looked back down at the article, paused a minute, then looked back at me and added, 'Do you have all the facts straight?' "

"I assured him that I had, and that was the last that was ever said about it."

That incident, McLeod wrote, "will remain with me the rest of my life" and "made me realize that if it was the truth, I could print it."

Mr. Osteen's influence was broad and lasting in many things. But it may well be that his most notable achievement was to see that the sense of family responsibility he picked up from his father was carried on.

The paper now is one of only two family owned dailies left in South Carolina. Corporate ownership has not intruded between the community and its newspaper.

Entwined in that relationship is the unmistakable fact that Item and Osteen are synonymous.

Along with all else he deserves credit for, H.D. Osteen forged that bond of community, newspaper and family.

[From the Florence (SC), Morning News, Apr. 17, 1987]

THE DEATH OF A DEAN

One measure of Hubert Duvall Osteen's career in newspapering is the circulation figures of the *Sumter Daily Item*, founded by his father in 1894.

When he started working for the paper in 1924, its circulation was less than 2,000. When he died Tuesday at age 83, its circulation was more than 22,000.

But there are, of course, many more important measures of the man than the circulation figures of his newspaper. For more than a half century, he was heavily involved in most of the public endeavors of his city and in its business and civil life.

But he is best known as a newspaperman. He was the dean of South Carolina newspapermen, having been the second editor and publisher of the *Item*, and at the time of his death, president of the company that publishes the *Item*. Newspapers like the *Item* are a growing rarity in American publishing.

It remains family-owned; Osteen's son, Hubert Jr., now heads the company.

The Osteens have family connections in Florence. One former Florentine, former South Carolina First Lady Tunky (Yarborough) Riley, is a niece of Osteen's.

Over the years, this newspaper has had a warm professional and business association with the Osteens and their newspaper. Several times, when mechanical breakdown compelled printing of the *Morning News* elsewhere, the Osteens generously offered the use of their plant.

Hubert Osteen will be remembered as a man who loved what he did, and by many as a delightful and interesting man and good friend.

[From the Columbia (SC), State, Apr. 20, 1987]

A SUMTER LEGEND

Hubert D. Osteen Sr., who died Tuesday at 83, ran his small daily newspaper in Sumter so well for so long and contributed so much to his hometown and his profession that he surely will one day earn a place in the S.C. Press Association's Hall of Fame.

As a member of the staff of family-owned *Daily Item* for 62 years, its editor and publisher for 40 years, and its chief executive officer for 37 years, Mr. Osteen gained and held the respect of his employees, his fellow townsmen, and newspaper people all over the country.

Among the many tributes made to him by political leaders and colleagues was State Sen. Phil Leventis' comment that he "was a significant link to the past in Sumter and, in no small way, is the reason why the present is so good."

As that comment suggests, Mr. Osteen's activities ranged far beyond his desk at the *Item* and included active participation in the civic, business, and political life of his city.

But the newspaper, which he saw grow from 2,000 circulation to 22,000, was his passion, and he and his son and namesake made it a highly professional publication. We at *The State* can testify that he was a good neighbor; he came to our aid in times of crisis.

Perhaps former Gov. Dick Riley touched on why Hubert Osteen was held in such high esteem best when he said simply, "He was a lovable guy."

[From the Sumter (SC), Daily Item, Apr. 15, 1987]

CITIZEN, JOURNALIST, FRIEND

Friends and colleagues who knew and worked with Hubert Osteen Sr. over the years remember him as a straightforward man, a good citizen and a journalist who made a tremendous impact on the journalism industry in South Carolina.

"He was a grand guy, a wonderful father and a superb newspaperman," Hubert D. Osteen Jr., editor and publisher of The Item, said. "To those who knew him best, he was the best of friends."

Former Gov. Dick Riley, who was a nephew of Mr. Osteen by marriage, said he was a delightful man who always demonstrated a keen interest in everything around him.

"I'll miss him a great deal," Riley said. "He was just so well-liked, and there's a reason for that. I've talked with newspaper editors and publishers all over the country, and they've asked me if I knew Hubert Osteen and, of course, we had some wonderful conversations about him."

Sen. Strom Thurmond's association with Mr. Osteen goes back at least to 1947, when Thurmond became governor and Mr. Osteen had just become editor and publisher of The Item.

"Our state and nation has suffered a great loss," Thurmond said this morning. "He's been an able and fearless editor and writer for a great number of years. I feel a personal sense of loss in his passing, and I extend my deepest sympathies to his family and the people of Sumter."

Former House Speaker Ramon Schwartz Jr. remembered him as a citizen whose life made an impact on the community.

"Hubert Osteen was one of Sumter's outstanding citizens; he will be sorely missed," Schwartz said. "He was always willing to do his part in civic undertakings. I can say that he and his family have been largely responsible for the growth and prosperity Sumter has enjoyed."

A number of Mr. Osteen's friends echoed that sentiment.

"He contributed a great deal to the city of Sumter," former Mayor Robert "Bo" Graham said. "He was an outstanding citizen. His contributions have meant a lot."

W.M. "Bill" Hodge, another former mayor, said Mr. Osteen was an asset to the community who can't be replaced.

"I've known Hubert Osteen Sr. ever since 1946, when I came back from World War II," he said. "I've known him as a businessman, a fisherman, all the walks of life that you can know a good friend. He was a very close friend and a close adviser, and he did an outstanding job with our community newspaper."

Former Sumter Mayor Clifton Brown, also a friend for more than 40 years, said Mr. Osteen meant a great deal to Sumter and that the community has lost a great citizen.

Mr. Osteen was well known in journalism circles in South Carolina. His associates at other newspapers said his contributions have been great and his influence will be missed.

"Hubert Osteen was a friend and associate through all my years at the Charleston newspapers," Hall McGee, president and publisher ermeritus of the Charleston News and Courier and Evening Post, said. "He was much admired as a newspaperman and community leader. He was held in high esteem by his fellow newspapermen."

Reid H. Montgomery, secretary-manager of the South Carolina Press Association, worked as news editor at The Item shortly after World War II.

"He was one of the giants of his generation," Montgomery said of Mr. Osteen. "He made The Sumter Daily Item a vital newspaper. He was an outstanding citizen and an outstanding journalist."

"His influence on the newspaper industry in South Carolina is worthy of more comment than I can give," Eleanor Mundy, president and publisher of the Greenwood Index-Journal, said. "He was the epitome of a newspaperman. I have nothing but wonderful memories of Hubert. He was always a true, true friend."

Mr. Osteen helped establish the Citizens & Southern National Bank of South Carolina in Sumter in 1964, served on its board of directors and was later a member of the C&S board of directors from 1963–73.

"I had the pleasure of serving with Hubert on the C&S board of directors," Ben Morris, publisher of Columbia Newspapers, Inc., said. "I was personally and professionally fond of Hubert. He was a good citizen and a fine, high-principled man."

Robert Royall, current president of C&S, served as the first city executive for C&S in Sumter.

"Hubert Osteen probably made a greater contribution to the entire Sumter area than anyone I can recall," he said. "I think he'll be remembered for years to come, not only for his abilities in the news media and his integrity in that regard, but for his entire contributions to that area of the state."

[From the Columbia (SC), State, Apr. 16, 1987]

FORMER PUBLISHER DIES

Friends and colleagues Wednesday described former *Sumter Daily Item* Publisher Hubert Duvall Osteen as a progressive journalist who strived to make Sumter a better community.

Osteen, 83, died Tuesday night at The Tuomey Hospital. He had been in poor health since suffering a stroke on New Year's Day.

Services will be at 4 p.m. today at the Episcopal Church of the Holy Comforter. Burial will follow in Sumter Cemetery.

The Sumter native was chairman of Osteen Publishing Co. and was the second editor and publisher in the history of the family-owned newspaper.

The Item, published daily except Sunday, was founded by his father, Hubert Graham Osteen, in 1894.

Hubert D. Osteen retired Dec. 1 as president of Osteen Publishing Co. after more than 62 years in the newspaper business. He was chairman of the company until his death.

His wife, Margaret, became president of the company at his retirement, and their son, Hubert Osteen Jr., is editor and publisher of *The Item*.

Under Osteen's 40-year leadership, *The Item* enjoyed its greatest growth. When he retired in December, Osteen said: "It's been a very satisfying career. I've seen *The Item* grow from less than 2,000 (circulation) when I started in July 1924, to more than 22,000 today. From 10 employees to about 75 full-time employees now."

Colleagues said Osteen kept up with ever-changing newspaper technology and was one of the first publishers in the state to invest in offset printing presses.

"A stalwart of journalism has passed on." noted Reid Montgomery, secretary-manager of the South Carolina Press Association, of which Osteen was a member.

"The press is proud to have known Mr. Osteen. We mourn the loss of this outstanding man."

Montgomery, who briefly worked as a news editor at *The Item* in 1946 described Osteen as a "working journalist" who hired quality staff members who remained loyal to the paper because of the pleasant working atmosphere he created.

"In the earlier days, when he used to cover sports in Sumter before there was a press box, he'd walk up and down the sidelines and keep records," Montgomery said.

"He was a working journalist, and that made him understand what his staff was doing or needed to do."

Former Sumter Mayor Robert E. "Beau" Graham added: "It didn't matter who was involved, he always printed what he thought was right.

"He was a good newspaperman. He never hesitated to criticize, but he always promoted things for the betterment of Sumter."

"Osteen was a "primary motivating influence" behind construction of Sumter's Civic

Center and some of the city's first public housing projects, Graham said.

He was known and respected throughout the state and nation, said former Gov. Dick Riley, whose wife, Ann, was Osteen's niece.

"We were very good friends," Riley said. "I consulted him from time to time because I respected his opinion."

Osteen wasn't impressed by power or position and treated everyone equally, the former governor said.

"If we disagreed, he had a humor about it. I just liked him a lot. He was a lovable guy."

Riley said it was not uncommon for editors and publishers he met throughout the nation to ask whether he knew Osteen.

On Jan. 5, Riley presented Osteen with The Order of The Palmetto, the highest award a governor can bestow upon a private citizen.

An avid golfer, Osteen and his wife often traveled to regional and national press association meetings with Eleanor Mundy and the late Frank Mundy, publishers of the Greenwood Index-Journal.

"Frank asked him one time why didn't he let (Hubert, Jr.) take over so he could play golf all the time," Mrs. Mundy recalled. "But he didn't want to let go because he had so many viewpoints he wanted to carry on."

Sen. Phil Leventis, D-Sumter, noted that Osteen was "a significant link to the past in Sumter and, in no small part, is a reason why the present is so good."

"Probably the greatest legacy he leaves behind is his family, which continues to chronicle what happens in Sumter so future generations have a base to build on," Leventis said.

U.S. Sen. Strom Thurmond, R-S.C., also knew Osteen for many years and called him "an able and fearless editor and writer" who "made a great contribution for the public good."

"I feel a personal loss in his passing and extend my deepest sympathy to his beloved wife and family," Thurmond said.

Gov. Carroll Campbell said: "Hubert Osteen was a lifelong servant to the people in his community. His passing leaves a great void, not only in Sumter, but throughout the state."

Osteen graduated from Sumter High School and from Hobart College, Geneva, N.Y., in 1924. He served in the U.S. Army Air Force as a combat intelligence officer and public relations officer from 1943 to 1946. He was discharged as a captain.

He became editor and publisher of The Item in 1947 and president of Osteen Publishing Co. in 1955 after the death of his father.

Until 1983, he was president of Osteen-Davis Printing Co., a commercial printing and officer supply firm, which he established in 1947 with Joseph E. Davis.

He helped establish the Citizen and Southern National Bank of South Carolina in Sumter in 1964, served on its board of directors and was a member of the C&S state board of directors from 1963 to 1973.

He was president of the Sumter Chamber of Commerce in 1950, president of the Sumter Rotary Club in 1951 and 1952, president of the South Carolina Press Association in 1953-54 and a member and chairman of the Sumter Housing Authority from 1964 to 1971. He was a member of the Sumter Area Technical Education Commission from 1965 to 1970 and served as vice chairman from 1967-70.

He was recognized in 1982 by the Sumter County Democratic Party for his "long and devoted service." He was a member of the Southern Newspaper Publishers Association, the South Carolina Press Association, the American Legion and the Episcopal Church of the Holy Comforter and an honorary member of the Sumter Rotary Club.

Osteen was born Jan. 8, 1904, to Hubert Graham and Elizabeth Duvall Osteen.

He is survived by his wife, Margaret Weeks Osteen, and a son, Hubert D. Osteen, Jr., two sisters, Mrs. Anne Bryson of Durham, N.C., and Mrs. Elizabeth Platt of Aiken; three grandchildren and one great-grandchild.

Elmore-Hill Funeral Home is in charge.

TRIBUTE TO POLICE OFFICERS KILLED IN PALM BAY, FL

Mr. CHILES. Mr. President, I know that I speak for the people of Florida, and for the entire Senate, when I extend my deepest sympathies to the families and friends who survive Police Officers Ronald Grogan and Gerald D. Johnson, policemen who died in Palm Bay, FL, on April 23, 1987. By now, we are all familiar with the shooting incident in Palm Bay, which resulted in the needless taking of human lives. These two officers were killed in the line of duty; defending Palm Bay residents against a gunman who fired random shots into a busy shopping area.

I would also like to express my condolences to the families of four others killed by the sniper; more specifically, two Palm Bay residents, and two students who attended the Florida Institute of Technology.

I also extend regrets to Police Chief Charles Simmons and the other officers of the Palm Bay Police Department. It is a special kind of person who chooses an occupation which places him or her in life-threatening danger on a daily basis. More than a century ago, a soldier wrote in his memoirs that to have true courage is to be aware of the danger, but still have the willingness to endure it. I think this sentiment reflects the depth of courage and character that Officers Grogan and Johnson displayed not just on April 23, but everyday. In my opinion, they are the true heroes in American society.

Any loss of life is a tragedy, regardless of the circumstances. However, the needless taking of human life is even more devastating. These two police officers were public servants whose sense of duty to ensure the security of others was of utmost importance. There are no words that can adequately express our debt of gratitude to Officers Grogan and Johnson and their loved ones.

It is also with a sense of pride in my State that I stand before you today. Officers Grogan and Johnson are shining examples of dedicated public servants. I know of no greater sacrifice than these two men have made for the public benefit. I know my colleagues join me in sending condolences to their families, friends, and fellow officers.

NATIONAL TEACHER APPRECIATION WEEK

Mr. WIRTH. Mr. President, I rise today to voice my tremendous appreciation for a group of dedicated, talented, and valuable professionals. In anticipation of National Teacher Appreciation Week, which will be commemorated the week of May 4-8, I wish to thank the teachers of Colorado and our Nation for a job well done.

Much has been said on the floor of this Chamber about the fundamental importance of investing in education. As a former teacher myself, I join with a long history of distinguished Senators who have argued that America's goals of equal opportunity, international competitiveness, and economic growth are predicated on universal access to a quality education system. Any savings made by shortchanging this essential investment are, in fact, no savings at all. By making shortsighted cuts in education, I believe that we will simply trade our staggering budget deficit for an equally harmful deficit of skills, capabilities, and comprehension.

But we who serve in Government have a relatively easy task when it comes to supporting the American educational system. Ours is the essential—but comparatively simple—duty of ensuring proper funding for the quality education of our children. The truly great challenges and burdens of creating and maintaining educational excellence lie with those on the front lines of education—the teachers.

Too often we take for granted the tremendous contributions made by America's educators. I believe it is worthwhile to take pause from the debate over education policy, in order to acknowledge the individuals who literally make education in this Nation possible.

Each of us can remember how a particular teacher influenced our lives, encouraged our curiosity, or sparked in us a keen desire to learn. But a teacher's impact is felt far beyond the walls of the classroom and beyond the lives of each individual student. The foundation of our Nation's future prosperity is being strengthened daily in our schools. Today's teachers are shaping the engineers, nurses, researchers, teachers, and leaders of tomorrow.

We frequently underestimate the difficulty of the task of educating our children. I have only to think of my own days in the classroom to remember how demanding the teaching profession is. In addition to the challenges of stimulating the minds and imaginations of their students, teachers are frequently required to play the roles of social worker, nurse, and even parent.

Current societal trends and economic developments are placing even further demands on our educators. In Denver and urban areas across the country, teachers must help their students cope with the added stresses and problems of growing up in the inner city. On the other hand, teachers in economically depressed rural areas, like the San Luis Valley in Colorado, frequently must conduct their classes without benefit of proper educational materials. In these communities, where unemployment rates have hit record highs, textbooks, computers, and leaky roofs all vie for the same scarce capital funds.

It is most admirable that America's educators have chosen to take on these challenges and responsibilities despite inadequate salaries, overcrowded classrooms, and frequently sufficient curricular resources. This willingness reflects a deep and abiding dedication to the principles and ideals of providing education and opportunity to all Americans.

Mr. President, we in the Federal Government can talk at length about the great value of education. We can—and should—discuss new and creative methods of promoting excellence in the classroom by increasing the availability of computers, offering grants to innovative local programs, and increasing cooperation between the private and public sectors in projects benefitting public schools.

However, even the best Federal policy would be meaningless were it not for the talent, dedication, and creativity demonstrated every schoolday by our Nation's teachers. I am proud to commemorate National Teacher Appreciation Week. I believe it is a fitting tribute to the debt that each of us owes to the educators that have contributed so much to our lives and our Nation.

RECESS UNTIL 10:20 A.M.

Mr. BYRD. Mr. President, discussions with the managers of the bill and others indicate that there will not be much debate, in fact, no debate, going on between now and 10:30 a.m. Rather than keep the Senate in a quorum call, I ask unanimous consent that the Senate stand in recess until 10:30 a.m. today and that the time be equally charged to both sides.

There being no objection, the Senate, at 10:03 a.m., recessed until 10:30 a.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. Sanford].

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

CONGRESSIONAL BUDGET RESOLUTION—1988

The PRESIDING OFFICER. The clerk will report the pending business.

The assistant legislative clerk read as follows:

> Motion to proceed to the consideration of S. Con. Res. 49 (Order No. 93) a concurrent resolution setting forth the congressional budget for the United States Government for the fiscal year 1988, 1989, 1990, and 1991.

The Senate proceeded to consider the motion.

The PRESIDING OFFICER. The time between now and 12 noon will be equally divided between the majority and the minority leaders or their designees.

Mr. BYRD. Mr. President, I yield the time on this side between now and noon to the distinguished Senator from Florida [Mr. Chiles], who is the chairman of the Budget Committee.

While I suggest the absence of a quorum, I ask unanimous consent that the time be equally charged.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10:54 A.M.

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess for 20 minutes and that the time be equally charged against both sides.

There being no objection, the Senate, at 10:34 a.m., recessed until 10:54 a.m.; whereupon the Senate reassembled when called to order by the Presiding Officer [Mr. Conrad].

CONGRESSIONAL BUDGET RESOLUTION—1988

Mr. CHILES. Mr. President, I want to speak about the committee measure I hope we will have a chance to be on today.

The measure approved by the committee and embodied in the substitute has two major aims. First, to reduce Federal borrowing and thereby eliminate the Federal deficit by 1991. Second, to restore economic power in the United States, the ability to deliver a rising standard of living on a sustainable basis.

This budget comes to the floor at a time when the country is tested from many directions. At home, we face the challenge to modernize the workplace, train workers for new jobs, educate our young in the rapid change of modern technology.

Abroad, we face stiff competition. Our trade deficit has soared as other countries put quality, low-price goods on the market and dare us to do the same.

And at the root of all our problems is a Federal deficit which colors every choice we make. It holds us back, and forces us to either make hard choices, or try to borrow our way out of those choices.

The budget plan approved by our committee addresses each of those problems. It is a tough budget. It will get rid of the deficit, and will mean each of us will have to shoulder some of the responsibility.

But if we approve the committee's plan we will be giving ourselves the tools to rebuild our competitive ability, and the best chance available to meet the overriding Gramm-Rudman-Hollings goals of a deficit down to zero by 1991.

PARTICIPATION

Before I move into the details of the committee's budget proposal, let me address a key issue. The issue is participation.

Well before I became chairman of the Senate Budget Committee, I believed active participation across the board was the chief ingredient—not just in the fight to cut deficits and construct sound budgets—but to make the budget process itself work properly.

It should be clear to all of us that creating a budget is not a one-person job. The administration's budget may come to Congress with one man's name on it. But it is the work of thousands of people in the executive branch. It involves a host of preliminary decisions, and a series of tough judgments.

It would be thoughtless to dismiss the administration's work as something insincere or thrown together. But, by the same token, the budget finally approved by the Congress involves far more people and at least as many choices as those at the White House.

Our committee this year heard from 40 witnesses during 17 hearings, before the 24 members of the Senate Budget Committee began markup. That is as it should be. There is room for many views in this process.

Republicans and Democrats, House and Senate, Congress and President, the public itself—all have a role to play in the budget process. So it is not surprising that finding a consensus is not easy.

But if there is one thing that will make it impossible to find that consensus it is for some to withdraw to the sidelines. That damages the chances for the process to succeed.

And if there is one thing that will make it impossible to eliminate the Federal deficit, it is to immunize certain parts of the budget. Neither the public nor the Senate membership will approve a budget plan that isolates some to carry the deficit burden, while others are carried along by it.

What will make the final difference is the willingness for all of us to become involved, to make difficult choices, to see what is most important in the national interest. And so "participation" is crucial in the days ahead.

THE FLOOR SITUATION

On April 8, the Senate Budget Committee reported favorably, the budget plan I offered as chairman. At the same time, the committee sent to the floor without recommendation the President's budget; a budget plan proposed by Senator HOLLINGS; an amendment suggested by Senator CONRAD, and a sequester budget.

The additional plans give the Senate the opportunity to weigh the options.

Generally, the sequester option illustrates what will happen if the Congress is unable to agree on a budget. For fiscal 1988, it would mean total spending cuts of $62.7 billion, including a $29.9 billion reduction for defense, and $30.8 billion for domestic spending.

It would permit no investment in initiatives to strengthen our ability to compete.

I do not have the precise numbers showing what that would do to agriculture and farm programs, but I can tell you, Mr. President, it would be quite severe.

Senator HOLLINGS' plan shows how the budget would look with a sizable infusion of taxes. The President's plan is already well-known to the membership of this body. It claims to reach the Gramm-Rudman-Hollings target in fiscal year 1988 but it does not. In fact, while using a variety of one-time savings like asset sales, it falls some $26 billion short of the target, while adding some $19 billion in unfunded programs.

Every plan makes a serious effort to reach the $108 billion target, but the target amounts to a technical anomaly. It is a figure made unrealistic from the beginning in the Gramm-Rudman-Hollings era by underestimating the size of the original budget deficit.

If we focus too much energy on that figure, imposing huge tax amounts or searching for one-shot gimmicks, we will damage our chances to reach the most important goal, and that goal is eliminating the Federal deficit altogether in 1991.

These additional plans are a framework for wider participation and they should and will be judged on their own content. I believe the plan voted out favorably by the committee is the most realistic and evenhanded blueprint currently available. I hope the Senate will join in approving, or improving, the plan so that we can proceed to conference with the House of Representatives.

Two years ago, the Congress and the President approved the Gramm-Rudman-Hollings plan for deficit reduction. Two of the authors, Senator RUDMAN and Senator HOLLINGS, are members of the Senate Budget Committee.

The overriding goal of the Gramm-Rudman-Hollings legislation was to reduce the deficit to zero by 1991. It was to be done by reducing its size in annual stages by approximately 1 percent of the gross national product or roughly $36 billion a year through 1991 when the final goal would be achieved.

If Congress and the President were unable to reach the goals originally laid down by the Gramm-Rudman-Hollings law, then we would be confronted by automatic sequester. That would mean arbitrary cuts across the board to make up the difference between what the deficit was and what the law said it should be.

We all know the Supreme Court struck down the automatic feature of the law, but left in place the sequester option that would have to be approved by the Congress and signed by the President. So we are left with a very powerful weapon but without a trigger.

Even at the beginning of the Gramm-Rudman-Hollings era we were faced with the problem that still colors our budget discussions today. At the very outset, the Federal deficit was assumed to be lower by roughly $50 billion than it actually was. That means that even if we were to meet the annual targets prescribed by the law, we would find ourselves running behind in the effort to eliminate the deficit.

Throughout the lifetime of Gramm-Rudman-Hollings we have been in the position of playing catch-up ball. The law and the congressional budget process have taken some hard knocks for mistakes made in the delivery room, but I do not think we should let go of the ultimate goal, and that goal is eliminating the deficit altogether by 1991.

The committee's budget plan locks in on that goal. If finally approved, it will both erase the deficit and provide the ladder by which we can climb back to full economic power.

The budget recommended by the committee is an evenly balanced mix of savings derived from domestic spending reductions, restraint in military spending, and revenues to be used solely for deficit reduction. Each of these areas contributes one-third to the 4-year savings total.

Measured from the baseline deficit figures approved by the Congressional Budget Office, savings from restraint in military spending would total $6.9 billion in 1988, and $83.6 billion in the years 1988 to 1991. Total domestic savings based on the CBO baseline deficit are to be $10.3 billion in 1988 and $72.3 billion for the years 1988 through 1991. These are net savings.

For fiscal year 1988, the net savings are a product of $13.7 billion in domestic spending reductions and a $3.4 billion increase for investments in key programs designed to strengthen the Nation's ability to compete.

Over the years 1988 to 1991, the total domestic reductions are $102 billion while investments total $29.8 billion to arrive at those net savings of $72.3 billion.

New revenues in the committee plan are $18.5 billion in fiscal year 1988 and $98 billion in the years 1988 to 1991.

Reductions in the debt service are $1.3 billion in fiscal 1988 and $28.5 billion through 1991.

Total spending under this budget would fall by $184.4 billion by 1991.

According to the Congressional Budget Office, the deficit under the committee plan would fall to $133.7 billion for fiscal year 1988, $106.8 billion for fiscal year 1989, $58.3 billion in fiscal year 1990, and zero in 1991.

Mr. President, when the administration proposed its budget on January 5 of this year, more than half of the savings came from additional revenues. It seems to me that is a pretty strong indication that the deficit cannot be erased by using spending cuts alone. The committee budget endorses that view and goes a step further.

The new revenues in our proposal can be used for nothing other than deficit reduction. The committee plan produces savings of $282 billion over the next 4 years, and that means that our borrowing needs will be reduced by $100 billion.

For the last several years we have been able to live with high Federal deficits because they have been hidden to some extent by borrowing. Rather than facing up to the true dimensions of the deficit problem and making those hard policy choices necessary to change things around, we have simply borrowed money over and over and over again.

We borrowed from each other. We borrowed against our insurance policy by asking funds from our children to support our current lifestyle. We have borrowed from other nations by selling them our debt in the form of Treasury notes.

We cannot go on that way forever. In fact, given the nature of our weak trade position, the fluctuations in the exchange rates, our shift from manufacturing to services, and our reluctance to pay our bills for essential needs, the day of judgment may be much closer than many think.

The budget presented by this committee contains spending actually lower than that proposed by the administration. It is a clear statement that the deficit is a product of spending and revenue choices and must be revised in tandem and applied directly to the effort to eliminate the Federal deficit.

Mr. President, there is no point in trying to avoid the issues in the quest to cut the budget. Yes, there are revenues in the committee budget plan. I do not like it. I do not think anyone else does. My guess is the President did not like it much when he concluded that half of his savings had to come from new revenues.

Frankly, it is unlikely the President liked the idea of revenues when he made his midcourse correction address to the Nation back on September 24, 1981. That was just 6 weeks after the historic tax cuts were signed into law. Yet, the President requested $22 billion in what were then called revenue enhancements over the following 3 years to bring the deficit down.

That was not an easy choice. It was not any easier the following year when the administration requested the biggest tax increase in American history—$98.3 billion over 3 years—to counter the unprecedented rise in the Federal deficit.

The President does not like taxes. Neither does this Congress. And, certainly, neither do the American people. But we like them least of all when those revenues go to fund new spending projects that add to—rather than cut—the Federal deficit.

The revenues in the committee's budget total $98 billion over 4 years, actually less than asked by the White House 5 years ago, and much less in constant dollars. They will be used for one thing, and for one thing only: deficit reduction.

The committee-approved budget provides for a deficit reduction account in section 5. It makes it clear that the appropriate committees should report out legislation to create that account. Any new revenues collected as a result of the reconciliation following on the heels of this budget resolution would be deposited in the deficit reduction account.

Those funds would not be available for appropriation. That means they could not be used to fund new spending projects. They could only be used to retire outstanding debt obligations of the Federal Government, and for nothing else.

I think it is vey important to make that distinction, Mr. President. Revenues for deficit reduction and not for new spending. There is no intent and there is no authority provided to use additional revenues for additional spending. They are viewed solely as a source to accelerate the rate of deficit reduction so that the 1991 goal can be met.

It is clear that the decline in revenues has played a substantial role in keeping the Federal deficit so high, and making the effort to cut the deficit that much harder. Without essential revenues, our borrowing needs have increased sharply, and driven us to so many sources of credit so often that we have become the world's largest debtor nation.

Revenues as a share of the gross national product dropped from 20.1 percent in 1981 to 18.5 percent in 1986. At the same time, interest payments on the national debt rose from 2 percent of the gross national product in 1980 to 3.3 percent in 1986.

Under the committee's plan, the current "spend now, pay later" approach to the on-budget area would be replaced by a "pay as you go" system. Even with the on-budget revenue increases in the committee's plan, total on-budget revenues as a share of GNP in each year from 1988 to 1991 will still be well below their peak levels of the early 1980's.

In 1981, on-budget revenues as a share of GNP were 15.7 percent. In 1988, on-budget revenues would only be 14.4 percent of GNP rising to 14.9 percent in 1991. When you compare that, Mr. President, against 15.7 percent of 1981, you see we are still not going up to where we were.

Without these revenues, we have borrowed to pay our bills, and the deficit has continued to remain high. Had it not been for the sharp falloff in revenues, we would be running a $20 billion surplus in 1988 instead of an estimated $171 billion deficit.

So the issue here is not some attempt to raise personal tax rates to fuel more spending. And the issue is not that the taxpayer does not pay enough. The issue is to use our available resources wisely—all of them—to attack the biggest threat to our economic well-being—the deficit.

The longer we delay confronting the deficit and using new revenues strictly to that end, the longer we must borrow to pay the interest on the debt. And the longer we run the risk of a financial day of reckoning unparalleled in our history.

So we need have no misunderstanding on the question of revenues. The administration has used them in the past to keep the deficit from climbing higher. They are in the budget resolution to force the deficit lower, and for no other reason.

DOMESTIC SPENDING

The budget plan reported by our committee reduces Federal spending in fiscal 1988 by $37 billion, consistent with the terms of the Gramm-Rudman-Hollings legislation which requires annual spending cuts of around $36 billion.

Domestic spending throughout the 1960's and 1970's grew as the country invested funds in education, health, income security, and environmental protection. The 1980's, however, have been times of substantial cutbacks.

As a percentage of the gross national product, domestic spending accounted for 5.8 percent of outlays in 1980. In 1987, the estimate is that domestic spending will have fallen to 3.8 percent of GNP.

Because the deficits have been so high, the need for spending reductions was indisputable. The need continues. That is why the committee's proposal would shave domestic spending more than $10 billion in fiscal 1988, and more than $72 billion through 1991.

Because the Federal deficit is a national problem, it demands a national solution. Thus, domestic spending cannot be immune from discipline. Yet, the ability to compete is a national problem as well. To be successful, we must make required investments.

The committee has chosen to add $3.4 billion in outlays or $7.6 billion in budget authority to this budget for investments. Consistent with the notion that additional revenues should not be used for new spending, the investments provided in this budget are the result of rearranging available funds to make increases possible in programs for job training, research, science, and education.

During our hearings, witness after witness told us we must either make investments or accept a decline in our standard of living, in our place as a leader in the community of nations. We found that the United States makes less investment in plant, equipment, and civilian research and development than either Japan or West Germany, our principal trading partners.

We were told it would be a mistake to cut education by 30 percent and eliminate vocational education programs when 40 percent of the students in our graduate schools of engineering are foreign-born. Our elementary and secondary schools have not measured up to the foreign competition as our comparative math scores dropped, and our dropout rate climbed to 30 percent.

So this budget makes cuts in domestic spending but it also makes room for some sensible commitments to our future. Let me offer several examples of the investments contained in the committee budget.

It includes $900 million in space and science programs, including $300 million for general science, approximately the same amount for NASA, and $400 million for other science initiatives.

The budget contains $100 million more for programs under the Environmental Protection Agency; $400 million in 1987 budget authority for aid to the homeless; education programs increase $2 billion, and job training programs climb by $700 million; $500 million in this budget for NIH and AIDS research; the program for women, infants, and children [WIC] is increased by $200 million; law enforcement and judiciary programs are increased by $200 million; and the budget includes funding for the reform of election financing to move the political action committees out of their domineering position.

These are necessary areas of investment to address our future needs and compelling problems currently faced by millions of Americans.

DEFENSE SPENDING

Every member of the Senate Budget Committee as well as each Member of the Senate itself understands the need for a strong national defense. That explains why the budget includes spending of $1.2 trillion over the next 4 years for defense, and $284 billion in fiscal 1988 alone.

The committee budget reaffirms and extends the unbending commitment of the Congress to national security. We have jointly built our security forces into a dependable powerhouse by previously committing more than $2.3 trillion to our military buildup over the last 10 years.

What the committee has done this year is safeguard that buildup while asking the Pentagon to help avoid a buildup in the Federal deficit. The committee has approved a $3 billion increase in outlays for the military next year to produce that $284 billion investment.

To be candid, that figure is lower than requested by the President, who sought an $18 billion increase. Some will challenge the committee budget on the military spending figures. Some will say it is more than necessary, while others will say it is much too low, and imperils our defense.

To those who say it is too high, I would say it cannot go much lower without damaging our military security. But to those who say it is too low, I would say it cannot go much higher without damaging the economic vitality of this Nation. Mr. President, that is as supportive of national defense as anything we could have and maintain a strong national economy.

What have we purchased with the trillions spent and planned if not a strong national defense? Is it possible to persuade the American public that $1.2 trillion more over the next 4 years is inadequate to meet our defense needs? I think the country will be skeptical in the extreme about arguments that $284 billion next year, after so much before, it's somehow a slap at our defense establishment.

THE BUDGET PROCESS

Mr. President, the congressional budget process has taken a hefty share of criticism for the size of the Federal deficit. We have heard that the only way to solve the problem is to fix the budget process.

There is always room for improvement. But if all the mechanics say your car is all right but you keep driving off the road, then perhaps it is time to look at the driver. The people behind the wheel count for something. They can make the vehicle both stop and go.

It seems to me that what we have done recently is blame the car for the shortcomings of the drivers. Let me give some examples.

In 1981, the White House set 1984 as the goal for a balanced budget. But the substantial cuts in domestic spending were not enough to offset the even more susbstantial increases in military spending and the reductions in revenues. We did not balance the budget in 1984, but it would be indefensible to blame the budget process for the policies it was asked to process.

Last year, we managed to reduce the deficit somewhat, but to do it we fell back on asset sales. The budget approved by the committee will not allow 1-year savings to be used to fund long-range spending. One-year savings produce 1-year deficit reductions, but often lead to multiyear deficit increases. We sell a debt, and wipe it off the books. But in the process, we also wipe away the interest payments we would have otherwise gotten to replenish it.

The record of the budget process shows that we have had our share of success. In fact, since 1982 we have actually saved 108 percent of that prescribed in the first year under our budgets. So when people start talking about how we always miss the targets, in the first year since 1982 we have actually done a little better in those first-year targets.

We have done pretty well with the reconciliation procedures. The 3-year savings under reconciliation have averaged 104 percent of the goal. So when we told the committees that they had to save some money, they saved that plus a little more. But 1987 was an exception. In that year, we achieved only 70 percent of the recommended savings because we relied too much on 1-year savings.

Moreover, since 1977 we have approved roughly 38 percent of the administration's rescissions and 83 percent of the deferrals.

It seems to me that those who might be tempted to drastically shift the constitutional framework through the line-item veto procedure or amended the Constitution with a balanced budget amendment should consider the prospects.

I support the constitutional amendment. I do not think it should be a Trojan horse. I can tell you that by the time we can pass that in this body and have it passed in the States, we will be at the bankruptcy stage, unless we do something about the budget. While I have no problem with the balanced budget amendment, I remind my colleagues that it will take time.

To give the administration the line-item veto would be to place further power in the hands of those who have yet to submit a balanced budget for any year it has been in power.

While I have no problem with the balanced budget amendment, I would remind my colleagues that whatever amendment might be approved, it would still require a statutory enforcement mechanism—and that means a budget process.

So what we have here is a problem of wills and responsibility. I would hate to think—and would be unable to explain with a straight face—that the chief reason for not coming to grips with our economic problems is politics.

I would hate to explain to someone who loses a job that we had the options to head off the problem, but politics got in the way. And I would hate to explain to those same people that "we couldn't save your jobs, but we revised our procedures."

I am not arguing against change. But I would argue strongly against procedural tinkering as a substitute for making the tough choices deficit reduction demands.

ECONOMIC POWER

Mr. President, for the next several days, the Senate will be making the choices that will either shape or warp the American future. Around the globe, we are tested by ambitious people with designs on advancement. They have plans. They are willing to pay a price for growth and a share of world markets.

We are in an unfamiliar situation. We have been the champions and now we are attempting a comeback. There is nothing wrong with the genius of this country. There is nothing wrong with the quality of our ambition.

But we have serious problems with our capacity for seeing past the next election, for looking beyond the next purchase to the long-term future, and for borrowing, and for borrowing, and for borrowing.

The committee budget includes $300 million more in fiscal 1988 outlays to address problems like school dropouts, dislocated workers, together with a pilot program for profit sharing.

An additional $400 million is in the budget for simulators, electronics research, supercollider, the space station, and the National Science Foundation.

We would invest $200 million more in outlays for agricultural and health research together with funds for manufacturing technology centers.

And $1 billion in outlays in fiscal 1988 would go to activities designed to improve our position in world trade.

So the budget before the Senate today, speaks to the current deficit and tomorrow's prosperity. It tells us growth does not just happen and markets do not just materialize by chance. They come about through hard work and investment.

I hope the Senate will approve the committee's budget plan.

The **PRESIDING OFFICER**. The Senator from Nebraska.

Mr. **EXON**. Mr. President, I am pleased that the U.S. Senate is moving in a timely manner to consider the 1988 budget. Unlike past years, the Senate is only a fortnight behind schedule. In the last 6 years, budget delays which stretched well into the summer had become common.

The chairman of the Senate Budget Committee is to be congratulated for his tireless efforts to work with both sides of the Senate Budget Committee to fashion a budget which is basically fair, responsible, and balances by 1991 as required by the Gramm-Rudman law.

From the first hearings of the Senate Budget Committee, the chairman held out a hand of bipartisan cooperation. I am most disappointed that my friends and colleagues on the other side of the aisle have thus far turned their backs on the chairman's good-faith invitations. Fortunately, there is still time for participation for all Members interested in the budget process and the priorities of this Nation.

I am still quite hopeful that the bipartisan cooperation which marked the years when Senators Muskie and HOLLINGS were chairmen of the Senate Budget Committee and Senator Bellmon was the ranking member can rally the Senate behind a bipartisan budget for 1988.

If that is not to happen, Mr. President, it is the responsibility of the majority party to govern; and Mr. President, I am confident that the majority party will rise to that task.

Certainly, the budget before the Senate is not a perfect one. There is much in the budget which I would like to change, especially in regard to agriculture and defense. In the Senate Budget Committee, I offered my suggestions and many were incorporated into the document before the Senate but some were not. One of those, of course, was the fact that I feel that the defense number is basically too low.

As a U.S. Senator and before that as a Governor, I learned a long time ago that in government no one gets everything that they want. The key to good government is to work to bring factions together into winning coalitions and to move legislation in the right direction. In this regard, I will continue my efforts to improve the budget before the Senate. As each Member reviews this budget, I hope that rather than simply criticize that each will come forward with constructive suggestions and amendments and the Senate work its will.

I also expect that the economic assumptions contained in the chairman's budget will be the subject of much discussion. I am uncomfortable with the decision to use a dual set of economics. Unfortunately it is a necessary evil brought about by this body's accepting the straitjacket known as the Gramm-Rudman law. It should be well known by this body that I did not vote for the Gramm-Rudman law. I did not and do not believe that it is a fair or credible way to deal with the deficit. However, it is the law and the chairman's action is necessary to move a responsible budget through the circus hoops of the Gramm-Rudman law.

The necessary dual economics device used by the chairman and the economic assumptions used by the President illustrate the weakness of the Gramm-Rudman law. In reality, Gramm-Rudman is a method to reduce deficit projections rather than deficits.

It is for this reason that the largest single annual deficit was recorded during the first year of the Gramm-Rudman law and that another near-record deficit will be scored in the second year of the Gramm-Rudman law.

Earlier this month, I introduced legislation which would tie the statutory debt ceiling to reconciliation and the budget process. If enacted, this legislation would measure progress on deficit reduction against the accumulated national debt and act to encourage the Congress and the President to be honest with the American people rather than hide behind optimistic economic projections and accounting manipulations.

I urge those who will rise to criticize the chairman's dual economic assumptions to examine the economic assumptions of the President. Would they level the same criticism? I also offer an enthusiastic invitation to any Member uncomfortable with the economic assumptions of the Chiles amendment to join as a cosponsor of the tough but workable debt ceiling reform legislation which I introduced earlier this month.

To the chairman's credit, the Chiles amendment includes both Congressional Budget Office projections and the Office of Management and Budget projections. Without a doubt the chairman does not attempt to mislead.

Mr. President, although not perfect in every respect, by no means, the Chiles amendment is a good place to start. The Chiles amendment presents a budget which exceeds the President's budget in deficit reduction, includes only a minor amount of new revenues, guarantees that new revenues are used to reduce the deficit rather than finance new spending, and balances the Federal budget by 1991 as required by the Gramm-Rudman law.

I strongly urge my colleagues to take a serious look at the Chiles amendment and consider that this is what is at stake and that is the soundness of the fiscal health of the United States of America. I hope that this body will take its responsibility seriously and work together in a bipartisan fashion to produce a budget which is good for the Nation.

I thank you, Mr. President, and I yield the floor.

Mr. **DOMENICI**. Mr. President, the distinguished chairman has arrived on the floor. As I understand it, we are going to vote on the motion to proceed at 2 o'clock, and we are going to go in recess at 12 o'clock.

Has that been prearranged?

Mr. **CHILES**. I think so, yes.

Mr. **DOMENICI**. I have no substantive comments with reference to the Chiles amendment, but I would like to just make a few observations about deficit reduction.

Frankly, Mr. President and Members of the Senate, it seems to me that we are back at one of those periods when on the one hand it seems that things had rocked along fairly well for the American economy and for interest rates even with enormously high deficits and now things are changing a bit, and yet it seems to me that there is very little recognition of the fact that we better fix this deficit.

It seems to me that the deficit has sort of taken a second position, be it to trade legislation or whatever seems to be the most current fad around.

But, as a matter of fact, the signs are rather ominous again. They are just a little more complex because there is a whole international market not only in consumer trade, but in money, and we have been pretty fortunate as a nation. We had some very, very good breaks for everything but oil patch in America. We had a very healthy drop in inflation because of oil price's precipitant drop. Obviously, that is a big plus on the inflation side. We had enormous imports which to some extent, with the dollar-and-yen ratio, contributed to holding down inflation. But now all of a sudden something is happening out there.

Let me tell the Senate in talking to my staff and looking at the budget documents just an example of what is happening as to the long-term interest rates and the short-term interest rates that exist today and, as we know, they have gone up precipitantly. As a matter of fact, the long-term interest rates on long-term bonds have gone up, it is my understanding, faster in the last 10 days than at any comparable period in a long, long time, perhaps in decades.

Well, let me finish the thought. If you look at the assumptions in the budget resolution, at least that portion of it which adopts CBO economics, it has long-term bond rates and short-term interest rates assumed for the next 4 years. And it even has them, very simply stated, for the year 1988, the budget we are talking about.

I understand that if something does not happen to ameliorate the bond rate as of today, both short term and long term, if it stays as it is today as compared with what CBO estimated just a few months ago, and they were midway between the high and the low estimators around this country, we lose on that one item $11 billion of the savings that are made in the Chiles budget, assuming it was implemented and enforced in total.

Now, I think that is something we ought to be concerned about. I mean, we take two little tiny steps forward and based upon just the last 2 weeks of some kind of enormous nervousness that is going on out there in the international money markets and interest rates—and that is a market, that is a market like everything else. I mean, we can have our central banking system trying to prop here and buy there, but essentially those bond prices are set by the market people investing other people's money and gambling in an intelligent way with some informed intuition on the future. That is the market. We will lose $11 billion of the savings just on the interest rate charges that have occurred since CBO gave their best estimate of 1988 and then 1989, 1990, and 1991, which they do not claim to be nearly as accurate but nonetheless are their best estimates.

For those who are interested, you ought to look and see how low we assumed those would be in arriving at gradual deficit reduction over the next 4 years even if the majority budget were adopted. The marketplace is telling us something. Frankly, we had an enormous spurt in 1985 and 1986, both in the stock market going up and we had the opposite kind of positive spurt with interest rates coming down.

Now, there are many who say, "The budget, the deficit, that had nothing to do with it." I happen to think it had a lot to do with it. I think Gramm-Rudman-Hollings gave a little bit more confidence to the marketplace that maybe there was a real mechanism for reducing these deficits. And, as complicated as it was, it worked once. We had a sequester and everybody took a little medicine as onerous as it might be.

Incidentally, that sequester, small sequester, as onerous as it may be, had a very big ripple in terms of credibility, in my opinion, in the marketplace, their attitude, and, frankly, in terms of just plain expenditures, it had an enormous budget outlay, budget authority and outlay effect in the outyears because programs were literally and really reduced.

What I am really saying is—and I do not think this is being spoken for the benefit of the distinguished chairman of the Budget Committee—but frankly, I do not quite understand why there seems to be this lull about should we really get this job done; why the attitude around seems to be, "Well, maybe it isn't all that important," or "Let's leave it until another day."

Frankly, I never thought we were going to be able to sustain for too long deficits of the size we have been incurring. I wondered, because it seemed to me that all common sense and judgment ran against it. But things seemed to be going fairly well. Well, we are seeing the effect now, it appears to this Senator with the first time that we have some real problems out there in the international market, the Japanese and their investment portfolio getting kind of concerned the yen-dollar, that crisis with the American dollar dropping and people wondering how much more it should drop and some saying let it freefall, and others saying prop it up, now the market is kind of taking over, the attitude of the Japanese investor beginning to take over; even a genuine concern as to whether they are going to be the big buyer in the next Treasury bill offering in the United States. Now, I am not predicting that. I obviously do not have enough knowledge to predict, but it does seem to me there is some very strong signals out there.

We ought to get on with this. We ought to really and truly take this issue seriously.

I do not think I have to make that statement to the present occupant of the chair. In his short time here, from what I can tell, on the Budget Committee, there is probably nothing of more concern to him than realistically reducing that deficit and doing it in a real manner that is conclusive and would get the job done.

Perhaps before we are through this week, if these kinds of marketplace activity continue, perhaps there will be more seriousness applied across the board. Perhaps it will bring some people together that have been at odds, not talking. I, for myself, think it is the most serious problem confronting the American people, confronting our future, and our children's future.

But I also am extremely concerned, as I indicated yesterday, about the defense buildup and what we are doing to turn it around and go back to the decade of the 1970's in the budget before us. As I indicated yesterday, I have no miraculous cures or answers, but obviously it appeared to me that somebody ought to at least tie in what is happening out there in the marketplace, to that serious set of circumstances, to the work that is going on here on the Senate floor.

Maybe there are some who think that this is a rather irrelevant exercise and we will fix things in 2 or 3 months or 4 months or 5 months. I really do not know how that is going to occur either. Nonetheless, I have been fooled before. Maybe we will produce budgets here that do not have the support of the President. Maybe we will produce budgets here that we really do not intend to carry out. Maybe we have in our back pocket some wish list that we will fix it later either in appropriations or on the debt limit. I hear all kinds of theories.

Frankly, I think we ought to fix it here in the next week in some way and I am going to try my best to do that. I do not think the budget before us, at least the one that the majority is going to try to lay before the Senate, does the job in the right way. I am not reluctant at all to make an argument against it on various fronts and I will do that.

Nonetheless, I hope no one thinks that the Senator from New Mexico is one of those that perhaps is beginning to feel that we ought to just let this thing drag on and maybe things will take care of themselves. I really do not think that is going to happen. I think we are playing with dynamite from what I can tell.

Mr. President, I do not think there is anybody else on our side that wanted to be heard. The distinguished chairman is here. I am prepared not only to yield back the remaining time, but from my standpoint, we have nothing further on our side.

Mr. CHILES. I thank the Senator from New Mexico. I think we would be ready in just a moment to yield back the time. I wanted to say that I associate myself with the remarks the Senator from New Mexico has made about the economy and the volatility and ominous signs we have seen lately. The Senator from Florida finds himself tremendously concerned about these and the feeling that we have to do something. I hope that every Member of the Congress will understand that. I hope the administration will, as well.

When I listened to the speech the President gave the Chamber, it sometimes seems to be business as usual. "If they want me to bail them out in a summit, they, the Congress, are going to have to do something."

I think I join with the Senator from New Mexico in saying it is not whether the Congress needs to be bailed out or the President needs to be bailed out. It is the country that we better be concerned about, because I think there are some very dark clouds out there.

I am a little bit like Chicken Little in my State. I have been going down there for the last 2 or 3 years saying the sky was going to fall because of these high deficits, and suddenly I was sort of left with "Why has the stock market hit a new high?" "Why is the bond market doing so well?" "Why has unemployment come down and inflation come down?" It is hard to explain. I will have to say that I did not have any way of explaining it other than continuing to watch the trade deficit that started to mirror image the budget deficit—realizing that we were losing some manufacturing jobs, we were losing positions, and that we had a very weak economy just sort of chugging along, barely making signs while watching that debt go up and up and up.

I think it is a very volatile time out there now. I think if Congress and the President could show that we actually made some multiyear progress on the deficit, it would probably have more to do in allaying some of these fears out there than anything in the world we can do.

I hope many of our brethren here and sisters are looking at those same signs. I hope down Pennsylvania Avenue there are people looking, too. I do not think it is one of these things we can wait until October to begin to address. I hope that we can do it very soon and while we are in this process, if possible.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the hour of noon having arrived, the Senate will be in recess until 2 p.m.

Thereupon, at 12 noon, the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Ms. MIKULSKI].

CONGRESSIONAL BUDGET RESOLUTION—1988

MOTION TO PROCEED

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Republican leader.

Mr. DOLE. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the previous order, the hour of 2 o'clock having arrived, the Senate will now vote on the motion to proceed to the consideration of Senate Concurrent Resolution 49, which the clerk will report.

The bill clerk read as follows:

Motion to proceed to the consideration of S. Con. Res. 49, setting forth the congressional budget for the United States Government for the fiscal years 1988, 1989, 1990, and 1991.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Tennessee [Mr. GORE], and the Senator from Alabama [Mr. HEFLIN] are necessarily absent.

Mr. SIMPSON. I announce that the Senator from Pennsylvania [Mr. HEINZ] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 45, as follows:

[Rollcall Vote No. 82 Leg.]

YEAS—51

Adams
Baucus
Bentsen
Bingaman
Boren
Bradley
Breaux
Bumpers
Burdick
Byrd
Chiles
Conrad
Cranston
Daschle
DeConcini
Dixon
Dodd
Exon
Ford
Fowler
Glenn
Graham
Harkin
Hollings
Inouye
Johnston
Kennedy
Kerry
Lautenberg
Leahy
Levin
Matsunaga
Melcher
Metzenbaum
Mikulski
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Reid
Riegle
Rockefeller
Sanford
Sarbanes
Sasser
Shelby
Simon
Stennis
Wirth

NAYS—45

Armstrong
Bond
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
Dole
Domenici
Durenberger
Evans
Garn
Gramm
Grassley
Hatch
Hatfield
Hecht
Helms
Humphrey
Karnes
Kassebaum
Kasten
Lugar
McCain
McClure
McConnell
Murkowski
Nickles
Packwood
Pressler
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Weicker
Wilson

NOT VOTING—4

Biden
Gore
Heflin
Heinz

So the motion to proceed to the consideration of Senate Concurrent Resolution 49 was agreed to.

Mr. BYRD. Madam President, I move to reconsider the vote by which the motion was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Madam President, I send to the desk a motion to recommit with instructions.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

I make a motion to recommit S. Con. Res. 49 to the Committee on the Budget with instructions to report back forthwith as follows:

Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1988—

Mr. BYRD. Madam President, I ask unanimous consent that further reading of the motion be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The motion is as follows:

I make a motion to recommit S. Con. Res. 49 to the Committee on the Budget with instructions to report back forthwith as follows:

Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1988 is established and the appropriate budgetary levels for fiscal years 1989, 1990, and 1991 are set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. (a) The levels and amounts set forth in this subsection are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded; are determined on the basis of the economic and technical assumptions upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $930,200,000,000.
Fiscal year 1989: $992,500,000,000.
Fiscal year 1990: $1,064,100,000,000.
Fiscal year 1991: $1,147,600,000,000.

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,038,100,000,000.
Fiscal year 1989: $1,074,000,000,000.
Fiscal year 1990: $1,099,700,000,000.
Fiscal year 1991: $1,126,400,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $107,900,000,000.
Fiscal year 1989: $81,500,000,000.
Fiscal year 1990: $35,600,000,000.
Fiscal year 1991: $−21,200,000,000.

(b) The levels and amounts set forth in this subsection are set forth for informational purposes only; are not set forth for purposes of any determination to be made under titles III or IV of the Congressional Budget and Impoundment Control Act of 1974; are determined on the basis of the economic assumptions reported to the Congress by the Congressional Budget Office; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:
Fiscal year 1988: $919,000,000,000.
Fiscal year 1989: $985,500,000,000.
Fiscal year 1990: $1,074,500,000,000.
Fiscal year 1991: $1,171,400,000,000.

(2) The approrpriate levels of total budget outlays are as follows:
Fiscal year 1988: $1,052,700,000,000.
Fiscal year 1989: $1,092,300,000,000.
Fiscal year 1990: $1,132,800,000,000.
Fiscal year 1991: $1,171,300,000,000.

(3) The amounts of the deficits are as follows:
Fiscal year 1988: $133,700,000,000.
Fiscal year 1989: $106,800,000,000.
Fiscal year 1990: $58,300,000,000.
Fiscal year 1991: $-100,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The levels and amounts set forth in subsections (b) and (c) of this section and section 4 are set forth pursuant to subsections (a) and (b) of section 301 of the Congressional Budget and Impoundment Control Act of 1974; are set forth for purposes of any determination to be made under title III or IV of such Act (other than a determination under section 301(i) or 311(a) of such Act with respect to whether the maximum deficit amount for a fiscal year has been exceeded); and are based upon the economic and technical assumptions reported by the Congressional Budget Office.

(b) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990:

(1) The recommended levels of Federal revenues are as follows:
Fiscal year 1988: $678,400,000,000.
Fiscal year 1989: $723,900,000,000.
Fiscal year 1990: $787,600,000,000.
Fiscal year 1991: $860,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:
Fiscal year 1988: $18,500,000,000.
Fiscal year 1989: $23,500,000,000.
Fiscal year 1990: $23,500,000,000.
Fiscal year 1991: $32,500,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:
Fiscal year 1988: $59,700,000,000.
Fiscal year 1989: $63,900,000,000.
Fiscal year 1990: $68,900,000,000.
Fiscal year 1991: $74,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:
Fiscal year 1988: $917,100,000,000.
Fiscal year 1989: $958,800,000,000.
Fiscal year 1990: $983,100,000,000.
Fiscal year 1991: $1,031,800,000,000.

(3) The appropriate levels of total budget outlays are as follows:
Fiscal year 1988: $848,000,000,000.
Fiscal year 1989: $876,500,000,000.
Fiscal year 1990: $903,600,000,000.
Fiscal year 1991: $928,800,000,000.

(4) the amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:
Fiscal year 1988: $169,600,000,000.
Fiscal year 1989: $152,600,000,000.
Fiscal year 1990: $116,000,000,000.
Fiscal year 1991: $68,300,000,000.

(5) The appropriate levels of the public debt are as follows:
Fiscal year 1988: $2,585,800,000.
Fiscal year 1989: $2,805,500,000.
Fiscal year 1990: $2,986,700,000.
Fiscal year 1991: $3,120,200,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:
Fiscal year 1988: $232,000,000,000.
Fiscal year 1989: $219,700,000,000.
Fiscal year 1990: $181,200,000,000.
Fiscal year 1991: $133,500,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990, are as follows:

Fiscal year 1988:
(A) New direct loan obligations, $34,000,000,000.
(B) New primary loan guarantee commitments, $156,500,000,000.
(C) New secondary loan guarantee commitments, $100,600,000,000.

Fiscal year 1989:
(A) New direct loan obligations, $32,300,000,000.
(B) New primary loan guarantee commitments, $150,400,000,000.
(C) New secondary loan guarantee commitments, $97,900,000,000.

Fiscal year 1990:
(A) New direct loan obligations, $31,000,000,000.
(B) New primary loan guarantee commitments, $158,100,000,000.
(C) New secondary loan guarantee commitments, $94,600,000,000.

Fiscal year 1991:
(A) New direct loan obligations, $30,100,000,000.
(B) New primary loan guarantee commitments, $165,400,000,000.
(C) New secondary loan guarantee commitments, $91,000,000,000.

(c) The Congress hereby determines and declares that the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1988 through 1991 for each major functional category are:

(1) National Defense (050):

Fiscal year 1988:
(A) New budget authority, $289,000,000,000.
(B) Outlays, $283,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:
(A) New budget authority, $294,800,000,000.
(B) Outlays, $288,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:
(A) New budget authority, $297,900,000,000.
(B) Outlays, $292,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:
(A) New budget authority, $301,100,000,000.
(B) Outlays, $296,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1988:
(A) New budget authority, $15,800,000,000.
(B) Outlays, $15,800,000,000.
(C) New direct loan obligations, $6,000,000,000.
(D) New primary loan guarantee commitments, $9,000,000,000.
(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1989:
(A) New budget authority, $20,300,000,000.
(B) Outlays, $14,300,000,000.
(C) New direct loan obligations, $5,800,000,000.
(D) New primary loan guarantee commitments, $9,400,000,000.
(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1990:
(A) New budget authority, $16,000,000,000.
(B) Outlays, $13,300,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $9,800,000,000.
(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1991:
(A) New budget authority, $15,300,000,000.
(B) Outlays, $11,300,000,000.
(C) New direct loan obligations, $5,700,000,000.
(D) New primary loan guarantee commitments, $10,200,000,000.
(E) New secondary loan guarantee commitments, $300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1988:
(A) New budget authority, $11,500,000,000.
(B) Outlays, $11,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:
(A) New budget authority, $13,700,000,000.
(B) Outlays, $13,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:
(A) New budget authority, $15,200,000,000.
(B) Outlays, $14,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:
(A) New budget authority, $15,800,000,000.
(B) Outlays, $15,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1988:
(A) New budget authority, $4,800,000,000.
(B) Outlays, $4,800,000,000.
(C) New direct loan obligations, $2,100,000,0000.
(D) New primary loan guarantee commitments, $7,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $4,200,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1988:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $15,100,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $16,500,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $16,900,000,000.

(B) Outlays, $17,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $17,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350)

Fiscal year 1988:

(A) New budget authority, $29,200,000,000.

(B) Outlays, $28,400,000,000.

(C) New direct loan obligations, $17,500,000,000.

(D) New direct loan loan guarantee commitments, $8,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $30,100,000,000.

(B) Outlays, $26,200,000,000.

(C) New direct loan obligations, $16,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $22,300,000,000.

(C) New direct loan obligations, $15,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $22,200,000,000.

(B) Outlays, $20,300,000,000.

(C) New direct loan obligations, $14,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1988:

(A) New budget authority, $12,200,000,000.

(B) Outlays, $7,500,000,000.

(C) New direct loan obligations, $4,000,000,000.

(D) New primary loan guarantee commitments, $91,600,000,000.

(E) New secondary loan guarantee commitments, $100,300,000,000.

Fiscal year 1989:

(A) New budget authority, $12,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $93,900,000,000.

(E) New secondary loan guarantee commitments, $97,600,000,000.

Fiscal year 1990:

(A) New budget authority, $15,400,000,000.

(B) Outlays, $6,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $98,800,000,000.

(E) New secondary loan guarantee commitments, $94,300,000,000.

Fiscal year 1991:

(A) New budget authority, $12,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $103,400,000,000.

(E) New secondary loan guarantee commitments, $90,700,000,000.

(8) Transportation (400):

Fiscal year 1988:

(A) New budget authority, $29,100,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $29,300,000,000.

(B) Outlays, $27,700,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $30,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $30,700,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1988:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,700,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,000,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $5,900,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1988:

(A) New budget authority, $35,100,000,000.

(B) Outlays, $32,800,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $35,200,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $37,200,000,000.

(B) Outlays, $36,400,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $38,800,000,000.

(B) Outlays, $37,800,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1988:

(A) New budget authority, $44,600,000,000.

(B) Outlays, $44,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $47,900,000,000.

(B) Outlays, $47,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $51,700,000,000.

(B) Outlays, $51,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $55,900,000,000.

(B) Outlays, $55,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(12) Medicare (570):

Fiscal year 1988:

(A) New budget authority, $93,300,000,000.

(B) Outlays, $79,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $102,700,000,000.

(B) Outlays, $88,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $113,300,000,000.

(B) Outlays, $99,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $123,900,000,000.

(B) Outlays, $111,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1988:

(A) New budget authority, $168,000,000,000.

(B) Outlays, $129,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $175,500,000,000.

(B) Outlays, $137,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $181,600,000,000.

(B) Outlays, $142,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $215,300,000,000.

(B) Outlays, $151,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1988:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $5,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1988:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $30,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $28,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $28,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $27,700,000,000.

(B) Outlays, $27,600,000,000.

(C) New direct loan obligations, $900,000,000.

(D) New primary loan guarantee commitments, $30,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $28,200,000,000.

(B) Outlays, $27,900,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $33,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):

Fiscal year 1988:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1988:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(18) General Purpose Fiscal Assistance (850):

Fiscal year 1988:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $1,700,000,000.

(B) Outlays, $1,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(19) Net Interest (900):

Fiscal year 1988:

(A) New budget authority, $145,400,000,000.

(B) Outlays, $145,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $150,900,000,000.

(B) Outlays, $150,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $154,400,000,000.

(B) Outlays, $154,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $155,800,000,000.

(B) Outlays, $155,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Allowances (920):

Fiscal year 1988:

(A) New budget authority, −$300,000,000.

(B) Outlays, −$300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $0.

(B) Outlays, $100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $400,000,000.

(B) Outlays, $500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $800,000,000.

(B) Outlays, $1,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):

Fiscal year 1988:

(A) New budget authority, −$34,900,000,000.

(B) Outlays, −$34,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, −$35,600,000,000.

(B) Outlays, −$35,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, −$36,500,000,000.

(B) Outlays, −$36,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New Budget Authority, −$37,200,000,000.

(B) Outlays, −$37,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than May 12, 1987, the committees named in subsections (b) through (u) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 410(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988, $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(c) The Senate Committee on Armed Services shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $770,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,366,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,007,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,031,000,000 in outlays in fiscal year 1991.

(d) The Senate Committee on Banking, Housing, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(e) The Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $920,000,000 in budget authority and $902,000,000 in outlays in fiscal year 1988, $320,000,000 in budget authority and $317,000,000 in outlays in fiscal year 1989, $320,000,000 in budget authority and $319,000,000 in outlays in fiscal year 1990, and $319,000,000 in budget authority and $318,000,000 in outlays in fiscal year 1991.

(f) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $375,000,000 in budget authority and $342,000,000 in outlays in fiscal year 1988, $493,000,000 in budget authority and $792,000,000 in outlays in fiscal year 1989, $493,000,000 in budget authority and $777,000,000 in outlays in fiscal year 1990, and $521,000,000 in budget authority and $788,000,000 in outlays in fiscal year 1991.

(g) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $190,000,000 in budget authority and $190,000,000 in outlays in fiscal year 1988, $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1989, $198,000,000 in budget authority and $198,000,000 in outlays in fiscal year 1990, and $199,000,000 in budget authority and $199,000,000 in outlays in fiscal year 1991.

(h)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988; $23,500,000,000 in fiscal year 1989; $23,500,000,000 in fiscal year 1990; and $32,500,000,000 in fiscal year 1991.

(i) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,918,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,402,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,834,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,770,000,000 in outlays in fiscal year 1991.

(j) The Senate Committee on Labor and Human Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $80,000,000 in budget authority and $80,000,000 in outlays in fiscal year 1988, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1989, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1990, and $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1991.

(k) The Senate Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

HOUSE COMMITTEES

(l) The House Committee on Agriculture shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988, $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(m) The House Committee on Armed Services shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $927,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,540,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,193,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,213,000,000 in outlays in fiscal year 1991.

(n) The House Committee on Banking, Finance and Urban Affairs shall report (1) changes in laws within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(o) The House Committee on Education and Labor shall report (1) changes in law within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(p) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $1,146,000,000 in budget authority and $4,446,000,000 in outlays in fiscal year 1988, $581,000,000 in budget authority and $4,381,000,000 in outlays in fiscal year 1989, $584,000,000 in budget authority and $5,483,000,000 in outlays in fiscal year 1990, and $584,000,000 in budget authority and $6,583,000,000 in outlays in fiscal year 1991.

(q) The House Committee on Government Operations shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $501,000,000 in outlays in fiscal year 1988, $0 in budget authority and $517,000,000 in outlays in fiscal year 1989, $0 in budget authority and $545,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $566,000,000 in outlays in fiscal year 1991.

(r) The House Committee on Interior and Insular Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $185,000,000 in budget authority and $152,000,000 in outlays in fiscal year 1988, $303,000,000 in budget authority and $602,000,000 in outlays in fiscal year 1989, $295,000,000 in budget authority and $579,000,000 in outlays in fiscal year 1990, and $316,000,000 in budget authority and $583,000,000 in outlays in fiscal year 1991.

(s) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,417,000,000 in outlays in fiscal year 1988, $0 in budget authority and $3,885,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,289,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,204,000,000 in outlays in fiscal year 1991.

(t) The House Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

(u)(1) The House Committee on Ways and Means shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The House Committee on Ways and Means shall report changes in the laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988, $23,500,000,000 in fiscal year 1989, $23,500,000,000 in fiscal year 1990, and $32,500,000,000 in fiscal year 1991.

DETERMINATIONS OF WHETHER MAXIMUM DEFICIT AMOUNT IS EXCEEDED

SEC. 5. It is the sense of the Congress that any determination under section 311(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to whether a bill, resolution, amendment, or conference report would cause the maximum deficit amount for a fiscal year to be exceeded shall be based upon the same economic and technical assumptions, in the aggregate, upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based.

DEFICIT REDUCTION ACCOUNT

SEC. 6. (a) It is assumed that as a procedure appropriate to carry out the purposes of the Congressional Budget and Impoundment Act of 1974 (within the meaning of section 301(b)(4) of such Act), the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives would, as an integral part of the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this concurrent resolution, report legislation to—

(1) establish a separate account in the Treasury into which revenues resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this resolution would be deposited,

(2) ensure that any revenues deposited in such account would not be available for appropriation,

(3) provide that any such revenues deposited in such account would be used to retire outstanding debt obligations of the United States Government, and

(4) ensure that the revenue increases resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) would not be effective for any fiscal year in which the allocations made by the Committee on Appropriations of either House pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974 are exceeded.

(b) Legislation reported pursuant to subsection (a) shall not be considered to be extraneous for purposes of section 20001 of the Consolidated Omnibus Reconciliation Act of 1985 (as amended by section 7006 of the Omnibus Budget Reconciliation Act of 1986).

SALE OF GOVERNMENT ASSETS

SEC. 7. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to non-governmental buyers; and

(2) the amounts realized from such sales will not recur on an annual basis and do not reduce the demand for credit.

(b) The amounts to be realized from such sales not previously authorized by law shall not be treated as revenues, receipts, or negative outlays—

(1) for purposes of determining, in accordance with sections 301(i) and 311(a) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded;

(2) for purposes of other points of order under section 311 of the Congressional Budget and Impoundment Control Act of 1974;

(3) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974; or

(4) for purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974.

(c) It is the sense of the Congress that the United States Government should sell assets to non-governmental buyers in the following amounts: $0.

BUDGETARY TREATMENT OF LEGISLATION AUTHORIZING THE PREPAYMENT OF CERTAIN LOANS

SEC. 8. When legislation authorizes the United States Government to waive the prepayment premium on certain Government loans guaranteed by an agency and advanced by the Federal Financing Bank and allows repayment with new Government guaranteed loans—

(1) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the contributions from such prepayment shall be scored as revenues and shall not be scored as negative outlays, and

(2) for purposes of allocations and points of order under section 302 of such Act, the contributions from such prepayment shall remain unassigned to committees.

RESERVE FUND FOR THE WELFARE REFORM INITIATIVE

SEC. 9. (a) Of the amounts specified in section 3 of this resolution, it is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the child care and job training initiative when the appropriate committees of the House of Representatives or the Senate have reported legislation that will, if enacted, make funds available for such initiative.

(b)(1)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1988 would not exceed $150,000,000 of new budget authority and $110,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1988 would not exceed $600,000,000 of new budget authority and $300,000,000 of outlays.

(2)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1989 would not exceed $160,000,000 of new budget authority and $160,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1989 would not exceed $730,000,000 of new budget authority and $670,000,000 of outlays.

(3)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1990 would not exceed $240,000,000 of new budget authority and $220,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1990 would not exceed $760,000,000 of new budget authority and $750,000,000 of outlays.

(4)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1991 would not exceed $300,000,000 of new budget authority and $290,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1991 would not exceed $900,000,000 of new budget authority and $880,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget and Impoundment Control Act of 1974, altered by amounts not to exceed those in such legislation, would be deemed to have been reported. Such revised allocations would be considered for the purposes of such Act as allocations contained in this resolution, and the appropriate committees of the House of Representatives and the Senate would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

RESERVE FUND FOR THE MEDICARE CATASTROPHIC HEALTH INSURANCE INITIATIVE

SEC. 10. (a) It is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the medicare catastrophic health insurance initiative, and the aggregates for fiscal years 1988, 1989, 1990, and 1991 in sections 2 and 3 of this resolution would be adjusted accordingly, when—

(1) legislation has been enacted that ensures that any legislation providing for any such additional funding will not increase the deficits for fiscal years 1988, 1989, 1990, and 1991 above the levels set forth in sections 2 and 3 of this resolution; and

(2) the appropriate committees of the House of Representatives or the Senate have reported legislation as requested by the President that will, if enacted, make funds available for such initiative.

(b)(1) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1988 would not exceed $2,400,000,000 of new budget authority and $2,400,000,000 of outlays.

(2) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1989 would not exceed $4,000,000,000 of new budget authority and $4,000,000,000 of outlays.

(3) The amounts available for allocations under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1990 would not exceed $4,800,000,000 of new budget authority and $4,800,000,000 of outlays.

(4) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1991 would not exceed $5,600,000,000 of new budget authority and $5,600,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget of 1974, altered by amounts not to exceed those in such legislation, and revised functional levels and aggregates to carry out this section, would be deemed to have been reported. Such revised allocations, functional levels, and aggegates would be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution, and the appropriate committees of such Houses would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

MEDICARE SAVINGS

SEC. 11. It is assumed that the Committee on Finance of the Senate and the Committees on Ways and Means and Energy and Commerce of the House of Representatives would achieve Medicare savings as specified in this resolution without increasing premiums or deductibles or delaying eligibility or otherwise raising beneficiary out-of-pocket costs.

The **PRESIDING OFFICER**. Who yields time?

Mr. **CHILES**. Madam President, I am prepared to yield back my time on this amendment.

Mr. **DOMENICI**. Madam President and fellow Senators, I will yield back on this shortly.

I wanted to ask the distinguished chairman or the majority leader if they might just briefly explain the essentials of this amendment. They might even make it easier for me in terms of yielding back time if they might explain what their intentions are when the time on it is yielded back, what their next step would be, and then the next one after that so we will know. I am not prepared to use up all the time. I just want to know where we are going and if the Senator could explain where he intends to ask us I would like him to do that for just a few moments, please.

Mr. **CHILES**. Madam President, I am happy to do that, and I will say that basically what this amendment does. This is the committee amendment that came out of the committee with the changes of the joint economics that we talked about yesterday using OMB and CBO economics and the sense-of-the-Senate resolution that had to deal with Medicare savings. Those provisions are in there.

Mr. **DOMENICI**. Would it be the intention of the majority to then make a further amendment to this that simply changes the reporting date and in effect fill the tree down the line of the motion to recommit and then have the first substantive vote which would be on in effect the committee amendment as changed by the joint economics and with the sense-of-the-Senate resolution?

Mr. **CHILES**. My understanding is the Senator from New Mexico, after the tree is filled, before time is yielded back on the last amendment or even after time is yielded back on the last amendment, would want to make a parliamentary point of order.

Mr. **DOMENICI**. Madam President, as I indicated to the distinguished chairman of the Budget Committee, I want to bring before the Senate at some time a point of order with reference to the dual economics that are included in the amendment at the desk.

As I understand it, when we are finished building the tree, we will have a situation where there will be the budget as reported out by the committee, two amendments, one on Medicare—and I am not talking about that at this point—but there is another amendment that would basically say for purposes of complying with Gramm-Rudman-Hollings we use one set of economic assumptions and for the purposes of the so-called real budget we use another set.

I think that I have stated the case correctly, have I not?

I want to make sure that the Senate understands the significance of that kind of activity on the part of the U.S. Senate. Therefore, at some point I will raise a point of order, and if the Chair does not agree with me I would like the Senate to pass on that.

Having said that and with the understanding as to what we are doing, I yield back the remainder of my time on the pending amendment.

Mr. **CHILES**. I yield back any time that I have.

AMENDMENT NO. 174

(Purpose: to propose an amendment to the instructions proposed by the motion to recommit)

Mr. **CHILES**. Madam President, I send to the desk another amendment and ask for its immediate consideration.

The **PRESIDING OFFICER**. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. CHILES] proposes an amendment numbered 174.

Mr. **CHILES**, Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the word "That" on line 1 of page 1 and insert in lieu thereof the following: the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1988 is established and the appropriate budgetary levels for fiscal years 1989, 1990, and 1991 are set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. (a) The levels and amounts set forth in this subsection are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded; are determined on the basis of the economic and technical assumptions upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $930,200,000,000.
Fiscal year 1989: $992,500,000,000.
Fiscal year 1990: $1,064,100,000,000.
Fiscal year 1991: $1,147,600,000,000

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,038,100,000,000.
Fiscal year 1989: $1,074,000,000,000.
Fiscal year 1990: $1,099,700,000,000.
Fiscal year 1991: $1,126,400,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $107,900,000,000.
Fiscal year 1989: $81,500,000,000.
Fiscal year 1990: $35,600,000,000.
Fiscal year 1991: $−21,200,000,000.

(b) The levels and amounts set forth in this subsection are set forth for informational purposes only; are not set forth for purposes of any determination to be made under titles III or IV of the Congressional Budget and Impoundment Control Act of 1974; are determined on the basis of the economic assumptions reported to the Congress by the Congressional Budget Office; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $919,000,000,000.
Fiscal year 1989: $985,500,000,000.
Fiscal year 1990: $1,074,500,000,000.
Fiscal year 1991: $1,171,400,000,000.

(2) The approrpriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,052,700,000,000.
Fiscal year 1989: $1,092,300,000,000.
Fiscal year 1990: $1,132,800,000,000.
Fiscal year 1991: $1,171,300,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $133,700,000,000.
Fiscal year 1989: $106,800,000,000.
Fiscal year 1990: $58,300,000,000.
Fiscal year 1991: $-100,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The levels and amounts set forth in subsections (b) and (c) of this section and section 4 are set forth pursuant to subsections (a) and (b) of section 301 of the Congressional Budget and impoundment Control Act of 1974; are set forth for purposes of any determination to be made under title III or IV of such Act (other than a determination under section 301(i) or 311(a) of such Act with respect to whether the maximum deficit amount for a fiscal year has been exceeded); and are based upon the economic and technical assumptions reported by the Congressional Budget Office.

(b) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $678,400,000,000.
Fiscal year 1989: $723,900,000,000.
Fiscal year 1990: $787,600,000,000.
Fiscal year 1991: $860,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1988: $18,500,000,000.
Fiscal year 1989: $23,500,000,000.
Fiscal year 1990: $23,500,000,000.
Fiscal year 1991: $32,500,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1988: $59,700,000,000.
Fiscal year 1989: $63,900,000,000.
Fiscal year 1990: $68,900,000,000.
Fiscal year 1991: $74,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1988: $917,100,000,000.
Fiscal year 1989: $958,800,000,000.
Fiscal year 1990: $983,100,000,000.
Fiscal year 1991: $1,031,800,000,000.

(3) The approrpiate levels of total budget outlays are as follows:

Fiscal year 1988: $848,000,000,000.
Fiscal year 1989: $876,500,000,000.
Fiscal year 1990: $903,600,000,000.
Fiscal year 1991: $928,800,000,000.

(4) the amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:00

Fiscal year 1988: $169,600,000,000.
Fiscal year 1989: $152,600,000,000.
Fiscal year 1990: $116,000,000,000.
Fiscal year 1991: $68,300,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1988: $2,585,800,000.
Fiscal year 1989: $2,805,500,000.
Fiscal year 1990: $2,986,700,000.
Fiscal year 1991: $3,120,200,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1988: $232,000,000,000.
Fiscal year 1989: $219,700,000,000.
Fiscal year 1990: $181,200,000,000.
Fiscal year 1991: $133,500,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990, are as follows:

Fiscal year 1988:

(A) New direct loan obligations, $34,000,000,000.

(B) New primary loan guarantee commitments, $156,500,000,000.

(C) New secondary loan guarantee commitments, $100,600,000,000.

Fiscal year 1989:

(A) New direct loan obligations, $32,300,000,000.

(B) New primary loan guarantee commitments, $150,400,000,000.

(C) New secondary loan guarantee commitments, $97,900,000,000.

Fiscal year 1990:

(A) New direct loan obligations, $31,000,000,000.

(B) New primary loan guarantee commitments, $158,100,000,000.

(C) New secondary loan guarantee commitments, $94,600,000,000.

Fiscal year 1991:

(A) New direct loan obligations, $30,100,000,000.

(B) New primary loan guarantee commitments, $165,400,000,000.

(C) New secondary loan guarantee commitments, $91,000,000,000.

(c) The Congress hereby determines and declares that the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1988 through 1991 for each major functional category are:

(1) National Defense (050):

Fiscal year 1988:

(A) New budget authority, $289,000,000,000.

(B) Outlays, $283,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $294,800,000,000.

(B) Outlays, $288,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $297,900,000,000.

(B) Outlays, $292,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $301,100,000,000.

(B) Outlays, $296,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1988:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,800,000,000.

(C) New direct loan obligations, $6,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1989:

(A) New budget authority, $20,300,000,000.

(B) Outlays, $14,300,000,000.

(C) New direct loan obligations, $5,800,000,000.

(D) New primary loan guarantee commitments, $9,400,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1990:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $13,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $9,800,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1991:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $11,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $10,200,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1988:

(A) New budget authority, $11,500,000,000.

(B) Outlays, $11,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $13,700,000,000.

(B) Outlays, $13,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $15,200,000,000.

(B) Outlays, $14,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1988:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $2,100,000,0000.

(D) New primary loan guarantee commitments, $7,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $4,200,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1988:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $15,100,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $16,500,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $16,900,000,000.

(B) Outlays, $17,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $17,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1988:

(A) New budget authority, $29,200,000,000.

(B) Outlays, $28,400,000,000.

(C) New direct loan obligations, $17,500,000,000.

(D) New direct loan loan guarantee commitments, $8,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $30,100,000,000.

(B) Outlays, $26,200,000,000.

(C) New direct loan obligations, $16,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $22,300,000,000.

(C) New direct loan obligations, $15,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $22,200,000,000.

(B) Outlays, $20,300,000,000.

(C) New direct loan obligations, $14,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1988:

(A) New budget authority, $12,200,000,000.

(B) Outlays, $7,500,000,000.

(C) New direct loan obligations, $4,000,000,000.

(D) New primary loan guarantee commitments, $91,600,000,000.

(E) New secondary loan guarantee commitments, $100,300,000,000.

Fiscal year 1989:

(A) New budget authority, $12,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $93,900,000,000.

(E) New secondary loan guarantee commitments, $97,600,000,000.

Fiscal year 1990:

(A) New budget authority, $15,400,000,000.

(B) Outlays, $6,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $98,800,000,000.

(E) New secondary loan guarantee commitments, $94,300,000,000.

Fiscal year 1991:

(A) New budget authority, $12,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $103,400,000,000.

(E) New secondary loan guarantee commitments, $90,700,000,000.

(8) Transportation (400):

Fiscal year 1988:

(A) New budget authority, $29,100,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $29,300,000,000.

(B) Outlays, $27,700,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $30,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $30,700,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1988:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,700,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal Year 1990:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,000,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal Year 1991:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $5,900,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1988:

(A) New budget authority, $35,100,000,000.

(B) Outlays, $32,800,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal Year 1989:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $35,200,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal Year 1990:

(A) New budget authority, $37,200,000,000.

(B) Outlays, $36,400,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal Year 1991:

(A) New budget authority, $38,800,000,000.

(B) Outlays, $37,800,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1988:

(A) New budget authority, $44,600,000,000.

(B) Outlays, $44,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal Year 1989:

(A) New budget authority, $47,900,000,000.

(B) Outlays, $47,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $51,700,000,000.

(B) Outlays, $51,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $55,900,000,000.

(B) Outlays, $55,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(12) Medicare (570):

Fiscal year 1988:

(A) New budget authority, $93,300,000,000.

(B) Outlays, $79,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $102,700,000,000.

(B) Outlays, $88,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $113,300,000,000.

(B) Outlays, $99,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $123,900,000,000.

(B) Outlays, $111,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1988:

(A) New budget authority, $168,000,000,000.

(B) Outlays, $129,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $175,500,000,000.

(B) Outlays, $137,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $181,600,000,000.

(B) Outlays, $142,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $215,300,000,000.

(B) Outlays, $151,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1988:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $5,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1988:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $30,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $28,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $28,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal Year 1990:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,600,000,000.

(C) New direct loan obligations, $900,000,000.

(D) New primary loan guarantee commitments, $30,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $28,200,000,000.

(B) Outlays, $27,900,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $33,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):

Fiscal year 1988:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1988:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(18) General Purpose Fiscal Assistance (850):

Fiscal year 1988:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $1,700,000,000.

(B) Outlays, $1,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(19) Net Interest (900):

Fiscal year 1988:

(A) New budget authority, $145,400,000,000.

(B) Outlays, $145,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $150,900,000,000.

(B) Outlays, $150,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $154,400,000,000.

(B) Outlays, $154,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $155,800,000,000.

(B) Outlays, $155,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Allowances (920):

Fiscal year 1988:

(A) New budget authority, −$300,000,000.

(B) Outlays, −$300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $0.

(B) Outlays, $100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $400,000,000.

(B) Outlays, $500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $800,000,000.

(B) Outlays, $1,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):

Fiscal year 1988:

(A) New budget authority, −$34,900,000,000.

(B) Outlays, −$34,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, −$35,600,000,000.

(B) Outlays, −$35,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, −$36,500,000,000.

(B) Outlays, −$36,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New Budget Authority, −$37,200,000,000.

(B) Outlays, −$37,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than May 12, 1987, the committees named in subsections (b) through (u) of this section shall submit their recommendations to the Committees on Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 410(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988, $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(c) The Senate Committee on Armed Services report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $770,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,366,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,007,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,031,000,000 in outlays in fiscal year 1991.

(d) The Senate Committee on Banking, Housing, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(e) the Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $920,000,000 in budget authority and $902,000,000 in outlays in fiscal year 1988, $320,000,000 in budget authority and $317,000,000 in outlays in fiscal year 1989, $320,000,000 in budget authority and $319,000,000 in outlays in fiscal year 1990, and $319,000,000 in budget authority and $318,000,000 in outlays in fiscal year 1991.

(f) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $375,000,000 in budget authority and $342,000,000 in outlays in fiscal year 1988, $493,000,000 in budget authority and $792,000,000 in outlays in fiscal year 1989, $493,000,000 in budget authority and $777,000,000 in outlays in fiscal year 1990, and $521,000,000 in budget authority and $788,000,000 in outlays in fiscal year 1991.

(g) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $190,000,000 in budget authority and $190,000,000 in outlays in fiscal year 1988, $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1989, $198,000,000 in budget authority and $198,000,000 in outlays in fiscal year 1990, and $199,000,000 in budget authority and $199,000,000 in outlays in fiscal year 1991.

(h)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988; $23,500,000,000 in fiscal year 1989; $23,500,000,000 in fiscal year 1990; and $32,500,000,000 in fiscal year 1991.

(i) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,918,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,402,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,834,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,770,000,000 in outlays in fiscal year 1991.

(j) The Senate Committee on Labor and Human Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $80,000,000 in budget authority and $80,000,000 in outlays in fiscal year 1988, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1989, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1990, and $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1991.

(k) The Senate Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

HOUSE COMMITTEES

(1) The House Committee on Agriculture shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974 (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988 $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(m) The House Committee on Armed Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $927,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,540,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,193,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,213,000,000 in outlays in fiscal year 1991.

(n) The House Committee on Banking, Finance and Urban Affairs shall report (1) changes in laws within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(o) The House Committee on Education and Labor shall report (1) changes in law within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(p) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $1,146,000,000 in budget authority and $4,446,000,000 in outlays in fiscal year 1988, $581,000,000 in budget authority and $4,381,000,000 in outlays in fiscal year 1989, $584,000,000 in budget authority and $5,483,000,000 in outlays in fiscal year 1990, and $584,000,000 in budget authority and $6,583,000,000 in outlays in fiscal year 1991.

(q) The House Committee on Government Operations shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $501,000,000 in outlays in fiscal year 1988, $0 in budget authority and $517,000,000 in outlays in fiscal year 1989, $0 in budget authority and $545,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $566,000,000 in outlays in fiscal year 1991.

(r) The House Committee on Interior and Insular Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $185,000,000 in budget authority and $152,000,000 in outlays in fiscal year 1988, $303,000,000 in budget authority and $602,000,000 in outlays in fiscal year 1989, $295,000,000 in budget authority and $579,000,000 in outlays in fiscal year 1990, and $316,000,000 in budget authority and $583,000,000 in outlays in fiscal year 1991.

(s) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,417,000,000 in outlays in fiscal year 1988, $0 in budget authority and $3,885,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,289,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,204,000,000 in outlays in fiscal year 1991.

(t) The House Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

(u)(1) The House Committee on Ways and Means shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The House Committee on Ways and Means shall report changes in the laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988, $23,500,000,000 in fiscal year 1989, $23,500,000,000 in fiscal year 1990, and $32,500,000,000 in fiscal year 1991.

DETERMINATIONS OF WHETHER MAXIMUM DEFICIT AMOUNT IS EXCEEDED

SEC. 5. It is the sense of the Congress that any determination under section 311(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to whether a bill, resolution, amendment, or conference report would cause the maximum deficit amount for a fiscal year to be exceeded shall be based upon the same economic and technical assumptions, in the aggregate, upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based.

DEFICIT REDUCTION ACCOUNT

SEC. 6. (a) It is assumed that as a procedure appropriate to carry out the purposes of the Congressional Budget and Impoundment Act of 1974 (within the meaning of section 301(b)(4) of such Act), the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives would, as an integral part of the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this concurrent resolution, report legislation to—

(1) establish a separate account in the Treasury into which revenues resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this resolution would be deposited,

(2) ensure that any revenues deposited in such account would not be available for appropriation,

(3) provide that any such revenues deposited in such account would be used to retire outstanding debt obligations of the United States Government, and

(4) ensure that the revenue increases resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) would not be effective for any fiscal year in which the allocations made by the Committee on Appropriations of either House pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974 are exceeded.

(b) Legislation reported pursuant to subsection (a) shall not be considered to be extraneous for purposes of section 20001 of the Consolidated Omnibus Reconciliation Act of 1985 (as amended by section 7006 of the Omnibus Budget Reconciliation Act of 1986).

SALE OF GOVERNMENT ASSETS

SEC. 7. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to non-governmental buyers; and

(2) the amounts realized from such sales will not recur on an annual basis and do not reduce the demand for credit.

(b) The amounts to be realized from such sales not previously authorized by law shall not be treated as revenues, receipts, or negative outlays—

(1) for purposes of determining, in accordance with sections 301(i) and 311(a) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded;

(2) for purposes of other points of order under section 311 of the Congressional Budget and Impoundment Control Act of 1974;

(3) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974; or

(4) for purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974.

(c) It is the sense of the Congress that the United States Government should sell assets to non-governmental buyers in the following amounts: $0.

BUDGETARY TREATMENT OF LEGISLATION AUTHORIZING THE PREPAYMENT OF CERTAIN LOANS

SEC. 8. When legislation authorizes the United States Government to waive the prepayment premium on certain Government loans guaranteed by an agency and advanced by the Federal Financing Bank and allows repayment with new Government guaranteed loans—

(1) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the contributions from such prepayment shall be scored as revenues and shall not be scored as negative outlays, and

(2) for purposes of allocations and points of order under section 302 of such Act, the contributions from such prepayment shall remain unassigned to committees.

RESERVE FUND FOR THE WELFARE REFORM INITIATIVE

SEC. 9. (a) Of the amounts specified in section 3 of this resolution, it is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the child care and job training initiative when the appropriate committees of the House of Representatives or the Senate have reported legislation that will, if enacted, make funds available for such initiative.

(b)(1)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1988 would not exceed $150,000,000 of new budget authority and $110,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1988 would not exceed $600,000,000 of new budget authority and $300,000,000 of outlays.

(2)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1989 would not exceed $160,000,000 of new budget authority and $160,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1989 would not exceed $730,000,000 of new budget authority and $670,000,000 of outlays.

(3)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1990 would not exceed $240,000,000 of new budget authority and $220,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1990 would not exceed $760,000,000 of new budget authority and $750,000,000 of outlays.

(4)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1991 would not exceed $300,000,000 of new budget authority and $290,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1991 would not exceed $900,000,000 of new budget authority and $880,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget and Impoundment Control Act of 1974, altered by amounts not to exceed those in such legislation, would be deemed to have been reported. Such revised allocations would be considered for the purposes of such Act as allocations contained in this resolution, and the appropriate committees of the House of Representatives and the Senate would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

RESERVE FUND FOR THE MEDICARE CATASTROPHIC HEALTH INSURANCE INITIATIVE

SEC. 10. (a) It is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the medicare catastrophic health insurance initiative, and the aggregates for fiscal years 1988, 1989, 1990, and 1991 in sections 2 and 3 of this resolution would be adjusted accordingly, when—

(1) legislation has been enacted that ensures that any legislation providing for any such additional funding will not increase the deficits for fiscal years 1988, 1989, 1990, and 1991 above the levels set forth in sections 2 and 3 of this resolution; and

(2) the appropriate committees of the House of Representatives or the Senate have reported legislation as requested by the President that will, if enacted, make funds available for such initiative.

(b)(1) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1988 would not exceed $2,400,000,000 of new budget authority and $2,400,000,000 of outlays.

(2) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1989 would not exceed $4,000,000,000 of new budget authority and $4,000,000,000 of outlays.

(3) The amounts available for allocations under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1990 would not exceed $4,800,000,000 of new budget authority and $4,800,000,000 of outlays.

(4) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1991 would not exceed $5,600,000,000 of new budget authority and $5,600,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget of 1974, altered by amounts not to exceed those in such legislation, and revised functional levels and aggregates to carry out this section, would be deemed to have been reported. Such revised allocations, functional levels, and aggegates would be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution, and the appropriate committees of such Houses would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

MEDICARE SAVINGS

SEC. 11. It is assumed that the Committee on Finance of the Senate and the Committees on Ways and Means and Energy and Commerce of the House of Representatives would achieve Medicare savings as specified in this resolution without increasing premiums or deductibles or delaying eligibility or otherwise raising beneficiary out-of-pocket costs.

Mr. CHILES. I say to my good friend from New Mexico this is the next amendment in the line. It is basically the same. We have just changed the reporting date and at the conclusion of this I will yield back my time and then propose the second amendment to the substitute and that will be the one at which we would join the issue.

Mr. DOMENICI. Madam President, might I ask my friend from Florida, this amendment that we now have at the desk is basically in substance similar to the previous one with the exception of the date change that the Senator has just described?

Mr. CHILES. That is correct.

Mr. DOMENICI. What is the Senator's intention by this process? Obviously, I am not insisting that the majority leader be recognized. If I wanted to offer an amendment I could be recognized or the distinguished minority leader, and surely the minority leader could be recognized ahead of the chairman of the committee. I am not intending to make it difficult. I just want to make sure that the Senate understands that when the Senator is finished with the next amendment what he intends and he might tell me if this is correct. He intends that the Chiles budget, as reported out of the Budget Committee, with the exception of the dual economics which is his effort to make it comply with Gramm-Rudman-Hollings and thus not be subject to a super majority requirement, not be amendable unless and until adopted or disposed of. Is that basically correct?

Mr. CHILES. That is correct.

Mr. DOMENICI. I yield back the remainder of my time on the pending amendment.

Mr. CHILES. I yield back all time.

AMENDMENT NO. 175

(Purpose: To propose a perfecting amendment to the amendment to the instructions proposed by the motion to recommit)

Mr. CHILES. Madam President, I send to the desk a further amendment.

The PRESIDING OFFICER. The clerk will report the amendment to the amendment.

The bill clerk read as follows:

The Senator from Florida [Mr. CHILES] proposes an amendment numbered 175 to amendment 174.

Mr. CHILES. Madam President, I ask unanimous consent the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the words "the Congress" on line 1 of page 1 and insert in lieu thereof the following: hereby determines and declares that the concurrent resolution on the budget for fiscal year 1988 is established and the appropriate budgetary levels for fiscal years 1989, 1990, and 1991 are set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. (a) The levels and amounts set forth in this subsection are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded; are determined on the basis of the economic and technical assumptions upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $930,200,000,000.
Fiscal year 1989: $992,500,000,000.
Fiscal year 1990: $1,064,100,000,000.
Fiscal year 1991: $1,147,600,000,000.

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,038,100,000,000.
Fiscal year 1989: $1,074,000,000,000.
Fiscal year 1990: $1,099,700,000,000.
Fiscal year 1991: $1,126,400,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $107,900,000,000.
Fiscal year 1989: $81,500,000,000.
Fiscal year 1990: $35,600,000,000.
Fiscal year 1991: −$21,200,000,000.

(b) The levels and amounts set forth in this subsection are set forth for informational purposes only; are not set forth for purposes of any determination to be made under titles III or IV of the Congressional Budget and Impoundment Control Act of 1974; are determined on the basis of the economic assumptions reported to the Congress by the Congressional Budget Office; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $919,000,000,000.
Fiscal year 1989: $985,500,000,000.
Fiscal year 1990: $1,074,500,000,000.
Fiscal year 1991: $1,171,400,000,000.

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,052,700,000,000.
Fiscal year 1989: $1,092,300,000,000.
Fiscal year 1990: $1,132,800,000,000.
Fiscal year 1991: $1,171,300,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $133,700,000,000.
Fiscal year 1989: $106,800,000,000.
Fiscal year 1990: $58,300,000,000.
Fiscal year 1991: −$100,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The levels and amounts set forth in subsections (b) and (c) of this section and section 4 are set forth pursuant to subsections (a) and (b) of section 301 of the Congressional Budget and impoundment Control Act of 1974; are set forth for purposes of any determination to be made under title III or IV of such Act (other than a determination under section 301(i) or 311(a) of such Act with respect to whether the maximum deficit amount for a fiscal year has been exceeded); and are based upon the economic and technical assumptions reported by the Congressional Budget Office.

(b) The following budgetary levels are appropriate for the fiscal years beginning on

October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $678,400,000,000.

Fiscal year 1989: $723,900,000,000.

Fiscal year 1990: $787,600,000,000.

Fiscal year 1991: $860,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1988: $18,500,000,000.

Fiscal year 1989: $23,500,000,000.

Fiscal year 1990: $23,500,000,000.

Fiscal year 1991: $32,500,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1988: $59,700,000,000.

Fiscal year 1989: $63,900,000,000.

Fiscal year 1990: $68,900,000,000.

Fiscal year 1991: $74,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1988: $917,100,000,000.

Fiscal year 1989: $958,800,000,000.

Fiscal year 1990: $983,100,000,000.

Fiscal year 1991: $1,031,800,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $848,000,000,000.

Fiscal year 1989: $876,500,000,000.

Fiscal year 1990: $903,600,000,000.

Fiscal year 1991: $928,800,000,000.

(4) the amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1988: $169,600,000,000.

Fiscal year 1989: $152,600,000,000.

Fiscal year 1990: $116,000,000,000.

Fiscal year 1991: $68,300,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1988: $2,585,800,000.

Fiscal year 1989: $2,805,500,000.

Fiscal year 1990: $2,986,700,000.

Fiscal year 1991: $3,120,200,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1988: $232,000,000,000.

Fiscal year 1989: $219,700,000,000.

Fiscal year 1990: $181,200,000,000.

Fiscal year 1991: $133,500,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990, are as follows:

Fiscal year 1988:

(A) New direct loan obligations, $34,000,000,000.

(B) New primary loan guarantee commitments, $156,500,000,000.

(C) New secondary loan guarantee commitments, $100,600,000,000.

Fiscal year 1989:

(A) New direct loan obligations, $32,300,000,000.

(B) New primary loan guarantee commitments, $150,400,000,000.

(C) New secondary loan guarantee commitments, $97,900,000,000.

Fiscal year 1990:

(A) New direct loan obligations, $31,000,000,000.

(B) New primary loan guarantee commitments, $158,100,000,000.

(C) New secondary loan guarantee commitments, $94,600,000,000.

Fiscal year 1991:

(A) New direct loan obligations, $30,100,000,000.

(B) New primary loan guarantee commitments, $165,400,000,000.

(C) New secondary loan guarantee commitments, $91,000,000,000.

(c) The Congress hereby determines and declares that the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1988 through 1991 for each major functional category are:

(1) National Defense (050):

Fiscal year 1988:

(A) New budget authority, $289,000,000,000.

(B) Outlays, $283,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $294,800,000,000.

(B) Outlays, $288,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $297,900,000,000.

(B) Outlays, $292,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $301,100,000,000.

(B) Outlays, $296,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1988:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,800,000,000.

(C) New direct loan obligations, $6,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1989:

(A) New budget authority, $20,300,000,000.

(B) Outlays, $14,300,000,000.

(C) New direct loan obligations, $5,800,000,000.

(D) New primary loan guarantee commitments, $9,400,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1990:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $13,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $9,800,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1991:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $11,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $10,200,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1988:

(A) New budget authority, $11,500,000,000.

(B) Outlays, $11,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $13,700,000,000.

(B) Outlays, $13,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $15,200,000,000.

(B) Outlays, $14,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1988:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $2,100,000,0000.

(D) New primary loan guarantee commitments, $7,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $4,200,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1988:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $15,100,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $16,500,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $16,900,000,000.

(B) Outlays, $17,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $17,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350)

Fiscal year 1988:

(A) New budget authority, $29,200,000,000.

(B) Outlays, $28,400,000,000.

(C) New direct loan obligations, $17,500,000,000.

(D) New direct loan loan guarantee commitments, $8,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $30,100,000,000.

(B) Outlays, $26,200,000,000.

(C) New direct loan obligations, $16,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $22,300,000,000.

(C) New direct loan obligations, $15,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $22,200,000,000.

(B) Outlays, $20,300,000,000.

(C) New direct loan obligations, $14,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1988:

(A) New budget authority, $12,200,000,000.

(B) Outlays, $7,500,000,000.

(C) New direct loan obligations, $4,000,000,000.

(D) New primary loan guarantee commitments, $91,600,000,000.

(E) New secondary loan guarantee commitments, $100,300,000,000.

Fiscal year 1989:

(A) New budget authority, $12,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $93,900,000,000.

(E) New secondary loan guarantee commitments, $97,600,000,000.

Fiscal year 1990:

(A) New budget authority, $15,400,000,000.

(B) Outlays, $6,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $98,800,000,000.

(E) New secondary loan guarantee commitments, $94,300,000,000.

Fiscal year 1991:

(A) New budget authority, $12,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $103,400,000,000.

(E) New secondary loan guarantee commitments, $90,700,000,000.

(8) Transportation (400):

Fiscal year 1988:

(A) New budget authority, $29,100,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $29,300,000,000.

(B) Outlays, $27,700,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $30,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $30,700,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1988:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,700,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,000,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $5,900,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1988:

(A) New budget authority, $35,100,000,000.

(B) Outlays, $32,800,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $35,200,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $37,200,000,000.

(B) Outlays, $36,400,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $38,800,000,000.

(B) Outlays, $37,800,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1988:

(A) New budget authority, $44,600,000,000.

(B) Outlays, $44,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $47,900,000,000.

(B) Outlays, $47,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $51,700,000,000.

(B) Outlays, $51,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $55,900,000,000.

(B) Outlays, $55,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(12) Medicare (570):

Fiscal year 1988:

(A) New budget authority, $93,300,000,000.

(B) Outlays, $79,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $102,700,000,000.

(B) Outlays, $88,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $113,300,000,000.

(B) Outlays, $99,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $123,900,000,000.

(B) Outlays, $111,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1988:

(A) New budget authority, $168,000,000,000.

(B) Outlays, $129,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $175,500,000,000.

(B) Outlays, $137,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $181,600,000,000.

(B) Outlays, $142,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $215,300,000,000.

(B) Outlays, $151,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1988:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $5,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1988:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $30,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $28,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $28,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $27,90,000,000.

(B) Outlays, $27,600,000,000.

(C) New direct loan obligations, $900,000,000.

(D) New primary loan guarantee commitments, $30,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $28,200,000,000.

(B) Outlays, $27,900,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $33,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):

Fiscal year 1988:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1988:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(18) General Purpose Fiscal Assistance (850):

Fiscal year 1988:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $1,700,000,000.

(B) Outlays, $1,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(19) Net Interest (900):

Fiscal year 1988:

(A) New budget authority, $145,400,000,000.

(B) Outlays, $145,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $150,900,000,000.

(B) Outlays, $150,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $154,400,000,000.

(B) Outlays, $154,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $155,800,000,000.

(B) Outlays, $155,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Allowances (920):

Fiscal year 1988:

(A) New budget authority, −$300,000,000.

(B) Outlays, −$300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $0.

(B) Outlays, $100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $400,000,000.

(B) Outlays, $500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $800,000,000.

(B) Outlays, $1,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):

Fiscal year 1988:

(A) New budget authority, −$34,900,000,000.

(B) Outlays, −$34,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, −$35,600,000,000.

(B) Outlays, −$35,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, −$36,500,000,000.

(B) Outlays, −$36,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New Budget Authority, −$37,200,000,000.

(B) Outlays, −$37,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than May 12, 1987, the committees named in subsections (b) through (u) of this section shall submit their recommendations to the Committees on Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 410(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988, $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(c) The Senate Committee on Armed Services report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $770,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,366,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,007,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,031,000,000 in outlays in fiscal year 1991.

(d) The Senate Committee on Banking, Housing, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(e) the Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $920,000,000 in budget authority and $902,000,000 in outlays in fiscal year 1988, $320,000,000 in budget authority and $317,000,000 in outlays in fiscal year 1989, $320,000,000 in budget authority and $319,000,000 in outlays in fiscal year 1990, and $319,000,000 in budget authority and $318,000,000 in outlays in fiscal year 1991.

(f) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $375,000,000 in budget authority and $342,000,000 in outlays in fiscal year 1988, $493,000,000 in budget authority and $792,000,000 in outlays in fiscal year 1989, $493,000,000 in budget authority and $777,000,000 in outlays in fiscal year 1990, and $521,000,000 in budget authority and $788,000,000 in outlays in fiscal year 1991.

(g) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $190,000,000 in budget authority and $190,000,000 in outlays in fiscal year 1988, $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1989, $198,000,000 in budget authority and $198,000,000 in outlays in fiscal year 1990, and $199,000,000 in budget authority and $199,000,000 in outlays in fiscal year 1991.

(h)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The Senate Committee on Finance shall report changes in laws within its juris-

diction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988; $23,500,000,000 in fiscal year 1989; $23,500,000,000 in fiscal year 1990; and $32,500,000,000 in fiscal year 1991.

(i) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,918,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,402,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,834,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,770,000,000 in outlays in fiscal year 1991.

(j) The Senate Committee on Labor and Human Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $80,000,000 in budget authority and $80,000,000 in outlays in fiscal year 1988, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1989, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1990, and $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1991.

(k) The Senate Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

HOUSE COMMITTEES

(l) The House Committee on Agriculture shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974 (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988 $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(m) The House Committee on Armed Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $927,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,540,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,193,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,213,000,000 in outlays in fiscal year 1991.

(n) The House Committee on Banking, Finance and Urban Affairs shall report (1) changes in laws within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(o) The House Committee on Education and Labor shall report (1) changes in law within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(p) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $1,146,000,000 in budget authority and $4,446,000,000 in outlays in fiscal year 1988, $581,000,000 in budget authority and $4,381,000,000 in outlays in fiscal year 1989, $584,000,000 in budget authority and $5,483,000,000 in outlays in fiscal year 1990, and $584,000,000 in budget authority and $6,583,000,000 in outlays in fiscal year 1991.

(q) The House Committee on Government Operations shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $501,000,000 in outlays in fiscal year 1988, $0 in budget authority and $517,000,000 in outlays in fiscal year 1989, $0 in budget authority and $545,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $566,000,000 in outlays in fiscal year 1991.

(r) The House Committee on Interior and Insular Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $185,000,000 in budget authority and $152,000,000 in outlays in fiscal year 1988, $303,000,000 in budget authority and $602,000,000 in outlays in fiscal year 1989, $295,000,000 in budget authority and $579,000,000 in outlays in fiscal year 1990, and $316,000,000 in budget authority and $583,000,000 in outlays in fiscal year 1991.

(s) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,417,000,000 in outlays in fiscal year 1988, $0 in budget authority and $3,885,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,289,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,204,000,000 in outlays in fiscal year 1991.

(t) The House Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

(u)(1) The House Committee on Ways and Means shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The House Committee on Ways and Means shall report changes in the laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988, $23,500,000,000 in fiscal year 1989, $23,500,000,000 in fiscal year 1990, and $32,500,000,000 in fiscal year 1991.

DETERMINATIONS OF WHETHER MAXIMUM DEFICIT AMOUNT IS EXCEEDED

SEC. 5. It is the sense of the Congress that any determination under section 311(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to whether a bill, resolution, amendment, or conference report would cause the maximum deficit amount for a fiscal year to be exceeded shall be based upon the same economic and technical assumptions, in the aggregate, upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based.

DEFICIT REDUCTION ACCOUNT

SEC. 6. (a) It is assumed that as a procedure appropriate to carry out the purposes of the Congressional Budget and Impoundment Act of 1974 (within the meaning of section 301(b)(4) of such Act), the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives would, as an integral part of the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this concurrent resolution, report legislation to—

(1) establish a separate account in the Treasury into which revenues resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this resolution would be deposited,

(2) ensure that any revenues deposited in such account would not be available for appropriation,

(3) provide that any such revenues deposited in such account would be used to retire outstanding debt obligations of the United States Government, and

(4) ensure that the revenue increases resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) would not be effective for any fiscal year in which the allocations made by the Committee on Appropriations of either House pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974 are exceeded.

(b) Legislation reported pursuant to subsection (a) shall not be considered to be extraneous for purposes of section 20001 of the Consolidated Omnibus Reconciliation Act of 1985 (as amended by section 7006 of the Omnibus Budget Reconciliation Act of 1986).

SALE OF GOVERNMENT ASSETS

SEC. 7. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to non-governmental buyers; and

(2) the amounts realized from such sales will not recur on an annual basis and do not reduce the demand for credit.

(b) The amounts to be realized from such sales not previously authorized by law shall not be treated as revenues, receipts, or negative outlays—

(1) for purposes of determining, in accordance with sections 301(i) and 311(a) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded;

(2) for purposes of other points of order under section 311 of the Congressional Budget and Impoundment Control Act of 1974;

(3) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974; or

(4) for purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974.

(c) It is the sense of the Congress that the United States Government should sell assets to non-governmental buyers in the following amounts: $0.

BUDGETARY TREATMENT OF LEGISLATION AUTHORIZING THE PREPAYMENT OF CERTAIN LOANS

SEC. 8. When legislation authorizes the United States Government to waive the prepayment premium on certain Government loans guaranteed by an agency and advanced by the Federal Financing Bank and allows repayment with new Government guaranteed loans—

(1) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the contributions from such prepayment shall be scored as revenues and shall not be scored as negative outlays, and

(2) for purposes of allocations and points of order under section 302 of such Act, the contributions from such prepayment shall remain unassigned to committees.

RESERVE FUND FOR THE WELFARE REFORM INITIATIVE

SEC. 9. (a) Of the amounts specified in section 3 of this resolution, it is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the child care and job training initiative when the appropriate committees of the House of Representatives or the Senate have reported legislation that will, if enacted, make funds available for such initiative.

(b)(1)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1988 would not exceed $150,000,000 of new budget authority and $110,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1988 would not exceed $600,000,000 of new budget authority and $300,000,000 of outlays.

(2)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1989 would not exceed $160,000,000 of new budget authority and $160,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1989 would not exceed $730,000,000 of new budget authority and $670,000,000 of outlays.

(3)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1990 would not exceed $240,000,000 of new budget authority and $220,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1990 would not exceed $760,000,000 of new budget authority and $750,000,000 of outlays.

(4)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1991 would not exceed $300,000,000 of new budget authority and $290,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1991 would not exceed $900,000,000 of new budget authority and $880,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget and Impoundment Control Act of 1974, altered by amounts not to exceed those in such legislation, would be deemed to have been reported. Such revised allocations would be considered for the purposes of such Act as allocations contained in this resolution, and the appropriate committees of the House of Representatives and the Senate would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

RESERVE FUND FOR THE MEDICARE CATASTROPHIC HEALTH INSURANCE INITIATIVE

SEC. 10. (a) It is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the medicare catastrophic health insurance initiative, and the aggregates for fiscal years 1988, 1989, 1990, and 1991 in sections 2 and 3 of this resolution would be adjusted accordingly, when—

(1) legislation has been enacted that ensures that any legislation providing for any such additional funding will not increase the deficits for fiscal years 1988, 1989, 1990, and 1991 above the levels set forth in sections 2 and 3 of this resolution; and

(2) the appropriate committees of the House of Representatives or the Senate have reported legislation as requested by the President that will, if enacted, make funds available for such initiative.

(b)(1) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1988 would not exceed $2,400,000,000 of new budget authority and $2,400,000,000 of outlays.

(2) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1989 would not exceed $4,000,000,000 of new budget authority and $4,000,000,000 of outlays.

(3) The amounts available for allocations under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1990 would not exceed $4,800,000,000 of new budget authority and $4,800,000,000 of outlays.

(4) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1991 would not exceed

$5,600,000,000 of new budget authority and $5,600,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget of 1974, altered by amounts not to exceed those in such legislation, and revised functional levels and aggregates to carry out this section, would be deemed to have been reported. Such revised allocations, functional levels, and aggegates would be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution, and the appropriate committees of such Houses would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

MEDICARE SAVINGS

SEC. 11. It is assumed that the Committee on Finance of the Senate and the Committees on Ways and Means and Energy and Commerce of the House of Representatives would achieve Medicare savings as specified in this resolution without increasing premiums or deductibles or delaying eligibility or otherwise raising beneficiary out-of-pocket costs.

Mr. CHILES. Now I think where we are now is we have filled the tree.

Mr. BYRD. Madam President, if the Senator will yield to me 1 minute, do the majority and minority leaders have control of the time?

The PRESIDING OFFICER. Yes, they do.

Mr. BYRD. I yield to Mr. CHILES, as my designee on this side, the control of the time on this side.

Mr. DOLE. Madam President, I make the same designation of the distinguished Senator from New Mexico.

Mr. CHILES. Madam President, I ask unanimous consent that the foregoing amendment be in order. It is my understanding the yeas and nays were not ordered on the previous amendment. I seek unanimous consent so this amendment will be in order.

Mr. DOMENICI. Madam President, reserving the right to object, I suggest the absence of a quorum.

Mr. BYRD. Mr. President, will the Senator withhold that?

Mr. DOMENICI. I am glad to.

Mr. BYRD. As I understand it the Senator from Florida having offered the amendment to the motion would not be qualified to offer the amendment in the second degree unless the yeas and nays had been ordered on the first amendment. That is all we are talking about.

Mr. DOMENICI. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time is allowed on the amendment and how is it divided?

The PRESIDING OFFICER. The amendment to the amendment will have 1 hour equally divided.

Mr. DOMENICI. I yield as much time as the distinguished minority leader desires at this point.

Mr. DOLE. Madam President, I assume what we are doing here is what we call filling the tree. I tried that a couple times when I was majority leader and I recall one time being very roundly criticized for it. It is a right the majority has. In this instance, we certainly want to cooperate with the majority. They can get there in any event. It is a time-consuming tactic. It can take 3 or 4 or 5 hours and a lot of heated debate.

As I have indicated to the distinguished majority leader in the past, where and when we can we want to try to expedite the business of the Senate. That is what it is all about. People expect us to move along as quickly as we can.

There will be a vote on the appeal of the ruling of the Chair. I think that particular vote is rather critical, because what we are doing with the Chiles amendment is using two sets of numbers. It would have taken a supermajority of 60 votes to vote on that draft of the original economic assumption measure. By this device of course it will only take 51 votes. But in any event, we depending on the wishes of the distinguished Senator from New Mexico, the vote on the Chiles amendment might come tomorrow. We have plenty of time. We have about 19 hours on this side. And I assume we could use a lot of that.

But, again, I would point out to all Senators, it is our view that we ought to expedite the business and move as quickly as we can. There are a number of amendments pending on each side. I think we all understand what is happening. We have consented to it. It is a right the majority has and it does expedite the business of the Senate.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Madam President, I yield myself 10 minutes at this point.

The PRESIDING OFFICER. The Senator from New Mexico.

WESTERN PROGRAM AND THE BUDGET

Mr. DOMENICI. Madam President, as the minority manger of this bill, I want to repeat in my own way what the distinguished Republican leader indicated just a few moments ago. Obviously, at some point in time, after the point of order with reference to the dual economics is disposed of, we are going to vote on the final amendment that is pending at the desk. And in the U.S. Senate, all the Senators are going to have to vote yes or no on a proposed budget resolution. And it is pretty serious business.

I am sure that some will say, "It is just starting the process." But, as a matter of fact, it is a pretty critical vote. Senators ought to know that they are going to be saying yes or no to some very, very serious proposals with reference to the policies of this country.

The Senator from New Mexico does not intend to let this vote take place without everybody understanding what they are voting for and make sure the American people understand what they are voting for. And while we only have a certain amount of time on the amendment, it is my intention to use additional time off the resolution, which indeed I can do under our rules. And I am thinking at this point, in order to appropriately make sure that this matter is thoroughly debated and understood, that probably the Senator from New Mexico will use up enough time so that we will go over until tomorrow before we finally have a vote. I think that vote, when it comes, is critical in terms of the direction our country is going to be taking, at least to the extent that budget resolutions have anything to say about it.

Having said that, I would like to start this process by saying that I have the highest regard for the distinguished Senator from Florida. I think everybody knows that we are very good friends. I think he is a very fair-minded man. He was charged with putting together a budget. He was constrained by the membership of the committee to get enough votes to report out a budget resolution.

The interesting thing is it is the committee-recommended budget resolution that we will be voting on. The committee voted out four budgets, three without recommendations and one with, a favorable recommendation by the narrowest of margins. And I regret to say that while we have put together many budgets in the past few years and this Senator has been a part of putting them together, I do not believe I have seen a budget that I could categorize as being so biased against a section of the country as this one.

As a matter of fact, I hope every Member of this Senate that comes from a Rocky Mountain or Western State will understand what it means if they vote aye on this budget. I think so much of my friend I even regret to call it the Chiles budget as I talk about it being anti-West, because I am not even convinced that the Senator from Florida intentionally did it. It is just that you sort of go where the water flows easiest when you are putting a budget together. And this is one where, there is not any question, the water flowed easiest in a western direction. If ever a budget could be categorized as being biased against a region, causing balkanization, or pitting the East against the West in terms of a budget resolution, it is the committee-recommended budget resolution.

Any Senator that votes for it ought to know that purely western programs or predominantly western programs over the 4 years of this budget are cut $2.7 billion in outlays and $1.9 billion in budget authority. And I will tell you where it comes from. The power marketing administrations, the so-called PMA's, will pay $1.265 billion. That is $1.3 billion in round numbers the power marketing administrations, which primarily serve the West, will have to charge their customers, one way or another, above what they are now charging.

The Bureau of Reclamation—we are already having difficulty in the States of Arizona, Utah, New Mexico, and lower California, in completing Bureau of Reclamation projects that have longstanding commitments from the Federal Government. We already had them under some extremely difficult budget constraints when we started this process. Nonetheless, in the next 4 years, another $180 million in outlays below the current policy is what this budget will extract from them, $45 million in the first year.

The Forest Service is cut—$100 million in budget authority and $58 million in outlays in the first year and $250 million in budget authority and $180 million in outlays over the next 4 years. I think there are a lot of Senators that know last year we had an extremely difficult time with this issue. The result was a compromise. Many Western States do not even think we have enough in the Forest Service at that compromised level. While many other accounts of Government are going up, this one is going down, not only going down, but being cut off current policy.

Grazing fees. As if there is some real bonanza out there in the West on the public domain for those who use public land to graze, as if they are getting unjustifiably rich at the expense of the public, when the truth of the matter is that they are going through some of the most difficult of times.

Now, thanks to the distinguished junior Senator from Colorado in committee, as he sat through it on his side of the aisle, he at least fixed this a little bit with a committee amendment. So, we are only going to have grazing fees increased, over the next 4 years, by $41 million instead of twice that amount, which was the original proposal in the committee. But here again, as if to just look out there and say, "How can we pick on the West a little more?" This budget has a reconciliation instruction on grazing fees, requiring $41 million over the next 4 years. And the reason I use the 4-year numbers instead of the 1-year number—and I see my friend from the West, a former member and chairman of the Budget Committee from the House, the distinguished Senator BROCK ADAMS sitting here listening—I am using the 4 years because if you look through the Chiles budget you will find almost all of these Western proposals are reconciled for 4 years.

So we are not talking about, "Well, maybe we will not do it," because reconciliation directs the relevant committees to produce these savings. And it is not only $8 million worth, but a total of $41 million. As a matter of fact, they can do it in 1 year, 2 years, or 4, but they are going to have to find $41 million in new fees from the grazing permittees out there.

Mineral leasing fees—as if we really have a mineral industry that is alive and prospering out there in the West. It is most interesting that we want more mineral leasing fees when we hardly have a mineral industry left in the West. This budget, nonetheless, mandates and reconciles $30 million in the first year, $120 million over the 4 years, in new fees mineral leasing.

I have included in my general statement recreation user fees. And I am willing to say on this one, I may have included as a totally Western bias item, but it probably applies well beyond the West.

But clearly the bulk of recreation user fees for the average citizen to use public facilities that are of interest to them, the predominant source, is the West. And here again we have over the 4 years savings of $78 million mandated by reconciliation; that is, by order of the Congress, this budget resolution tells the relevant committee, produce these savings. And we have a date for them to return a change in the law to achieve these savings.

Receipt payments to the States on minerals is another interesting one. What a whopping cut Western States will take there: $1.050 billion over the next 4 years on mineral receipt payments to the States and $274 million in the first year. These reductions are also reconciled. I am saying to the Senator and to those who are interested in listening to the U.S. Senate that "reconciled" is a funny word but basically it is sort of the jargon of the budget. But it means that the committee of jurisdiction saves that much by raising fees or cutting program expenditures.

The PRESIDING OFFICER. The Senator from New Mexico has spoken for 10 minutes. I thought he might need to know that.

Mr. DOMENICI. I thank the Chair for reminding me.

I yield myself an additional 10 minutes.

Mr. ADAMS. Madam President, will the Senator yield for a question?

Mr. DOMENICI. In just a moment. Parliamentary inquiry: how much time has the Senator from New Mexico used?

The PRESIDING OFFICER. The Senator from New Mexico has consumed 11 minutes. And the Republican leader has consumed 3 minutes on the amendment; 14 minutes have been consumed.

Mr. DOMENICI. I yield myself an additional 10 minutes.

Now I yield to my good friend, the junior Senator from Washington, for an inquiry.

Mr. ADAMS. I thank the Senator from New Mexico, who is an old friend. And it is true we have worked on budget matters together for many years. I have great respect for him and for his abilities to deal with this problem as I have had as chairman of the committee.

He has just mentioned a series of factors about which I am very concerned, not only grazing fees, forest receipts, and, in addition to that, the power marketing administrations which have amended, as the Senator and I both know, raising receipts by, in effect, taking money from the States or by charging more to the power rate people in various areas.

What I am concerned about—and my question is this: Assuming that this process continues, which I believe it will and which both sides have indicated a certain amount of support for, to bring this budget resolution before the Senate, is the Senator and others in the Republican Party prepared to deal with this budget by joining in the process and either be in the amending process or the revenue side of the process so that we will know whether we should offer these amendments in that some of us from the West are prepared to try to correct certain inequities and things with this budget but we really are a little bit at a loss because I do not know what the distinguished ranking member and some of his colleagues who will be dealing with these reconciliation instructions expect to do?

We would like to have, those of us who are trying to face these problems with the Senator, whatever information the Senator would share with us. I thank him for letting me ask this question, but it deals directly with the subject that the Senator was addressing.

I think there are problems in this, as budget resolutions happen to be, and I am rather eager to know whether the Senator and certain other distinguished Members of the Republican Party, particularly ranking members of important committees that might deal with the function 270, and also the function 850 which are the two the Senator has mentioned, are prepared to assist us or not, or whether we are all alone.

Mr. DOMENICI. Let me say to my good friend, we are all kind of equal around here. That is what is said, in any event. But the truth of the matter is, I say to my good friend from the West, he happens to be at this particular moment in history on the side of the aisle that has a majority. You all produce this resolution. You all are probably going to pass it, if anything passes even close to it. And I regret to say that you are going to have to fix this part, especially if you are a proponent of this kind of budget, because this is not my only concern with it.

It would not do me much good to try to fix some of these Western problems to make it easier to pass a budget that I think has some terrible flaws. I mean when it comes to the West, I do not take my hat off to anyone in terms of being an advocate for it. But there may be one thing I might be more of an advocate for, and that is the country. And I do not believe we should have a defense number in a budget as low as this one, and there is no way that I will support this budget.

There is no way that I can support a budget that is a turnaround in defense preparedness and sets us back to the seventies.

So I wish the Senator luck in trying to fix the budget so it will not be so anti-Western and so much against his State. In fact, I think the Senator's state probably gets it as bad as any with reference to power marketing changes that are in here. I remember those issues from the last 3 or 4 years.

Having said that, I am sure if the Chiles budget that is spending becomes the matter before the Senate—that is, if it gets one more than a majority, if that is all that is needed, if it does not need 60 votes—then there is ample opportunity to amend it. And I urge that the Senator and others on his side, who obviously are going to have to vote for it because we are not, to try to at least fix that part which is so out of balance in terms of the anti-West cuts. And I have not even finished, and I will share with the Senator in a while, while it is negative in that regard, some of the other programs for the rest of the country are increased rather substantially. The Senator from New Mexico thinks this ought to put most Westerners in a very concerned frame of mind. From my standpoint, it puts me in enough of a frame of mind that it is very easy. I will just vote no unless and until the policies that are reflected in it are changed.

Mr. ADAMS. Will the Senator yield for a question?

Mr. DOMENICI. I think I had better do that on the Senator's time.

Mr. ADAMS. I will wait until our Member comes back.

I am just hopeful, because I remember from the past and hopefully from the present, that we would have—and I just did not know that there was a proposal from the minority for—an overall budget. If there was, I did not happen to support the President's proposal. I just was trying to find out from the Senator from New Mexico if he had an overall proposal that we should be examining. If not, then we will work with the Chiles proposal, because to my knowledge, as both former chairman of the Budget Committee and as a person interested in these matters, I know of no proposal that has been made to us. If the Senator wishes to make one, I will sit here and listen to the overall proposal as the President's budget or sequester budget or whatever he might propose. I thank him for his courtesy.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I thank my friend from Washington. I think the best I can say with reference to his question is only time will tell. It will take us a while here to be able to answer with any certainty the question that he put to the Senator from New Mexico.

Let me proceed with reference to this discussion.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DODD). Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time does the Senator from New Mexico have on the amendment?

The PRESIDING OFFICER. The Senator has used all his time on the amendment.

Mr. DOMENICI. I did not intend that time on the quorum call come off the amendment, off the time that the distinguished chairman had. I ask unanimous consent that whatever time came off his time be charged to the Senator from New Mexico and be taken off my time on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair says to the Senator from New Mexico that that restores 7 minutes.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum, and I ask that the time be taken off the time on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, I yield back any time I have remaining on the amendment.

Mr. DOMENICI. Parliamentary inquiry. I understand I have no time remaining.

The PRESIDING OFFICER. The Senator from New Mexico has 7 minutes remaining on the amendment.

Mr. DOMENICI. I yield back the 7 minutes remaining on the amendment.

The PRESIDING OFFICER. All the time has been yielded back on the amendment.

Mr. DOMENICI. Mr. President, I raise a point of order against the pending amendment under section 301(i) of the Congressional Budget Act of 1974, as amended.

The PRESIDING OFFICER. The Chair will state that the amendment, on its face, complies with the requirement of section 301(i) of the Budget Act and the Chair must rely on the assumptions used by the Budget Committee in assessing the figures contained in the amendment. Unless the committee, speaking through its chairman, asserts that the figures cause a violation of the Budget Act, the Chair will not so hold. The point of order is not well taken.

Mr. DOMENICI. Mr. President, I appeal the ruling of the Chair and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays are ordered.

The PRESIDING OFFICER. Under the Budget Act, the appeal is debatable for 1 hour.

Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 10 minutes off the resolution.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, while I might understand the dilemma that the distinguished chairman of the Budget Committee finds himself in, I must rise and object to the ruling of the Chair and to the amendment and the process that it includes. I hope the Senate will take this matter very seriously.

Mr. President, in essence, what the distinguished chairman of the Budget Committee has done in this amendment, which he is going to ask the Senate to vote on in the near future, says the following: We have a law on the books of the United States that was thoroughly debated, conferenced for weeks on end, and sent to the President of the United States. He signed it and we heralded it across this land. Large majorities in both Houses voted for it and told the American people that we had a method of controlling the expenditures of this Government. We had imposed upon ourselves a discipline that said we would reach certain specific targets in the next 4 years in terms of our deficits and achieve a balanced budget in 4 years.

We said to America, to the world markets, to the money markets, to the average citizens, we now have an absolute lead-pipe cinch way of making sure that we no longer continue this enormous upward trend of deficit spending. We said the way we are going to do that is to set a target for 1988 of a $108 billion deficit. And we literally, Mr. President, sent out the word that is where we are going to be, $108 billion.

Now, Mr. President, if we cannot get there because, for some reason or another, we are unable to control the affairs of Government, that particular law of this land said there is a way out. But what has happened, Mr. President, is that the majority and the chairman of the Budget Committee do not like the way out. Because the way out is a supermajority, one of those few times where we said that this is such an important matter that we are going to change the normal, democratic rules of the U.S. Senate and require not just a simple majority, but a supermajority, so-called 60 votes out of the body of 100, in order to get around that $108 billion.

Mr. President, and Members of the Senate, when the U.S. Congress and the President of the United States, after months of debate, weeks in conference, have the courage to say let us require a supermajority in order to avoid these targets, they must really think there is something serious about the situation. And, indeed, they did; and, indeed, we did think it was serious.

Mr. President, the point I am making is that if we really cannot get there, if instead of $108 billion it is really $134 billion, and it is the best that the Senate thinks they can do, and the best that the majority thinks they can do as they report out a budget resolution in this case, then the law says there is nothing wrong with that. We understand. But you need 60 votes.

Mr. President, just think with me about what we are going to do now based on the ruling of the Chair. Based upon the ruling of the Chair we are going to say, while all of that is eliminated, all of that guarded tenacity that we built in, do not go over 108 unless you have 60 votes, that all you really have to do—and listen carefully Senators—is send a budget up there that really has a $134 billion deficit. That is what you worked on. That is what you produced. That is what you adopted. But then you say to the Senate, wow, we are in trouble. We may only have 51 votes. We sure do not think we have 60. But we know that budget is not $108 billion. It is $134 billion. But before we ask the Senate to vote, we take a little piece of paper, and it is the same $134 billion budget, you understand, Mr. President. There is not one substantive change in it—exactly the same. But you take a little piece of paper and you write out an amendment. And you fix it on this budget. So now it is that budget exactly as you reported it out, told the people in the country, told everybody, we cannot get to $108 billion. It is really $134 billion.

But now we are going to fix a little piece of paper on there and we are going to say for purposes of that Gramm-Rudman-Hollings mandatory target we are going to use another set of economics, not the ones that are in this budget that says it is $134 billion. We are going to say we are using a whole new set of economics, and the justification is the President used them. I assume that would be the rebuttal. But remember for 3 months the argument across this land was the President never met the Gramm-Rudman-Hollings targets. Remember that? Mr. President, you sent us a budget and why did it not meet Gramm-Rudman-Hollings? Because the economics were not believable, they said.

But now here we have an amendment, a little piece of paper attached to a budget with a $134 billion deficit, and it says for purposes of the most important budget control language in decades, the mandatory Gramm-Rudman-Hollings targets, we are going to say for that purpose and that purpose only we are using another set of economics, the OMB economics. We therefore conclude, and the Chair has so ruled, says the chairman of the Budget Committee, that if we use that new set of economics we are at $108 billion. And therefore, you will not need to have 60 votes—the protection we built in for breaching and violating the budget.

Mr. President, if ever in the budgetary process since 1974 there was an occasion to say we are about to throw the budget process out the window, and make a sham of it, unless one does not include the Gramm-Rudman-Hollings targets and the supermajority required to break them as part of the budget process. Of course, if you do not think that is the law and if you do not think it was very important, then this is not a very important appeal and not a very important vote. But if you think it is, then it seems to me that I have appropriately described what we are doing.

We have a budget before us that the Budget Committee of the U.S. Senate was charged with the responsibility of reporting, reported out and said it is $134 billion. Mind you, Mr. President, that budget that is before us was not changed one bit. You know, we have been critical of the U.S. House of Representatives. They produced a budget. They used OMB's economics, the President's. But, Mr. President, they used them and they acknowledged that unless they used them their budget was out of balance by about $19 billion. So they assumed there would be savings later. That is kind of phony. That is the famous asterisk personified. But, as a matter of fact, I believe this is far worse.

How in the world are we ever going to pass, and perhaps we never will again, some law that has from the outside imposed restraints on us, the so-called extrinsic restraint, when all you have to do is to put an amendment on a budget that does not meet the restraint and say for purposes of that restraint requirement we deem that it meets the test? It is sort of like the U.S. Senate on a Friday saying we deem it is Sunday even though it is Friday just as sure as we have a calendar. But we deem it otherwise, and then the Chair says to the U.S. Senate, we cannot look beyond the face of it. It has been deemed to comply, and therefore obviates the point of order that it does not, as a matter of fact, come within $20 billion of the target that is required for this year.

I do not even have a word to describe it. It truly denies all future effectiveness, in this Senator's opinion, in any kind of law that, like Gramm-Rudman-Hollings, requires a supermajority because we as a congressional body joined by our President think a matter is serious enough that we need more than 51 votes to violate a particular mandate or requirement imposed upon us by ourselves, by our law.

Let us think a little bit about a balanced budget constitutional amendment. That is a very interesting one. We can produce a constitutional amendment for a balanced budget. All the States are out there saying we had better do that. Things are out of control. We can have a Budget Committee under that kind of process produce a budget, bring it down here and say, well, American people, the best we can do is a $100 billion deficit. Here it is. But then we come along, and if that constitutional amendment required 60 votes to go into the red $100 billion, we just put a little amendment on that budget and we say for purposes of the law of the land, the Constitution, we deem the economics to be different and we are now at zero. You cannot even say it is subject to the constitutional requirement and raise a point of order because the Chair here today by this ruling will have established the most significant precedent regarding budgets that we have had in all of our history.

You can deem away an absolute statutory requirement of a supermajority. We can in the future deem all we want about supermajorities to make us control our appetite for deficits. I understand there will be arguments that the President did not do any better in his budget. That does not have anything to do with it—nothing whatsoever to do with it.

The PRESIDING OFFICER. I say to the Senator from New Mexico the Senator has consumed in excess of 13 minutes. He yielded himself 10 minutes.

Mr. DOMENICI. I thank the Chair for reminding me. I yield myself another 5 minutes off the resolution.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I assume the argument will be made that we did as well as the President of the United States. He only got to $134 billion using what we assume to be reasonable economics. The deficit is still that big. Why should we do any better? Well, let me say I am not suggesting that we must do better. I am suggesting that there is a provision in the law if we cannot do any better but that provision requires that 60 Senators, a supermajority; instead here by the ruling of the Chair we are going to deem away the requirement, and there is not one scintilla of evidence that one substantive thing has been changed in this budget.

Mr. President, if in the future we are ever going to rely on a stated set of facts or assumptions and a supermajority—the ruling of the Chair just made, I assume if questioned the Chair would say it is based on precedent—we rely upon the chairman of the Budget Committee to give us the numbers. Since the Parliamentarian cannot look beyond the face, and the chairman of the Budget Committee has said we are going to use these new economics, therefore we are at $108 billion.

If the U.S. Senate sustains this ruling, we have thrown out the window forever any capacity to build in supermajorities based upon requirements because we have deemed the requirements away in the very amendment that violates the law. We can deem away the requirements that violate the law, and have no recourse by way of a point of order, even though the substantive law of the land, the section that I cited in raising the point of order, unequivocally says that it is subject to a point of order if it exceeds a $108 billion deficit for 1988 unless there are 60 votes in favor of it. It is just as clear and patent as can be.

I want to repeat, I am not critical at this point of this substantive budget getting only to $134 billion. I repeat, I am not critical of that. But I do believe the Budget Committee, with a majority of the votes, knew full well when it reported out that budget that it was subject to a supermajority requirement on the floor of the U.S. Senate.

I know that they knew it violated Gramm-Rudman-Hollings' target and the section of the law I just cited. There was nobody who claimed that it was $108 billion at that point. It was $134 billion.

What has happened, Mr. President, is that they began to count heads. They began to count heads, and they said, "Where in the world are we going to get 60 votes for this budget resolution?"

That is what happened. And maybe they are even begining to think now, "Where are we going to get 51? But at least it is easier. So let us throw the law out the window. Let us put a little statement in here, 'We deem that we have complied.' "

Mr. President, I could actually submit to the Parliamentarian a letter from the OMB Director because we now have him in the act whether we want him or not. We are using his economics, the economics he put in his budget.

Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 5 additional minutes.

Mr. DOMENICI. Mr. President, he is in the act because we now choose to use his economic assumptions that he put in his budget for the President of the United States.

But listen to what we do.

We say the President, using CBO economics, had a budget deficit of $134 billion. Our budget that we produced in the committee has a budget deficit of $134 billion. Therefore, if we apply their economics, since the executive branch claimed they got to $108 billion, we now claim it.

Mr. President, literally, the Parliamentarian is wrong because the policies in the two budgets are so different that it is not even logical to assume that because the President's budget priced out by CBO was $134 billion but priced out with the President's economics was $108 billion; that since we produced a budget that was $134 billion, obviously, if we apply the President's economics to it, it is $108 billion.

That is literally, Mr. President, what you have, with the ruling you have made which you have told this U.S. Senate.

It happens that the policies are so different that if this budget was carried out exactly as proposed by Senator CHILES using OMB's economics, this budget would not be the same level of expenditure as that of the President of the United States.

So, as a matter of fact, even with those economics, it is $3 billion to $4 billion off which would make it subject to a point of order and require the 60 votes.

But if the Chair is going to contend, as the Chair has just contended, that you cannot look beyond what the chairman of the Budget Committee puts on the face of this document and the numbers that are there, well, I will tell you, we can produce some very, very strange budgets in the future.

I do not know why anyone around here would worry about whether they want to add money, spend more money, and all the other kinds of things. All they have to do is decide they want to change the economics to fit it and there would be no restraint whatsoever, much less the restraint of mandatory targets which essentially are gone out the window if we do not overrule the Chair on this occasion.

Mr. President, I have been part of the Budget Committee for about 11 years and chairman before this year for 6 years. When somebody came down here to the floor and said, "We want to tell you how to score the cost of that budget; we have our own nice little thing; here is an amendment; we send it up and we do not like the way you are costing out this program, we want you to score another way," how proud I was that never, until today, did that kind of thing go unchallenged, bipartisan. Whoever the chairman was, whoever the ranking member was, they said, "We are not going to do it that way."

If every single Senator should get up and say, "You cannot price the Farm Program that way, we want you to price it our way," we stood shoulder to shoulder and said, "No, we are not going to have different ways of measuring the cost of programs decided ad hoc." As a matter of fact, Mr. President, there has been a ruling from the Chair saying, "That is right, you cannot do your own method of scoring, make your own conclusions. That is out of order."

When there was an appeal, we stood shoulder to shoulder sustaining that, until today. Now, today, in a most egregious way, it's not some one or two little billion dollars that somebody wants to score differently so their subcommittee can spend more money, but the heart of the $108 billion mandate. If the Chair's ruling is sustained, we are deciding that it does not matter what the real budget deficit is, we can deem it otherwise with an amendment and get rid of the law that imposed this very onerous task on a very democratic and open body that 51 Senators is not enough to change the substantive and legal requirements of the land.

That is where are are today. That is what we are going to do today, unless the Senate overrules the Chair and says, "We do not want any of these double economics, deeming compliance when there is not compliance."

I want to repeat myself, the distinguished chairman has been very forthright in the committee, that we could not reach $108 billion. From the very beginning it was said that we could not reach $108 billion. I regret that if we cannot reach $108 billion. That we are here today with an amendment that says we did it anyway in spite of the fact that we could not, that we know we did not. We just deemed that we did, so that we could get a budget passed without a super majority.

I hope we do not do this. I hope the Senate takes this seriously. I think if they decide that we can do it this way, we can do almost anything to the processes of this Government and almost anything to the statutory law of this land when it comes to requiring supermajorities to accomplish certain goals that might be desirable to one group or another within this wonderfully democratic and open body that imposed this very onerous rule of 60 votes on itself.

Mr. President, I understand the distinguished junior Senator from Texas wants to address this issue. From my half hour, I yield him 15 minutes.

The PRESIDING OFFICER (Mr. DASCHLE). The Senator from Texas.

Mr. GRAMM. I thank the distinguished Senator from New Mexico.

Mr. President, I think the distinguished Senator from New Mexico has said it well. Rather than simply repeating what he has said, I would like to take my colleagues back to the adoption of the Gramm-Rudman-Hollings law, what we all said and what we all meant when we said it and then look at how it relates to the vote we are about to take, which I believe is a vote on nothing less than the life or death of the Gramm-Rudman-Hollings law, period.

If this ruling is sustained, we will basically be saying, "No matter what Congress says its intent is, Congress can circumvent that stated intent by simply having a little clause in the bill that says, 'For the purpose of getting around the intent we stated 2 years ago: let's assert that we still mean it, even though we do not mean it now.'"

"Let us assume a fiction now for the purpose of circumventing what we said then," that is the message here.

I remind my colleagues of the frustration that we faced in the summer of 1985 at having made no progress in controlling the Federal deficit, when we faced a $2 trillion debt ceiling. There was a strong opinion on both sides of the aisle in both Houses of Congress that something had to be done.

What we decided to do was to write into law an emergency measure that said because we faced a crisis, and because Congress had not acted, for this 5-year emergency period we were going to set out a set of principles and we were going to live with those principles.

Among the most fundamental principles of Gramm-Rudman was the 60-vote point of order that required that no budget could come to the floor of the Senate which did not meet the targets of the Gramm-Rudman law. There is no provision of the Gramm-Rudman-Hollings law that is more important than that.

In addition, it provided that any amendment to that budget had to be zero sum in the deficit and that any bills appropriating money which violated the overall budget or violated the subcommittee levels as set out in the budget were subject to a 60-vote point of order.

Everybody knew, when we wrote that into law, that there would be disputes about budget assumptions. From the very beginning, we have had debates about what we assume about economic growth, and we all know that the level of economic growth has a big impact on the budget. We all knew, when we passed the Gramm-Rudman-Hollings law, that there would be disputes about gross national product, that there would be disputes about inflation, that there would be disputes about unemployment, that there would be disputes about the overall baseline. We all knew that, and we all knew that from time to time people would mix wishes and wants and desires with reality. We all knew that.

However, nobody contemplated when we passed the Gramm-Rudman-Hollings law that somebody was going to come to the floor of the U.S. Senate and say that while we say in this budget that the deficit is $133.7 billion, while we all say that is the case, while the whole budget is written on those economic assumptions, while nobody claims otherwise, and while nobody is proposing to go back and rewrite the budget in light of new assumptions, the distinguished chairman of the Budget Committee is saying that solely for the purposes of meeting the targets of the Gramm-Rudman law—for no other purposes—we are going to recognize an entirely different set of assumptions, and those alternate assumptions produce a deficit of $107.9 billion.

In fact, had the distinguished chairman of the Budget Committee simply gone back and changed the baseline and rewritten the budget and given the baseline to the Congressional Budget Office, and had they scored it at $108 billion based on that baseline, this would be an entirely different debate today, and the ruling of the Chair would be right. We might not have liked it; we might have thought it was bad policy; but it would have been a correct ruling.

However, what has happened here is that the distinguished chairman of the Budget Committee is not saying, "I am going to adopt a new set of assumptions." He is not suddenly saying, "The Office of Management and Budget projections about GNP and about unemployment are right." He is saying let's momentarily use these assumptions for no other purpose than to satisfy the requirements of Gramm-Rudman-Hollings—and then let's set them aside and not use them again.

The point is that after having committed, with 70 Members of the Senate voting, that we were not going to bring a budget to the floor of the U.S. Senate that did not meet the Gramm-Rudman-Hollings targets, period, now do we want to sustain a ruling of the Chair that says on page 1 that for the purposes of determining the deficit under the Balanced Budget Emergency Deficit Control Act, we are now going to assume one set of assumptions to meet that target, to fulfill that requirement of law, and then on page 2 have the provision again of $133.7 billion? On page 1, the assumptions are one thing; on page 2, they are another—one budget with two different deficit levels.

If this ruling of the Chair is sustained, what this means is that every time a spending bill comes to the floor, we can have a little provision attached to it that says that for the purposes of the Gramm-Rudman-Hollings commitment that we made 2 years ago, which many Members of this body who were elected in 1986 campaigned in support of, we are going to have this little fiction in paragraph 1, but everything else is going to be reality from then on.

If the Budget Committee chairman says that is all right, what we are hearing from the Chair is that that is going to be ruled to be in order. If we do that, we have taken the guts out of the Gramm-Rudman-Hollings law; and, what is more important, not only have we taken the guts out of the law, but also, we are going to have a hard time putting them back in.

It was pointed out that the American people could rise up through the State legislatures and mandate a balanced budget to the Constitution. It could be adopted by 38 States. Then, by this logic, with a little fiction that said that for the purpose of meeting the balanced budget amendment to the Constitution—the document that we are celebrating the 200th anniversary of—we are going to have a little fiction and we are going to say that we assume merely that it is met, but then the rest of the bill violates it.

I know that my colleagues are going to be under a lot of pressure to vote to sustain the ruling of the Chair on a partisan basis. I hope they will not do it. If you voted for the Gramm-Rudman-Hollings law, you said that no budget should come to the floor of the U.S. Senate that did not meet its targets; and when you said it, you obviously meant it, because it was clear what the law meant. No one contemplated that anyone would write a budget that on page 2 has a deficit of $133.7 billion, and on page 1 says that for the purpose of meeting the requirements of the Balanced Budget and Emergency Deficit Control Act, assume otherwise.

In fact, taken to its absurd conclusion, this provision could have simply said, "Assume for the purpose of meeting Gramm-Rudman-Hollings that it is met." And with the statement of the distinguished chairman of the Budget Committee, the Parliamentarian would have ruled—the Chair would have ruled—that it meets the targets.

This is not a partisan matter; this is not a technical matter. This is a matter that goes to the very heart of a democratic Government.

When Congress makes commitments that it is going to do things, when we set out a policy to deal with a terrible national crisis that threatens the future of America, if we then use a little parliamentary gimmick to get out from under our commitment, we are doing more than simply passing a budget that does not meet muster.

The issue here is not that the Budget Committee has come to the floor with a budget that does not meet the $108 billion target. The issue here is that for the first time we are officially perpetrating a myth, whereby though in reality we do not meet the deficit target, for the purposes of a law to which we were committed, we say we did. If we open up this Pandora's box, there is absolutely no end of it. These kinds of rulings can be made on any number of bills where we have set out in law an objective.

I urge my colleagues to take a long look at this issue. if you voted for the Gramm-Rudman-Hollings law, sustain that law here. If we vote to sustain the ruling of the Chair, we are killing off the most powerful tool left in the Gramm-Rudman-Hollings law.

When the Supreme Court struck down the involvement of the Comptroller General and forced Congress into the fallback position to vote on the deficit, at that point it was clear that we might have the intention of escaping the responsibility of what we did on the budget. I do not think this thing would have been happening were it not for that, because some day we have to face the music.

The question here is this: Last year, under this imperfect law, with all its problems, we reduced the deficit by $45 billion and Federal spending grew by less than in any year since Eisenhower was President, in 1955. Here, on this one vote on whether we sustain or overturn the ruling of the Chair, we are going to determine in a very real sense whether or not we are going to keep that law in place.

If you want to balance the budget, if you are serious about the commitment you made when we passed the Balanced Budget and Emergency Deficit Control Act, I do not see how you can justify perpetrating a fraud by voting to sustain the ruling of the Chair when the ruling of the Chair is an absolute absurdity. This is a budget that on its very face says the deficit is $133.7 billion. No place else anywhere in the budget does it suggest otherwise. There is just a little paragraph on page 1, that says "for the purposes of determining." And we are supposed to pretend that the deficit is different.

Are we going to run the Government of the greatest Nation in the history of mankind with little clauses like "for the purposes of determining"? Either we are going to abide by the necessary constraints we impose on the actions of the Senate or we are not. That is the issue here.

I urge my colleagues who are serious about fiscal responsibility to vote on this on the merits.

When we adopted the Gramm-Rudman-Hollings law, did we or did we not mean it when we said that no budget would come to the floor of the Senate that did not meet the targets. Now, if Senators want to waive that point of order, they have a right, they have a procedure, but we determined that it ought to require a supermajority vote. That is quite another matter.

I would not be making this argument had the distinguished Senator from Florida come to the floor and said the deficit is $133.7 billion, and I want to waive the point of order under the Gramm-Rudman-Hollings law. He could have made his arguments. I would have made my argument not to do it, and we would have spoken, and we would have stayed with procedure. This kills procedure.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. I yield 5 minutes off the resolution.

The PRESIDING OFFICER. The Senator is recognized for 5 additional minutes.

Mr. GRAMM. This, Mr. President, is not a vote about whether we want to adopt a budget that does not meet the target. It is not a vote on whether we want to let a budget come to the floor that does not meet the target. That is not the issue.

The issue is do we want to destroy the only process that has come along in 20 years that holds out any hope of giving us the vehicle or giving us the capacity to address this terrible problem of the Federal deficit?

If we sustain the ruling of the Chair, we have effectively destroyed the most powerful tool in that process.

So I urge my colleagues to cast this vote not on whether or not you are for the Chiles budget, not on whether or not you think it is possible to meet the $108 billion deficit, not on whether or not you think if the President can have one set of assumptions that Congress has a right to adopt those assumptions. The truth is Congress did not adopt those assumptions. This budget did not adopt those assumptions. This vote should be cast on one and only one issue and that issue is: We set out in law a procedure that if a budget does not meet the targets it requires 60 votes to override the point of order, because Congress has defined its objective. That is the law.

Are we going to allow that law to be circumvented with a little phrase such as "for the purpose of determining"?

I submit to my colleagues that we dare not do that, and I urge my colleagues to take the extraordinary action that I do not think ought to be taken for light or transient reasons, and that is the action of overruling the Chair or overturning the Chair's ruling. That extraordinary action is justified because that ruling is a mockery of what we committed to in the Balanced Budget and Emergency Deficit Control Act, and if that ruling is sustained, we have gone a long way toward destroying that act and unfortunately, as limited as that act is, with all of its failings, it is the only sentry at the gate.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time does the Senator from New Mexico have in favor of the appeal?

The PRESIDING OFFICER. The Senator has 15 minutes remaining on the appeal itself.

Mr. DOMENICI. How much time does the Senator want, 20 minutes, 15 minutes?

Mr. HOLLINGS. Not over 10.

Mr. DOMENICI. I yield 10 minutes off the resolution.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 10 minutes.

Mr. HOLLINGS. Mr. President, in all candor and all fairness, my position is that we should not sustain the ruling of the Chair. Indeed, we should overrule the Chair on perhaps no better authority than the distinguished chairman of our Budget Committee, Senator CHILES of Florida, who back in March 1985 made the famous observation that if you are going to start mixing CBO figures with OMB figures, you are marrying a cow with a donkey and you end up with an animal called a cockamamy.

In fairness, I would observe that Senator CHILES, as the chairman of the Budget Committee, has had the most difficult time trying to draw bipartisan participation into this year's budget process. The Senator from New Mexico and Senator from Texas know that and I know that.

I remember some years ago when the Senator from New Mexico and I were just ordinary Members years ago, we put in several amendments. One provided for 5-percent, real growth in defense. We enjoyed a spirit of bipartisanship that, regrettably, the distinguished Senator from Florida has not had the advantage of since taking over as the new chairman this year.

Senator Muskie, Senator Bellmon and I worked together. Similarly, Senator Chiles worked with Senator Domenici. So when the Senator from Texas says he hopes we do not vote on a partisan basis, I have to agree with him. But let us also appreciate the difficulty of drafting a budget when the Republican side of the aisle declines to be a full partner in the process.

We have met time and again in the Budget Committee. I have put forth budget proposals, and I am grateful to the Senator from Missouri, Senator Danforth, and the Senator from Minnesota, Senator Boschwitz, for supporting them. That made seven votes for my budget proposal, and one other Democratic Senator not present indicated his support.

So we got eight votes. If I had opted to use OMB figures, I likely could have gotten more than eight votes. Indeed, I could probably have gotten a unanimous vote because I could have taken the cuts in my proposal and permitted full funding for defense. Then, with President Reagan's $5 billion in revenues—I would not have needed any more revenues—I would have met the $108 billion deficit target.

I have not proposed substantial revenues in my proposal because I enjoy it. Those revenues were necessary in order to meet the deficit target honestly.

I repeat, Senator Chiles did not have the advantage of bipartisanship. So he asked himself the question, as a reasonable man would do, How do I get from here to there? Of course, he did not want to opt for the major new revenues required to get the job done. Nonetheless, I must take issue with the Senator from Texas who says that if you vote to sustain the Chair you have voted to kill Gramm-Rudman-Hollings. With that argument, all is lost. I can assure the Senator from Texas that the majority of this body would like to get rid of Gramm-Rudman-Hollings.

Instead, I would appeal to your conscience, to your sense of duty and responsibility, to your honest desire to get this job done in a responsible way. By voting to sustain the chair, you do not necessarily destroy Gramm-Rudman-Hollings. However, you do undermine the integrity of the budget process. Is there not some pride in this body? Is there not a sense of duty to do the job honestly and properly?

I urge you to overrule the Chair as a protest against the trickery and self-deception of the budget approach before us, an approach that the chairman himself has called a cockamamy. Just because the President resorts to a bogus budget and just because the House does the same, is no excuse for us to indulge in the same charade. The buck has to stop. If we do not stop it in the Senate, then we say to the financial community: Forget about any kind of discipline at least for the next 2 to 3 years. For, certainly, if we do not do the job here and now, then we shan't to it in an election year, 1988.

And if the job is not accomplished in 1988, then there is no chance of anything being done before a new President takes office in 1989. The new President cannot put through laws by waving a magic wand. Financial policies already will have been set, and whatever he might propose in January 1989 will not take effect until 1990.

So this vote is not about whether we should get rid of Gramm-Rudman-Hollings. I know full well you would like to get rid of us. This vote is about whether you want to get rid of our economy in this great land of ours where democratic government has worked for two centuries according to certain disciplines and understandings and rules and procedures.

By voting to sustain the Chair, you are saying to Paul Volcker at the Federal Reserve: Resort to inflation and monetize the debt. When all is said and done, that is the alternative to passing an honest budget. The foreign investors will withdraw their investments. The financial community, knowing that inflation is coming, will pull in their horns and the market will slump. Investors will buy gold, batten down the hatches, and brace for 3 more years of inflated Government and irresponsibility.

The chairman claims that his budget puts us on a glidepath to a balanced budget. I differ very strongly with the chairman's description of a glidepath. The chairman pleads, "The President and the House have used these cockamamy figures so we must do the same. But we will still be on a glidepath, we still have the disciplne." Would that it were so.

Let us press ahead and get the job done. We are not that far away. The House has proposed $20 billion in new revenues. Senator Chiles has proposed $18.5 billion in new revenues. We could add further $5 billion to $10 billion in revenues and we will reach a total of $28 billion in revenues. Then, with minimal cuts, we can hit the $108 billion deficit target. That will truly put us on a balanced-budget glidepath. We will have the discipline.

Instead, we are trapped in this charade of false figures and bogus budgets. Washington has made irresponsibility an art form.

It is time for us to sober up or we, frankly, we will be on the glidepath to the next England. We will end up with a bunch of journalists in the gallery and a debating society in Congress, and we will be a second-rate nation like England.

I urge you to vote to override, not for Gramm-Rudman-Hollings or because of any kind of fanciful parliamentary maneuver, but as a matter of conscience and discipline.

I thank the distinguished Senator from New Mexico for yielding time.

Mr. CHILES. Mr. President, I cannot tell you how much I have enjoyed this debate the last few minutes. It has been so enlightening and so gratifying to the Senator from Florida to hear all these kind words about my job as the chairman of the Budget Committee. It sounded as though I were about to destroy the country and Gramm-Rudman-Hollings and I guess the alliance and, well. I do not know whether I took the universe down with it or not.

It is interesting to listen to some of these things, especially when I think about what we are attempting to do here, to get a provision before the Senate that allows the majority to work its will, allows this Senate to proceed.

Now where do we find ourselves? We found ourselves in a hard situation because we wanted to use honest numbers. That is what we have always tried to do. We were going to have some of the Senators come out here and use their point-of-order gun and shoot this proposition down before it had a chance at birth.

Now, people say:

> We don't take any issue with the fact that it does not reach 108. Well, now, we don't but we certainly planned to take issue with that before when it looked like the 60-vote point of order would lie.

And the distinguished Senator from South Carolina kind of put his hand upon it. We found ourselves unable to get participation from the other side, not because we did not ask for it when the Budget Committee meeting started. All during the process of those meetings, we found our Republican friends withholding themselves and not participating. We had to produce a budget on our own.

The Senator from New Mexico is right. The Senator from Florida decided early on that there was no way of producing a budget with true figures that would get to 108 and would have any chance of passing. Maybe we should just put something out here that had no opportunity to pass, let it blow up, let people see there was no way of doing it. Perhaps that is the exercise we should do.

I guess I can sense a little of the frustration of the Senator from New Mexico, because I remember when I made those remarks about the cockamamy budget. I did say that. I remember how frustrated I was when a majority at that time on the other side would decide in committee whether they wanted to use OMB figures or they wanted to use the President's figures or they wanted to use a combination of those figures—whatever they felt was in their interest to use. They had a majority, they were able to force that through and they did. We did object. I remember one time I got very, very upset about it. I felt like I was going to get physically ill because I thought that was the wrong way to go about it. I did not like it then. I do not think it is right to be able to do that.

But for the life of me, I have to wonder to listen to all of this rhetoric, when I read what the President said to the National Chamber of Commerce in which he castigated the Congress and I assume a lot of Democrats in the Congress. When he was talking about budget matters, he said:

> Congress has a budget process that's out of control—missed deadlines, Gramm-Rudman-Hollings targets that get ignored.

Now, Mr. President, that is what we are up against. We are up against the fact that the President of the United States will submit a budget that does not have good numbers and then jump on the Congress for ignoring Gramm-Rudman-Hollings targets.

Now, you are talking about what endangers the country, what endangers the process, what endangers the credibility. Fellows, you have just got to kind of play with the same yardstick. It is really not fair. I did not hear this bleeding heart in this statement about the President's budget. I never heard the Senator from Texas take off about what that budget does to the country and what it does to the process or how statements like that affect the country.

I never read that in the paper. I have never found any articles that talk about the President having phony numbers.

What did we try to do? We catch it both ways.

We are not going to say it is $108 billion. My conscience will not let me say it is $108 billion. It was not that yesterday, and it is not that today. We said it is not.

But we are saying we do not think, a minority can sit back, refuse to participate, have the President in their party submit numbers using the same assumptions we are using, and then castigate the Democrats because they are slipping the Gramm-Rudman-Hollings targets and keep a majority of this body from working its will.

There is another way around this. The Senator from Texas well knows we can waive the Budget Act so the majority can work its will in this Chamber. I do not think that is proper today. We did not want to do that. We did not attempt to do it here. I would love to get a 60-vote waiver. If somebody wants to help me put together those votes so we can start this process, that is a good way to go. The Senator from Florida is not opposed to that. But we did not have any indication we could get anything like that. In fact, we were told everybody is waiting for their point-of-order guns and they are going to shoot down these processes the minute these budgets hit the floor. We are going to show that the Democrats cannot produce a budget, cannot do it, and we saw a little of that in the committee when we could not get the numbers on our budget. We floundered around a while.

We were told, "do not worry, at some stage we will help you get a vote."

I do not know where that stage is going to be. We have never quite reached it.

We have a way of saying in the legal profession that bad facts make for bad law. I think that is true. Maybe that is what we are facing here. But to listen to some of this protestation the fervor I hear is a little bit strange. During the 6 years we were in the minority, we saw combinations of figures used, OMB figures, CBO figures, we saw all of that. We are dealing with the Gramm-Rudman-Hollings process that recognizes OMB, CBO, and combinations of both. We see that already in the process. We come along and try to get something before the Senate.

If the Senator from Texas has a proposition that meets $108 billion it would be eligible. He could bring it up. The proposition of the Senator from South Carolina can be presented. The Senator from New Mexico I assume is going to have a substitute at some time. It will be presented. The Senate will have a chance to work its will on all of these. But somehow we should not have had that opportunity. We just do not want to do this.

We are deeming it is Friday even though it is Sunday. That is what I think the Senator from New Mexico said. The President says it is Sunday. But if we say it is Sunday, that is wrong. I cannot get my mind around it. I cannot quite understand. If the President of the United States says it is Sunday, and we say, OK, it is Sunday, wait a minute. That is fraud, that is a sham, that is hypocrisy, that is going to destroy Gramm-Rudman-Hollings, it is the doom and the end of the budget process, and all of that because we said it is Sunday also.

That is kind of hard for me to deal with. But I think whenever you are in this kind of situation, obviously you are going to find somebody trying to find a way to get around it. But it seems the worst mistake we made was to say it is not $108 billion. If we had used OMB economics, if we had perpetuated and gone along with the fraud, that would be all right. But when we said no, our conscience will not let us do that, we have to call it like it is, even though we feel like we have to get something before the Senate, we have to keep a determined group that does not want to allow anything to happen that prevents the Senate from working its will, and preventing a majority—suddenly, that is wrong. If we had gone all the way, if we had wanted to perpetuate the fraud, then that would have been all right.

Well, we will have an opportunity to see. Do we want to say that we have to have 60 votes here regardless of the fact that the President can make his proposal, use one set of economics, claim that he reached $108 billion, carry that to the countryside, and say everyone else is slipping the targets? But we are going to say you cannot do that in the Senate. You are held to that. Now we see the House take action, and I guess it is all right for them because they used OMB economics even though they put in a plug. Well, I cannot exactly get my mind around that either. When the other side could use CBO figures, OMB figures, the President's figures, and some combination of all of them, I guess at some stage you have to understand why a majority will try to lay something before the Senate and see if that is possible.

That is what we are about.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I want to put the Members on my side at least, and any others who want to speak in behalf of the position of the Senator from New Mexico, on notice that I do not intend to use a lot more time. The distinguished senior Senator from Idaho wants some time, and the junior Senator from Texas, Senator GRAMM, wants some time. And then I think we are about ready to vote. If there are other Senators who support the position I am taking who want to speak, I hope they understand we will either vote up or down on my request for the yeas and nays, or presumably on a motion to table, which may occur from the other side.

Mr. President, I yield myself 10 minutes off the resolution.

The PRESIDING OFFICER. The Senator is recognized.

Mr. DOMENICI. Mr. President, I know the chairman of the Budget Committee does not really like what I have said today. And I know that he might even be thinking that I ought not be as concerned about this as I am. But let me say I really am serious about it. I say to my friend I think he would have been better off by taking this amendment back to committee and using OMB economics. In fact, I urge him now not to call up his amendment, if he really wants to comply with Gramm-Rudman-Hollings. He suggested that maybe that would be a better way.

I honestly believe if we are going to have Gramm-Rudman-Hollings, I submit to him that it would be better for the future if he pulled his amendment, went back to committee, and marked it up on OMB economics and use his same argument, use the argument that the President uses. That is really the only defense the Senator has for his little sentence saying this budget does not meet the deficit target, but for purposes of Gramm-Rudman-Hollings we say it meets it. I truly believe it is a sad day for the process.

The Senator also indicated that he could have moved to waive. As I understand it, the only provision for waiver on this amendment is a 60-vote waiver. The Senator could have waived, but it would have required 60 votes.

On the other hand, the Senator could have done precisely what he is doing by 51 votes, by appealing the ruling of the Chair when the Chair said he needs 60. I assume the Senator does not want to do that because he does not want to fly right in the face of it and say we see 60, we read 60, but we want to appeal the ruling of the Chair that says 60. So he does not want to go that route. So he has an amendment saying we comply with Gramm-Rudman-Hollings.

I truly believe he has thrown the process of 60 votes, supermajority, Gramm-Rudman-Hollings targets out the window. I say to both of my friends, the distinguished former chairman, and the new chairman, there has been some allusion to the fact that you need 60 votes. And you do not have any cooperation over here. There has been some allusion to the fact that it is tough to get a budget, and you do not have any help over here. Let me say to both Senators, I have been in both positions. I have been in a position where I have had no help from your side, and I know the Senator from Florida will say you did not ask for it. I have been there. I have asked for it, and could not get it. I have been there when I did not ask for it, and had to produce the entire budget with votes on both sides of the aisle. The truth of the matter, however, is we decided to change the substantive law of the land, and say if you do not meet the targets, you need 60 votes. It is not the end of the world if you do not get a budget because there is a provision of sequester if you do not get a budget. But if you are going to exceed the deficit targets and cannot get 60 votes, you are not supposed to have a budget.

I say that in all sincerity, as tough as it is, that is what the law is. That is what we provided. If you are going to produce a budget that exceeds Gramm-Rudman-Hollings, you have to have 60 votes. I do not read the law any other way. That is what we said. That is what we intended.

I repeat I think it would be a much better day for this Senate if we said to the Chair you just have to be out of your mind in ruling that that particular amendment is in order because the chairman of the Budget Committee says it is in order and says we deem that we have complied when we have not, that we have thrown the 60-vote rule out the window.

I think rather than do that, we would be better off if you took the amendment and used OMB economics on it and brought it back up here and said the economics are the President's.

I cannot be any more helpful, I cannot be any more blunt about it, and I cannot feel any more empathy for anyone than I do for the chairman right now. Frankly, I have been through this when I had no hope of getting a budget and we were on this floor 2, 3, and 4 weeks.

Speaking of the President and his budget, I have produced five budgets that cleared this Senate. The President of the United States was not for these budgets at the beginning, was not for them for the first week of debate, had completely different economics than the President's budgets, had completely different assumptions, and he is of my party and we were in the majority. And still that job had to be done some way or another.

We produced one at 3 o'clock in the morning once, all the votes on this side, and the President later abandoned it under an oak tree somewhere.

I am only suggesting that we have all had very difficult jobs producing budgets, but the fact remains unequivocal, absolute, without any question that we also have a law and budget process that says 60 votes if you are going to exceed $108 billion this year. I submit you ought not be able to get around it by just deeming that you have complied. You are probably better off for the future of processes around here if you pulled that budget and put in different economic assumptions and say, "On these assumptions, the same the President makes, it complies."

But to set in motion now, with 3 or 4 years left under Gramm-Rudman-Hollings, a process and a precedent based upon a ruling from the Chair, is dangerous. Next year we can do the same thing. We can say:

> Gramm-Rudman-Hollings says $72 billion. Well, the President did not cooperate and we do not know whether we can get there. We did the very best we could. Here, here is our budget and it is $20 billion over the target.
>
> But we need 60 votes to waive the law and I cannot get 60 votes so here is an amendment.

"I deem that you do not even have to put economics in. The Senate deems that it is in compliance with Gramm-Rudman-Hollings and the Chair would rule, 'Well, that is in order because the Parliamentarian says it is in order.'"

I tell you, that is really well beyond whether the President's budget is a good budget, whether his economics are right or wrong. The Chair is just wrong in assuming that you can get rid of the 60-vote requirement by having a Budget Committee chairman send an amendment up there that says you do not need the 60-vote waiver. We have essentially sent up an amendment saying, "We do not need the 60 votes because we 'deem' you do not need the 60 votes," and the Chair says, "Well, if you raise the point of order that you should have 60 votes, I cannot do anything but read this and it says you do not need the 60 votes. Therefore, you are in compliance."

That is what the Parliamentarian has done. I am really delighted that the Parliamentarian is here because I frankly believe it is a sad day for the Senate to make such a ruling. I honestly do.

Mr. President, a parliamentary inquiry. How much time do I have remaining on the motion?

The **PRESIDING OFFICER.** The Senator has 16 minutes.

Mr. **DOMENICI.** I yield 5 minutes to the distinguished Senator from Idaho.

Mr. **McCLURE.** Mr. President, I thank the Senator for yielding his time and I thank him, too, for the valiant effort he is making on the floor to breathe some logic, sense, and integrity into this process. I am really concerned about two things that have come out in this debate today.

There is not anyone who has followed the budgetary process that does not know the Gramm-Rudman-Hollings targets are going to be difficult to meet. I think what we are really skirting around here with reluctance is that they are going to be too tough to meet. I would feel better if, indeed, the Budget Committee in its wisdom had come before us today and said, "We simply cannot get to $108 billion deficit. We ought to revise the targets and aim for $134 billion," which, according to the Budget Committee majority, is that the proposal is.

But rather than confess that it has gotten too tough to meet, we are not going to try any longer to meet those targets. We are going to proclaim that we are meeting them when, as a matter of fact, we are not.

That, to me, is more troublesome than the fact that indeed we are not meeting the targets, the fact that we will not confess we will not meet it, that we will not stand up and confess what is really happening.

If anybody doubts the wisdom or the necessity of having a constitutional amendment mandating a balanced budget, they ought to be listening to this debate. But I can foresee what will happen when we get to that point, and I hope we do get to the point where the Constitution is amended and requires us to have a balanced budget, that we will come in and say, "Well, we have balanced the budget."

Everybody will know it is $28 or $26 billion off the target and it is really going to add to the deficit by that amount, but we will say by our own actions we met it. Under the constitutional amendment, that would be subject to a challenge outside this body, where politics would not have its sway and our lack of courage and our lack of integrity would not be a bar to a challenge by someone else that indeed we had lacked the courage and the integrity.

I am very much concerned not just with the fact that we have erected here an arbitrary and, I think, a phony standard, to say that we have complied is the argument that somehow because the President submitted a budget that we do not believe, that we are equally justified in saying we will not meet it either.

It has been suggested, I think I heard the argument being made, that if the President says it is Sunday and it is really Tuesday, and we say it is Sunday even though it is really Tuesday, we are no more guilty than the President.

Let us stop for a moment and talk about what is truth and what is dishonesty, what is fraud and what is not. If you really believe something you are not lying if you say what you believe, but if you do not believe it and you know it is false and you say it, you are lying.

That is the distinction between honest error and dishonesty; that is the difference between mistake of fact and fraud.

There is no doubt about what the Senate is doing. There may be some question about what the administration is doing. And I know there are those who suspect that the administration knows better and is saying something they do not believe, but I do not think that is on the record as a matter of opinion, a matter of conjecture.

But the Senate is on record. The Senate is being asked to be put on record today to vote for a lie. And, Mr. President, I do not think the Senate ought to do that.

I agree with the Senator from New Mexico that we are destructive of the budgetary process not just today, but potentially the evils that flow from us trying to say we have done something that we know we have not done being far more fundamentally serious.

The PRESIDING OFFICER (Mr. Shelby). The Senator has used his 5 minutes.

Mr. DOMENICI. I yield 5 minutes to the distinguished junior Senator from Texas.

Mr. GRAMM. I thank the Senator from New Mexico.

Mr. President, I would like to make a couple of points in response to the distinguished chairman of the Budget Committee.

First of all, had the President's budget as reiterated by the Congressional Budget Office with CBO assumptions been brought to the floor, I would have raised a point of order against it.

No. 2, you can call the President's economic assumptions phony if you want to. I think the facts are that the economic assumptions the President has used and CBO has come forward with are pretty similar. In fact, if you look at the various estimates that are being made by blue-chip consensus, by various economic firms, I think you can build an argument basically moving toward either set of assumptions. But I think the weight of outside opinion is with CBO.

But the point is the President wrote an entire budget where that baseline, right or wrong, was an integral part of it, and never, ever, has the President or the Director of the Office of Management and Budget said that they did not believe those economic assumptions or that they thought those economic assumptions were wrong.

So you can call it phony if you want to call it phony. They do not call it phony. They have made these assumptions. And it is not out of bounds of what is being assumed by economists all over the country. But what you have done is not the same as having adopted the OMB numbers.

As I said earlier, had you simply taken your budget and had you rewritten it, building into the budget, into each function, the assumptions of the Office of Management and Budget, and in offering it said these are the assumptions, and had CBO scored on those assumptions—which they have not done, that I am aware of—then in my opinion the chairman would have ruled correctly. But that is not what you did.

What you did was to say that the assumptions of this budget are all CBO assumptions; and by those assumptions, on page 2 the deficit is $133.7 billion, which violates the requirements of the law of the land.

The law of the land says that if you are going to violate that requirement, you have to get 60 votes, which apparently the distinguished chairman believed he could not get.

So what is done is that a little paragraph is added to the front of the budget that says that for the purpose of determining the deficit, we make a different list of assumptions that are written into the budget and relied on throughout the entire budget.

If this ruling of the Chair is sustained, what has happened is not that a budget has come to the floor, that by CBO assumptions does not meet the Gramm-Rudman-Hollings targets. What has happened is that we have set a precedent whereby anybody who violates the budget law—or, in fact, any other rule requiring a supermajority—can simply have a little paragraph that says that for the purpose of meeting the requirement of that law alone, accept sham assumptions—which in this case the person making them, in his own record, has called a sham—and therefore it is all right. And the Parliamentarian, with the compliance of the chairman of the Budget Committee, rules that it meets the target.

So the question here is not one that if the President did it, could I do it? The President did not do it. The President did not say his assumptions were phony. Others have said that. The President did not write a budget based on one set of assumptions and then scored on another set of assumptions. That is what the chairman of the Budget Committee has done.

I would like to join the distinguished Senator from New Mexico in urging the distinguished chairman of the Budget Committee to pull down this budget and, if indeed it is his intention, to go back now and adopt the economic assumptions of the Office of Management and Budget, to go through and rewrite the whole budget under those assumptions, and to have it scored by the Congressional Budget Office.

The PRESIDING OFFICER. The Senator has used his 5 minutes.

Mr. GRAMM. I ask for 2 additional minutes.

Mr. DOMENICI. I yield the Senator 2 additional minutes.

Mr. GRAMM. And then bring that budget back to the floor, and there will be no point of order raised against the budget, and we will not have set this terrible precedent.

I want to remind my colleagues what the precedent is. There is nothing magic, apparently, by this ruling about the fact that this little clause at the beginning says that we, for the purpose of scoring the budget in meeting the targets of the Gramm-Rudman-Hollings law, adopt OMB assumptions. Apparently, under this ruling, anything that the chairman had said met the requirement in this paragraph would have been ruled on, and on the basis of that ruling, it would have met the requirement.

We are setting a terrible precedent here that will severely weaken our budget law, whereby anybody who wants to circumvent it, who can get a person to claim that what they are doing is legitimate, can get the point of order ruled down.

I urge my colleagues, let us not set out a law and then say that for the purposes of determining whether we comply, assume a fiction, and then on page 2 go back to what the present law claims to be the reality.

Between the President's budget and this budget is all the difference in the world. I repeat: Had the President's budget, as reestimated by CBO, with a CBO baseline reworked by CBO, been offered, I would have raised a point of order. There is a point of order against this budget. That point of order should have been sustained. It was not. The ruling of the Chair should be overturned.

Mr. DOMENICI. Mr. President, I am going to yield shortly to the distinguished Senator from South Carolina, but the Presiding Officer was not in the Chair when the point of order was made. The Parliamentarian was. The Parliamentarian instructed the Chair, and the Chair indicated that this budget met the $108 billion Gramm-Rudman-Hollings target because there was language in it, all by itself, saying that it did.

Mr. President, the distinguished chairman of the Budget Committee, because he is a very forthright and honest person, has said twice on the floor since that ruling that this budget does not meet the $108 billion requirement.

Mr. President, how can the Chair rule that because a piece of paper is at the desk that deems it meets the target, that because the chairman of the Budget Committee says it is so and it is in that amendment—how can he rule that way, when the chairman has taken to the floor and says it is not so? That is why we are here arguing.

I repeat, I regret that 60 votes are needed to produce a budget of this type. I regret that it is difficult to get those votes. I am sorry that a head count will reveal that there probably are not 60.

However, I regret more than that, absolutely, that we would send a piece of paper to the desk that says it does meet Gramm-Rudman-Hollings and then have a ruling of the Chair saying that the law has been complied with because there is a piece of paper up here that says it does.

I had to repeal that. I want the record to reflect that the Senator from New Mexico almost did not make a point of order, because I thought perhaps it would be better to break this law tacitly, just to go along with the point of order. Perhaps it would be less of a precedent to not appeal it, knowing full well that it was wrong. I argued with my own conscience: Let me let it go, but I could not. I thought maybe the Senate will not vote on partisan basis on this issue. It just may say, "No, Budget Committee, take it back; and if you want to use some other economics, put them in there." We will have made the precedent. I opted to go ahead to make the point of order and appeal.

If the Senate sustains the Chair, it will be unequivocal. We will have set the precedent—good, solid, and sound—that you can say: This is the real budget, but for the purposes of complying with the law, we are going to call it something else, and therefore we do not need a supermajority to sustain it.

I think that is an enormous precedent, unless you do not want mandatory targets, or unless you want to ignore the basic law called Gramm-Rudman-Hollings, which is what you are doing, absolutely and unequivocally, if you sustain the ruling of the Chair.

I repeat for the last time and my last statement today: How in the world can the Senate sustain the Chair's ruling that an amendment meets the law when the chairman unequivocally stated to the U.S. Senate that it does not? He did not mince any words about it. He just said: "It does not meet the Gramm-Rudman-Hollings totals. It is 134. Senator DOMENICI has said that. We never contended that we met it. But we sent an amendment up there that says it does, because we want to avoid the 60-vote requirement."

Mr. President, I yield 3 minutes to the distinguished Senator from South Carolina; and if I have any time remaining after that, I yield it back, and we can vote.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the distinguished Senator from New Mexico is precisely on target.

The Senator from New Mexico will recall that we faced this issue in the Budget Committee. I wish we had the printed transcript of that discussion. When the budget was presented in markup earlier this month, we looked at the printed copy and we say this deviousness of mixed OMB and CBO figures. Almost in toto, unanimously, the Budget Committee members objected. They said, "No, we must adhere to the CBO figures." We then were told by the distinguished chairman that we were going to stick with the CBO figures.

Now, through a parliamentary maneuver, we are presented with precisely the kind of phony figures the Budget Committee voted against earlier this month.

The issue here is larger than Gramm-Rudman-Hollings and the budget. Indeed, if it were just Gramm-Rudman-Hollings that we were getting rid of, we would have to bar the doors, because the majority of the House Members would come here and storm the Chamber and vote to get rid of it.

As the Senator from New Mexico pointed out, what matters is the precedent that would be set for this body. By sustaining the chair, you are adopting the rule of the jungle.

The distinguished Senator from New Mexico has been helpful by referring to page 678: "By unanimous consent, the committee adopted the economic and technical assumptions of CBO."

So we demanded in the Budget Committee earlier this month: "Let's not go to the Senate with this kind of nonsense. Let's not start playing games with smoke and mirrors right from the very beginning."

Mr. President, the first Parliamentarian in the history of this land was none other than the Father of our Country. It is interesting how they foresaw these difficulties. What George Washington said in his farewell address is applicable at this moment: "If, in the opinion of the people, the distribution or modification of the powers under the Constitution do in any particular wrong, let it be changed by the way in which the Constitution designates."

"For, though, usurpation in the one instance is the instrument of good, it is the customary weapon by which free governments are destroyed."

Now that is what we have here. The issue is not the budget. It is not Gramm-Rudman-Hollings. The issue is whether we vote for the rule of the jungle. If we do, then you can forget about parliamentary procedure in this body because all you need as a leader or chairman is to put a piece of paper under the Parliamentarian's nose and whatever it reads, is accepted. He does not have to know any parliamentary procedure. He simply reads it, and then you have to appeal and struggle to restore law and order.

How ironic that this is the body that is so big on ethics. Here is the body that is going to investigate North and Poindexter and determine whether they usurped their duties. Heavens above!

There is an old saying in equity: "Who seeks equity must do equity. He who comes into the court of equity must come in with clean hands." We sully our hands here this afternoon. I can tell you if you sustain this nonsense, we are left with the rule of the jungle, not just for the budget process but for any and all procedure. What you will say is forget about procedure. Let us not allow that to happen.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Mr. President, I yield myself such time as I use.

I knew I had taken on everyone else and now I have taken on George Washington as well.

Mr. HOLLINGS. Yes.

Mr. CHILES. I might as well get them all.

Mr. President, what we are talking about here is a motion to overrule the ruling of the Chair. It could be carried by 51 votes. If that happens any point of order under Gramm-Rudman-Holings, any 60-vote point of order can be overruled by those 51 votes.

Now, we are putting CBO numbers for scoring in this so that we will be able to enforce a 60-vote point of order where something would be out. Yet, that is wrong.

If I hear the Senator from New Mexico and now the Senator from Texas correctly, they say it would be all right if we move this back to committee and adopted the OMB economics the President used. That would be all right. Then we could come back out here not have any problem with the point of order.

Mr. President, we have said we are going to use the dual economics. We are going to use OMB. So you look through the same glasses the President looks through and if he has tinted glasses on and says he reaches $108 billion, we will wear his glasses on that. But our conscience prevents us from adopting that as a total sham. Yet that seems to be all right. It will be all right, they said. Take this back to the committee and use OMB numbers.

My conscience will not let me do that.

We are saying we do not think $108 billion is in the President's budget. We do not think it is here, but at the same time, it has to be apples and apples. We have to be scored like the President. We talk about equity. That is where we are here. We are before the bar seeking equity. We come here saying it ought to be just as fair for us as it ought to be fair for the President.

Mr. President, you are a farm boy and you know something about that. I will have to tell you I feel a little bit like the young man that was sent to clean out the manure house and after that they kicked him out because he had gone in there and came out smelling.

We are just saying one way or the other do not make us go into the manure house and then kick us out because we come out with a smell. We are in the same vat with the President here. We are saying that if he says $108 billion then we say we leave it to be scored that way. That is the way the country is looking at his budget as it is scored and we are saying that we ought to be able to be scored the same way. At the same time, because we do not want to have a complete sham on our conscience we want to say look, we think the numbers can be different from this and that is why everyone gets upset. If we accept his numbers, in other words, if we lie it would be all right but because we do not want to do that that it is wrong.

Mr. President, we are "deemed" if we do and we are "deemed" if we do not here, and it is a little strange position that we find ourselves in.

As I say, we are at the bar. The Senate gets a chance to vote on this. I hope the Senate will sustain the ruling of the Chair.

I yield back the remainder of my time.

The **PRESIDING OFFICER.** All time has expired.

Mr. DOMENICI. Mr. President, I thought we needed no additional time. This is the last request I will make. Senator EVANS desires 2 minutes. He just asked me. With that we are ready to vote.

I yield off the resolution.

Mr. CHILES. I thought I had the right to close.

Mr. DOMENICI. The Senator from Florida can close after that if he wants. I will give him time off mine.

The distinguished Senator from Florida and I had a misunderstanding.

I yield myself 1 minute to exchange views with my friend.

The **PRESIDING OFFICER.** The Senator from New Mexico has the time.

Mr. DOMENICI. Because the distinguished chairman understood he was going to close and that I had yielded back all my time, I wonder if the Senator from Washington at this point would accommodate and not deliver his remarks at this point.

Mr. EVANS. Certainly. I would accommodate my distinguished colleague from New Mexico.

I will have time, I presume, on this budget if in fact it is brought before us to say the same thing. Probably whatever I say now would not affect the result anyhow. But I will save the remarks until later.

Mr. DOMENICI. I thank my friend.

Mr. CHILES. Mr. President, I move to table the motion to overrule the ruling of the Chair and ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The question is on agreeing to the motion to lay on the table the motion to appeal the ruling of the chair.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN] and the Senator from Tennessee [Mr. GORE] are necessarily absent.

Mr. SIMPSON. I announce that the Senator from Pennsylvania [Mr. HEINZ] and the Senator from Kansas [Mrs. KASSEBAUM] are necessarily absent.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. HEINZ] would vote "nay."

The **PRESIDING OFFICER.** Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 46, as follows:

[Rollcall Vote No. 83 Leg.]

YEAS—50

Adams
Baucus
Bentsen
Bingaman
Boren
Bradley
Breaux
Bumpers
Burdick
Byrd
Chiles
Conrad
Cranston
Daschle
DeConcini
Dixon
Dodd
Exon
Ford
Fowler
Glenn
Graham
Harkin
Heflin
Inouye
Johnston
Kennedy
Kerry
Lautenberg
Levin
Matsunaga
Melcher
Metzenbaum
Mikulski
Mitchell
Moynihan
Nunn
Pell
Pryor
Reid
Riegle
Rockefeller
Sanford
Sarbanes
Sasser
Shelby
Simon
Stennis
Weicker
Wirth

NAYS—46

Armstrong
Bond
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
Dole
Domenici
Durenberger
Evans
Garn
Gramm
Grassley
Hatch
Hatfield
Hecht
Helms
Hollings
Humphrey
Karnes
Kasten
Leahy
Lugar
McCain
McClure
McConnell
Murkowski
Nickles
Packwood
Pressler
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Wilson

NOT VOTING—4

Biden
Gore
Heinz
Kassebaum

So the motion to lay on the table was agreed to.

Mr. BYRD addressed the Chair.

The **PRESIDING OFFICER.** The majority leader.

The Senate will be in order. The Senate will be in order.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, there will be rollcall votes tomorrow. Tomorrow is Wednesday. There will be rollcall votes Thursday. There will be rollcall votes Friday. There will not be rollcall votes next Monday.

What does that mean? That means we are going to start early tomorrow and Thursday and Friday, and we could be in until a reasonably late hour on any one or more days. But I hope we will not be in late, late.

These are critical votes. I would urge the Senators schedule themselves accordingly and be present and ready for rollcall votes at any hour.

Mr. President, I have nothing further.

May I ask if either manager wishes to debate this matter further today?

Mr. CHILES. No.

Mr. DOMENICI. The Senator from New Mexico does not desire to debate the matter further.

Are you ready to recess? I was going to have a 30-second comment.

Mr. BYRD. If there is no further debate on this, my thought was to put the Senate into morning business for a brief period, say 15 minutes, and go out.

Mr. DOLE. I believe the Senator wanted to make a brief statement on the vote.

Mr. BYRD. Very well. Mr. President, I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I want for the RECORD to indicate what the Senator from New Mexico thinks we just did. I think we effectively just repealed Gramm-Rudman-Hollings. It is a law now and by procedure we decided it is no longer the law of the land. I have no further comment this evening. We will debate the Chiles amendment for a few hours tomorrow and then we will be ready, presumably, to vote. I yield the floor.

MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that there now be a period for morning business not to extend beyond the hour of 6:30, in which Senators may speak.

Several Senators addressed the Chair.

The DEPUTY PRESIDENT pro tempore. The Senator from Virginia.

NATO CHALLENGES AND OPPORTUNITIES: A THREE-TRACK APPROACH

Mr. WARNER. Mr. President, during a recent trip to Europe, I had the privilege of being present when Senator SAM NUNN addressed a defense marketing services symposium on industrial cooperation within NATO, on April 13 in Brussels. Senator NUNN, who is widely recognized as one of the leading NATO experts in the U.S. Senate, focused on serious issues facing the NATO alliance today. Foremost is the need for dramatic improvements in NATO's conventional defense shortfalls.

On the evening before, April 12, I joined Chairman NUNN in a private meeting with the NATO ambassadors during which we had a very frank exchange on these issues.

Senator NUNN, in his speech, identified a basic dilemma currently confronting NATO: Public opinion in the West is becoming increasingly opposed to nuclear weapons, at a time when NATO has no adequate strategy for the conventional defense improvements that will be necessary to offset the degradation of overall deterrence. To deal with this problem, he proposed a three-track program for the alliance, which includes:

First, revolutionary conventional force improvements;

Second, bold and innovative conventional arms control proposals; and

Third, vigorous public education, including clear explanations of our military needs and arms control rationale.

I think all would agree that the challenges facing the NATO Alliance in the years ahead are formidable, and will require creative, innovative solutions. Senator NUNN has suggested an approach.

The NATO Alliance has given Europe peace and stability since the closing days of World War II. It is the most enduring, successful military-political cooperative effort in modern history.

But the dynamics of success change over time. Economic and political realities shift. Military modernization and capabilities do not remain static. Arms control negotiations are moving forward.

Tough, critical self-examination of NATO is just as essential for its survival as modernization. All Members must participate in this review.

Chairman NUNN continuously and constructively steps forward to lead this debate. While I reserve judgment on several points in his speech, I concur on the general thrust, particularly the issues relating to conventional defenses.

Chairman NUNN's courage and credibility in suport of NATO's goals are unquestioned. His speech frames the debate which, when resolved, will establish the foundation for NATO in the 1990's.

Mr. President, I would like to ensure that all of my colleagues have an opportunity to examine the proposals made by the distinguished chairman of the Senate Armed Services Committee recently in Brussels.

I ask unanimous consent that the remarks of Senator NUNN to which I have referred be printed in the RECORD at this point.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

SPEECH TO THE DMS SYMPOSIUM ON INDUSTRIAL COOPERATION WITHIN NATO

NATO CHALLENGES AND OPPORTUNITIES: A THREE-TRACK APPROACH

Thank you, Dick, Good morning, ladies and gentleman. I am honored to have the opportunity to address this important DMS symposium and this prestigious audience. This event is unique and has become one of the most important forums within the alliance for discussion of NATO Industrial Cooperation.

Here in Brussels, home of NATO, one cannot help but think of the great men who were instrumental in its creation, men like General George Marshall and General Dwight Eisenhower and their European counterparts. Both Generals, as well as NATO's founding fathers in Europe, recognized that mankind has for centuries struggled to overcome the legendary "Four Horsemen of the Apocalypse"—famine, pestilence, was and death. NATO itself was founded to prevent one of those horsemen—war. For four decades NATO has kept the peace in Europe. My country has played a vital role in this peacekeeping effort, and we have also been a principal beneficiary. As President Reagan said in 1981, "Europe's shores are our shores; Europe's borders are our borders."

We cannot, however, take NATO or the deterrence of war for granted. If we are to preserve the peace into the next century and beyond, NATO must make hard decisions about the essential elements of its security policy.

Tomorrow, Secretary of State Shultz will arrive in Moscow with an important agenda which includes detailed discussion on Intermediate-Range Nuclear Forces (INF).

Important and difficult decisions remain unresolved, including shorter-range missiles and verification. I personally believe that we must establish at least a psychological link between completing the withdrawal of all INF missiles from Europe and progress in separate conventional and chemical arms control negotiations, but that is a subject I will not dwell on today.

Suffice it to say that eight years ago, NATO made the very difficult decision to embark on a dual track approach to INF, with preparations for missile deployments proceeding in parallel with arms control negotiations. NATO stuck to the deployment track despite widespread opposition in Europe. Without these clear goals and considerable political courage by Western European leaders, Secretary Shultz would not be in Moscow this week with at least a fair chance at completing an INF agreement.

The current INF discussions have reached what negotiators call the "end game." The Soviet Union has, to the surprise of many, accepted NATO's zero/zero proposal and Gorbachev may propose his own version of the zero option for shorter-range missiles. We should not be surprised by a Soviet proposal to also eliminate all battlefield or tactical nuclear weapons. When we consider also the astonishing but apparently serious discussion between General Secretary Gorbachev and President Reagan at Reykjavik add to the elimination of all strategic offensive arms, one has to conclude—at least in concept—that the talk about eliminating nuclear weapons has gotten down to the serious and sobering stage.

As we consider these remarkable developments, we should never forget the warning which Winston Churchill issued in his last speech to a joint session of the U.S. Congress: "Be careful above all things not to let go of the atomic weapon until you are sure, and more than sure, that other means of preserving the peace are in your hand."

Churchill's admonition addresses in a timely way NATO's current paradox:

(1) Western publics *are becoming* increasingly allergic to nuclear weapons and *will become* increasingly aware that NATO relies on the early use of nuclear weapons in response to non-nuclear attacks.

(2) NATO has no *revolutionary* plan for implementing conventional force improvements or for bold, innovative conventional arms control proposals which could combine

to eliminate its reliance on the early first use of nuclear weapons.

(3) NATO faces a Soviet leader—whatever his long run intentions may be—who appears willing, in the parlance of the American card game called poker, to "call NATO's bet and up the ante."

Gorbachev brings to this contest a keen mind and formidable public relations skills. With top Western political leaders on both sides of the Atlantic openly questioning the morality of the doctrine of deterrence through the threat of nuclear retaliation, the stakes have become very high—politically, psychologically, and militarily.

Unfortunately, our leaders and our citizens' keen focus on the dangers of nuclear war is not being matched by a corresponding dedication to improvements in NATO's conventional capabilities. While becoming increasingly allergic to nuclear weapons, our publics have remained relatively unaware of the connection between *early first use of nuclear weapons and conventional weaknesses.* The gap is understandable.

Why should our citizens be conscious of conventional deficiencies when our political leaders and the news media spend 95% of their time talking about nuclear weapons? Why should our citizens believe there is a link between nuclear weapons and conventional weakness when NATO has not made bold arms control proposals which require a meaningful reduction in Soviet conventional power? And why should our citizens not be increasingly attracted to the Soviets call for *no first use* or nuclear weapons when they have not been clearly told that the West's *first use* threat prevents the Soviets from massing their overwhelming tank forces in a threatening and destabilizing fashion?

Under these circumstances, Winston Churchill would no doubt be posing the ultimate question to the Western world today—*Beyond nuclear weapons what other means of preserving the peace are in our hands*? If we are to answer Churchill's timely question, NATO must embark on a three-track program, including:

(1) revolutionary conventional force improvements;

(2) bold and innovative conventional arms control proposals; and

(3) vigorous public education, including clear explanations of our military needs and our arms control rationale.

We must deal with our conventional weaknesses and our nuclear allergies head on and not just hope the problem will fade away. For example, when the Soviet Union proposes no first use of nuclear weapons, why not offer them a counterproposal: NATO could pledge no first use of nuclear weapons as long as the Soviet Union and the Warsaw Pact avoid any massing of its tank armies within a specified distance of the inter-German border. A branch of the "no tank concentration" pledge would render null and void the no first use pledge. I do not offer this idea as a panacea in arms control I offer it as an example of the connection that must begin to be made in the public mind between NATO's nuclear and conventional policy.

I earlier mentioned the "Four Horsemen of the Apocalypse." There are four other horsemen that NATO must corral—and although I would not go so far as to call them apocalyptic—they do threaten to ride roughshod over NATO's strategy of flexible response. The first of these horsemen is what I call *automatic escalators*—that is, critical deficiencies in NATO's conventional warfighting posture which could force a choice between surrender or escalation to the use of nuclear weapons. The second horsemen is what some have called *structural disarmament,* which this Symposium is seeking to reverse. The third is an *inadequate strategy for applying innovative technology* at the conventional level. And the fourth horseman is *missed opportunities in conventional arms control.* We must corral or rein in each of these four horsemen—*militarily, diplomatically* and *educationally.*

AUTOMATIC ESCALATORS

Let me begin with the first of these—the "automatic escalators." I know that many in this audience will recall an amendment which I offered in the Senate in 1984—indeed, it is usually referred to here in Europe as the "bad" Nunn amendment. In 1984, after four years of sustained U.S. defense budget growth, General Bernie Rogers told us that if NATO were attacked by the Warsaw Pact using only conventional weapons, he would have to request the release of nuclear weapons in, and I quote, "days, not weeks or months."

We were also disappointed to learn that much of NATO's Long-Term Defense Program, proposed in 1979, had simply not been implemented. As you recall, under the Long-Term Defense Program, the U.S. pledged to send to Europe within 10 days a total of about six divisions worth of ground forces and more than 1500 of our first-line aircraft. Yet General Roberts' assessment was that he could *not* hold out conventionally long enough for those promised U.S. reinforcements to make it to the theater and make their presence felt in combat. The main reason was that most of our allies were woefully short of munitions, of virtually all kinds. Running out of ammo in the midst of a pitched battle with Russian tank armies is *definitely* a nuclear escalator.

In addition, NATO's Common Funded Infrastructure fund was too small to fund the hardened aircraft shelters, the added fuel and munitions storage and handling facilities, and the other operational facilities needed by the 1500 first-line tactical aircraft coming in from the United States. There we were in the United States, spending billions of dollars on tactical aircraft to meet our pledge. But if war in Europe broke out, they would have found no shelters, no fuel, and no munitions ready for them.

Thus, my 1984 amendment was designed to send a strong message that, unless the Allies agreed to eliminate these critical deficiencies, NATO's flexible response strategy is neither viable nor credible. If NATO cannot fight and fight well with conventional forces for its own 30 day declared goal, we do not have a flexible response capability to match our strategy and U.S. forces serve primarily a psychological role rather than a conventional military role.

If U.S. forces are merely a delayed trip wire connecting American nuclear might to NATO defense, our nation should recognize that and adjust accordingly. This does not mean in my mind that we should no longer be part of NATO. It does mean that America should not plan and pay for a robust conventional defense when our allies are planning for and paying for a trip wire strategy. If the nuclear escalators were not eliminated, there is no credible conventional defense and NATO's flexible response is not flexible.

I am pleased to note that the allied respose to my 1984 amendment was positive. Much of the credit for this is due to the untiring efforts of General Rogers, Lord Carrington, Dave Abshire and the defense leaders of allied countries. Truly, the Alliance owes a great debt of gratitude to these individuals.

Although the signs of progress in this area are encouraging, we must recognize that much remains to be done if NATO is to actually meet the goals it has set for itself. NATO has a less than superb record in following through on its force commitments, so I am in a sense still watching and waiting to see if my amendment should remain on the shelf. In the final analysis, the future of the U.S. troop withdrawal issue in NATO depends on the perception that we are all equally committed to a credible conventional defense in accordance with NATO's declared strategy. That was the measuring stick when I introduced my amendment in 1984, and it remains the measuring stick today.

STRUCTURAL DISARMAMENT

The second of NATO's four horsemen is called structural disarmament. One of the more mystifying realities of our alliance is that even though we spend more on defense than does the Warsaw Pact, the Pact consistently produces more military hardware than NATO.

One of those who has long preached against the sin of structural disarmament is Tom Callahan, whose views are known to many in this audience. It is he, more than any other, who has called attention to the problem of ever-high-cost weapons, leading to ever-smaller purchases of those weapons. Certainly, the United States is one of the worst offenders in terms of inefficient production lines. Our propensity to start new programs rather than rationalize the production rates for old ones is one of the principle reasons we are not getting a dollar's return for every defense dollar we invest. Regrettably, this problem has gotten worse, not better, during a period of large defense budgets.

Worse yet, for many years, NATO's leaders have comforted themselves with the argument that our technological edge, the *quality* of our weapons, can be counted on to offset the numerical superiority of our enemies. However, credible that may have been in years past, it is less so today, as underscored by the disturbing 1985 findings of the Defense Science Board about Soviet superiority in armor and anti-armor capabilities.

It is the need to remedy this state of affairs that underline the current NATO Cooperative R&D program between the U.S. and our NATO allies, and I congratulate the symposium for making this the focus of your meeting. I am pleased to have played a role with Senator Warner and Senator Roth in initiating the U.S. part of this program.

But I would be remiss if I did not give credit and praise to the armaments directors, the Permanent Representatives to NATO, and others on both sides of the Atlantic who have worked so hard to see this program implemented.

Without their efforts, and without the efforts of many officials in defense establishments in all the NATO nations, we would not have before us this program agenda. I particularly want to congratulate those European countries who have joined in the specific programs initiated so far. European countries must be encouraged to initiate these projects as well as joining in response to U.S. initiatives.

I believe NATO Cooperative R&D Programs, together with our Side-by-Side Testing program, can be a turning point in preventing structural disarmament and redressing the conventional imbalance. We must also have the courage and the political will to terminate joint programs if they prove economically or militarily unsound. We will know we are well on the way toward success when we have the confidence to make such hard decisions. Let me assure you of my own intention to see that the NATO Cooperative R&D Programs continue to be adequately funded by the Congress.

INADEQUATE TECHNOLOGY STRATEGY

This brings me to the third of my four horsemen—which rides closely to the second—our inability to translate innovative technological advantages to the conventional battlefield. Last year, in an amendment when Senator Cohen and I sponsored, the U.S. took an important—and long overdue—first step toward addressing this problem. The U.S. effort is called the Balanced Technology Initiative (BTI). I hope our European friends will take notice of this initiative, and seek ways to join with us. Indeed, there is every reason to link the Balanced Technology program with the NATO collaborative efforts you are now discussing.

The focus of the Balanced Technology Initiative is on establishing a coherent program of research on ways to exploit the West's advantage in technology specifically to increase the rate of obsolescence of Soviet and Warsaw Pact equipment, doctrine, and tactics. Building a better tank or a better anti-tank weapon is important, but it is not revolutionary. Being able to buy them in quantity is important, but is not revolutionary. Options open to the Soviets to counter evolutionary NATO improvements in weapons are numerous.

What NATO needs, and what the Balanced Technology Initiative proposes, is to seek ways to make Soviet tank armies obsolete. The model I have in mind here is our success with "stealth" technology. In this case, a combination of separate technological advances places us on the threshold of revolutionary changes in weaponry. The Soviets literally are faced with starting over in air defenses. This does not mean the Soviets can never defend against stealth technology. It does mean that they will spend considerable time and hundred of billions to counter it, and this money will be spent defensively, not offensively. In this regard, I believe the economic leverage provided by our technology must be studied as carefully as its military potential.

In sum, we need the Balanced Technology Initiative to structure a special, high-technology program aimed at leapfrogging areas of Soviet advantage, at increasing the obsolescence rate of the existing Soviet force structure, at presenting Soviet marshals with an unending series of long-term problems.

MISSED OPPORTUNITIES IN ARMS CONTROL

Finally, let me address the fourth of my horsemen, that is, missed opportunities in arms control. For too long, we have placed the highest priority in arms control on strategic forces—where the balance is in rough parity—while allowing ourselves to be content with a sterile, and increasingly irrelevant arms control approach with respect to conventional forces.

For fourteen long years, we and the Warsaw Pact have been negotiating in the Mutual and Balanced Force Reduction Talks (MBFR). And for fourteen long years our primary focus at those negotiations has been upon marginal quantities of manpower assigned to military forces deployed in Central Europe. Even if both sides could agree on how many soliders the Soviets have in the so-called Guidelines Area—and we still cannot agree—an MBFR agreement based mainly on manpower cuts would not be militarily significant.

The root of military instability in Europe lies not in the Warsaw Pact's modest numerical advantage in troops in the Guidelines Area. It lies in the Pact's capacity for a potentially decisive short-warning attack against NATO. Our aim in conventional arms control ought to be identical to the aim of the Balanced Technology Initiative: to effectively deny to Soviet ground forces forward-deployed in Eastern Europe their ability to threaten NATO with a short-warning offensive capability. This necessarily entails reductions in tanks, artillery tubes, maneuver battalions, and the like, not just manpower. If the Soviets can demonstrate legitimate concerns as to potential NATO offensive intentions or capabilities, these can be addressed in good faith.

The objective of efforts both on the arms control track and the force improvement track ought to be a stable, non-threatening balance of conventional forces in Europe. As in the case of the INF dual track, we should view each of these undertakings not as a mutually exclusive endeavor, but rather as parallel and mutually reinforcing tracks toward the same destination.

One of the ironies in conventional arms control is that it was the Soviet Union and its allies in Eastern Europe—and not the West—that took the initiative in making far-reaching and ambitious proposals, even though they enjoy a decided military advantage. To its credit, NATO has not moved with the Halifax and Brussels communiques to try to fashion a response. However, it is regrettable that our internal alliance consultations on responding to Mr. Gorbachev's offer has been marked more by disputes over procedural issues than an intensive effort to hammer out our own sound and stabilizing proposal. And I must say I find it exceedingly odd that an undertaking of this importance has to wander, like some homeless orphan, from embassy to embassy in Vienna rather than be conducted in a more structured and coherent form.

Nonetheless, we must try to get on to what really matters—reducing the sources of conventional instability in Europe. This goal will not be easy or quick. It will require alliance solidarity, public education, and bipartisan commitment throughout the alliance. But it is a goal which must be pursued.

What would a stable, non-threatening conventional balance require? In my judgment, it would include the following:

Large, asymmetric and verifiable reductions in the ground forces of both *superpowers* based on the territory of their respective NATO and Warsaw Pact allies. By "asymmetric", I mean something like the following: The U.S. would withdraw two-plus of its Army divisions from the Federal Republic and the Soviets would withdraw 13-plus divisions from East-Germany, Poland and Czechoslovakia. That would represent an equal reduction by 50% of the forward forces each superpower now has in place.

Second, the superpower ground forces so removed shall be pulled back to locations that would require *equal time* to return to their forward positions.

Third, we should continue to press for a ban on all chemical weapons manufacture and storage, together with adequate verification measures. In this regard, there has recently been some encouraging progress in the Geneva talks.

Lastly, we should move beyond Stockholm and begin a follow-on negotiation under CSCE auspices for more far-ranging confidence building measures from the Atlantic to the Urals.

What's in this for the Soviets? I am not in the business of forecasting Soviet behavior, but let me throw out a couple of possibilities. The Soviet Union's totalitarian-rigid system is not compatible with the age of technology. Mr. Gorbachev gives signs of recognizing this Soviet dilemma. It is also apparent to those who have studied the Soviet Union that spending 15% of its Gross National Product on defense is not conducive to building a modern and vibrant economy.

One option open to Mr. Gorbachev to gain much-needed economic relief would be to reduce the Soviet troop presence in Eastern Europe—especially so because conventional reductions offer greater savings than reductions in strategic forces.

CONCLUSION

In his speech in Prague last week, General Secretary Gorbachev appeared to concede that the Soviet Union possesses an advantage in conventional forces and said: "We are in favor of removing the disparity in some elements, not through their increase by the side that stayed behind, but by reducing their numbers on the side that has a superiority in them."

In conclusion, we must put Mr. Gorbachev's peaceful rehetoric to the test with bold, innovative and stabilizing arms control proposals. We must improve our military posture with revolutionary developments. We must educate our publics as to the challenges and opportunities we confront in preserving and protecting our freedom. NATO has kept the peace for forty years because we have had leaders of vision. Our challenges are new and we must think anew. Our values and our goals are constant.

General George Marshall once said: "If man does find a solution to world peace, it will be the most revolutionary reversal of his record we have ever known." NATO's task remains clear but awesome. We must reverse the record of history.

CONGRATULATING THE EMPLOYEES OF PUEBLO DIVERSIFIED INDUSTRIES

Mr. WIRTH. Mr. President, I rise today to tell a success story about a business in Pueblo, CO. After decades of a healthy growing economy, based primarily on a strong steel industry, Pueblo was hit hard in the seventies and eighties when American steel began to decline, and the trade deficit began to soar. Fortunately, Pueblo is now on the rebound, and the revival of its economy is due in great part to individual success stories, like the one I wish to honor today.

It is my pleasure to congratulate Pueblo Diversified Industries and its employees who have been highly successful—by any definition. PDI was recently honored by the National Industries for the Severely Handicapped as the Nation's outstanding work center for producing Government contracts. I wish to outline why this business and its dedicated employees are so highly deserving of this recognition.

PDI employs over 240 disabled individuals who produce six commodities for the Federal Government, including key tags and screwdrivers for the General Services Administration, and sewing kits for the Army and Air Force. Because of this firm, these employees have meaningful, productive jobs that would be otherwise unavailable for handicapped Puebloans. That in itself constitutes success.

However, the accomplishments of PDI and its employees do not stop there. This firm was honored not only because it has provided a model workplace for the disabled, but also because the business itself has flourished. PDI's employees have an impeccable record of quality and timeliness that can compete with the best of firms. At a time when stories about fraud and waste amid government contractors take the headlines, it is particularly impressive that PDI has never had a delinquent contract. That is a record about which any business should be proud.

Finally, the community of Pueblo has benefited greatly from the existence of this firm. Workcenters that hire disabled individuals are given preference in contracting by the Federal Government, so long as they can match the price, quality and timeliness of competing firms. Because PDI has demonstrated that capability, there is great potential for bringing in more contract dollars to the Pueblo economy. Already, 94 percent of PDI's customers are from outside Pueblo. This award promises to increase that figure.

Pueblo Diversified Industries has achieved true success on a number of levels. It has bettered the lives of its employees—many of whom go on to work in competitive employment—and has bettered the economy and the community spirit of Pueblo. I again heartily congratulate PDI and its employees for this well-deserved honor.

TEXTILE INDUSTRY DOING ITS PART

Mr. SANFORD. A report released recently by the Congressional Office of Technology Assessment confirms what many of us have known for some time: The American textile and apparel industry is doing its part to compete in the world market. The OTA found that innovations including robotics, computers, and advanced machinery have made our textile and apparel firms among the most productive in the world.

Despite its state-of-the-art technology and its recent strong gains in productivity, the textile and apparel industry has suffered crippling losses in recent years. Responsibility for these losses lies directly with this administration's disastrous trade policies. Turning a blind eye to flagrant violations of existing trade agreements, the administration has allowed textile and apparel imports to more than double. Since 1980, our textile and apparel trade deficit has increased fourfold.

The costs to our country are considerable. Nearly 300,000 workers have lost their jobs. Plant closings have eroded the economy of entire towns. We have given over half of our apparel market to foreigners.

If the administration will not put a stop to this decimation of an essential American industry, Congress must. As a cosponsor of the textile bill, I urge my colleagues to join me in insisting on fair trade for textiles and apparel. Let's pass the textile bill, over a Presidential veto, if necessary. Let's take a stand for fair trade. And let's keep American jobs at home.

JAPANESE BARRIERS TO U.S. RICE

Mr. PRYOR. Mr. President, as my colleagues may be aware, our U.S. Trade Representative and Secretary of Agriculture met last week with government officials in Japan to encourage them to open their market to United States agricultural products, in particular rice. Prior to their departure, I specifically asked them to raise the rice access issue and to emphasize to the Government of Japan the depth of our concerns and the importance of making progress by mid-1987.

By way of background, let me explain that—except for minuscule amounts for industrial use—the Japanese allow no rice imports from the United States, and they have resisted all efforts to have that ban lifted.

To their credit, both Ambassador Yeutter and Secretary Lyng proposed to Japan's Agriculture Minister, Mr. Kato, that our two nations begin discussions on trade in rice. They also proposed a modest system of quotas under which small, specific amounts of rice could be imported from the United States for the next few years.

What was the Japanese response?

Minister Kato rejected both requests flat out.

He said Japan would never permit the import of foreign rice.

"There will be no bilateral talks at this stage, and we will stick to our stand," he insisted.

He finally agreed to let Japan's rice policy be put on the agenda during the GATT discussions—as long as everyone understands that the ban will remain in place.

Mr. President, for many months I have resisted the blame Japan approach to explaining away our trade deficit, and I believe that many of the attacks on the Japanese have been unfair and unjustified. We should not forget that the Japanese are important and trusted allies of ours.

But this is not the way allies are supposed to treat each other.

Moreover, I am perfectly willing to admit that the Japanese have outstudied, outhustled, outwitted, and outperformed us in many economic areas.

But it should be clear to everyone by now that, in many respects, the Japanese simply do not play fair.

While using every conceivable means—fair or foul—to penetrate foreign markets, the Japanese have devised an ingenious and subtle system of import barriers that block out even highly competitive products from their own market.

Of course, there is nothing ingenious or subtle about a flat prohibition on rice imports. The most that can be said about the Japanese position on rice is that it is clear and honest.

I could understand the Japanese position better if there were a sound economic basis for it. But the government's policy is having a harmful, and increasingly unpopular, effect on Japanese taxpayers and consumers.

Last Tuesday's Wall Street Journal reported:

> As Japan fields demands from abroad that it open its rice market to overseas growers, there are cries at home for changes in the food control law that has enabled farmers to receive tens of billions of taxpayers' yen each year in official subsidies.

Do these subsidies at least keep food prices down? Not by a long shot. Economists estimate that the price of rice to the Japanese homemaker is five to ten times what United States rice would cost. Some Japanese have even gone so far as to try to smuggle United States rice into the country.

The United States rice industry estimates that an open Japanese market could provide as much as $1.7 billion in sales to United States producers. To my way of thinking, there is no reason why we should give up on this issue and write off a significant potential market like that.

As my colleagues may know, I have introduced legislation that would give the U.S. Trade Representative expanded tools for breaking down illegal barriers to trade in rice. As we begin the process of formulating an omnibus trade bill designed to expand U.S. export opportunities, I intend to suggest measures that will help our rice farmers compete in foreign markets. I encourage my colleagues to support those efforts.

The unreasonable attitude of the Japanese Government on rice, supercomputers, and other goods and services has at last begun to alienate many of us who had resisted the arguments of those calling for stiff sanctions against our ally. We have seen the administration's reaction on semiconductors. Does anyone expect the Congress to do less on other unfair trade practices?

Mr. President, I ask unanimous consent that articles from the Washington Post, Wall Street Journal, New York Times, and Journal of Commerce be included in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Mar. 21, 1987]

Lyng, in Tokyo, is Rebuffed in Call to Open Food Markets

(By Sam Jameson)

Tokyo, April 20.—Agriculture Secretary Richard E. Lyng was rebuffed today in a bid to persuade Japan to open its markets to American rice, beef, oranges and other food products.

Shortly afterward, U.S. Trade Representative Clayton K. Yeutter said that the United States "will aggressively pursue" a solution to the dispute over Japan's imports of agricultural products.

Lyng, with Yeutter sitting in, made the first official U.S. request for Japan to lift its ban on imports of rice, the most politically sacrosanct of the 22 agricultural items on Japan's protected list. The request was made at a meeting with Mutsuki Kato, Japan's agriculture minister.

Lyng urged Kato to set up a system of quotas under which specific amounts of rice could be imported from the United States.

He also reiterated longstanding demands for the removal of quotas on imports of beef and oranges, as well as on 12 other food products of lesser political impact, including tomato paste, peanuts and processed cheese.

Kato rejected all the requests. He told Lyng and Yeutter that Japan will not lift its ban on imports of rice because of rice's preeminence in overall agricultural production and because it has "strong roots in Japanese culture." Moreover, he said, Japan will insist on retaining its quotas on the other products.

He promised, however, to discuss increasing beef and orange quotas after a bilateral agreement on those products expires next March 31. And he also agreed to allow Japan's rice policy to be put on the agenda for the multinational trade talks that will take place in Uruguay under the General Agreement on Tariffs and Trade. But he said agreement to discuss the ban will not lead to a lifting of it.

Today's meeting, which Lyng said accomplished nothing, began a series of last-minute consultations before Prime Minister Yasuhiro Nakasone's scheduled April 29 visit to Washington.

Yeutter emphasized that is important for Japan to carry out the recommendations made a year ago by a governmental commission headed by Haruo Maekawa, a former governor of the Bank of Japan. Maekawa's report urged a thorough reform of Japan's economy and Prime Minister Nakasone told President Reagan a year ago that Japan would do it. Nakasone promised to end Japanese industry's dependency on exports and expand domestic demand.

[From the Wall Street Journal, March 21, 1987]

Japan's Subsidies to Farmers Reap Domestic Discord

(By Norihiko Shirouzu)

Tokyo.—As Japan fields demands from abroad that it open its rice market to overseas growers, there are cries at home for changes in the food control law that has enabled farmers to receive tens of billions of taxpayers' yen each year in official subsidies.

For a long time, Japanese farmers have enjoyed special status. Their government has bought 60% of the rice they have produced each year at prices 10 times higher than producer prices in other countries. Last year, the government bought a 60-kilogram bale of standard rice for 18,688 yen, or the equivalent of $131.37, plus a handling fee of $25.60.

The government has been reselling the rice to wholesalers at prices lower than it paid, and the price difference between Japanese and foreign rice narrows by the time the rice reaches retail stores. Nevertheless, Japan's rice still costs about twice as much as, for instance, regular short-grain California rice.

STABLE SUPPLY

Created during serious food shortages that followed World War II, the rice policy has guaranteed steady income for farmers, 2.1 million of whom grow rice, and has provided a stable supply of the food for consumers.

Changes in diet, though, have diminished rice's importance as Japan's staple food, and consumers have come to resent massive farm subsidies. The fact that rice prices have stubbornly refused to come down despite back-to-back bumper crops has simply fueled consumer resentment.

After all, consumers say, farmers are wealthier than wage earners. In 1984, the average annual income for farmers was the equivalent of $47,000, compared with $36,000 for wage earners, according to government statistics.

DIVINE TERRITORY

The rice-purchase program also is at odds with calls from other industrialized countries for Japan to expand domestic demand and reduce its trade surplus, which surged to a record $82.7 billion in 1986 from $46.1 billion in 1985. Lowering rice prices, the program's critics say, could spur economic growth as trillions of yen are rerouted to buying other things, including imports.

Farmers long have thought the Japanese rice market is considered "divine territory," remaining untouched because of farmers' political influence, says Tomomitsu Iwakura, an official of the Liberal Democratic Party's policy research board who is in close contact with the farmers.

Now, though, there is talk of rice market reforms. It accompanies speculation that Japan's ruling LDP may break with farmers, a source of support for the past 30 years. In the LDP's landslide victory in July's general elections, the voting pattern pointed to the rising influence of city dwellers, including well-educated, middle-class businessmen and their families, political analysts say.

FARM-REFORM COMMITTEE

The LDP, sensing the change, has started courting the urban vote, including a large population of wage earners who are traditionally supporters of Japan's socialist party, says Masayuki Fukuoka, assistant professor of political science at Tokyo's Komazawa University.

The establishment of a farm-reform committee and Prime Minister Yasuhiro Nakasone's attempt last summer to roll back the price paid to farmers for rice are examples of the LDP's new vote-getting campaign, Mr. Fuduoka says. Mr. Nakasone's attempt was unsuccessful.

Teruka Ishikura, an official of the Central Union of Agricultural Cooperatives, or Zenchu, and others point out that the $2.8 billion necessary for the rice-purchase program each year is "less than 1%" of Japan's annual budget.

But, without efforts to develop the "kind of rice policy that can win the understanding of consumers," the LDP's Mr. Iwakura says, "consumers will give up on farmers because, after all, more than 90% of the working population is supporting farmers, who account for only 10%, with their tax money."

[From the Journal of Commerce, Apr. 22, 1987]

Lyng Warns of Effects of Japanese Inaction

Tokyo.—Japan's government seems unaware that growing protectionist sentiment has put the United States "on the verge of some very harsh mandatory retaliatory laws," U.S. Secretary of Agriculture Richard Lyng said Tuesday.

"I have the feeling . . . that the Japanese do not fully understand the difference in atmosphere compared to six months, a year or two years ago," said Mr. Lyng, who is here to urge Japan to lower barriers to greater U.S. farm sales here.

"There is a radically changed situation. We are perhaps on the verge of some very harsh mandatory retaliatory laws that would have serious repercussions for the United States and Japan," he told reporters at the Japan National Press Club.

In talks with Mutsuki Kato, Japanese Minister of Agriculture, Forestry and Fisheries on Monday, Mr. Lyng and Clayton Yeutter, U.S. Trade Representative, called for taking up Japan's ban on rice imports in upcoming international talks under the General Agreement on Tariffs and Trade.

Mr. Kato said Japan would never permit the import of foreign rice.

"There will be no bilateral talks at this stage, and we will stick to our stand," he told reporters.

Japan has sought protection for its rice producers under GATT, insisting that opening its rice market would harm its farmers. There is also concern among the Japanese that ending self-sufficiency in rice, Japan's stable food, would endanger its food security.

Japan's government buys almost all rice produced by its farmers for about eight times the retail price on the international market and then sells it to consumers at a slightly lower price.

Mr. Lyng and Mr. Yeutter strongly urged Japan to lift its farm import restrictions for the sake of Japanese consumers, Mr. Lyng said. He pointed to the higher prices the Japanese pay for food, compared to U.S. consumers.

"We want to see the average Japanese be given the same opportunity—the same choice—in the purchase of U.S. products that the U.S. consumer now has in buying Japanese products," he said. "Open markets will mean a richer life for the average Japanese."

Mr. Kato, however, told reporters Tuesday that U.S. calls to Japan to open its market wider to farm products were "strange."

He said the U.S. share in Japan's agricultural market has grown steadily despite its declining share in global markets, adding "the United States should appreciate Japan for this very fact."

Mr. Lyng downplayed Japan's concerns about the effects of competition on its farm sector and concerns over food security.

"Liberalization of agricultural trade will not weaken Japan's agriculture, he said. "In fact, competition in any industry—be it farm or factory—makes the industry more efficient and viable in the long run."

He said that during the talks, he sought to reassure the Japanese that the United States is a reliable and reasonable supplier of agricultural products, and that it would not use food exports as a political weapon in the future.

"I admit our government has made some serious mistakes in the past. On at least three occasions, we imposed embargoes on agricultural exports that cast doubts on our reliability as a supplier. However, . . . we have learned from those mistakes—and they will not be repeated, ever," he said.

Although the Japanese government remains adamant in its stand on rice, Mr Yeutter said Monday he believed Japan would lift its current import quotas on beef and citrus when they expire next April 1, and the United States will be satisfied if Japan shows plans to eliminate quotas on 12 other farm products, said an official of the ministry of Agriculture, Forestry, and Fisheries, who spoke on condition of anonymity.

Mr. Kato told the U.S. officials that Japan is trying to import more beef and citrus from the United States, but cannot lift the quotas completely, the official said.

Japan buys almost 20% of all U.S. agricultural exports, or almost $6 billion worth in 1986, according to Japanese estimates.

TURNING JAPAN INTO AN IMPORTING NATION

(By Sam Nakagama)

As evidenced in plummeting bond prices and soaring interest rates, the microchip war has badly shaken the international financial markets. Unfortunately, the recent United States tariffs on certain Japanese electronics products appear to be only the first in a series of moves to protect American high-tech industries. The battering sustained by Wall Street early last week suggests that investors anticipate further protectionist steps that threaten to undermine the domestic economic and financial system, which now depends heavily on the inflow of Japanese capital.

Destructive as it is, the microchip war will do nothing to realign the basic forces that are producing the enormous trade imbalance between the United States and Japan. A much more promising route is through agricultural trade. In fact, the opening of agricultural markets is the most important single step that could be taken to hasten the process of reducing Japan's excessive emphasis on exports and expanding its imports.

To understand the importance of Japan's agricultural policy one must first understand a series of economic problems brought about by the twin effects of a soaring yen and the development of 24-hour financial markets encompassing New York, Tokyo and London. First, the fact that food prices in Japan remain sky high means that urban dwellers have benefited little from the 77 percent appreciation of the yen over the last two years. Rice is about five times the world price, a cup of coffee costs about $3 and beef goes for $20 a pound. However, the currency's appreciation has hurt Japan's urban residents, producing the first wide-scale layoffs of industrial and salaried workers in the postwar era.

At the same time, the arrival of the 24-hour market has brought an influx of foreign banks and securities houses to Japan, as well as the expansion of financial companies. The result has been a tremendous property boom, with real estate prices climbing 76 percent in Toyko last year following a 30 percent rise in 1985. In 1986, residential property prices in Tokyo climbed 77 percent on average and as much as 163 percent in the choicer locations. Tokyo's real estate prices are 10 times New York's.

THE PRICE OF RICE

As Kenichi Ohmae, a business strategist for McKinsey & Company, has pointed out, the high cost of urban land is largely the result of Japan's high price supports for rice, which in turn has curbed the conversion of farmland into urban uses. This issue may sound insignificant to Americans accustomed to wide open spaces, but it is quite important in Japan, where 67 percent of total land area (versus 28 percent in the United States) consists of mountainous, forested terrain that can support only the most limited development. About half of the remaining area is taken up by agriculture and will remain in farmland until Japan undertakes a sweeping transformation of its agricultural policies.

Except for Switzerland, Japan has the highest rate of agricultural protection among the major industrial countries (see chart). While total income from rice growing runs about $20 billion a year, about two-thirds of that is derived from governmental subsidies and excessive prices. The rice-support system results in the exploitation of urban residents by part-time farmers who derive most of their income from non-farm employment. Fully 85 percent of the rice is grown by part-time farmers. Part-time farmers enjoy average family incomes 40 percent higher than those of urban workers. At the same time, the tax authorities estimate that farm families evade about 60 percent of the taxes they owe, and their land appreciates by 17 percent a year, 27 percent near urban areas.

A major reform of agricultural policy could bring a series of major economic benefits to Japan's urbanites. First, if subsidies could be shifted from price supports to deficiency payments while farm imports were liberalized, food prices could be sharply lowered, thereby increasing the real incomes and spending of urban dwellers. Second, if more land were shifted out of agriculture to urban uses, land prices would flatten or decline, enabling urban residents to rent or buy more housing.

Not only is the high cost of housing the foremost complaint of urban dwellers, the shortage of living space restricts household spending. Cramped quarters means that the increasingly affluent Japanese have no space to put new and larger appliances, furniture, TV and stereo sets, and even clothing. Thus, a major improvement in the supply of housing at lower prices would likely trigger a spending boom, as urban residents moved up to a higher standard of living. Japan would begin importing not only more food but also a great many other things that go into a more affluent life style. In effect, this would generate a steep rise in domestic demand, bringing more imports in train.

By opening up its agricultural markets, Japan would figuratively "import land," helping to ease the shortage of land. The United States would be a major beneficiary of the resulting boom, even though American farmers would have to share the expanded market with other nations. Moreover, increased living space would produce a life style more like that in the United States, producing a better match between American products and Japanese needs and tastes.

POLITICAL STALEMATE

Why has this anomalous pattern of exploitation of an urban majority by a rural minority continued? Japan's electoral system is badly skewed in favor of rural voters. Although the farming population has declined steeply in the postwar period—from 45 percent of the total to 10 percent—the distribution of Parliament seats has not been reapportioned in a comprehensive fashion. Despite an election law that calls for periodic reapportionment, wide-scale discrepancies are still permitted.

For example, in its latest rulings, the Japanese Supreme Court still permits a rural vote to be worth up to three times that of an urban vote. Because the Liberal Democratic Party has depended heavily on the rural vote to maintain its majority in Parliament, it has strongly favored the farmers in its economic policies. The primary responsibility, however, lies with the Supreme Court, which has so far lacked the gumption to call for "one person, one vote."

The economic and political situation, however, is now changing in a way that should bring major changes in farm policies. After the Liberal Democrats captured 304 of 512 seats in the last Lower House election, key party leaders came to realize that the party's future lay with the urban vote. Moreover, the old generation of farmers is dying off while few of their sons or grandsons want to farm.

At the same time, the super-strong yen is exerting enormous pressure for change. Because industrial employers cannot afford generous pay raises in the face of strong deflationary pressures, they now have a sudden interest in lowering food and housing costs as a way of improving the real incomes of their employees while expanding domestic demand. Since big business interests provide the major financial support for the Liberal Democratic Party, a shift in their interests could make a critical difference.

The fact that the reform of agricultural trade is at the top of the agenda for the economic summit meeting in Venice in early June will make it easier for Japan to accept changes in agricultural policy. As happened in England with the suspension of the Corn Laws beginning in 1846, the freeing up of agricultural imports could bring major economic benefits to Japan while helping to improve its trade relations with the rest of the world and especially with the United States. But the Corn Laws were lifted only after a major reapportionment of Parliamentary seats under the Reform Act of 1832. Similarly, a Japanese Supreme Court ruling in favor of "one person, one vote" might be the fastest way to achieve agricultural reform in Japan.

Rather than pushing the Japanese Government to adopt dictatorial powers to control trade in microchips, therefore, the United States would achieve far better results by advocating more free trade and a more democratic electoral system in Japan. It would be much more in the American political tradition if we were to urge Japan to adopt a "one person, one vote" rule. It would also do far more for our economic interests than agreements to limit trade and raise prices.

MESSAGES FROM THE HOUSE

At 11:58 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following joint resolutions, without amendment:

S.J. Res. 57. Joint resolution to designate the period commencing on May 3, 1987, and ending on May 10, 1987, as "National Older Americans Abuse Prevention Week"; and

S.J. Res. 67. Joint resolution to designate the month of May 1987 as "National Digestive Diseases Awareness Week".

At 1:59 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bills and joint resolution, in which it requests the concurrence of the Senate:

H.R. 781. An act to designate the United States Post Office Building located at 809 Nueces Bay Boulevard in Corpus Christi, Texas, as the "Dr. Hector Perez Garcia Post Office Building";

H.R. 1403. An act to designate the United States Post Office Building located in St. Charles, Illinois, as the "John E. Grotberg Post Office Building";

H.R. 1567. An act to provide for the use and distribution of funds awarded to the Cow Creek Band of Umpqua Tribe of Indians in United States Claims Court docket numbered 53-811, and for other purposes; and

H.J. Res. 158. Joint resolution designating the month of May 1987 as "National Asthma and Allergy Awareness Month".

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 78. A concurrent resolution expressing the sense of Congress with respect to the Veterans' Administration Home Loan Program; and

H. Con. Res. 79. A concurrent resolution reaffirming the sense of Congress that the 1-percent fee charged by the Veterans' Administration to veterans obtaining a home loan guaranteed by such Administration should not be increased.

MEASURES REFERRED

The following bills and joint resolution were read the first and second times by unanimous consent, and referred as indicated:

H.R. 781. An act to designate the United States Post Office Building located at 809 Nueces Bay Boulevard in Corpus Christi, Texas, as the "Dr. Hector Perez Garcia Post Office Building"; to the Committee on Governmental Affairs.

H.R. 1403. An act to designate the United States Post Office Building located in St. Charles, Illinois, as the "John E. Grotberg Post Office Building"; to the Committee on Governmental Affairs.

H.R. 1567. An act to provide for the use and distribution of funds awarded to the Cow Creek Band of Umpqua Tribe of Indians in United States Claims Court docket numbered 53811, and for other purposes; to the Select Committee on Indian Affairs.

H.J. Res. 158. Joint resolution designating the month of May 1987 as "National Asthma and Allergy Awareness Month".

The following concurrent resolutions were read, and referred as indicated:

H. Con. Res. 78. Concurrent resolution expressing the sense of Congress with respect to the Veterans' Administration Home Loan Program; to the Committee on Veterans' Affairs.

H. Con. Res. 79. Concurrent resolution reaffirming the sense of Congress that the 1-percent fee charged by the Veterans' Administration to veterans obtaining a home loan guaranteed by such Administration should not be increased; to the Committee on Veterans' Affairs.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1139. A communication from the Assistant Secretary of the Navy (Shipbuilding and Logistics), transmitting, pursuant to law, a report on the decision to convert certain functions at various installations to performance by contract; to the Committee on Armed Services.

EC-1140. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to eliminate general or flag officer grade requirements from certain statutory positions, and for other purposes; to the Committee on Armed Services.

EC-1141. A communication from the Secretary of Transportation, transmitting, pursuant to law, the Urban Mass Transportation Administration quarterly report for the fourth quarter of fiscal year 1986; to the Committee on Banking, Housing, and Urban Affairs.

EC-1142. A communication from the Chairman of the Interstate Commerce Commission, transmitting, pursuant to law, the annual report of the Commission for fiscal year 1986; to the Committee on Commerce, Science, and Transportation.

EC-1143. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of the overpayment of certain offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1144. A communication from the Secretary of the Interior, transmitting, pursuant to law, the 15th annual report on the operation of the Colorado River; to the Committee on Energy and Natural Resources.

EC-1145. A communication from the Secretary of the Interior, transmitting, pursuant to law, a copy of the Proposed Final 5-Year Outer Continental Shelf Oil and Gas Leasing Program for mid-1987 through mid-1992 and the analyses on which it is based; to the Committee on Energy and Natural Resources.

EC-1146. A communication from the Secretary of the Interior, transmitting, pursuant to law, the 1987 update for the National Plan for Research in Mining and Mineral Resources; to the Committee on Energy and Natural Resources.

EC-1147. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, a report entitled "A Study of the Joint Use of Vehicles for Transportation of Hazardous and Nonhazardous Materials"; to the Committee on Environmental and Public Works.

EC-1148. A communication from the Administrator of General Services, transmitting, pursuant to law, copies of proposed lease prospectuses; to the Committee on Environment and Public Works.

EC-1149. A communication from the Secretary of Transportation, transmitting, pursuant to law, the ninth progress report on Railroad-Highway Demonstration Projects, dated February 1987; to the Committee on Environmental and Public Works.

EC-1150. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to extend the authority to offset Federal income tax refunds against nontax debts owed to Federal agencies; to the Committee on Finance.

EC-1151. A communication from the Acting Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting, pursuant to law, a travel advisory recently issued by the Department of State for Colombia which has security implications for Americans traveling or residing in that country; to the Committee on Foreign Relations.

EC-1152. A communication from the President of the United States, transmitting, pursuant to law, the report on the activities of countries within the United Nations and its specialized agencies; to the Committee on Foreign Relations.

EC-1153. A communication from the Chairman of the National Transportation Safety Board, transmitting, pursuant to law, the annual report of the Board under the Government in the Sunshine Act for calendar year 1986; to the Committee on Governmental Affairs.

EC-1154. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report entitled "Managing Information Resources: Fifth Annual Report Under the Paperwork Reduction Act"; to the Committee on Governmental Affairs.

EC-1155. A communication from the Executive Director of the Pension Benefit Guaranty Corporation, transmitting a draft of proposed legislation to amend the Employee Retirement Income Security Act of 1974 to increase premium revenue for the single-employer pension plan termination insurance program and to provide a more equitable distribution of single-employer pension plan premium costs; to the Committee on Labor and Human Resources.

EC-1156. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on Health Professions School Compliance With the Selective Service Act; to the Committee on Labor and Human Resources.

EC-1157. A communication from the Secretary of Education, transmitting a draft of proposed legislation to make certain amendments to the Act of September 30, 1950, (Public Law 874, Eighty-First Congress), and the Act of September 23, 1950 (Public Law 815, Eighty-First Congress), and for other purposes; to the Committee on Labor and Human Resources.

EC-1158. A communication from the Secretary of Education, transmitting, pursuant to law, an evaluation of the Excessive Interest Payments Provision in the Guaranteed Student Loan Program; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table; and indicated:

POM-108. A joint resolution adopted by the Legislature of the State of Alaska; to the Committee on Commerce, Science, and Transportation:

State of Alaska

"Resolution

"Be it Resolved by the Legislature of the State of Alaska:

"Whereas the United States is making progress toward the goal of full use of the groundfish resources off the coast of Alaska; and

"Whereas the groundfish processing capacity of United States processing plants has been unable to keep pace with the groundfish harvesting capacity of United States fishermen, which is supported largely by foreign processors; and

"Whereas federal law allows foreign processors to "reflag", i.e., document foreign-built vessels as United States vessels; and

"Whereas the vessel ownership requirements of federal documentation laws are written so broadly to allow foreign processors to retain effective control of a reflagged processing vessel by setting up a token United States corporation; and

"Whereas several operations involving reflagging are being considered; and

"Whereas continuing to allow the reflagging of foreign processing vessels would harm United States processors by hindering their efforts to reach the goal of full use of the groundfish resources; and

"Whereas reflagged foreign processing vessels could destroy Alaskan shore-based processing, which is the economic basis of many Alaskan coastal communities, by invading the salmon, crab, halibut, shrimp, and other fisheries traditionally relied upon by Alaska processors; and

"Whereas the reflagging of foreign processing vessels could prevent United States processing plants from gaining entry into the foreign market; and

"Whereas the reflagging of foreign processing vessels would impede the formation of capital in the United States for investment in processing vessels built in the United States; and

"Whereas the reflagging of foreign processing vessels would be a deterrent to the employment of the United States labor force; and

"Whereas the North Pacific Fishery Management Council has unanimously endorsed the call for a solution to the significant problem of reflagging foreign processing vessels;

"Be it Resolved by the Alaska State Legislature, That the Congress of the United States is urgently requested to pass legislation that would prevent the foreign takeover of United States fisheries through use of the reflagging mechanism; and be it

"Further Resolved, that any legislation passed by the Congress contain a provision that all seamen and fish processing workers on a United States documented fish processing vessel be United States citizens.

"Copies of this resolution shall be sent to the Honorable George Bush, Vice-President of the United States and President of the United States Senate; the Honorable John Stennis, President pro tempore of the United States Senate; the Honorable Robert Byrd, Senate Majority Leader; the Honorable Jim Wright, Speaker of the United States House of Representatives; the Honorable Ernest Hollings, Chairman, Senate Commerce, Science, and Transportation Committee; the Honorable Walter B. Jones, Chairman, House Merchant Marine and Fisheries Committee; the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representatives, members of the Alaska delegation in Congress; and to Mr. James Campbell, Chairman of the North Pacific Fishery Management Council."

POM-109. A resolution adopted by the Council of the County of Hawaii supporting the efforts of Senator Matsunaga in introducing legislation designed to demonstrate the firm commitment on the part of the Democratic members of the Veterans' Affairs Committee to the welfare of those who have served our Nation in the armed forces; to the Committee on Veterans' Affairs.

POM-110. A joint resolution adopted by the Legislature of the State of Maine ordered to lie on the table.

State of Maine

"Joint Resolution memorializing the Members of the United States Senate to vote to override the President of the United States' veto of the Federal Highway Legislation

"We, your Memorialists, the Senate and House of Representatives of the State of Maine in the First Regular Session of the One Hundred and Thirteenth Legislative Session, now assembled, most respectfully present and petition the members of the United States Senate, as follows:

"Whereas, President Reagan vetoed the $88,000,000,000 federal highway bill passed by the United States Congress which would have provided the State of Maine with badly needed funds; and

"Whereas, of the $60,000,000 earmarked for Maine, $25,000,000 has already been committed leaving a critical need for the remaining $35,000,000 for 125 projects statewide which are threatened by the President's action; and

"Whereas, the $35,000,000 generated for Maine under this legislation must be received in time for Maine's short construction season, which work many not be possible if delayed further; and

"Whereas, the United States House of Representatives recognizing the plight of the states overrode in a bipartisan fashion, the veto by a vote of 370 to 73 and now the matter is up for final vote in the Senate; and

"Whereas, yesterday, April 1st, the State of Maine was hit by record-breaking flood water causing the Governor to call the State of Maine a disaster area that decommissioned numerous roads and bridges causing millions of dollars in damages; now, therefore, be it

"Resolved: That We, your Memorialists, do hereby respectfully urge the Senate of the United States Congress to vote to override President Reagan's veto of the Federal Highway bill so that this State can recover its roads and highways from its worst flood disaster of the century and to permit the start of the state highway construction program as planned which is otherwise in serious jeopardy; and be it further

"Resolved: That suitable copies of this Memorial, duly authenticated by the Secretary of State, be transmitted to the President of the Senate in the Congress of the United States and to each Member of the Maine Congressional Delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs:

First Monetary Policy Report for 1987 (with additional views) (Rept. No. 100-46).

By Mr. INOUYE, from the Select Committee on Indian Affairs, with amendments:

S. 795. A bill to provide for the settlement of water rights claims of the La Jolla, Rincon, San Pasqual, Pauma, and Pala Bands of Mission Indians in San Diego, California, and for other purposes (Rept. No. 100-47).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. BENTSEN, from the Committee on Finance:

Jean K. Elder, of Virginia, to be an Assistant Secretary of Health and Human Services.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. LAUTENBERG (for himself and Ms. Mikulski):

S. 1098. A bill to provide for the Federal licensing of railroad conductors, engineers, and other appropriate personnel, to further the safety of railroad transportation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. COCHRAN:

S. 1099. A bill to authorize the several States and the District of Columbia to collect certain taxes with respect to sales of tangible personal property by nonresident persons who solicit such sales; to the Committee on Finance.

By Mr. DOMENICI (for himself, Mr. Simpson, Mr. Bingaman, and Mr. Wallop):

S. 1100. A bill to authorize and direct the Secretary of Energy to establish a program to provide for reclamation and other remedial actions with respect to mill tailing at active uranium and thorium processing sites; to the Committee on Energy and Natural Resources.

By Mr. RIEGLE (for himself and Mr. Proxmire):

S. 1101. A bill entitled the "Foreign Primary Dealer and Bank National Treatment Act of 1987"; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. D'AMATO:

S. 1102. A bill to extend patent numbered 3,387,268, quotation monitoring unit, for a period of ten years; to the Committee on the Judiciary.

By Mr. WEICKER:

S. 1103. A bill for the relief of Ivan Lendl; to the Committee on the Judiciary.

By Mr. SPECTER (for himself, Mr. HEFLIN, Mr. HEINZ, Mr. Levin, and Mr. COHEN):

S. 1104. A bill to provide relief to persons injured by the importation of articles into the United States at less than market value or wholesale price; to the Committee on Finance.

By Mr. BURDICK (for himself, Mr. DURENBERGER, Mr. MOYNIHAN, Mr. MITCHELL, Mr. BAUCUS, Mr. CHAFEE, Mr. STAFFORD, Mr. BREAUX, and Mr. GRAHAM):

S. 1105. A bill to authorize a national program of ground water research; to the Committee on Environment and Public Works.

By Mr. HOLLINGS:

S.J. Res. 118. A joint resolution to designate the week of May 10, 1987, through May 16, 1987, as "Senior Center Week"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. CRANSTON:

S. Res. 194. A resolution to express the sense of the Senate regarding the air traffic controller work force; to the Committee on Commerce, Science, and Transportation.

By Mr. MOYNIHAN:

S. Res. 195. A resolution calling for the elimination of funding of Kurt Waldheim's retirement allowance from the United Nations; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LAUTENBERG (for himself and Ms. MIKULSKI):

S. 1098. A bill to provide for the Federal licensing of railroad conductors, engineers, and other appropriate personnel, to further the safety of railroad transportation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

RAIL SAFETY IMPROVEMENT ACT

● Mr. LAUTENBERG. Mr. President, today I am introducing comprehensive legislation to address the problems in our rail safety network. I am pleased to be joined in introducing this legislation, the Rail Safety Improvement Act of 1987, by my distinguished colleague from Maryland, Senator MIKULSKI.

The tragedy of the January 4 collision of an Amtrak passenger train and Conrail locomotives raised concerns about rail safety in this country. I went to the site of the accident the day after the accident. As I looked at the devastation, I could only wonder if this was an accident waiting to happen, and if there was something that could avert such tragedies.

That accident resulted in the loss of 16 lives—175 were injured. Little can be done to relieve the sorrow of the families of the victims of the crash. But we can act to try to prevent such a tragedy from happening again.

On January 20, I chaired a hearing of the Transportation Appropriations Subcommittee to look into the crash. As chairman, I had an obligation to look at our commitment to rail safety. To see if resources were directed to the right places, and whether those resources were being used to the maximum benefit.

The hearing brought to light a number of serious issues. Those issues are addressed in the legislation I am introducing today.

First, the Rail Safety Improvement Act would establish certain uniform minimum standards for railroad operating personnel. I am confident that the great majority of engineers are qualified, dedicated, and responsible people. However, when a person takes on the responsibility of guiding tons of equipment or hundreds of passengers down a rail line at high speeds, he is asked to accept certain responsibilities. We have an obligation to ensure that he has the skills and the qualifications to shoulder those responsibilities.

Institution of a Federal licensing program would provide us with a means of achieving that goal. It would ensure that operators have achieved certain levels of training, and retraining. And it would help ensure that the people entrusted with operating our railroad engines are free from the influence of drugs or alcohol.

This bill would also require that the written certification of predeparture and maintenance inspections are performed regularly and that safety defects or violations are duly reported and acted upon. Penalties for violation of safety rules, regulations, or laws are increased, to reflect their seriousness. This bill would also allow the Secretary of Transportation to take civil action against individual employees who willfully violate safety measures.

In recent years, certain rail carriers and employees have joined to establish Red Block Programs. These programs are designed to keep employees under the influence of drugs or alcohol off of our railroads. Employees are protected from punitive action if they decline operating a train due to such impairment. This coverage is not a blanket pardon. It is meant only to protect the employee on an occasional, reasonable basis. Red Block Programs also provide incentives for employees with dependencies on alcohol or drugs to come forward and seek treatment.

Section 6 of the Rail Safety Improvement Act echoes the principles of Red Block Programs. It would also direct the Secretary of Transportation to work with carriers and labor to determine if such programs should be implemented throughout the industry.

Mr. President, at the January 20 hearing, I heard from rail labor representatives who told of employees who had sought to have safety problems corrected and they alerted management, only to have their jobs threatened. Others did not report problems out of fear of a loss of their job.

If we are to foster an atmosphere where safety is a priority concern, employees reporting problems must be protected. Section 7 would do just this. It would protect whistle blowers, and allow employees alleging discrimination to seek recourse through the Department of Labor.

Mr. President, the Northeast corridor is our Nation's most heavily traveled rail network. Of Amtrak's 20 million passengers last year, half were in the corridor. With a mix of freight and passenger traffic on the same lines, safety must be a matter of the utmost concern.

Section 8 of this bill directs the Secretary of Transportation to establish a Northeast Corridor Safety Committee, composed of representatives of the Department of Transportation, Amtrak, freight carriers, commuter agencies, and other concerned parties. In consultation with that committee, the Secretary would be directed to require the use of automatic train control devices and event recorders on corridor trains, and to work with carriers to reduce the amount of through freight traffic on corridor passenger lines.

Finally, the bill would make certain new improvements eligible for funding under the Northeast corridor improvement project, or NECIP. Adequate implementation of NECIP is crucial to enhancing service and safety on the Corridor.

Mr. President, rail safety is a serious matter. It is an issue we should act on now, and not wait for another tragedy to occur. I urge my colleagues to support this legislation, and I look forward to action by the Commerce Committee in this area.

Mr. President, I ask unanimous consent that a section-by-section analysis of the Rail Safety Improvement Act of 1987 be included in the record at the conclusion of my remarks, along with the text of the legislation.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1098

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rail Safety Improvement Act of 1987".

FEDERAL LICENSING OF CERTAIN RAILROAD PERSONNEL

SEC. 2. (a) Within ninety days after the date of enactment of this Act, the Secretary of Transportation (hereinafter referred to as the "Secretary") shall promulgate rules establishing a Federal licensing system, including minimum standards and requirements, for testing and ensuring the fitness of all conductors, engineers, and any other appropriate personnel who are engaged in the operation of trains. All such conductors, engineers, and personnel are required to obtain and maintain such licenses issued by the Secretary in order to engage in such operations.

(b) The minimum standards referred to in subsection (a) shall include, but not be limited to—

(1) content and duration of training programs;

(2) apprenticeship requirements;

(3) operational skill requirements;

(4) suitable written and practice testing requirements for initial qualification and periodic requalification for license renewal;

(5) license renewal periods;

(6) annual medical examination and certification;

(7) periodic drug and alcohol testing requirements; and

(8) absence of a pattern of off-duty legal and behavioral problems related to safety, including violations of State motor vehicle laws.

(c) In the administration of the provisions of subsection (b)(8) each applicant for a license—

(1) shall authorize—

(A) any State to provide any information regarding the applicant to the Secretary from State motor vehicle records, including the register of drivers of such State; and

(B) use of information from the National Driver Register regarding such applicant; and

(2) shall be provided with an opportunity to—

(A) review any information provided pursuant to paragraph (1); and

(B) comment in writing on the record.

WRITTEN CERTIFICATION OF MAINTENANCE, TESTS, AND INSPECTIONS

SEC. 3. Within thirty days after the date of enactment of this Act, the Secretary shall promulgate regulations—

(1) requiring written certification that all necessary maintenance, predeparture tests, and inspections are performed by qualified personnel before a train departs;

(2) requiring all such written certifications are signed and certified at the time such maintenance, predeparture tests, and inspections are performed;

(3) establishing the specific contents and standards contained in such written certifications;

(4) establishing a plan to ensure—

(A) maintenance, predeparture tests, and inspections are regularly performed and certified; and

(B) such written certifications are retained as records by the railroads for a minimum of one year, except records which identify violations, defects, or faulty equipment shall be retained for a minimum of three years; and

(C) records maintained pursuant to subparagraph (B) shall be made available to the Secretary or any State authority enforcing railroad safety laws pursuant to section 206 of the Federal Railroad Safety Act of 1970 (45 U.S.C. 435); and

(5) providing for civil penalties to be assessed against a railroad and any employee of a railroad that—

(A) fails to provide such written certification;

(B) omits required information in such written certification; or

(C) certifies false information in such written certification.

(b) Any person who knowingly and willfully—

(1) fails to sign and certify a written certification that the maintenance, predeparture tests, and inspections are performed, as required by regulation of the Secretary pursuant to subsection (a), at the time such maintenance, predeparture tests, and inspections are performed;

(2) omits required information in such written certification; or

(3) certifies false information in such certification;

shall be fined not more than $5,000, or imprisoned for more than two years, or both.

CIVIL PENALTIES FOR VIOLATION OF SAFETY REGULATIONS

SEC. 4. Section 209 of the Federal Railroad Safety Act of 1970 (45 U.S.C. 438) is amended in subsection (b) by—

(1) striking out "$2,500," and inserting in lieu thereof "$25,000,";

(2) redesignating such subsection as paragraph (1) of subsection (b); and

(3) adding at the end thereof the following new paragraphs:

"(2) The Secretary shall assess a civil penalty in an amount not less than $500 nor more than $25,000, against any railroad or employee of a railroad who willfully violates any safety rule, regulation, order, or standard prescribed by the Secretary.

"(3) The Secretary may assess a civil penalty against any employee of a railroad who violates any rule, regulation, order, or standard prescribed by the Secretary relating to tampering with railroad safety equipment. Such employee may be held personally liable for such penalty.

"(4) The Secretary may assess a civil penalty against a railroad pursuant to this section of a fixed amount for each day of a violation.".

CLASSIFICATION AND RECORDS OF SAFETY DEFECTS

SEC. 5. (a) Within one hundred and eighty days after the date of enactment of this Act, the Secretary shall establish a system to record and classify all safety defects violating the Federal railroad safety laws (as defined pursuant to section 212(e) of the Federal Railroad Safety Act of 1970 (45 U.S.C. 441(e)), or any regulation promulgated thereunder) that are recorded by the Secretary or reported to the Secretary by a State pursuant to section 206 of such Act (45 U.S.C. 435), according to the type and severity of the hazard created by such defect.

(b) Records kept under the system established pursuant to subsection (a) shall include the timeliness and degree of remedial action taken to correct reported defects and violations.

PERMITTED ABSENCE OF EMPLOYEES FOR SAFETY REASONS

SEC. 6. (a) Within ninety days after the date of enactment of this Act, the Secretary shall consult with railroad carriers and labor organizations representing railroad employees on the feasibility of a plan providing that—

(1) any employee engaged in the operation of a train may exercise a limited number of permitted absences from reporting for duty, if the employee is impaired by alcohol or drug use;

(2) the decision to exercise a permitted absence is at the discretion of such an employee;

(3) the number of such permitted absences may not exceed more than two days in a one-year period;

(4) an employee may exercise a permitted absence without being subject to criminal prosecution, civil penalty, disciplinary action, or any other action by an employer adverse to the terms, conditions, or benefits of employment of such employee;

(5) an employee may exceed the number of limited permitted absences, if—

(A) the first time an employee exceeds such limit, the employee is—

(i) permitted an absence;

(ii) not subject to criminal prosecution, civil penalty, disciplinary action or any other action by an employer adverse to the terms, conditions, or benefits of employment of such employee; and

(iii) referred to an alcohol or drug abuse program maintained by the relevant railroad carrier and labor organization; and

(B) the second or any subsequent time an employee exceeds such limit, the employee is—

(i) permitted an absence;

(ii) referred to an appropriate alcohol or drug abuse program; and

(iii) subject to any appropriate employment, administrative, civil, or criminal action.

(b) After consulting with railroad carriers and labor organizations representing railroad employees pursuant to subsection (a), the Secretary may promulgate regulations implementing a plan including the provisions of subsection (a).

EMPLOYEE PROTECTION

SEC. 7. (a) Nothing in this Act may be construed to authorize the Secretary to issue rules, regulations, orders, and standards relating to the qualifications of employees, except such qualifications as are specifically related to—

(1) safety; and

(2) licensing standards issued pursuant to the provisions of section 2.

(b)(1) Within one hundred and twenty days after the date of enactment of this Act, the Secretary of Labor shall promulgate regulations prohibiting any railroad carrier from discriminating against an employee for engaging in protected activities. Discrimination shall include discharge and other actions that relate to compensation, terms, conditions, and privileges of employment.

(2)(A) Within one hundred and twenty days after the date of enactment of this Act, the Secretary of Labor shall promulgate regulations defining protected activities of employees. Such protected activities shall include, but are not limited to, an employee who—

(i) provides the Secretary or any person with authority for enforcing railroad safety laws information about possible violations of such laws;

(ii) requests the Secretary or any person with authority for enforcing railroad safety laws to institute action against the employer of an employee for the administration or enforcement of such laws; or

(iii) testifies in any proceeding before the Secretary or any person with authority for enforcing railroad safety laws.

(B) Such protected activities are protected even if no formal proceeding is initiated as a result of the employee assistance or participation.

(3) This subsection may not be construed to apply to any employee alleging discrimination prohibited by paragraph (1) who, acting without direction from an employer,

willfully violates any Federal railroad safety law as defined pursuant to section 212(e) of the Federal Railroad Safety Act of 1970 (45 U.S.C. 441(e)), or any regulation promulgated thereunder.

(c) Any employee of a railroad carrier who alleges discrimination, as defined pursuant to subsection (b)(1), for engaging in the protected activities as defined pursuant to subsection (b)(2), may seek a remedy for the discharge or discrimination through an administrative proceeding in the Department of Labor. The administrative proceeding must be initiated within thirty days after an alleged violation occurs by filing a complaint alleging the violation with the Employment Standards Administration of the Department of Labor. The Secretary of Labor may order reinstatement, back pay, and compensatory damages.

NORTHEAST CORRIDOR SAFETY IMPROVEMENTS

SEC. 8. (a) Within thirty days after the date of enactment of this Act, the Secretary shall establish a Northeast Corridor Safety Committee and appoint members to the Committee consisting of representatives of—

(1) the Secretary;

(2) the National Railroad Passenger Corporation;

(3) freight carriers;

(4) commuter agencies;

(5) railroad passengers; and

(6) any other persons or organizations interested in rail safety.

(b) The Secretary shall consult with the Northeast Corridor Safety Committee on safety improvements in the Northeast Corridor.

(c) Within one hundred and eighty days after the date of enactment of this Act, the Secretary shall promulgate regulations that require, on the Northeast Corridor, no later than December 31, 1989—

(1) the use of automatic train control devices on all freight and passenger trains; and

(2) the use of event recorders on all freight trains.

(d) Within 90 days following the date of the enactment of this Act, the Secretary shall, in accordance with section 333 of title 49, United States Code, convene a meeting of Northeast Corridor rail carriers for the purpose of reducing through freight traffic on Northeast Corridor passenger lines.

(e) Within one year after the date of enactment of this Act, the Secretary shall submit a report, including any recommendations for legislation, to the Congress on the status of efforts to improve safety in the Northeast Corridor pursuant to the provisions of this section.

NORTHEAST CORRIDOR IMPROVEMENT PROJECT

SEC. 9. Paragraph (1) of subsection (a) of section 704 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C 854) is amended by adding at the end thereof "improvements to the communication and signal systems at locations between Wilmington, Delaware, and Boston, Massachusetts, on the Northeast Corridor main line and between Philadelphia, Pennsylvania, and Harrisburg, Pennsylvania, on the Harrisburg Line; improvement to the electric traction systems between Wilmington, Delaware, and Newark, New Jersey; installation of baggage rack restraints, seat back guards and seat lock devices on three hundred forty eight passenger cars operating within the Northeast Corridor; installation of forty four event recorders and ten electronic warning devices on locomotives operating within the Northeast corridor; and acquisition of cab signal test boxes and installation of nine wayside loop code transmitters for use on the Northeast Corridor;".

RAIL SAFETY IMPROVEMENT ACT OF 1987—SECTION-BY-SECTION SUMMARY

SECTION 1: TITLE

Rail Safety Improvement Act of 1987.

SECTION 2: FEDERAL LICENSING OF CERTAIN RAILROAD PERSONNEL

Directs the Secretary of Transportation (Secretary) to promulgate rules within 90 days establishing federal licensing system for railroad operators. The licensing system would consist of certain minimum standards, including: content and duration of training programs; apprenticeship requirements; operational skill requirements; written tests; license renewals; annual medical examinations; periodic drug and alcohol testing requirements; and lack of off-duty legal and behavioral problems related to safety.

This section also would provide for the use of information from state driving records and the National Driver Register in review of applications. The applicant would be provided with the opportunity to review that information and comment upon it.

SECTION 3: WRITTEN CERTIFICATION OF MAINTENANCE, TESTS, AND INSPECTIONS

Directs the Secretary to promulgate regulations within 30 days requiring written certification of predeparture inspections and tests. The Secretary would also establish a plan to ensure that maintenance and predeparture inspections are conducted regularly and recorded at the time of performance.

These records would be kept for at least one year by the railroad, except when violations or defects are found, in which case those records would be retained for a minimum of three years.

Section 3 also provides for civil penalties, not to exceed $5,000, to be assessed against a railroad or employee for failing to provide written certification of inspections, omitting information from such records, or falsifying such records.

SECTION 4: CIVIL PENALTIES FOR VIOLATION OF SAFETY REGULATIONS

Amends Section 209 of the Federal Railroad Safety Act of 1970 to increase penalties from $2,500 to $25,000. It also provides for penalties, not to exceed $25,000, to be assessed against a railroad or an employee for violating any safety rule, regulation, order, or standard prescribed by the Secretary.

SECTION 5: CLASSIFICATION AND RECORDS OF SAFETY DEFECTS

Directs the Secretary to establish, within 180 days, a system to record and classify all safety defects violating federal railroad safety laws or regulations.

SECTION 6: PERMITTED ABSENCE OF EMPLOYEES FOR SAFETY REASONS

Directs the Secretary to consult, within 90 days, with representatives of railroad carriers and employees on the feasibility of a plan to permit a limited number of absences from work due to drug or alcohol impairment. Such protection would be limited to absences of no more than 2 days annually, unless certain conditions are met.

The Secretary would also be given authority to promulgate regulations implementing such a plan.

SECTION 7: EMPLOYEE PROTECTION

Prohibits the Secretary from placing restrictions on the qualifications of employees other than those related to safety and the licensing standards in section 2.

Section 7 also directs the Secretary of Labor to issue, within 120 days, regulations prohibiting any railroad carrier from discriminating against "whistle-blower" employees reporting safety violations, or seeking action to remedy unsafe situations. Employees alleging discrimination would be allowed to seek remedy through administrative proceedings in the Department of Labor.

SECTION 8: NORTHEAST CORRIDOR SAFETY IMPROVEMENTS

Directs the Secretary to establish, within thirty days, a Northeast Corridor Safety Committee, consisting of representatives of the Secretary, Amtrak, freight carriers, commuter agencies, rail passengers, and other interested parties. In consultation with the Committee, the Secretary shall, within 180 days, issue regulations requiring safety improvements on the Northeast Corridor. The Secretary is also directed to convene a meeting of Northeast Corridor rail users for the purpose of reducing through freight traffic on the Corridor.

SECTION 9: NORTHEAST CORRIDOR IMPROVEMENT PROJECT

Amends 45 U.S.C. 854 to make certain new improvements eligible for funding under the Northeast Corridor Improvement Project. No additional funding level is authorized.●

● Ms. MIKULSKI. Mr. President, our country was shocked and saddened last January 4 when a Conrail locomotive crashed into an Amtrak passenger train near Chase, MD, taking the lives of 16 innocent people.

Unfortunately, this senseless tragedy was largely the result of human inattentiveness to safety. Standard safety devices which should have warned the Conrail locomotive's operators of the approaching Amtrak train were either disconnected or ignored.

While we cannot compensate for the enormous loss which so many families suffered from this accident, we must do everything within our power to guarantee that rail accidents such as this never happen again.

That is why I am pleased to join my distinguished colleague from New Jersey, the chairman of the Transportation Appropriations Subcommittee, Senator FRANK LAUTENBERG, in introducing the Rail Safety Improvement Act of 1987.

This bill makes many long overdue improvements to the Nation's rail safety system to ensure that the chances of a tragedy like the magnitude of the Chase crash are minimized.

First, it establishes a Federal licensing system for railroad operators. The Secretary of Transportation is required to promulgate regulations for such a system within 90 days of enactment. This licensing program will have minimum standards for operational skills, training requirements, license renewals, annual medical exams and off-duty problems related to safety.

These requirements are essential if we are to guarantee that those who operate our Nation's railroads consider transporting passengers and cargo safety as their first priority.

Second, the bill mandates that the Secretary also establish regulations requiring written certification of predeparture inspections and tests. These inspections will guarantee that no train whose safety equipment has been broken or tampered with will be allowed to operate until that equipment has been repaired or replaced.

In addition, this bill increases the civil penalties for violation of safety regulations and directs the Secretary to establish a Northeast corridor safety committee that will work with her to establish strict safety guidelines for the Northeast corridor.

Mr. President, as Congress considers the reauthorization of the Federal Rail Safety Act, it is my hope that it will examine the legislation we have introduced today as a central part of the debate on this issue.●

By Mr. COCHRAN:

S. 1099. A bill to authorize the several States and the District of Columbia to collect certain taxes with respect to sales of tangible personal property by nonresident persons who solicit such sales; to the Committee on Finance.

EQUITY IN INTERSTATE COMPETITION ACT

● Mr. COCHRAN. Mr. President, today I am introducing legislation that will remedy a situation which allows millions of dollars of tax revenue legally owed to States each year to go uncollected. The bill is similar to legislation already introduced in the House of Representatives by Representative JACK BROOKS.

State governments are becoming increasingly concerned about their inability to collect sales taxes owed on out-of-State mail order purchases by their residents. In 1967, the Supreme Court held in the National Bellas Hess case that, without congressional guidance, a State could not require an out-of-State mail order vendor to collect and remit the State's sales or use tax on sales made to customers in that State if that company does not have an actual physical presence in that State.

However, because of increasing use of toll-free numbers, sales through computers, television ads, and other advancements in the retail sales market, State tax administrators view these mail order purchases as posing increasingly serious equity problems for State tax bases and revenues. The mail order market has grown from millions of dollars of sales in the 1960's to $60 billion in 1984.

Like many States, my own State of Mississippi depends heavily on the general sales tax as a source of State revenue. Nearly 50 percent of the revenues which go to support primary, secondary, and higher education, health, welfare, corrections, and the operations of government, comes from our general sales tax. Currently, about $440 million in general sales tax collections are derived from items which could easily be sold through interstate sales—sales which would escape taxation.

The National Association of Tax Administrators estimates that 25 percent of all retail sales may soon take place through some sort of interstate transaction. Under this estimate, the State of Mississippi faces a potential loss of 10 percent of the total tax revenues from all sources into its general fund.

It is important that Congress provide State governments with the opportunity to collect all revenues to which they are entitled. Significant changes have occurred in the composition of the retail sales market since the National Bellas Hess case was decided 18 years ago. There is no doubt that the increase in mail order sales has diverted sales from local businesses which contribute services, convenience, property taxes, and charitable efforts to their communities. It is time that Congress recognize this tax inequity facing our States, and act to give States the authority to correct the problem.

The bill I am introducing today authorizes the States to require mail order firms to collect the tax at the time of the sale.

At the same time, the bill would ensure that this power does not violate due process requirements. The sales tax could only be required to be collected if the sale destination is in the State imposing the tax and the seller engages in regular or systematic soliciting of sales in that State. Also, collection may be imposed on the seller only if he has gross sales of $12.5 million nationwide, or over $500,000 in that State.

The bill would not require the collection of local sales taxes unless they are uniform throughout that State. Accounting for collecting is limited to quarterly reporting, and the bill specifies that the seller will not have to account, in any manner, for receipts on the basis of geographic location within the State.

It is the duty of the Congress, under its responsibility to regulate interstate commerce, to grant the authority to the States to collect taxes owed them on interstate mail transactions. I urge my colleagues to support this legislation.●

By Mr. DOMENICI (for himself, Mr. SIMPSON, Mr. BINGAMAN, and Mr. WALLOP):

S. 1100. A bill to authorize and direct the Secretary of Energy to establish a program to provide for reclamation and other remedial actions with respect to mill tailings at active uranium and thorium processing sites; to the Committee on Energy and Natural Resources.

URANIUM REVITALIZATION AND TAILINGS RECLAMATION ACT

Mr. DOMENICI. Mr. President, today I am introducing the Uranium Revitalization and Tailings Reclamation Act which was reported from the Energy and Natural Resources Committee in the last Congress but, which we were unable to get considered on the floor of this Senate in the closing days of that Congress. The bill I am introducing today is identical to that earlier legislation, S. 1004. I will include a section-by-section analysis of this bill for the RECORD. The bill does three things. It provides a system for the cleanup of uranium mill tailings. It provides for the use of domestic uranium by domestic utilities and it attempts to rejuvinate the uranium enrichment enterprise.

I am also submitting today, Mr. President, amendment No. 177 to this bill. I do this to make very clear to parties who are interested in this legislation just what further changes I believe need to be made to the bill as reported from the Energy Committee. This amendment does two principal things. First, it simply changes dates in the bill to reflect the fact that we are in a new calendar year. Second, the amendment would modify title IV of the earlier legislation in a substantial manner. This title relates to the operation of the Department of Energy's Uranium Enrichment Program. In the earlier legislation the committee sought to do three things in this program. They included establishing the level of prior unrecovered costs for the program, the payment of $300 million from enrichment revenues into the uranium mill tailings fund and the requirement for a Presidential report on alternative to the present management and operation of the uranium enrichment enterprise. We have gone from supplying the entire free world's enrichment to about 40 percent in just 10 years. Clearly this is a bad trend and I believe it is due in part to the fact that the enterprise is too closely associated with the political vagaries of our system.

The amendment I am introducing today replaces the requirement for a Presidential report and instead actually sets out a new method for the operation of the enrichment enterprise. I will include an outline of the new operation for the RECORD. In general terms the enterprise would be managed by a board of directors, three appointed by the President and approved by the Senate and two elected by shareholders. This board would operate a corporation which would be the agent of the Government for the sale of enrichment services, it would manage the research and development on new enrichment technologies and the existing facilities. The facilities would remain the property of the Federal Government. Mr. President, I believe this type of change is needed to ensure that the United States will have a competitive and adequate enrichment enterprise in the future.

There is one area of the original S. 1004 which I would like to be amending today which I am not. It is title I which provides for the use of domestic source uranium in domestic nuclear reactors. The reason I am not proposing to amend that title is because discussions with interested parties are still going on. The areas that I am quite certain will be modified in a future amendment include the level of domestic uranium use which is presently in the legislation at 50 percent. I believe that will go higher in the next amendment. It will go higher for several reasons but the principal one is that the utilities have begun to manipulate their inventories in a way which would frustrate the purposes of this title; namely, assure that there are operating mines in this country capable of supplying uranium at a reasonable price. This manipulation, known as flag swapping, is being done to create the impression that there is a great deal more domestic uranium in the hands of the utilities than there actually is. I will include in the RECORD a copy of an article on this subject. It is not unlike the practice in the oil industry which was known as daisy chaining and was designed to frustrate oil pricing regulations.

The Senate has heard me speak on any number of occasions about my belief that import dependency for our energy needs is bad whether it is a dependency on foreign oil or foreign uranium. I hope that we can move quickly in the Energy Committee to address the other issues surrounding the nuclear fuel cycle which are in need of attention. We have heard, Mr. President, from a number of witnesses in the Energy Committee this year that we must act in this session of the Congress or we may not have an enrichment enterprise to save. We may not have a uranium mining and milling industry to save. And we will only be left with the waste of the mining industry and little prospect for their cleanup.

Mr. President, I ask unanimous consent that the bill, the section-by-section analysis mentioned earlier, and an editorial from the New York Nuclear Corporation Newsletter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1100

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Uranium Revitalization and Tailings Reclamation Act of 1987".

FINDINGS AND PURPOSES

SEC. 2. (a) FINDINGS.—The Congress finds that—

(1) the United States uranium industry has long been recognized as vital to United States energy independence and as essential to United States national security, but has suffered a drastic economic setback, including a 90 per centum reduction in employment, closure of almost all mills, more than a 75 per centum drop in production, closure of many mines, and a permanent loss of uranium reserves;

(2) during the remainder of this century approximately 20 per centum of United States electricity is expected to be produced from uranium fueled power reactors owned by domestic electric utilities;

(3) the United States has been the leading uranium producing Nation and holds extensive proven reserves of natural uranium that offer the potential for secure sources of future supply;

(4) a variety of economic factors, policies of foreign governments, foreign export practices, new Federal regulatory requirements, cancellation of nuclear powerplants and Government uranium enrichment policies have caused most United States producers to close or suspend operations over the past five years and have resulted in the domestic uranium industry being found "not viable" by the Secretary of Energy;

(5) at the same time the United States uranium enrichment program has moved from a position of a virtual monopoly of the free world enrichment market to the highest priced enrichment supplier in a competitive market;

(6) reestablishing a viable domestic uranium industry and a competitive domestic enrichment program are essential to:

(A) assure an adequate long-term supply of domestic uranium and enrichment for the Nation's nuclear power program to preclude an undue threat from foreign supply disruptions or price controls,

(B) through foreign sales, aid in the Nation's balance of trade payments, and

(C) assist in our Nation's nuclear nonproliferation efforts through our involvement in the nuclear fuel process,

(7) the Uranium Mill Tailings Radiation Control Act of 1978 (42 U.S.C. 7901 et seq.) was enacted to provide for the reclamation and regulation of uranium mill tailings;

(8) the Uranium Mill Tailings Radiation Control Act of 1978 (42 U.S.C. et seq.) did not provide for a comprehensive method of financing reclamation and remedial action at active uranium and thorium processing sites;

(9) the owners or licensees of active uranium mills, the States in which active mills are located, the Federal Government, and owner or licensees of civilian nuclear power reactors have each benefited from uranium produced at the active sites, and it is equitable that they share in the cost of reclamation, decommissioning and other remedial action at the active sites. The funding formula contained herein will provide approximately for an equal one-third sharing by the owners or licensees of active uranium mills, the Federal Government, and the owners or licensees of civilian nuclear power reactors, after considering sharing by the States;

(10) the creation of an assured system of financing will greatly facilitate and expedite reclamation and remedial actions at active uranium and thorium processing sites. Financing should be shared on an approximately equal basis by owners or licensees of active uranium mills, the Federal Government, and the owners or licensees of civilian nuclear power reactors with support from the States in which the active sites are located;

(11) reorganization, self-financing and eventual commercialization of the Department of Energy's uranium enrichment program and facilities will improve the ability of the United States to compete with other suppliers, will improve the Nation's balance of trade payments, will assure an adequate long-term supply of domestic enrichment services and will preclude disruptions or excessive enrichment costs.

(b) PURPOSE.—It is the purpose of Congress with this Act to ensure an adequate long-term supply of domestic uranium and enrichment for the Nation's nuclear power program; to re-establish a viable domestic uranium industry and re-establish a competitive domestic enrichment program, and to establish, facilitate, and expedite a comprehensive system for financing reclamation and other remedial action at active uranium and thorium processing sites.

DEFINITIONS

SEC. 3. FOR PURPOSES OF THIS ACT—

(1) the terms "active uranium or thorium processing site" and "active site" mean—

(A) any uranium or thorium processing site, including the mill, containing by-product material for which a license (issued by the Nuclear Regulatory Commission or its predecessor agency under the Atomic Energy Act of 1954, or by a State as permitted under section 274 of such Act (42 U.S.C. 2021)) for the production at such site of any uranium or thorium derived from ore—

(i) is in effect on January 1, 1978;

(ii) is issued or renewed after January 1, 1978; or

(iii) for which an application for renewal or issuance is pending on, or after, January 1, 1978; and

(B) any other real property or improvement on such real property that—

(i) is in the vicinity of such site; and

(ii) is determined by the Secretary, in consultation with the Commission, to be contaminated with residual by-product material.

(2) the term "Administrator" means the Administrator of the Environmental Protection Agency;

(3) the term "by-product material" has the meaning given such term in section 11e.(2) of the Atomic Energy Act of 1954 (42 U.S.C. 2014(e)(2));

(4) the term "civilian nuclear power reactor" means any civilian nuclear powerplant required to be licensed under section 103 or section 104 of the Atomic Energy Act of 1954 (42 U.S.C. 2133);

(5) the term "Commission" means the Nuclear Regulatory Commission;

(6) the term "Secretary" means the Secretary of Energy;

(7) the terms "source material" and "special nuclear material" have the meanings given such terms in section 11 of the Atomic Energy Act of 1954 (42 U.S.C. 2014);

(8) the term "tailings" means the wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content;

(9) the term "reclamation, decommissioning and other remedial action" includes long

and short term monitoring, except for the purpose of determining the date when reclamation, decommissioning, and other remedial action is complete for the purpose of making refunds under section 215. Further, the term "reclamation, decommissioning and other remedial action" shall include mill decommissioning only if the owner or licensee of an active site elects to make the contribution provided for in section 213(b)(1)(C);

(10) the term "United States Usage Requirements" means the requirements for usage of a specified percentage of uranium that has been mined and milled in the United States of all the uranium contained in the aggregate of new fuel assemblies loaded in all civilian nuclear power reactors operated by any one licensee or the licensees owned by one corporation during the period from July 1, 1987, through December 31, 1987, and any calendar year from 1988 through 2000, on a year-by-year basis, as provided in and subject to the provisions in section 112; and

(11) the phrase "uranium mined and milled in the United States" shall include uranium recovered from uranium deposits in the United States by underground mining, open-pit mining, strip mining, in-situ recovery, leaching, and ion recovery, or recovered from phosphoric acid manufactured in the United States.

TITLE I—URANIUM REVITALIZATION

NEGOTIATIONS TO VOLUNTARILY RESTRAIN URANIUM IMPORTS

SEC. 111. (a)(1) NEGOTIATIONS BEFORE UNITED STATES ORIGIN USAGE REQUIREMENTS.—The President, acting through the United States Trade Representative, shall undertake negotiations with all major uranium producing countries for the purpose of achieving voluntary restraint agreements whereby the uranium that is uranium mined and milled in the United States contained in the aggregate of new fuel assemblies loaded in all domestic civilian nuclear power reactors during the period of July 1, 1987, until December 31, 1987, will not be less than 40 per centum; during the period January 1, 1988, through June 30, 1988, will not be less than 45 per centum; and for the period July 1, 1988, until December 31, 1988, and each calendar year thereafter through December 31, 2000, on a year-by-year basis, will not be less than 50 per centum.

(2) A country shall be considered a major uranium producing country if there has been or likely will be, delivery of uranium mined or produced, in that country into the United States, of 3,000,000 pounds or more of U308 contained in uranium concentrate, or the equivalent amount of uranium, which has, or likely will be used for fuel in civilian nuclear power reactors during the years 1980 through 2000.

(3) If a country that is not considered a major uranium producing country on or before June 30, 1987, subsequently becomes a major uranium producing country thereafter, then the United States Trade Representative shall undertake negotiations with such country to achieve a voluntary restraint agreement accomplishing the purpose of this section.

(b) ACTION IF VOLUNTARY RESTRAINT AGREEMENTS TAKE EFFECT.—If voluntary restraint agreements described in subsection (a) take effect between the United States and the major uranium producing countries, on or before June 30, 1987, the United States Trade Representative, with the cooperation of other appropriate Federal agencies, shall monitor the usage of uranium in domestic civilian nuclear power reactors during such period for the purpose of ascertaining if the terms of the agreements are being complied with. The United States Trade Representative shall report annually to the Congress on the results of the monitoring carried out with respect to that interval. Such annual report shall be submitted on or before March 1 of the year following the calendar year for which the report is prepared.

(c)(1) ACTION IF VOLUNTARY RESTRAINT AGREEMENTS NOT ENTERED.—Unless the President, through the United States Trade Representative, has reported to Congress on or before June 30, 1987, that all major uranium producing countries have entered into voluntary restraint agreements with the United States accomplishing the requirements of subsection (a) for the time period July 1, 1987, through December 31, 2000, then the United States Uranium Usage Requirements as provided in section 112(a) shall become effective immediately.

(2) If voluntary restraint agreements entered into under subsection (a) are not complied with for any reason, including, the expiration, cancellation, termination, amendment or modification of such agreements, then the United States Uranium Usage Requirements as provided in section 112(a) shall become effective immediately.

UNITED STATES URANIUM USAGE REQUIREMENT

SEC. 112. (a) IN GENERAL.—If the United States uranium usage requirement becomes effective as provided in section 111(c), then at least the following percentage of uranium contained in the aggregate of new fuel assemblies loaded into all civilian nuclear power reactors operated by any one licensee or the licensees owned by one corporation shall have been mined and milled in the United States, subject to the provisions of subsection (b):

(1) 40 per centum for the period July 1, 1987 until December 31, 1987;

(2) 45 per centum for the period January 1, 1988 until June 30, 1988;

(3) 50 per centum for the period July 1, 1988 until December 31, 1988, and for each calendar year thereafter through December 31, 2000, on a year-to-year basis.

(b)(1) In making the calculation required in section 112(a), uranium that is not mined and milled in the United States included in new fuel assemblies loaded in all civilian nuclear power reactors operated by any one licensee or the licensees owned by one corporation during any calendar year shall not be considered if such uranium was obtained under the terms of a contract for the purchase of uranium executed prior to September 8, 1986, between the licensee or the corporation owning the licensee of such civilian nuclear power reactors and the supplier, including such a contract to which the quantity is fixed but with flexibility as to date of delivery, and including such a contract with a domestic supplier that allows the supplier to select the origin of the uranium delivered: *Provided, however,* That in the case of such a contract under which a domestic supplier has not, prior to September 8, 1986, purchased or contracted to purchase uranium from another supplier, the percentage of uranium supplied in any period that is mined and milled in the United States shall be the same percentage of uranium set forth in subsection (a) for such period. Uranium that is not mined and milled in the United States included in new fuel assemblies loaded into a civilian nuclear power reactor operated by any one licensee or the licensees owned by any one corporation during any calendar year shall be considered in calculating the requirements in subsection (a) if such uranium was obtained under the terms of contract executed on or after September 8, 1986, or obtained under an option which was exercised on or after September 8, 1986, or obtained under a contract executed before September 8, 1986, but that is modified or extended to increase the quantity of foreign origin uranium delivered.

(2) If, as a result of certain foreign origin uranium specified in paragraph (1) not being considered for the purpose of calculating the requirements of subsection (a), the percentage of total uranium contained in the aggregate of new fuel assemblies loaded in any period covered by subsection (a) in all such reactors operated by any one licensee or the licensees owned by any one corporation that has been actually mined and milled in the United States is less than the uranium usage requirements of subsection (a) for such period, then all uranium loaded during such period into the civilian nuclear power reactors operated by such licensee or licensees, except that not considered as provided in paragraph (1), shall be uranium mined and milled in the United States.

(c) The percentages of uranium mined and milled in the United States shall be determined by dividing the weight of uranium mined and milled in the United States, in the aggregate of new fuel assemblies loaded into all civilian nuclear power reactors during the period January 1, 1988, through December 31, 2000, operated by any one licensee or the licensees owned by any one corporation during a calendar year by the total weight of uranium in the aggregate of new fuel assemblies loaded into such reactors during that year. For the period July 1, 1987, through December 31, 1987, such percentage of uranium mined and milled in the United States, shall be determined by dividing the weight of the uranium mined and mined in the United States, in the aggregate of new fuel assemblies loaded into all civilian nuclear power reactors operated by any one licensee or the licensees owned by any one corporation during such period by the total weight of uranium in the new fuel assemblies loaded into such reactors during such period. For the purpose of this calculation, fuel loadings begun in one calendar year and that are completed in the following year shall be counted in the year that the refueling outage was completed. Uranium weights and origins in the aggregate of new fuel assemblies shall be determined from the uranium weights and origins indicated on the DOE/NRC Form 741 for the new fuel assembly.

SEC. 113. (a) Any licensee and any corporation owning the licensee who operates a civilian nuclear power reactor at any time during the period beginning July 1, 1987, and ending December 31, 2000, with uranium that is not mined and milled in the United States shall be assessed a charge, to be imposed by the Secretary, of $500 per kilogram of uranium loaded in the civilian nuclear power reactors of the licensee or licensees that is not mined and milled in the United States and that is in excess of that which is allowed under section 112(a).

(b) The assessments imposed by the Secretary pursuant to subsection (a) shall be deposited in the Uranium Mill Tailings Fund established under section 212(a).

VIABILITY

SEC. 114. The requirements, contained in section 161v.(B) of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2201(v)(B)), that the Secretary, to the extent necessary to assure the maintenance of a viable domestic uranium industry, shall not offer services, in facilities owned by the Department of Energy, for the production or enrichment of source or special nuclear material of foreign origin intended for use in the United States, and the provisions of section 170B of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2210B), shall be suspended from September 8, 1986, until December 31, 2000.

LICENSEE CERTIFICATION

Sec. 115. The owner or the licensee of each civilian nuclear power reactor must certify to the Secretary of Energy by March 1 of each year that it has met the requirements of this title for the previous year. The certification must include—

(a) the total weight of uranium loaded;

(b) the total weight of uranium mined and milled in the United States which was loaded;

(c) the total weight of uranium mined and milled outside of the United States which was loaded.

GOVERNMENT URANIUM PURCHASES

Sec. 116. (a) After the date of enactment of this Act, the United States of America, its agencies and instrumentalities, shall not enter contracts or orders for the purchase of uranium other than for uranium mined and milled in the United States: *Provided, however,* That this section shall not affect purchases under a contract for delivery of a fixed amount of uranium entered before the date of enactment of this Act, or options exercised for fixed amounts prior to the date of enactment of this Act. After the date of enactment of this Act, natural uranium and the natural uranium component of the enriched uranium from the United States Government-owned stocks and inventories shall not be sold or provided for commercial power application. The use of such stockpiled or inventoried natural uranium and the natural uranium component of the enriched uranium shall be restricted to military or Government research purposes and to those necessary to provide for efficient operation of departmental enrichment facilities, but the current inventories of natural uranium and the natural uranium component of the enriched uranium from United States Government owned stockpile or inventories shall, to the extent practical, not be reduced except for military or Government research purposes.

(b) Notwithstanding subsection (a), the Tennessee Valley Authority shall be subject to the same requirements under this Act as any other licensee operating a civilian nuclear power reactor.

TITLE II

REMEDIAL ACTION PERFORMED BY THE OWNER OR LICENSEE OF ACTIVE SITES

Sec. 211. (a) In General.—The owner or licensee of an active site shall select and perform reclamation, decommissioning, other remedial actions, at active sites.

(b) Remedial Action To Be Performed in Accordance With Applicable Standards.—Any reclamation, decommissioning, or other remedial action performed under subsection (a) by an owner or licensee shall comply with all applicable requirements established pursuant to the Uranium Mill Tailings Radiation Control Act of 1978, as amended or, where appropriate, requirements established by a State that is a party to a discontinuance agreement under section 274 of the Atomic Energy Act of 1954 (42 U.S.C. 2021).

(c) Costs of Remedial Action To Be Paid From Tailings Fund.—The costs incurred by the owner or licensee for reclamation, decommissioning and other remedial action, performed by the owner or licensee under this Act shall be reimbursed under sections 215, 216, and 217 from the Uranium Mill Tailings Fund established in section 212.

(d)(1) The following active sites qualify for reimbursement from the Uranium Mill Tailings Fund in accordance with the terms of this Act:

Site	*Estimated tons of Mill Tailings July 1, 1985*
Cotter—Cannon City Mill, Cannon City, CO	*2,200,000*
UMETCO—Uravan Mill, Uravan, CO	*10,300,000*
Sohio Western—L-Bar Mill, Seboyeta, NM	*2,100,000*
United Nuclear—Churchrock Mill, Churchrock, NM	*3,500,000*
Anaconda—Bluewater Mill, Grants, NM	*23,600,000*
Quivera Mining—Ambrosia Lake Mill, Grants, NM	*33,000,000*
Homestake—Grants Mill, Grants, NM	*21,800,000*
Conoco—Pioneer Nuclear, Conquista Project, Falls City, TX	*8,800,000*
Chevron Resources—Panna Maria Mill, Hobson, TX	*4,600,000*
Exxon—Felder Facility, Three Rivers, TX	*400,000*
Rio Algom—Lisbon Mill, Moab, UT	*3,000,000*
Atlas—Moab Mill, Moab, UT	*10,500,000*
Dawn—Ford Mill, Ford, WA	*3,000,000*
Western Nuclear—Sherwood Mill, Wellpinit, WA	*2,900,000*
American Nuclear—Gas Hills Mill, Riverton, WY.	*5,900,000*
Pathfinder—Lucky Mc Mill, Riverton, WY	*9,500,000*
Western Nuclear—Split Rock Mill, Jeffrey City, WY	*7,700,000*
UMETCO—East Gas Hills Mill, Riverton, WY	*9,200,000*
Exxon—Highland Mill, Douglas, WY	*7,200,000*
Rocky Mountain Energy—Bear Creek Mill, Douglas, WY	*5,000,000*
Pathfinder—Shirley Basin Mill, Shirley Basin, WY	*5,800,000*
Petrotomics—Shirley Basin Mill, Shirley Basin, WY	*6,300,000*
Energy Fuels/UMETCO—White Mesa Mill, Blanding, UT	*1,900,000*
Minerals Exploration—Red Desert, Rawlins, WY	*1,000,000*
UMETO—Maybell, Maybell, CO	*2,000,000*
Tennessee Valley Authority—Edgemont, SD	*2,000,000*

(2) Within 180 days of the date of enactment of this Act, the Secretary shall determine the actual amounts of mill tailings at each of the active sites listed in paragraph (1) on the date of enactment of this Act, and the dry tons of tailings at each active site listed in section 211(d)(1) the uranium from which was processed for sales to the United States Government, including the Atomic Energy Commission.

No reimbursement for the reclamation, decommissioning and other remedial action performed at a uranium mill tailings site shall be made in accordance with the terms of this Act for an active site not listed in paragraph (1) or for reclamation, decommissioning and other remedial action of mill tailings at a listed active site in excess of the actual amount of tailings determined by the Secretary to exist on the date of enactment under this paragraph.

URANIUM MILL TAILINGS FUND

Sec. 212. (a) Establishment of Uranium Mill Tailings Fund.—There hereby is established in the Treasury of the United States a separate fund, to be known as the Uranium Mill Tailings Fund (hereinafter referred to as the "Fund"). The Fund shall consist of—

(1) all contributions to the Fund from the States in which active sites located as provided in section 213(a);

(2) all contributions to the Fund from owners or licensees of active sites are provided in section 213(b);

(3) all contributions made to the Fund by the Secretary as provided in section 213(c);

(4) all fees received from owners or operators of civilian nuclear power reactors as provided in section 213(d);

(5) all assessments paid to the Secretary under section 113(a) by a licensee of a civilian nuclear power reactor for failure to comply with the United States Uranium Usage Requirement;

(6) all interest earned on sums in the Fund.

(b) Use of Uranium Mill Tailings Fund.—The Secretary may, subject to subsection (c), make expenditures from the Fund only for purposes of compliance with this title.

(c) Administration of Uranium Mill Tailings Fund.—(1) The Secretary of the Treasury, after consultation with the Secretary, shall annually submit to the Congress a report on the financial condition and operation of the Fund during the preceding fiscal year.

(2) The Secretary shall submit the budget of the Fund to the Office of Management and Budget annually along with the budget of the Department of Energy in accordance with chapter 11 of title 31, United States Code. The budget of the Fund shall consist of the estimates made by the Secretary of receipts by and expenditures from the Fund and other relevant financial matters for the succeeding three fiscal years, and shall be included in the Budget of the United States Government.

(3) If the Secretary determines that the Fund contains at any time amounts in excess of current needs, the Secretary shall request the Secretary of the Treasury to invest such amounts, or any portion of such amounts as the Secretary determines to be appropriate, in obligations of the United States—

(A) having maturities determined by the Secretary of the Treasury to be appropriate to the needs of the Fund; and

(B) bearing interest at rates determined to be appropriate by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturities of such investments, except that the interest rate on such investments shall not exceed the average interest rate applicable to existing borrowings.

(4) Receipts, proceeds, and recoveries realized by the Secretary under this section, and expenditures of amounts from the Uranium Mill Tailings Fund, shall be exempt from annual apportionment under the provisions of subchapter 11 of chapter 15 of title 31, United States Code.

(5) The Secretary may make disbursements from the Fund in amounts provided in advance in appropriations acts, which amounts shall be made available until expended.

CONTRIBUTIONS TO THE FUND

Sec. 213. (a) Contributions by States Containing Active Sites.—(1) Each State containing an active site or sites may contribute from non-Federal funds to the Treasury of the United States to be deposited in the Fund the sum of $0.10 for each dry ton of tailings, the uranium from which was processed for commercial sales as establish in accordance with subsection 211(d) at an active site listed in section 211(d)(1) within such State whose owner or licensee has elected to participate in reclamation, decommissioning and other remedial action through the Fund.

(2) Such payment shall be made in five equal annual installments commencing January 1, 1990.

(3) If any State containing an active site or sites, whose owner or licensee has elected to participate in reclamation, decommissioning and other remedial actions through the Fund, fails or refuses to make the contributions, or any portion thereof, required by this section, this shall not affect the right of the owner or licensee of an active site in such State to participate in reclamation, decommissioning and other remedial action through the Fund.

(b) Contributions by Owners or Licensees.—(1) Each owner or licensee of an active site listed in section 211(d)(1) who elects to participate in reclamation, decommissioning, and other remedial action, through the Fund shall contribute to the Treasury of the United States, to be deposited in the Fund—

(A) $2,000,000 per site as to which it is the owner or licensee of which—

(i) $1,000,000 shall be contributed on or before January 31, 1990; and

(ii) $1,000,000 shall be contributed on or before January 31, 1991;

(B) $1 per dry ton for all tons of tailings at such active site, the uranium from which was processed for commercial sales prior to the effective date of the Act of which—

(i) $0.50 per dry ton for all tons of tailings at such active site, the uranium from which was processed for commercial sales prior to the effective date of this Act, shall be contributed on or before January 31, 1992.

(ii) $0.50 per dry ton for all tons of tailings at such active site, the uranium from which was processed for commercial sales prior to the effective date of this Act, shall be contributed on or before January 31, 1993; and

(C) each owner or licensee of an active site listed in section 211(d)(1) who elects to decommission the mill at such site as a part of the reclamation, decommissioning and other remedial action to be undertaken pursuant to the Fund shall contribute an additional $500,000 on or before January 31, 1994.

(c) Contribution on Behalf of Federal Government From Department of Energy Enrichment Services Revenues.—(1) There is authorized to be appropriated to the Fund, $300,000,000, to remain available until expended.

(2) Funds authorized under this section shall be contributed to the Fund from the Department of Energy Uranium Enrichment Program revenues. These contributions shall be in lieu of appropriations from the Treasury of the United States.

(3) The Secretary shall transfer funds authorized by this subsection to the Fund as needed to carry out the purposes of this Title.

(4) Any and all obligation borne by commercial customers for the Government's costs incurred prior to August 1, 1986, in the provision of uranium enrichment service activities under section 161v. of the Atomic Energy Act of 1954, as amended, is fully and completely repaid when:

(A) $300,000,000 has been deposited in the Fund under section 402(a)(1); and

(B) $50,000,000 has been deposited in the Treasury of the United States under section 402(a)(2).

(d) Contributions by Licensees of Civilian Nuclear Power Reactors.—(1) Licensees for civilian nuclear power reactors shall contribute into the Fund a fee of $22 per kilogram of uranium contained in fuel assemblies initially loaded into each civilian nuclear power reactor during each of the calendar years 1989 through 1993.

(2) The fee shall apply to fuel on its initial loading into the reactor and not to previously loaded fuel being loaded again. In calculating the total annual obligation by a licensee, fuel loaded in loadings which are begun in a calendar year and completed in the subsequent year shall be deemed to have occurred in the year in which loading is completed.

(3) The fee from each user so affected will be due on January 31 the following year with the first such payment due on January 31, 1990.

(4) The contribution of this fee for the years 1989-93 shall constitute the total obligation of licensees of civilian nuclear power reactors for uranium mill tailings reclamation, except to the extent that a user may be the owner or licensee of a uranium mill or as provided by contract executed prior to the effective date of this Act.

(5) Not later than one hundred and twenty days after the date of enactment of this Act the Secretary shall establish procedures for the collection and payment of the fee established by this title.

ELECTION TO PARTICIPATE

Sec. 214. Owner or Licensee Election To Participate.—The owner or licensee of an active site listed in section 211(d)(1) may elect to perform reclamation, decommissioning and other remedial action through the Fund and be entitled to receive reimbursement under this Act for the cost incurred by such owner or licensee for reclamation, decommissioning and other remedial action performed in connection with the owner's or licensee's active site by notifying the Secretary of such election on or before January 1, 1989. If an owner or licensee makes an election to participate, the notice shall specify whether the owner or licensee elects to have decommissioning undertaken pursuant to the Fund. Such election to participate or not to participate shall be irrevocable.

REIMBURSEMENT OF COSTS INCURRED FOR RECLAMATION, DECOMMISSIONING AND OTHER REMEDIAL ACTION FROM FUND

Sec. 215. (a) In General.—The Secretary shall reimburse from the Fund to the owner of licensee of an active site listed in section 211(d)(1) who has elected to participate as provided in section 214, the costs incurred by such owner or licensee for the reclamation, decommissioning and other remedial actions in connection with such site as follows:

(1) From the contributions made on behalf of the Federal Government as provided in section 213(c), such owner of licensee shall be reimbursed an amount equal to the cost of reclamation, decommissioning, and other remedial action at such site multiplied by the percentage which the dry tons of tailings at such site, the uranium from which was processed for sales to the United States Government, including the Atomic Energy Commission, constitutes to the total dry tons of tailings at such active site as determined in section 211(d)(2), but such reimbursement shall not exceed an amount equal to $4.50 multiplied by the dry tons of tailings at such active site, the uranium from which was processed for sales to the United States Government, including the Atomic Energy Commission.

(2) From any contributions made by a State to the Fund for tailings reclamation at such site, such owner or licensee shall be reimbursed an amount equal to the sum of such contributions.

(3)(A) From the contributions made by the owner or licensee of such active site plus the interest earned thereon, such owner or licensee shall be reimbursed one-third of the cost of reclamation, decommissioning and other remedial action at such site.

(B) Notwithstanding (A), if the contributions made by the owner or licensee of such active site plus interest earned thereon exceed one-third of the cost of reclamation, decommissioning and other remedial action at such site, such excess shall be refunded to such owner or licensee. The payment of such excess shall be considered a refund and not reimbursement. If the contributions made or to be made by the owner or operator of such active site, plus interest earned thereon, is less than one-third of the cost of reclamation, decommissioning and other remedial action at such site, then the amount by which one-third of the cost of reclamation, decommissioning, and other remedial action at such site exceeds the amount of contributions made by the owner or licensee of such active site plus interest earned thereon, shall be borne by the owner or licensee thereof.

(4) From the contributions made by licensees of civilian nuclear power reactors as provided in section 213(d) and interest earned thereon, the owner or licensee of such active site shall be reimbursed the amount by which the cost of reclamation, decommissioning, and other remedial action at an active site exceeds the sum of the amounts reimbursed to the owner or licensee of such active site as provided in paragraph (1), paragraph (2), paragraph (3), and the amounts to be borne by the owner or licensee of such active site as provided in subparagraph (3)(B).

(5) Notwithstanding paragraphs (1) through (4), the power or licensee of an active site shall also bear, and not be reimbursed for, any amount by which the cost of reclamation, decommissioning and other remedial action at such site exceeds a sum equal to $4.50 multiplied by the dry tons of tailings at such site as determined in section 211(d)(2).

(6) The successor to the owner or licensee of an active site (other than the United States or agency thereof or a State as provided by law) shall be entitled to credit for contributions made by its precedecessor and

interest earned thereon and be entitled to receive any reimbursements or refunds.

(b) Owner's or Licensee's Account.—The Secretary shall maintain accounts for each participating owner or licensee to reflect contributions by such owner or licensee, interest deemed earned on such contributions, reimbursements to such owner or licensee from the Fund, and the cost incurred by the owner or licensee for the reclamation, decommissioning or other remedial action in connection with such active site.

(c)(1) Accounts for Other Contributions to the Fund.—For the purpose of accounting, two-thirds of the costs incurred by participating owners or licensees at active sites, up to the maximum of $4.50 per dry ton of tailings at such sites as of the effective date of this Act (such two-thirds being $3 per dry ton based upon $4.50 per dry ton of tailings), shall be deemed to have been reimbursed from the Fund out of the portion of the Fund contributed on behalf of the Federal Government by the Department of Energy as provided in section 213(c); (B) the States that have contributed as provided in section 213(a); (C) the licensee of civilian nuclear power reactors as provided in section 213(d); and (D) interest deemed earned upon such contributions. The Secretary shall maintain accounts for each such person or entity making contributions to the Fund, reflecting the time and amount of such contributions, and the interest deemed earned thereon.

(2) The Secretary shall determine as of January 31, 1996, whether the amount remaining in the Fund, other than the amounts contributed by participating owners or licensees of active sites and interest deemed earned thereon, when considered with the $4.50 per dry ton limit on reimbursement, exceeds the total cost reimbursable to the participating owners or licensees of active sites (other than that deemed reimbursed out of such participating owners or licensees contributions and interest deemed earned thereon or to be borne by owners or licensees), where reclamation, decommissioning and other remedial action has not been completed.

(3) If the Secretary determines there is an excess, then the excess shall be refunded as set forth in subsection (d): Provided, however, That no amounts contributed to the Fund by the participating owners or licensees of the active sites and interest deemed earned therein shall be refunded to any person or entity other than the owner or licensee making such contribution, or their successors or assigns.

(d) Refunds to Certain Contributors.—The Secretary shall make a determination annually after January 31, 1996, whether an excess as calculated pursuant to subsection (c) exists in the Fund. If, as of January 31, 1996, and each January 31 thereafter, the Secretary determines that the Fund contains an excess as calculated in subsection (c), then the Secretary shall refund the excess as follows:

(1) first, to the States which have made contributions to the Fund as provided in section 213(a), until such States have been refunded the full amount of their contributions;

(2) the remaining excess, if any, shall be deposited in the Treasury of the United States.

(e) Interest Deemed Earned.—For the purposes of this Act, the contributions made by any person or entity shall be deemed to have earned interest annually on the contribution from the date made. The appropriate interest rate for each year shall be determined by the Secretary, taking into consideration the average market yield on outstanding marketable obligations of the United States with one year maturity during the year for which calculation is being made: *Provided, however,* That contributions made by any participating owners or licensees of active sites shall be deemed to bear interest during any such year only to the extent that the contributions made by such owner or licensee exceeds one-third of the costs reimbursed out of the Uranium Mill Tailings Fund to such owner or licensee up to that time.

LIMITATION OF REIMBURSEMENT

Sec. 216. (a) $4.50 Per Ton Limit.—The total reimbursement from the Fund to the owner or licensee of an active site shall not exceed an amount equal to $4.50 multiplied by the dry tons of tailings located at the site as of the effective date of this Act, as determined in accordance with the requirements of section 211(d). Costs in excess of $4.50 per ton shall be borne by the owner or licensee of the active site on its own account outside the Fund.

(b) Inflation Escalation Index.—The $4.50 per dry ton multiplier provided in subsection (a) shall be increased annually based upon an inflation escalation index. The Secretary shall determine the appropriate index to apply.

TAILINGS GENERATED AFTER EFFECTIVE DATE OF ACT

Sec. 217. (a) In General.—An owner or licensee of an active site who has elected to participate pursuant to Section 214 shall be entitled to reimbursement from the Fund, to the limits provided, for the costs incurred for the reclamation, decommissioning and other remedial action in connection with such active site on the basis of tailings existing at such active site as on the date of enactment of this Act. The participating owner or licensee of an active site shall be responsible on its own account outside the Fund for the costs incurred for the reclamation, decommissioning and other remedial action associated with tailings generated at such active site after the effective date of this Act.

(b) Active Sites Containing Tailings Generated Before and After the Effective Date of This Act.—If an active site whose owner or licensee has elected to participate contains tailings generated both before and after the date of this Act, then it shall be assumed that the costs incurred by the owner or licensee for the reclamation, decommissioning and other remedial action in connection with such site were incurred prorata based upon the dry tons of tailings generated before and after the date of this Act as determined on the basis of the Secretary's findings under section 211(d)(2), unless the Secretary determines that the costs incurred in connection with the tailings generated after the date of this Act were less than would result from the prorata formula, in which event such lower amount shall be used for the purposes hereof.

THORIUM SITE

Sec. 218. In General.—The costs of reclamation, decommissioning, and other remedial action at active thorium sites shall be borne by the licensee or owner, except that the United States shall bear a portion of the costs at any such site if tailings at the site were generated as an incident of sales to the United States, or any of its agencies and instrumentalities. The portion of the costs to be allocated to the United States shall be determined by the ratio of the volume of tailings that were generated as an incident of sales to the United States, or any of its agencies and instrumentalities, to the total volume of tailings at the site. The cost of reclamation of tailings arising from the coproduction of thorium for the United States, or any of its agencies and instrumentalities, and of other products for the commercial market shall be allocated to the United States. The Secretary shall enter into a cooperative agreement with the owner or licensee of the site providing for the payment by the United States of its portion of the cost of reclamation, decommissioning and other remedial action. For the purpose of carrying out the provisions of this section, such funds as necessary are hereby authorized.

MAINTENANCE OF FUND BALANCE

Sec. 219. In General.—The Secretary shall manage disbursements from the Fund such that it never is in a deficit on a cash basis. Reimbursements to owners or licensees may be delayed until receipts allow disbursements. In such cases, owners or licensees of active sites will be treated pro-rata where only partial reimbursements can be made.

INTEREST ON COSTS INCURRED

Sec. 220. In General.—Reimbursement from the Fund for costs incurred shall include interest at the rate provided in section 215(e) on costs incurred by the participating owner or licensee of an active site from the date a statement for reimbursement of such cost is submitted by the owner or licensee to the Secretary until reimbursement for such cost is made from the Fund.

LIMITATION OF FINANCIAL OBLIGATIONS

Sec. 221. Limitation on Financial Obligation of Active Site Owners and Licensees and Licensees Using Source Material or Special Nuclear Material for a Civilian Nuclear Power Reactor to Generate Electrical Energy.—The contributions made and work performed by the owners or licensees of the active sites and the contributions made and fines paid by persons using source material or special nuclear material for a civilian nuclear power reactor to generate electrical energy shall be the sole liability and obligation imposed under Federal laws in connection with the reclamation, decommissioning and other remedial action at active uranium and thorium sites: *Provided, however,* That nothing herein contained shall affect the obligation of every owner or licensee to provide for such long-term care or other reclamation requirements as are provided in the Uranium Mill Tailings Radiation Control Act, the regulations of the Nuclear Regulatory Commission thereunder, and the regulations of the Environmental Protection Agency thereunder.

RECLAMATION ALREADY UNDERTAKEN

Sec. 222. In General.—The owner or licensee of a participating active site who has undertaken reclamation, decommissioning and other remedial action at such site prior to the effective date of the Act shall be entitled to reimbursement for the cost thereof as if the work was done after the effective date hereof if such work, including disposal work, was accomplished in order to comply with the standards under section 211. The timing of such reimbursement shall be subject to the management of the Fund as specified in section 219. An owner or licensee of an active site which has elected to participate in the Fund and has performed reclamation work prior to the effective date of the Act may have any sums to which it is entitled to be reimbursed credited against any sum it is required to contribute. The Secretary shall determine whether work performed at a site prior to the effective date of this Act was accomplished in order to comply with the standards under section 211.

SECRETARY'S AUTHORITY TO MAKE REGULATIONS AND REIMBURSEMENTS

Sec. 223. In General.—The Secretary shall adopt and issue regulations to accomplish the purposes of this title and shall review statements by participating owners or licensees for reimbursement from the Fund of costs incurred for reclamation, decommissioning and other remedial actions. Any such statement for reimbursement found appropriate shall be approved by the Secretary and reimbursement therefore shall be made from the Fund.

ATOMIC ENERGY ACT OF 1954

Sec. 224. Standards and Instructions for Bonding, Surety, or Other Financial Arrangements, Including Performance Bonds.—Section 161x. of the Atomic Energy Act of 1954 (42 U.S.C. 2201(x)) is amended by inserting after "ensure" in the matter preceding paragraph (1) the following: ", for the share of costs for which the licensee is responsible".

TITLE III

UTILITY SERVICES CONTRACT

Sec. 301. The Department of Energy's Utility Services Enrichment Contract is hereby approved, except the Department is precluded from charging for the selection of variable tails assay option between the 0.2 per centum and the 0.3 per centum range authorized by contract. Congress recognizes that such contract properly reflects the relevant criteria for the Department of Energy providing enrichment services.

TITLE IV—URANIUM ENRICHMENT

Sec. 401. Pricing and Recovery of Costs.—(a) Clause 161 v. (iii) of the Atomic Energy Act of 1954, as amended, is amended to read as follows:

"(iii) any prices established under this subsection shall be on the basis of, as the first priority, the acquisition and retention of the maximum attainable share of domestic and foreign sales of enrichment services; and, as a subordinate priority, the recovery of the Government's costs over a reasonable period of time:".

(b) Unrecovered Government costs under section 161 v. of the Atomic Energy Act of 1954, as amended, are hereby declared to be $350,000,000 on August 1, 1986.

(c) Any and all obligation borne by commercial customers for the Government's costs incurred prior to August 1, 1986, in the provision of uranium enrichment service activities under section 161 v. of the Atomic Energy Act, as amended, is fully and completely repaid when;

(1) $300,000,000 has been deposited in the Fund under section 402(a)(1); and

(2) $50,000,000 has been deposited in the General Fund of the Treasury of the United States under section 402(a)(2).

Sec. 402. Revenues.—(a)(1) The Secretary shall deposit in the Fund under section 213(c) any revenues in excess of expenditures received for provision of uranium enrichment service activities under section 161 v. of the Atomic Energy Act of 1954, as amended, until the total of all such deposits reaches $300,000,000.

(2) When $300,000,000 has been deposited in the Uranium Mill Tailings Fund under paragraph (1), the Secretary thereafter shall deposit in the Treasury of the United States all revenues in excess of expenditures received for provision of uranium enrichment sercice activities under section 161 v. of the Atomic Energy Act of 1954, as amended.

(b) Deposits under subsection (a) shall be credited against any Government cost of providing such uranium enrichment service activities that is unrecovered by revenues received for such service activities.

(c)(1) If revenues received in any fiscal year beginning after August 1, 1986, for provision of the service activities referred to in subsection (a) are less than 95 per centum of the Government's costs for provision of such activities in such fiscal year, the Secretary shall submit to Congress on or before the first day of February of the next fiscal year a report setting forth alternative plans for full recovery over a reasonable period of time of the Government's costs for provision of such service activities.

(2) Any report submitted under paragraph (1) shall be accompanied by the Secretary's recommendations, if any, for Congressional action and shall include with respect to each alternative plan—

(A) detail sufficient to describe the implementation of the plan;

(B) identification of the changes in law necessary to authorize the plan;

(C) an analysis of the impact of the plan on the sales of enrichment services by the United States; and

(D) an analysis of the impact of the plan on the reliability of supply of uranium enrichment services at competitive prices for existing and potential domestic and foreign customers.

(3) Any plan under this subsection shall be effective only if enacted into law.

Sec. 403. Report.—(a) Not later than one year after the date of the enactment of this title, the President shall submit to Congress a full and complete report on alternative methods of managing the uranium enrichment enterprise, including, but not limited to, the establishment of a corporate body to—

(1) own or lease the existing gaseous diffusion plants and other enrichment facilities owned by the United States;

(2) operate such facilities and market enrichment services to existing and potential domestic and foreign customers; and

(3) assume other appropriate functions and obligations of the United States uranium enrichment enterprise.

(b) Each alternative method presented in the report under subsection (a) shall—

(1) assure the continued reliable supply of enrichment services to the domestic and international markets at competitive prices without Federal subsidies;

(2) protect the public health and safety and the environment;

(3) provide a stable, long-term strategy for the uranium enrichment enterprise including stable operation of the gaseous diffusion plants and other enrichment facilities currently owned by the United States; and

(4) advance the trade, foreign policy and nuclear nonproliferation objectives of the United States.

TITLE V—SEPARABILITY OF PROVISIONS

Sec. 501. In General.—If any provision of this amendment, or the application of such provision to any person or circumstance, is held invalid, the remainder of this amendment, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

TITLE VI—EFFECTIVE DATE

Sec. 601. The provisions of any amendments made by this Act shall become effective upon the expiration of the sixty-day period following the date of enactment of this Act, unless otherwise provided.

Amend the title so as to read: "A bill to revitalize the United States uranium industry and provide for reclamation and other remedial action with respect to active uranium and thorium processing sites, and to provide for a plan for the reorganization, self-financing and eventual commercialization of the United States uranium enrichment program and facilities.".

Section-by-Section Analysis

TITLE I—URANIUM REVITALIZATION

Section 111. Negotiations to Voluntarily Restrain Uranimum Imports. The United States Trade Representative is directed to seek to enter into voluntary restraint agreements with all major uranium producing countries (defined as those countries capable of importing three million pounds or more of U308 in any calendar year) to assure that the amount of foreign uranium loaded into domestic civilian nuclear power reactors between July 1, 1987 and December 31, 1987 would not exceed the percentage as provided in section 112.

Section 112. United States Uranium Usage Requirement. If voluntary restraint agreements cannot be reached, then the amount of domestic uranimum in fuel loaded into nuclear power reactors would have to be at least 40 percent for the period July 1, 1987 until December 31, 1987; 45 percent for the period January 1, 1988 until June 30, 1988; and 50 percent for the period July 1, 1988 until December 31, 1988, and for any calendar year thereafter through December 31, 2000. Foreign uranium delivered to domestic utilities under contracts entered into prior to September 8, 1986 could be loaded even if the total amount of foreign uranium loaded exceeds the percentage provided in this section. However, if the domestic suppliers have not, prior to September 8, 1986, purchased or contracted to purchase uranium to fulfill such contracts, then a restriction at 50 percent domestic uranium would be applied. Furthermore, any utility exceeding for limitations must provide for the use of 100 percent domestic uranium in the remainder of its fuel requirements beyond those contracts signed prior to September 8, 1986.

Section 113. A charge of $500 per kilogram would be assessed a utility for every kilogram of foreign uranium loaded into a nuclear power reactor in a given year that exceeds the limitations as provided under section 112.

Section 114. Viability. The provisions of Sec. 161 v.(B) and section 170B. of the Atomic Energy Act requiring the Secretary to maintain a viable domestic uranium mining and milling industry would be waived through the year 2000. The waiver is appropriate because of the domestic usage requirement provisions of this Act that would restrict the usage of foreign uranium during this time period.

Section 115. Licensee Certification. Nuclear power reactor licensees would report their performance under the Uranium Usage Requirements on an annual basis.

Section 116. Government Uranium Purchases. Agencies and instrumentatlities of the United States would be required to purchase only domestic origin uranium in the future. Furthermore, the use of natural and enriched uranium from U.S. Government-owned stocks and inventories would be restricted to military and Government research purposes and the efficient operation of enrichment facilities. The stock and inventory levels shall be kept constant except for military and Government research purposes. Furthermore, the Tennessee Valley Authority would be considered to be an electricity utility and would be subject to the same requirements under the Act as any other utility.

TITLE II—REMEDIAL ACTION PERFORMED BY THE OWNER OR LICENSEE OF ACTIVE URANIUM MILLS

Section 211. Uranium mill owners or licensees electing to participate in the program for remedial action established by this Act must perform the remedial action pursuant to applicable environmental standards established pursuant to the Uranium Mill Tailings Radiation Control Act of 1978, and they are entitled to compensation from the Uranium Mill Tailings Fund for certain costs incurred. Within 180 days of the date of enactment of this Act, the Secretary shall determine the total actual dry tonnage of mill tailings at each active site and the dry tonnage of mill tailings which was processed for the Federal Government. Only the active sites listed in this Act are eligible for reimbursement for the remedial action taken.

Section 212. The Uranium Mill Tailings Fund is established as the source of reimbursements to mill owners or licensees to be made by the Secretary of Energy. The disbursements from the Fund may only be made in amounts as appropriated by Congress.

Section 213. Contributions to the Uranium Mill Tailings Fund. Contributions to the Fund would be made by the following parties in the designated amounts:

Uranium Mill Owners or Licensees—approximately 37 percent each.

Nuclear Power Reactor Licensees—approximately 37 percent each.

Federal Government—approximately 25 percent each.

States with Active Uranium Mills—2 percent (optional).

The total of these contribution would be approximately $800 million. Fees for mill owners would be $2 million per site plus $1 per ton of commercial tailings. The Federal contributions would be $300 million, which is proportional to the relative amount of mill tailings attributable to Federal procurement. The contributions by the nuclear reactor licensees would be derived from a fee $22 per kilogram of uranium loaded in each reactor during the years from 1989 to 1993. States may contribute $0.10 per ton of active site tailings within their borders.

Section 214. Any mill licensee electing to participate would be required to do so by January 1, 1989.

Section 215. The maximum reimbursement per site to a mill licensee cannot exceed $4.50 per ton, and the Secretary of Energy may not reimburse a licensee for any more than two thirds of the cost of reclamation. The owner or licensee of the site is obligated to pay at least one-third of the total costs of reclamation. If the Secretary determines that there are excess monies in the Fund, the Secretary must first refund those funds to the participating states, then the remaining excess to the Federal Treasury. The Federal contribution to the Fund shall only be reimbursed for the remedial actions taken for the tailings generated under contracts with Federal Government.

Section 216. Limitation of Reimbursement. No mill licensee may be reimbursed for an amount larger than $4.50 per ton of tailings. Any additional costs would be borne by the licensee.

Section 217. Tailings Generated After the Effective Date of the Act. No costs incurred for the reclamation of mill tailings generated after the effective date of this Act would be eligible for compensation under the Act.

Section 218. Thorium Sites. The Secretary of Energy is authorized to enter into cooperative agreements with licensees for such sites to provide funds for the cleanup of those portions of each site that were created as a result of Federal activities.

Section 219. The Secretary is directed to manage the Fund in such a fashion that no deficits occur.

Section 220. Reimbursements from the Fund shall include interest from the date of a statement for reimbursement until reimbursement is made of submission.

Section 221. Limitation of Financial Obligations. The contributions made under this Title are the sole financial liability and obligation imposed under Federal law in connection with the reclamation of active mill sites. This Act does not affect the long-term obligation for the care of mill sites or other remedial action required by the Uranium Mill Tailings Radiation Control Act and regulations promulgated by NRC and EPA.

Section 222. For those sites at which reclamation has already been accomplished, and whose owners elect to participate in this program, the Secretary shall determine whether such reclamation activities were necessary in order to comply with applicable environmental standards and are thus entitled to reimbursement under this Title.

Section 223. General authority for rulemakings necessary for the management of the Fund by the Secretary is provided.

Section 224. Surety requirements under the Atomic Energy Act 161x. are modified to take into account the shared responsibility for financing cleanup established under this Title.

TITLE III

Section 301. The Department of Energy's Utility Services Contract is approved, except that DOE would be prohibited from charging a fee for the selection of Variable Tails Option between the 0.2 percent and 0.3 percent range.

TITLE IV—URANIUM ENRICHMENT

Section 401. The first priority for the uranium enrichment pricing shall be to maximize the market share, and the second priority shall be the recovery of government costs. The prior unrecovered Government costs shall be defined as $350 million of which $300 million shall be deposited in the Uranium Mill Tailings Fund and $50 million shall be returned to the Treasury.

Section 402. Revenues from uranium enrichment service in excess of expenditures shall be deposited in the Treasury after the amount of $300 million has been deposited in the Uranium Mill Tailings Fund. DOE shall report to Congress on or before the first day of February of the following fiscal year on alternative plans of recovery if, in any fiscal year the revenues received are less than 95 percent of Government costs.

Section 403. Not less than one year after the enactment of this Act, the President shall submit to Congress a report on alternatives to the Federal management and operation of the uranium enrichment enterprise. Such alternatives may include the establishment of a corporate body to assume ownership of, or lease, the enrichment facilities currently owned by the Federal Government.

EDITORIAL—OF SWAPS AND MEN

A label is generally thought of as a piece of paper, usually with a sticky surface on one side, which is meant to be affixed to something else, usually for the purpose of identification of the thing it is affixed to. The origin of something can be said to represent the physical place where a thing is created, certainly where a mineral comes out of the ground. A label can be peeled of and reattached to something else, or simply discarded. An origin, attached to something forever, can never be peeled off or thrown away. This editorial discusses the much talked about issue of "flag swapping" the origin of uranium within the nuclear fuel cycle in order to meet the requirements of U.S. origin uranium under Section 161v of the Atomic Energy Act (the "Act") in the event the U.S. Court of Appeals for the Tenth Circuit affirms Judge Jim Carrigan's injunction on enrichment of foreign uranium for domestic use. Several types of flag swaps have been completed in the past; however, one of the most questionable are swaps involving different chemical forms of nuclear fuel.

In the instant case, it shall be assumed that Judge Carrigan's injunction on enrichment of foreign uranium for domestic use is affirmed. In order to attempt to comply with the injunction, a utility would supply domestic uranium feed to the enrichment plant and when the enriched material is received from the Department of Energy ("DOE") the domestic nationality is then swapped with foreign origin uranium at the conversion facility. Thus, the utility would then supply foreign origin enriched uranium to the fabrication plant and domestic uranium is again supplied to DOE for enrichment and the process is again repeated. This procedure was explained in detail in Newsletter issue No. 83, and its effect then titled *The Endless Loop.*

Since several utilities are actively pursuing this type of transaction, we feel it important to point out that under a restriction imposed pursuant to Section 161v, flag swapping between different forms of fuel may not be effective in establishing U.S. origin (mined and milled in the U.S.) for purposes of the restriction. When a uranium embargo was in effect in the past, DOE required its enrichment customers to certify that the material sent for enrichment was U.S. origin, at least arguably meaning mined and milled in the U.S. It would therefore not be farfetched to believe that should a new embargo be forthcoming, via the courts of legislature, DOE may require the same procedure to be followed by its enrichment customers. DOE has given an indication to this effect by establishing strict guidelines for flag swapping inventories in storage at DOE's enrichment plants, allowing only the origin swap of material in the same chemical form. This type of swap can easily be justified on the theory that DOE comingles its customers' inventory, regardless of the flag, and therefore it is practically impossible (or insignificant) to predict what particular flag any one atom of UF6 may have attached to it. Since this is the case, then it does not matter whether a flag swap is performed. Presumably, such theory is applicable to any swap of like material within any nuclear fuel processing facility.

The problem arises with flag swaps conducted among different chemical form materials, particularly when their physical locations are different. These flag swaps are similar to "*daisy chaining* in the oil patch," a practice was ruled illegal by a Federal Court of Appeals. Daisy chaining was an attempt by the oil industry to swap the nationality locations of old oil and gas reserves for newly discovered reserves in an attempt to circumvent Federal Energy Regulations Commission ("FERC") price controls. The federal court system found that "a fact of nature (the origin of a reserve) cannot take place by a transfer of title." This appellate court went on to state that daisy chaining violated the intent of federal price controls and therefore the law.

There were several daisy chaining cases involving the Windfall Profits Tax in which the court system ruled as illegal attempts by the oil industry to swap nationality of newly discovered, undeveloped, and possibly uneconomical reserves for older reserves that were not covered by the tax. The oil industry was attempting to bypass the tax structure by making existing producing reserves "new production" and newly discovered reserves "old production" by title swapping. These FERC cases could have a major impact on enforcement of Section 161v since title or origin swapping of either oil, gas or uranium, etc. could be considered nothing but a mere bookkeeping transaction.

Section 161v of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2201v) states that the [DOE]:

> . . . shall not offer (enrichment) services for source or special nuclear materials of foreign origin intended for use in a utilization facility within or under the jurisdiction of the United States.

The statute, its legislative history, and its plain meaning seem to indicate that when the viability of the uranium industry was threatened, enrichment services for foreign origin material could be denied.

We have received several calls from U.S. utility fuel managers asking our opinion about flag swapping. Our recommendations at this time, based on what we know has been constant: There is not much to lose when a flag swap among different chemical forms is performed by a utility utilizing its own inventory, so long as proper records are maintained and provided that either a converter, fabricator and the DOE (as the case may require) are made aware of it. Since the NRC has recently "washed its hands" of the situation, we do not see their intervention as essential. However, we strongly recommend against conducting these swaps for profit, or paying to obtain such swaps in the belief that the material obtained will be readily available for use as U.S. origin if and when the Court of Appeals rules for the producers! We have advised our clients that such activities can only be performed at their own risk. We have concluded that swapping within one's own inventory can produce no harm, since things generally can be unswapped should the situation require it; on the other hand, conducting flag swaps for money could lead to nasty conclusions, such as litigation or, even worse, lack of U.S. origin uranium when it is needed.

A further problem remains, as the massive utilization of flag swaps could create two types of U.S. origin uranium, what we have labelled legitimate and bastard, the former consisting of uranium mined and milled in the U.S., the latter non-U.S. origin uranium labelled as U.S. origin as a result of a flag swap. Buyer beware! A good buy today may result in a severe disappointment (and possibly a late feed delivery charge imposed by DOE) later on. Although it is practically impossible to determine whether uranium is legitimate or bastard (though sometimes this may be as simple as looking at it, since, in general, uranium from different countries is packaged in different color drums and, in addition, has a distinctive physical appearance depending where it comes from), a precautionary tactic would be to always demand that a certification be given by the seller (or swapper, in case of physical transfer swaps, see below) that the uranium is of U.S. origin, not just merely U.S. label. One could go as far as requiring that the seller certify that the uranium has been mined and milled in the U.S. An ounce of prevention could easily save here hundreds of thousands of pounds of cure.

Finally, one more word about swaps. A physical transfer swap, where one party actually booktransfers one origin uranium to another party's account within one or more facilities, even if this is done in different chemical forms, while the other party does exactly the same thing with uranium of different origin is not what we refer to here as a flag swap. These are called physical transfer swaps, and in them title, origin, label, drums, cylinders, etc. are all transferred; they are simply transactions where "I give you mine and you give me yours" takes place. As long as the parties involved are by law allowed to possess the origin uranium that they are receiving under such transaction, the transaction is valid, and the origin swap in its entirety has been legitimized.

Happy swapping!

Mr. SIMPSON. Mr. President, I am pleased to join Senator DOMENICI today in introducing legislation to address the problems facing the domestic uranium industry. The bill that we are introducing today is similar to comprehensive legislation reported to the full Senate last year by the Committee on Energy and Natural Resources—and I trust that we will be able to process this legislation in an expeditious manner.

Mr. President, it is time for the Congress to move forward swiftly and decisively to address the very serious problems that the domestic uranium industry faces today. Over the past 6 or 7 years, we have seen a steady and dramatic decline in the health and vitality of the uranium industry in this country. Wyoming employment in the industry has dropped to all-time lows, as mines and mills have been closed down, and we are on the verge of seeing this most valuable domestic resource go untapped—or be regulated out of existence—and lost indefinitely to foreign-supplied uranium.

In Wyoming, we have gone backward from having over 5,000 employed in our mines and mills back in 1980 to only a few hundred working today. In fact, Mr. President, the State of Wyoming, which was once among the world leaders in production of yellowcake, now has only one uranium mill still in operation.

We simply cannot afford to continue down a road of ever-increasing reliance on foreign sources of energy. I have no legislative history as a protectionist, Mr. President, but our uranium industry is so vital to our country's efforts to achieve energy independence, as well as to assure our national security, that we must take all necessary steps to turn this grave situation around.

The provisions in this bill constitute a solid beginning toward getting Wyoming's uranium industry back on its feet and Wyoming miners and millers back to work. The provisions in this bill governing the cleanup of the active mill tailings sites are fair and equitable. Moreover, after witnessing years of delay and infighting, I am now convinced that the approach reflected in this legislation is the only way that we can expect to move forward with cleanup and stabilization of these tailings in a fashion that will ensure that the job will really get done—and in a timely manner—now that we have wasted years of delay on this effort.

This bill also addresses the issue of uranium imports, by imposing limits on the amount of foreign uranium that could be imported for domestic consumption. After two consecutive annual findings by the Department of Energy that the domestic uranium industry is no longer "viable", we simply must act to correct this absurd situation. The evidence is now overwhelming—for the second year in a row—that swift and decisive action is required to address the problems that confront the domestic uranium industry.

We have a substantial civilian nuclear power program in this country, Mr. President, and we have all the capability to supply the fuel for the more than 100 reactors now operating from domestic sources. Yet if we ignore the serious problems facing this industry today, then we shall do so at our own peril, for we will virtually assure that we will be forced to depend upon foreign sources of energy—a most unreliable prospect that history has shown to be a mighty risky proposition.

For these reasons, Mr. President, I am joining with my colleague, Senator DOMENICI, today in introducing this legislation and I urge my colleagues to strongly support this effort. Thank you.

Mr. BINGAMAN. Mr. President, I join my distinguished colleague from New Mexico in introducing legislation assisting the domestic uranium industry. I believe this legislation begins to address an important problem that has been of great concern to the residents of New Mexico.

This problem is providing the appropriate method and funding for the cleanup of uranium mill tailings. These tailings or waste residues from the processing of uranium ore are a potential radiation hazard, and contamination may be spread to surrounding areas by wind and water erosion if the tailings are not disposed of properly.

The Uranium Mill Tailings Radiation Control Act of 1978 provided funding and authority to the U.S. Department of Energy [DOE] to dispose of radioactive tailings at inactive uranium mill sites. Remedial action at the two inactive sites in New Mexico will be carried out under this legislation. However, the responsibility for disposal of tailings at active mill sites remained on the owner or operator of the site.

Currently there are five active or licensed uranium mill sites in New Mexico. There are in excess of 80 million tons of mill tailings at these five sites. Approximately 30 million tons at three of the sites were generated under the Atomic Energy Commission [AEC] Uranium Program. The tailings generated under the AEC Program are commingled with tailings generated to produce uranium for nuclear generation of electricity.

The uranium industry in New Mexico is in a serious state of decline. With the exception of intermittent operation at one mill, all the licensed uranium mills have been placed on standby status and some will not reopen. The deteriorating financial condition of the uranium industry indicates the importance of providing assistance to meet the costs of tailings disposal.

Part of the legislation we introduce today would establish a program within the Department of Energy for the expeditious cleanup of existing uranium mill tailings to be financed by uranium producers, nuclear utilities, and the Federal Government.

For new tailings produced after the enactment of this act, the costs would be negotiated between the producers and the nuclear utilities. The program would operate under the regulatory scheme established in the Uranium Mill Tailings Act.

I strongly support the Federal Government and other users of uranium sharing the responsibility for disposal of these radioactive wastes. The Federal Government was the sole purchaser of uranium for many years. Over 30 percent of existing tailings nationwide are a result of the Government's purchases for its defense programs. For these reasons, the GAO in 1979 recommended that the Government share in these cleanup costs. This legislation would ensure that the Government meets its legitimate responsibility. The nuclear utilities are already required by the Nuclear Waste Policy Act to pay 1 mill per kilowatthour per spent nuclear fuel. Of course, the uranium producers must also share in any cleanup cost.

I am concerned, however, that this legislation does not go far enough in assuring the maintenance of a viable domestic uranium industry—something DOE is required to do under section 161(v) of the Atomic Energy Act and something that is vital for U.S. national security and energy independence. From the perspective of reestablishing a viable domestic uranium industry, we must achieve a substantial domestic origin requirement for uranium loaded into U.S. reactors. This would be the equivalent of what DOE should be doing anyway under section 161(b) and (p) of the Atomic Energy Act. Given the level of import commitments, "flag swapping," and similar activities over the past several years, it is apparent that the level must be at least as high as the percentage (62½ percent) set forth in section 170(B) of the Atomic Energy Act. Even that would result in reestablishment of production only if "grandfathering" provisions were seriously limited. Unfortunately, this legislation calls for only a 50-percent level, and that is weakened further by extensive grandfathering. Therefore, I support increasing the 50-percent content requirement and putting some of our 7,000 unemployed New Mexico uranium workers back to work.

It makes good sense to have the Federal Government work with the industry and the nuclear utilities in financing the proper disposal of uranium mill tailings. It makes sense to make DOE discharge its obligation to assure a viable domestic uranium industry under section 161(v).

I encourage my colleagues to consider this legislation.

By Mr. RIEGLE (for himself and Mr. PROXMIRE):

S. 1101. A bill entitled the "Foreign Primary Dealer and Bank National Treatment Act of 1987"; to the Committee on Banking, Housing, and Urban Affairs.

FOREIGN PRIMARY DEALER AND BANK NATIONAL TREATMENT ACT

● Mr. RIEGLE. Mr. President, today I am introducing legislation which would deny current or prospective primary dealer status to firms from countries—specifically Japan in this instance—that do not grant U.S. firms "equal access" to their Government debt market. It would also authorize the Federal banking agencies, with the consent of the President, to deny applications by banks from foreign countries that discriminate against U.S. banks.

Virtually identical legislation regarding primary dealers was introduced in the House of Representatives by Congressman SCHUMER as an amendment to the House trade bill and was adopted by the House Banking Committee on March 25, 1987. Likewise, the foundations of the foreign bank provisions were laid by Senator GARN in 1984 with S. 2193, on which the Banking Committee held hearings. I want to commend Senator GARN and Congressman SCHUMER for their leadership in this area.

This legislation is intended to encourage Japan to grant United States financial service firms a fair opportunity to compete in the distribution of debt securities issued by that nation. It requires the Federal Reserve System to discontinue—1 year from the date of enactment—existing "primary dealer" relationships in U.S. Government debt securities with foreign entities from countries which do not meet a standard of equal access to their Government debt distribution.

The inequities faced by United States firms attempting to participate in Japanese Government debt issuances have been documented in the Treasury department's national treatment study. The lack of equal treatment was additionally noted by a recent congressional delegation visiting Japan to review this and other issues related to United States firms' access to Japanese financial markets. The national treatment study, as updated in 1986, notes that in Japan,

> Foreign firms are allocated a very small proportion of bonds in the government bond underwriting syndicate * * * even large foreign securities firms and banks with extensive experience in government bond markets receive an extremely small fraction of each issue (less than 0.1 percent each) * * *

While the Treasury has "strongly encouraged" Japanese authorities to adopt a more equitable distribution process, the only response of the Japanese Ministry of Finance has apparently been to ask the underwriting syndicate to reexamine the question of allocations.

On the other hand, Japanese firms have long been free to participate on equal ground in the auctions of United States government debt. Moreover, the Federal Reserve Bank of New York has designated Japanese firms as primary dealers for United States government securities. This longstanding openness in our domestic debt distribution should warrant fairer treatment of our firms seeking to compete in the Japanese debt market.

This bill reflects my frustration as well as that of the Chairman of the Senate Banking Committee, Senator PROXMIRE, and others with the many obstacles American financial services firms face with respect to competition in Japan's financial markets. The Treasury's analysis notes that United States firms have frequently been subjected to: Long delays in receiving Government approvals, contradictory regulatory responses, and, in effect, allowed only token representation in Japanese financial markets. Other areas of difficulty include limitations on membership on the Tokyo Stock Exchange; high fixed commission rates—ranging as high as 80 percent—which must be paid to members of the exchange by nonmembers for executing trades; prohibitions on foreign exchange trading; unequal opportunities to participate in equity and bond underwriting; more stringent capital adequacy standards; restrictions on access to automated teller machines; arbitrarily applied employment requirements for opening branch offices; and long delays in processing applications and granting approvals for licenses to operate. As the national treatment study points out, "Meanwhile, Japanese firms have been able to compete aggressively for market share internationally, supported financially by their dominance of the Japanese market."

This legislation also responds to discrimination against United States banks that operate or seek to operate in Japan. It authorizes the Federal banking agencies, with the consent of the President, to deny applications for regulatory approval filed by banks from countries that discriminate against U.S. banks. Such applications might, for example, be filed to acquire a U.S. bank, to engage in a nonbanking activity, to establish a Federal branch or agency, or to obtain Federal deposit insurance for a State branch or agency. The requirement for Presidential consent ensures that any denial of an application on that ground will be consistent with overall foreign policy. The essential principle here is national treatment: We treat foreign banks in the United States the same as our own banks, and we will not stand idly by if countries such as Japan discriminate against our banks.

This legislation carries a clear message: We are prepared to legislatively address continued unfair, anticompetitive treatment by the Japanese in their financial marketplace. As this legislation provides, we believe in the ability of the American financial services industry to successfully compete internationally when other nations open their marketplaces and drop unfair barriers—as we have done. This country's longstanding promotion of open competition in domestic financial markets, regardless of the competitor's nationality, calls for more equitable treatment of American competitors by nations such as Japan.

I would hope that in the future other Senators may wish to direct their attention to the many other hurdles our financial services institutions face in Japan.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1101

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

SECTION 1. EQUAL ACCESS TO GOVERNMENT DEBT INSTRUMENTS REQUIRED.

(a) Findings.—The Congress hereby finds the following:

(1) United States companies can successfully compete in foreign markets if they are given fair access to foreign markets.

(2) A trade surplus in service could offset the deficit in manufactured goods and help lower the overall trade deficit significantly.

(3) In a recent offering of 20-year Japanese bonds, 11 United States firms were excluded entirely from the primary underwriting syndicate and were allocated a combined total of less than 1 percent of the offering by members of the primary syndicate.

(4) In contrast to the barriers faced by United States firms in Japan, Japanese firms have enjoyed access to United States markets on the same exact terms as United States firms.

(5) United States firms seeking to compete in Japan face a variety of discriminatory barriers which effectively preclude such firms from fairly competing for Japanese business, including—

(A) limitations on membership on the Tokyo Stock Exchange;

(B) high fixed commission rates (ranging as high as 80 percent) which must be paid to members of the exchange by nonmembers for executing trades;

(C) prohibitions on foreign exchange trading;

(D) unequal opportunities to participate in equity and bond underwritings;

(E) more stringent capital adequacy standards;

(F) restrictions on access to automated teller machines;

(G) arbitrarily applied employment requirements for opening branch offices; and

(H) long delays in processing applications and granting approvals for licenses to operate.

(b) Designation of Certain Persons as Primary Dealers Prohibited.—The Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York may not designate, and may not permit the continuation of any prior designation of, any person of a foreign country as a primary dealer in government debt instruments if such foreign country does not allow, or cease to allow, United States companies equal access in the acquisition of government debt instruments issued by such country.

(c) Exception for Countries Involved in or Negotiating Bilateral Agreements With the United States.—Subsection (b) shall not apply with respect to any person of a foreign country if—

(1) such country, as of January 1, 1987, was negotiating a bilateral agreement with the United States under the authority of section 102(b)(4)(A) of the Trade Act of 1974; or

(2) such country has a bilateral free trade area agreement with the United States which entered into force and effect before January 1, 1987.

(d) Definitions.—For purposes of subsection (b)—

(1) Person of a Foreign Country.—A person is a person of a foreign country if such person, or any other person which owns or controls (directly or indirectly) such person, is a resident of a foreign country, is organized under the laws of a foreign country, or has its principal place of business in a foreign country.

(2) Equal Access.—A country allows United States companies equal access in the acquisition of government instruments issued by such country if such companies may act in a capacity which—

(A) allows the companies to gain access to such instruments upon original issue; and

(B) is substantially equivalent to a designation as primary dealer in government debt instruments by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York.

(e) Effective Date.—This section shall take effect beginning one year from the date of enactment of this Act.

SEC. 2. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT.

The International Banking Act of 1987 is amended by inserting at the end thereof the following:

"Sec. 15. Notwithstanding any other provision of law, a Federal banking agency may, with the prior approval of the President, deny any application by a foreign bank or bank holding company that requires the approval of that agency, or disapprove any notice by a foreign bank or bank holding company that is subject to disapproval by that agency, if the country in which the foreign bank is chartered or the foreign bank holding company is incorporated, or the country in which any company controlling the foreign bank is incorporated or has its principal place of business, does not accord to United States banks and bank holding companies equality of competitive opportunity with domestic banks and bank holding companies."

● Mr. PROXMIRE. Mr. President, it is an honor to join my Banking Committee colleague, the distinguished Senator from Michigan, Donald Riegle, in introducing legislation today to encourage the development of sound, equitable, and efficient international financial markets. It is my view that financial services is an area in which U.S. banking and securities firms are among the most productive and efficient in the world. I am confident that they can compete successfully in foreign markets anywhere in the world where laws and practices assure free and equitable competition. In fact, their contribution to correcting our trade deficit could be quite positive—a trade surplus in services, financial services, could offset the deficit in manufactured goods and help lower the overall trade deficit significantly.

The concern motivating the introduction of this legislation today is that in some nations, particularly Japan, there are laws and practices that deny competitive equality to United States financial institutions. For our understanding of the most recent dimensions of the Japanese aspect of this matter, Senator Riegle and I are indebted to the efforts of Senator Garn, and Congressmen Schumer, Morrison, and Miller, who recently traveled to Japan representing the Congress in a factfinding mission of considerable importance. Their findings and insights into Japanese banking and securities markets are proving to be of great value to all of us in Congress.

By introducing this legislation today, Senator Riegle and I intend to highlight the need for all the leading industrialized nations to manage the development of capital markets within their borders in a way that contributes most effectively to international economic growth and financial stability. Laws or practices in any nation that accord to foreign financial institutions less competitive opportunities than similar domestic institutions must be eliminated. It is only through free and equal international trade can world economic growth be assured.

In his comments, Senator Riegle has addressed the major securities market issues relating to Japanese Government bond market access, stock market membership, and corporate bond and equity underwriting participation. I need only say that I concur fully in his observations. As for laws and practices that prevent U.S. banks from being able to compete effectively and on the same terms as foreign banks in foreign nations, it is the view of this Senator that they must be eliminated. With specific regard to Japan, United States, and Japanese banks must operate under equivalent capital adequacy standards, United States banks must be permitted to establish or purchase banks there, gain equal access to domestic deposit funds and payment system networks, and participate broadly in Japanese Government bond underwritings.

Japanese banks are accorded full competitive equality in the United States. Under our laws and regulations, banks owned by Japanese companies are treated exactly the same as banks owned by United States bank holding companies. Through this legislation, this Senator seeks nothing more than the same treatment for United States banks in Japan.

To indicate the seriousness of my concerns in this regard and my intent that this goal be attained, this bill contains a provision authorizing the Federal bank regulatory agencies, with Presidential approval, to deny an application filed with them by an institution from a nation whose laws and practices are inconsistent with the principle of national treatment. It is my expectation that the authority provided for in this bill will never have to be exercised. Discussions between our government and the Japanese on trade in financial services including banking issues appear to be proceeding well, and this Senator is hopeful of continued cooperation and progress.

In particular, I am hopeful that the Japanese Finance Ministry and central bank will soon express publically their intent to participate fully in the capital adequacy discussions now going on among the top bank supervision officials of the member nations of the Bank for International Settlements. International banking institutions regardless of their home country must satisfy capital requirements that are essentially the same. If they do not, competitive advantages and imbalances will develop and worldwide financial soundness will be threatened. The recent agreement between the Bank of England and the Federal Reserve on a uniform risk-based capital standard is an important first step in the direction of a uniform capital standard applicable to all international banking institutions. Japanese involvement in the development of such a standard and compliance with it is essential.

This Senator believes deeply that the openness of U.S. banking and securities markets is a major factor contributing to U.S. economic strength and must be preserved. It is also his sincere hope that the other leading industrialized nations of the world will continue the process of opening their financial markets in a comparable way. With open and equitable competition in these markets, the outlook for world economic growth and financial stability will be much improved.●

By Mr. D'AMATO:

S. 1102. A bill to extend patent numbered 3,387,268, quotation monitoring unit, for a period of 10 years; to the Committee on the Judiciary.

EXTENSION OF PATENT ON QUOTATION MONITORING UNIT

● Mr. D'AMATO. Mr. President, today I am introducing the Senate companion to H.R. 1274, legislation introduced earlier this year in the House by Representative Solarz. Our bills seek to undo a serious inequity resulting from 15 years of restrictive Federal regulations that have only recently been changed.

On September 9, 1963, Prof. Sidney Epstein of Brooklyn, NY, filed for a patent on his invention, the quotation monitoring unit. This invention enables investors to obtain the most recent quotations on selected stock issues directly. Professor Epstein was awarded patent No. 3,387,268 for this invention on June 4, 1968.

For this invention to be fully useful, however, a subsidiary communication authorization [SCA] is needed. The SCA permits information to be sent over FM airwaves to the quotation monitoring unit. Unfortunately, for the first 15 years of the life of Professor Epstein's patent, FCC regulations did not permit SCA's to be used with quotation monitoring units.

By the time the FCC's regulations were changed in 1983 to permit SCA's to be used with Professor Epstein's invention, the patent had nearly expired. For more than 10 years, Professor Epstein was denied the benefit of his patent by a set of Federal regulations that have since been abandoned.

Only Congress can correct this inequity. I urge my colleagues to support this bill to bring justice to a deserving individual inventor who has had the bad fortune to run into a series of bureaucratic regulations that should have been changed long before they were. I urge my colleagues to support this bill in the interests of equity and fair play and I ask unanimous consent that the full text of the bill be printed in the Record in its entirety at the conclusion of my remarks.

Thank you, Mr. President.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1102

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Commerce, acting through the Commissioner of Patents, shall, when patent numbered 3,387,268 (relating to a quotation monitoring unit) expires, or as soon thereafter as possible, extend such patent for ten years, with all the rights pertaining thereto.●

By Mr. SPECTER (for himself, Mr. Heflin, Mr. Levin, and Mr. Cohen):

S. 1104. A bill to provide relief to persons injured by the importation of articles into the United States at less than market value or wholesale price; to the Committee on Finance.

ANTIDUMPING ACT AMENDMENTS

Mr. SPECTER. Mr. President, today I introduced legislation which would amend the Antidumping Act of 1916 (15 U.S.C. 72) to enhance enforcement of existing antidumping laws. I am joined in introducing this bill by Senator Heflin, Senator Heinz, Senator Levin, and Senator Cohen.

Domestic industries suffering injury from dumped imports currently do not have an adequate remedy at law. Because there is no viable private right of action to enforce existing dumping laws, U.S. companies which are adversely affected by this unfair trade practice do not receive any compensation for their economic losses. The absence of a private right of action also results in there being no adequate deterrent to dumping.

The unlawful dumping of foreign goods in the United States has become a serious threat to American industries. Enormous quantities of dumped products enter the United States each year. Existing laws prohibiting such illegal imports are not being adequately enforced, and do not provide remedies sufficient to compensate injured parties or deter future unlawful conduct. As a result, domestic companies are injured, and thousands of American jobs are lost each year.

Mr. President, I long have advocated strengthening enforcement of existing trade laws by a private right of action. I introduced the Unfair Foreign Competition Act as S. 2167 in the 97th Congress, S. 418 in the 98th Congress, and S. 236 and S. 1655 in the 99th Congress. These trade initiatives received strong bipartisan support. In hearings before the Senate Judiciary Committee and the Senate Finance Subcommittee on International Trade, representatives of various domestic industries strongly supported enactment of this legislation. Legal experts testified about the urgent need for a private right of action in Federal court to supplement the current administrative procedures.

The legislation I introduced today differs from my prior initiatives. Rather than creating an entirely new statutory remedy, I am proposing certain minimal changes to existing law.

Under the current dumping statute administered by the Department of Commerce, the only penalty for illegal dumping is a duty assessed on future imports of the dumped merchandise—a duty which is paid to the U.S. Treasury. This scheme does not effectively deter this unfair trade practice. The foreign producer can continue to dump with no fear of economic sanction until a final order is issued or the case is settled by governmental negotiations. There is simply no incentive to refrain from dumping when past illegal actions are not subject to penalty.

The availability under this bill of damages to U.S. companies would rectify this situation. If dumping and injury are ultimately found to have occurred, the illegally obtained profits would be at risk, thereby increasing the risk of dumping for foreign exporters and producers. Foreign enterprises, like any domestic company, would be held responsible for the economic consequences of their anticompetitive actions.

This bill's provision of a damage remedy for injury from illegal imports would provide a more effective deterrent than current law, would provide retroactive relief to fill the gap under existing law which imposes duties on only future imports, and would provide damage awards directly to the injured American industries. International trade lawyers testified before the Senate Judiciary Committee in 1985 that a private damage remedy for injury sustained from illegal dumped imports would be consistent with the General Agreement on Tariffs and Trade.

Although a private right of action to enforce the dumping laws has existed since 1916, it has viability. There never has been an affirmative decision under the 1916 act's provisions, and few U.S. companies have brought an action under the act because of its excessively high burdens of proof.

To assist U.S. industries in their fight against illegally dumped goods, the bill I introduce today would make certain modest modifications in the burden of proof under the Antidumping Act of 1916. The bill also would allow domestic industries injured by dumped imports to seek damages, both to compensate for the injury and to deter future unfair trade practices.

Under the Antidumping Act of 1916, a plaintiff must: prove that there have been common and systematic sales involving substantial price discrimination; demonstrate the extent of injury from such price discrimination; and submit persuasive evidence that the defendant intended to injure or destroy a U.S. industry.

This legislation would maintain the basic standard of proof under the 1916 act—domestic companies still would be able to obtain compensation only if they proved that foreign goods are commonly and systematically sold in the U.S. market at prices substantially less than the actual market value or wholesales price of such goods in the foreign market. Plaintiffs also would have to demonstrate the extent of their injury from these dumped goods.

Mr. President, the modification I propose today addresses the intent requirement of the 1916 act. I would not eliminate this burden of proof entirely. I believe, however, that the intent to injure standard should be deemed satisfied upon proof that the defendant knew or had reason to know that the goods were being sold in the United States at substantial dumping margins. If the act's other criteria were met, the defendant would be subject to liability if he had such knowledge or was aware of information that reasonably would have given him such knowledge.

By amending the presently insurmountable standard of the 1916 act, we would enhance the utility of this statutory provision while continuing to protect those defendants who could not reasonably have been aware that they were involved in substantial dumping transactions. The 1916 act's other tough standards remain in place—penalties are imposed only against those who engage in a pattern of dumping involving substantial price discrimination; no liability would attach to sporadic, minimal or innocent dumpers.

This legislation also would eliminate the onerous criminal penalties in existing law and reduce the treble damages award to single damages. The imposition of criminal sanctions for this commercial wrong is inappropriate and may deter application of the statute. Domestic companies should not benefit from the windfall of treble damages; companies will be made whole under a viable damages remedy.

The bill I introduce today would make three technical amendments to the 1916 act to ensure its effective implementation. First, the bill clarifies the act's scope to include foreign manufacturers and exporters, if they knew or had reason to know that their goods were being imported or sold within the United States.

Second, the bill incorporates the definition of "such or similar merchandise" in title VII of the Tariff Act of 1930 so that dumping calculations can be undertaken when the merchandise meets the product comparability test established in that statute. This modification would help ensure that a district court judge would proceed with the dumping analysis even if there were technical differences in the goods sold in the home market and those exported to the United States. The bill also defines "actual market value" according to the definition of the term "foreign market value" in the 1930 act.

Third, the bill appoints the district director of the port through which the article is imported as the agent for service of process. The defendant, however, still may raise any available constitutional grounds for objecting to jurisdiction by U.S. courts.

The 1916 act, including its damages remedy, already has been grandfathered under the General Agreement on Tariffs and Trade [GATT]. The bill I introduce today modifies the 1916 act's "intent to injure" standard—a requirement which does not appear in any form in the GATT's Antidumping Code. International trade lawyers strongly argue that changing an "intent" standard to a "knowledge" requirement would not be inconsistent with the GATT. In fact, sanctions imposed on the defendant actually are reduced under my proposal, because of the elimination of criminal penalties and the reduction of treble damages to single damages.

The Antidumping Act of 1916 has been a part of the U.S. trade laws for a significant period of time. Dumping long has been recognized under United States and international law as an unfair trade practice. The proposed minor adjustments to the 1916 statute to enhance its utility are compatible with the goals of Congress to improve the enforcement of our Nation's trade laws.

Mr. President, yesterday the U.S. Supreme Court in *Zenith Radio Corp.* v. *Matsushita Electric Industrial Co. Lt.* (No. 86-1453) refused to review claims by United States television manufacturers that Japanese producers had violated the Antidumping Act of 1916 and United States antitrust statutes. In December 1986, the United States Third Circuit Court of Appeals dismissed claims by Zenith and the National Union Electric Co. for alleged unfair pricing by Japanese television producers, resulting in millions of dollars in damages.

This major decision, coming after 16 years of litigation, clearly demonstrates the near impossibility of injured domestic industries proving illegal dumping and collecting damages under the 1916 act as currently interpreted. The bill I am introducing today directly addresses the "intent" requirement under the act and the damages remedy. Had the 1916 act already included the amendments which I am proposing, the results of the Zenith case might have been completely different. By adopting my proposal now, perhaps we can protect other key industries from being decimated by illegal dumping in the way our television industry has been.

Mr. President, the House of Representatives considered during the 99th Congress H.R. 4800, the omnibus trade bill, which included a limited private right of action provision proposed by Representative Guarini. The Guarini amendment allows a U.S. manufacturer, producer, or wholesaler to file suit in the Court of International Trade for damages from defendants against whom an antidumping order is issued. The House passed H.R. 4800 with overwhelming bipartisan support on May 22, 1986. The omnibus trade bill, including the Guarini amendment, has been reintroduced as H.R. 3 on January 6, 1987. The House Ways and Means Committee, on March 25, reported H.R. 3 with a limited private right of action provision.

Illegal dumping is severely injuring American steel, chemical, glass, textile, electronics, agriculture, rubber, and cement industries, among others. When interested Members of the U.S. Senate and the House of Representatives take a look at this list of egregious violations of law currently unremedied, it is my thought that there will be an overwhelming majority in both Houses that will come forth and support this kind of reasonable, targeted, and directed remedy.

The bill I introduce today would in no way interfere with the administration's pursuit of voluntary import restraints. It would offer no new tariffs or quotas or protectionist barriers. It would not displace any existing remedies through the International Trade Commission or otherwise. Rather, it would reduce the pressures for resort to such disfavored measures, by allowing vigorous enforcement of laws already on the books.

Mr. President, there is nothing like the vigor of private plaintiffs when it comes to enforcement of trade or other commercial statutes. We have many decades of evidence of this with regard to private enforcement of our antitrust laws. The theory that private plaintiffs would find strong incentive to bring such antitrust suits—and in so doing would both recoup deserved compensation for their injuries and advance strong national public policy interests—certainly has proved correct. There is no reason why the same would not be true of private suits to enforce our trade laws.

We should not be surprised by recent calls for new protectionist tariffs against goods from countries with large trade surpluses with the United States. I sympathize with the frustrations which lead to such efforts, even as I question their appropriateness. The way to avert such counterproductive measures is to enforce the trade laws which already are in place.

We desperately need the vigorous private enforcement this bill would spur if we are to chart successfully a course between the grave dangers of increased protectionism and the certain peril which would result from unabated illegal foreign imports. Accordingly, I urge my colleagues to join us in supporting this bill.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1104

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 801 of the Act of September 8, 1916 (39 Stat. 798; 15 U.S.C. 72) is amended—

(1) by striking out the second paragraph,

(2) by striking out "It shall be" in the first paragraph and inserting in lieu thereof "(a) It shall be",

(3) by striking out "Any person injured" and inserting in lieu thereof "(b)(1) Any person injured",

(4) by striking out "The foregoing provisions" and inserting in lieu thereof "(d) The provisions of this section",

(5) by striking out "wholesale price of such articles" in subsection (a) and inserting in lieu thereof "wholesale price of such or similar articles",

(6) by striking out "threefold" in subsection (b)(1),

(7) by adding at the end of subsection (b) the following new paragraphs:

"(2) If the plaintiff in any action brought under paragraph (1) introduces evidence that indicates the defendant knew, or had reason to believe, that the article that is the subject of such action was being imported or sold in the United States at a price which was substantially less than the actual market value or wholesale price of such or similar articles—

"(A) at the time of exportation to the United States, in the principal markets of—

"(i) the country in which such or similar articles are produced, or

"(ii) other foreign countries to which such or similar articles are commonly exported, and

"(B) after adding to such market value or wholesale price—

"(i) freight,

"(ii) duty, and

"(iii) other charges and expenses necessarily incident to the importation and sale of such or similar articles in the United States,

the burden of proof shall be upon the defendant to prove that the defendant did not have such knowledge or reason to believe.

"(3) Whenever it appears to the court in any action brought under paragraph (1) that justice requires that a defendant or any other person be brought before the court, the court may cause the defendant or such person to be summoned, without regard to where the defendant or such person resides, is found, or has an agent, and the subpoenas to that end may be served and enforced in any district of the United States.

"(4) The acceptance by any foreign manufacturer, producer or exporter of any right or privilege conferred upon him to sell his products or have his products sold by another person in the United States shall be considered to be equivalent to an appointment by the foreign manufacturer, producer, or exporter of the District Director of the United States Customs Service of the Department of the Treasury for the port through which the article is imported to be the true and lawful agent upon whom may be served all lawful process in any action brought under paragraph (1).", and

(8) by inserting after subsection (b) the following new subsection:

"(c) For purposes of this section—

"(1) Any person who produces, manufactures, or exports from a foreign country any article shall be treated as assisting in the importation of such article into the United States if such person knew, or had reason to believe, that such article was being imported into, or was to be sold in, the United States.

"(2) Any person who knew, or had reason to believe, that the article that is the subject of an action brought under paragraph (1) was being imported or sold in the United States at a price which was substantially less than the actual market value or wholesale price of such or similar articles—

"(A) at the time of exportation to the United States, in the principal markets of—

"(i) the country in which such or similar articles are produced, or

"(ii) other foreign countries to which such or similar articles are commonly exported, and

"(B) after adding to such market value or wholesale price—

"(i) freight,

"(ii) duty, and

"(iii) other charges and expenses necessarily incident to the importation and sale of such or similar articles in the United States,

shall be treated as having the intention described in the proviso of subsection (a).

"(3) The term 'actual market value' has the same meaning given to the term 'foreign market value' under section 773 of the Tariff Act of 1930.

"(4) The term 'such or similar articles' has the same meaning given to the term 'such or similar merchandise' under section 771(16) of the Tariff Act of 1930.".

By Mr. BURDICK (for himself, Mr. Durenberger, Mr. Moynihan, Mr. Mitchell, Mr. Baucus, Mr. Chafee, Mr. Stafford, Mr. Breaux, and Mr. Graham):

S. 1105. A bill to authorize a national program of ground water research; to the Committee on Environment and Public Works.

GROUND WATER RESEARCH ACT

Mr. BURDICK. Mr. President, today I am introducing the Ground Water Research Act of 1987, legislation to expand and strengthen research on ground water resources.

I am pleased that Senators DURENBERGER, MOYNIHAN, MITCHELL, BAUCUS, CHAFEE, STAFFORD, BREAUX, and GRAHAM have joined me in introducing this important bill. In addition, Senators MOYNIHAN, MITCHELL, and others are introducing identical legislation as an amendment to S. 20, which provides for a comprehensive approach to protection of ground water.

Ground water is a national resource of tremendous value and importance. Half of the population of the United States, and the great majority of those living in rural areas, rely on ground water for drinking water.

In my home State of North Dakota, 62 percent of the population relies on ground water for domestic supply. It is the only source of water for thousands of farm families and their livestock. Almost all smaller cities and towns depend solely on ground water as a source of supply. Increasingly, ground water is being used to irrigate crops and grassland during low rainfall periods.

Recent surveys by the Environmental Protection Agency and other organizations have identified ground water contamination problems across the United States. Sources of ground water contamination are diverse, including waste disposal sites, leaking underground storage tanks, and application of pesticides and fertilizers. Contaminants from these sources are known to cause adverse health and environmental effects and to impose large costs in treatment and remediation. In rural areas such as North Dakota, house-by-house monitoring, treatment, or correction of contamination problems can be so expensive that prevention is an absolutely necessary strategy.

Research on ground water is now underway at several Federal agencies. The current research program, however, is inadequate in several respects. We need to know more about the locations and amounts of ground water, the health effects of ground water contaminants, the causes and extent of ground water contamination, and the most efficient methods of preventing and controlling ground water contamination.

This legislation is intended to expand the National Ground Water Research Program and to clarify and coordinate the efforts of the Federal agencies involved in this work.

Title I of my bill establishes a comprehensive ground water research program at the Environmental Protection Agency. The bill specifies the research authorities of the Agency, provides for expanded research on methods and practices for control of contamination, provides for a new program of research into the health effects of contaminants found in ground water, and creates a research committee to coordinate these research efforts.

Title II of the bill specifies the role of the U.S. Geological Survey in ground water research. The USGS has had a pioneering role in assessment of the ground water resource, as with all water resources in the United States. The bill provides for continuation and expansion of USGS programs to determine the locations and amounts of ground water and to assess the quantity and quality of the ground water resource. The bill also directs the USGS to develop a national inventory of ground water resources and to report to the Congress on the findings of the inventory.

Title III of my bill provides specific authority for the ground water research work of the Agricultural Research Service. In North Dakota it is the impact of agricultural practices that poses the greatest threat to ground water. To avoid risking the health of our farm families and small towns that depend on ground water, and to provide water of acceptable quality for livestock watering and irrigation, we need research on how to minimize that impact. This title encourages research on improving the efficiency of agricultural chemicals, including nutrients and pesticides; on reducing irrigation water requirements and improving water management; on demonstrating integrated pest management; on improving agricultural chemical disposal practices; and on preventing and correcting ground water contamination that may result from agricultural practices.

We hope to find a mechanism to supplement the Agricultural Research Service to work directly with farmers and county agents in carrying this research into practice.

Other provisions of the bill create a series of ground water research institutes, provide for national assessments of individual sources of contamination, require coordination of the agencies conducting ground water research, establish a national ground water information clearinghouse, and require special studies of methods of control for specific contamination problems.

This legislation is intended to establish a balanced and coordinated research program for the Nation's ground water resources. The information developed by this research should be of great value to States and the Federal Government in detecting, preventing, and correcting ground water resources. Over the next several months, the Environment and Public Works Committee will work with all interested parties to develop this legislation and assure that it will result in the best possible program of ground water research for the country.

As part of this legislative development process, we will hold hearings on ground water research issues. These hearings will be an opportunity to hear testimony from a wide range of experts and interested groups.

I want to hear the views of State agencies working on ground water research and protection programs. I want to hear the views of the Federal agencies affected by the legislation. I want to hear the views of industry and users of products that may enter ground water. In particular, I want the benefit of input from the farming community and the producers of agricultural chemicals. I want to hear the views of the environmental community. And I want to hear the views of public and private sector scientists conducting ground water research.

A number of important issues addressed in the bill will benefit from broad public discussion and debate.

Is the distribution of research functions among the various Federal agencies appropriate?

Is the Federal agency coordination provision of the bill adequate?

Is the process for development of data on specific contaminants found in ground water adequate and workable?

Does the bill provide for sufficient basic data on ground water status and trends, given the high cost of collecting such information?

The Committee will consider the comments and suggestions of the various interested parties and revise this legislation as appropriate. This bill builds on the work of the Subcommittee on Toxic Substances and Environmental Oversight in the 99th Congress. While the bill we are introducing today is a good, comprehensive statement of an approach to ground water research, I am certain that it can be improved. As I and others have indicated, there are portions of the bill for which we are already seeking alternatives or refinements. I hope that all interested groups and individuals will work with the committee in this effort.

In closing, I want to add that it is my intention that the Environment and Public Works Committee develop additional ground water legislation designed to provide for comprehensive protection of the resource. The bill we are introducing today addresses just the first part of the broader ground water contamination problem.

I am working with Senators MOYNIHAN, DURENBERGER, MITCHELL, BAUCUS, and others on the committee to develop a more comprehensive bill to assure the protection of ground water resources. This research bill introduced today would become one element of that legislation. I am hopeful that we will be able to introduce that comprehensive ground water protection bill within the next several months.

I ask unanimous consent that an outline of the Ground Water Research Act of 1987 be printed in the RECORD at the conclusion of my remarks.

There being no objection, the outline was ordered to be printed in the Record, as follows:

Outline: Ground Water Research Bill

TITLE I—PROGRAMS OF THE ENVIRONMENTAL PROTECTION AGENCY

Sec. 101: Specifies authorities and priorities.

Sec. 102: Establishes a research committee and requires a management plan.

Sec. 103: Provides for research to develop technologies for control of ground water pollution.

Sec. 104: Provides for research of the health effects of contaminants with costs of research paid by manufacturers.

Sec. 105: Establishes institutes at major universities to conduct ground water research.

Sec. 106: Provides for nationwide assessments of specified sources of ground water contamination.

Sec. 107: Specifies other research authorities for EPA.

TITLE II—PROGRAMS OF THE GEOLOGICAL SURVEY

Sec. 201: Amends the basic USGS authority to provide for existing research activities and some expansion of activities.

Sec. 202: Establishes a national ground water quality and quantity inventory program.

Sec. 203: Technical amendments to the Water Resources Research Act.

Sec. 204: Assures that this title does not restrict the authorities of the EPA Administrator.

TITLE III—PROGRAMS OF OTHER FEDERAL AGENCIES

Sec. 301: Authorizes the existing research program of the Agricultural Research Service with some expansion.

TITLE V—GENERAL PROVISIONS

Sec. 401: Authorizes special studies of specific ground water contamination sources and problems.

Sec. 402: Establishes a national ground water information clearinghouse.

Sec. 403: Provides for coordination among EPA, USGS, ARS and other federal agency reports to Congress.

Sec. 404: Establishes a policy for patents for inventions developed as a result of this research effort.

Sec. 405: Provides authorizations for these activities [roughly $285 million per year, about one-third of which is new authorization].

[In millions of dollars]

Years	Amount	Sections	Total
For 5 years	40	Sec. 101	200
		Sec. 102	
Do	25	Sec. 103	125
Do	25	Sec. 104	125
Do	11	Sec. 105	55
Do	10	Sec. 106	50
For 3 years	155	Sec. 201	465
For 2 years	10	Sec. 202	20
For 1 year	8	Sec. 202	8
For 5 years	6	Sec. 301	30
For 1 year	5	Sec. 402	5
For 4 years	3	Sec. 402	12
Total	[1] 285		[2] 1.1

[1] Second year funding level annually (does not include 21.5 million total for small special studies over 5 years.)

[2] Over 5 years at $1.1 billion.

● Mr. BAUCUS. Mr. President, today, I am joining with Senators Burdick, Durenberger, Moynihan, Mitchell, Chafee, Stafford, Breaux, Graham, Humphrey, and Grassley in introducing the Ground Water Research Act of 1987.

Ground water is one of our most precious resources but one of our least understood. In rural America it is the primary source of water both for personal consumption and to support our agricultural communities.

Unlike major metropolitan areas, where elaborate water treatment and costly technologies can treat contaminated water, rural America must depend on raw water protected solely by the mantle of the earth.

Treatment is not an option for rural areas. Protection is the only means available to ensure the vitality of this resource both now and in the future.

The Nation's ground water is being threatened. Toxic waste from industrial and mining practices pollutes ground water recharging our rivers and streams with toxic contamination. In certain areas of the country, abuse of pesticides has led to treatment of individual private wells. Other areas have experienced ground-water contamination caused by poorly designed sewage and waste disposal practices.

The American public is becoming increasingly alarmed over the loss of this irreplaceable resource. As a nation we are ill-equipped to address the problem.

There is a need for a major commitment to learn how to protect this natural resource. Congress and the Nation must raise the priority and protect the Nation's ground water.

This legislation will establish a program within the Environmental Protection Agency to support the protection, maintenance and restoration of the ground water resources of the United States. EPA shall conduct studies, promote the coordination of research, investigations, experiments, demonstrations, surveys and studies to both identify, prevent and correct ground water contamination.

There is a critical need to understand how contaminants move through the soil polluting both ground water and eventually surface water. Ways must be found to control potential contaminants of ground water and to prevent future degradation. These research programs are meant to dovetail and complement efforts being made to treat the Nation's hazardous waste. In undertaking these investigations, the protection of public health and protection of the environment are to be treated equally. In addition to considering individual contaminants, attention is to be given to the synergistic impacts caused by multiple contaminants.

While prevention of ground-water contamination, particularly in rural areas, must be given highest priority, attention also needs to be focused on innovative ways to remediate contaminated ground water in situ.

In order to ensure the development of a coordinated national policy, the Environmental Protection Agency shall submit an annual report to Congress indicating where the Nation is heading, what it has accomplished to date and what policies the United States should be adopting.

While the legislation does not prohibit the Environmental Protection Agency from unilaterally instituting a national ground-water strategy it is the intention of the legislation for Congress and EPA to work together cooperatively. It is my hope that no EPA ground-water policy be implemented treating rural areas as second class citizens. Congress should be given an opportunity to develop a consensus and implement a national ground-water policy. This legislation is an important force in shaping that policy.

The administrator is to undertake demonstration projects to get innovative technologies and practices in place as quickly as possible. Monitoring, testing, and public education shall be an important component of these projects.

In order to understand the effects caused by ground water contaminants, a new health and environmental effects research effort is mandated. It is the intention of this legislation that the research effort extend beyond health effects to humans and include effects on all aspects of the environment. The propensity of bioaccumulate or to discharge to surface waters causing additional impacts needs to be thoroughly considered in understanding these contaminants.

The purposes of this legislation shall be carried out through the development of a limited number of research institutes located in various representative regions of the country.

Ground water assessments shall be undertaken in coordination with the Geological Survey to understand the frequency and concentration of contaminants in the Nation's ground water resources. Specific assessments are to be undertaken for pesticide applications; on site sewage and waste disposal; landfills, surface impoundments, wastepiles, and contaminant releases; class V injection wells; fertilizer injections; irrigation return flows and publicly-owned treatment works. In addition, the Governor of any State may petition the administrator to initiate additional assessments if it is deemed necessary.

There is a need to strengthen environment research programs at the Environmental Protection Agency. Ground water research deserves a higher national priority. In raising the priority of ground water research it is important that attention not be diverted from solving the other serious long-term problems facing the Nation. Global temperature change, air pollution, toxic substances, biotechnology, and surface water protection each pose significant problems for the future which require a continued research commitment. There is a clear need to strengthen our commitment to ground water but we must not diminish our commitment to solving the multimedia problem of environmental pollution.●

● Mr. CHAFEE. Mr. President, I am pleased to join with my colleagues today in introducing the Ground Water Research Act of 1987. This bill represents the first major legislative proposal in this important area. What we don't know about ground water and ground water pollution could fill a whole library. The bill we are introducing today will enable us to correct that problem.

To understand the importance of ground water as an environmental issue, one need look no further than his or her own backyard. Let's take Rhode Island as an example. In my home State, ground water is a locally abundant and widely used resource. When people think of the ocean State, they don't think of ground water. But, in 1980, ground water supplied drinking water to 20 percent of the State's population. Fifty-one percent of all ground water withdrawals were for public supply. From 1960 to 1980, withdrawal of ground water for public supplies nearly doubled, from 10 to 19 million gallons per day.

Reserves are adequate in my State to meet a substantial part of our future public supply and industrial water needs. But we have a problem.

Because of high aquifer permeability and the depth to the water table, which in most cases is small, ground water in Rhode Island is extremely susceptible to contamination. We already have examples of local contamination that have resulted from leaking gasoline tanks as well as from leaching of hazardous chemicals from landfills, of salt from uncovered storage piles, and of fertilizers, pesticides, and herbicides applied to agricultural land and lawns. Accidental spills of organic solvents have contaminated eight public supply wells and more than 100 private wells.

This bill is a first step. It addresses the research needs in this area. My colleagues and I plan to develop this legislation through the hearing process and, later this year, to use it as the foundation for a larger, comprehensive bill to deal with the problems of ground water contamination.

Mr. President, introduction of this bill is a significant event. We are leading the Committee on Environment and Public Works into an area where it has not ventured in the past. The issues are important ones for all of us. I urge every Member of the Senate to review this bill and to join us as a cosponsor.●

● Mr. DURENBERGER. Mr. President, I am pleased to join with the distinguished chairman of the Environment and Public Works Committee, Senator BURDICK, and many other members of that committee to introduce the Ground Water Research Act of 1987.

This is a bipartisan bill to authorize research, studies, and investigations at various Federal agencies with respect to the quantity and quality of the Nation's ground water resources and the steps that we must take to protect those resources from further degradation. This bill is intended to provide the knowledge and information that can serve as a foundation for a national, comprehensive ground water protection program that has as its purpose the prevention of ground water contamination.

Mr. President, in the last Congress I was fortunate to chair the Subcommittee on Toxic Substances and Environmental Oversight where we held 7 days of oversight hearings on the problem of ground water contamination. As a result of those hearings and the interest and efforts of many members of the Environment Committee, we made a small legislative beginning on ground water protection last year. We included protection for drinking water wellhead areas and sole source aquifers in the Safe Drinking Water Act amendments. We included ground water protection as a priority for the new nonpoint source pollution program under the Clean Water Act.

We reauthorized Superfund which has many ground water protection features. Especially it begins a program of health effects research in ground water contaminants and authorizes a $500-million program to clean up leaking underground storage tanks. And both the House and the Senate passed legislation to protect ground water from pesticide contamination, although those bills did not make it to the President's desk. So ground water protection is not a new issue here in the Senate Chamber.

In fact, Mr. President, there are some 16 major Federal statutes which deal in some way with the ground water resources of the Nation. And there are ground water activities underway in 22 different Federal agencies. Although we made more than a beginning in our efforts to protect the Nation's ground water, it is not entirely clear where we are headed with these efforts. The existing laws have no common goal or purpose. The programs of the various agencies are not adequately coordinated. And the policies of the Federal Government with respect to ground water are very often incompatible by design and inconsistent when put into practice.

What we need is a comprehensive, national ground water protection statute. There is an emerging consensus on that point, I believe. I think that each of the Members who are here on the floor to cosponsor this bill believe that we need a comprehensive Federal program defined by law. A modest number of interest groups and think tanks have recently recommended a Federal ground water protection strategy. Even the Administrator of the Environmental Protection Agency has in the past few weeks acknowledged that comprehensive ground water legislation is needed to integrate all of the various efforts that are underway.

Mr. President, the bill that we are introducing this afternoon is a downpayment on a comprehensive, national policy. This is a bipartisan bill developed by many of the members of our committee. It is just a research bill. It does not promise to prevent the contamination of our ground water resources. But it is a comprehensive research bill that seeks to cover all of the ground water research activities of the various Federal agencies. So, it reflects the beginnings of our efforts as a committee to develop a comprehensive program in a bipartisan spirit.

We may not, in the end, be able to agree on the outlines of a full package, in which case, the legislative road to a national protection program will be much more difficult. But we are making a start here. And it is a good start. I want to commend Senator BURDICK on his ability to bring so many members of the committee together on this piece of legislation. I am also pleased to note that Senator MOYNIHAN who heads the subcommittee with jurisdiction over these issues will be offering this language as an amendment to his own ground water protection bill.

Mr. President, as we begin our work it is important to keep in mind the special characteristics of ground water which make it a valuable and vulnerable resource. The ground water supplies of this Nation are vast amounting to 50 times the freshwater available in rivers and lakes on the surface. For 117 million Americans—one-half of us—ground water is the source of our drinking water. In rural areas, like Minnesota and North Dakota and Maine, 95 percent of all households rely on ground water supplies to meet their needs.

As a drinking water supply, there are some characteristics of ground water which set it apart from surface waters. First, surface waters are usually treated before they reach the consumer. The water is processed by a central water utility and is disinfected with chlorine to kill the biological contaminants and filtered to take out the solids and other pollutants.

Ground water, on the other hand—and especially for those using private wells—often goes right to the tap. We drink it as we find it. Testing or treating it beforehand would be very expensive. Analyzing a water sample for a full range of potential contaminants can cost up to $2,000. This is one sample one time and does not include the cost of correcting contamination, if it is found. Not many rural households in today's economy could afford those kinds of costs on a regular basis.

Second, the pollutants in ground water may be much more concentrated than in surface waters. Waters in rivers and lakes move rapidly and pollutants introduced at one point are quickly diluted by mixing with large volumes of water.

But ground water moves very slowly and there is little mixing. A spill of chemicals on the surface or a leak from a landfill or underground tank will create a plume of contaminants which will stay concentrated as it moves through the aquifer.

Where a serious incident of surface water pollution might produce contaminants in the range of 10 to 100 parts per million, the same contaminant may be found in ground water at several thousands parts per million. If you are drinking ground water untreated and you are pumping it from one of those plumes, you run the risk of serious health problems.

Third, it is practically impossible to clean up an aquifer once contaminated. In fact, nobody has ever restored a contaminated aquifer to its original condition. Acceptable levels of cleanup at the average Superfund site now requires $8 million of remedial action and the cost is ever-rising. There is an aquifer in Colorado which was contaminated by Defense Department activities and pesticide production wastes which may cost the Nation as much as $1.3 billion in cleanup efforts.

We have made great strides in restoring the quality of polluted surface waters under the Clean Water Program. But we dare not think that we could do the same for ground water, if it should become contaminated by intention or neglect.

So, ground water is often delivered to the consumer untreated. When polluted, the level of contamination may be very high. And once polluted, it is practically impossible to clean up. These facts I have just recited—characteristics that set ground water apart from other resources—are in my view a justification for a substantial, national effort to prevent further degradation of our ground water supplies. And developing the knowledge and information that can serve as a foundation for a prevention program is very much the purpose of the bill we are introducing today.

Mr. President, this bill has nine major elements.

GENERAL RESEARCH AUTHORITY

The Environmental Protection Agency is given broad authority to conduct research and investigations with respect to the prevention, detection, and correction of ground water contamination. Priorities for this research include methods to predict the fate and movement of contaminants in ground water, the development of analytical methods for detecting contaminants, efforts to reduce the generation and discharge of waste, and research on the health and environmental effects of contaminants when present in ground water. The bill provides $40 million per year for this EPA research program and establishes a ground water research committee at EPA to manage the effort.

EPA currently conducts ground water related research principally under authority of the Solid Waste Disposal Act and the Superfund Program. In 1985 EPA spend approximately $18 million on ground water research. As one might expect, most of this research was focused on remediation and correction efforts. It is our intent in this legislation to broaden that focus and to put added emphasis on research efforts that will improve our ability to prevent ground water contamination.

CONTROL TECHNOLOGIES

EPA is directed to assist in the development and demonstration of methods and technologies which would be effective in reducing or preventing ground water contamination. Research under this authority might include the development of leak detection systems for underground storage tanks, the development of new pesticide products which are less likely to leach or pest management practices which do not rely on chemicals, the demonstration of best management practices of fertilizer applications, and the development of new caps and liners for waste disposal facilities. This section of the bill authorizes applied research. EPA is to solicit proposals for the demonstration of new methods and technologies and can provide grants for up to 75 percent of the development costs for 10 projects each year. The legislation emphasizes rapid transfer for the new technologies to other users and wide commercial distribution.

HEALTH EFFECTS RESEARCH

EPA in cooperation with the National Toxicology Program and the Agency for Toxic Substances and Disease Registry is to conduct a series of studies to determine the health and environmental effects of contaminants which are found in ground water. A recent study by the Office of Technology Assessment indicated that as many as 200 different chemical and biological contaminants have been found in ground water supplies across the country. For most of these contaminants the toxicological and environmental data is incomplete. Under the authority provided in this bill the NTP will propose a battery of tests for each known contaminant which would be adequate to determine the full range of possible health and environmental effects. The proposed research program is to be reviewed and approved by EPA. The actual testing can be performed by the manufacturers of the chemicals which led to contamination or in the alternative EPA will conduct the tests and seek reimbursement from manufacturers after the testing is completed.

RESEARCH INSTITUTES

EPA is authorized to establish and provide assistance to four ground water research institutes which are to be located at universities in different regions of the United States. The institutes will conduct basic research using multidisciplinary scientific teams and will provide advanced education in the ground water sciences. In addition, the institutes are to play a strong role in disseminating the information and practices which are developed under the research programs authorized in this bill. The work of the institutes will be reviewed periodically by EPA and representatives of the National Academy of Sciences. The bill provides $1 million per year to assist the institutes.

CONTAMINATION ASSESSMENTS

The bill requires EPA to conduct seven nationwide surveys of potential ground water problems associated with specific sources of contamination: Pesticide applications, septic tanks, fertilizer applications, injection wells, irrigation return flows, landfills and solid waste disposal facilities, and publicly owned sewage treatment facilities. These assessments would identify the population of such sources nationwide, the types of contamination that might be associated with each source, the likely health effects of the possible contaminants and the degree of contamination that has already been experienced. EPA has already begun the pilot stages on one such assessment for pesticides.

USGS PROGRAMS

The bill authorizes various ground water quality and quantity research programs at the U.S. Geological Survey. Many of these programs are already in place, but have not received a congressional authorization. These programs include the basic water resources research effort of USGS; the Federal-State cooperative program which makes national resources and expertise available to solve problems identified by State officials; the Regional Aquifer System Analysis Program which is studying the flow characteristics of 28 major aquifer systems in the United States; and a national ground water quality inventory which USGS has begun on a pilot basis.

Mr. President, this portion of the bill owes much to the efforts of our colleagues in the House of Representatives and in particular Congressman SAM GEJDENSON who has introduced H.R. 791 in that body. That bill passed the House last year and is on a quick schedule again in this Congress. We are indebted to the sponsors of the House counterpart to this title of our bill for the leadership they have shown on these issues. We look forward to working with them when our efforts are joined together in a conference committee at a later time.

AGRICULTURAL RESEARCH SERVICE

The bill also authorizes a small program of research at USDA which is to focus on the use of agricultural chemicals (pesticides and fertilizer), the impact of such chemicals on ground water quality, and steps that can be taken to reduce the negative effects including nonchemical solutions to pest problems. Mr. President, I want to say for the benefit of my colleagues that this portion of the bill is only the beginning sketch of the program we actually desire at USDA. In particular we are concerned about technology transfer and getting the results of all this research out into the hands of those who can and will use it to protect ground water resources. As we move through the hearing process on this legislation we will want to expand and restructure this USDA section so that it also involves the experiment stations and the extension service in these ground water protection efforts. We welcome the comments of any Member or others who are interested in the modifications that can be made to this section to assure wide dissemination of the research results that are produced under this authority.

CLEARINGHOUSE

The bill establishes a national ground water information clearinghouse to assure that the information and technologies developed through these research program is widely disseminated and provides an on-going grant of $3 million per year to the clearinghouse.

COORDINATION

The bill requires the President to conduct an interagency program to coordinate the ground water related work of the various Federal agencies. In addition, the separate agencies are required to consult and cooperate in the conduct of those programs which are assigned to each agency.

Mr. President, that is a brief summary of the major provisions of the bill.

Before concluding this afternoon, Mr. President, I would make just a few brief comments with respect to other aspects of this legislative effort.

The first point I wish to make is in respect to the authorization levels that are in this bill. If one turns to section 405 which contains the authorizations and simply calculates the total dollars provided, one may think this is a very expensive bill. That is an inaccurate conclusion to draw, Mr. President. Many of the programs authorized by this bill, and in particular the programs of the Geological Survey, are already in existence. They are already being funded by the Congress. But they have never been authorized by the Congress. Nor are they coordinated in a comprehensive way with the programs of the other agencies. And that is the purpose of this bill and the reason that we provide authorizations for existing efforts. But that is old money, money that would be spent whether we enacted this legislation or not. The actual new commitments made by this bill amount to approximately $75 million per year which is not an unreasonable amount of effort to put forward for ground water protection considering that 117 million Americans are relying on ground water for their drinking water supply. And that many of those Americans are drinking ground water that has not been tested or treated in any way.

The second point I wish to make is that this bill owes a great deal to the work of others. I have mentioned the chairman and members of our committee and the Members of the House who have been working on the various provisions of this bill. But we also need to offer our thanks to the members of the Ground Water Research Review Committee of EPA's Science Advisory Board. This committee was chaired by John Quarles, a former deputy administrator of the Agency. The committee made its report in July 1985. The members of the committee bear no responsibility for the mistakes we have made, but their report did serve as a point of departure for our work on this bill and I hope each member of the committee can see fruit for some part of their commitment in this legislation.

Third, I want to tell Members of the Senate that we are expecting that a companion bill will be introduced in the House by Congressman SCHEUER of New York later this week. That is very good news indeed. He is chairman of the subcommittee which has jurisdiction over EPA research on that side and his interest and commitment to this legislation will mean much quicker and more intelligent action by the Congress as a whole. We very much look forward to working with him and his colleagues in the House on this legislation.

Mr. President, let me just conclude by once again thanking the distinguished chairman of our committee, Senator BURDICK, for taking the lead on this issue. I have been working for a long time toward the day when we could introduce bipartisan ground water legislation in the Senate. Today is that day. That the Senator from North Dakota has been able to make time for this issue among all the other pressing priorities of the committee is most gratifying and speaks well of his commitment to protect the environmental resources of our Nation.●

By Mr. HOLLINGS:

S.J. Res. 118. Joint resolution to designate the week of May 10, 1987, through May 16, 1987, as "Senior Center Week"; to the Committee on the Judiciary.

SENIOR CENTER WEEK

● Mr. HOLLINGS. Mr. President, this Friday will be the first of May and the beginning of Older Americans Month. As part of this celebration, I am today introducing a joint resolution to designate the week of May 10, 1987 through May 16, 1987 as "Senior Center Week".

The first senior center began in New York City in 1943. Their numbers have now grown to 8,000 senior centers nationwide, serving over 5 million Americans. And, in my own home State of South Carolina, there is a senior center in each of our 46 counties.

Mr. President, an important distinction to make about senior centers is they work with older Americans, not for them. Assisting the elderly with the decisions that effect their lives, and supporting them in activities that cause them to remain involved and contributing citizens are two very important goals of senior centers. Senior centers also help nurture the creative talents and ambitions that older persons hold. And, Mr. President, all of this is done in a place where older Americans can meet and socialize with people of their own age group and with those who share their interests.

Just as important, senior centers are committed to helping the elderly population maintain and improve their health and physical well-being. In keeping with this commitment, the National Institute of Senior Centers' 1987 theme is "Plan on Living the Rest of Your Life".

Mr. President, America's senior centers do an outstanding job promoting the interests, relieving the concerns, and solving the problems of our elderly population. I hope my colleagues will join me in recognizing this excellent organization by declaring "Senior Center Week", May 10, 1987 through May 16, 1987.●

ADDITIONAL COSPONSORS

S. 2

At the request of Mr. BOREN, the names of the Senator from New York [Mr. MOYNIHAN], the Senator from New Jersey [Mr. BRADLEY], and the Senator from New Jersey [Mr. LAUTENBERG] were added as cosponsors of S. 2, a bill to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate general election campaigns, to limit contributions by multicandidate political committees, and for other purposes.

S. 39

At the request of Mr. MOYNIHAN, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 39, a bill to amend the Internal Revenue Code of 1986 to make the exclusion from gross income of amounts paid for employee educational assistance permanent.

S. 104

At the request of Mr. INOUYE, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 104, a bill to recognize the organization known as the National Academies of Practice.

S. 143

At the request of Mr. INOUYE, the names of the Senator from South Carolina [Mr. HOLLINGS], and the Senator from Ohio [Mr. GLENN] were added as cosponsors of S. 143, a bill to establish a temporary program under which parenteral diacetylmorphine will be made available through qualified pharmacies for the relief of intractable pain due to cancer.

S. 220

At the request of Mr. SYMMS, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 220, a bill to require the voice and vote of the United States in opposition to assistance by international financial institutions for the production of commodities or minerals in surplus, and for other purposes.

S. 232

At the request of Mr. WILSON, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 232, a bill to permit placement of a privately funded statue of Haym Salomon in the Capitol Building or on the Capitol Grounds and to erect a privately funded monument to Haym Salomon on Federal land in the District of Columbia.

S. 332

At the request of Mr. DECONCINI, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of S. 332, a bill to provide for a General Accounting Office investigation and report on conditions of displaced Salvadorans, to provide certain rules of the House of Representatives and of the Senate with respect to review of the report, to provide for the temporary stay of detention and deportation of certain Salvadorans, and for other purposes.

S. 406

At the request of Mr. PELL, the names of the Senator from Colorado [Mr. WIRTH], and the Senator from New Jersey [Mr. BRADLEY] were added as cosponsors of S. 406, a bill to provide additional Federal education programs designed to strengthen competitiveness of American industry, and for other purposes.

S. 552

At the request of Mr. EVANS, the names of the Senator from Rhode Island [Mr. CHAFEE], and the Senator from South Dakota [Mr. DASCHLE] were added as cosponsors of S. 552, a bill to improve the efficiency of the Federal classification system and to promote equitable pay practices within the Federal Government and for other purposes.

S. 582

At the request of Mr. EXON, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 582, a bill to provide for improved air transportation to small communities, and for other purposes.

S. 628

At the request of Mr. GRASSLEY, the names of the Senator from Mississippi [Mr. COCHRAN], and the Senator from New Mexico [Mr. BINGAMAN] were added as cosponsors of S. 628, a bill to amend the Internal Revenue Code of 1986 to restore the deduction for interest on educational loans.

S. 696

At the request of Mr. COCHRAN, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 696, a bill to provide that full-time magistrates and bankruptcy judges receive a salary equal to 92 percent of the salary paid to judges of the district courts of the United States.

S. 701

At the request of Mr. SIMON, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of S. 701, a bill to amend the Foreign Assistance Act of 1961 to establish a separate authorization for assistance for famine recovery and long-term development in sub-Saharan Africa, and for other purposes.

S. 764

At the request of Mr. MURKOWSKI, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 764, a bill to deny funds for projects using products or services of foreign countries that deny fair market opportunities.

S. 780

At the request of Mr. REID, the names of the Senator from South Dakota [Mr. DASCHLE], and the Senator from Washington [Mr. ADAMS] were added as cosponsors of S. 780, a bill to amend the enforcement provisions of the Federal Election Campaign Act of 1971.

S. 801

At the request of Mr. JOHNSTON, the names of the Senator from Utah [Mr. GARN], and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of S. 801, a bill to facilitate the national distribution and utilization of coal.

S. 860

At the request of Mr. BOREN, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 860, a bill to designate "The Stars and Stripes Forever" as the national march of the United States of America.

S. 887

At the request of Mr. MATSUNAGA, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 887, a bill to extend the authorization of appropriations for and to strengthen the provisions of the Older Americans Act of 1965, and for other purposes.

S. 902

At the request of Mr. MCCLURE, the name of the Senator from Connecticut [Mr. WEICKER] was added as a cosponsor of S. 902, a bill to amend the Food Security Act of 1985 and the National School Lunch Act to extend to 1992 the eligibility of certain school districts to receive alternative forms of assistance for school lunch programs and to amend the Agricultural and Food Act of 1981, the Child Nutrition Amendments of 1986, and the School Lunch and Child Nutrition Amendments of 1986 to extend to 1992 the national donated commodity processing program.

S. 957

At the request of Mr. THURMOND, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 957, a bill to name the Post-Baccalaureate Achievement Program under subpart 4 of part A of title IV of the Higher Education Act of 1965 as the "Ronald E. McNair Post-Baccalaureate Achievement Program."

S. 998

At the request of Mr. DECONCINI, the names of the Senator from California [Mr. CRANSTON], the Senator from Oklahoma [Mr. BOREN], the Senator from Minnesota [Mr. DURENBERGER], and the Senator from South Dakota [Mr. DASCHLE] were added as cosponsors of S. 998, a bill entitled the "Micro Enterprise Loans for the Poor Act."

S. 1070

At the request of Mr. RIEGLE, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of S. 1070, a bill to increase the amount authorized to be allotted under title XX of the Social Security Act.

S. 1076

At the request of Mr. BRADLEY, the names of the Senator from Montana [Mr. MELCHER], and the Senator from Illinois [Mr. SIMON] were added as cosponsors of S. 1076, a bill to amend title XVIII of the Social Security Act to improve the availability of home health services under the medicare program, and for other purposes.

S. 1080

At the request of Mr. Boschwitz, the names of the Senator from Indiana [Mr. Lugar], and the Senator from North Dakota [Mr. Conrad] were added as cosponsors of S. 1080, a bill to amend the Automobile Information Disclosure Act to provide information as to whether or not certain motor vehicles are capable of using gasohol.

SENATE JOINT RESOLUTION 44

At the request of Mr. Durenberger, the names of the Senator from Kentucky [Mr. Ford], the Senator from Mississippi [Mr. Stennis], and the Senator from Ohio [Mr. Glenn] were added as cosponsors of Senate Joint Resolution 44, a joint resolution to designate November 1987, as "National Diabetes Month."

SENATE JOINT RESOLUTION 66

At the request of Mr. Burdick, the name of the Senator from Florida [Mr. Chiles] was added as a cosponsor of Senate Joint Resolution 66, a joint resolution to designate the week of November 22 through November 28, 1987, as "National Family Week."

SENATE JOINT RESOLUTION 86

At the request of Mr. DeConcini, the names of the Senator from South Carolina [Mr. Hollings], and the Senator from Nebraska [Mr. Karnes] were added as cosponsors of Senate Joint Resolution 86, a joint resolution to designate October 28, 1987, as "National Immigrants Day."

SENATE JOINT RESOLUTION 88

At the request of Mr. Bradley, the name of the Senator from New York [Mr. Moynihan] was added as a cosponsor of Senate Joint Resolution 88, a joint resolution to designate the period commencing November 15, 1987, and ending November 21, 1987, as "Geography Awareness Week."

SENATE JOINT RESOLUTION 99

At the request of Mr. DeConcini, the names of the Senator from California [Mr. Cranston], the Senator from Rhode Island [Mr. Pell], the Senator from Colorado [Mr. Wirth], and the Senator from Michigan [Mr. Levin] were added as cosponsors of Senate Joint Resolution 99, a joint resolution to express the sense of the Congress that the Special Supplemental Food Program for Women, Infants, and Children should receive increasing amounts of appropriations in fiscal year 1988 and succeeding fiscal years.

SENATE JOINT RESOLUTION 101

At the request of Mr. Cranston, the name of the Senator from Hawaii [Mr. Inouye] was added as a cosponsor of Senate Joint Resolution 101, a joint resolution designating June 19, 1987 as "American Gospel Arts Day."

SENATE JOINT RESOLUTION 104

At the request of Mr. Boren, the names of the Senator from Kentucky [Mr. McConnell], and the Senator from Idaho [Mr. McClure] were added as cosponsors of Senate Joint Resolution 104, a joint resolution to designate the week of May 31, 1987 through June 6, 1987, as "National Intelligence Community Week."

SENATE JOINT RESOLUTION 107

At the request of Mr. Specter, the names of the Senator from Iowa [Mr. Grassley], the Senator from Connecticut [Mr. Weicker], the Senator from Arizona [Mr. McCain], the Senator from Minnesota [Mr. Durenberger], the Senator from Mississippi [Mr. Cochran], and the Senator from Illinois [Mr. Simon] were added as cosponsors of Senate Joint Resolution 107, a joint resolution to designate April 1987, as "Fair Housing Month."

SENATE JOINT RESOLUTION 108

At the request of Mr. Lugar, the name of the Senator from Illinois [Mr. Simon] was added as a cosponsor of Senate Joint Resolution 108, a joint resolution to designate October 6, 1987, as "German-American Day."

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. DeConcini, the names of the Senator from Texas [Mr. Bentsen], the Senator from South Carolina [Mr. Hollings], the Senator from Missouri [Mr. Danforth], and the Senator from Mississippi [Mr. Cochran] were added as cosponsors of Senate Concurrent Resolution 29, a concurrent resolution expressing the sense of Congress regarding the inability of American citizens to maintain regular contact with relatives in the Soviet Union.

SENATE CONCURRENT RESOLUTION 32

At the request of Mr. Grassley, the name of the Senator from Minnesota [Mr. Durenberger] was added as a cosponsor of Senate Concurrent Resolution 32, a concurrent resolution to express the sense of Congress that volunteer work should be taken into account by employers in the consideration of applicants for employment and that provision should be made for a listing and description of volunteer work on employment application forms.

SENATE RESOLUTION 194—REGARDING THE AIR TRAFFIC CONTROLLER WORKFORCE

Mr. CRANSTON submitted the following resolution; which was referred to the Committee on Commerce, Science and Transportation:

S. Res. 194

Whereas, deregulation of the aviation industry in 1978 contributed to Congestion in the skies as a result of a dramatic increase in the number of airlines and airline flights, including air carriers engaged in passenger, cargo, express mail, and charter service;

Whereas, in 1986, there were three million more aircraft operations handled by the air control centers than there were in 1980;

Whereas, the great majority (nearly ninety percent) of all interstate travel is now handled by air carriers;

Whereas, as a result of the PATCO strike in August, 1981, President Reagan fired over 11,000 controllers, decimating the ranks of the traffic control workforce which has yet to be rebuilt to prestrike 1981 levels;

Whereas, before the air traffic controllers' strike, there were more than 16,200 controllers, presently there are approximately 14,700 controllers.

Whereas, the number of near midair collisions has increased at an alarming rate each year from 311 in 1982, 475 in 1983, 589 in 1984, 777 in 1985, and 828 in 1986;

Whereas, the Department of Transportation plans to build the air traffic control workforce to only 15,225 controllers by the end of fiscal year 1988, still below the 1981 prestrike levels; and

Whereas, many experts in the field of aviation have commented on the decreasing margin of safety due to increased congestion in the skies and on the runways and to an overburdened, understaffed air traffic control workforce: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President of the United States should immediately take such action as may be necessary—

(1) to provide sufficient funding for the air traffic control workforce in order to increase the number of air traffic controllers to at least prestrike 1981 levels; and

(2) to insure that air safety is given the highest priority possible in terms of funding priorities.

Sec. 2. The Clerk of the Senate shall transmit a copy of this resolution to the President of the United States.

Mr. CRANSTON. Mr. President, today I rise to introduce a Senate resolution expressing the sense of the Senate regarding the air traffic control system.

Mr. President, I am concerned about the slow progress being made in the area of the air traffic control work force. In 1981, just prior to the PATCO strike, there were more than 16,200 controllers, 80 percent of whom were qualified at full performance. Presently there are only 14,700 controllers of which only 62 percent are at the full performance level. The Department of Transportation plans to build the air traffic control work force to only 15,225 by fiscal year 1988.

The massive firing of the PATCO controllers in 1981 closely coincided with deregulation of the airline industry. As a result, we have seen an increase in the number of aircraft in the sky at a time when there has been a drastic reduction in the ranks of the professionals who direct that traffic.

Overtime hours are rising. In 1981, the controllers logged in a total of 732,026 hours in overtime. In 1986, overtime hours totaled 870,000 and projected overtime hours for 1987 will be even higher. Much of this will be a result of the expected rise in air travel this summer.

Mr. President, the number of near midair collisions is mindboggling. Last year there were 838 near midairs recorded, up from 758 the year before.

Of course, not all are near midairs; some are actual midair collisions that result in the loss of many lives. I am thinking particularly of the accident that occurred in the skies above Cerritos, CA, last August when an AeroMexico DC-9 collided with a private Piper aircraft killing 82 people, 15 of whom were on the ground.

An investigation conducted by the National Transportation Safety Board revealed that the air traffic controller handling the AeroMexico flight was handling two positions at the same time—his and the handoff spot which is responsible for turning traffic over to other control areas. He failed to see the Piper aircraft heading toward the AeroMexico airliner. This is a tragic example of what can happen when too few controllers try to handle too much traffic.

And we have seen similar accidents happen in 1987. So far this year there have already been 6 midair collisions resulting in 19 fatalities. On January 15, a Sky West Airline and a Mooney collided near Salt Lake City, UT, killing all 10 people aboard. On January 20, a U.S. Army Beech U-21 collided with a Piper over Independence, MO, killing six people. Also on January 20, two private aircraft collided over Montgomery, NY. On March 29, two private aircraft collided over Dover, DE, and on March 31, a North Star Aviation plane and a small private plane collided over Oakland, CA, killing three people.

Mr. President, I think it is obvious to anyone who takes the time to assess this situation that the air traffic control work force is strained to the breaking point. We need more controllers and we need them now. And equally important we need to increase the number of full performance controllers. If the only way to accomplish this quickly and efficiently is to rehire some of the fired controllers we should do so immediately.

SENATE RESOLUTION 195—CALLING FOR THE ELIMINATION OF FUNDING FOR KURT WALDHEIM'S RETIREMENT ALLOWANCE FROM THE UNITED NATIONS

Mr. MOYNIHAN submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. Res. 195

Whereas on August 27, 1986, the "Omnibus Diplomatic Security and Antiterrorism Act of 1986" (Public Law 99-399) was enacted, expressing the sense of Congress that "the President should instruct the Permanent Representative of the United States to the United Nations to act to amend the 1986-1987 Regular Program Budget to eliminate funding of Kurt Waldheim's retirement allowance and to act to deny Kurt Waldheim a retirement allowance in all future budgets."

Whereas on April 28, 1987, the United States Department of Justice identified new evidence that Kurt Waldheim "participated in activities amounting to persecution" of Jews and others in Greece and Yugoslavia during World War II.

Whereas Kurt Waldheim continues to receive $81,650 a year as a retirement allowance for his service in that position; and

Whereas, this allowance rewards him for having lied about his wartime past, and makes a mockery of the principles and ideals the United Nations was founded to uphold: Now, therefore, be it

Resolved, That the Senate hereby calls upon the President to instruct the Permanent Representative of the United States to the United Nations to work to eliminate Kurt Waldheim's retirement allowance from the United Nations Regular Program Budget for the biennium 1988-1989, and from all subsequent budgets.

Sec. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

Mr. MOYNIHAN. Mr. President, I offer a resolution calling for the elimination of Kurt Waldheim's retirement allowance from the United Nations' budget.

Last year, the Congress expressed its support for such a move. On August 27, 1986, the Omnibus Diplomatic Security and Antiterrorism Act of 1986—Public Law 99-399—was enacted, expressing the sense of Congress that:

> The President should instruct the Permanent Representative of the United States to the United Nations to act to amend the 1986-1987 Regular Program Budget to eliminate funding of Kurt Waldheim's retirement allowance and to act to deny Kurt Waldheim a retirement allowance in all future budgets.

But Kurt Waldheim continues to receive $81,650 a year as a retirement allowance for his service as Secretary General—a position he never would have received had the truth been known of his past.

And today, the U.S. Department of Justice cited new evidence that Waldheim "participated in activities amounting to persecution" of Jews and others in Greece and Yugoslavia during World War II.

The resolution I submit today would call on our Permanent Representative to the United Nations to work to eliminate Kurt Waldheim's retirement allowance from the U.N. budget for 1988-89, and from all subsequent budgets.

As I said on May 14, 1986, when introducing similar legislation—Senate Resolution 408: "If the United States does nothing, we accept what has happened. There is something called shame even at the United Nations."

AMENDMENTS SUBMITTED

FIRST CONCURRENT RESOLUTION ON THE BUDGET

CHILES AMENDMENT NO. 174

Mr. CHILES proposed an amendment to the instructions proposed by the motion to recommit made by Mr. Byrd to the concurrent resolution (S. Con. Res. 49) setting forth the congressional budget for the U.S. Government for the fiscal years 1988, 1989, 1990, and 1991; as follows:

Strike out after the word "That" on line 1 of page 1 and insert in lieu thereof the following: the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1988 is established and the appropriate budgetary levels for fiscal years 1989, 1990, and 1991 are set forth.

MAXIMUM DEFICIT AMOUNTS

Sec. 2. (a) The levels and amounts set forth in this subsection are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded; are determined on the basis of the economic and technical assumptions upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $930,200,000,000.
Fiscal year 1989: $992,500,000,000.
Fiscal year 1990: $1,064,100,000,000.
Fiscal year 1991: $1,147,600,000,000.

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,038,100,000,000.
Fiscal year 1989: $1,074,000,000,000.
Fiscal year 1990: $1,099,700,000,000.
Fiscal year 1991: $1,126,400,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $107,900,000,000.
Fiscal year 1989: $81,500,000,000.
Fiscal year 1990: $35,600,000,000.
Fiscal year 1991: $21,200,000,000.

(b) The levels and amounts set forth in this subsection are set forth for informational purposes only; are not set forth for purposes of any determination to be made under titles III or IV of the Congressional Budget and Impoundment Control Act of 1974; are determined on the basis of the economic assumptions reported to the Congress by the Congressional Budget Office; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $919,000,000,000.
Fiscal year 1989: $985,500,000,000.
Fiscal year 1990: $1,074,500,000,000.

Fiscal year 1991: $1,171,400,000,000.

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,052,700,000,000.
Fiscal year 1989: $1,092,300,000,000.
Fiscal year 1990: $1,132,800,000,000.
Fiscal year 1991: $1,171,300,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $133,700,000,000.
Fiscal year 1989: $106,800,000,000.
Fiscal year 1990: $58,300,000,000.
Fiscal year 1991: $100,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The levels and amounts set forth in subsections (b) and (c) of this section and section 4 are set forth pursuant to subsections (a) and (b) of section 301 of the Congressional Budget and Impoundment Control Act of 1974; are set forth for purposes of any determination to be made under title III or IV of such Act (other than a determination under section 301(i) or 311(a) of such Act with respect to whether the maximum deficit amount for a fiscal year has been exceeded); and are based upon the economic and technical assumptions reported by the Congressional Budget Office.

(b) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $678,400,000,000.
Fiscal year 1989: $723,900,000,000.
Fiscal year 1990: $787,600,000,000.
Fiscal year 1991: $860,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1988: $18,500,000,000.
Fiscal year 1989: $23,500,000,000.
Fiscal year 1990: $23,500,000,000.
Fiscal year 1991: $32,500,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1988: $59,700,000,000.
Fiscal year 1989: $63,900,000,000.
Fiscal year 1990: $68,900,000,000.
Fiscal year 1991: $74,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1988: $917,100,000,000.
Fiscal year 1989: $958,800,000,000.
Fiscal year 1990: $983,100,000,000.
Fiscal year 1991: $1,031,800,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $848,000,000,000.
Fiscal year 1989: $876,500,000,000.
Fiscal year 1990: $903,600,000,000.
Fiscal year 1991: $928,800,000,000.

(4) the amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1988: $169,600,000,000.
Fiscal year 1989: $152,600,000,000.
Fiscal year 1990: $116,000,000,000.
Fiscal year 1991: $68,300,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1988: $2,585,800,000.
Fiscal year 1989: $2,805,500,000.
Fiscal year 1990: $2,986,700,000.
Fiscal year 1991: $3,120,200,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1988: $232,000,000,000.
Fiscal year 1989: $219,700,000,000.
Fiscal year 1990: $181,200,000,000.
Fiscal year 1991: $133,500,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990, are as follows:

Fiscal year 1988:

(A) New direct loan obligations, $34,000,000,000.

(B) New primary loan guarantee commitments, $156,500,000,000.

(C) New secondary loan guarantee commitments, $100,600,000,000.

Fiscal year 1989:

(A) New direct loan obligations, $32,300,000,000.

(B) New primary loan guarantee commitments, $150,400,000,000.

(C) New secondary loan guarantee commitments, $97,900,000,000.

Fiscal year 1990:

(A) New direct loan obligations, $31,000,000,000.

(B) New primary loan guarantee commitments, $158,100,000,000.

(C) New secondary loan guarantee commitments, $94,600,000,000.

Fiscal year 1991:

(A) New direct loan obligations, $30,100,000,000.

(B) New primary loan guarantee commitments, $165,400,000,000.

(C) New secondary loan guarantee commitments, $91,000,000,000.

(c) The Congress hereby determines and declares that the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1988 through 1991 for each major functional category are:

(1) National Defense (050):

Fiscal year 1988:

(A) New budget authority, $289,000,000,000.

(B) Outlays, $283,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $294,800,000,000.

(B) Outlays, $288,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $297,900,000,000.

(B) Outlays, $292,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $301,100,000,000.

(B) Outlays, $296,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1988:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,800,000,000.

(C) New direct loan obligations, $6,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1989:

(A) New budget authority, $20,300,000,000.

(B) Outlays, $14,300,000,000.

(C) New direct loan obligations, $5,800,000,000.

(D) New primary loan guarantee commitments, $9,400,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1990:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $13,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $9,800,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1991:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $11,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $10,200,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1988:

(A) New budget authority, $11,500,000,000.

(B) Outlays, $11,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $13,700,000,000.

(B) Outlays, $13,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $15,200,000,000.

(B) Outlays, $14,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1988:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $2,100,000,0000.

(D) New primary loan guarantee commitments, $7,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $4,200,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1988:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $15,100,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $16,500,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $16,900,000,000.

(B) Outlays, $17,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $17,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350)

Fiscal year 1988:

(A) New budget authority, $29,200,000,000.

(B) Outlays, $28,400,000,000.

(C) New direct loan obligations, $17,500,000,000.

(D) New direct loan loan guarantee commitments, $8,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $30,100,000,000.

(B) Outlays, $26,200,000,000.

(C) New direct loan obligations, $16,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $22,300,000,000.

(C) New direct loan obligations, $15,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $22,200,000,000.

(B) Outlays, $20,300,000,000.

(C) New direct loan obligations, $14,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1988:

(A) New budget authority, $12,200,000,000.

(B) Outlays, $7,500,000,000.

(C) New direct loan obligations, $4,000,000,000.

(D) New primary loan guarantee commitments, $91,600,000,000.

(E) New secondary loan guarantee commitments, $100,300,000,000.

Fiscal year 1989:

(A) New budget authority, $12,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $93,900,000,000.

(E) New secondary loan guarantee commitments, $97,600,000,000.

Fiscal year 1990:

(A) New budget authority, $15,400,000,000.

(B) Outlays, $6,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $98,800,000,000.

(E) New secondary loan guarantee commitments, $94,300,000,000.

Fiscal year 1991:

(A) New budget authority, $12,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $103,400,000,000.

(E) New secondary loan guarantee commitments, $90,700,000,000.

(8) Transportation (400):

Fiscal year 1988:

(A) New budget authority, $29,100,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $29,300,000,000.

(B) Outlays, $27,700,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $30,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $30,700,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1988:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,700,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,000,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $5,900,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1988:

(A) New budget authority, $35,100,000,000.

(B) Outlays, $32,800,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $35,200,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $37,200,000,000.

(B) Outlays, $36,400,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $38,800,000,000.

(B) Outlays, $37,800,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1988:

(A) New budget authority, $44,600,000,000.

(B) Outlays, $44,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $47,900,000,000.

(B) Outlays, $47,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $51,700,000,000.

(B) Outlays, $51,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $55,900,000,000.

(B) Outlays, $55,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(12) Medicare (570):

Fiscal year 1988:

(A) New budget authority, $93,300,000,000.

(B) Outlays, $79,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $102,700,000,000.

(B) Outlays, $88,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $113,300,000,000.

(B) Outlays, $99,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $123,900,000,000.

(B) Outlays, $111,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1988:

(A) New budget authority, $168,000,000,000.

(B) Outlays, $129,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $175,500,000,000.

(B) Outlays, $137,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $181,600,000,000.

(B) Outlays, $142,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $215,300,000,000.

(B) Outlays, $151,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1988:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $5,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1988:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $30,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $28,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $28,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,600,000,000.

(C) New direct loan obligations, $900,000,000.

(D) New primary loan guarantee commitments, $30,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $28,200,000,000.

(B) Outlays, $27,900,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $33,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):

Fiscal year 1988:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1988:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(18) General Purpose Fiscal Assistance (850):

Fiscal year 1988:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $1,700,000,000.

(B) Outlays, $1,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(19) Net Interest (900):

Fiscal year 1988:

(A) New budget authority, $145,400,000,000.

(B) Outlays, $145,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $150,900,000,000.

(B) Outlays, $150,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $154,400,000,000.

(B) Outlays, $154,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $155,800,000,000.

(B) Outlays, $155,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Allowances (920):

Fiscal year 1988:

(A) New budget authority, −$300,000,000.

(B) Outlays, −$300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $0.

(B) Outlays, $100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $400,000,000.

(B) Outlays, $500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $800,000,000.

(B) Outlays, $1,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):

Fiscal year 1988:

(A) New budget authority, −$34,900,000,000.

(B) Outlays, −$34,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, −$35,600,000,000.

(B) Outlays, −$35,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, −$36,500,000,000.

(B) Outlays, −$36,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New Budget Authority, −$37,200,000,000.

(B) Outlays, −$37,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than May 12, 1987, the committees named in subsections (b) through (u) of this section shall submit their recommendations to the Committees on Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 410(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988, $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(c) The Senate Committee on Armed Services report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $770,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,366,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,007,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,031,000,000 in outlays in fiscal year 1991.

(d) The Senate Committee on Banking, Housing, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(e) the Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $920,000,000 in budget authority and $902,000,000 in outlays in fiscal year 1988, $320,000,000 in budget authority and $317,000,000 in outlays in fiscal year 1989, $320,000,000 in budget authority and $319,000,000 in outlays in fiscal year 1990, and $319,000,000 in budget authority and $318,000,000 in outlays in fiscal year 1991.

(f) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $375,000,000 in budget authority and $342,000,000 in outlays in fiscal year 1988, $493,000,000 in budget authority and $792,000,000 in outlays in fiscal year 1989, $493,000,000 in budget authority and $777,000,000 in outlays in fiscal year 1990, and $521,000,000 in budget authority and $788,000,000 in outlays in fiscal year 1991.

(g) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority-ity other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $190,000,000 in budget authority and $190,000,000 in outlays in fiscal year 1988, $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1989, $198,000,000 in budget authority and $198,000,000 in outlays in fiscal year 1990, and $199,000,000 in budget authority and $199,000,000 in outlays in fiscal year 1991.

(h)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988; $23,500,000,000 in fiscal year 1989; $23,500,000,000 in fiscal year 1990; and $32,500,000,000 in fiscal year 1991.

(i) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,918,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,402,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,834,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,770,000,000 in outlays in fiscal year 1991.

(j) The Senate Committee on Labor and Human Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiciton which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $80,000,000 in budget authority and $80,000,000 in outlays in fiscal year 1988, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1989, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1990, and $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1991.

(k) The Senate Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

HOUSE COMMITTEES

(l) The House Committee on Agriculture shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974 (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988 $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(m) The House Committee on Armed Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $927,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,540,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,193,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,213,000,000 in outlays in fiscal year 1991.

(n) The House Committee on Banking, Finance and Urban Affairs shall report (1) changes in laws within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(o) The House Committee on Education and Labor shall report (1) changes in law within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(p) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $1,146,000,000 in budget authority and $4,446,000,000 in outlays in fiscal year 1988, $581,000,000 in budget authority and $4,381,000,000 in outlays in fiscal year 1989, $584,000,000 in budget authority and $5,483,000,000 in outlays in fiscal year 1990, and $584,000,000 in budget authority and $6,583,000,000 in outlays in fiscal year 1991.

(q) The House Committee on Government Operations shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $501,000,000 in outlays in fiscal year 1988, $0 in budget authority and $517,000,000 in outlays in fiscal year 1989, $0 in budget authority and $545,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $566,000,000 in outlays in fiscal year 1991.

(r) The House Committee on Interior and Insular Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $185,000,000 in budget authority and $152,000,000 in outlays in fiscal year 1988, $303,000,000 in budget authority and $602,000,000 in outlays in fiscal year 1989, $295,000,000 in budget authority and $579,000,000 in outlays in fiscal year 1990, and $316,000,000 in budget authority and $583,000,000 in outlays in fiscal year 1991.

(s) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,417,000,000 in outlays in fiscal year 1988, $0 in budget authority and $3,885,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,289,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,204,000,000 in outlays in fiscal year 1991.

(t) The House Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

(u)(1) The House Committee on Ways and Means shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The House Committee on Ways and Means shall report changes in the laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988, $23,500,000,000 in fiscal year 1989, $23,500,000,000 in fiscal year 1990, and $32,500,000,000 in fiscal year 1991.

DETERMINATIONS OF WHETHER MAXIMUM DEFICIT AMOUNT IS EXCEEDED

SEC. 5. It is the sense of the Congress that any determination under section 311(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to whether a bill, resolution, amendment, or conference report would cause the maximum deficit amount for a fiscal year to be exceeded shall be based upon the same economic and technical assumptions, in the aggregate, upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based.

DEFICIT REDUCTION ACCOUNT

SEC. 6. (a) It is assumed that as a procedure appropriate to carry out the purposes of the Congressional Budget and Impoundment Act of 1974 (within the meaning of section 301(b)(4) of such Act), the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives would, as an integral part of the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this concurrent resolution, report legislation to—

(1) establish a separate account in the Treasury into which revenues resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this resolution would be deposited,

(2) ensure that any revenues deposited in such account would not be available for appropriation,

(3) provide that any such revenues deposited in such account would be used to retire outstanding debt obligations of the United States Government, and

(4) ensure that the revenue increases resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) would not be effective for any fiscal year in which the allocations made by the Committee on Appropriations of either House pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974 are exceeded.

(b) Legislation reported pursuant to subsection (a) shall not be considred to be extraneous for purposes of section 20001 of the Consolidated Omnibus Reconciliation Act of 1985 (as amended by section 7006 of the Omnibus Budget Reconciliation Act of 1986).

SALE OF GOVERNMENT ASSETS

SEC. 7. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to non-governmental buyers; and

(2) the amounts realized from such sales will not recur on an annual basis and do not reduce the demand for credit.

(b) The amounts to be realized from such sales not previously authorized by law shall not be treated as revenues, receipts, or negative outlays—

(1) for purposes of determining, in accordance with sections 301(i) and 311(a) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded;

(2) for purposes of other points of order under section 311 of the Congressional Budget and Impoundment Control Act of 1974;

(3) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974; or

(4) for purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974.

(c) It is the sense of the Congress that the United States Government should sell assets to non-governmental buyers in the following amounts: $0.

BUDGETARY TREATMENT OF LEGISLATION AUTHORIZING THE PREPAYMENT OF CERTAIN LOANS

SEC. 8. When legislation authorizes the United States Government to waive the prepayment premium on certain Government loans guaranteed by an agency and advanced by the Federal Financing Bank and allows repayment with new Government guaranteed loans—

(1) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the contributions from such prepayment shall be scored as revenues and shall not be scored as negative outlays, and

(2) for purposes of allocations and points of order under section 302 of such Act, the contributions from such prepayment shall remain unassigned to committees.

RESERVE FUND FOR THE WELFARE REFORM INITIATIVE

SEC. 9. (a) Of the amounts specified in section 3 of this resolution, it is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the child care and job training initiative when the appropriate committees of the House of Representatives or the Senate have reported legislation that will, if enacted, make funds available for such initiative.

(b)(1)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1988 would not exceed $150,000,000 of new budget authority and $110,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1988 would not exceed $600,000,000 of new budget authority and $300,000,000 of outlays.

(2)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1989 would not exceed $160,000,000 of new budget authority and $160,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1989 would not exceed $730,000,000 of new budget authority and $670,000,000 of outlays.

(3)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1990 would not exceed $240,000,000 of new budget authority and $220,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1990 would not exceed $760,000,000 of new budget authority and $750,000,000 of outlays.

(4)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1991 would not exceed $300,000,000 of new budget authority and $290,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1991 would not exceed $900,000,000 of new budget authority and $880,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget and Impoundment Control Act of 1974, altered by amounts not to exceed those in such legislation, would be deemed to have been reported. Such revised allocations would be considered for the purposes of such Act as allocations contained in this resolution, and the appropriate committees of the House of Representatives and the Senate would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

RESERVE FUND FOR THE MEDICARE CATASTROPHIC HEALTH INSURANCE INITIATIVE

SEC. 10. (a) It is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the medicare catastrophic health insurance initiative, and the aggregates for fiscal years 1988, 1989, 1990, and 1991 in sections 2 and 3 of this resolution would be adjusted accordingly, when—

(1) legislation has been enacted that ensures that any legislation providing for any such additional funding will not increase the deficits for fiscal years 1988, 1989, 1990, and 1991 above the levels set forth in sections 2 and 3 of this resolution; and

(2) the appropriate committees of the House of Representatives or the Senate have reported legislation as requested by the President that will, if enacted, make funds available for such initiative.

(b)(1) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1988 would not exceed $2,400,000,000 of new budget authority and $2,400,000,000 of outlays.

(2) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1989 would not exceed $4,000,000,000 of new budget authority and $4,000,000,000 of outlays.

(3) The amounts available for allocations under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1990 would not exceed $4,800,000,000 of new budget authority and $4,800,000,000 of outlays.

(4) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1991 would not exceed $5,600,000,000 of new budget authority and $5,600,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget of 1974, altered by amounts not to exceed those in such legislation, and revised functional levels and aggregates to carry out this section, would be deemed to have been reported. Such revised allocations, functional levels, and aggregates would be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution, and the appropriate committees of such Houses would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

MEDICARE SAVINGS

SEC. 11. It is assumed that the Committee on Finance of the Senate and the Committees on Ways and Means and Energy and Commerce of the House of Representatives would achieve Medicare savings as specified in this resolution without increasing premiums or deductibles or delaying eligibility or otherwise raising beneficiary out-of-pocket costs.

CHILES AMENDMENT NO. 175

Mr. CHILES proposed an amendment to amendment No. 174 proposed by him to the instructions proposed by the motion to recommit made by Mr. BYRD to the concurrent resolution, Senate Concurrent Resolution 49, supra; as follows:

Strike all after the words "the Congress" on line 1 of page 1 and insert in lieu thereof the following:

hereby determines and declares that the concurrent resolution on the budget for fiscal year 1988 is established and the appropriate budgetary levels for fiscal years 1989, 1990, and 1991 are set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. (a) The levels and amounts set forth in this subsection are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded; are determined on the basis of the economic and technical assumptions upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $930,200,000,000.
Fiscal year 1989: $992,500,000,000.
Fiscal year 1990: $1,064,100,000,000.
Fiscal year 1991: $1,147,600,000,000.

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,038,100,000,000.
Fiscal year 1989: $1,074,000,000,000.
Fiscal year 1990: $1,099,700,000,000.
Fiscal year 1991: $1,126,400,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $107,900,000,000.
Fiscal year 1989: $81,500,000,000.
Fiscal year 1990: $35,600,000,000.
Fiscal year 1991: $−21,200,000,000.

(b) The levels and amounts set forth in this subsection are set forth for informational purposes only; are not set forth for purposes of any determination to be made under titles III or IV of the Congressional Budget and Impoundment Control Act of 1974; are determined on the basis of the economic assumptions reported to the Congress by the Congressional Budget Office; and as set forth in this concurrent resolution, as reported, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution, as reported:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $919,000,000,000.
Fiscal year 1989: $985,500,000,000.
Fiscal year 1990: $1,074,500,000,000.
Fiscal year 1991: $1,171,400,000,000.

(2) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $1,052,700,000,000.
Fiscal year 1989: $1,092,300,000,000.
Fiscal year 1990: $1,132,800,000,000.
Fiscal year 1991: $1,171,300,000,000.

(3) The amounts of the deficits are as follows:

Fiscal year 1988: $133,700,000,000.
Fiscal year 1989: $106,800,000,000.
Fiscal year 1990: $58,300,000,000.
Fiscal year 1991: $−100,000,000.

RECOMMENDED LEVELS AND AMOUNTS

SEC. 3. (a) The levels and amounts set forth in subsections (b) and (c) of this section and section 4 are set forth pursuant to subsections (a) and (b) of section 301 of the Congressional Budget and Impoundment Control Act of 1974; are set forth for purposes of any determination to be made under title III or IV of such Act (other than a determination under section 301(i) or 311(a) of such Act with respect to whether the maximum deficit amount for a fiscal year has been exceeded); and are based upon the economic and technical assumptions reported by the Congressional Budget Office.

(b) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1988: $678,400,000,000.
Fiscal year 1989: $723,900,000,000.
Fiscal year 1990: $787,600,000,000.
Fiscal year 1991: $860,500,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1988: $18,500,000,000.
Fiscal year 1989: $23,500,000,000.
Fiscal year 1990: $23,500,000,000.
Fiscal year 1991: $32,500,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1988: $59,700,000,000.
Fiscal year 1989: $63,900,000,000.
Fiscal year 1990: $68,900,000,000.
Fiscal year 1991: $74,300,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1988: $917,100,000,000.
Fiscal year 1989: $958,800,000,000.
Fiscal year 1990: $983,100,000,000.
Fiscal year 1991: $1,031,800,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1988: $848,000,000,000.
Fiscal year 1989: $876,500,000,000.
Fiscal year 1990: $903,600,000,000.
Fiscal year 1991: $928,800,000,000.

(4) the amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1988: $169,600,000,000.
Fiscal year 1989: $152,600,000,000.
Fiscal year 1990: $116,000,000,000.
Fiscal year 1991: $68,300,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1988: $2,585,800,000.
Fiscal year 1989: $2,805,500,000.
Fiscal year 1990: $2,986,700,000.
Fiscal year 1991: $3,120,200,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1988: $232,000,000,000.
Fiscal year 1989: $219,700,000,000.
Fiscal year 1990: $181,200,000,000.
Fiscal year 1991: $133,500,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1987, October 1, 1988, October 1, 1989, and October 1, 1990, are as follows:

Fiscal year 1988:

(A) New direct loan obligations, $34,000,000,000.

(B) New primary loan guarantee commitments, $156,500,000,000.

(C) New secondary loan guarantee commitments, $100,600,000,000.

Fiscal year 1989:

(A) New direct loan obligations, $32,300,000,000.

(B) New primary loan guarantee commitments, $150,400,000,000.

(C) New secondary loan guarantee commitments, $97,900,000,000.

Fiscal year 1990:

(A) New direct loan obligations, $31,000,000,000.

(B) New primary loan guarantee commitments, $158,100,000,000.

(C) New secondary loan guarantee commitments, $94,600,000,000.

Fiscal year 1991:

(A) New direct loan obligations, $30,100,000,000.

(B) New primary loan guarantee commitments, $165,400,000,000.

(C) New secondary loan guarantee commitments, $91,000,000,000.

(c) The Congress hereby determines and declares that the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1988 through 1991 for each major functional category are:

(1) National Defense (050):

Fiscal year 1988:

(A) New budget authority, $289,000,000,000.

(B) Outlays, $283,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $294,800,000,000.

(B) Outlays, $288,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $297,900,000,000.

(B) Outlays, $292,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $301,100,000,000.

(B) Outlays, $296,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1988:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,800,000,000.

(C) New direct loan obligations, $6,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1989:

(A) New budget authority, $20,300,000,000.

(B) Outlays, $14,300,000,000.

(C) New direct loan obligations, $5,800,000,000.

(D) New primary loan guarantee commitments, $9,400,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1990:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $13,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $9,800,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

Fiscal year 1991:

(A) New budget authority, $15,300,000,000.

(B) Outlays, $11,300,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $10,200,000,000.

(E) New secondary loan guarantee commitments, $300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1988:

(A) New budget authority, $11,500,000,000.

(B) Outlays, $11,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $13,700,000,000.

(B) Outlays, $13,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $15,200,000,000.

(B) Outlays, $14,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $15,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1988:

(A) New budget authority, $4,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $2,100,000,0000.

(D) New primary loan guarantee commitments, $7,300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $4,200,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $4,600,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $2,100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1988:

(A) New budget authority, $16,000,000,000.

(B) Outlays, $15,100,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $16,500,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $16,900,000,000.

(B) Outlays, $17,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $17,200,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350)

Fiscal year 1988:

(A) New budget authority, $29,200,000,000.

(B) Outlays, $28,400,000,000.

(C) New direct loan obligations, $17,500,000,000.

(D) New primary loan guarantee commitments, $8,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $30,100,000,000.

(B) Outlays, $26,200,000,000.

(C) New direct loan obligations, $16,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $25,500,000,000.

(B) Outlays, $22,300,000,000.

(C) New direct loan obligations, $15,000,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $22,200,000,000.

(B) Outlays, $20,300,000,000.

(C) New direct loan obligations, $14,200,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1988:

(A) New budget authority, $12,200,000,000.

(B) Outlays, $7,500,000,000.

(C) New direct loan obligations, $4,000,000,000.

(D) New primary loan guarantee commitments, $91,600,000,000.

(E) New secondary loan guarantee commitments, $100,300,000,000.

Fiscal year 1989:

(A) New budget authority, $12,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $93,900,000,000.

(E) New secondary loan guarantee commitments, $97,600,000,000.

Fiscal year 1990:

(A) New budget authority, $15,400,000,000.

(B) Outlays, $6,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $98,800,000,000.

(E) New secondary loan guarantee commitments, $94,300,000,000.

Fiscal year 1991:

(A) New budget authority, $12,800,000,000.

(B) Outlays, $4,800,000,000.

(C) New direct loan obligations, $4,100,000,000.

(D) New primary loan guarantee commitments, $103,400,000,000.

(E) New secondary loan guarantee commitments, $90,700,000,000.

(8) Transportation (400):

Fiscal year 1988:

(A) New budget authority, $29,100,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $400,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $29,300,000,000.

(B) Outlays, $27,700,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $30,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $30,700,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1988:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,700,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $6,800,000,000.

(B) Outlays, $6,000,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $5,900,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1988:

(A) New budget authority, $35,100,000,000.

(B) Outlays, $32,800,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $35,200,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $9,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $37,200,000,000.

(B) Outlays, $36,400,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $38,800,000,000.

(B) Outlays, $37,800,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $9,200,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1988:

(A) New budget authority, $44,600,000,000.

(B) Outlays, $44,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $47,900,000,000.

(B) Outlays, $47,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $51,700,000,000.

(B) Outlays, $51,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $55,900,000,000.

(B) Outlays, $55,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(12) Medicare (570):

Fiscal year 1988:

(A) New budget authority, $93,300,000,000.

(B) Outlays, $79,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $102,700,000,000.

(B) Outlays, $88,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $113,300,000,000.

(B) Outlays, $99,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $123,900,000,000.

(B) Outlays, $111,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1988:

(A) New budget authority, $168,000,000,000.

(B) Outlays, $129,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $175,500,000,000.

(B) Outlays, $137,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $181,600,000,000.

(B) Outlays, $142,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $215,300,000,000.

(B) Outlays, $151,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1988:

(A) New budget authority, $4,700,000,000.

(B) Outlays, $4,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $5,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $5,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1988:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,300,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $30,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $28,000,000,000.

(B) Outlays, $27,400,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $28,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $27,900,000,000.

(B) Outlays, $27,600,000,000.

(C) New direct loan obligations, $900,000,000.

(D) New primary loan guarantee commitments, $30,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $28,200,000,000.

(B) Outlays, $27,900,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $33,000,000,000.

(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):

Fiscal year 1988:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $9,600,000,000.

(B) Outlays, $9,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1988:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $7,600,000,000.

(B) Outlays, $7,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $7,800,000,000.

(B) Outlays, $7,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(18) General Purpose Fiscal Assistance (850):

Fiscal year 1988:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $1,600,000,000.

(B) Outlays, $1,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $1,700,000,000.

(B) Outlays, $1,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(19) Net Interest (900):

Fiscal year 1988:

(A) New budget authority, $145,400,000,000.

(B) Outlays, $145,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $150,900,000,000.

(B) Outlays, $150,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $154,400,000,000.

(B) Outlays, $154,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $155,800,000,000.

(B) Outlays, $155,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(20) Allowances (920):

Fiscal year 1988:

(A) New budget authority, −$300,000,000.

(B) Outlays, −$300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, $0.

(B) Outlays, $100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, $400,000,000.

(B) Outlays, $500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New budget authority, $800,000,000.

(B) Outlays, $1,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):

Fiscal year 1988:

(A) New budget authority, −$34,900,000,000.

(B) Outlays, −$34,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1989:

(A) New budget authority, −$35,600,000,000.

(B) Outlays, −$35,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1990:

(A) New budget authority, −$36,500,000,000.

(B) Outlays, −$36,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1991:

(A) New Budget Authority, −$37,200,000,000.

(B) Outlays, −$37,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 4. (a) Not later than May 12, 1987, the committees named in subsections (b) through (u) of this section shall submit their recommendations to the Committees on Budget of their respective Houses. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 410(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988, $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(c) The Senate Committee on Armed Services report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $770,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,366,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,007,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,031,000,000 in outlays in fiscal year 1991.

(d) The Senate Committee on Banking, Housing, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(e) the Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $920,000,000 in budget authority and $902,000,000 in outlays in fiscal year 1988, $320,000,000 in budget authority and $317,000,000 in outlays in fiscal year 1989, $320,000,000 in budget authority and $319,000,000 in outlays in fiscal year 1990, and $319,000,000 in budget authority and $318,000,000 in outlays in fiscal year 1991.

(f) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $375,000,000 in budget authority and $342,000,000 in outlays in fiscal year 1988, $493,000,000 in budget authority and $792,000,000 in outlays in fiscal year 1989, $493,000,000 in budget authority and $777,000,000 in outlays in fiscal year 1990, and $521,000,000 in budget authority and $788,000,000 in outlays in fiscal year 1991.

(g) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $190,000,000 in budget authority and $190,000,000 in outlays in fiscal year 1988, $195,000,000 in budget authority and $195,000,000 in outlays in fiscal year 1989, $198,000,000 in budget authority and $198,000,000 in outlays in fiscal year 1990, and $199,000,000 in budget authority and $199,000,000 in outlays in fiscal year 1991.

(h)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The Senate Committee on Finance shall report changes in laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988; $23,500,000,000 in fiscal year 1989; $23,500,000,000 in fiscal year 1990; and $32,500,000,000 in fiscal year 1991.

(i) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,918,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,402,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,834,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,770,000,000 in outlays in fiscal year 1991.

(j) The Senate Committee on Labor and Human Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiciton which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $80,000,000 in budget authority and $80,000,000 in outlays in fiscal year 1988, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1989, $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1990, and $110,000,000 in budget authority and $110,000,000 in outlays in fiscal year 1991.

(k) The Senate Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

HOUSE COMMITTEES

(l) The House Committee on Agriculture shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974 (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to increase contributions and reduce budget authority and outlays as follows: $7,200,000,000 in contributions, $2,121,000,000 in budget authority and $2,121,000,000 in outlays in fiscal year 1988 $0 in contributions, $2,115,000,000 in budget authority and $2,115,000,000 in outlays in fiscal year 1989, $0 in contributions, $3,316,000,000 in budget authority and $3,316,000,000 in outlays in fiscal year 1990, and $0 in contributions, $2,613,000,000 in budget authority and $2,613,000,000 in outlays in fiscal year 1991.

(m) The House Committee on Armed Services shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $927,000,000 in outlays in fiscal year 1988, $0 in budget authority and $2,540,000,000 in outlays in fiscal year 1989, $0 in budget authority and $4,193,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $6,213,000,000 in outlays in fiscal year 1991.

(n) The House Committee on Banking, Finance and Urban Affairs shall report (1) changes in laws within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(o) The House Committee on Education and Labor shall report (1) changes in law within its jurisdiction which provided spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $0 in outlays in fiscal year 1988, $0 in budget authority and $0 in outlays in fiscal year 1989, $0 in budget authority and $0 in outlays in fiscal year 1990, and $0 in budget authority and $0 in outlays in fiscal year 1991.

(p) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $1,146,000,000 in budget authority and $4,446,000,000 in outlays in fiscal year 1988, $581,000,000 in budget authority and $4,381,000,000 in outlays in fiscal year 1989, $584,000,000 in budget authority and $5,483,000,000 in outlays in fiscal year 1990, and $584,000,000 in budget authority and $6,583,000,000 in outlays in fiscal year 1991.

(q) The House Committee on Government Operations shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $501,000,000 in outlays in fiscal year 1988, $0 in budget authority and $517,000,000 in outlays in fiscal year 1989, $0 in budget authority and $545,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $566,000,000 in outlays in fiscal year 1991.

(r) The House Committee on Interior and Insular Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $185,000,000 in budget authority and $152,000,000 in outlays in fiscal year 1988, $303,000,000 in budget authority and $602,000,000 in outlays in fiscal year 1989, $295,000,000 in budget authority and $579,000,000 in outlays in fiscal year 1990, and $316,000,000 in budget authority and $583,000,000 in outlays in fiscal year 1991.

(s) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,417,000,000 in outlays in fiscal year 1988, $0 in budget authority and $3,885,000,000 in outlays in fiscal year 1989, $0 in budget authority and $6,289,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $9,204,000,000 in outlays in fiscal year 1991.

(t) The House Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $56,000,000 in budget authority and $56,000,000 in outlays in fiscal year 1988, $32,000,000 in budget authority and $32,000,000 in outlays in fiscal year 1989, $0 in budget authority and $13,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $2,000,000 in outlays in fiscal year 1991.

(u)(1) The House Committee on Ways and Means shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction which provide spending authority other than as defined in section 401(c)(2)(C) of the Act, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $4,241,000,000 in outlays in fiscal year 1988, $0 in budget authority and $4,810,000,000 in outlays in fiscal year 1989, $0 in budget authority and $5,958,000,000 in outlays in fiscal year 1990, and $0 in budget authority and $7,167,000,000 in outlays in fiscal year 1991.

(2) The House Committee on Ways and Means shall report changes in the laws within its jurisdiction sufficient to increase revenues as follows: $11,300,000,000 in fiscal year 1988, $23,500,000,000 in fiscal year 1989, $23,500,000,000 in fiscal year 1990, and $32,500,000,000 in fiscal year 1991.

DETERMINATIONS OF WHETHER MAXIMUM DEFICIT AMOUNT IS EXCEEDED

SEC. 5. It is the sense of the Congress that any determination under section 311(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to whether a bill, resolution, amendment, or conference report would cause the maximum deficit amount for a fiscal year to be exceeded shall be based upon the same economic and technical assumptions, in the aggregate, upon which the budget submitted by the President for fiscal year 1988 pursuant to section 1105 of title 31, United States Code, is based.

DEFICIT REDUCTION ACCOUNT

SEC. 6. (a) It is assumed that as a procedure appropriate to carry out the purposes of the Congressional Budget and Impoundment Control Act of 1974 (within the meaning of section 301(b)(4) of such Act), the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives would, as an integral part of the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this concurrent resolution, report legislation to—

(1) establish a separate account in the Treasury into which revenues resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) of this resolution would be deposited,

(2) ensure that any revenues deposited in such account would not be available for appropriation,

(3) provide that any such revenues deposited in such account would be used to retire outstanding debt obligations of the United States Government, and

(4) ensure that the revenue increases resulting from the changes in law reported pursuant to sections 4(h)(2) and 4(u)(2) would not be effective for any fiscal year in which the allocations made by the Committee on Appropriations of either House pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974 are exceeded.

(b) Legislation reported pursuant to subsection (a) shall not be considered to be extraneous for purposes of section 20001 of the Consolidated Omnibus Reconciliation Act of 1985 (as amended by section 7006 of the Omnibus Budget Reconciliation Act of 1986).

SALE OF GOVERNMENT ASSETS

SEC. 7. (a) It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to non-governmental buyers; and

(2) the amounts realized from such sales will not recur on an annual basis and do not reduce the demand for credit.

(b) The amounts to be realized from such sales not previously authorized by law shall not be treated as revenues, receipts, or negative outlays—

(1) for purposes of determining, in accordance with sections 301(i) and 311(a) of the Congressional Budget and Impoundment Control Act of 1974, as added by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded;

(2) for purposes of other points of order under section 311 of the Congressional Budget and Impoundment Control Act of 1974;

(3) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974; or

(4) for purposes of allocations and points of order under section 302 of the Congressional Budget and Impoundment Control Act of 1974.

(c) It is the sense of the Congress that the United States Government should sell assets to non-governmental buyers in the following amounts: $0.

BUDGETARY TREATMENT OF LEGISLATION AUTHORIZING THE PREPAYMENT OF CERTAIN LOANS

SEC. 8. When legislation authorizes the United States Government to waive the prepayment premium on certain Government loans guaranteed by an agency and advanced by the Federal Financing Bank and allows repayment with new Government guaranteed loans—

(1) for purposes of reconciliation under section 310 of the Congressional Budget and Impoundment Control Act of 1974, the contributions from such prepayment shall be scored as revenues and shall not be scored as negative outlays, and

(2) for purposes of allocations and points of order under section 302 of such Act, the contributions from such prepayment shall remain unassigned to committees.

RESERVE FUND FOR THE WELFARE REFORM INITIATIVE

SEC. 9. (a) Of the amounts specified in section 3 of this resolution, it is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the child care and job training initiative when the appropriate committees of the House of Representatives or the Senate have reported legislation that will, if enacted, make funds available for such initiative.

(b)(1)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1988 would not exceed $150,000,000 of new budget authority and $110,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1988 would not exceed $600,000,000 of new budget authority and $300,000,000 of outlays.

(2)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1989 would not exceed $160,000,000 of new budget authority and $160,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1989 would not exceed $730,000,000 of new budget authority and $670,000,000 of outlays.

(3)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1990 would not exceed $240,000,000 of new budget authority and $220,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1990 would not exceed $760,000,000 of new budget authority and $750,000,000 of outlays.

(4)(A) The amounts available for allocation under subsection (a) for funding for child care for fiscal year 1991 would not exceed $300,000,000 of new budget authority and $290,000,000 of outlays.

(B) The amounts available for allocation under subsection (a) for funding for job training for fiscal year 1991 would not exceed $900,000,000 of new budget authority and $880,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget and Impoundment Control Act of 1974, altered by amounts not to exceed those in such legislation, would be deemed to have been reported. Such revised allocations would be considered for the purposes of such Act as allocations contained in this resolution, and the appropriate committees of the House of Representatives and the Senate would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

RESERVE FUND FOR THE MEDICARE CATASTROPHIC HEALTH INSURANCE INITIATIVE

SEC. 10. (a) It is assumed that budget authority and outlays in amounts not to exceed the amounts specified in subsection (b) for fiscal years 1988, 1989, 1990, and 1991 would be allocated to the appropriate committees of the House of Representatives and the Senate to provide for the medicare catastrophic health insurance initiative, and the aggregates for fiscal years 1988, 1989, 1990, and 1991 in sections 2 and 3 of this resolution would be adjusted accordingly, when—

(1) legislation has been enacted that ensures that any legislation providing for any such additional funding will not increase the deficits for fiscal years 1988, 1989, 1990, and 1991 above the levels set forth in sections 2 and 3 of this resolution; and

(2) the appropriate committees of the House of Representatives or the Senate have reported legislation as requested by the President that will, if enacted, make funds available for such initiative.

(b)(1) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1988 would not exceed $2,400,000,000 of new budget authority and $2,400,000,000 of outlays.

(2) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1989 would not exceed $4,000,000,000 of new budget authority and $4,000,000,000 of outlays.

(3) The amounts available for allocations under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1990 would not exceed $4,800,000,000 of new budget authority and $4,800,000,000 of outlays.

(4) The amounts available for allocation under subsection (a)(1) for funding the medicare catastrophic health insurance initiative for fiscal year 1991 would not exceed $5,600,000,000 of new budget authority and $5,600,000,000 of outlays.

(c) Upon the reporting of legislation pursuant to subsection (a), revised allocations under section 302(a) of the Congressional Budget of 1974, altered by amounts not to exceed those in such legislation, and revised functional levels and aggregates to carry out this section, would be deemed to have been reported. Such revised allocations, functional levels, and aggegates would be considered for the purposes of such Act as allocations, functional levels, and aggregates contained in this resolution, and the appropriate committees of such Houses would report revised allocations, pursuant to section 302(b) of such Act to carry out this section.

MEDICARE SAVINGS

SEC. 11. It is assumed that the Committee on Finance of the Senate and the Committees on Ways and Means and Energy and Commerce of the House of Representatives would achieve Medicare savings as specified in this resolution without increasing premiums or deductibles or delaying eligibility or otherwise raising beneficiary out-of-pocket costs.

RECOVERY OF URANIUM ENRICHMENT COSTS

FORD (AND JOHNSTON) AMENDMENT NO. 176

(Ordered referred to the Commitee on Energy and Natural Resources.)

Mr. FORD (for himself and Mr. JOHNSTON) submitted an amendment intended to be proposed by them to the bill (S. 1084) to establish the amount of the costs of the Department of Energy's uranium enrichment program that have not previously been recovered from enrichment customers in the charges of the Department of Energy to its customers; as follows:

At the end of the bill add the following:

SECTION 1. SHORT TITLE.—This Act may be cited as the "United States Uranium Enrichment Act."

SEC. 2. REDIRECTION OF THE URANIUM ENRICHMENT ENTERPRISE OF THE UNITED STATES.—The Atomic Energy Act of 1954, as amended (42 U.S.C. Section 2011, *et seq.*) is further amended by inserting at the commencement thereof:

"TITLE I"

and by adding at the end thereof the following:

"TITLE II—UNITED STATES ENRICHMENT CORPORATION

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CHAPTER 1—FINDINGS

SEC. 1101. FINDINGS.—The Congress of the United States finds that:

(a) The enrichment of uranium is essential to the national security and energy security of the United States.

(b) A competitive, well-managed and efficient enrichment enterprise provides important economic benefits to the United States and contributes to a highly favorable foreign trade balance.

(c) A strong United States enrichment enterprise promotes U.S. nonproliferation policies by requiring accountability for U.S.-enriched uranium.

(d) The operation of uranium enrichment facilities must meet high standards for environmental health and safety.

(e) The operation and management of an uranium enrichment enterprise requires a commercial business orientation in order to engender customer support and confidence, and customers, rather than the taxpayers at large, are expected to bear the costs of uranium enrichment services including reasonable profit.

(f) The optimal level of expenditures for the uranium enrichment enterprise fluctuates and cannot be accurately predicted or efficiently financed on an annual basis.

(g) Flexibility is essential to adapt business operations to a competitive marketplace.

(h) The events of the recent past, including the emergence of foreign competition, have brought new and unforeseen forces to bear upon the management and operation of the government's uranium enrichment enterprise.

(i) The present operation of the uranium enrichment enterprise must be changed so as to further the national interest in the enterprise and respond to the competitive demand placed upon it by market forces.

CHAPTER 2. DEFINITIONS, ESTABLISHMENT OF CORPORATION, AND PURPOSES

SEC. 1201. DEFINITIONS.—For the purpose of this Title:

(a) The term "Secretary" means the Secretary of Energy.

(b) The term "Department" means the Department of Energy of the United States.

(c) The term "Administrator" means the chief executive officer of the United States Enrichment Corporation.

(d) The term "Corporation" means the United States Enrichment Corporation.

(e) The term "Advisory Board" means the appointed members of an official advisory panel appointed by the Secretary.

(f) The term "Commission" means the Atomic Energy Commission, a predecessor agency of the Department.

(g) The term "uranium enrichment" means the separation of uranium of a given isotopic content into two components, one having a higher percentage of a fissile isotope and one having a lower percentage.

SEC. 1202. ESTABLISHMENT OF THE CORPORATION.—

(a) There is hereby created a body corporate to be known as the "United States Enrichment Corporation."

(b) The Corporation shall be established as a wholly-owned government corporation subject to the Government Corporation Control Act, as amended (31 U.S.C. Section 9201, *et. seq.*), except as otherwise provided herein.

SEC. 1203. PURPOSES.—The Corporation is created for the following purposes:

(a) To acquire feed material for uranium enrichment, enriched uranium and the Department's uranium enrichment and related facilities.

(b) To operate, and as required by business conditions, to expand and/or construct facilities for uranium enrichment.

(c) To market and sell enriched uranium and uranium enrichment services to: (1) the Department for governmental purposes; and (2) qualified domestic and foreign persons.

(d) To conduct research and development for purposes of identifying, evaluating, improving and testing processes for uranium enrichment.

(e) To operate, as a continuing, commercial enterprise, on a business-like, economic and efficient basis.

(f) To conduct its activities in such manner as to foster and encourage, to the extent practicable consistent with the health and safety of the public and the common defense and security (including consideration of United States policies concerning nonproliferation of atomic weapons and other nonpeaceful uses of atomic energy), the possession by the United States of an appropriate share of the world market for enriched uranium and uranium enrichment services.

(g) To take all other lawful action in furtherance of the foregoing purposes.

CHAPTER 3. CORPORATE OFFICES

SEC. 1301. CORPORATE OFFICES.—The Corporation shall maintain an office for the service of process and papers in the District of Columbia, and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. The Corporation may establish offices in such other place or places as it may deem necessary or appropriate in the conduct of its business.

CHAPTER 4. POWERS AND DUTIES OF THE CORPORATION

SEC. 1401. SPECIFIC CORPORATE POWERS AND DUTIES.—The Corporation:

(a) Shall perform uranium enrichment or provide for such enrichment to be performed by others. To the extent it deems necessary or advisable, the Corporation may continue in effect contracts between the Department and persons, obligating such persons to perform uranium enrichment at facilities of the Department.

(b) Shall conduct, or provide for the conduct of, research and development activities related to the isotopic separation of uranium as the Corporation deems necessary or advisable.

(c) May acquire or distribute enriched uranium, feed material for uranium enrichment or depleted uranium in transactions with: (1) persons licensed under Sections 53, 63, 103, or 104 of Title I in accordance with the licenses held by such persons; (2) persons in accordance with, and within the period of, an agreement for cooperation arranged pursuant to Section 123 of Title I; or (3) as otherwise authorized by law.

(d) May (1) enter into contracts with persons licensed under Section 53, 63, 103, or 104 of Title I for such periods of time as the Corporation may deem necessary or desirable, to provide uranium or uranium enrichment services; and (2) enter into contracts to provide uranium or uranium enrichment services in accordance with, and within the period of, an agreement for cooperation arranged pursuant to Section 123 of Title I or as otherwise authorized by law; *Provided* that comparable services are made available pursuant to Paragraph (1) of this subsection.

(e) Is authorized to sell to the Department on a commercial basis, and without regard to the provisions of 31 U.S.C. Section 1535, such amounts of uranium or uranium enrichment services as the Department may determine from time to time are required: (1) for the Department to carry out Presidential direction and authorizations pursuant to Section 91 of Title I; and (2) for the conduct of other Department programs.

(f) May grant licenses, both exclusive and nonexclusive, for the use of patents and patent applications owned by the Corporation, and establish and collect charges, in the form of royalties or otherwise, for utilization of Corporation-owned facilities, equipment, patents, and technical information of a proprietary nature pertaining to the Corporation's activities.

SEC. 1402. GENERAL POWERS OF THE CORPORATION.—The Corporation:

(a) Shall have perpetual succession unless dissolved by Act of Congress.

(b) May adopt, alter, and use of corporate seal, which shall be judicially noticed.

(c) May sue and be sued in its corporate name.

(d) May indemnify the Administrator, officers, attorneys, agents and employees of the Corporation for liabilities and expenses incurred in connection with their corporate activities.

(e) May adopt, amend, and repeal bylaws, rules and regulations governing the manner in which its business may be conducted and the power granted to it by law may be exercised and enjoyed.

(f) May acquire, purchase, lease, and hold real and personal property, including patents and proprietary data, as it deems necessary in the transaction of its business, and sell, lease, grant, and dispose of such real and personal property, as it deems necessary to effectuate the purposes of this Title and without regard to the Federal Property and the Administrative Services Act of 1949, as amended. Purchases, contracts for the construction, maintenance, or management and operation of facilities and contracts for supplies or services, except personal services, made by the Corporation shall be made after advertising, in such manner and at such times sufficiently in advance of opening bids, as the Corporation shall determine to be adequate to insure notice and an opportunity for competition: *Provided,* That advertising shall not be required when the Corporation determines that the making of any such purchase or contract without advertising is necessary in the interest of furthering the purposes of this Title, or that advertising is not reasonably practicable.

(g) With the consent of the agency or government concerned, may utilize or employ the services or personnel of any Government agency or, any State or local government, or voluntary or uncompensated personnel to perform such functions on its behalf as may appear desirable.

(h) May enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its business and on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any state, territory or possession, or with any political subdivision thereof, or with any person, firm, association, or corporation.

(i) May determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to the provisions of this Title and other provisions of law specifically applicable to Government corporations.

(j) May use monies, unexpended appropriations, revenues and receipts from operations, amounts received from obligations issued and other assets of the Corporation in accordance with Section 1505, without fiscal year limitation, for the payment of expenses and other obligations incurred by the Corporation in carrying out its functions under, and within the requirements of, this Title; and shall not be subject to apportionment under the provisions of Subchapter II of Chapter 15 of title 31, United States Code.

(k) May settle and adjust claims held by the Corporation against other persons or parties and claims by other persons or parties against the Corporation.

(l) May exercise, in the name of the United States, the power of eminent domain for the furtherance of the official purposes of the Corporation.

(m) Shall have the priority of the United States with respect to the payment of debts out of bankrupt, insolvent, and decedents' estates.

(n) May define appropriate information as "Government Commercial Information" and exempt such information from mandatory release pursuant to 5 U.S.C. subsection 552(b)(3) when it is determined by the Administrator that such information if publicly released would harm the Corporation's legitimate commercial interests.

(o) May request, and the Administrator of General Services, when requested, shall furnish the Corporation such services as he is authorized to provide agencies of the United States.

(p) May accept gifts or donations of services, or of property, real, personal, mixed, tangible or intangible, in aid of any purposes herein authorized.

(q) May execute, in accordance with its bylaws, rules and regulations, all instruments necessary and appropriate in the exercise of any of its powers.

Sec. 1403. Continuation of Contracts, Orders, Proceedings and Regulations.—

(a) Except as provided in Section 1401(a), all contracts, agreements, leases, licenses, and privileges afforded to the Department under Title I, including all enrichment services contracts and power purchase contracts shall continue in effect as if the Corporation had executed such contracts, agreements, or leases.

(b) As related to the functions vested in the Corporation by this Title, all orders, determinations, rules, regulations and privileges of the Department shall continue in effect until modified, terminated, superseded, set aside or revoked by the Corporation, by any court of competent jurisdiction, or by operation of law unless otherwise specifically provided in this Title; *Provided,* however, that Department orders, rules and regulations affecting health, environment and nuclear safety shall continue in effect until modified, terminated, superseded or set aside by the Secretary.

(c) Except as provided in Section 1404, the transfer of functions related to and vested in the Corporation by this Title shall not affect proceedings, judicial or otherwise, relating to such functions which are pending at the time this Title takes effect, and such proceedings shall be continued with the Corporation, as appropriate.

Sec. 1404. Certain Pending Litigation.—

(a) Section 161(v) of Title I shall not apply to the Corporation; *Provided* That the Corporation shall act in place of the Department for purposes of complying with a final judgment not subject to appeal or petition for certiorari in the proceeding pending before the United States Court of Appeals for the Tenth Circuit in Docket No. 86-1942, concerning the availability of uranium enrichment services for source or special nuclear materials of foreign origin intended for use in a utilization facility within or under the jurisdiction of the United States.

(b) The Corporation may enter into or continue any contract in accordance with the provisions of this Title without regard to any judgment in the proceeding pending before the United States Court of Appeals for the Tenth Circuit in Docket No. 85-2428, concerning the procedure followed by the Department in setting the terms of certain enrichment services contracts.

Sec. 1405. Liabilities.—Except as provided elsewhere in this Title, all liabilities attributable to operation of the uranium enrichment enterprise while a part of the Department shall remain direct liabilities of the Government of the United States.

CHAPTER 5. ORGANIZATION, FINANCE AND MANAGEMENT

Sec. 1501. Administrator.—The management of the Corporation shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator:

(a) Shall be the chief executive officer of the Corporation and shall be responsible for the management and direction of the Corporation. The Administrator shall establish the offices, appoint the officers, attorneys, and employees of the Corporation, and define their responsibilities and duties. The Administrator shall appoint other employees and attorneys as may be required to conduct the transaction of the Corporation's business.

(b) Shall serve a term of six years but may be reappointed.

(c) Shall, before taking office, take an oath to faithfully discharge the duties thereof.

(d) Shall have compensation determined by the Secretary, except that compensation shall not exceed Executive Level I as defined in 5 U.S.C. Section 5312.

(e) Shall be a citizen of the United States.

(f) Shall designate an officer of the Corporation who shall be vested with the authority to act in the capacity of the Administrator in the event of absence or incapacity.

(g) Shall be under the supervision of the Secretary.

Sec. 1502. Delegation.—The Administrator may delegate, to other officers, attorneys, or employees, powers and duties assigned to the Corporation in order to achieve the purposes of this Title.

Sec. 1503. Advisory Board.—There is hereby established an Advisory Board appointed by the Secretary, which shall consist of five members, one of whom shall be designated as chairman.

(a) The specific responsibilities of the Advisory Board shall be to: (1) review the Corporation's policies and performance and report to the Secretary; and (2) advise the Secretary on any other such matters as he may refer to the Advisory Board.

(b) Except for initial appointments, members of the Advisory Board shall serve five-year terms. Each member of the Advisory Board shall be a citizen of the United States. No more than three members of the Board shall be members of any one political party. Of those first appointed, the chairman shall serve for the full five-year term; one member shall serve for a term of four years; one shall serve for a term of three years; one shall serve for a term of two years; and one shall serve for a term of one year.

(c) Upon expiration of the initial term, each Advisory Board member appointed thereafter shall serve a term of five years. Upon the occurrence of a vacancy on the Board, the Secretary shall appoint an individual to fill such vacancy for the remainder of the applicable term. Upon expiration of a term, a Board member may continue to serve up to a maximum of one year or until a successor shall have been appointed and assumed office, whichever occurs first.

(d) The members of the Advisory Board in executing their duties shall be governed by the laws and regulations regarding conflicts of interest, but exempted from other provisions and authority prescribed by the Federal Advisory Committee Act, as amended (5 U.S.C. Appendix 2).

(e) The Advisory Board shall meet at any time pursuant to the call of the Chairman and as provided by the bylaws of the Corporation, but not less than quarterly.

(f) The Corporation shall compensate members of the Advisory Board at a per diem rate equivalent to Executive Level 3, as defined in 5 U.S.C. Section 5314, in addition to reimbursement of reasonable expenses incurred when engaged in the performance of duties vested in the Advisory Board. Any advisory Board member who is otherwise a Federal employee shall not be eligible for compensation above reimbursement for reasonable expenses incurred while attending official meetings of the Corporation.

Sec. 1504. Employees of the Corporation.—Employees of the Corporation shall be officers and employees of the United States.

(a) The Administrator shall appoint all officers, attorneys, agents and employees of the Corporation as are deemed necessary to effect the provisions of this Title without regard to any administratively imposed limits on personnel. The Administrator shall fix all compensation in accordance with the comparable pay provisions of 5 U.S.C. Section 5301, with compensation levels not to exceed Executive Level II, as defined in 5 U.S.C. Section 5313. The Administrator shall define the duties of all employees and provide a system of organization inclusive of a personnel management system to fix responsibilities and promote efficiency. The Corporation shall assure that the personnel function and organization is consistent with the principles of 5 U.S.C. Section 2301(b) relating to merit system principles. Officers, attorneys and employees of the Corporation shall be appointed, promoted and assigned on the basis of merit and fitness, and other personnel actions shall be consistent with the principles of fairness and due process but without regard to those provisions of Title 5 of the United States Code governing appointments and other personnel actions in the competitive service.

(b) The Administrator shall make appropriate provision for career protection of officers, attorneys and employees of the Corporation and for a pension system applicable to the Administrator, officers, attorneys and employees, except that any Federal employee hired before January 1, 1984, who transfers to the Corporation and who on the day before the date of transfer is subject to the Federal Civil Service retirment system (Subchapter III of Chapter 83 of Title 5, United States Code) may elect to remain within the coverage of such system in lieu of coming within the Corporation's pension system during employment by the Corporation. For those employees electing to remain in the Federal Civil Service retirement system, the Corporation shall withhold pay and shall pay into the Civil Service Retirement and Disability Fund the amounts specified in Chapter 83 of Title 5, United States Code. Employment by the Corporation without a break in continuity of service shall be considered to be employment by the United States Government for purposes of Subchapter III of Chapter 83 of Title 5, United States Code. Further:

(1) Any employee who transfers to the Corporation under this section shall not be entitled to lump sum payments for unused leave under 5 U.S.C. Section 5551, but shall be credited by the Corporation with the unused annual leave at the time of transfer. During the five-year period commencing on the date of transfer, annual and sick leave shall be earned at the same rates permitted on the day before the date of transfer, and observed official holidays shall be the same as those specified in 5 U.S.C. Section 6103.

(2) An employee who does not transfer to the Corporation and who does not otherwise remain a Federal employee shall be entitled to all the rights and benefits available under Federal law for separated employees, except that severance pay shall not be payable to an employee who does not accept an offer of employment from the Corporation of work substantially similar to that performed by that employee for the Department.

(c) This section does not affect a right or remedy of an officer, employee, or applicant for employment under a law prohibiting discrimination in employment in the Government on the basis of race, color, religion, age, sex, national origin, political affiliation, marital status, or handicap condition.

(d) Officers and employees of the Corporation shall be covered by Chapter 73 of Title 5, United States Code, relating to suitability, security and conduct.

(e) Compensation, benefits, and other terms and conditions of employment in effect immediately prior to the effective date of this section, whether provided by statute or by rules and regulations of the Department or the executive branch of the Government of the United States shall continue to apply to officers and employees who transfer to the Corporation from other Federal employment until changed by the Corporation or Congress in accordance with the provisions of this Title.

(f) The provisions of Sections 3323(a), and 8344 of Title 5, United States Code, or any other law prohibiting or limiting the reemployment of retired officers or employees or the simultaneous receipt of compensation and retired pay or annuities, shall not apply to officers and employees of the Corporation.

SEC. 1505. TRANSFER OF PROPERTY TO THE CORPORATION.—In order to enable the Corporation to exercise the powers and duties vested in it by this Title—

(a) The Secretary is authorized and directed to transfer without charge to the Corporation all of the Department's right, title, or interest in and to, real or personal properties owned by the Department, or by the United States but under control or custody of the Department, which are related to and materially useful in the performance of the functions transferred by this Title, including but not limited to the following:

(1) production facilities for uranium enrichment inclusive of real estate, buildings and other improvements at production sites and their related and supporting equipment;

(2) facilities, equipment, and materials for research and development activities related to the isotopic separation of uranium by the gaseous diffusion, atomic vapor laser isotope separation and gas centrifuge technologies;

(3) the Department's stocks of preproduced enriched uranium;

(4) the Department's stocks of feed materials for uranium enrichment except for such quantities as are currently allocated to national defense activities of the Department;

(5) all other facilities, equipment, materials (including depleted uranium and materials in process), processes, patents, technical information of any kind, contracts, agreements, and leases to the extent these items concern the Corporations functions and activities, except those items required for programs and activities of the Department.

(b) The Secretary is authorized and directed to grant the Corporation without charge, to the extent necessary or appropriate for the conduct of the Corporation's activities, licenses to practice or have practiced any inventions or discoveries (whether patented or unpatented), together with the right to use or have used any processes and technical information owned or controlled by the Department.

(c) The Secretary is directed to transfer to the Corporation the unexpended balance of appropriations, and other monies available to the Department inclusive of funds set aside for accounts payable, and accounts receivable which relate to functions and activities acquired by the Corporation from the Department pursuant to this Title, including all advance payments.

(d) The President is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real and personal property of the United States which is reasonably related to the functions performed by the Corporation. Such transfers may be made by the President without charge as he may from time to time deem necessary and proper for achieving the purposes of this Title.

SEC. 1506. CAPITAL STRUCTURE OF THE CORPORATION.—

(a) The fair market value of assets transferred in accordance with Section 1505, less the amount of liabilities assumed by the Corporation upon the commencement of operation of the Corporation, referred to hereinafter as the "Equity," shall be determined by the Administrator subject to the approval of the Comptroller General of the United States. This determination shall be completed within two years of the date of enactment of this Title.

(b) Upon commencement of operations of the Corporation: (1) all liabilities then chargeable to unexpended balances of appropriations transferred under Section 1505 shall become liabilities of the Corporation; and (2) at such time that decontamination and/or decommissioning of property or equipment transferred in accordance with Section 1505 of this Title may be necessary, the Corporation and the Department shall share the burden of such costs based on the ratio of the separative work that has been produced under the ownership of each party and that is attributable to the property or equipment being decontaminated and/or decommissioned.

(c) The Corporation shall pay into miscellaneous receipts of the Treasury of the United States, if earned, dividends on the Equity.

(d) The Corporation shall repay within a 20-year period the amount of $364 million into miscellaneous receipts of the Treasury of the United States with interest on the unpaid balance from the date of enactment of this Title at a rate equal to the average yield on long-term government obligations as determined by the Secretary of the Treasury on the date of enactment of this Title. The money required to be repaid under this subsection, hereinafter referred to as "Initial Debt," is hereby determined to constitute the sole recovery by the United States of previously unrecovered costs that: (1) have been incurred by the United States (including the Department) for uranium enrichment activities prior to Fiscal Year 1987 of the United States; and (2) are to be recovered by the Corporation from its customers in its charges for products, materials, and services.

SEC. 1507. BORROWING.—The Corporation is authorized to issue and sell such obligations as it determines necessary to carry out the purposes of this Title to the Federal Financing Bank in accordance with the provisions of Title 12, Chapter 24, Sections 2281, *et. seq.*, United States Code. The aggregate amount of obligations issued by the Corporation and outstanding at any one time shall not exceed $1,000,000,000.

SEC. 1508. PRICING.—The Corporation, giving consideration to prevailing business conditions, shall establish prices and charges for its products, materials, and services which in the opinion of the Corporation will secure and maintain the financial position and continuing long-term viability of the Corporation. Prices and other contractual terms for the provision of products, materials, or services by the Corporation shall be established without regard to the provisions of the Administrative Procedure Act, as amended. Prices shall cover, over the long-term, the costs of performing and maintaining corporate functions, including research and development, depreciation of assets, repayment of the Initial Debt and other obligations of the Corporation, and reasonable profit. The Corporation shall set prices for enriched uranium and uranium enrichment services provided to the Department on the same basis as other customers.

SEC. 1509. AUDITS.—The financial transactions of the Corporation shall be audited each fiscal year by an independent firm or firms of nationally recognized certified public accountants who shall prepare such audits using standards appropriate for commercial corporate transactions. The fiscal year of the Corporation shall conform to the fiscal year of the United States. The General Accounting Office shall review such audits annually, and to the extent necessary, cause there to be a further examination of the Corporation using standards for commercial corporate transactions. Such audits shall be conducted at the place or places where the accounts of the Corporation are established and maintained. All books, financial records, reports, files, papers, memoranda, and other property of, or in use by, the Corporation shall be made available to the person or persons authorized to conduct audits in accordance with the provisions of this section.

SEC. 1510. REPORTS.—The Corporation shall prepare an annual report of its activities. This report shall contain: (1) a general description of the Corporation's operations, (2) a summary of the Corporation's operating and financial performance, and (3) copies of audit reports prepared in conformance with Section 1509 of this Title and the provision of the Government Corporation Control Act, as amended. A copy of the annual report shall be provided to the President, the Secretary and to the Congress. Such reports shall be completed not later than ninety (90) days following the close of each fiscal year and shall accurately reflect the financial position of the Corporation at fiscal year end, inclusive of any impairment of capital or ability of the Corporation to comply with the provisions of this Title.

SEC. 1511. CONTROL OF INFORMATION.—

(a) The term "Commission" shall be deemed to include the Corporation wherever such term appears in Section 141 and Subsections (a) and (b) of Section 142 of Title I.

(b) No contracts or arrangements shall be made, nor any contract continued in effect, under Sections 1401, 1402, 1403 or 1404, unless the person with whom such contract or arrangement is made, or the contractor or prospective contractor, agrees in writing not to permit any individual to have access to restricted data, as defined in Title I, until the Office of Personnel Management shall have made an investigation and report to the Corporation on the character, associations, and loyalty of such individual, and the Corporation shall have determined that permitting such person to have access to restricted data will not endanger the common defense and security.

(c) The restrictions detailed in subsections (b), (c), (d), (e), (f), (g), and (h) of Section 145 of Title I shall be deemed to apply to the Corporation where they refer to the Commission or a majority of the members of the Commission, and to the Administrator where they refer to the General Manager.

(d) To the extent consistent with the other provisions of this section, the Corporation shall make available to the Committee on Energy and Natural Resources of the United States Senate or the Committee on Energy and Commerce of the United States House of Representatives all books, financial records, reports, files, papers, memoranda or other information possessed by the Corporation upon receiving notice of the adoption of a resolution by such Committee requesting such information.

(e) The Corporation shall have no power to control or restrict the dissemination of information other than as granted by this or any other law.

SEC. 1512. PATENTS AND INVENTIONS.—

(a) The term "Commission" shall be deemed to include the Corporation wherever such term appears in Sections 152, 153(b)(1), and 158 of Title I. The Corporation shall pay such royalty fees for patents licensed to it under Section 153(b)(1) of Title I as are paid by the Department under that provision. Nothing in Title I or this Title II shall affect the right of the Corporation to require that patents granted on inventions, made or conceived during the course of research or operations financed by the Corporation, be assigned to the Corporation.

(b) The Department shall notify the Corporation of all reports heretofore or hereafter filed with it under subsection 151(c) of Title I and all applications for patents heretofore or hereafter filed with the Commissioner of Patents of which the Department has notice under subsection 151(d) of Title I or otherwise, whenever such reports or applications involve matters pertaining to the functions or responsibilities of the Corporation in accordance with this Title. The Department shall make all such reports available to the Corporation, and the Commissioner of Patents shall provide the Corporation access to all such applications. All reports and applications to which access is so provided shall be kept in confidence by the Corporation, and no information concerning the same given without authority of the inventor or owner unless necessary to carry out the provisions of any Act of Congress.

(c) The Corporation, without regard for any of the conditions specified in subsection 153(c)(1), (2), (3), or (4) of Title I, may at any time make application to the Department for a patent license for the use of an invention or discovery useful in the production or utilization of special nuclear material or atomic energy covered by a patent when such patent has not been declared to be affected with the public interest under subsection 153(b)(1) of Title I and when use of such patent is within the Corporation's authority. Any such application shall constitute an application under subsection 153(c) of Title I subject, except as specified above, to all of the provisions of subsections 153(c), (d), (e), (f), (g), and (h) of Title I.

(d) With respect to the Corporation's functions under this Title II, Section 158 of Title I shall be deemed to include the Corporation within the phrase, "any other licensee of the Department" in the first sentence thereof and within the phrase "such licensee" in the second sentence thereof.

(e) The Corporation shall not be liable directly or indirectly for any damages or financial responsibility with respect to secrecy orders imposed under 35 U.S.C. Sections 181 through 187.

(f) The Corporation shall not be liable or responsible for any payments made or awards under subsection 157(b)(3) of Title I, or any settlements or judgements involving claims for alleged patent infringement except to the extent that any such awards, settlements or judgments are attributable to activities of the Corporation after the effective date of its incorporation.

(g) The Corporation shall keep currently informed as to matters affecting its rights and responsibilities under Chapter 13 of Title I as modified by this section and shall take all appropriate action to avail itself of such rights and satisfy such responsibilities. The Department in discharging its responsibilities under Chapter 13 of Title I shall exercise diligence in informing the Corporation of matters affecting the responsibilities and jurisdiction of the Corporation and seeking and following as appropriate the advice and recommendation of the Corporation in such matters.

CHAPTER 6—LICENSING, TAXATION AND MISCELLANEOUS PROVISIONS

SEC. 1601. LICENSING.—Licensing of enrichment production facilities shall be subject to the provisions contained within this section.

(a) The Corporation and its contractors are hereby exempted from the licensing requirements and prohibitions of Sections 57, 62, 81, 101, or other provisions of Title I to the same extent as the Department of Energy and its contractors are exempt in regard to the Department's own functions and activities. This exemption shall exist until such time that the Corporation implements Nuclear Regulatory Commission requirements for licensing, but in no event shall such implementation extend beyond five years from the issuance of necessary regulations by the Nuclear Regulatory Commission, unless approved by Congress.

(b) Subject to subsection (a) of this section, the Corporation shall not transfer or deliver any source, special nuclear or byproduct materials or production or utilization facilities, as defined in Title I, to any person who is not properly qualified or licensed under the provisions of Title I.

(c) Within 180 days of enactment of this Title, the Nuclear Regulatory Commission shall submit to the Congress a plan for licensing the uranium enrichment production facilities of the Corporation. Regulations for the licensing of uranium enrichment production facilities shall be completed not later than five years from the date of enactment of this Title.

SEC. 1602. TAXATION.—The Corporation, including its franchises, capital reserves, surplus, security holdings and income shall be exempt from all taxation now or hereafter imposed by the United States, any commonwealth, territory, dependency, or possession thereof, or by any State or political subdivision thereof, except that any real property of the Corporation shall be subject to taxation to the same extent according to its value as other real property is taxed.

SEC. 1603. MISCELLANEOUS APPLICABILITY OF THE ATOMIC ENERGY ACT.—Any references to the term "Commission" or to the Department in Sections 105(b), 110(a), 161(c), 161(k), 161(q), 165, 188, 221(a), 229, 230, 232 of Title I shall be deemed to include the Corporation.

SEC. 1604. COOPERATIVE WITH OTHER AGENCIES.—The Corporation is empowered to use with their consent the available services, equipment, personnel, and facilities of other civilian or military agencies and instrumentalities of the Federal Government, on a reimbursable basis and on a similar basis to cooperate with such other agencies and instrumentalities in the establishment and use of services, equipment, and facilities of the Corporation. Further, the Corporation may confer with and avail itself of the cooperation, services, records, and facilities of state, territorial, municipal or other local agencies.

SEC. 1605. INTENT.—It is hereby declared to be the intent of this Title to aid the United States Enrichment Corporation in discharging its responsibilities under this Title by providing it with adequate authority and administrative flexibility to obtain necessary funds with which to assure the maximum achievement of the purposes hereof as provided herein, and this Title shall be construed liberally to effectuate such intent."

SEC. 3. NUCLEAR HAZARD INDEMNIFICATION.—The Atomic Energy Act of 1954, as amended, is further amended as follows:

(a) Subsection 11(q) of the Atomic Energy Act is amended by substituting a comma for the period at the end thereof and adding the following: "including the United States Enrichment Corporation."

(b) The first sentence of subsection 170(d) of the Atomic Energy Act is amended to read as follows: "In addition to any other authority the Commission may have, the Commission is authorized until August 1, 1987, to enter into agreements of indemnification with its contractors, the United States Enrichment Corporation, and the contractors of the Corporation for the construction or operation of production or utilization facilities or other activities under contracts for the benefit of the United States involving activities under the risk of public liability for a substantial nuclear incident."

(c) The second sentence of subsection 170(d) of the Atomic Energy Act is amended by substituting for the opening phrase: "In such agreements of indemnification, the Commission may require its contractor . . ." the following phrase: "In such agreements of indemnification, the Commission may require its contractor, the Corporation or the Corporation's contractor . . ." at the commencement thereof.

(d) The third sentence of subsection 170(d) of the Atomic Energy Act is amended by deleting the period at the end thereof and adding the following: "or by the United States Enrichment Corporation."

SEC. 4. MISCELLANEOUS PROVISIONS.—(a) Section 9101(3) of Title 31, United States Code (relating to the definition of "wholly owned Government corporation") is amended by adding at the end the following: "(N) United States Enrichment Corporation."

(b) In subsection 41(a) of the Atomic Energy Act of 1954, as amended, the word "or" appearing before the numeral "(2)" is deleted, a semicolon is substituted for a period at the end of the subsection and the following is added: "or (3) are owned by the United States Enrichment Corporation."

(c) In subsection 54(c)(1) of the Atomic Energy Act of 1954, as amended, the word "or" is inserted before the word "grant" and the phrase "or through the provision of production or enrichment services" is deleted in both places where it appears in such subsection.

(d) Subsection 905(g)(1) of Title II, United States Code, is amended to include "United States Enrichment Corporation" at the end thereof.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated to the Secretary of Energy such sums as are necessary to discharge the obligations of the United States arising under this Act.

SEC. 6. SEVERABILITY.—If any provision of this Act, or the application of any provision to any entity, person or circumstance, shall for any reason be adjudged by a court of competent jurisdiction to be invalid, the remainder of this Act, or the application of the same shall not be thereby affected.

SEC. 7. EFFECTIVE DATE.—All provisions of this Act shall take effect 30 days after the taking of office of the Administrator of the United States Enrichment Corporation; *Provided*, That the Administrator may immediately exercise the management responsibilities of subsection 1501(a) of the Atomic Energy Act of 1954, as amended. In no event shall the effective date of this Act extend beyond 180 days from the date of enactment of this Act.

Mr. FORD. Mr. President, today I am submitting an amendment to S. 1084, a bill I introduced last week to fix the amount of unrecovered cost of the Department of Energy's uranium enrichment program. This amount is to be recovered from the Department's customers, and is a major issue affecting prospects for the future of this currently very troubled program.

The amendment I am submitting today will address yet another issue that Congress must resolve if the enrichment program is to have a future. That issue is the structure and management of the program itself. My amendment will restructure the program to improve its ability to deal with the realities of today's uranium enrichment market. The amendment would establish the United States Enrichment Corporation to operate the U.S. Uranium Enrichment Program as a continuing, commercial enterprise, on a business-like, economic, and efficient basis.

The Uranium Enrichment Program has undergone and is still experiencing major changes in the marketplace. When Congress set up this program the United States had a monoply in the world market for the enrichment of uranium. The program was set up with this fact fully in mind. The structure under which the program operates is appropriate to an entity that has no competition. DOE incurs costs and then attempts to recover them through the prices it sets for its services. It is assumed that the customers will be there because they have nowhere else to go.

Today, DOE's customers have somewhere else to go. There is a large secondary market for enriched uranium that was produced before the economic signals of lowered electricity demand and lowered growth in the use of nuclear power were heard in the DOE. And there is foreign competition, from government-backed consortia in Europe and from the Soviet Union.

DOE has not reacted well to the changes in the market for uranium enrichment. As these changes were occurring, DOE was in the midst of a major construction program at the proposed gaseous centrifuge enrichment plant at Portsmouth, OH. DOE had entered into a large take-or-pay contract for electricity to operate the gaseous diffusion plants at Oak Ridge, Paducah, and Portsmouth. DOE had its foot on the accelerator when it should have been reaching for the brake.

This is history and much of it is unfortunate. It has cost everyone a lot of money and it has brought the U.S. enterprise to the brink of collapse. DOE's costs of enriching uranium, burdened as they are by take-or-pay charges for electricity DOE does not need, and by demands to repay the Treasury for inflated estimates of past unrecovered costs, are far above the current market. The only way DOE can retain customers is by holding to long-term contracts and selling off its inventory. Inventory is about gone and the long-term contracts are scheduled to expire. Unless we do something and do it soon, DOE's customers will leave and the United States will lose a multibillion-dollar business entirely, potentially involving some very advanced technology and significant national security implications.

The current world market for uranium enrichment is about $2.5 billion per year and the market is growing. Current DOE revenues are $1.3 billion per year. In addition, strong foreign competition has weakened the monopoly position of the United States with our market share dropping from almost 100 to 46 percent over the last decade. This is exacerbated by a situation of excess capacity worldwide. These factors forced the Department of Energy enrichment enterprise to reexamine its operations, and in 1984, the enrichment program embarked on a new strategy for managing the enterprise. It included:

Stabilization of the marketplace by normalizing supply and demand;

Streamlining of production and R&D programs to reduce costs; and

Establishing an improved institutional framework for managing the business and to provide long-term stability.

A more business-like program is precisely what is necessary, but this cannot be accomplished within the purview of a Federal line agency. The Department of Energy's procedures and its decisionmaking structure was designed for a monopoly situation and does not provide the flexibility to enhance DOE's performance in today's competitive market. The uncertainty of the annual budget cycle alone makes long-range planning all but impossible. Establishing a clear mission and a corporate plan to meet that mission is necessary.

This legislation, an amendment to S. 1084, proposes a restructuring of the enrichment enterprise as a government corporation and will allow the enterprise the flexibility to compete in today's dynamic marketplace.

The major provisions of the bill are as follows:

Establishes the United States Enrichment Corporation [USEC] as a wholly owned government corporation for purposes of taking over the uranium enrichment enterprise presently operated by the Department of Energy [DOE].

Makes USEC generally subject to the Government Corporation Control Act, and requires inclusion of the USEC budget in the President's budget submission without subjecting the USEC to sequestration orders under Gramm-Rudman.

Directs USEC to: First, perform uranium enrichment and sell this service to the Department of Energy and qualified persons; second, conduct research and development; and third, operate as a continuing, commercial enterprise on a business-like, economic, and efficient basis.

Vests direction of USEC in an Administrator appointed by the President with the advice and consent of the Senate. The Administrator has the general powers of a chief executive officer, but is subject to the supervision of the Secretary of Energy.

Creates a five-member Advisory Board appointed by the Secretary. The Board reviews and reports to the Secretary on the policies and performance of USEC.

Transfers to USEC all DOE property related to uranium enrichment. This includes all facilities necessary for producing highly enriched uranium and related to the gas centrifuge enrichment plant [GCEP].

Transfers all contracts for enrichment services and power purchase to USEC. These contracts will continue in effect as if USEC had executed them.

Transfers to USEC the unexpended balance of appropriations made to the enrichment program and all liabilities chargeable thereto.

Sets the equity of USEC equal to the net fair market value of assets transferred to the Corporation and requires payment into the Treasury of dividends on equity when earned.

Sets the previously unrecovered costs of the enrichment program at $364 million and requires this amount to be recovered from enrichment customers with interest over 20 years.

Gives USEC the ability to borrow up to $1 billion from the Federal Financing Bank.

Requires USEC to set prices for products, materials, and services that cover, over the long term, the costs of performing and maintaining corporate functions including: research and development; depreciation of assets; repayment of initial $364 million debt and future borrowings; and, reasonable profit.

Removes various impediments to commercial operation such as divulgence of business information and use of unwieldy procurement practices.

Exempts USEC and its subcontractors from Nuclear Regulatory Commission [NRC] licensing in the same way as DOE and its contractors are presently exempted. Requires NRC to promulgate licensing regulations for USEC within 5 years and requires implementation by USEC within 5 years thereafter.

Provides for sharing the costs of decontaminating and decommissioning uranium enrichment equipment between USEC and DOE on the basis of separative work that has been performed with the equipment under the ownership of each party.

Requires USEC to act in place of DOE for purposes of complying with any final judgment in the uranium miners' suit concerning enrichment of foreign source uranium.

This amendment, establishing the United States Enrichment Corporation, is imperative for setting a troubled but very valuable enterprise back on its feet, by allowing it the flexibility to compete in a changing world uranium enrichment market.

URANIUM REVITALIZATION AND TAILINGS RECLAMATION ACT

DOMENICI (AND OTHERS) AMENDMENT NO. 177

(Ordered referred to the Committee on Energy and Natural Resources.)

Mr. DOMENICI (for himself, Mr. SIMPSON, Mr. BINGAMAN, and Mr. WALLOP) submitted an amendment intended to be proposed by them to the bill (S. 1100) to authorize and direct the Secretary of Energy to establish a program to provide for reclamation and other remedial actions with respect to mill tailings at active uranium and thorium processing sites; as follows:

In Section 213(a)(2) strike "1990" and insert "1991".

In Section 213(b)(1)(A)(L) strike "1990" and insert "1991".

In Section 213(b)(1)(A)(ii) strike "1991" and insert "1992".

In Section 213(b)(1)(B)(i) strike "1992" and insert "1993".

In Section 213(b)(1)(B)(ii) strike "1993" and insert "1994".

In Section 213(b)(1)(c) strike "1994" and insert "1995".

In Section 213(d)(1) strike "1989 through 1993" and insert "1990 through 1994".

In Section 213(d)(3) strike "1990" and insert "1991".

In Section 213(d)(4) strike "1989" through "1993" and insert "1990" through "1994".

In Section 215(c)(2) strike "1996" and insert "1997".

In Section 215(d) strike "1996" wherever it appears and insert in lieu thereof "1997".

Strike Section 221 and renumber the following Sections accordingly.

In Section 301 strike " S Utility Services Enrichment Contract is hereby approved, except the Department" and "Congress recognizes that such contract properly reflects the relevant criteria for the Department of Energy providing enrichment services."

Strike Title IV and insert a new Title as follows:

TITLE IV—URANIUM ENRICHMENT

DECLARATION OF POLICY

SEC. 401. (a) STATEMENT OF POLICY.—The Congress declares that there is a need to establish a government and private ownership corporation with the intent of eventual commercialization for uranium enrichment to—

(1) assure the continued reliable supply of enrichment services with competitive pricing;

(2) carry out the responsibility with respect to uranium enrichment for government and commercial use;

(3) provide public with fair compensation for natural resources and facility usage;

(4) stimulate and assist in development of a private enterprise uranium enrichment management capability;

(5) protect public health and safety and the environment with respect to the Corporations' activities;

(6) provide a stable long-term strategy for the uranium enrichment with minimal political and institutional interventions;

(7) advance U.S. non-proliferation objectives, including confirmation of the reliability of the United States as a supplier of materials and services.

(b) PURPOSES.—It is therefore declared to be the purpose of Congress in this Act to establish a Government and private ownership corporation to—

(1) act as agent for the Government in reference to domestic and foreign sale of seperative work units;

(2) serve as managing agent in establishing operational requirement for enrichment of uranium for government and commercial purposes in existing gaseous diffusion enrichment and related facilities;

(3) contract with the Government to obtain rights to associated feed material and appropriate stockpiles of enriched uranium sufficient to permit the efficient, economic performance of all existing and future enrichment contracts for government and commercial purposes with domestic and foreign customers and suppliers;

(4) construct, purchase, lease, license, or otherwise provide for facilities using conventional or advanced technologies to provide uranium enrichment services for government and commercial purposes, including centrifuge enrichment and advanced isotope separation;

(5) operate such facilities in support of contracts for furnishing enrichment and related nuclear fuel supply services to domestic and foreign customers;

(6) conduct research, development and testing on advanced techniques for enrichment services for commercial use.

ESTABLISHMENT

SEC. 402. (a) There is established in accordance with the provisions of this section, a Government and private ownership uranium enrichment services corporation to be known as the "Enrichment Services Corporation" (in this Act referred to as the "Corporation").

(b) The Secretary of the Department of Energy shall be deemed as the incorporator of the Corporation and shall incorporate the Corporation within 180 days of the effective date of this Act, and serve as an acting Chairman of the Board of the Directors for a period of not more than 60 days after the date of incorporation of the Corporation.

(c) Except as otherwise provided in the bill, the Corporation shall be incorporated under, and be subject to the provisions of, the District of Columbia Business Corporation Act as amended from time to time. The headquarters of the Corporation shall reside in the District of Columbia, however, the Corporation may establish offices elsewhere in the United States as determined by the Board of Directors of the Corporation. The Corporation is deemed to be a resident of the District of Columbia.

(d) There are hereby transferred to the Corporation all uranium enrichment functions of the Secretary of Energy.

BOARD OF DIRECTORS

Sec. 403. (a)(1) The powers of the Corporation shall be vested in the Board of Directors, except those functions, powers, and duties vested in the Chairman by or pursuant to this Act.

(2) The Board of Directors shall consist of five directors:

(A) the Chairman and two other directors with appropriate business experience shall be appointed by the President, by and with the advice and consent of the Senate within 60 days after the incorporation;

(B) two non-government directors shall be elected by the owners of the Corporation preferred stock after the sale of at least $100 million of the gross sales price of preferred stock;

(C) no member of the Board may have any employment or other direct financial relationship with the Corporation;

(D) Except the Chairman, all directors are on part-time basis.

(b) Terms of Office.—The terms of office of the Chairman shall be 5 years. The terms of office of the other two directors appointed by the President shall be designed at the time of appointment to be at the end of second and third year. The terms of non-government directors shall be at the end of the fourth and fifth year. Successors to members of such Board shall be appointed or elected in the same manner as the original members but with 5 year terms and these directors may succeed themselves.

(c) Before assuming office, each Director shall take an oath faithfully to discharge the duties thereof. All Directors shall be citizens of the United States.

(d) The Board of Directors shall meet at any time pursuant to the call of the Chairman and as may be provided by the bylaws of the Corporation, but not less than quarterly. A majority of the Board of Directors shall constitute a quorum, and any action by the Board of Directors shall be effected by majority vote of all members of the Board of Directors. The Board of Directors shall adopt necessary or appropriate, and may from time to time amend, such bylaws as are necessary for the proper management and functioning of the Corporation.

OFFICERS AND EMPLOYEES

Sec. 404. (a) The Board shall appoint a chief executive officer of the Corporation, who shall act upon the majority of votes of the Board on major issues and shall be responsible for the management of the Corporation.

(b) The Board of Directors shall—

(1) establish the offices and appoint the officers of the Corporation (including a General Counsel and Treasurer) and define their duties;

(2) fix the compensation of individual officer positions and categories of other employees of the Corporation in consistence with compensations for comparable corporations;

(3) provide a system of organization to fix responsibility and promote efficiency;

(4) provide an initial business plan within 60 days after appointment, and annual business plan thereafter in the annual report.

(c) Except as specifically provided in this Act, Directors, officers, and employees of the Corporation shall not be deemed as Federal employees.

(d) No political test or qualification shall be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the Corporation.

(e) The Chief Executive Officer shall appoint and terminate such employees as may be necessary for the transaction of the Corporation's business. The Board shall make appropriate provision for career protection of officers and employees of the Corporation and for a pension system applicable to the Chairman and officers and employees of the Corporation, except that any individual ready covered by the Federal Civil Service retirement system at the commencement of their service with the Corporation may elect to remain within the coverage of such system in lieu of coming with the Corporation's pension system.

GENERAL POWERS AND DUTIES

Sec. 405. (a) In carrying out the provisions of this Act, the Corporation shall have power, consistent with the provisions of this Act to:

(1) adopt, alter, and rescind bylaws and adopt and alter a corporate seal, which shall be judicially noticed;

(2) enter into contracts with persons licensed under section 53, 63, 103 or 104 or as otherwise authorized by law for such periods of time as the Corporation may deem necessary or desirable to provide for enriching uranium by the Corporation; and enter into contracts to provide for enriching uranium by the Corporation in accordance with and within the period of an agreement for cooperation arranged pursuant to section 123 of the Atomic Energy Act of 1954 as amended or as otherwise authorized by law;

(3) acquire and hold such real and personal property as it deems necessary or appropriate in the exercise of its responsibility under this Act;

(4) sue and be sued, in its Corporate name and to complain and defend in any court of competent jurisdiction;

(5) enter into long-term contracts to procure any supply, services, and property;

(6) subject to section 404, select, employ, and fix the compensation (including, without limitation, pension plans, health benefits, incentive compensation plans, paid vacation, sick leave, and other fringe benefits) of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation;

(7) make provision for and designate such committees, and the functions thereof, as the Board of Directors may deem necessary or desirable;

(8) indemnify and provide insurance for Directors and officers of the Corporation, as the Board of Directors may deem necessary or desirable;

(9) determine and prescribe the manner in which obligations of the Corporation shall be incurred and its expenses allowed and paid;

(10) obtain the services and fix the compensation of experts and other personnel in consistence with market rates;

(11) to use the United States mails on the same terms and conditions as the executive departments of the United States Governments;

(12) exercise all other lawful powers necessarily or reasonably related to the establishment of the Corporation, carry out the provisions of this Act and the exercise of its powers, purposes, functions, duties, and authorized activities;

(13) have such power as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation and all such powers as are customarily in corporations including but not limiting mortgage, pledge encumber, coverture and participate with respect to its property and revenues; and

(14) receive the unexpended balance of appropriations of the Department, other moneys available to the Department, and accounts receivable which relate to functions, and activities acquired by the Corporation from the Department pursuant to this title.

(b) Duties.—In addition to its duties and responsibilities under other provisions of this Act, the Corporation shall—

(1) assume contracts between the Department of Energy and persons obligating such persons to enrich uranium in Federally owned GDP and provide oversight for management and inventory policy;

(2) conduct the uranimum enrichment facility expansion program and arrange for the operating of such facilities including GCEP or other advance techniques;

(3) conduct research and development and testing activities relating to uranium enrichment as the Corporation deems necessary or advisable;

(4) enrich uranium for the Department of Energy on a commercial basis in such amounts as requested and reimbursed by the Department of Energy;

(5) make available to the President, and appropriate Committees of the Congress all studies, data and other information acquired or developed by the Corporation except security-related information or information deemed confidential by the Corporation.

(c) Investment of Funds.—Uncommitted funds of the Corporation shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other investments which are lawful investments for fiduciary, trust, or public funds.

(d) Exemption From Taxation.—The Corporation including its capital reserves, surplus, security holdings, and income shall be exempt from all taxation now or hereafter imposed by the United States, any commonwealth, territory, dependency, or possession thereof, or by any State or political subdivision thereof, except that any real property of the Corporation shall be subject to taxation to the same extent according to its value as other real property is taxed.

(e) Annual Reports.—The Corporation shall transmit to the Congress and the President, not later than 90 days after the end of each fiscal year, a comprehensive and detailed report on all activities of the Corporation during the preceding fiscal year. Each such report shall include (1) the Corporation's statement of specific and detailed objectives for the activities and programs conducted and assisted under this Act; (2) statements of the Corporation's conclusion as to the effectiveness of such activities and programs in meeting the stated objectives and the purposes of this Act; (3) recommendations with respect to any legislation or administrative action which the Corporation deems necessary or desirable; (4) a statistical compilation of the obligations issued under this Act; (5) a summary of outstanding problems confronting the Corporation, in order of priority; (6) all other information required to be submitted to the Congress pursuant to any other provision of this Act; and (7) the Corporation's projections and plans for its activities and programs during the next three fiscal years. The specificity and detail of information to be provided shall be consistent with current standard business practices in Federal and public filings.

(f) Budget.—The receipts and disbursements of the Corporation in the discharge of its functions shall not be included in the totals of the budget of the United States Government, and shall be exempt from any annual expenditure and net borrowing (budget outlays) limitations imposed on a budget of the United States Government. The Chairman of the Corporation shall transmit annually to the Congress a budget for program activities and for administrative expenses of the Corporation. The Chairman shall report annually to the Congress the amount of net borrowing of the Corporation, which would be included in the totals of the budgets of the United States Government, if the Corporation's activities were not excluded from those totals as a result of this section.

PATENTS

Sec. 406. (a) The title to the patent of any invention made or conceived in the course of conducting research and development by the Corporation or under contract with the Corporation shall vest in the Corporation. The Corporation shall have the right to license the patent on a nonexclusive basis.

(b)(1) The Corporation may grant a nonexclusive license for the use of any invention for which it holds the patent but it may not grant an exclusive or partially exclusive license except as provided in paragraph (2).

(2) The Corporation is authorized to grant an exclusive or partially exclusive license for the use of any invention for which it holds the patent to a responsible applicant or applicants, upon terms reasonable under the circumstances, on the basis of competitive bids and following an opportunity for a hearing, upon notice in the Federal Register thereof to the public, only when, in the judgment of the Board of Directors, such exclusive or partially exclusive license is necessary to assure substantial utilization of such invention within a reasonable time.

(c) Each exclusive or partially exclusive license for the use of an invention granted under subsection (b) shall contain such terms and conditions as the Corporation may determine to be appropriate for the protection of the interests of the United States and the general public, including provision for the Corporation, commencing two years after the grant of a license pursuant to subsection (b), to terminate such license if (1) it has not been applied to the commercialization of domestic energy resources or (2) steps have not been taken as necessary to assure substantial utilization of such invention within a reasonable time.

(d) The United States Government shall have a royalty-free, nonexclusive license to any invention in which the Corporation owns title or reserves a license pursuant to subsection (a). The Corporation may assign title to any invention in which it has the title to the United States Government.

OBLIGATIONS AUTHORITY

Sec. 407. (a) General.—To carry out the purposes of this Act the Corporation is authorized to issue bonds, debentures, trust certificates, securities, or other obligations and to engage in other financing techniques or provide for profit sharing or other participation mechanisms or structures (herein cited as "obligations") in accordance with this section. Such obligations shall have such maturities and bear such rate or rates of interest as are determined by the Corporation with the approval of the Secretary of the Treasury. Such obligations shall be redeemable at the option of the Corporation prior to maturity in the manner stipulated in each such obligation, and may be purchased by the Corporation in the open market at a price which is reasonable.

(b) Any person may purchase preferred stock of the Corporation, and may hold or dispose of such stock, except that no foreign persons may hold a greater percent of the outstanding stock than is permissible under the Atomic Act of 1954 as amended.

(c) Maximum Obligational Authority. Except as otherwise provided in the last sentence of this subsection, the aggregate amount of obligations of the Corporation issued under this section which may be outstanding at any one time shall not exceed $3,500,000,000.

(d) Validity. No obligation issued by the Corporation under this section shall be terminated, canceled, or otherwise revoked, except in accordance with lawful terms and conditions prescribed by the Corporation. Such an obligation shall be conclusive evidence that it is in compliance with this section, has been approved, and is legal as to principal, interest, and other terms. An obligation of the Corporation shall be valid and incontestable in the hands of a holder, except as to fraud, duress, mutual mistake of fact, or material misrepresentation by or involving such holder.

(e) The Secretary of the Treasury. If at any time the moneys available to the Corporation are insufficient to discharge its responsibilities, the Corporation shall issue notes or other obligations to the Secretary of the Treasury. Such obligations shall bear interest at a rate to be determined by the Secretary of the Treasury taking into consideration the current average market yield an outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such obligations. The Secretary of the Treasury is authorized and directed to purchase any such obligations and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended. The purposes for which securities may be issued under such Act are extended to include any purchase or notes or other obligations issued under this subsection. At any time, the Secretary of the Treasury may sell any such obligations, and all sales, purchases, and redemptions of such obligations by the Secretary of the Treasury shall be treated as public transactions of the United States.

(f) Lawful Investments. All obligations issued by the Corporation shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof. All such obligations issued pursuant to this section shall be exempt securities within the meaning of laws administered by the Securities and Exchange Commission.

REPAYMENT OF PRIOR COSTS AND PRICING

Sec. 408. (a) Title to existing gaseous diffusion enrichment facilities will remain in the Government.

(1) The Corporation shall be required to compensate fairly and reasonably the United States for any property sold to the Corporation by the United States.

(2) Section 161(v) of the Atomic Energy Act of 1956 as amended is hereby amended by deleting the words in the following phrase and beyond "any prices established under this subsection shall be on a basis of recovery of the Government's costs over a reasonable period of time," and insert in lieu thereof with "any price established under this subsection shall be solely determined by the Enrichment Services Corporation only. The prior unrecovered Government costs to be paid for by the commercial customers shall be $350,000,000. The said amount shall repay fully and completely any and all obligation borne by the commercial customers for costs incurred by the uranium enrichment program prior to FY 1986."

(3) Any and all obligation borne by commercial customers for the Government's costs incurred prior to August 1, 1986, in the provision of uranium enrichment service activities under section 161 v. of the Atomic Energy Act, as amended, is fully and completely repaid when;

(A) $300,000,000 has been deposited in the Fund under section 212; and

(B) $50,000,000 has been deposited in the General Fund of the Treasury of the United States.

(b)(1) The Corporation shall establish prices for products, materials and services that the Corporation contracts to supply to domestic and foreign customers for enrichment and such other related activities as the Corporation may undertake. Such prices shall be established sufficient to provide for all the Corporation's estimated operation and maintenance costs, including but not limited to the cost of contracted services, research and development, interest payments, payments to the Treasury as specified in sec. 409(b), appropriate reserve accounts, payment in lieu of taxes and other necessary costs and a return on the investment of the holders of the preferred stock of the Corporation, or as otherwise determined by the Board.

(2) The prices shall reflect the objective of this Act to stimulate and assist in the development of a private uranium enrichment enterprise and that prices for foreign users can reflect an appropriate surcharge or reduction as determined by the Corporation, consistent with the policy objectives of the United States and applicable law.

ENRICHMENT

Sec. 409. (a) The Corporation shall be authorized to operate the existing gaseous diffusion enrichment facilities for domestic and foreign commercial purposes, consistent with United States military needs. The Government shall assign its rights and obligations under existing contracts with customers, suppliers, and other entities to the Corporation to permit the Corporation to act as agent for the Government for enrichment services in existing gaseous diffusion facilities for domestic and foreign commercial purposes and to meet the objectives of this Act. The Corporation shall enter into contracts with the Government which shall provide the Corporation with rights of access to and use of appropriate inventories of enriched uranium and feed materials and to other facilities, patents and technical information. The Government shall retain title and control of enriched uranium and feed material needed for all military purposes including a strategic stockpile.

(b) The Corporation shall make annual, reasonable payments, which are to be negotiated by the Corporation with the Secretary of Energy, for the rights of access to and use of appropriate uranium enrichment facilities and for the use of feed stocks. Such payments may be determined by users' fees, surcharge of SWUs, or other appropriate means. Government users of the Corporation's goods and services shall be charged comparable rates for such goods and services as commercial users.

(c) The Corporation shall be authorized to construct, to acquire by lease, or to contract the use and management of the Government's centrifuge enrichment and advanced isotope separation facilities.

(d) The Corporation shall act as the domestic and international agent of the United States Government in connection with the sale of separative work units. Sales shall be made at times and at prices deemed acceptable in the sole discretion of the Corporation, subject to the provisions of Sec. 408.

(e) The Corporation shall conduct its activities (including entering into long-term contracts) in a manner so as to assure reliability of fuel supply for civilian nuclear power reactors and other policy objectives, including a secure energy supply for the United States, energy conservation, and an appropriate share for the U.S. of the world uranium enrichment market. The Corporation is authorized to conduct research and development programs, including centrifuge and advanced isotope separation processes for commercial applications. The Corporation may conduct research and development programs in its own facilities, using established Government facilities or private industry, or otherwise. the Corporation shall support U.S. foreign policy goals, including non-proliferation.

(f) The Corporations shall utilize the services of private industry to the maximum extent consistent with fulfillment of its responsibilities. The Corporation shall conduct all its activities so as to foster and encourage, consistent with other statutory objectives, assumptions by private enterprise of full responsibility for uranium enrichment as soon as economically justified as specified in Sec. 414.

(g) Contracts entered into by the Corporation shall provide for charges with a schedule of payments that would cover costs of the Corporation and for such advance payments for services as the Corporation deems proper.

(h) The Corporation shall conduct a program of safeguards development and training related to facilities it owns or operates.

NUCLEAR INDEMNIFICATION

SEC. 410. The Atomic Energy Act of 1954 as amended, is amended as follows:

(a) Subsection 11(s) is amended by substituting a comma for the period at the end thereof and adding the following: "including the Uranium Enrichment Corporation."

(b) The first sentence of subsection 170(d) is amended to read: "In addition to any other authority the Commission may have, the Commission is authorized until August 1, 1987, to enter into agreements of indemnification with its contractors and contractors of the Enrichment Services Corporation for the construction or operation of production or utilization facilities or other activities under contracts for the benefit of the United States involving activities under the risk of public liability for a substantial nuclear incident."

(c) The second sentence of subsection 170(d) is amended by substituting for the opening phrase: "In such agreements of indemnification, the Commission may require its contractor . . ." the following phrase: "In such agreements of indemnification the Commission may require the contractor . . ." at the commencement thereof.

SAFETY AND LICENSING

SEC. 411. (a) The Corporation shall receive existing Department of Energy authority in that its contractors are hereby exempted from the licensing requirements and prohibitions of sections 57, 62, 81, 101 or other provisions of the Atomic Energy Act of 1954 as amended to the same extent as the Department of Energy and its contractors are exempt in regard to the Department's own functions and activities.

(b) Subject to subsection (a) of this section, the Corporation shall not transfer or deliver any source, special nuclear or byproduct materials or production or utilization facilities to any person who is not properly qualified or licensed under the provisions of the Atomic Energy Act of 1954 as amended.

(c) The Corporation shall be subject to the Department of Transportation's regulation in transfer and deliver any source, special nuclear or by product materials to the same extent as the Department of Energy and its contractors.

FOREIGN CUSTOMERS AND INTERNATIONAL RELATIONS

SEC. 412. (a) In its dealings with foreign customers, the Corporation shall, to the extent consistent with the Treaty on the Non-Proliferation of Nuclear Weapons, the Nuclear Non-Proliferation Act of 1978 and other federal law, apply a policy of furnishing goods and services with the maximum attainable reliability.

(b) The Corporation's facilities shall be subject to safeguards requirements of the Federal Government. The Corporation shall be consulted fully and in advance whenever a proposed Agreement for the Corporation or subsequent arrangement might affect its operation. The Corporation shall cooperate fully with the IAEA and others in performing research, development and training on safeguards.

(c) In the event an International Nuclear Fuel Authority (INFA) is established pursuant to Section 104 of the Nuclear Non-Proliferation Act of 1978, the Corporation shall, as directed by the President and subject to any prior contractual obligations, cooperate fully in the operations of INFA.

MISCELLANEOUS PROVISIONS

SEC. 413. (a) The Corporation shall be deemed an instrumentality of the United States Government, except to the extent otherwise provided in the Act.

(b) The Comptroller General shall audit the Corporation's activities.

(c) The Corporation may self-insure or procure insurance to cover liability or property damage other than specified in Sec. 410.

(d) The Corporation shall carry out the classification and information control policy of the Government.

(e) The Corporation shall not be subject to the provisions of the Public Utility Holding Company Act of 1935, nor shall any company become subject to the provisions of that Act by virtue of ownership of stock of the Corporation.

(f) The Corporation shall be exempt from the antitrust laws. The Corporation's owners shall be exempt from the anti-trust laws to the extent necessary to fulfill the purposes of this Act.

(g) The Corporation and the Department of Energy shall share the costs of decontamination and/or decommissioning of the facilities and equipment based on the ratio of the separative work produced under the ownership of each party.

TRANSITION TO PRIVATE OWNERSHIP

SEC. 414. (a) When commercialization of any or all of the enrichment enterprises is deemed feasible by the Board of Directors, the Board shall submit to the President and the Congress a plan for the transfer of any or all of the functions of the Corporation to a commercial private non-government entity or entities.

(b) The transfer plan submitted pursuant to subsection (a) shall take effect by legislative approval.

(c) The Corporation established under Sec. 401 of this Act shall terminate upon the transfer of all the functions of the Corporation as provided in subsection (a).

Mr. DOMENICI. Mr. President, I am submitting an amendment to S. 1100, the bill introduced earlier today by myself, Mr. SIMPSON, Mr. BINGAMAN, and Mr. WALLOP. I ask unanimous consent that a description of the amendment be printed in the RECORD.

There being no objection, the description was ordered to be printed in the RECORD, as follows:

ENRICHMENT SERVICE CORP.

Licensing: Operate under existing DOE authority. Subject to DOT regulation in transfer and deliver materials.

Taxation: Exempt from all taxation except real property.

Liability: Nuclear indemnification under 17(d) of Atomic Energy Act. Can be self-insured or procure insurance in liability other than nuclear.

Decontamination/Decommission: Cost sharing based on the ratio of SWU produced under each ownership.

Transition to Private Ownership: Board of Directors decides when feasible by submitting plan to Congress. Transfer plan takes effect only by legislative approval.

Corporate Structure: Government-Private Corp. Board of Directors with five members. Chairman and two members to be appointed by the President with the consent of the Senate. Two non-government directors representing min of $100 m preferred stock each. Members may not have financial relationship with the Corp. Except chairman, all members are on part-time term. Five year term. Board appoints Chief Executive officers and defines their duties. No political test.

Establishment: Secretary incorporates the 180 days and serves as Chairman of the Board for 60 days.

Employees: Not Federal employees. Board fixes compensation.

Property: The title and facilities remain in the Government. The corporation is authorized to provide enrichment service. Annual users' fee to DOE to be negotiated with DOE.

Finance: Exempt from appropriation process nor fiscal limitation. The prior unrecovered government costs is $350 m before

1986. Offer initial offering of preferred stock. Can invest in all lawful investment. Can issue bonds, securities, and any other indebtedness. The rate of interest to be determined by the corp with the approval of Treasury. The obligation authority is $3.5 billion. Corp can issue notes to Treasury at interest rates determined by Treasury.

Pricing: Secure fuel supply to civilian power and maintain market share. Stimulate and assist the development of a private enterprise. Price for foreign customers can reflect an appropriate surcharge or discount. Government customers pay comparable commercial rate.

Report: Annual report to the President and Congress 90 days after each FY. Report includes corporation's projections and plans for next three years. Audit by comptroller general.

GROUND WATER RESEARCH ACT

MOYNIHAN (AND OTHERS) AMENDMENT NO. 178

(Ordered referred to the Committee on Environment and Public Works.)

Mr. MOYNIHAN (for himself, Mr. MITCHELL, Mr. DURENBERGER, Mr. BAUCUS, Mr. BURDICK, Mr. CHAFEE, Mr. STAFFORD, Mr. BREAUX, and Mr. GRAHAM) proposed an amendment intended to be proposed by them to the bill (S. 20) to provide for the protection of ground water through States' standards, planning, and protection standards; as follows:

At the end thereof, add the following new titles:

SHORT TITLE

SECTION 1. This Act, together with the following table of contents, may be cited as the "Ground Water Research Act of 1987".

TABLE OF CONTENTS

Sec. 1. Short Title and Table of Contents.
Sec. 2. Findings.
Sec. 3. Purposes.
Sec. 4. Definitions.

TITLE I—PROGRAMS OF THE ENVIRONMENTAL PROTECTION AGENCY

Sec. 101. Authorities and Areas of Investigation.
Sec. 102. Research Committee and Management Plan.
Sec. 103. Control Technologies.
Sec. 104. Health and Environmental Effects and Related Research.
Sec. 105. Research Institutes.
Sec. 106. Assessments of Sources of Contaminants.
Sec. 107. Additional Provisions.

TITLE II—PROGRAMS OF THE GEOLOGICAL SURVEY

Sec. 201. Amendments to the Organic Act.
Sec. 202. National Ground Water Quality Inventory.
Sec. 203. Water Resources Research Amendments.
Sec. 204. Authorities of the Administrator.

TITLE III—PROGRAMS OF OTHER FEDERAL AGENCIES

Sec. 301. Agricultural Research Service.

TITLE IV—GENERAL PROVISIONS

Sec. 401. Special Studies.
Sec. 402. National Ground Water Clearinghouse.
Sec. 403. Coordination.
Sec. 404. Patent Policy.
Sec. 405. Authorizations.

FINDINGS

SEC. 2. The Congress finds that—

(a) ground water in the United States is a vast and complex resource comprising 96 percent of the fresh water available for use;

(b) approximately one-half of the population of the United States and 95 percent of those living in rural areas rely on ground water for drinking water supplies;

(c) recent surveys by the Environmental Protection Agency and by other agencies and organizations have identified ground water contamination problems in each of the several States including thousands of incidents which have forced abandonment of water supply wells or contaminated public water supply systems;

(d) sources of ground water contamination are diverse, including waste and non-waste products and activities, point and nonpoint sources, and hazardous and non-hazardous substances;

(e) ground water contaminants are known to cause adverse health and environmental effects and to impose large costs in treatment and remediation;

(f) there is not an adequate effort by the Federal Government or by the States to collect and disseminate data and information concerning the location and characteristics of ground water;

(g) there is not an adequate effort by the Federal Government or by the States to assess the characteristics of ground water contaminants and to evaluate their effects on human health and environmental resources;

(h) there is not an adequate effort by the Federal Government or by the States to investigate, develop and demonstrate methods, practices and techniques that may be effective in preventing, detecting and correcting the contamination of ground water resources; and

(i) current Federal programs of research and development with respect to ground water protection are not adequately coordinated.

PURPOSE

SEC. 3. The purposes of this Act are to—

(a) establish a comprehensive and consolidated program of research, development and demonstration at the Environmental Protection Agency and at other agencies of the United States to: enhance knowledge of the natural characteristics and processes that govern water in the saturated and unsaturated zones; expand knowledge concerning the location and characteristics of ground water; improve scientific capability to assess, detect, and evaluate the effects on human health and environmental resources of substances that may contaminate ground water; provide for the development and dissemination of practices, methods, and techniques that may be effective in preventing, detecting and correcting ground water contamination; and collect and disseminate information on the causes, extent and effects of ground water contamination;

(b) establish priorities and a management system for such research, development and demonstration;

(c) enhance the internal research capabilities of the Environmental Protection Agency and other agencies of the United States related to the protection, maintenance and restoration of ground water resources; and

(d) assist other public agencies and authorities, nonprofit institutions and organizations and other persons who are engaged in such research, development and demonstration.

DEFINITIONS

SEC. 4. As used in this Act—

(1) the term "Administrator" means the Administrator of the Environmental Protection Agency;

(2) the term "Agency" means the United States Environmental Protection Agency;

(3) the term "assistance" means any assistance provided by the Agency pursuant to provisions of this Act in the form of grants, loans, loan guarantees, property, contracts (except those for the procurement of goods and services of the Government of the United States), cooperative agreements or technical assistance, whether the recipient is a State or local government, a nonprofit organization or other person;

(4) the term "contaminant" means any solid, liquid, semisolid, dissolved solid, or gaseous material naturally occurring or anthropogenic chemical, parameter for measurement of water quality, or biological organism which in its original form or as a metabolite or degradation or waste product may impair the quality of ground water or may have an adverse effect on human health, welfare or the environment as a constituent of ground water;

(5) the term "contract" means any contract, grant, agreement, understanding or other arrangement, which includes research, development or demonstration work, and includes any assignment, substitution of parties, or subcontract executed or entered into thereunder;

(6) the term "contractor" means any person having a contract with or on behalf of the Administrator;

(7) the term "demonstration" means the initial exhibition of a new technology, process or practice or a significantly new combination or use of technologies, processes, or practices, for the purpose of proving technological feasibility and cost effectiveness;

(8) the term "develop" includes activities which assist in the transfer of technology to users of practices, methods or techniques which may be effective in preventing, detecting or correcting ground water contamination;

(9) the term "Federal agency" or "agency of the United States" means any department, agency or other instrumentality of the Federal Government, any independent agency or establishment of the Federal Government including any Government corporation, and including the Tennessee Valley Authority;

(10) the term "ground water" means water below the land surface in the zone of saturation;

(11) the term "invention" means inventions or discoveries, whether patented or unpatented;

(12) the term "local government" means any city, town, borough, county, parish, district, or other public body which is a political subdivision of a State and which is created pursuant to State law;

(13) the term "made" when used in relation to any invention, means the conception of first actual reduction to practice of such invention;

(14) the term "nonprofit organization" means any organization, association or institution described in section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from taxation pursuant to the provisions of section 501(a) of such Code;

(15) the term "person" means an individual, trust, firm, joint stock company, corporation (including any government corporation), partnership, association, consortium, joint venture, State, local government, commission, regional agency, interstate agency, or Federal agency;

(16) the term "pesticide" includes any active or inert ingredient of a pesticide product registered according to the provisions of the Federal Insecticide, Fungicide and Rodenticide Act and the metabolites and degradation products of such ingredients;

(17) the term "source" or "source or potential source of contaminants" includes, but is not limited to—

(A) any facility, building, structure, installation, equipment, pipe, pipeline (including any pipe into a sewer or publicly owned treatment works), well, pit, pond, lagoon, impoundment, ditch, landfill, storage container, tank, or activity which discharges or may discharge contaminants to ground water, or

(B) any site or area where a contaminant has been deposited, stored, disposed of, or placed, or otherwise come to be located so as to allow the discharge of such contaminant to ground water;

(18) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands; and

(19) the term "vadose zone" or "unsaturated zone" means the zone between the land surface and the principal zone of saturation.

TITLE I—PROGRAMS OF THE ENVIRONMENTAL PROTECTION AGENCY

AUTHORITIES AND AREAS OF INVESTIGATION

SEC. 101. (a) AUTHORITY.—The Administrator shall, in consultation and cooperation with the Director of the Geological Survey and with the heads of other appropriate Federal agencies, establish a national research, development, and demonstration program to support the protection, maintenance and restoration of the ground water resources of the United States and as part of such program shall conduct, and promote the coordination and acceleration of research, investigations, experiments, demonstrations, surveys and studies relating to the causes, sources, effects, extent, prevention, detection, and correction of ground water contamination. In carrying out the provisions of this Act, the Administrator is authorized to—

(1) collect and make available through publications and other appropriate means, the results of and other information (including appropriate recommendations by the Administrator in connection therewith) pertaining to the research, development and demonstration activities conducted pursuant to this section;

(2) cooperate with other Federal agencies, with the States and with local governmental entities, interstate and regional agencies, other public agencies and authorities, nonprofit institutions and organizations, or other persons, in the preparation and conduct of such research, development and demonstration activities;

(3) make grants to the States or to local governmental entities, to other public agencies and authorities, nonprofit institutions and organizations and to other persons;

(4) conduct investigations and research and make surveys concerning any specific problem of ground water contamination in cooperation with any State or local governmental entity with a view to recommending a solution to such problem, if requested to do so by such State or local governmental entity;

(5) enter into contracts (including contracts for construction) or cooperative agreements with public agencies and authorities, nonprofit institutions and organizations, and other persons without regard to sections 3648 and 3709 of the Revised statutes (31 U.S.C. 529; 41 U.S.C. 5);

(6) conduct, in cooperation with the Secretary of the Department of Health and Human Services, studies, including epidemiological studies of the effects of ground water contaminants or potential contaminants on mortality and morbidity and clinical and laboratory studies on the immunologic, biochemical, physiological, and the toxicological effects including the carcinogenic, teratogenic, mutagenic and neurotoxic effects of ground water contaminants or potential contaminants;

(7) develop and disseminate informational documents on ground water contaminants describing the nature and characteristics of such contaminants at various concentrations;

(8) collect and disseminate, in cooperation with other agencies of the United States, and with other public agencies and authorities, nonprofit institutions and organizations having related responsibilities, basic data on the chemical, physical and biological contaminants that may affect ground water quality and other information pertaining to ground water contamination and the prevention, detection and correction thereof;

(9) develop effective and practical processes, methods and techniques for the prevention, detection and correction of ground water contamination;

(10) construct such facilities and staff and equip them as may be necessary to carry out the provisions of this section;

(11) call conferences concerning the potential or actual contamination of ground water resources giving opportunity for interested persons to be heard and present papers at such conferences;

(12) establish and maintain research fellowships in the Environmental Protection Agency and at public or nonprofit private educational institutions or research organizations;

(13) utilize, on a reimbursable basis, facilities and personnel of existing Federal scientific laboratories and research centers; and

(14) acquire secret processes, technical data, inventions, patent applications, patents, licenses, and an interest in lands, plants, equipment and facilities, and other property or rights, by purchase, license, lease or donation.

(b) GENERAL AREAS OF INVESTIGATION.—In carrying out the provisions of this section the Administrator (and the Ground Water Research Committee established by section 102 of this Act) shall give priority to research, development and demonstration projects which—

(1) demonstrate the fate and transport of contaminants or potential contaminants in ground water;

(2) develop practices, methods, techniques or processes effective in controlling sources or potential sources of ground water contaminants with emphasis on sources which discharge or release non-hazardous waste or contaminants not considered to be waste which shall be in addition to similar development activities already conducted pursuant to the Solid Waste Disposal Act (42 U.S.C. 6901, et seq.) and the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601, et seq.) with respect to sources of hazardous waste;

(3) determine the effects on human health and the environment of the contaminants which are or may be present in ground water;

(4) develop analytical procedures for monitoring and evaluating ground water quality and the flow characteristics of aquifer systems;

(5) develop methods or techniques to restore ground water resources that have been damaged by contamination incidents; and

(6) develop practices, methods or techniques effective in reducing the quantity or toxicity of waste materials from the processes or activities which have a potential to contaminate ground water resources.

For purposes of this title the term "develop" shall include research projects, demonstration projects or activities which assist in the transfer of technology to users of the practices, methods or techniques identified.

(c) INVESTIGATIONS, STUDIES AND SURVEYS.—The Administrator shall conduct or assist research, investigations, studies, surveys, or demonstrations with respect to (but not limited to) the following—

(1) the effects on human health of contaminants or combinations of contaminants whether natural or anthropogenic that are found in or that are likely to be found in the ground waters of the United States;

(2) the exposure of persons to contaminants that are found in ground water including exposure to such substances from sources other than ground water contamination including air, diet and workplace exposures;

(3) the effects on the environment including aquatic life, wildlife and other environmental resources of contaminants that may be found in ground water discharged to the surface;

(4) the hydrologic relationship between surface water and ground water and the likely impact of contamination in one medium on the quality and uses of the other;

(5) methods and techniques for characterizing and modeling subsurface hydrogeology in both the saturated and unsaturated zones;

(6) methods and techniques for characterizing and modeling geographic regions of fractured rock and karstic formations or other unique geologic formations;

(7) the transport and dispersion of particular contaminants in the saturated and unsaturated zones;

(8) the fate, including the degradation and transformation, of particular contaminants in the saturated and unsaturated zones;

(9) methods and techniques to characterize the vulnerability of locations to contamination based on factors including climate, vegetation, topography, soil characteristics and subsurface hydrology;

(10) methods and techniques to characterize and model zones of influence and wellhead protection areas around water pollution wells;

(11) methods and techniques for sampling ground water including well construction, sample collection and the storage of samples before analysis;

(12) methods for detecting and quantifying contaminants in ground water samples including screening methods to improve the efficiency and reduce the cost of analysis;

(13) methods and techniques for monitoring, sampling and analyzing the discharge from sources or potential sources of contaminants in various categories and subcategories;

(14) methods and techniques for monitoring, sampling and analyzing contaminants in the unsaturated zone and correlating the results of such methods and techniques with likely future impacts on ground water quality;

(15) the water supply needs of the Nation including water supply for public, agricultural, industrial and other uses and the impact of water supply needs in the future on available ground water quality and quantity;

(16) methods and techniques of water conservation in household, agricultural, commercial and industrial uses;

(17) processes and technologies to assure the more efficient use of toxic chemicals and other substances which are potential ground water contaminants including pesticide and fertilizer products;

(18) methods and techniques for controlling discharges, whether intentional or accidental, from sources or potential sources of contaminants in various categories and subcategories;

(19) the design and operation of waste treatment systems including septic systems, land treatment systems and containment systems that minimize the potential for contaminants to reach ground water;

(20) methods and techniques for the closure and post-closure care of sources or potential sources of contaminants to minimize the potential for further discharge of contaminants to ground water;

(21) methods and techniques for the remediation and restoration of contaminated ground water resources;

(22) methods and techniques for the treatment of contaminated water supplies to render such supplies potable; and

(23) methods and techniques for remediation, restoration and treatment of contaminated ground water resources in the saturated or unsaturated zones utilizing in situ biological, chemical or physical treatment.

RESEARCH COMMITTEE AND MANAGEMENT PLAN

Sec. 102. (a) Committee.—In carrying out the functions pursuant to this part, the Administrator shall establish a media-specific research committee for ground water resources (in addition to the media-specific research committees already established) to be co-chaired by the Assistant Administrator for Water and by the Assistant Administrator for the Office of Research and Development. The membership of the committee established by this subsection shall be broadly representative of the program and research concerns within the Agency related to the protection, maintenance and restoration of ground water resources.

(b) Annual Report.—The research committee shall make an annual report, which shall cover a period of at least five fiscal years, summarizing the major research issues concerning the protection, maintenance and restoration of ground water resources as identified by the committee, describing the research accomplishments of the preceding fiscal year, identifying the status of on-going research, and outlining the ground water research program for the Agency for the three succeeding fiscal years. The annual report of the committee shall serve as the management plan for the ground water research program of the Agency and shall assure the coordination of all research, development and demonstration activities relating to the protection, maintenance and restoration of ground water resources conducted by the Agency and shall facilitate and accelerate the development of control technologies as authorized by this Act. The annual report shall constitute the basis upon which requests for appropriations to carry out this title are to be made for the succeeding fiscal year.

(c) Policy Decisions.—The annual report required by subsection (b) of this section shall include an itemized list of all major policy decisions affecting all aspects of the protection, maintenance, and restoration of ground water resources which are pending before the Agency or which will arise in the foreseeable future and shall specify in a comprehensive manner the type of information relevant to such policy decisions, evaluate the adequacy of available information in each category, and define the research and studies necessary to address the deficiencies in the available information.

(d) Control Technologies.—The annual report required by subsection (b) of this section shall include a description and assessment of each project conducted pursuant to section 103 of this Act.

(e) Health Effects and Related Research.—The annual report required by subsection (b) of this section shall include a description of the status of health effects and related research for each contaminant listed pursuant to section 104(a) of this Act. The report shall identify any additions to the list and summarize any proposals, including applications, recommendations or petitions, for listing pursuant to section 104(a)(3) and indicate the disposition of such proposals. The report shall identify the status of all research in progress pursuant to section 104(b) of this Act and the publication of any criteria documents issued pursuant to section 104(f).

(f) Environmental Effects and Related Research.—The annual report required by subsection (b) of this section shall include a description of the status of environmental effects and related research for each contaminant listed pursuant to section 104(a) of this Act.

(g) Research Institutes.—The annual report required by subsection (b) of this section shall describe the research programs of the research institutes established under section 105 of this Act and provide for the coordination of such research programs with other activities conducted pursuant to the authorities of this Act.

(h) Review and Transmittal.—The annual report required by subsection (b) of this section shall be submitted in draft form to the Congress, and for review including review by the Science Advisory Board, and shall be available for public comment for a period of 60 days after its submission in draft form. The annual report shall be submitted to the Congress in final form, not later than April 15 of each year, and shall incorporate such needed revisions as arise from comments received during the review period.

(i) Research Manager.—The Administrator shall appoint a Ground Water Research Manager in the Office of Research and Development who shall be charged with carrying out the management plan, as incorporated in the annual report required by subsection (b) of this section, and who shall provide central direction for ground water research within the Office of Research and Development.

CONTROL TECHNOLOGIES

Sec. 103. (a) General Authority.—The Administrator is authorized and directed to carry out a program of research, evaluation, testing, development and demonstration of practices, methods, technologies and processes which are (or may be) effective in controlling sources or potential sources of ground water contaminants and preventing the occurrence of ground water contamination. In addition to research, development and demonstration activities conducted by the Administrator pursuant to section 101 and by the research institutes established by section 105 of this Act, the Administrator may enter into contracts or cooperative agreements, or provide financial assistance in the form of grants, to public agencies and authorities, nonprofit institutions and organizations or other persons, to demonstrate such practices, methods, technologies or processes only if the Administrator finds that—

(1) such contract, cooperative agreement or grant will serve to demonstrate a new or significantly improved practice, method, technology or process or the feasibility and cost effectiveness of an existing, but unproven, practice, method, technology or process, and will not duplicate other Federal, State, local or commercial efforts to demonstrate such practice, method, technology, or process;

(2) such contract, cooperative agreement or grant meets the requirements of this section and serves the purposes of this Act;

(3) the demonstration of such practice, method, technology or process will comply with all other laws and regulations for the protection of human health, welfare and the environment; and

(4) in the case of a contract or cooperative agreement, such practice, method, technology or process would not be adequately demonstrated by State, local or private persons or in the case of an application for financial assistance by a grant, such practice, method, technology or process is not likely to receive adequate financial assistance from other sources.

(b) Program Elements.—The demonstration program established by this section shall include: solicitations for demonstration projects; selection of suitable demonstration projects from among those proposed; supervision of such demonstration projects; evaluation of the results of the demonstration projects which are conducted; dissemination of information on the effectiveness and feasibility of the practices, methods, technologies and processes which are proven effective in controlling sources or potential sources of contaminants through demonstration under this section. The Administrator shall publish regulations to assure satisfactory implementation of each element of the demonstration program authorized by this section.

(c) Solicitation.—Within 180 days after the date of enactment of this Act, and no less often than every 12 months thereafter, the Administrator shall publish a solicitation for proposals to demonstrate, prototype or at full-scale, practices, methods, technologies and processes which are (or may be) effective in controlling sources or potential sources of contaminants. The solicitation notice shall prescribe the information to be included in the proposal, including technical and economic information derived from the applicant's own research and development efforts, and other information sufficient to permit the Administrator to assess the potential effectiveness and feasibility of the practice, method, technology or process proposed to be demonstrated.

(d) Applications.—Any person and any public or private nonprofit entity may submit an application to the Administrator in response to the solicitations required by subsection (c) of this section. The application shall contain a proposed demonstration plan setting forth how and when the project is to be carried out and such other information as the Administrator may require.

(e) Project Selection.—In selecting practices, methods, technologies or processes to be domonstrated, the Administrator shall fully review the applications submitted and shall evaluate each project according to the following criteria—

(1) the potential for the proposed practice, method, technology or process to effectively control sources or potential sources of contaminants (including control through improved use, management, storage, handling, transfer or disposal of contaiminants) which present the greatest risk to human health or the environment or present the greatest likelihood of ground water contamination and which are not effectively controlled by existing practices, methods and technologies;

(2) the capability of the person or persons proposing the project to successfully complete the demonstration as described in the application;

(3) the likelihood that the demonstrated practice, method, technique or process could be applied in other locations and circumstances to control sources or potential sources of contaminants, including considerations of cost, effectiveness and feasibility;

(4) the extent of financial support from other persons to accomplish the demonstration as described in the application; and

(5) the capability of the person or persons proposing the project to disseminate the results of the demonstration or otherwise make the benefits of the practice, method or technology widely available to the public in a timely manner.

The Administrator shall select or refuse to select a project for demonstration under this section within 90 days of receiving the completed application for such project. In the case of a refusal to select a project, the Administrator shall notify the applicant within such 90-day period of the reasons for the refusal. In each 12 month period the Administrator shall select at least 10 demonstration projects for support according to the provisions of this section.

(f) Supervision and Testing.—Each demonstration project under this section shall be performed by the applicant, or by a person satifactory to the applicant, under the supervision of the Administrator. The Administrator shall enter into a written agreement with each applicant granting the Administrator the responsibility and authority for testing procedures, quality control, monitoring and other measurements necessary to determine and evaluate the results of the demonstration project. The Administrator may pay the costs of testing, monitoring, quality control and other measurements required by the Administrator to determine and evaluate the results of a demonstration project, including the use of innovative of alternative waste treatment technologies, and the limitation established by subsection (i) of this section shall not apply to such costs.

(g) Monitoring.—The Administrator shall enter into arrangements, wherever practicable and desirable, to provide for monitoring, testing procedures, quality control and such other measurements necessary to evaluate the results of demonstration projects or facilities intended to control sources or potential sources of contaminants, including hazardous waste treated in situ, whether or not such projects or facilities are constructed and operated under the provisions of this section, for the purpose of obtaining information concerning the performance, and other aspects of such facilities, methods, practices, technologies or processes. Where the Administrator provides only monitoring and evaluation or personnel and provides no other financial assistance to a facility or project, notwithstanding the provisions of section 404 of this Act, title to any invention made or conceived of in the course of developing, constructing or operating such facility or demonstrating such practice, method, technology or process shall not be required to rest in the United States and patents respecting such invention shall not be required to be issued to the United States.

(h) Project Completion.—Each demonstration project under this section shall be completed within such time as is established in the demonstration plan. The Administrator may extend any deadline established under this subsection by mutual agreement with the applicant concerned.

(i) Funding Restrictions.—In providing financial assistance under this section to a demonstration project, the Administrator shall endeavor to enter into agreements and make other arrangements for maximum practicable cost sharing with other Federal, State and local agencies, private persons or any combination thereof. Total Federal funds for any full-scale demonstration project under this section shall not exceed 75 per centum of the total cost of such project estimated at the time of the award of such assistance. In cases where the Administrator determines, in accordance with criteria established by regulation, that research under this section is of a basic nature which would not otherwise be undertaken, the Administrator may approve grants under this section with a matching requirement other than that specified in this subsection, including full Federal funding.

(j) Equitable Distribution.—Not more than 15 percent of the total funds appropriated for any fiscal year as authorized under this section shall be granted for projects in any one State. The Administrator shall by regulation prescribe the manner in which this paragraph shall apply to a grant under this section for a project in an area which includes all or part of more than one State.

(k) Technology Transfer.—In carrying out the demonstration program under this section, the Administrator shall conduct a technology transfer program including the collection and dissemination of information, data and recommendations relating to the practices, methods, technologies and processes for controlling sources or potential sources of contaminants demonstrated under the provisions of this section. The Administrator shall establish and maintain a central reference library for such information. The information maintained by the Administrator shall be made available to the public, subject to the provisions of section 552 of title 5 of the United States Code and section 1905 of title 18 of the United States Code, and to other government agencies in a manner that will facilitate its dissemination; except that upon a showing satisfactory to the Administrator by any person that records, reports, or information, or a particular part thereof (except data on discharges), to which the Administrator has access under this section if made public, would divulge methods or processes entitled to protection as trade secrets of such person, the Administrator shall consider such record, report, or information or particular portion thereof confidential in accordance with the provisions of section 1905 of title 18 United States Code, except that such record, report or information may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out this Act or when relevant in any proceeding under this Act. Notwithstanding any provision contained in this section or any other provision of law, all information reported to, or otherwise obtained by, the Administrator (or any representative of the Administrator) under this Act shall be made available upon written request of any duly authorized committee of the Congress, to such committee (including records, reports, or information obtained by representatives of the Environmental Protection Agency).

HEALTH AND ENVIRONMENTAL EFFECTS AND RELATED RESEARCH

Sec. 104. (a) List of Contaminants.—

(1) Authority.—Within six months after the date of enactment of this Act, the Administrator shall prepare and publish in the Federal Register a list of the contaminants which are known to occur (or which may be expected to occur) in the ground waters of the United States. The Administrator shall, from time to time and as necessary to carry out the provisions of this section but not less often than annually, review and revise such list adding other contaminants pursuant to the requirements of this section. The listing of a contaminant under this subsection is not an agency rule-making and is not subject to the requirements of section 553, title 5 of the United States Code. In considering objections raised in any judicial action, the court shall uphold the Administrator's decision to list or not to list a particular contaminant unless the objecting party can demonstrate that the decision was arbitrary and capricious or otherwise not in accordance with law. The list of contaminants prepared according to the provisions of this paragraph shall not be construed to indicate that those contaminants not listed are safe for human exposure or without adverse environmental effects.

(2) Initial list.—The initial list of contaminants shall include, but is not limited to, the following—

(A) contaminants for which the Administrator is required to promulgate a National primary drinking water regulation pursuant to the provisions of the Safe Drinking Water Act (42 U.S.C. 300f, et seq.);

(B) other contaminants for which a health advisory has been prepared by the Office of Drinking Water at the Environmental Protection Agency;

(C) contaminants listed according to the provisions of section 104(i)(2) of the Comprehensive Environmental Response, Compensation and Liability Act and which are known to occur in ground water;

(D) contaminants listed pursuant to section 307(a) of the Clean Water Act;

(E) pesticides which the Administrator determines have the potential to leach to ground water; and

(F) other contaminants known to occur in the ground waters of the United States.

(3) Additions to list.—

(A) The Administrator shall promptly revise the list of contaminants established by paragraph (1) of this subsection to include any contaminant which is found in ground water samples at three or more locations or which is listed pursuant to section 104(i)(2) of the Comprehensive Environmental Response, Compensation and Liability Act.

(B) Upon application of the Governor of a State, showing that a contaminant or potential contaminant of ground water which is not on the list established by paragraph (1) of this subsection may be reasonably anticipated to endanger public health, public welfare or the environment as a result of its presence or potential for presence in ground water, the Administrator shall, within ninety days, revise the list established by paragraph (1) of this subsection to include such contaminant or publish in the Federal Register the reasons for not making such a revision.

(C) Within ninety days of receiving a recommendation from the Director of the National Toxicology Program, the Administrator of the Agency for Toxic Substances and Disease Registry, or the Director of the National Institute for Environmental Health Sciences that a particular contaminant be added to the list established by paragraph (1) of this subsection, the Administrator shall revise the list to include such contaminant or publish in the Federal Register a statement of the reasons for not making such revision.

(D) Any person may petition the Administrator requesting that a contaminant or potential contaminant be added to the list established by paragraph (1) of this subsection. The Administrator shall, within ninety days, either grant or deny the petition based on a showing by the petitioner that the contaminant may have an adverse effect on human health, welfare or the environment due to its presence or potential for presence in ground water. If the petition is granted the Administrator shall revise the list established under paragraph (1) of this subsection to include such contaminant.

(b) RESEARCH PROGRAM.—For each contaminant listed according to the provisions of subsection (a) of this section, the Director of the National Toxicology Program in consultation with the Director of the Agency for Toxic Substances and Disease Registry shall, within 120 days of the listing of that contaminant, develop and transmit to the Administrator a proposed research program for that contaminant including a description of a program of toxicological testing which in the judgment of the Director is necessary to prepare a criteria document described in subsection (f) for such contaminant. Upon receipt, the Administrator shall publish the proposed research program in the Federal Register and seek comment thereon. Within 60 days after receipt of a proposed research program, the Administrator shall approve such program or make such amendments as the Administrator deems necessary to fulfill the purposes of this Act. The research program developed pursuant to this subsection shall include, but is not limited to—

(1) studies of the chemical and physical properties and characteristics of the contaminant;

(2) studies of the dispersion, persistence and fate (including the degradation products and metabolites) of the contaminant when released into the environment;

(3) studies of human exposure to the contaminant as a result of its presence in ground water and through other pathways of contact with human populations;

(4) studies (including, but not limited to, laboratory and epidemiological studies) of the health effects of the contaminant (and its degradation products and metabolites) including studies to determine acute toxicity, subacute toxicity, chronic toxicity, and the potential for the contaminant to cause cancer, gene mutations or birth defects; and

(5) studies of the ecological effects (including the propensity of the contaminant to bioaccumulate when discharged to surface waters) of the contaminant as a result of its presence in ground water.

To the extent practicable the research program developed pursuant to this subsection shall be completed within a two-year period and shall be coordinated with the development of contaminant profiles under section 104(i)(3) of the Comprehensive Environmental Response, Compensation and Liability Act and research under section 104(i)(5) of such Act. Approved research programs shall be transmitted to the States and other interested persons.

(c) REGISTRATION.—

(1) Not later than 120 days after the listing of a chemical substance as a contaminant according to the provisions of subsection (a) of this section, each person who manufactures or imports such substance, or who has manufactured or imported such substance in the previous five years, shall register with the Administrator reporting the amount of such substance manufactured or imported in each such year and such other information as the Administrator may prescribe by regulation. Each person who registers according to the requirements of this paragraph shall report to the Administrator in each of the five succeeding years updating the information required to be reported by this subsection.

(2) Each person who begins manufacturing or importing a chemical substance during the five-year period after the date on which such substance is listed as a contaminant under subsection (a) of this section, shall register with the Administrator and during such five-year period shall report annually to the Administrator the amounts manufactured or imported and such additional information as the Administrator may require. The Administrator may extend the period for reporting provided in this paragraph, if it takes longer than a five-year period to complete the research program for the contaminant with respect to which a manufacturer or importer is registered.

(3) The Administrator may issue an order or bring a civil action in the appropriate United States district court to require compliance with this subsection or subsection (d)(4) by any person who manufactures or imports (or manufactured or imported) a contaminant listed pursuant to subsection (a) of this section. Any person who violates, or fails or refuses to comply with, an order issued pursuant to this paragraph shall be liable to the United States for a civil penalty of not more than $25,000 per day of violation.

(4) Any person who knowingly fails to register or who makes false statements or representations in a registration shall, upon conviction, be punished by a fine in accordance with the provisions of title 18, United States Code, or by imprisonment for not more than one year, or by both.

(d) TESTING.—

(1) Upon approval of the proposed research program of the Director of the National Toxicology Program for any contaminant or potential contaminant pursuant to subsection (b) of this section, the Administrator shall provide notice to that effect through publication in the Federal Register and mailing to each person who registered as a manufacturer or importer of that substance under subsection (c) of this section. Such notice shall include a description of the research program proposed by the Director of the National Toxicology Program and approved by the Administrator for such contaminant.

(2) If, within 90 days of the publication of the notice, none of the registrants or other persons has, in the judgment of the Administrator, undertaken (or committed to undertake) the described program of research or provided the results of such research, the Administrator, in cooperation with the Director of the National Toxicology Program and the Director of the Agency for Toxic Substances and Disease Registry, shall initiate or assure the initiation of a research program and thereafter conduct and complete the testing or other research included in the research program for such contaminant.

(3) The Administrator is authorized to permit persons who manufacture or import substances listed as contaminants pursuant to subsection (a) of this section or other persons to provide for technically adequate and timely testing.

(4) In any case in which the Administrator, the Director of the National Toxicology Program or the Director of the Agency for Toxic Substances and Disease Registry has initiated or conducted research for a particular contaminant pursuant to this subsection, the United States may seek reimbursement from the person or persons who manufacture or import such contaminant and who are registered pursuant to subsection (c) of this section to recover all costs incurred in preparing and conducting such research including research conducted pursuant to subsection (e) and costs incurred in the preparation, distribution and revision of criteria documents provided for in subsection (f) of this section. Such persons shall be liable for all such costs. If more than one person is registered as a manufacturer or importer of a particular contaminant pursuant to subsection (c), the Administrator may allocate the costs of the research program for such contaminant among those persons registered according to volumes reported for each fiscal year or according to such other factors as the Administrator determines will provide for an equitable allocation of the costs. Not later than 12 months after the date of enactment of this Act, the Administrator shall promulgate regulations to implement this paragraph.

(e) ADDITIONAL RESEARCH.—If, after the conclusion of a research program authorized by subsections (b) and (d), the Administrator determines based on new information that additional research or testing with respect to the same contaminant is necessary, the Administrator may conduct a further program of research which shall be governed by the provisions of this section. In addition to the research program including testing authorized by subsections (b) and (d) of this section, the Administrator is authorized to conduct research, studies (including epidemiological studies), surveys, tests (including toxicological testing), and demonstrations (including demonstrations of treatment technologies) with respect to contaminants or potential contaminants and the detection, prevention and correction of ground water contamination.

(f) CRITERIA.—Within 180 days of completion of the research program conducted pursuant to subsections (b) and (d) of this section, the Administrator shall publish a document containing criteria for each contaminant contained on the list published pursuant to subsection (a). Such criteria shall reflect the lastest scientific knowledge on—

(1) the physicial, chemical, biological, and radiological properties of the contaminant;

(2) the effects of the contaminant on human health, welfare and the environment; and

(3) the association of the contaminant with various human activities which have the potential to be sources of the contaminant in ground water.

The criteria published under this paragraph shall include an analysis of the risk posed by the contaminant to human health and the environment at various concentrations in water and with respect to various uses of the water. The Administrator shall establish and utilize a standard format for presentation of ground water criteria published in the documents authorized by this paragraph. The format shall include a summary of the research and analysis of the contaminant which shall be understandable to public health professionals who lack training in toxicology. Criteria documents shall be distributed to each State and be made available to other interested persons. The Administrator may revise criteria documents as needed to reflect new information.

(g) CONFIDENTIALITY OF INFORMATION.—

(1) Any records, reports, or information obtained from any person under this section shall be available to the public, except that upon a showing satisfactory to the Administrator by any person that records, reports, or information, or particular part thereof (other than data on the discharge, health or safety effects data, or the items described in paragraph (5)) to which the Administrator or any officer, employee, or representative of the Agency has access under this section if made public would divulge information entitled to protection under section 1905 of title 18 of the United States Code, such information or particular portion thereof shall be considered confidential in accordance with the purposes of that section, except that such record, report, document, or information may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out this Act, or when relevant in any proceeding under this Act.

(2) Any person not subject to the provisions of section 1905 of title 18 of the United States Code who knowingly and willfully divulges or discloses any information entitled to protection under this subsection shall, upon conviction, be subject to a fine in accordance with the provisions of title 18, United States Code or to imprisonment not to exceed one year, or by both.

(3) In submitting data under this section, a person required to provide such data may—

(A) designate the data which such person believes is entitled to protection under this subsection; and

(B) submit such designated data separately from other data submitted under this section.

A designation under this paragraph shall be made in writing and in such manner as the Administrator may prescribe by regulation.

(4) No person required to provide information under this section may claim that the information is entitled to protection under this subsection unless such person shows each of the following—

(A) such person has not disclosed the information to any other person, except as required by law, and such person has taken reasonable measures to protect the confidentiality of such information and intends to continue to take such measures;

(B) the information is not required to be disclosed, or otherwise made available, to the public under any other Federal or State law;

(C) disclosure of the information is likely to cause substantial harm to the competitive position of such person; and

(D) the specific chemical identity, if designated for protection under this subsection, is not readily discoverable through reverse engineering.

(5) The following information with respect to a discharge from any source or potential source of contaminants shall not be entitled to protection under this subsection—

(A) the trade name, common name, or generic class or category of any contaminants;

(B) the physical properties of any contaminant including information with respect to its mobility and persistence in soils and ground or surface waters;

(C) the effects of any contaminant on human health, welfare or the environment;

(D) any monitoring data or analysis of discharges from a source of contaminants; or

(E) any ground water monitoring data.

(6) Notwithstanding any limitation contained in this section or any other provision of law, all information reported to or otherwise obtained by the Administrator under this section shall be made available, upon written request of any duly authorized committee of the Congress, to such committee.

RESEARCH INSTITUTES

SEC. 105. (a) GRANT PROGRAM.—The Administrator shall make grants to institutions of higher learning or other research institutions (or consortia of such institutions) which are nonprofit organizations to establish and operate four ground water research institutes in the United States.

(b) RESPONSIBILITIES OF THE INSTITUTES.—The responsibility of each ground water research institute established under this section shall include, but not be limitd to, the conduct of research and training relating to the protection, maintenance and restoration of ground water resources and the publication and dissemination of the results of such research.

(c) APPLICATIONS.—Any institution of higher learning or other research institution (or consortium of such institutions) which is a nonprofit organization and which is interested in receiving a grant under this section shall submit to the Administrator an application in such form and containing such information as the Administrator may require by regulation.

(d) SELECTION CRITERIA.—The Administrator shall select recipients of grants under this section on the basis of the following criteria—

(1) each research institute shall be located in a State or region of a State which makes significant use of ground water to meet drinking water, agricultural or other needs and is representative of a given region of the Nation;

(2) each research institute shall, to the extent practicable, be located in an area which has experienced significant ground water contamination or depletion problems;

(3) each research institute shall have available for carrying out this section demonstrated research capability;

(4) each research institute shall have the capability to provide leadership in making national and regional contributions to the solution of both long-range and immediate ground water contamination or depletion problems;

(5) each research institute shall make a commitment to support on-going ground water research programs with budgeted institutional funds; and

(6) each research institute shall have an interdisciplinary staff with demonstrated expertise in ground water management and research.

(e) FEDERAL SHARE.—The Federal share of a grant under this section shall not exceed 75 per centum of the costs of establishing and operating each ground water research institute and related activities carried out by the grant recipients.

(f) LIMITATIONS ON USE OF FUNDS.—No funds made available to carry out this section shall be used for the acquisition of real property (including buildings) or the construction or substantial modification of any building.

(g) EQUITABLE DISTRIBUTION.—The Administrator shall allocate funds made available to carry out this section equitably among the regions of the United States. One of the four institutes shall be the National Center for Ground Water Research, a consortium between Oklahoma University, Oklahoma State University and Rice University. One of the four institutes shall serve an area of primarily karstic topography. One of the four institutes shall serve an area of primarily intermountain glaciated geology.

(h) TECHNOLOGY TRANSFER.—Not less than 20 per centum of the funds made available to carry out this section for any fiscal year shall be available to carry out technology transfer activities.

(i) PROPOSED RESEARCH PROGRAM.—Prior to and as a condition of receipt each year of funds appropriated to carry out this section, each research institute shall submit to the Administrator for approval a ground water research program that includes assurances, satisfactory to the Administrator, that such program was developed in consultation with the States, local governmental entities and other agencies and institutions within the region having ground water protection or management responsibilities and interested members of the public. Such program shall include plans to promote research, training, information dissemination, and other activities meeting the needs of the region and the Nation, and shall encourage regional cooperation among institutions in research into areas of ground water protection, maintenance and restoration that have a regional or national character. The ground water research committee established pursuant to section 102 of this Act shall review proposed research programs and advise the Administrator concerning approval of proposed programs.

(j) REVIEW AND EVALUATION.—

(1) The Administrator shall establish procedures for a careful and detailed evaluation of each research institute to determine whether the quality and relevance of its ground water resources research and its effectiveness as an institution for planning, conducting and arranging for research warrants its continued support under this section in the national interest. The evaluation of each research institute shall be made by a team of knowledgeable individuals including research personnel of the Environmental Protection Agency, other agencies of the United States including the Geological

Survey, university faculty or administrators, personnel from State and local governmental entities with ground water management or protection responsibilities, and private citizens selected for this purpose. The Administrator may also secure the cooperation of the National Research Council and the National Academy of Sciences for the purpose of this evaluation. The evaluation team shall visit each research institute and shall assess the scientific quality of its research program, the potential effectiveness of its research in meeting ground water protection and management needs, and the demonstrated performance in making research results available to users in the region and elsewhere in the Nation. Criteria for making the determination that a research institute is an effective instrument for ground water resources research shall include the following: accreditation in sufficient disciplines to successfully mount a multi-disciplinary research program; sufficient resources, including laboratory, library, computer and support facilities; a sufficiently close proximity to a university to provide an effective working relationship with other researchers, faculty and students in a wide range of disciplines; and an institutional commitment to the support and continuation of an effective ground water resources research and education program.

(2) The Administrator shall arrange for each of the research institutes supported under this section to be evaluated within two years after its establishment and to be re-evaluated at intervals not to exceed five years. If, as a result of any such evaluation, the Administrator determines that a research institute does not qualify for further support under this section, then no further grants to the research institute may be made until the research institute's qualification is re-established to the satisfaction of the Administrator.

ASSESSMENTS OF SOURCES OF CONTAMINANTS

SEC. 106. (a) GENERAL AUTHORITY.—The Administrator, in consultation the ground water research committee established by section 102, the Director of the Geological Survey, the heads of other appropriate Federal agencies and officials of the several States shall conduct a series of nationwide ground water quality assessments to identify the frequency and concentration of contaminants in ground water associated with various categories and subcategories of sources or potential sources of contaminants. The assessments authorized by this section shall include monitoring at wells which supply public water systems and at wells which supply private households to determine effects or potential effects of such sources on public health and at other ground water sampling points to determine effects of such sources on the general quality of the Nation's ground water resources.

(b) CATEGORIES AND SUBCATEGORIES; SCHEDULE.—The assessments conducted pursuant to the authority of subsection (a) shall include, but need not be limited to, assessments with respect to the categories and subcategories of sources or potential sources of contaminants listed in paragraphs (1) through (7). Each assessment shall be completed and a report of the assessment transmitted to the President and to the Congress not later than the date indicated in the following schedule for each category or subcategory—

(1) pesticide applications, January 1, 1990;

(2) septic tanks and cesspools, January 1, 1991;

(3) landfills, surface impoundments and wastepiles, July 1, 1991;

(4) class v injection wells including agricultural drainage wells, January 1, 1992;

(5) fertilizer applications, January 1, 1992;

(6) irrigation return flows, July 1, 1992; and

(7) publicly owned treatment works, July 1, 1992.

(c) OTHER CATEGORIES.—The Governor of any State may petition the Administrator to initiate a nationwide assessment of a category or subcategory of sources in addition to those listed in subsection (b). The Administrator shall respond to the petition within 90 days and shall include a copy of the petition and any response in the annual plan required by subsection (j).

(d) PRELIMINARY PHASES.—In conducting the assessments authorized by subsection (a) the Administrator is directed to complete the following preliminary phases for each assessment:

(1) in cooperation with the several States, the Administrator shall conduct a survey to determine the number, type and geographic distribution of sources in each category or subcategory;

(2) in cooperation with the directors of the national laboratories, the Administrator shall develop the analytical techniques necessary to test for the full range of contaminants which may be associated with any category or subcategory of sources;

(3) the Administrator, acting through the Office of Drinking Water, shall prepare health advisories for each of the contaminants which are likely to be associated with any particular category or subcategory of sources;

(4) the Administrator shall publish the design of each assessment, including sampling and analytical protocols, and shall take comment, including comment from the Science Advisory Board, on the elements of the assessment; and

(5) the Administrator shall conduct a pilot study for each assessment the results of which shall be reviewed by the Science Advisory Board before the full assessment is begun.

(e) SCOPE OF THE ASSESSMENTS.—The ground water quality assessments conducted pursuant to this section shall be adequate to—

(1) characterize, with a high degree of statistical confidence, the impact of the category or subcategory of sources on the quality of drinking water reaching wells which supply public water systems and wells which supply private households;

(2) characterize, with a high degree of statistical confidence, the impact of the category or subcategory of sources on the quality of the Nation's ground water generally;

(3) determine the interaction between various characteristics of the saturated and unsaturated zone related to ground water vulnerability and the likelihood that particular source within the category or subcategory will have adverse effects on ground water quality; and

(4) determine the effectiveness of various control strategies and technologies that are practiced or employed in association with particular sources in the category or subcategory to reduce or prevent ground water contamination.

(f) NOTIFICATION, CONFIDENTIALITY AND CORRECTIVE ACTION.—

(1) PUBLIC WATER SYSTEMS.—To the extent that a contaminant (or contaminants) is found in any well supplying a public water system as the result of an assessment authorized by this section, the Administrator shall notify the public water system of the presence of such contaminant and the public water system shall in response take all steps required by the Safe Drinking Water Act (42 U.S.C. 300f, et seq.) including notification of the persons served by such system as provided in sections 1414(c) and 1445(a) of such Act.

(2) PRIVATE HOUSEHOLD WELLS.—To the extent that contaminants are found in any well supplying a private household as the result of an assessment authorized by this section, the Administrator shall notify the owner of the well (and any other person residing on the property who depends on the well for a potable water supply) and include with the notification a copy of the health advisory (or advisories) for the contaminant (or contaminants) detected and shall provide counseling to the owner of the well on the appropriate steps to take in response to the contamination, but shall otherwise keep confidential all information as to the quality of the water in the well or any other information acquired as a part of the assessment.

(3) REFERRAL FOR CORRECTIVE ACTION.—To the extent a contaminant (or contaminants) is found at any drinkng water well or ground water sampling point as the result of an assessment authorized by this section and it is possible to identify a particular source of the contaminant (or contaminants), the Administrator shall notify appropriate officials of the local, State or Federal government for response, including action to abate or correct the contamination as provided in other law.

(g) COOPERATION WITH THE STATES.—In conducting the assessments authorized by this section, the Administrator shall to the maximum extent possible, involve appropriate officials of the States in each phase of the assessment including: survey of existing sources; conduct of the pilot study; selection of the wells to be sampled; interviews and sampling done as part of the assessment; notification of owners of wells where contaminants are found; and actions taken to abate or correct sources of contamination.

(h) ROLE OF THE SCIENCE ADVISORY BOARD.—In seeking and incorporating the views of the Science Advisory Board in the conduct of the assessments authorized by this section, the Administrator shall provide members of the Board (or the appropriate subcommittee) with all necessary materials in a timely fashion so as to assure prompt completion of each assessment. In no event shall the report required by subsection (k) be delayed by the process of consultation with the Science Advisory Board, but such report shall include comments from the Board to the extent that the Board is not in full accord with the findings as reported.

(i) PUBLIC PARTICIPATION.—To the maximum extent possible (consistent with the need for confidentiality of the results as provided in subsection (e)(2)), the Administrator shall involve the public in the design and conduct of the assessments authorized by this section including the appointment of an advisory committee for the purpose of providing the Administrator with technical assistance in the design and conduct of each assessment and notice and opportunity for public comment on each report before it is submitted.

(j) IMPLEMENTATION PLAN.—The Administrator shall provide to Congress within two years of enactment of this Act and annually thereafter, a plan for implementing this section including a report on the status of each assessment required by subsection (b) and any plans to initiate assessment for categories or subcategories not listed in that subsection.

(k) Report.—The Administrator shall prepare a report on the findings of each assessment together with any recommendations for regulatory or legislative modifications which the Administrator determines to be appropriate in light of such findings. The Administrator shall complete draft reports for each assessment not later than 90 days before the schedule of completion dates listed in subsection (b). The draft reports shall then be made available for public comment for a period of at least 45 days. The final report shall be submitted to the President and to the Committee on Energy and Commerce of the House of Representatives and to the Committee on Environment and Public Works of the Senate, to the several States and to the public.

ADDITIONAL PROVISIONS

Sec. 107. (a) Authorities of the Administrator.—Nothing in this Act shall be interpreted, construed or applied to limit or diminish the authorities granted to the Administrator under way other statute or executive order to preclude the collection of information or the conduct of any research, development or demonstration activities for other purposes including for the development of regulatory or remediation measures.

(b) Peer Review.—All studies and results of studies conducted under this Act shall be reported or adopted only after appropriate peer review. Such peer review shall be completed, to the extent practicable within 60 days, and shall be conducted by panels of no less than three and no more than seven members, who shall be disinterested scientific experts selected for such purposes by the Administrator in consultation with the National Science Foundation on the basis of their reputation for scientific objectivity and the lack of institutional ties with any person involved in the conduct of the study or research under review. Not later than 12 months after the date of enactment of this Act, the Administrator shall issue guidelines for the implementation of this subsection including criteria to be used in determining which persons qualify as "disinterested" scientific exports.

(c) Furnishing of Test Facilities and Equipment.—

(1) A contract or cooperative agreement of the Agency for research, development or demonstration, may provide for the acquisition or construction by, or furnishing to, the contractor, of research, developmental, demonstration, or test facilities and equipment that the Administrator determines to be necessary for the performance of the contract or cooperative agreement. The facilities and equipment may be acquired or constructed at the expense of the United States, and may be lent or leased to the contractor with or without reimbursement, or may be sold to the contractor at fair value. This subsection does not authorize new construction or improvements having general utility.

(2) Facilities or equipment that would not be readily removable or separable without unreasonable expense or unreasonable loss of value may not be installed or constructed under this section on property not owned by the United States, unless the contract or cooperative agreement contains—

(A) a provision for reimbursing the United States for the fair value of the facilities at the completion or termination of the contract or within a reasonable time thereafter;

(B) an option in the United States to acquire the underlying land; or

(C) an alternative provision that the Administrator considers to be adequate to protect the interests of the United States in the facilities or equipment.

(3) Proceeds of sales or reimbursements under this subsection shall be paid into the Treasury as miscellaneous receipts, except to the extent otherwise authorized by law with respect to property acquired by the contractor.

TITLE II—PROGRAMS OF THE GEOLOGICAL SURVEY

AMENDMENTS TO THE ORGANIC ACT

Sec. 201. The Act of March 3, 1879 (20 Stat. 394) establishing the Geological Survey is amended by inserting after subsection (a) of section (1) (43 U.S.C. 31(a)), the following new subsection and renumbering the subsequent subsections accordingly—

"(b) Water Resources Research.—The Secretary of the Interior acting through the Geological Survey is authorized to undertake research, investigations, appraisals, surveys, and related activities with respect to the Nation's water resources. The Secretary is authorized to undertake such activities in cooperation with other Federal, State and local governments and agencies, private organizations, academic institutions and individuals. The Secretary is further authorized to disseminate the results of such research, investigations, appraisals, surveys and related activities.

"(c)(1) Reimburseable Activities.—The Secretary may undertake the activities authorized by subsection (b) of this section on a reimburseable or cooperative basis with other Federal agencies, State and local governments, and Federal permittees or licensees but only after execution of a written agreement which outlines for whom such reimburseable or cooperative acitivities are being undertaken, and the purpose, cost and duration of the activities.

"(2) Federal-State Cooperative Program.—The activities authorized by subsection (b) of this section shall include, but are not limited to, a Federal-State cooperative program to determine the quantity and quality of surface water and ground water of the United States and the uses of the Nation's water resources through a series of projects jointly funded on a equal matching basis by the Geological Survey and the States or their political subdivisions and interstate compacts. In the case of projects designed to identify and delineate the locations of ground water and to determine the quantity and quality of such resources, the Secretary shall provide funding equal to 60 per centum of the costs of such project.

"(3) Regional Aquifer Systems Analysis.—The activities authorized by subsection (b) of this section shall include, but are not limited to, a program to investigate ground water quality and flow characteristics and delineate ground water locations in various hydrologic regions of the United States to—

"(A) determine the availability and chemical quality of water stored in each aquifer system;

"(B) determine the discharge and recharge characteristics of each aquifer system;

"(C) determine the hydrogeologic and chemical controls that govern the response of each aquifer system to stress;

"(D) develop models to improve understanding of the effects of human activities on each system; and

"(E) develop maps at a consistent scale to be determined by the Secretary delineating aquifer systems and the recharge areas of such systems.

"(4) Toxics Hydrology Program.—The activities authorized by subsection (b) of this section shall include, but are not limited to, a program to improve understanding of the processes which control the movement, fate, and alteration of toxic and hazardous substances and other contaminants in gound water.

NATIONAL GROUND WATER QUALITY INVENTORY

Sec. 202. (a) Report.—

(1) In general.—The Secretary of the Interior, acting through the Geological Survey and in consultation with the Environmental Protection Agency, other Federal agencies, and the several States, shall prepare a report which shall include, but need not be limited to, the following—

(A) an assessment of the Nation's ground water quantity and quality based on existing and readily available data and information, including a description of areas where insufficient quantity and quality information is available;

(B) an evaluation of the adequacy of existing ground water data collection and monitoring programs conducted by Federal, State, and local governments and private industry including an assessment of monitoring protocals and recommendations for improvement to such protocols; and

(C) a description of projected changes and trends in the quantity and quality of the Nation's ground water resources to the extent that existing data and information are available.

(2) Reporting date.—The Secretary shall complete a draft of the report authorized by paragraph (1) no later than 180 days after the date of enactment of this Act. Such report shall then be made available for public comment for a period of at least 45 days. The final report shall be submitted to the House Committee on Interior and Insular Affairs and the Senate Committee on Environment and Public Works, the several States, and to the public no later than 12 months after the date of enactment of this Act.

(b) Program.—

(1) Establishment of program.—The Secretary of the Interior, acting through the Geological Survey, is authorized and directed, based on information contained in the report prepared pursuant to subsection (a) of this section and after consultation with the Environmental Protection Agency, other federal agencies, and the several States, to establish and conduct a national ground water quantity and quality assessement program to—

(A) identify, assess, and monitor the quantity and quality of the Nation's ground water resources; and

(B) project changes and trends in the quantity and quality of the Nation's ground water.

To the extent practicable, the Secretary shall conduct such program using data collected pursuant to section 201(c) of the Ground Water Research Act of 1987 and any additional data developed by other federal agencies, the States, or other persons.

(2) Elements of the program.—In conducting the program authorized by paragraph (1) of this subsection, the Secretary shall ensure that the program—

(A) includes agreements or memorandum of understanding, where appropriate, with the Environmental Protection Agency, other Federal agencies, the several States, local governments, private organizations and individuals detailing the ground water monitoring and assessment responsibilities of each entity in order to assure consistency and avoid duplication of effort;

(B) recommends and seeks to achieve, to the extent possible considering other statutory mandates, uniform data collection protocols for Federal agencies, State and local governments, and private organizations and individuals to use in the collection of reliable ground water data and information;

(C) provides guidance on the use of existing ground water quantity and quality data and information including means to integrate and analyze data collected under varying protocols and various monitoring and assessment programs;

(D) assists Federal agencies in meeting their responsibilities under this Act and the Safe Drinking Water Act (42 U.S.C. 300f, et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1151, et seq.), the Solid Waste Disposal Act (42 U.S.C. 6901, et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. 135, et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601, et seq.), the Toxic Substances Control Act (15 U.S.C. 261, et seq.), the Hazardous Liquid Pipeline Safety Act (49 U.S.C. App 2001, et seq.), the Surface Mining Control and Reclamation Act (49 U.S.C. 1201, et seq.), the Federal Land Policy and Management Act (43 U.S.C. 1701, et seq.), the Uranium Mill Tailings Radiation Control Act (42 U.S.C. 7901, et seq.), and other Federal statutes with respect to the protection and management of ground water resources;

(E) improves the generic knowledge and understanding of the nature, extent, causes and effects of ground water contamination;

(F) assists State and local governments in the protection and management of ground water resources and the design of ground water monitoring programs; and

(G) is specifically designed to obtain complementary surface water quality data to provide an integrated knowledge of water quality conditions within specific hydrologic regions and subregions.

For this purpose the Secretary is authorized to obtain any water quality information required or permitted to be obtained by law and in the possession of such Federal agencies, States, or political subdivisions thereof.

(3) Report.—The Secretary shall report biennially to the Congress on the results of the assessment program established by this subsection.

(4) Public participation.—The Secretary shall asssure, to the maximum extent practicable, that the design and conduct of the program authorized by this section provides for public participation, including notification and opportunity for public comment on any recommendations or reports to the Congress which may result from the program.

WATER RESOURCES RESEARCH AMENDMENTS

Sec. 203. Section 108 of the Water Resources Research Act of 1984 (P.L. 98-242) is amended—

(a) in paragraph (6) by inserting ", contamination" after "Depletion"; and

(b) in paragraph (8) by inserting "quality and quantity" after "water".

AUTHORITIES OF THE ADMINISTRATOR

Sec. 204. Nothing in this title shall be construed, interpreted or applied to limit or diminish in any way the authority or responsibility of the Administrator of the Environmental Protection Agency to conduct monitoring of the quality or quantity of the Nation's ground or surface water resources or any other activity which is necessary or appropriate to carry out the duties assigned to the Administrator and the Agency by this Act or other Federal statutes.

TITLE III—PROGRAMS OF OTHER FEDERAL AGENCIES

AGRICULTURAL RESEARCH SERVICE

Sec. 301. (a) Purpose.—It is the purpose of this section to authorize research, development and demonstration of methods, practices and techniques which will provide ground water of acceptable quality for irrigation, livestock watering and other agricultural uses and which will assure that agricultural impacts on ground water quality are minimized to the maximum extent possible. In the conduct of such research, development and demonstration, the Secretary of Agriculture shall give highest priority to projects and activities which improve the efficiencies of agricultural chemicals including nutrients and poisons in use; reduce water requirements for irrigation; demonstrate integrated pest management techniques; reduce the number of agricultural chemicals in use through the demonstration of effective alternatives; and improve chemical disposal practices.

(b) General Authority.—The Secretary of Agriculture acting through the Agricultural Research Service, and in consultation and cooperation with the Secretary of the Interior, the Administrator of the Environmental Protection Agency and the heads of other appropriate agencies of the United States, shall establish a national research, development and demonstration program with respect to the impact of agricultural practices on ground water quality. For purposes of this section agricultural practices shall include, but not be limited to, the application of pesticides and nutrients, irrigation practices and the operation of animal feedlots. In carrying out such program the Secretary may—

(1) conduct, and promote the coordination and acceleration of research, investigations, experiments, demonstrations, surveys and studies relating to the causes, effects, extent, prevention, detection, and correction of ground water contamination which results, or may result, from agricultural practices, including storage, preparation, application and disposal practices (including back-siphoning and the rinsing and disposal of containers);

(2) encourage, cooperate with, and render technical assistance to the states and to local governmental entities, other appropriate public agencies and authorities, nonprofit institutions and organizations, and other persons in the conduct of such activities;

(3) establish technical advisory committees and interagency working groups composed of recognized experts in various aspects of ground water protection and the agricultural sciences to assist in the examination and evaluation of research progress and proposals and to avoid duplication of research;

(4) exercise in the same manner and to the same extent those authorities granted to the Administrator in paragraphs (1), (2), (3), (5), (7), (8), (9), (10), (13), and (14), of section 101(a) of this Act.

(c) Areas of Investigation.—The Secretary shall conduct or assist research, investigations, studies, surveys, or demonstrations with respect to (but not limited to) the following—

(1) chemical and biological interactions and processes including—

(A) the fate and transport of organic and inorganic substances released by agricultural practices from the point of release through the soil, vadose and saturated zones (and including releases and transport through air and surface waters),

(B) the biological, chemical and physical factors that govern nutrient transformation and mediate pesticide efficacy, stability, fate and transport in the soil, vadose and saturated zones,

(C) the source, extent and occurrence of agricultural chemicals and their metabolites and degradation products including pesticides, nutrients and salts resulting from irrigation in the soil, vadose and saturated zones;

(2) analytical models and testing methodology including—

(A) physical process models to describe the movement of water and agricultural chemicals through the soil, vadose and saturated zones,

(B) methods of measuring, sampling and characterizing the spatial and temporal variability, flux rate, and other features of the physical environment in the soil, vadose and saturated zones,

(C) predictive models to manage the impact of alternative agricultural chemical applications, water management programs, and production systems on ground or surface water quality,

(D) management systems to enable users to determine optimal nutrient and pesticide applications while minimizing effects on ground water quality for various soils, geomorphology and cultural conditions, and

(E) data bases and data base management systems for model testing and validation; and

(3) management and control including—

(A) the effects of changing application technology, irrigation and agricultural production systems on chemical and water flux in the soil, vadose and saturated zones,

(B) the effectiveness of water management and tillage practices in controlling the movement of water and its constituents through the interacting soil medium,

(C) the effect of various water management and agricultural production systems on soil microbiota which may effect the efficacy, persistence and breakdown of agricultural chemicals, and

(D) new agricultural chemical products including controlled release pesticides and nutrients which may improve the efficacy, reduce application variability, and minimize the possibility of soil and ground water contamination.

TITLE IV—GENERAL PROVISIONS

SPECIAL STUDIES

Sec. 401. (a) Efficient Use of Nutrients.—

(1) In general.—The Secretary of Agriculture, in cooperation with the Administrator and the Director of the National Fertilizer Development Center, shall conduct research and investigations on practices, methods and techniques for improving the efficiency of fertilizer uses in agriculture including practices which would change the timing, rate or methods of fertilizer application to reduce the potential for nitrates and other fertilizer constituents or degradation products to leach to ground water.

(2) Report.—The Secretary of Agriculture shall report the preliminary results of such research and investigations to the Congress within 24 months after the date of enactment of this Act. Such report shall include

recommendations as to the policies and programs that may be implemented by Federal agencies or the States to encourage the use of practices that are more efficient. The report shall also include an estimate of the benefits to be derived from the adoption of such practices, methods and techniques and an estimate of any increase in costs associated with such practices, methods and techniques.

(3) AUTHORIZATION.—There are authorized to be appropriated for purposes for carrying out this subsection not to exceed $3,500,000 in each of the fiscal years ending September 30, 1988 and 1989.

(b) CHEMICAL CONSTITUENTS OF COMMERCIAL FERTILIZERS.—

(1) IN GENERAL.—The Administrator, after consultation with the Secretary of the Department of Agriculture and the Director of the National Fertilizer Development Center, shall conduct a study of commercial fertilizer products sold for use in the United States to determine the chemical constituents including the presence of trace elements in such products and the potential for such constituents to leach to and contaminate ground water resources. The study shall include a survey of fertilizer products used in agriculture and sold in commerce for use on lawns, gardens and golf courses.

(2) REPORT.—The Administrator shall report to the Congress the results of the study not later than 18 months after the date of enactment of this Act including any steps which the Administrator will take or will recommend to other Federal agencies to protect human health or the environment from any adverse effect which may result from the use of such products.

(3) AUTHORIZATION.—There are authorized to be appropriated without fiscal year limitation $1,000,000 to carry out the study and issue the report required by this subsection.

(4) REGULATORY ACTION.—The Administrator shall take such actions as are necessary and appropriate pursuant to the authorities granted the Administrator to the Toxic Substances Control Act (15 U.S.C. 2610, et seq.) to prevent any adverse effect on the human health or the environment which may result from the presence of hazardous constituents in fertilizer products distributed in commerce within the United States.

(c) HEALTH EFFECTS OF NITRATES AND NITROSAMINES.—

(1) IN GENERAL.—The Administrator shall conduct a study of the effects on public health (including carcinogenic endpoints) of nitrates, nitrosamines and other metabolites of nutrients and nitrogen compounds in public and private drinking water supplies, the sources of such contaminants, current and projected levels of exposure to such contaminants under various conditions, technologies or measures to reduce exposure including modification in agricultural and domestic practices and treatment techniques for water supplies (including private water supplies), and the costs of such technologies, measures or treatment techniques. Such report shall include an evaluation of current standards for such contaminants promulgated pursuant to the Safe Drinking Water Act and whether additional steps are necessary to protect public health (including the health of persons relying on private water supplies) from exposure to such contaminants.

(2) COORDINATION.—In furtherance of this study, the Administrator may review studies and research conducted by other Federal agencies and State agencies with respect to such contaminants and may invite participation by other concerned persons including other Federal agencies, State and local governments and nonprofit institutions in the conduct of the study.

(3) REPORT.—The Administrator shall publish a report on such study not later than 18 months after the date of enactment of this Act, unless a longer period is necessary to conduct laboratory research, in which case, a preliminary report shall be published on such date and the final report shall be published no later than 48 months after the date of enactment of this Act.

(4) AUTHORIZATION.—There are authorized to be appropriated to carry out the purposes of this subsection not to exceed $2,000,000 without fiscal year limitation.

(d) LEAK DETECTION SYSTEMS FOR UNDERGROUND TANKS.—

(1) IN GENERAL.—The Administrator shall conduct such research and other activities as are necessary to develop and demonstrate a leak detection system or systems for underground storage tanks containing petroleum that is cost effective to detect releases of petroleum that is cost effective to detect releases of petroleum products from such tanks below levels which would have any adverse effect on human health or the environment. Such detection system or systems shall be the best available technology for use by the owners and operators of underground storage tanks at service stations and other small businesses, heating oil and motor fuel tanks used on residential or farm properties, and large petroleum supply systems used by industry and public institutions (including airports) for heating and other energy needs. For purposes of this subsection "levels which would have any adverse effect on human health or the environment" includes standards for petroleum products or the constituents of petroleum products or their degradation products promulgated purusant to the Safe Drinking Water Act (42 U.S.C. 300f, et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1151, et seq.), the Solid Waste Disposal Act (42 U.S.C. 6901, et. seq.), the Toxic Substances Control Act (15 U.S.C. 2601, et seq.), and the Clean Air Act (42 U.S.C. 7401, et seq.).

(2) REPORT AND DISSEMINATION.—The Administrator shall report to the Congress not later than 24 months after the date of enactment of this Act on the results of the development and demonstration activities authorized by this section. Any leak detection system which is cost effective and protective of human health and the environment which is developed and demonstrated as a result of these authorities shall be made available to the public through an aggressive program of technology transfer conducted by the Administrator or by contract.

(3) AUTHORIZATION.—To carry out the purposes of this subsection there are authorized to be appropriated $5,000,000 without fiscal year limitation. (3) Geothermal Heat Pumps.—

(1) IN GENERAL.—The Director of the Geological Survey is authorized and directed to conduct a study of the existing and projected use of geothermal wells including wells used in the heating of residential and commercial buildings and the impacts of such wells on the availability and quality of ground water resources in various localities.

(2) REPORT.—The Director shall make the results of such study available to State and local governments where the use of geothermal wells for residential and commercial heating is a widespread or increasing practice.

(3) AUTHORIZATION.—There are authorized to be appropriated not to exceed $1,500,000 without fiscal year limitation to carry out the purposes of this section.

(f) MICROBIAL TREATMENT OF HAZARDOUS WASTE.—

(1) IN GENERAL.—The Administrator shall conduct such research and other activities as are necessary to develop and demonstrate the use of microbial activity to neutralize and contain wastes associated with hazardous waste disposal, or mining wastes and other such wastes suitable for biological treatment. The study shall include a survey of microbes suitable to remedies contaminants, and the ecological requirement for the enhanced use of these microbes and the capability of the microbes to remediate hazardous contaminants.

(2) REPORT.—The Administrator shall report to the Congress the results of the study not later than 18 months after the date of enactment of this subsection including any recommendations as to the policies and programs that may be implemented by Federal agencies or the States to encourage the use of bioremediation in a manner that is protective of human health and the environment.

(3) AUTHORIZATION.—There are authorized to be appropriated without fiscal year limitation $5,000,000 to carry out the study and issue the report required by this subsection.

(g) AGRICULTURAL DRAINAGE WELLS.—

(1) IN GENERAL.—The Administrator, in consultation with the Secretary of the Department of Agriculture, shall conduct a study of agricultural drainage wells including the impact of such wells on ground water quality, the alternatives to wells for drainage purposes and the costs of plugging or otherwise closing exising wells.

(2) REPORT.—The Administrator shall report the results of such study to the Congress within 24 months after the date of enactment of this Act. Such report shall include an inventory of agricultural drainage wells in each State and a description of Federal or State programs that may be available to assist the owners of such wells with the cost of closure and the installation of alternative practices.

(3) AUTHORIZATION.—There are authorized to be appropriated for purposes of carrying out this subsection not to exceed $750,000 without fiscal year limitation.

(h) CONSERVATION TILLAGE.—

(1) STUDY.—There is authorized to be appropriated to the Agricultural Research Board of the National Research Council such sums as may be necessary to carry out a study of the impact of conservation tillage and other soil and water conservation practices on ground water quality. The study authorized by this subsection shall document agricultural practices, including increased use of agrichemicals, which are associated with conservation tillage and which may have an adverse impact on ground water quality. The study shall also consider proposed State programs to control nonpoint source pollution which are developed pursuant to section 319 of the Clean Water Act (33 U.S.C. 466, et seq.) to determine the likely effect of such programs on water quality.

(2) REPORT.—The National Research Council shall report the results of any study or investigations conducted pursuant to this section to the Congress and shall disseminate such report or reports widely to public officials and to organizations with a responsibility for or interest in the impact of agri-

cultural practices on surface and ground water quality.

NATIONAL GROUNDWATER INFORMATION CLEARINGHOUSE

SEC. 402. The Administrator is authorized and directed, after consultation with the Director of the Geological Survey and the heads of other appropriate Federal agencies, to establish a national ground water clearinghouse to be used to disseminate ground water quality information to other Federal agencies, State and local governments, and private organizations and individuals. The clearinghouse shall be a repository for reliable ground water information to be collected from and made available to such government agencies, organizations and individuals. At a minimum the clearinghouse established by this section shall make available reports, programs and materials developed pursuant to sections 102(b), 103(k), 104(a), 104(b), 104(f), 105(i), 105(j), 202(a), 202(b)(3), 401(a)(2), 401(b)(2), 401(c)(3), 401(d)(2), 401(e)(2), 401(f)(2), 401(g)(2), 401(h)(2) and 403(b) of this Act. Unless the Administrator shall determine otherwise, the National Groundwater Information Center located in Dublin, Ohio shall be designated as the national clearinghouse to fulfill the requirements of this section.

COORDINATION

SEC. 403. (a) IN GENERAL.—The President shall provide for the coordination of research, development and demonstration activities with respect to ground water quality and quantity conducted by agencies of the United States. Such coordination shall include, but need not be limited to—

(1) continuing review of the ground water research, development and demonstration activities conducted by each agency of the United States to determine the effectiveness of such efforts in fulfilling the purposes of this Act and other statutes authorizing activities to prevent, detect and correct ground water contamination;

(2) identification and elimination of any duplication or overlap between or among the ground water research, development and demonstration programs of the various agencies of the United States;

(3) identification of the resources, including appropriations and allocated personnel ceilings, needed by various Federal agencies and the research institutes authorized by section 105 of this Act to conduct research, development and demonstration activities with respect to ground water quality and availability;

(4) review of the ground water information and data collected and the reporting or paperwork requirements imposed by various Federal agencies and recommendations to modify the requirements to maximize the value of the information collected for use in all protection and management programs conducted by agencies of the United States and by State and local governments; and

(5) actions, including the establishment of interagency committees and the joint funding of projects, to facilities interagency communication on ground water research, development and demonstration programs.

(b) REPORT.—Not later than 24 months after the date of enactment of this Act and biennially thereafter, the President shall transmit to the Congress a message setting forth a description of the activities that the President has undertaken to discharge the duties and responsibilities established by this section.

PATENT POLICY

SEC. 404. (a) Whenever any invention is made or conceived in the course of or under contract of the Administrator carrying out this Act and the Administrator determines that—

(1) the person who made the invention was employed or assigned to perfrom research, development or demonstration work and the invention is related to the work he or she was employed or assigned to perform, or that it was made during working hours, or with a contribution by the Government or the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government or services of Government employees during working hours; or

(2) the person who made the invention was not employed or assigned to perfrom research, development or demonstration, but the invention is nevertheless related to the contract or to the work or duties he or she was employed or assigned to perform, and was made during working hours, or with a contribution from the Government of the sort referred to in paragraph (1),

title to such invention shall vest in the United States, and if patents on such invention are issued they shall be issued to the United States, unless in particular circumstances the Administrator waives all or any part of the rights of the United States to such invention in conformity with the provisions of this section.

(b) Each contract entered into by the Administrator with any person shall contain effective provisions under which such person shall furnish promptly to the Administrator a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the course of or under such contract.

(c) Under such regulations in conformity with the provisions of this section as the Administrator shall prescribe, the Administrator may waive all or any part of the rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the course of or under any contract of the Administrator, if the Administrator determines that the interests of the United States and the general public will best be served by such a waiver. The Administrator shall maintain a publicly available, periodically updated record of waiver determinations. In making such determinations, the Administrator shall have the following objectives—

(1) making the benefits of the ground water research, development and demonstration program widely available to the public in the shortest practicable time;

(2) promoting the commercial utilization of such inventions;

(3) encouraging participation by private persons in the Agency's ground water research, development and demonstration program; and

(4) fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws.

(d) In determining whether a waiver to the contractor at the time of contracting will best serve the interests of the United States and the general public, the Administrator shall specifically include as considerations—

(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

(3) the extent to which the contractor's commercial position may expedite utilization of the research, development and demonstration program results;

(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work performed under the contract;

(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

(8) the extent to which the Government intends to further develop to the point of commercial utilization the results of the contract effort;

(9) the extent to which the contract objectives are concerned with public health, public safety, or public welfare;

(10) the likely effect of the waiver on competition and market concentration; and

(11) in the case of a nonprofit educational institution, the extent to which such institution has a technology transfer capability and program, approved by the Administrator as being consistent with the applicable policies of this section.

(e) In determining whether a waiver to the contractor or inventor of rights to an identical invention will best serve the interests of the United States and the general public, the Administrator shall specifically include as considerations paragraphs (4) through (11) of subsection (d) as applied to the invention and—

(1) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercialization of the invention; and

(2) the extent to which the plans, intentions, and ability of the contractor or inventor will obtain expeditious commercialization of such invention.

(f) Whenever the title to an invention is vested in the United States, there may be reserved to the contractor or inventor—

(1) a revocable or irrevocable nonexclusive, paid-up license for the practice of the invention throughout the world; and

(2) the rights to such invention in any foreign country where the United States has elected not to secure patent rights and the contractor elects to do so, subject to the rights set forth in paragraphs (2), (3), (6), and (7) of subsection (h): *Provided*, That when specifically requested by the Administrator and three years after issuance of such a patent, the contractor shall submit the report specified in subsection (h)(1) of this section.

(g)(1) Subject to paragraph (2) of this subsection, the Administrator shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

(2) Pursuant to paragraph (1) of this subsection, the Administrator may grant exclusive or partially exclusive licenses in any invention only if, after notice and opportunity for hearing, it is determined that—

(A) the interests of the United States and the general public will best be served by the proposed license, in view of the applicant's intentions, plans, and ability to bring the invention to the point of practical or commercial applications;

(B) the desired practical or commercial applications have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on the invention;

(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth risk capital and expenses to bring the invention to the point of practical or commercial applications; and

(D) the proposed terms and scope of the exclusivity are not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial applications and to permit the licensee to recoup its costs and a reasonable profit thereon:

Provided, That the Administrator shall not grant such exclusive or partially exclusive license if he determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Administrator shall maintain a publicly available, periodically updated record of determinations to grant such licenses.

(h) Each waiver of rights or grant of an exclusive or partially exclusive license shall contain such terms and conditions as the Administrator may determine to be appropriate for the protection of the interests of the United States and the general public, including provisions for the following—

(1) periodic written reports at reasonable intervals, and when specifically requested by the Administrator, on the commercial use that is being made or is intended to be made of the invention;

(2) at least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the United States (including any Government agency) and States and domestic municipal governments, unless the Administrator determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments;

(3) the right in the United States to sublicense any foreign government pursuant to any existing or future treaty or agreement if the Administrator determines it would be in the national interest to acquire this right;

(4) the reservation in the United States of the rights to the invention in any country in which the contractor does not file an application for patent within such time as the Administrator shall determine;

(5) the right in the Administrator to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances—

(A) to the extent that the invention is required for public use by governmental regulations,

(B) as may be necessary to fulfill health, safety, or energy needs, or

(C) for such other purposes as may be stipulated in the applicable agreement;

(6) the right in the Administrator to terminate such waiver or license in whole or in part unless the recipient of the waiver or license demonstrates to the satisfaction of the Administrator that the recipient has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention; and

(7) the right in the Administrator, commencing three years after the grant of a license and four years after a waiver is effective as to an invention, to require the granting of a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances to terminate the waiver or license in whole or in part, following a hearing upon notice thereof to the public, upon petition by an interested person justifying such hearing—

(A) if the Administrator determines, upon review of such material as the Administrator deems relevant, and after the recipient of the waiver or license, or other interested person, has had the opportunity to provide such relevant and material information as the Administrator may require, that such waiver or license has tended substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology relates, or

(B) unless the recipient of the waiver or license demonstrates to the satisfaction of the Administrator at such hearing that the recipient has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(i) The Administrator shall provide an annual periodic notice to the public in the Federal Register, or other appropriate publication, of the right to have a hearing as provided by subsection (h)(7) of this section, and of the availability of records of determinations provided in this section.

(j) The Administrator shall, in granting waivers of licenses, consider the small business status of the applicant.

(k) The Administrator is authorized to take all suitable and necessary steps to protect any invention or discovery to which the United States holds title, and to require that contractors or persons who acquire rights to inventions under this section protect such inventions.

AUTHORIZATIONS

Sec. 404. (a) For the purpose of carrying out the activities authorized by section 101 and 102 of this Act there are authorized to be appropriated $40,000,000 for each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

(b) For the purpose of carrying out the activities authorized by section 103 of this Act there are authorized to be appropriated $25,000,000 for each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

(c) For the purpose of carrying out the activities authorized by section 104 of this Act there are authorized to be appropriated $25,000,000 for each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

(d) For the purpose of carrying out the activities authorized by section 105 of this Act there are authorized to be appropriated $11,000,000 for each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

(e) For the purpose of carrying out the activities authorized by section 106 of this Act there are authorized to be appropriated $10,000,000 for each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

(f) For the purpose of carrying out the activities authorized by section 201 of this Act there are authorized to be appropriated $155,000,000 for each of the fiscal years 1988, 1989 and 1990.

(g) For the purpose of carrying out the activities authorized by section 202 of this Act there are authorized to be appropriated $10,000,000 for each of the fiscal years 1988 and 1989 and $8,000,000 for fiscal year 1990.

(h) For the purpose of carrying out the activities authorized by section 301 of this Act there are authorized to be appropriated $6,000,000 for each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

(i) For the purpose of carrying out the activities authorized by section 402 of this Act there are authorized to be appropriated $5,000,000 for fiscal year 1988 and $3,000,000 for each of the fiscal years 1989, 1990, 1991 and 1992.

(j) For the purpose of carrying out the activities authorized by section 403 of this Act there are authorized to be appropriated such sums as may be necessary.

Mr. MOYNIHAN. Mr. President, as chairman of the Subcommittee on Water Resources, Transportation and Infrastructure, I am pleased today to sponsor an amendment to S. 20, the Ground Water Protection Act of 1987, which I, along with my distinguished chairman, Senator Burdick, and my fellow Environment and Public Works Committee members, Senators Mitchell, Baucus, and Lautenberg introduced on the 1st day of the 100th Congress. Cosponsors for this amendment are Senators Mitchell, Durenberger, Baucus, Burdick, Chafee, Stafford, Breaux, Graham, Humphrey, and Grassley. The purpose of adding a research amendment to the Ground Water Protection Act, S. 20, is to strengthen and clarify the research programs of the Environmental Protection Agency, the U.S. Geological Survey, and the Department of Agriculture, and other agencies in order to provide the best information possible to the States which bear the ultimate responsibility for protecting and conserving ground water resources.

HEARINGS PLANNED LATER THIS SPRING TO ENCOURAGE COMMENT FROM STATES, FEDERAL AGENCIES, INTEREST GROUPS, AND INDUSTRY

Mr. President, we recognize the complexities inherent in managing our ground water. We know there is an inseparable link between surface water and ground water quality. We know that the main sources of ground water contamination from hazardous and municipal waste disposal, mining, and agriculture. But we still have much to learn about how chemicals interact with various biological and physical compenents in the saturated ground water zones and aquifers. Because it is so much less expensive to prevent ground water contamination than to reverse it once it has occurred, we must coordinate the impressive research capabilities of our Federal agencies to focus our efforts where they are most needed to protect public health. As chairman of the Water Resources Subcommittee, I welcome and solicit comments on this amendment from the States, the Federal agencies themselves, environmental groups, and industry. I want to reiterate my intent to hold hearings on this measure later this spring in my subcommittee.

This bill has not yet been widely circulated; we purposely chose to introduce a specific bill so that the comments might be equally specific and constructive. All the cosponsors have agreed that this legislation is not a prescriptive formula—it is a starting point that will be improved upon by thoughtful public debate.

TIME FOR FEDERAL LEGISLATION IS NOW

Although even the cosponsors may disagree on details of some provisions or emphases in this bill, we are united in our conviction that we must work together to steward a resource upon which over half of the population nationally, and over 95 percent of the population in rural areas depends upon for drinking water. Whether it is the vast Ogallala Aquifer which covers eight Great Plains States, and runs to a thickness of 1,000 feet in some places—or the Long Island Aquier which is the sole drinking water supply for over 3 million New Yorkers—the need for protection is the same. Our agriculture, industry, domestic life, and our flora and fauna depend on this irreplaceable resource, which perhaps because it is unseen, is all too often take for granted.

Mr. President, a brief review of some current statistics enables us to appreciate the magnitude of the problem:

Contamination from toxic organic chemicals has made over 8,000 private, public, and industrial wells unusable according to a study done in 1985 by the President's Council on Economic Quality.

Over the past 10 years, EPA reports that 10 percent of public ground water supplies have reported microbiological concentrations exceeding EPA health standards. In a 1984 study in rural areas, EPA found that two out of three ground water supplies tested violated at least one EPA drinking water standards.

Out of 888 Superfund priority sites, over 75 percent of those have evinced ground water pollution.

Of approximately 1.5 million underground storage tanks which store petroleum or other hazardous chemicals—Government and industry sources estimate that as many as one-third of these tanks are leaking.

Other sources which threaten our ground water supplies include:

Twenty million onsite sewage disposal systems such as septic tanks and cesspools; 18 million municipal landfills; and 200,000 injection wells which inject brines and other fluids into earth as part of oil, gas, and other industrial processes.

EPA ADMINISTRATOR CALLS FOR FEDERAL GROUND WATER LEGISLATION

I first introduced the Sole Source Aquifer Protection Act is 1982—which later became part of the Safe Drinking Water Act amendments passed by the 99th Congress. The Sole Source Aquifer Demonstration Program and the Wellhead Protection Programs in the safe drinking water amendments are important contributions to ground water management.

But I am happy to say, today, that there are auspicious signs that the 100th Congress may at last see enactment of a national statute to address those problems comprehensively. Lee Thomas, Administrator of the EPA said in an interview with Mr. Philip Shabecoff of the New York Times published, February 23, 1987, that after much thought he had changed his earlier view, and now favored Federal ground water legislation. Administrator Thomas further noted that there is widespread public support for national legislation. He cited with approval the work of the Ground Water Policy Form assembled by the Conservation Foundation. This diverse group of public and private leaders testified last year before the Environment and Public Works Committee, adding many constructive ideas to the debate.

DESCRIPTION OF GROUND WATER RESEARCH BILL

Although this bill is not brief, one should not mistake the reason for its length. The bill clarifies and improves upon existing programs in EPA, the U.S. Geological Survey, Agricultural Research Service, and other agencies. Less than one-third of the approximately $285 million annual authorization represents new authority. However, by building upon the strengths of each agency, we can achieve more relevant, purposeful research, and a better transfer of technical data both among Federal agencies and from the Federal Government to the States.

Title I of the bill creates a coordinated program of ground water research at the Environmental Protection Agency, which emphasizes research on pollution control technologies and health effects of contaminants in ground water. Congress directs EPA to provide a national assessment of certain sources of ground water pollution, as well as criteria documents for individual contaminants. This is the type of information the States have been requesting, in order to classify their own waters, based on the best scientific data available. This title also establishes a research committee to coordinate this work at EPA, and establishes research institutes at universities to work cooperatively with EPA and the States.

Title II of this legislation covers the programs of the U.S. Geological Survey. The survey's extensive ongoing efforts in ground water research are continued and expanded. The USGS is given specific legislative authority for much of its current research now undertaken under general authority. Congress asks the Survey to perform a national ground water inventory, and to report to Congress on its findings. This inventory is to include a review of the adequacy of existing data collection and monitoring programs conducted by Federal, State, and local government, and private industry, and to recommend improvements.

Title III authorizes the existing research program of the Agricultural Research Service, and expands this program which concentrates on application of pesticides and nutrients, irrigation practices, and operation of feedlots. This kind of research is properly carried out by the Department of Agriculture, but needs to be better disseminated to other Federal agencies and to the States.

Among the bill's general provisions in title IV are establishment of a national ground water information clearinghouse as a respository of reliable ground water information for Federal agencies, States, organizations, and individuals. Also in title IV is a program to coordinate the research of all the Federal agencies in the field, with reports to Congress on the coordination process and results.

AUTHORIZATIONS

The authorizations for this legislation are approximately $285 million per year, only about one-third of which is new authority. Over 5 years, the bill's authorizations total about $1.1 billion. The section-by-section totals are given in the summary following my remarks.

In summary, Mr. President, this amendment for a coordinated ground water research program is an investment that will pay many dividends in both the near and long term. We cannot afford not to know what we are doing and why then it comes to managing our water resources. Dollars wisely invested now will save costly mistakes later, as we learn to apply our scarce fiscal resources where they will most benefit public health. I urge my colleagues' support of this measure, and I welcome comments from my colleagues and from the public which will improve upon it.

Mr. President, I ask unanimous consent that an outline of the bill and an article from the New York Times be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Outline: Ground Water Research Bill

TITLE I—PROGRAMS OF THE ENVIRONMENTAL PROTECTION AGENCY

Sec. 101: Specifies authorities and priorities.

Sec. 102: Establishes a research committee and requires a management plan.

SEC. 103: Provides for research to develop technologies for control of ground water pollution.

SEC. 104: Provides for research of the health effects of contaminants with costs of research paid by manufacturers.

SEC. 105: Establishes institutes at major universities to conduct ground water research.

SEC. 106: Provides for nationwide assessments of specified sources of ground water contamination.

SEC. 107: Specifies other research authorities for EPA.

TITLE II—PROGRAMS OF THE GEOLOGICAL SURVEY

SEC. 201: Amends the basic USGS authority to provide for existing research activities and some expansion of activities.

SEC. 202: Establishes a national ground water quality and quantity inventory program.

SEC. 203: Technical amendments to the Water Resources Research Act.

SEC. 204: Assures that this title does not restrict the authorities of the EPA Administrator.

TITLE III—PROGRAMS OF OTHER FEDERAL AGENCIES

SEC. 301: Authorizes the existing research program of the Agricultural Research Service with some expansion.

TITLE IV—GENERAL PROVISIONS

SEC. 401: Authorizes special studies of specific ground water contamination sources and problems.

SEC. 402: Establishes a national ground water information clearinghouse.

SEC. 403: Provides for coordination among EPA, USGS, ARS and other federal agency reports to Congress.

SEC. 404: Establishes a policy for patents for inventions developed as a result of this research effort.

SEC. 405: Provides authorizations for these activities [roughly $285 million per year, about one-third of which is new authorization].

[In millions of dollars]

Years	Amount	Sections	Total
For 5 years	40	Sec. 101	200
		Sec. 102	
Do	25	Sec. 103	125
Do	25	Sec. 104	125
Do	11	Sec. 105	55
Do	10	Sec. 106	50
For 3 years	155	Sec. 201	465
For 2 years	10	Sec. 202	20
For 1 year	8	Sec. 202	8
For 5 years	6	Sec. 301	30
For 1 year	5	Sec. 402	5
For 4 years	3	Sec. 402	12
Total	[1] 285		[2] 1.1

[1] Second year funding level annually (does not include 21.5 million total for small special studies over 5 years.)

[2] Over 5 years at $1.1 billions.

SHIFTING GEARS ON A WATER ISSUE

(By Philip Shabecoff)

WASHINGTON, Feb. 23—Lee M. Thomas, the low-key Administrator of the Environmental Protection Agency is doing something out of character for the Reagan Administration. He is proposing a new national environmental program.

In six years, the Administration has shunned most new regulatory programs, showing particular aversion to environmental regulation. Thus, the Administration, including the Environmental Protection Agency, has steadfastly opposed legislation to create a new national program for cleaning up and protecting the nation's underground water supplies.

Controls on ground water have been regarded as particularly sensitive because they entail controls on land use, a concept that is anathema to a Government that believes it should meddle as little as possible in the marketplace.

But now Mr. Thomas is publicly calling for Congress to establish a national groundwater protection program.

REVERSING HIS POSITION

Mr. Thomas, who has been a loyal line officer of the Administration, now says that four years of studying the underground water issue while at the E.P.A. led him to reverse his position on national groundwater legislation.

Although he opposed such legislation in the past and considered water supplies a matter for states to worry about and regulate, Mr. Thomas now says he has come to feel that there must be Federal involvement in cleaning up contaminated aquifers and preventing the pollution of those still clean.

Underground water accounts for about half of the nation's drinking water supply and much of the water used for cropland irrigation.

Although the overall dimensions of the problem are still largely unknown, most scientists agree that groundwater supplies are being increasingly polluted by pesticides from farms, by toxic waste dumps and spills, by leaking underground storage tanks containing gasoline or other toxic substances and by a wide range of other contaminants.

NO OVERALL PROTECTION

The Clean Water Act of 1971 has slowed and in some cases rolled back the pollution of rivers, lakes and other surface waters, but there is no overall statute mandating the protection of underground water supplies.

According to Mr. Thomas, "a cumulative examination of the issues" indicates that the pollution of underground water supplies is a serious and widening national problem that can be solved only with Federal Involvement.

He also says that recent developments, including a report by the National Groundwater Policy Forum, a group of public and private policy-makers organized by the Conservation Foundation, a private conservation group, have convinced him that there is heavy momentum behind the drive for a national groundwater law. The forum, which included state governors, corporate executives and environmentalists, urged the Federal Government to require the states to protect their groundwater.

Several other officials in the E.P.A. say that with the White House in turmoil because of the Iran arms affair, preoccupied with economic and national security issues and giving little other policy guidance, Mr. Thomas is increasingly taking it upon himself to establish environmental polilcy.

They think he is also likely to move by himself to recommend action on other national environmental needs.

Mr. Thomas said in an interview that his proposal for a national groundwater policy was his own personal view and that he did not know if the White House and the Office of Management and Budget would change their accustomed approach to environmental regulation to support a groundwater law.

He added that he would take the issue up with the White House at the appropriate time.

Mr. Thomas said that in a national groundwater program, the states and local communities would still have overall responsibility for controlling the quality of the water.

But, he continued, the Federal Government must have a "dominant role" in some aspects of the program.

For one thing, he said, Washington should set overall minimum standards for the quality of groundwater. Although he opposes setting specific limits for each contaminant, the Federal Government should establish goals that, in effect, state "how clean is clean," he said.

A "CLASSIFICATION" SCHEME

He also said there should be a "classification" scheme to differentiate water that needed to be protected or cleaned up from water that was so badly contaminated or so inaccessible that it would be a waste of money to try to control its use.

He said thought must be given to concentrating money on resources to keep clean underground water clean, rather than spending increasingly larger sums to make incrementally smaller improvements in the quality of the water.

Mr. Thomas emphasized that new national groundwater protection legislation should take the place of those parts of other environmental laws that deal with protecting underground water supplies.

They include the laws controlling pesticides, the Safe Drinking Water Act, the "superfund" law for cleaning up abandoned toxic waste dumps and the Resources Conservation and Recovery Act, which governs the handling and disposal of hazardous wastes.

Finally, he said Washington should play a strong role in research and develop ways to analyze, clean and keep clean the nation's underground water supplies.

"FOR A CONSISTENT APPROACH"

"Groundwater reserves are valuable natural resources that should be managed through Federal legislation for a consistent approach across the country," Mr. Thomas said.

But as a "quid pro quo" for support for national groundwater legislation, he said, supporters of such legislation should not demand ."the typical environmental approach" of setting rigid standards and Federal requiring permits for any discharges into groundwater.

Edwin H. Clark 2d, vice president of the Conservation Foundation, recently commented:

"Unfortunately, though groundwater is one of the country's most important resources, it remains the orphan of U.S. environmental policy. The time has come for the nation to adopt a comprehensive effort to protect and manage our groundwater."

Now, whether or not the rest of the Federal Government agrees, that is just what the head of the Environmental Protection Agency is advocating.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. JOHNSTON. Mr. President, I would like to announce for the information of the Senate and the public that the hearing originally scheduled for 9:30 a.m. on April 29, 1987, to discuss S. 839, the Nuclear Waste Policy Act Amendments Act of 1987, has been rescheduled to begin at 9 a.m. on April

29. The hearing will still be held in room SD-366 in the Dirksen Senate Office Building.

In addition, the committee has added 1 more day of hearings to continue the discussion on S. 839. This hearing will continue on May 7, 1987, at 2 p.m. in room SD-366 in the Dirksen Senate Office Building.

Those wishing to submit written testimony for the hearing record should send it to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510.

For further information, please contact Mary Louise Wagner at (202) 224-7569.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. FORD. Mr. President, I wish to announce that the Committee on Rules and Administration will meet in SR-301, Russell Senate Office Building, on Thursday, May 7, 1987, at 9 a.m., to consider Senate committee requests for supplemental funding for fiscal year 1987, and to continue marking up S. 2, the Senatorial Election Campaign Act of 1987.

For information on the committee supplemental funding requests, please contact Chris Shunk, senior auditor for the Rules Committee on 224-0277; for information on the markup of S. 2, please contact Jack Sousa, elections counsel for the Rules Committee, on 224-5648.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. INOUYE. Mr. President, I would like to announce that the Select Committee on Indian Affairs will be holding the following hearings:

On Wednesday, April 29, 1987, beginning at 2 p.m., in Senate Russell 485 on amendments to the Indian Financing Act/Buy Indian Act.

On Thursday, April 30, 1987, beginning at 9 a.m., in Senate Dirksen 628 on S. 721, a bill to provide for and promote the economic development of Indian tribes by furnishing the necessary capital, financial services, and technical assistance to Indian-owned business enterprises and to stimulate the development of the private sector of Indian tribal economies.

Those wishing additional information should contact the committee at 224-2251.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on April 28, 1987, at 9:30 a.m. to hold hearings on S. 907, the Technology Competitiveness Act of 1987.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on April 28, 1987, at 2 p.m. to hold hearings on S. 377, legislation restricting the operations of foreign-built fish processing vessels under U.S. flag.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON HEALTH

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Health of the Committee on Finance by authorized to meet during the session of the Senate on April 28, 1987, at 2 p.m. to hold a hearing on the quality of long-term care.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FINANCE

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on April 28, 1987, at 10 a.m. to mark up S. 490, the Omnibus Trade Act of 1987.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY AND THE SUBCOMMITTEE ON THE HANDICAPPED

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittees on Employment and Productivity and Handicapped, of the Committee on Labor and Human Resources, be authorized to meet during the session of the Senate on Tuesday, April 28, 1987, at 9:30 a.m. to hold a hearing on "Employment and Disability."

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, April 28, at 9:30 a.m. to hear testimony concerning technical issues related to the siting of a geologic repository.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON LABOR

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Labor, of the Committee on Labor and Human Resources, be authorized to meet during the session of the Senate on Tuesday, April 28, 1987, at 9:30 a.m. to hold an executive session on S. 79, "The High Risk Occupational Disease Notification on Prevention Act of 1987."

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BYRD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Tuesday, April 28, 1987, at 2 p.m. to hold a markup on the fiscal year 1988 intelligence authorization.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, April 28, 1987, to mark up the fiscal years 1988 and 1989 authorization legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on April 28, 1987 at 2:30 p.m. to hold a hearing on judicial nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE ARLINE CASE: SCOPE OF HANDICAPPED ANTI-DISCRIMINATION LAW MAINTAINED

● Mr. CRANSTON. Mr. President, last month, on March 3, the Supreme Court rendered an extremely important decision regarding the scope of section 504 of the Rehabilitation Act of 1973, the law prohibiting recipients of Federal financial assistance from discriminating against otherwise qualified handicapped persons on the basis of their handicapping condition. At issue in the case—School Board of Nassau County versus Arline—was whether section 504 applies to contagious diseases; the Supreme Court held that it does.

As a principal author of section 504 and a 1974 amendment to the Rehabilitation Act specifying that section 504 applies not only to those who have a physical or mental impairment, but also to those who are regarded as having an impairment or who have a history of an impairment, I have long been concerned that the full scope of the legislation be given effect. Thus, I joined with Senators STAFFORD, WEICKER, KENNEDY, INOUYE, and SIMON and 30 members of the House of Representatives in submitting a brief as amici curiae in the case, urging that the Court reject the administration's position that section 504 does not apply to contagious diseases.

Representing us in the case were attorneys Arlene Mayerson of the Disability Rights Education and Defense Fund [DRED-F] of Berkeley, CA, Kimberly Swain, also of DRED-F, Bonnie Milstein of the Center for Law and Social Policy, Washington, DC, and Barbara Nelson, Washington, DC.

The brief presented in a forceful, persuasive manner the arguments against carving out an implied exception to section 504—there being no stated exception in the law—for contagious diseases and against the administration's untenable contention that adverse actions against handicapped persons based on a supposed fear of contagion, even if unreasonable, are beyond the scope of section 504.

In this latter regard, the Court's opinion, written by Mr. Justice Brennan, in rejecting the view "that, in defining a handicapped individual under § 504, the contagious effects of a disease can be meaningfully distinguished from the disease's physical effects * * *", stated:

> It would be unfair to allow an employer to seize upon the distinction between the effects of a disease on others and the effects of a disease on a patient and use that distinction to justify discriminatory treatment.
>
> Allowing discrimination based on the contagious effects of a physical impairment would be inconsistent with the basic purpose of § 504, which is to ensure that handicapped individuals are not denied jobs or other benefits because of the prejudiced attitudes or the ignorance of others. By amending the definition of "handicapped individual" to include not only those who are actually physically impaired, but also those who are regarded as impaired and who, as a result, are substantially limited in a major life activity, Congress acknowledged that society's accumulated myth and fears about disability and disease are as handicapping as are the physical limitations that flow from actual impairment * * *. The fact that some persons who have contagious diseases may pose a serious health threat to others under certain circumstances does not justify excluding from the coverage of the Act all persons with actual or perceived contagious diseases. Such exclusion would mean that those accused of being contagious would never have the opportunity to have their condition evaluated in light of medical evidence and a determination made as to whether they were "otherwise qualified." Rather, they would be vulnerable to discrimination on the basis of mythology—precisely the type of injury Congress sought to prevent. We conclude that the fact that a person with a record of a physical impairment is also contagious does not suffice to remove that person from coverage under § 504.

Mr. President, the result reached by the Court is, in my view, fully consistent with congressional intent in enacting and amending section 504, and I wish to express my gratitude to attorneys Mayerson, Millstein, Swain, & Nelson and the others who worked on the amicus brief for their excellent work contributing to this most appropriate result.●

FIXING THE CAPITAL GAINS TAX—A TWO-TIERED APPROACH

● Mr. BOSCHWITZ. Mr. President, numbers don't lie—but they sure can mislead you if you don't look at them long and hard enough. Never has that been truer than in the case of the higher tax rate on capital gains imposed by the Tax Reform Act of 1986. Although income tax rates are lowered substantially under the new law, tax rates on long-term capital gains rise enormously. Despite that increase, economists tell us that neither the Federal Treasury nor those seeking or investing capital will benefit.

The new tax law repealed the 60-percent capital gains exclusion of prior law. Under the new law, every dime of a capital gain will be taxable. There will be no exclusion. As a result, the new law raises the top marginal tax rate on long-term capital gains from 20 percent to as high as 33 percent. But, unfortunately, that is only half the story. When you combine the new law with the State income taxes, the results are so much higher they are breathtaking.

For instance, in my own State of Minnesota, a $1,000 gain from the sale of a business or investment would have cost $215 in Federal and State taxes in 1986. Under the new law, the tax bite on that same gain could jump to $396. Nationally, the top State/Federal combined rate goes from $235 per $1,000 of gain—Arkansas and North Carolina—under the old law to $422 per $1,000 of gain—New York—under the new law. In fact, there will be four States—and the District of Columbia—where the top combined rate could now exceed 40 percent. In no State will the maximum combined rate under the new law be less than $330 per $1,000 of gain.

Such a massive increase is unwise in many ways. It will reduce investment and venture capital. It hits especially hard at middle-income earners, whose largest capital gain is often the result of the sale of a single, large asset, like a farm or business. Much of that gain may be inflationary gain as opposed to real economic gain, and repealing the exclusion leaves them with no cushion against inflation.

Also, while our new Tax Code generally is very competitive internationally for the individual, not so in the case of long-term capital gains. According to a recent study by the Arthur Andersen accounting firm, 11 industrialized countries, including Japan, Taiwan, West Germany, Hong Kong, Italy, and South Korea, impose no taxes on long-term capital gains, and most others have rates lower than ours.

There is a better way to deal with capital gains, a way that recognizes the difference between assets that are held only a short time and a long-term asset. Earlier this year I introduced legislation to provide a two-tiered capital gains exclusion for individuals. In the case of assets held at least 1 year but less than 3 years, 40 percent of the gain would be excluded from taxes. For assets held 3 years or more, the exclusion would be returned to 60 percent. Under this proposal, the sale of a $1,000 asset in Minnesota would result in $238 of State and Federal tax if it was held between 1 and 3 years and only $158 of tax if it was held 3 years or longer. Still high internationally, but certainly more attractive to investors—particularly longer term investors.

While this proposal lowers the tax hit on long-term gains, the available evidence suggests that it will not result in any loss of revenue to the Federal Government. History shows that lowering capital gains tax rates generally increases revenues to the Federal Government—because there are more transactions—while raising rates normally decreases revenues. People won't sell if they get killed by taxes. Recent work on the issue by Dr. Martin Feldstein and by Prof. Lawrence Lindsey of Harvard University also suggests that a proposal like mine would not result in a loss of revenue, and that the optimal rate to maximize capital gains collections is 16 percent.

Mr. President, I will be speaking out on the importance of a capital gains rate differential again. I understand that neither the President nor the Congress is anxious to reopen the Tax Reform Act. Neither am I. But this issue is so important to our economy and our international competitiveness, so important to all Americans who hold property, that we must make an exception. It took my friend, the late Congressman Bill Steiger, years to get the rate down. The mood is better now. The proof is clearer. Let us hope we can get it done quickly. In this case the numbers speak for themselves.●

BUDGET SCOREKEEPING REPORT

Mr. CHILES. Mr. President, I hereby submit to the Senate the budget scorekeeping report for this week, prepared by the Congressional Budget Office in response to section 308(B) of the Congressional Budget Act of 1974, as amended. This report was prepared consistent with standard scorekeeping conventions. This report also serves as the scorekeeping report for the purposes of section 311 of the Budget Act.

This report shows that currrent level spending is under the budget resolution by $3.9 billion in budget authority, but over in outlays by $13.3 billion.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 27, 1987.

Hon. LAWTON CHILES,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of congressional action on the budget for fiscal year 1987. The estimated totals of budget authority, outlays, and revenues are compared to the appropriate or recommended levels contained in the most recent budget resolution, Senate Concurrent Resolution 120. This report meets the requirements for Senate scorekeepng of Section 5 of Senate Concurrent Resolution 32 and is current through April 24, 1987. The report is submitted under section 308(b) and in aid of section 311 of the Congressional Budget Act, as amended. At your request this report incorporates the CBO economic and technical estimating assumptions issued on January 2, 1987.

No changes have occurred since the last report.

With best wishes,

Sincerely,

JAMES BLUM,
(Edward M. Gramlich, for Acting Director).

CBO WEEKLY SCOREKEEPING REPORT FOR THE U.S. SENATE, 100TH CONGRESS, 1ST SESSION, AS OF APRIL 24, 1987

[Fiscal year 1987—in billions of dollars]

	Current level [1]	Budget resolution S. Con. Res. 120	Current level +/− resolution
Budget authority	1,089.5	1,093.4	−3.9
Outlays	1,008.3	995.0	13.3
Revenues	833.9	852.4	−18.5
Debt subject to limit	2,249.7	[2] 2,322.8	−73.1
Direct loan obligations	42.5	34.6	8.0
Guaranteed loan commitments	140.5	100.8	39.3

[1] The current level represents the estimated revenue and direct spending effects (budget authority and outlays) of all legislation that Congress has enacted in this or previous sessions or sent to the President for his approval. In addition, estimates are included of the direct spending effects for all entitlement or other programs requiring annual appropriations under current law even though the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] The current statutory debt limit is $2,300 billion (Public Law 99–509).

FISCAL YEAR 1987 SUPPORTING DETAIL FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 100th CONGRESS, 1st SESSION, AS OF APRIL 24, 1987

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues			833,855
Permanent appropriations and trust funds	720,451	638,771	
Other appropriations	542,890	554,239	
Offsetting receipts	−185,071	−185,071	
Total enacted in previous sessions	1,078,269	1,007,938	833,855
II. Enacted this session:			
Water Quality Act of 1987 (Public Law 100–4)	−4	−4	
Emergency Supplemental for the Homeless (Public Law 100–6)	−7	−1	
Surface Transportation and Relocation Act (Public Law 100–17)	10,466	−80	2
Technical Corrections to FERS Act (Public Law 100–20)	1	1	
Total enacted this session	10,456	−84	2
III. Continuing resolution authority			
IV. Conference agreements ratified by both Houses:			
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Special milk	6	3	
Veterans compensation	173		
Readjustment benefits	9		
Federal unemployment benefits and allowances	33	33	
Advances to the unemployment trust funds [2]	(3)	(3)	
Payments to health care trust funds [2]	(224)	(224)	
Family social services	110		
Medical facilities guarantee and loan fund	5	4	
Payment to civil service retirement and disability fund [2]	(33)	(33)	
Coast Guard retired pay	3	3	
Civilian agency pay raises	358	373	
Replenishment of disaster relief funds [1]	57	50	
Total entitlements	754	467	
Total current level as of April 24, 1987	1,089,479	1,008,321	833,857
1987 budget resolution (S. Con. Res. 120)	1,093,350	995,000	852,400
Amount remaining:			
Over budget resolution		13,321	
Under budget resolution	3,871		18,543

[1] Included at request of Senate Budget Committee.

[2] Interfund transactions do not add to budget totals.

Note.—Numbers may not add due to rounding.

SOVIET REFUSENIKS

● Mr. SIMON. Mr. President, I am pleased to see that Anatoly Koryagin, a well-known Soviet dissident, was recently given permission to emigrate to Switzerland. Koryagin is a psychiatrist who was sentenced to 6 years in a labor camp. His only crime had been to accuse the Soviet authorities of sending dissidents to mental hospitals. He was pardoned in February, and officially released on April 23, 1987.

I encourage the Soviet Government to continue releasing political dissidents and refuseniks. Secretary Gorbachev and other Soviet officials have talked much about reforms. Actions must support their words, however, if the United States is to take their claims seriously. In particular, emigration levels will have to increase far beyond what they have been in recent years.

An article printed in the Washington Post on April 24 sheds light on the situation presently facing Jewish citizens in the Soviet Union. The article discusses a statement made by a group of former political prisoners, including Josef Begun and Lev Timofeyev. According to the statement, conditions have not changed. Prisoners continue to be persecuted, and as one said, "there is no talk of releases, no promises." This disappoints me greatly, and causes me to ponder the sincerity of the Soviet Union's desire to improve relations between our two countries.

In addition to the treatment accorded political prisoners, all Jews continue to be subjected to discrimination. This is exemplified by the case of Naum Meiman. Naum has been applying to emigrate to the West for over 10 years. His wife Inna recently died of cancer, after the Soviet Union continually delayed issuing her an exit visa to receive necessary treatment in the West. As he adjusts to life without Inna, Naum still wishes to live life in the West, yet he has cruelly been denied this simple wish.

I urge the Soviet Government to release Naum Meiman, as well as all other refuseniks and political prisoners.●

HOKULE'A WEEK

● Mr. D'AMATO. Mr. President, the distinguished senior Senator from Hawaii [Mr. INOUYE] has introduced a resolution designating the week of May 23, 1987, as "Hokule'a Week."

The Hokule'a canoe sails each year between the islands to trace the early Polynesians' migration patterns which lead to the discovery of the Hawaiian islands. And after this year's Voyage of Rediscovery, the Hokule'a will return for the first time to Oahu on May 23, 1987.

Mr. President, this recreation of the Polynesian voyage to the Hawaiian islands symbolizes the same powerful spirit of challenge and exploration integral to the American way of life.

I urge my colleagues to support Senator INOUYE's resolution.●

ESSAY BY WADE PRICE BRUCE

● Mr. McCONNELL. Mr. President, I am pleased to present for inclusion in the CONGRESSIONAL RECORD an essay written by Wade Price Bruce of Madisonville, KY. Wade was a first prize winner in the Smuckers/Best Foods Essay Contest on the Bicentennial of the Constitution. The issues in the contest were "How is the Constitution Important to Life in the United States?" and "What Do You Think Life in the United States Would Be Like Without the Constitution? Wade is the son of Gregory and Pamela Bruce. He is 16 years old and is in the 11th grade at South Hopkins High School in Nortonsville, KY. I am extremely proud of this young Kentuckian.

The essay follows:

> The idea that governments were formed to protect the rights of the people is quite evident in the Constitution. The Structure of the Constitution prevents any one body of the government from becoming too powerful and puts the real power of government in the hands of the people.
>
> Without the Constitution the Federal Government would not have adequate power to conduct its affairs and to protect our freedoms. Freedom, as we know it today, would be constantly threatened by the almost certain struggle for power between the various political and social factions within the Nation.●

CHANGES IN POWER MARKETING ADMINISTRATIONS

(By request of Mr. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. GORE. Mr. President, I rise to express my great concern over budget proposals which would dramatically and negatively affect the Federal Power Marketing Administrations [PMA's]. Unfortunately, both the administration's budget plan and the Senate budget resolution have addressed this issue in an undesirable way.

The President has submitted a budget plan which includes selling off the PMA's outright—an idea which has consistently and rightfully been rejected by the Congress.

Last year, I joined my distinguished colleague, the Senator from Washington [Mr. EVANS], in introducing legislation to prohibit the selloff of PMA's and the Tennessee Valley Authority. The process of selling off valuable national assets would carry enormous costs in itself, produce small one-time Treasury revenues, and cost the consumers millions. The sale of PMA's would be nothing more than another concession to the misguided obsession this administration has with the concept of privatization.

The Department of Energy operates five PMA's which sell electric power produced from hydropower resources on public waterways. These facilities include dams built by the Corps of Engineers and the Bureau of Reclamation. The PMA's wholesale this hydropower under contracts to utilities as cost of production and transmission, then repay the Treasury for the public investment in these facilities. The cost to the taxpayers is nothing.

The administration has proposed selling all PMA-operated transmission facilities by auction or direct negotiation with regional and private interests. There are several reasons to look at this proposal with extreme caution and ultimately to reject it.

First, the claim of a huge windfall which will decrease the deficit is highly speculative, and there is no credible study to support the revenue levels anticipated from such a sale.

Second, even if these assets could be sold, the price would be so high as to endanger the solvency of the systems because of the degree of financial leverage needed, or perhaps to cause the breakup of the systems altogether.

Third, the legal commitments between the PMA's and the utilities have not been taken into account. For example, TVA's contract with the Southeastern Power Administration is effective through 1994.

Fourth, the Corps of Engineers and Bureau of Reclamation dams are public assets intended to benefit the regions they serve—not to create a corporate windfall opportunity to investors.

Finally, the proposal is not economically justified. The public investment in PMA's is being repaid, and repaid with interest. There is no taxpayer subsidy involved. Yet, if private investors purchase the assets, the taxpayers will wind up subsidizing the sale through tax deductions or credits.

So the President's budget would simply do away with PMA's. But the Senate budget resolution includes a plan that would cripple the PMA's. It provides for straight line amortization of both power and irrigation costs, and it changes the calculation of interest from the current interest rates to 1 year Treasury note rates.

Mr. President, this proposal would severely impact both the PMA's and the consumer. I question not only the legality, but also the ethics, of changing the terms of a debt covenant after issuance. The existing payment system has proven successful for 40 years, and there is no justification for changing it now.

In addition to placing an unnecessary burden on consumers, this proposal would disrupt and hamper regional economic development, reduce Federal tax receipts, and increase unemployment in areas which can least afford it.

As for TVA, the administration's all-out war on this national asset is well-documented. TVA has frequently been the target of a disproportionate share of budget cuts. While the administration now says it does not intend to try and auction off TVA, its predilection to do so cannot be disputed. Yet, such a plan would devastate the Tennessee Valley region; produce economic chaos; eliminate vital fertilizer research; and erase programs that produce development, conservation and environmental benefits for the entire Nation.

I agree that the Federal deficit is a huge problem that must be addressed in a realistic and comprehensive manner. But the sale of PMA's, or crippling them with new debt requirements, is not a responsible approach. I strongly oppose the budget proposals which have been advanced, and I urge my colleagues to reject them.

I ask that a joint resolution by the Tennessee State Legislature urging Congress to reject the sale of TVA or any other Federal power marketing agency be inserted in the RECORD.

The resolution follows:

HOUSE JOINT RESOLUTION NO. 46

Whereas, the federal government owns and operates 130 multi-purpose water projects that generate power which is distributed through the five (5) federal power marketing agencies; and

Whereas, the federal investment in power generation is being fully and systematically repaid by power customers, thereby providing a steady stream of revenue to the United States Treasury which will continue after the investment is repaid; and

Whereas, these power marketing agencies sell power at cost to 1,100 consumer-owned utilities (public power systems and rural electric cooperatives) in thirty-four (34) states; and

Whereas, low-cost hydropower from the Cumberland River project, part of the Southeastern Power Administration is sold to the Tennessee Valley Authority; and

Whereas, this power is distributed by TVA to its 160 power distributors, eighty-two (82) of which are located in Tennessee; and

Whereas, the administration has targeted the Southeastern Power Administration for sale by 1989 and the remaining power agencies for sale by 1992; and

Whereas, many of those groups calling for sale of the power marketing agencies have also called for sale of the Tennessee Valley Authority; and

Whereas, sale of the power marketing agencies or TVA would:

(1) unnecessarily raise rates for electric consumers;

(2) undermine the economic stability of thousands of Tennessee businesses, industries and farms benefitting from the federal hydropower program;

(3) threaten the viability of consumer-owned utilities, thereby undermining electric utility competition, which benefits all electric consumers; and

(4) undermine the efficient operation of federal multi-power water projects which provide flood control, irrigation, water supply and recreation; and

Whereas, the National Conference of State Legislatures opposes sale of the federal power marketing agencies: Now, therefore, be it

Resolved by the House of Representatives of the Ninety-Fifth General Assembly of the State of Tennessee, the Senate concurring, That the state of Tennessee supports continued federal ownership of the federal power marketing agencies and the Tennessee Valley Authority; opposes the sale, transfer, or other disposition of those agencies; and urges the United States Congress to oppose any efforts to sell the agencies; and be it further

Resolved, That an appropriate copy of this Resolution be forwarded to the Tennessee delegation to the United States Congress.●

AFGHANISTAN: LETTERS FROM THE STATE OF UTAH

● Mr. HUMPHREY. Mr. President, last December the brutal Soviet occupation of Afghanistan entered its eighth year. The horrible condition of human rights in Afghanistan was recently described in a United Nations report as: "A situation approaching genocide."

As chairman of the Congressional Task Force on Afghanistan, I have received thousands of letters from Americans across the Nation who are outraged at the senseless atrocities being committed today in Afghanistan. Many of these letters are from Americans who are shocked at this Nation's relative silence about the genocide taking place in Afghanistan.

In the weeks and months ahead, I plan to share some of these letters with my colleagues. I will insert into the RECORD two letters each day from various States in the Nation. Today, I submit two letters from the State of Utah and ask that they be printed in the RECORD.

The letters follow:

Dear Sir: I am writing to you in regard to an article in the March issue of the Reader's Digest, concerning the atrocities in Afghanistan.

I am deeply concerned that this situation is going on and being virtually ignored by our government.

If something is not done to aid these people against Soviet aggression, what will there be to stop the Soviets from invading one country after another. We must take a stand to halt Soviet aggression and inhumanity wherever it occurs. In all conscience, we cannot do nothing while our fellow beings are suffering, and while their human rights are being violated. Our country must take a leading role in aiding these people. Please bring pressure to bear on those who can do something to stop this situation!

Sincerely,

Rebecca McEachern.

Tooele, UT.

Dear Senator Humphrey: After reading the horrible account of the Soviet invasion of Afghanistan, I was shocked to think that the free world has stood and watched it happen. It's difficult for me to believe that we can witness through the media all of this horror, and do nothing about it.

What can Americans do to stop this torture and bloodshed? Are we so afraid of the Soviets that we are willing to sit back and watch them destroy a civilization?

What must we do to convince our government that we will not stand for this kind of inhuman treatment by Soviet soldier?

Sincerely,

Dave Atwood.

Ogden, UT.●

PSYCHOLOGICAL MURDER

● Mr. SIMON. Mr. President, the St. Louis Post-Dispatch has an editorial about unemployment in this country, and significantly uses the title to describe it: "Psychological Murder."

We ought to do infinitely better than we are now doing in this country.

A fundamental change in policy is desirable.

When people are unemployed we now give them the choice, ultimately, of welfare or crime.

This country can do much better than that.

I ask to print the editorial from the St. Louis Post-Dispatch in the Record, and I urge my colleagues to read it.

The editorial follows:

Psychological Murder

Some say the unemployed will always be with us. There certainly are plenty of them according to conservative figures from the Bureau of Labor Statistics. That number includes a 37 percent jobless rate for black teen-agers.

Conventional wisdom argues that a rising tide lifts all the boats and that the key to reducing unemployment is vigorous economic growth. But neither Democratic nor Republican presidents in the last decade have been able to produce it. Nor does a rising tide lift boats that leak—that is, those with limited skills or none, who just don't benefit much from a healthy rise in gross national product.

Aside from unemployment compensation, welfare and limtied retraining programs, society does essentially nothing about unemployment, seemingly content to tolerate it as long as only a minority is affected. But that minority adds up to nearly as many people today as were out of work 50 years ago in the Great Depression—10 plus million then, 8 plus millon now. The percentage of the work force may be much smaller, but 8 million represents a lot of personal suffering.

And the problem is increasing. As imports put many U.S. factories out of business, the ranks of the unemployed are growing. Among the chronically poor, unemployment is passed down from generation to generation. Hopelessness among the hard-core unemployed—many of them minorities—has become a habit and an expectation, not a temporary condition.

In a nation that defines work as the equivalent of self-worth, joblessness is the equivalent of what Illinois Democratic Sen. Paul Simon terms "psychological murder." He has thus made it his top priority to establish a national policy to attack unemployment directly.

The senator has introduced a bill providing public works jobs at the minimum wage for anyone out of work for longer than five weeks. The pay would be 10 percent above the minimum for those receiving unemployment compensation or welfare. The jobs would be developed by local executive councils composed of four businessmen, four labor representatives and one educator. Sen. Simon has also introduced a bill to underwrite a greatly expanded job training program, especially to help those in public works jobs move to permanent positions in the private sector.

But job training takes time. In the meantime, work relief will sustain the morale of the unemployed—the essence of humane public policy—and provide invaluable experience for many. It would also enrich the nation through the work produced. There is no want of things to do. One of the most important; rebuilding our crumbling infrastructure, which can use a great deal of unskilled and semi-skilled labor.

Sen. Simon faces a tough fight, for his bill is a major departure from the current preference for free market solutions. But he is at least beginning a debate whose purpose is to develop some kind of direct attack on a problem too long ignored.●

DEMOCRATIC REFORM IN HAITI

● Mr. SIMON. Mr. President, for the benefit of my colleagues, I am submitting the following text of an article written by Representative Solarz on progress toward democratic reform in Haiti and the need for United States assistance to Haiti. Representative Solarz, a subcommittee chairman of the House Foreign Affairs Committee, recently visited Haiti and has some interesting observations with respect to political developments there. The following article appeared in the Miami News:

[From the Miami News, Feb. 13, 1987]

Fragile Haiti Needs More Help From U.S.

(By Stephen Solarz)

One year after the Haitian people escaped the clutches of the Duvalier dynasty, they still live with the bitter legacy of Papa Doc and Baby Doc. The physical repression of the Tontons Macoutes has ended, but a climate of fear lingers amidst a population that has not yet recovered from the incessant brutalities of the former regime.

The Duvalier kleptocracy has been dismantled, and the government has begun sensible macro-economic policies, but half of the work force remains unemployed or underemployed. The decline of the economy has been arrested, but Haiti remains the poorest country in the Western Hemisphere. One percent of its population receives approximately 45 percent of the national income.

What is surprising is not that the popular revolt against Duvalier occurred, but that it was relatively peaceful and so long in coming. The conditions which usually spell violent revolution certainly existed: mass poverty, social inequality with a sharp racial edge and political repression. In fact, it was probably the intensity of the repression, enforced by the Macoutes, intrusive totalitarianism, which stopped each revolt before it started—except the last one.

Although the uprooting of the Duvalier despotism has opened the door to democracy, the lifting of the Macoutes' heavy hand has paradoxically enhanced the longer term prospects for a communist revolution.

While the possibility of a rightist restoration cannot be completely ignored, the principal danger is some future radical upheaval inspired by visions of economic egalitarianism.

If political and economic reforms do not quickly and effectively satisfy the aspirations of the people for freedom and a better material life, thousands of poor Haitians may yet flock to the banner of class war and armed struggle.

In the economic sphere, the new interim government has already taken steps to tackle the problem of income inequality by abolishing taxes on agricultural commodities, which had fallen most heavily on the great mass of the poor, and by instituting a progressive income tax designed to secure resources from the more affluent Haitians.

But, without the revival of assembly industries, which flourished for a time in the 1970s, unemployment will continue at a high level.

Yet investors are waiting, as are the Haitian people, to see what sort of political system emerges over the course of the next year. The leaders of the transition government—primarily officers who served under but were not trusted by the Duvaliers—seem genuinely committed to instituting a democratic order.

A constituent assembly is currently writing a constitution on which the people will render a referendum judgment in several weeks. And a plethora of parties and candidates are preparing to compete for power through a democratic electoral process.

Whether democracy can be successfully planted in the barren political soil of Haiti will depend on several factors beside the constitution's content:

The creation of electoral institutions that inspire the belief that election results accurately reflect the popular will.

A campaign of civil education to enlighten the silent majority of Haiti on opportunities for democratic political participation.

The building of political parties designed to incorporate and involve the Haitian people in government affairs.

A conviction on the part of political leaders and followers that government office is a public trust and not, as before, a license to plunder.

All of this is a tall order, and Haitians could be forgiven some pessimism when facing the daunting path ahead. Yet an apparent consensus has emerged, after two centuries of colonialism, exploitation, corruption and brutality, that the time has come for decency and democracy.

What should be the United States' role in fostering a new order based on the principles of political pluralism? Our rhetoric and aid programs are appropriate.

We have expressed firm support for the transition to democracy, and government agencies and private organizations are working in constructive ways to help create the conditions for a democratic system. Our economic assistance programs are targeted on the priority areas of job creation and agricultural revival.

There remains the contentious issue of whether the United States should provide military assistance. Congress last year limited such aid to non-lethal equipment and specified certain conditions that had to be met before the aid could be transferred.

Among those are a requirement that the government of Haiti make substantial progress in removing and prosecuting members of the armed forces who were involved in human rights abuses under Duvalier.

There is no question that the people of Haiti deserve some justice after years of being treated so unjustly. And if the interim government can be faulted for anything it is for not doing more to satisfy those very understandable demands.

It may be that many of the worst human rights abusers have left the country. It may be that it is difficult to assemble evidence on cases which, in some instances, are 20 years old. It may be that the post-Duvalier order requires that officers accused receive the right of due process—far more due process than they accorded their nameless victims. And it may be that widespread trials are neither feasible nor practical.

Still, the leaders of the interim government would have had more success in gaining public confidence if they had settled accounts more vigorously.

Yet it must be kept in mind that the current government is an interim regime, and the central objective is to complete the transition to full democracy. Elections later this year will give the people of Haiti an opportunity to express the priority which they attach to the trials of former officers, perhaps through the establishment of a special tribunal.

Furthermore, we must remember it was the Tontons Macoutes—not the armed forces—that were the primary instrument of repression. And it was, after all, the interim government that was responsible for dismantling the Macoutes.

Some fear that by providing military assistance to the interim government we would facilitate the emergence of another repressive regime in Haiti. But given the apparent intention of that government to preside over the transition to civilian rule, our withholding non-lethal equipment designed to help the military maintain law and order may create even greater difficulties for democratization.

At this point, the Haitian armed forces, which include the police, have no non-violent means of controlling demonstrations and of insuring peacefully that they do not get out of hand.

Lacking riot shields, tear gas and proper training, the forces of order have only light arms to control unruly crowds. The use of lethal force against demonstrations only creates serious political tensions that could easily jeopardize progress toward democracy. The United States should be prepared to provide non-lethal riot control equipment and training.

For too long, the United States tolerated the Duvaliers' regin of terror. Democracy and development remain the most effective ways of countering a prospective communist challenge in Haiti. We have everything to gain and little to lose by helping Haitian democrats who are working to bring a new political and economic era to the long-suffering people of their country.

And much more is at stake than just the future of Haiti. In a century of bitter disappointment, where one revolution after another—from Cuba to Cambodia—has produced an even worse tyranny than the ones they replaced, people are losing confidence in the possibility of positive political change.

If the promise of the Haitian revolution turns to ashes, it would lend credence to the view that it is better to suffer tyrants than to depose them. In that sense, the consolidation of democracy in Haiti would not only serve the cause of political stability and economic progress in the Caribbean. It would constitute an enduring inspiration to those who struggle to keep the fire of freedom burning around the world.●

ORDERS FOR WEDNESDAY

RECESS UNTIL 10 A.M.

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that, after the two leaders or their designees have been recognized under the standing order tomorrow, there be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., and that Senators be permitted to speak therein for up to 3 minutes each.

Without objection, it is so ordered.

RESUME CONSIDERATION OF THE CHILES AMENDMENT

Mr. BYRD. Mr. President, I ask unanimous consent that at the hour of 10:30 a.m. Senate resume the consideration of the pending matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BYRD. Mr. President, on tomorrow the Senate will come in at 10 o'clock. After the two leaders have been recognized under the standing order, there will be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m. Senators will be permitted to speak under the order for not to exceed 3 minutes each during morning business.

At 10:30 a.m. the Senate will resume the consideration of the pending matter. The pending question at that time will be on the amendment by Mr. CHILES, the amendment to the motion to recommit with instructions to report back forthwith.

There is time, of course, on the resolution for debate.

May I inquire of the Chair? How much time remains overall on the resolution?

The PRESIDING OFFICER. Thirty-five hours remain.

Mr. BYRD. Is there any time remaining on the amendment to the amendment?

The PRESIDING OFFICER. All of that time has expired.

Mr. BYRD. I thank the Chair.

Mr. President, may I ask the distinguished Republican leader, the ranking manager, and the manager if it is all right to ask that the time be equally divided as we begin debate tomorrow?

Mr. DOMENICI. I think that is fair and I have no objection. In fact, I concur.

Mr. BYRD. I thank the able Senator.

Mr. President, I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask my good friend the Republican leader if he has further business to transact.

Mr. DOLE. I have no further business.

Mr. BYRD. Then I will state for the RECORD that the Senate comes in tomorrow at 10 o'clock, and the Senate will resume consideration of the budget matter at 10:30.

There will be morning business, and the two leaders will speak under the orders as heretofore stated.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BYRD. Mr. President, there being no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10 o'clock tomorrow morning.

The motion was agreed to, and at 6:10 p.m., the Senate recessed until tomorrow, Wednesday, April 29, 1987, at 10 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate April 27, 1987, under authority of the order of the Senate of February 3, 1987:

DEPARTMENT OF TRANSPORTATION

Dale A. Petroskey, of Michigan, to be an Assistant Secretary of Transportation, vice Jennifer Ann Hillings, resigned.

SECURITIES AND EXCHANGE COMMISSION

Edward H. Fleischman, of New Jersey, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1992 (reappointment).

FEDERAL RESERVE SYSTEM

Edward W. Kelly, Jr., of Texas, to be a member of the Board of Governors of the Federal Reserve System for the unexpired term of 14 years from February 1, 1976, vice Emmett John Rice, resigned.

DEPARTMENT OF LABOR

Janet L. Norwood, of Maryland, to be Commissioner of Labor Statistics, U.S. Department of Labor, for a term of 4 years (reappointment).

IN THE AIR FORCE

The following-named officer for appointment to the grade of general on the retired list pursuant to the provisions of title 10, United States Code, section 1370:

To be general

Gen. Earl T. O'Loughlin, [redacted]FR, U.S. Air Force.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. Alfred G. Hansen, [redacted]FR, U.S. Air Force.

IN THE ARMY

The following-named officer for permanent promotion in the U.S. Army in accordance with the appropriate provisions of title 10, United States Code, sections 624 and 628:

To be lieutenant colonel

Robert A. Stroud, [redacted]

IN THE ARMY

The following-named officers for appointment in the Regular Army of the United States, in their active duty grades, under the provisions of title 10, United States Code, sections 531, 532, and 533:

MEDICAL CORPS

To be lieutenant colonel

May, Dennis L., [redacted]

To be major

Freyfogle, Edward B., Jr., [redacted]
Laporta, Anthony J., [redacted]
Sukumar, Venkataraman, [redacted]

To be captain

Allgood, Brian D., [redacted]
Broadhurst, Richard D., [redacted]
Culliton, Michael E., [redacted]
Smolen, Harry G., [redacted]
Sobel, Annette L., [redacted]
Thornton, Lauren E., [redacted]
Tubbs, Jack W., Jr., [redacted]
Uhorchak, John M., [redacted]

DENTAL CORPS

To be lieutenant colonel

Boyd, Richard S., [redacted]

To be major

Bachand, William R., [redacted]
Fondak, Jeffrey T., [redacted]
Leas, Thomas J., [redacted]
Maxfield, George H., [redacted]
Meharg, Michael P., [redacted]
Rogow, Mark [redacted]
Williams, Jerry W., [redacted]

To be captain

Berky, Zoltan T., [redacted]
Hucal, George J., [redacted]
Kerns, David G., [redacted]
Meyer, Robert D., [redacted]
Rouse, Stephen J., [redacted]
Searcy, Victoria L., [redacted]
Thomas, Richard W., [redacted]
Wygonski, Robert J., [redacted]

VETERINARY CORPS

To be major

Meyer, Colin G., [redacted]

To be captain

Corcoran, Kevin D., [redacted]
Smith, Robert R., [redacted]

To be first lieutenant

Thomas, Marvin L., III, [redacted]

ARMY MEDICAL SPECIALIST CORPS

To be captain

Scotece, Gaetano G., [redacted]

To be first lieutenant

Hunte, Steven D., [redacted]

ARMY NURSE CORPS

To be major

Mucha, Joseph M., Jr., [redacted]
Sexton, Patricia A., [redacted]
Walsh, Michael V., [redacted]

To be captain

Bugh, Debora R., [redacted]
Nicosia, Pauline R., [redacted]

MEDICAL SERVICE CORPS

To be major

Czupryna, Daniel W., [redacted]
Keith, Raymond T., [redacted]
Newsome, Earl S., III [redacted]
Yaryan, Robert A., [redacted]

To be captain

Arnold, Marvin C. [redacted]
Cowden, Kim M. [redacted]
Ferris, Charles F. [redacted]
Francis, Ray W., III, [redacted]
Harper, Robert A. [redacted]
Urosevich, William [redacted]

To be first lieutenant

Bradley, Joseph R. [redacted]
Payton, Jessie J. Jr. [redacted]

To be second lieutenants

Belcher, James B. [redacted]
Carmody, Martin T. [redacted]
Frantz, Cynthia M. [redacted]
Gunderson, Craig S. [redacted]
Haller, Deborah A. [redacted]
Johnson, James E., Jr., [redacted]
Spencer, Dale A. [redacted]
Squire, Brendan E. [redacted]
Wesloh, Kevin M. [redacted]

MEDICAL CORPS

To be colonel

Bunner, David L., [redacted]
Collins, James L., Sr., [redacted]
Friedlander, Arthur M., [redacted]
Purvis, Jean C., [redacted]
Snyder, Robert C., [redacted]
Verdon, Thomas A., [redacted]

To be lieutenant colonel

Allen, Theodore L., [redacted]
Bacon, Jonathan P., [redacted]
Becker, William K., Jr., [redacted]
Blough, John M., [redacted]
Boudreau, Ellen F., [redacted]
Bryan, George E., [redacted]
Diaz, Rafael R., [redacted]
Eachempati, Rama G., [redacted]
Eckberg, David J., [redacted]
Eggebroten, William E., [redacted]
Falbey, Robert J., [redacted]
Ferguson, Clifford L., [redacted]
Georgitis, William J., [redacted]
Gooding, Daniel E., [redacted]
Gruether, Raymond C., [redacted]
Guzman, Hector R., [redacted]
Haines, Edward T., [redacted]
Hanna, John H., [redacted]
Hardy, James T., [redacted]
Hays, Robert C., [redacted]
Henry, Anthony R., [redacted]
Hickey, Deborah L., [redacted]
Hill, Marvin E., [redacted]
Hinderstein, William N., [redacted]
Hostetter, Robin E., [redacted]
Kray, Kenneth T., [redacted]
Krug, Ernest F., III, [redacted]
Leib, Richard C., Jr., [redacted]
Levin, Marc W., [redacted]
Lin, Ernie E.Y., [redacted]
McKinney, Gary E., [redacted]
Mehta, Rajesh R., [redacted]
Michael, Rodney A., [redacted]
Mills, Glenn M., [redacted]
Murchison, William G., [redacted]
Nguyen, Duong., [redacted]
Panvelkar, Gopal V., [redacted]
Porr, Darrell R., [redacted]
Potter, Donald E., Jr., [redacted]
Rumisek, John D., [redacted]
Ryder, Geoffrey C., [redacted]
Shaw, Timothy J., [redacted]
Urban, Edward S., [redacted]
Weisser, Ronald J., [redacted]
Westmoreland, Lewis H., [redacted]

To be major

Cook, Bruce A., [redacted]
Cushner, Howard M., [redacted]
Davis, Harry Q., III, [redacted]
Dunn, James F., [redacted]
Jones, Ronald J., [redacted]
Mitchell, Glenn W., [redacted]
Phurrough, Steven E., [redacted]

To be captain

Ackerman, Diane S., [redacted]
Azarow, Kenneth S., [redacted]
Baird, Dean E. S., [redacted]
Baker, James A., [redacted]
Barekman, Carol L. K., [redacted]
Black, Christopher P., [redacted]
Block, Larry D., [redacted]
Compton, David M., [redacted]
Cote, Lise A., [redacted]
Crisp, Brian J., [redacted]
Davis, William B., [redacted]
Diebold, Carroll J., [redacted]
Dougherty, Paul J., [redacted]
Duffin, Scott R., [redacted]
Ecklund, James M., [redacted]
Ficke, James, R., [redacted]
Fontana, John L., [redacted]
Francis, Thomas B., [redacted]
Gilliland, William R., [redacted]
Gjelsteen, Andrew C., [redacted]
Harris, Kenneth C., [redacted]
Hartman, Ralph A., [redacted]
Herpolsheimer, Arthur H., [redacted]
Hochschild, David P., [redacted]
Homas, Dallas W., [redacted]
Horan, John J., [redacted]
Hough, David W., [redacted]
Howard, Leonard N., [redacted]
Hu, James S., [redacted]
Jackson, Dorothy M. L., [redacted]
Joslow, Barbara, [redacted]
Kazragis, Robert J., Jr., [redacted]
Keith, Lynn M. [redacted]
Lang, William L., [redacted]
Lanza, Mario A., [redacted]
Leahy, Edward K., [redacted]
Lee, Hee-Choon S., [redacted]
Lowry, Mark A., [redacted]
Lucci, Edward B., [redacted]
Marquez, Jesus A., [redacted]
Martin, David W., [redacted]
Mitchell, John H., [redacted]
Monacci, William T., [redacted]
Mongan, Paul D., [redacted]
Morey, Allen F., [redacted]

Murphy, Kevin P., [redacted]
Myers, Mark A., [redacted]
Pafumy, Joseph [redacted]
Pincus, Simon H., [redacted]
Poore, Stephen E., [redacted]
Powell, John A., [redacted]
Priest, Jeffrey G., [redacted]
Pulcin, Joseph P., [redacted]
Reece, William B., [redacted]
Sandberg, Glenn D., [redacted]
Santos, Chae-Im, [redacted]
Scribbick, Frank W., III, [redacted]
Sheppard, John M., [redacted]
St Pierre, Patrick, [redacted]
Stamatos, John M., [redacted]
Stevens, James B., [redacted]
Vu Hung Q., [redacted]
Wilson, Lawrence A., [redacted]
Zaenglein, James M., [redacted]

DENTAL CORPS

To be lieutenant colonel

Camp, Larry R., [redacted]
Engle, Rosemary E., [redacted]
Hogans, William R., [redacted]
Mueller, Donald R., [redacted]

To be major

Bloodworth, Kenneth E., [redacted]
Galat, Albert G., [redacted]
Hayes, Ronald J., [redacted]
Koditek, Edward A., [redacted]
Mitchell, John C., [redacted]
Sevedge, Steven R., [redacted]
Seymour, Henry C., [redacted]
Warrington, Richard D., [redacted]

To be captain

Costa, Fernando L., [redacted]
Fuller, Daniel W., [redacted]
Ginsburg, Monroe M., [redacted]
Gonzalez, Orland, [redacted]
Matthews, Robert S., [redacted]
McCarthy, Michael F., [redacted]
Moore, Frederic A., [redacted]
Taloumis, Louis J., [redacted]

VETERINARY CORPS

To be major

Daise, Richard L., [redacted]
Langford, Michael J., [redacted]
Moeller, Robert B., Jr., [redacted]
Morgan, Earl W., [redacted]

To be captain

Krause, Keary M., [redacted]
Woodard, Claude L., Jr., [redacted]

ARMY MEDICAL SPECIALIST CORPS

To be colonel

Hartwick, Ann M., [redacted]

To be major

Benson, Cindy J., [redacted]
Deyle, Gail D., [redacted]
Digilio, Catherine D., [redacted]
Hauret, Keith G., [redacted]
Obrien, Valerie J., [redacted]
Obusek, John., [redacted]

To be captain

Belcher, Vicki W., [redacted]
Davies, Jeannine B., [redacted]

ARMY NURSE CORPS

To be lieutenant colonel

Addison, Shirley G., [redacted]
Amidon, Janice M.D., [redacted]
Daniels, Nancy M., [redacted]
Evans, Suzanne S., [redacted]
Firth, Joan M., [redacted]
Rak, Doris J., [redacted]
Robertson, Katherine E., [redacted]
Stark, Diane M., [redacted]

To be major

Aponteoquendo, Margarita, [redacted]
Baller, Patricia M., [redacted]
Bennett, Dennis L., [redacted]
Bennett Regina K., [redacted]
Bernard, Cynthia A., [redacted]
Booth, Mary K., [redacted]
Bradshaw, Mary C., [redacted]
Brock, Margo D., [redacted]
Brown, Carol B., [redacted]
Bruce, Marcella J., [redacted]
Bryant, Elizabeth A., [redacted]
Buzzelli, Michael J., [redacted]
Carnovale, Mary P., [redacted]
Carrow, Harold J., [redacted]
Choi, Brenda S., [redacted]
Clay, Patricia A., [redacted]
Dahl, Lynn F., [redacted]
Davidson, Laura L., [redacted]
Davis, Laurie J., [redacted]
Davis, Lee M., [redacted]
Daze, Susan I.K., [redacted]
Deeter, Barbara L., [redacted]
Dimeglio, Patricia, [redacted]
Divelbiss, Debra J., [redacted]
Donaldson, Robert D., [redacted]
Eagan, Janet R., [redacted]
Edwards, Deborah R., [redacted]
Eitzen, Joan P., [redacted]
Ewinglonczak, Debra L., [redacted]
Fleshin, Diane J., [redacted]
Fleshin, Richard D., [redacted]
Forestell, Francine E., [redacted]
Frederick, William C., [redacted]
Frizell, Garry G., [redacted]
Gaillard, Gladys M., [redacted]
Gaston, Deborah S., [redacted]
Gibbons, Rosemarie Y., [redacted]
Gilliam, Linda J., [redacted]
Glenn, Mary A., [redacted]
Gray, Yolanda A., [redacted]
Hass, Richard E., [redacted]
Haley, David L., [redacted]
Hanke, James A., [redacted]
Hart, Betty J.T., [redacted]
Henry, Jill D., [redacted]
Hudson, Beverly K., [redacted]
Ivey, Donald F., [redacted]
Jewitt, Maureen, [redacted]
Johnson, Kim M., [redacted]
Jones, Maudie F., [redacted]
Jones, Theresa V., [redacted]
Kanner, Paula A., [redacted]
Karnofsky, Jeannett E., [redacted]
Kimbrough, Carol D., [redacted]
Kuykendall, Deborah K., [redacted]
Leahy, Mary J., [redacted]
Levee, Robert C., [redacted]
Linton, Hyacinth V., [redacted]
Ludwig, Sally B., [redacted]
Manning, Lois J., [redacted]
Martin, Jerry D., [redacted]
McNabb, Laurie A., [redacted]
Menter, Kathleen A., [redacted]
Milford, Elizabeth A., [redacted]
Murdock, Eugene J., [redacted]
Newcomb, Shirley, [redacted]
Okubo, Annie A., [redacted]
Pittman, Constance L., [redacted]
Plooster, Lois E., [redacted]
Pritham, Ursula A., [redacted]
Rang, David H., [redacted]
Reagen, Mary S., [redacted]
Reed, Josephine M., [redacted]
Reid, Robert D., [redacted]
Reinhart, Susan I., [redacted]
Schmidt, Anita J., [redacted]
Schreck, Milagros B., [redacted]
Schulte, Daneen T., [redacted]
Schulz, Elaine M., [redacted]
Shanahan, Susan S., [redacted]
Shaw, Gloria B., [redacted]
Simmons, Eddie J., [redacted]
Skipper, Martha J., [redacted]
Slone, Fancisca M., [redacted]
Smith, Thomas A., [redacted]
Snyder, Mary E., [redacted]
Sperling, Eileen M., [redacted]
Stowe, Charles E., [redacted]
Talbott, Donna L., [redacted]
Temple, Linda M., [redacted]
Towley, Kristine E., [redacted]
Troxell, Mary L., [redacted]
Wade, Patricia R., [redacted]
Walk, Bette L., [redacted]
Wesley, Heidi L., [redacted]
Williams, Robert E., [redacted]
Wyatt, Dennis W., [redacted]
Zager, Larry K., [redacted]
Zager, Lydia R., [redacted]
Zunich, Sheryl A., [redacted]

MEDICAL SERVICE CORPS

To be lieutenant colonel

Baratta, Robert A., [redacted]
Manning, Johnnie R., [redacted]

To be major

Alston, Priscilla M., [redacted]
Anderson, Donald R., [redacted]
Barnes, Robert D., [redacted]
Bergsagel, Carl E., [redacted]
Black, Carol A., [redacted]
Bogardus, John E., [redacted]
Bolton, Shirley A., [redacted]
Brown, Sheila [redacted]
Burke, James E., [redacted]
Cain, David M., [redacted]
Caldwell, Daniel J., [redacted]
Carroll, Terry D., [redacted]
Chandler, David W., [redacted]
Collyer, Michael R., [redacted]
Dalton, Raymond P., [redacted]
Dodd, Kenneth M., [redacted]
Donnewerth, Darwyn D., [redacted]
Dunlap, Walter R., [redacted]
Estes, Williiam L., [redacted]
Fletcher, James L., [redacted]
Forkey, Jerry W., [redacted]
Gaines, Kenneth R., [redacted]
Garland , Frederick N., [redacted]
Giambone, Alfred V., [redacted]
Gilbreath, Michael J., [redacted]
Green, Kenneth V., [redacted]
Griffin, Darrell E., [redacted]
Gwynn, Herman L., Jr., [redacted]
Handley, Gary W., [redacted]
Hendricks, Carl E., [redacted]
Herr, Gary E., [redacted]
Hewitt, Douglas, [redacted]
Hildreth, Charles S., [redacted]
Hughes, James D., [redacted]
Hyde, Garry R., [redacted]
Jocz, Richard J., [redacted]
Jordan, Timothy J., [redacted]
Karwatka Joseph, [redacted]
Kinslow, Garland, Jr., [redacted]
Kohler, Paul D., [redacted]
Langford, Roland E., [redacted]
McCollum Jeffrey, [redacted]
McGibony, Charles M., [redacted]
Miller, Deborah, A.L., [redacted]
Mills, Douglas E., [redacted]
Moonan, David T., [redacted]
Moore, Walter, Jr., [redacted]
Morris, William D., [redacted]
Munger, Duane C., [redacted]
Oney, Gerald L., [redacted]
Patrick, Dale E., [redacted]
Pengelly, Michael H., [redacted]
Peters, Leslie J., [redacted]
Pieters, John R., [redacted]
Pilcher, Lester Y., [redacted]
Provencher, Marc A., [redacted]
Ramirez, Gilbert, [redacted]
Reilly, Paul M., [redacted]
Sanchez, Ramon M., [redacted]
Schilhab, John C., [redacted]
Seal, Lawton A., [redacted]
Semarge, Thomas J., Jr., [redacted]
Settles, Carl E., [redacted]

Smith, Gregory P., [redacted]
Soefer, Harvey G., [redacted]
Spencer, Lanta V., [redacted]
Stanley, Clarence, Jr., [redacted]
Vandervoort, Peter A., [redacted]
Voetsch, John A., IV, [redacted]
West, Johnny L., [redacted]

To be captain

Allen, Kimberly G., [redacted]
Behel, Raymond M., II, [redacted]
Boniewicz, Edmund I., [redacted]
Burnette, Victor W., [redacted]
Curtis, John T., [redacted]
Dabney, Harold J., [redacted]
Hanson, Russell F., [redacted]
Rudolph, Roger J., [redacted]
Smith, Frank J., [redacted]
Watson, Ralph R., [redacted]
Weishaar, Randy W., [redacted]
West, Susan R., [redacted]
Wyatt, Michael L., [redacted]

To be first lieutenant

Cutler, Theresa L., [redacted]
Dimond, Douglas J., [redacted]
Helman, John C., [redacted]
Merlino, Joseph C., [redacted]
Nagy, Alfred A., III, [redacted]

To be second lieutenant

Brewer, Howard K., [redacted]
Connell, Lawrence B., [redacted]
Kiyokawa, Guy T., [redacted]
Miller, Roger J., Jr., [redacted]

HOUSE OF REPRESENTATIVES—*Tuesday, April 28, 1987*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

As we give thanks, O God, for the gifts of faith, hope, and love, we admit that we do not always rise to the certainty of faith, nor do we hold to the hope that is promised, nor do we experience love as You have intended. Yet, we are grateful that You accept and love us, not as we will be, but as we are.

In this we offer our praise and thanksgiving. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate has passed a bill of the following title, in which the concurrence of the House is requested:

S. 853. An act to amend the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act to authorize appropriations for fiscal years 1988 and 1989, and for other purposes.

GRANT AN EXIT VISA TO IDA NUDEL

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, today I ask my colleagues to join in celebrating the birthday of Ida Nudel, Soviet refusenik, by cosigning a letter to U.S.S.R. leader Mikhail Gorbachev requesting that Nudel receive an exit visa.

My colleague, Mr. LENT, and I will be sending the letter next week asking the Soviet leader to grant Ms. Nudel's pending exit visa request so that she may join her sister in Israel.

Ida Nudel has been trying since 1971 to emigrate and be reunited with her sister in Israel. In the past 16 years she has been subjected to continued isolation, harassment, and persecution for her efforts to emigrate and for her support of other refuseniks.

The official reason for rejection of Ms. Nudel's application for an exit visa is her knowledge of state secrets. This contradicts new emigration guidelines in the U.S.S.R. that security classification is generally limited to 5 years, and no longer than 10 years. After 16 years, any knowledge Ms. Nudel may have possessed is now outdated.

Yesterday, April 27, was Ms. Nudel's birthday. What better birthday present can we send than an urgent plea for her exit visa. If you wish to join us in this effort, please contact my office or the office of Representative NORMAN LENT to cosign this letter.

THE OMNIBUS TRADE BILL

(Mr. LIGHTFOOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIGHTFOOT. Mr. Speaker, as is often the case in this body, we appear to be headed in the direction of taking an oversimplified approach to solving a complex problem. This time it happens to be in the form of trade protectionism to be included in H.R. 3, the omnibus trade bill of 1987.

It would be nice if our trade deficit problem could be solved by slapping on import quotas or raising import duties. It sounds easy, and for some it makes good political sense. But there is no getting around the fact that protectionism is bad public policy. Trade protectionism raises prices for American consumers, limits their freedom of choice, and removes incentives for American industry to continue with their efforts to become more competitive.

A particularly troublesome problem with protectionist measures at this time is that the countries they're aimed at are some of our best agricultural export customers. In the current world market glutted with agricultural commodities, our agricultural exports are extremely vulnerable to the retaliatory action that would result from trade protectionism. The agricultural export markets we currently enjoy and badly need to expand would simply shift to other exporting countries.

Mr. Speaker, I am urging my colleagues to keep in mind that in the long run protectionist measures cannot and will not lead to a more open world marketplace, particularly for agricultural exports. This approach is a fundamental contradiction of the purpose of trade legislation and should be rejected by this Congress.

A NEW ORDER IN WORLD TRADE

(Ms. KAPTUR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. KAPTUR. Mr. Speaker, this week the eyes of the world are on this House. Our trading partners, as well as the American people, are watching to see whether or not we have the wisdom to call for a new order in world trade 40 years after World War II. Many of our trading partners who have exploited a one-way trade relationship expect America to shrink from this challenge. But America's workers and employers are counting on us to stand for them for a change. The choice is clear.

There are those, like the President of our country, who are opposed to the Gephardt amendment. They somehow believe that the Nation's trade deficit is only the fault of the American people. Well, let me tell you what Japan's top negotiator has to say on the issue of trade fairness:

> It is a waste of time for Americans to try to sell supercomputers to Japanese Government agencies or universities no matter how superior they are in price or quality.

The same attitude prevails on auto parts, agriculture, wood products, or any other item we try to export.

Until our trading partners know that we will retaliate against their unfair trade practices, they will continue to laugh at us. The President is dead wrong when he says the Gephardt amendment is a steam roller that will knock the house down. If he would bother to read the amendment, he would learn it has so many safety valves built into it it resembles not a steam roller but a pipe organ that alerts our trading partners to face the music. The people of my district are tired of being trade patsies!

IN SUPPORT OF NATIONAL ORGAN DONOR WEEK

(Mr. SHAW asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHAW. Mr. Speaker, this week marks "National Organ Donor Week." There are no greater humanitarians than those who decide to donate organs. They deserve our recognition and gratitude and I hope that all of us will follow their example.

At this time there are hundreds of children around the country waiting

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

for organ donations as their parents pray for a miracle. Mr. Speaker, miracles can happen.

Most States have very simple procedures for notifying authorities that in the case of accident or injury, a person wishes his organs to be donated. Many people have also decided to make their family and loved ones aware of this decision. We should all do this.

I say this at the same time that one of my youngest constituents is in Children's Hospital in Pittsburgh waiting for a liver transplant.

Seven-year-old Ronnie de Sillers suffers from a fatal liver disease and desperately needs a transplant. After hearing of Ronnie's plight, our Fort Lauderdale community raised almost $200,000, including a $1,000 contribution from President Reagan.

This spectacular generosity is matched in an instant by the priceless gift of a healthy organ. I pray that Ronnie receives a liver in time to save his life and that all of us designate ourselves as organ donors in case of accident.

This boy's situation is desperate and he desperately needs to find another liver.

A BILLION DOLLAR BABY

(Mr. OLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OLIN. Mr. Speaker, we begin today our consideration of one of the major legislative initiatives of the 100th Congress. I intend to support the trade bill, and I hope we put together a bill the President will sign.

I do, however, have a concern. It's section 662—a little matter that I've labeled "a billion dollar baby." By manipulating the formula by which USDA decides whether to reduce the support price for the surplus milk it buys, this section would raise taxpayer costs by a quarter of a billion dollars and consumer costs by $700 million.

And that billion dollars is only part of the story. Section 662 is a backdoor attempt to undermine the dairy program that was carefully crafted in the 1985 farm bill. The trade bill is not the place to change domestic agriculture policy.

I hope you will join me in eliminating section 662 from the bill. This billion dollar baby deserves no support from us. It's not worthy of adoption.

□ 1210

THE OMNIBUS TRADE BILL

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. Speaker, it has been suggested that the enactment of this bill as a part of our trade legislation would trigger a trade war. Well, it is obvious to workers in the textile industry, the apparel industry, the electronics industry, the steel industry, the automobile industry, and many other industries that we've been engaged in a trade war for years. So far we've lost practically every skirmish. Our opponents in this war have raided our markets, appropriated our jobs and put up immovable barriers to fair trade. They have seized our technology and, using clandestine tactics of government subsidies, have flooded this Nation with products in a deliberate attempt to undermine competition. They have in some cases destroyed our productive capacity, seriously jeopardizing our defense capability. If that's not war, then I don't know what you call it. It's time to fire a shot across the bow and let our opponents know we are taking this conflict seriously. We don't want a war; in fact, there is relief built into this amendment that would allow the President to use his own discretion in enforcing its provisions. All we're asking for is a truce. What this amendment is designed to do is to get truce talks going.

AMERICA MEANS BUSINESS

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute.)

Mr. BONIOR of Michigan. Mr. Speaker, when Congress debated the trade bill last year, the 1985 trade deficit was $148 billion.

In 1986 the trade deficit worsened, soaring to a record $170 billion. In February of this year alone, the deficit hit $15 billion—the third largest monthly imbalance on record.

Over the last 5 years, the U.S. trade deficit has set one new record after another. We have stood idle as factories closed down and jobs left the country.

Trade barriers must end. The bleeding of American industry must stop.

The Gephardt amendment gives us the leverage we need to open markets to American goods. It is the key to letting the world know that America means business.

CHILD SUPPORT ENFORCEMENT: LET'S GIVE THE STATES THE TOOLS

(Mrs. ROUKEMA asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, despite landmark reforms enacted in 1984, child support delinquency still remains a national disgrace. While absentee parents ignore legal child support orders, families are falling onto the welfare rolls. I have introduced corrective legislation: the Child Support Enforcement Improvement Act of 1987. As Congress looks at welfare reform, this is welfare prevention.

Now, the welfare reform bill now before Ways and Means contains some important child support provisions. But, not enough. We must give enforcement authorities all the tools they need to do their job.

Why mandatory, immediate wage withholding?

More often than not, the current 30-day delinquency "grace period" is stretched into months, if not years. Such delinquency periods create hardship. They also force the creation of new and unnecessary bureaucracy—an administrative "Rube Goldberg"—as additional manpower is required to track down delinquent payments.

Why do States need direct access, from State to State, to employment security information?

And why should we increase penalties on States that do not comply?

Reciprocity is the key to the system. The good, aggressive enforcement efforts of your State may be completely negated by a neighboring State that is intentionally or unintentionally serving as a safe haven for deadbeats.

To repeat, if we are serious about child support as a legal and moral obligation and if we are determined on welfare reform, it is essential that we give the States the tools they need to do the job.

I ask my colleagues' support.

URGING SUPPORT FOR PASSAGE OF OMNIBUS TRADE ACT OF 1987

(Mr. VISCLOSKY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VISCLOSKY. Mr. Speaker, I rise in strong support of the Omnibus Trade Act of 1987 (H.R. 3). This legislation will strengthen and improve current U.S. trade laws by addressing the growing trade deficit and helping to restore the competitiveness of our domestic industries.

With the trade deficit growing, we must work to pass legislation that will address this problem and allow the United States to compete both here and abroad. This bill seeks to do this by opening markets, not closing them. It seeks negotiations to reduce and eliminate trade barriers, not erect them.

One industrial sector that benefits from this bill is the U.S. steel industry. Plagued by declining demand in the United States and growing foreign imports, the industry needs assurance that current laws against unfair trade practices from foreign competitors are enforced.

One provision in H.R. 3 amends the Steel Import Stabilization Act of 1984 to give greater enforcement authority to the U.S. Trade Representative by allowing him to enforce quantitative restrictions with respect to steel imports shipped from countries covered under the current voluntary restraint program which involve transshipment of imports from third country markets. It is estimated that 25 percent of steel imports arriving in the United States in 1986 were from nonarrangement countries. Provisions have been included to resolve this problem.

Notwithstanding imports, H.R. 3 will also assist companies who suffer from import injury by providing relief in the form of supplemental unemployment benefits. For those who have worked to contribute to the success of their firm and who now suffer from indefinite layoffs or dislocation, this bill strengthens the trade adjustment assistance program by providing retraining assistance for workers dislocated by imports.

In closing, I ask all of my colleagues to join with me in supporting passage of the Omnibus Trade Act of 1987.

GEPHARDT AMENDMENT GOES TOO FAR

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, there are many problems with the trade bill that is before us this week, but none of them are as bad as the so-called Gephardt amendment. The Gephardt amendment does not penalize those countries that are acting in unfair ways. It goes beyond that, and it says that if there is a trade imbalance that exists, irrespective of the reason for it, we are going to punish those countries that are involved in that.

Which countries fall into that category? The Pacific Rim countries. Those of us in the West, in California and Oregon and Washington, who are involved in trade know that this is a dagger directed at the hearts of our economies. This is not the way to open the gates of trade, this is the way to close the gates of trade. This is the way to lose jobs.

If we work hard enough this week in this Congress, we not only can send Mr. Nakasone home with a black eye, but we can make sure that we embark on new attitudes here that make us lose jobs rather than increase jobs.

Since 1973 the United States has had a 26-percent increase in jobs. Japan, whom we evidently fear, had a 10-percent increase in jobs. Western Europe had no increase in jobs.

If we work hard enough and we adopt protectionist attitudes from other countries in the world, we might be able to turn our economy around. Then maybe we can stand here in 10 years and say, "Instead of giving you 26 percent more new jobs, we have cut off all the job growth in this country."

Let us not do something silly. Let us try to protect the American people by staying away from protectionism.

APPOINTMENT AS MEMBERS OF CONGRESSIONAL AWARD BOARD

Mr. MICHEL. Mr. Speaker, pursuant to Public Law 96-114, as amended by Public Law 98-33 and Public Law 99-161, I have today appointed to the Congressional Award Board Mr. William B. Plough of Memphis, TN, from private life, and the gentleman from Virginia, Mr. WOLF, from the House.

STOP EXPORTING AMERICAN JOBS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, I do not know how the other Members feel, but I am sick and tired of exporting American jobs, especially when on an average they come from districts like mine in Youngstown, OH. Furthermore, I am amazed to see the generals and admirals go on television, look the camera in the eye, and say that it bolsters our national security to buy cheap foreign goods.

That completely amazes me, while our manufacturing plants close, and God forbid if a crisis arose, how would we surge to meet an opponent?

Another thing that I would like to ask the Pentagon under that type of philosophy: What would America defend herself with? styrofoam? We do not have any more steel or manufacturing. Think about it.

I think that it is time for Congress today to send a firm legislative message around the world that America will no longer be the trade sissies of the international community.

I would further like to say one thing to the generals and admirals in the Pentagon who may be watching. I do not get much business from them anyway. I think that we could hire a lot of generals and admirals a lot cheaper in Taiwan, and maybe we should send that message.

So I am hoping today that we put some teeth in our trade laws and stop exporting all these American jobs. I think that we have gone belly-up and crazy in this Congress.

□ 1220

SHAME ON YOU, JAPAN, FOR KILLING THE WHALES

(Mr. RAVENEL asked as was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RAVENEL. Mr. Speaker, the greatest creatures that ever breathed the good air of our planet still live—they are the great whales. Possessed of superior intelligence as yet unfathomed, they habitate the vastness of their element in family groups engaged in the peaceful pursuits of feeding, loving, cavorting, and singing—to man they pose no threat whatever, only endearing curiosity—from us they have endured centuries of torture and death almost to their very extinction—finally, in 1985, after years of devoted endeavor by friends of the whale throughout the world, the International Whaling Commission was persuaded to cause a moratorium on commercial whaling—but, now, tragically, just after the last Japanese whaling ship returned from its wanton mission, its cruel harpoons shined and the bodies of its 1,941 victims stored neatly below decks, Japan has announced that it will subsidize the murder of 875 more gentle giants this winter, "scientific research," they proclaim this planned slaughter, "we have to study the interior of their ears to determine their ages," they say—a Pearl Harbor this act will be upon these largest of God's creatures—shame on you, Japan! Shame on you, Japan!

AMERICANS WANT FAIR CHANCE IN TRADE

(Mr. GRANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GRANT. Mr. Speaker, we are the largest debtor nation in the world. H.R. 3 is a good beginning to cure that and I'm supporting it.

I'm from Florida, which is famous for its tourists, agriculture, and common sense. The people in my district may have difficulty calculating exchange rates but they know a raw deal when they see one. And right now that's what they're getting.

This Congress could have drafted a reckless response to the outcry from millions of workers who have been displaced by floods of foreign dumping but it did not. We could have singled out Japan for its barriers to American made skis, autos, tobacco products, rice, beef, and citrus, but we did not. This legislation is a measured first step to isolate and respond to trade inequities. But fundamental to this bill is the belief that boosting exports, not erecting trade barriers, is the only sensible strategy for our Nation.

We have agonized long and hard over our own mistakes and emerged stronger for it.

Now this bill speaks to our friends, firmly; not with threats, but with sensible solutions.

Our message is Americans don't want to run the world; we just want a fair chance to run for the money.

NATIONAL VOLUNTEER WEEK

(Mr. WYLIE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, this week we observe National Volunteer Week to bring attention to the hundreds of volunteers, and nonprofit organizations in communities all across America that offer services of the people, by the people, and for the people and not of the Government, by the Government and for the Government.

All across this country neighbors help neighbors, and people join associations to address the needs of the community such as to assist convalescence by the ill, to offer education supplements for the impoverished or the newcomer among us, and to bring art to the community.

My wife, Marjorie, has volunteered throughout her adult life for many fine organizations in central Ohio such as Grant Hospital's Women's Service Board, the Women's Association of both the Columbus Symphony and the Columbus Museum of Art, and the board of directors of the Columbus Zoological Gardens. From a personal family experience I know volunteerism is clearly alive and well in central Ohio and I congratulate and say thank you to volunteers all across our great Nation.

THE GEPHARDT AMENDMENT

(Mr. GORDON asked and was given permission to address the House for 1 minute.)

Mr. GORDON. Mr. Speaker, I rise in support of the Gephardt amendment, and in doing so I would like to address one aspect of that amendment. That is the criticism that I have heard that it would be veto bait for the President.

Mr. Speaker, this body did not and should not be intimidated from its responsibilities by a threat of a veto. We have a responsibility to play a role in the development of responsible trade policy.

Mr. Speaker, let me advise anyone that would care to read the bill that they would find that there is an automatic veto built into that legislation for the President in that he can waive any sanctions that he thinks would be detrimental to our country. So there is a veto built in. Do not be misled or intimidated by threats of a veto.

We must go forward with responsible legislation.

TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, today we begin debate on H.R. 3, the Trade and International Economic Policy Reform Act. This is an important debate, one that will affect the shape of our economy for years.

The choices are simple. Do we follow the course of mutually beneficial international trade or do we begin another round of beggar-thy-neighbor trade policies.

The first path has given Americans unparalled economic opportunity, it has raised our standard of living and created more consumer choice and employment opportunity than anywhere else in the world.

The second path—the one our colleague Mr. GEPHARDT would take us down—would throw up the walls of protectionism, saying we can't compete with our trading partners and we must hide behind newly errected walls of fortress America.

Mr. Speaker, we can and should be more competitive. H.R. 3 contains some provisions which will help us move toward a better international trading system. It manages this without resorting to the folly of protectionism incorporated in the Gephardt amendment.

I fear that 50 years from now school children will study the disastrous economic effects wrought by the Gephardt amendment in the same way we studied the Great Depression effects of the Smoot-Hawley protectionist measures of the 1930's.

Far be it for me to offer advice to my Democratic colleagues, but perhaps they will accept a word of caution. The protectionism begot by Smoot-Hawley type tariffs will wreak havoc on our economy. It will raise prices for your constituents, it will lower their standard of living, and it will deny them expanding employment opportunity.

And, it might not help your political career. After all, both Smoot and Hawley were defeated after passage of their trade namesake.

OMNIBUS TRADE ACT OF 1987

(Mr. ESPY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ESPY. Mr. Speaker, I also rise in support of H.R. 3 the Omnibus Trade Act of 1987. At this juncture in our history we need a strong trade bill. We are a nation beset by burdensome trade deficit issued to us by our world trading partners—a trade deficit issued to us by unfair trading practices. We want open and free trade, but we need to enforce the parameters of fair trade.

H.R. 3 will help correct the unfair advantages exercised by other nations on behalf of their exporters. We need to protect American jobs from an overly eager and dangerous ambitious trade mentality exhibited by some of our trading partners. The U.S. Department of Commerce has determined that for every $1 billion in our trade deficit, we lose more than 26,000 jobs. Our staggering deficit for 1986 was $170 billion, representing about 4.5 billion jobs. We need to pass H.R. 3.

Mr. Speaker, in particular, our powerful agricultural export industry recorded its first trade deficit in more than 35 years for 3 consecutive months in 1986. I know we can outproduce any country in the world with a competitive price. Mr. Speaker, I believe H.R. 3 will mandate fairness in the world trade arena. I urge my colleagues to pass H.R. 3.

□ 1230

SUSPEND MOST-FAVORED-NATION TRADING STATUS FOR ROMANIA

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLF. Mr. Speaker, this is an important legislative week in the House. We will be debating trade issues which will affect not only our Nation's but the entire world's economy and prosperity.

There is also an important issue within the trade debate on which I will be offering an amendment and which I urge my colleagues to support. My amendment to H.R. 3 would suspend most-favored-nation trading status to the Communist Government of Romania for 6 months. This is a moderate, bipartisan approach which places the trading ball squarely in the Romanian Government's court. This amendment says to Romania that the United States will not continue to legitimize the Romanian Government's human rights repression of its people through MFN status. We would suspend MFN for 6 months to give the Romanian Government that time to reverse its continued restriction of the right of free speech, free assembly and association, and freedom to worship.

The size of the United States trade deficit over the past 3 years with Romania was almost 4 to 1, the highest percentage trade deficit our country has with any of its trading partners, including Japan. If we are to continue to trade with the Romanian Government and allow MFN, we have the right to expect that country to treat its citizens with dignity.

I urge my colleagues to join me in supporting the trade bill amendment to send a signal to Romania that the United States will not continue to tolerate its repressive regime.

LET US PASS H.R. 3 WITHOUT GEPHARDT

(Mr. DAVIS of Illinois asked and was given permission to address the House for 1 minute.)

Mr. DAVIS of Illinois. Mr. Speaker, my district in Illinois, the southwest side, is bereft of jobs in the steel industry, in the automotive industry, and has been victimized by unfair labor practices for the last 25 years. It certainly shows that if you ever drive through my district on the southwest side of the metropolitan area of Chicago.

I am going to support H.R. 3 today because my district wants me to and because it is the right thing to do, to send that signal to our trading partners overseas that we will no longer tolerate unfair trading practices. However, I am not going to support the Gephardt amendment for the reasons which have been enunciated earlier today by my colleague from California. It is a job-killer, it is a job taker-away. If the Gephardt amendment is passed, it does business with surplus countries. But we are the surplus country to many of our trading partners throughout the world. Would that apply to us as well?

The Rostenkowski version of the Gephardt amendment—and the Democrats are divided on your side of the aisle as to what form that kind of trade bill should take—the Rostenkowski version of the Gephardt amendment certainly does indeed, do exactly what Gephardt wants without the harm that the Gephardt amendment produces.

So I am going to support it. This President and this administration has signaled his willingness with the microchip tariff, with the wine and cheese yuppie tariffs, to do business. And certainly, will the next President do any less, from whatever party he comes? The answer is no.

H.R. 3 and the Rostenkowski version are the version to vote for.

H.R. 3 PROVIDES A BALANCED APPROACH TO A COMPLEX PROBLEM

(Ms. SLAUGHTER of New York asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. SLAUGHTER of New York. Mr. Speaker, I rise today in support of H.R. 3, the omnibus trade bill.

The staggering trade deficit of $170 billion—which has quadrupled since 1981—demands that Congress take action now. In the 30th Congressional District of New York, we have lost over 21,000 manufacturing jobs in 4 years—many of them to international markets. Many more are threatened by unfair foreign competition. The time has come for us to begin exporting our products and stop exporting our jobs.

H.R. 3 represents the most comprehensive restructuring of U.S. trade policy since 1974. It's strength lies in the fact that it provides a balanced approach to a complex problem. It focuses on enforcing internationally recognized rules of fair trade; it provides support to increase small business exports; it strengthens the laws which protect U.S. intellectual property rights and it provides the incentives needed to make our Nation more competitive.

For too many years, we have been inattentive to the changing markets abroad at the expense of our economy at home. H.R. 3 provides the tools America needs to regain our position and to take full advantage of the world economy. I urge my colleagues to join me in voting for H.R. 3, a vote to promote the growth of fair and constructive world trade.

WE ARE THE WORLD'S LARGEST DUMPER IN INTERNATIONAL MARKETS

(Mr. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRANE. Mr. Speaker, I would like to address this body's attention to an important ingredient of this Gephardt amendment. It imposes a retaliation and a very substantial one on both trade imbalances, 10 percent a year, and this applies to people who may be engaged in totally free trade practices with us, but it is based upon those countries that have excessive trade balances in their favor and a pattern of engaging in unfair trading practices.

And, lest you think that we are off the hook with regard to mere legislation the moment we establish a favorable trade balance with some of our major trading partners, they could concoct the Gephardt amendment, too, because we are the world's largest dumper in international markets. We have very substantial tariff barriers. We have very substantial quotas in place, especially sugar. Talk about the Japanese and their protection of rice; look at our protection of sugar in this country.

We have agricultural import quotas. The European Community has complained for years about the procedural delays involved in trying to get their telecommunications products into our markets.

In addition, we have congressionally mandated public procurement policies that say "Buy American" in violation of GATT. We have export subsidies that run to $1 billion, $1.5 billion a year, and Government R&D funds in fiscal year 1986 to the tune of $60 billion. So do not for a moment think that Gephardt does not set a precedent that could turn around and bite us in the backside.

JAPAN SHOULD STOP HEMMING AND HAWING AND OPEN UP THEIR MARKETS

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, well, the trade battle is heating up and it is about time. It is good for this country. Yesterday the President said to the chamber of commerce that Japan should stop hemming and hawing and open up their markets. The Japanese have been hemming and hawing partly because this administration has allowed them to get away with it. The President said yesterday that he already had good tools in the trade battle. If so, Mr. President, why the record trade deficit? Because you have failed to use those tools? The truth is that the United States needs both new tools and more aggressive use of them.

The Gephardt amendment would not restrict the President's powers, it would make his use of them more effective and, contrary to what has been said here earlier, excessive surpluses would be attacked where there was a pattern of unfair trade practices. For years foreign nations have been using unfair advantages to keep the United States out of many of their markets. The United States cannot expect foreign competitors to give up their unfair advantages voluntarily. Strong remedial actions by us are required. It is time, indeed it is overdue, to move against foreign protectionism.

H.R. 3 with the Gephardt amendment will give us the negotiating leverage to do just that.

LONG BOMBS

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, according to newspaper reports the Nation's bond market has suffered its worst beating in 3 years as thousands of investors sold their holdings out of fear that the falling dollar will take bonds with it. Pessimism and collapsing prices have led some traders to describe the Treasury's 7½ percent 30-year issue as the "long bomb" rather than the "long bond." This closely watched bellwether issue, which was actively trading at $1,000 as recently as March 26, fell to $880 on April 22, for a loss of 12 percent. A 10-year Treasury note that had value of $1,000 in March, fetched only $900 in April.

Analysts at Shearson Lehman Brothers, Inc., estimate that potential losses in the $1 trillion Treasury bond market amount to $20 billion, of which up to $7 billion has been lost on bonds with maturities in the range of 25 to 30 years.

Mr. Speaker, the only surprise about this "massacre of the innocents" is that it has not occurred earlier. We are witnessing the fallout from our immoral and irresponsible policy of deliberate dollar debasement. Unless Congress halts the diving dollar, by fixing its gold content, we may expect more "long bombs" to drop and explode in our midst.

□ 1240

OUR NATIONAL SECURITY IS AT STAKE

(Mr. BRYANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRYANT. Mr. Speaker, as we begin to debate H.R. 3, the omnibus trade bill, I urge Members to keep in mind that what we are debating is our national security, every bit as much as when we debate the defense appropriations bill.

Our independence and our ability to determine our future course as a leader among nations is very much at stake, and until we have a policy that demands fairness and reciprocity in trade, one that demands that foreign nations either let our American products into their markets or get their products out of our market, we are inviting other nations to continue taking advantage of us.

We need strong sanctions against trading partners who refuse to play by the rules. I strongly urge the adoption of the Gephardt amendment because it demands results and gives us the means to enforce them.

Our choice is clear; to step aside as we lose control over our economic destiny, or to take the steps necessary to put us back in charge.

OUR STANDARD OF LIVING IS ALSO AT STAKE

(Mr. WATKINS asked and was given permission to address the House for 1 minute.)

Mr. WATKINS. Mr. Speaker, I rise in support of the trade bill and specifically in support of the Gephardt amendment.

A lot of people are criticizing the Gephardt amendment, but let me say this. In my opinion, it does not go far enough.

Today we find that in that particular amendment, it allows the President to waiver it, if it is in law, and there has to be a strong pattern of unfair trade practices by any country before it is actually implemented.

Let us look at what is stake. What is at stake today is our national security and the standard of living for our children and our grandchildren.

Today we are importing as much oil as we did back in 1973 before the oil embargo took place. This past year, for several months, we imported more agricultural products than we exported, even though we are the garden spot of the world.

We are importing more computer chips and robots. Even though we invented robots, 60 percent of them that are being utilized today in our country are made by the Japanese.

Eighty percent of the computer chips are furnished by the Japanese. The Japanese have seven of the largest banks in the world. Nine out of ten of the American people say that they feel we are losing our competitive edge, and they have a reason to feel that we are losing our competitive edge because the trade performing index in just 6 years has dropped 48 percent.

We are exporting a third less today than we were just 4 years ago. So the people are justified in their concern.

As I have said before, the people are way out in front of the Congress. They want something done about the trade imbalances and unfair trade barriers that are put up against the products of the United States' hard-working men and women and our farmers of this country.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1748, DEPARTMENT OF DEFENSE AUTHORIZATIONS, 1988 AND 1989

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 100-68) on the resolution (H. Res. 152) providing for the consideration of the bill (H.R. 1748) to authorize appropriations for fiscal years 1988 and 1989 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1988 and 1989, and for other purposes, which was referred to the House Calendar and ordered to be printed.

AMENDMENTS TO DEFENSE AUTHORIZATION BILL

(Mr. PEPPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEPPER. Mr. Speaker, once again I rise to address the House to make Members aware of the procedures the Rules Committee will follow with respect to the Armed Services Committee's request for a rule on H.R. 1748, the National Defense Authorization Act for fiscal year 1988.

Previously, I informed Members that the Rules Committee will consider making in order only those amendments which are received in the Rules Committee by this Thursday. Because of changes in the expected timetable, and in order to meet the convenience of the Members of the House, we are extending the deadline and will consider all amendments that are received in the committee's office by 6 o'clock p.m. on Friday, May 1.

To reiterate, any Member who wishes to offer an amendment to H.R. 1748 or to the Aspin substitute which may become original text for the purpose of amendment if it is adopted, must submit 35 copies to the Rules Committee office by 6 o'clock on Friday, May 1.

I thank my colleagues for their cooperation.

TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 151 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 151

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House of the State of the Union for the consideration of the bill (H.R. 3) to enhance the competitiveness of American industry and for other purposes, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill are hereby waived. After general debate, which shall be confined to the bill and the amendment made in order by this resolution and shall continue not to exceed seven hours and thirty minutes, with one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, with one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, with one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Energy and Commerce, with one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs, with thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, with thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, with thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the

Committee on Government Operations, with thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, with thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, with thirty minutes to be equally dividend and controlled by the chairman and ranking minority member of the Committee on Public Works and Transportation, with thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Small Business, the bill shall be considered for amendment under the five-minute rule. In lieu of the amendments now printed in the bill, it shall be in order to consider an amendment in the nature of a substitute consisting of the text of "Committee Print, Committee on Rules, April 22, 1987" as modified by the amendments contained in section 1 of the report of the Committee on Rules accompanying this resolution as an original bill for the purpose of amendment under the five-minute rule, said substitute as modified shall be considered as having been read, and all points of order against said substitute are hereby waived. No other amendments to the amendment in the nature of a substitute made in order by this resolution shall be in order except the amendments specified in section 2 of the report of the Committee on Rules accompanying this resolution, by, and if offered by, the designated member or their designees, said amendments shall be considered only in the order specified in the report, shall be considered as having been read, and all points of order against said amendments are hereby waived. Said amendments shall not be subject to amendment or to a demand for a division of the question in the House or in the Committee of the Whole, and each of said amendments shall be debatable as specified in the report of the Committee on Rules accompanying this resolution, to be equally divided and controlled by the proponent of the amendment and a Member opposed thereto. Following disposition of the final amendment made in order by this resolution, there shall be an additional period of general debate for not to exceed twenty minutes, equally divided and controlled by the majority and minority parties. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text by this resolution. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, if offered by the minority leader.

□ 1250

The SPEAKER pro tempore (Mr. Gray of Illinois). The gentleman from Florida [Mr. Pepper] is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield the customary 30 minutes, for the purposes of debate only, to the distinguished gentleman from Tennessee [Mr. Quillen], pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 151 is a modified open rule providing for the consideration of H.R. 3, the Trade and International Economic Policy Reform Act of 1987. The rule provides 7½ hours of general debate, with 1 hour of debate equally divided and controlled by each of the chairmen and ranking minority members of the Committees on Ways and Means, Energy and Commerce, Foreign Affairs, and Banking, and with 30 minutes equally divided and controlled by each of the chairmen and ranking minority members of the Committees on Agriculture, Education and Labor, Government Operations, Judiciary, Merchant Marine and Fisheries, Public Works, and Small Business.

Mr. Speaker, the rule makes in order as the original bill for purposes of amendment, an amendment in the nature of a substitute consisting of the text of the Rules Committee print of April 22. Copies of the committee print were sent to all Members' offices last Friday. The text of the Rules Committee print made in order is modified by a series of technical amendments contained in section 1 of the Rules Committee report accompanying House Resolution 151.

The rule waives all points of order against consideration of the bill, against the substitute, and against all amendments to the substitute made in order under the rule. Only the 14 amendments contained in section 2 of the report accompanying the rule are in order, only if offered by the designated Members or their designees, and only in the order specified in the report. The amendments are not subject to amendment or to a demand for a division of the question. Section 2 of the report accompanying the rule specifies debate time for each of the 14 amendments.

After the last amendment is disposed of, there will be an additional 20 minutes of general debate, equally divided and controlled by the majority and minority parties. When the Committee rises, any Member may demand a separate vote in the House on any amendment adopted in the committee. The rule also provides one motion to recommit, if offered by the minority leader.

Mr. Speaker, this is a fair rule worked out in a spirit of bipartisan cooperation. It provides for full debate and consideration of the momentous trade issues this Congress must face. I urge adoption of the rule and yield to the gentleman from Tennessee for purposes of debate only.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, this complicated rule has been ably explained by the gentleman from Florida [Mr. Pepper], chairman of the Rules Committee. It would be redundant indeed for me to go into those details again.

I would like to call the attention of the Members of the House to the fact that this is an unusually complex bill, involving some 11 or 12 committees. We are bringing it to the floor of the House with the consensus of the Democratic leadership and the Republican leadership, both working hand in hand to piece together a bill so that this House can debate it fully and then on final passage make a decision.

Needless to say, some parts of it are very controversial. A trade bill, in my opinion, is most important. I have always advocated some curb on imports to protect American industry, American businesses, and the American people as a whole. I wear a necktie whenever the occasion arises that is crafted with pride in the U.S.A. When we all have in our hearts that feeling, then this country is going to grow beyond belief. Eventually we hope the markets overseas are going to open to us as we will open our markets to those other countries.

But it has to be a fair trade bill, fair for us, and fair for the other countries as well. Over the past several years it has been a one-way street, where our doors are open but the other countries do not open their doors.

So, Mr. Speaker, I am glad to see this measure come to the floor of the House. I am glad to see this rule worked out by both sides of the aisle, and I urge adoption of the rule.

Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. Miller].

Mr. MILLER of Washington. Mr. Speaker, we are at the beginning of a historic debate on trade and the economy. It is probably as historic a debate as we have had since the early 1930's when we debated the Smoot-Hawley Tariff Act in these Chambers. I hope that we do not make the same mistakes that the Congress made then.

Let us get down to basics as we look at the legislation that is going to come before us and remember certain principles.

First, more trade means more jobs, more trade means a higher American standard of living, more trade means more political influence in a rapidly changing world, and more trade means a healthy and expanding industrial base. On the other hand, protectionist trade barriers mean less trade, fewer jobs, higher prices, a lower standard of living, diminished influence, and eventually a crippled industrial base.

Second, our Nation's future and our economic and strategic well-being depend on how well we compete in the international marketplace. American exporters can and will win the battle for the hearts and minds and pocketbooks of the world's consumers. We cannot use protectionist trade barriers to shield American industry from the inevitable. We must not say to the greatest industrial machine the world has ever known, "You cannot compete, so you don't have to compete."

I am reminded of the story of the father trying to help his 6-year-old daughter learn how to ride a bike. He is guiding her along, and he wants to protect her. If he lets go, there are risks. There are risks that she may get hurt. But if he continues to hold on and to guide her, there is another risk: he is going to end up with a 34-year-old daughter who still cannot ride a bike.

We must not go back to the dangerous discredited policies of the past. Our future lies in tough, successful competition, not in self-defeating protectionism. That failed in the 1930's and it will fail again today if we try it. Our future lies in more trade, not less trade. No matter how many bogus "special effects" we hang on this bill, it is the real world I am talking about. We cannot go back to the future.

Mr. PEPPER. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise today to support the rule and to support the bill, and I offer for historical purposes and for the benefit of people in the press who are reviewing this debate and those reading the RECORD a summary of the bill that was prepared by the U.S. House of Representatives Export Task Force, which is chaired by the gentleman from Washington [Mr. BONKER].

I offer this because it is a succinct statement and summary of the bill, together with an explanation of its purposes. It is the best I have read, and I have taken this time to offer the ETF summary for the RECORD.

I would add that the trade issue has been emerging for a decade, and while our balance of trade deficit has dramatically increased over the last 6 years, the trade issue has festered for about 10 years.

I congratulate the gentleman from Washington [Mr. BONKER] and members of the Export Task Force for preparing the Congress and the Nation for this debate.

Mr. Speaker, the summary prepared by the Export Task Force to which I referred is as follows:

EXPORT TASK FORCE BILL SUMMARY—H.R. 3 TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT

In January, the House Democratic Leadership reintroduced H.R. 4800 (of the 99th Congress), as H.R. 3, the broadest piece of trade legislation to come to the House floor in over a decade. It represents the culmination of several years' efforts at trade law reform, and also contains provisions dealing with export promotion, agricultural trade, international finance, and competitiveness.

The Rules Committee print distributed to Members on April 24 now consists of legislation reported out of ten standing committees, which was knit together with the cooperation of the committee chairmen. Those Committees contributing legislation are: Ways and Means, Energy and Commerce, Foreign Affairs, Banking, Education and Labor, Agriculture, Small Business, Merchant Marine, Government Operations and Public Works.

This summary, while far from exhaustive, is intended to give a comprehensive overview of the bill as reported by these committees. Any views expressed are, of course, those solely of the Export Task Force staff. Title VII, dealing with changes to the Tariff Schedules, is not covered here:

TITLE I. TRADE LAW AMENDMENTS

SUBTITLE A: FINDINGS AND POLICY

This new subtitle is comprised of a series of findings on the causes and effects of the U.S. trade imbalance, and the necessity of trade deficit reduction. It also sets forth a U.S. policy that the U.S. trade account shall be in equilibrium by 1992, and that the U.S. shall work towards a system of exchange rate stability. The President is directed to achieve these policy goals through fiscal and regulatory policy, international economic policy coordination, attacks on unfair trading practices and actions on Third World debt.

The President would be required to report annually on deficit reduction progress and to submit to Congress a statement regarding the impact of proposed legislation or regulations on U.S. competitiveness.

SUBTITLE B: NEGOTIATING AUTHORITY, ENFORCEMENT OF U.S. RIGHTS AND RESPONSE TO FOREIGN TRADE PRACTICES

Chapter 1: Trade negotiating authority and objectives

Since, constitutionally, trade negotiations are a Congressional responsibility, the President needs to obtain negotiating authority from Congress. This authority is contained in the Trade Act of 1974, and must be renewed periodically.

Tariff Cutting Authority.—The negotiating authority in sec. 101 was intended for use in the Tokyo Round, and expired in 1979. The bill would extend that authority to January 3, 1993. In negotiating tariff reductions, the President would be limited to a 60 percent reduction if a further reduction would have an adverse impact on the U.S. industry. Tariff reductions on import-sensitive goods must be phased in over a ten year period.

The bill provides five year authority to the President for negotiating with Canada for the reduction or elimination of tariffs.

Non Tariff Barriers.—Sec. 102 gives the President the authority to negotiate agreements to limit the use of non-tariff barriers. This authority was extended in 1979, and will expire in early 1988. This negotiating authority would be extended until January 3, 1991, with a possible 2 year extension. The President is specifically empowered to use this authority to propose legislation to implement the Harmonized Code of tariffs.

Bilateral Authority.—Extends authority to enter into bilateral trade agreements until January 3, 1993, and instructs the USTR to identify countries with which bilateral free trade talks might be pursued.

Negotiating Objectives.—In order to delegate trade negotiating responsibilities to the President, Congress must outline its objectives for those negotiations.

The bill states that the primary overall objectives of trade negotiations are the achievement of open, equitable and reciprocal market access, trade barrier reduction, and a more effective international trading system.

Specific objectives cited in HR 3 include: (a) the improvement of the GATT dispute settlement mechanism; (b) gaining GATT coverage for trade in services and agricultural products; (c) developing GATT mechanisms for the protection of intellectual property rights; (d) improving GATT procedures for "escape clauses;" (e) developing procedures to induce countries with persistent and large trade surpluses to lower those surpluses; (f) achieving greater coordination between international trade and monetary systems; (g) developing new rules for investment and technology transfer; (h) developing mechanisms for ensuring recognition of internationally recognized worker rights.

Conditions and Limitations.—H.R. 3 requires a report by the President on the extent to which the agreement achieves the negotiating objectives stated in the bill.

The bill requires the President to recommend that the benefits provided by the agreement (i.e. MFN status) be applied only to those countries which have participated in the negotiations and have assumed their share of responsibilities.

H.R. 3 provides compensation authority for any trade restrictions imposed by the U.S. which violate GATT commitments.

Authority is also provided to implement the U.S.-E.C. agreement on pasta and citrus.

Chapter 2: Enforcement of U.S. rights and response to unfair trade practices

Section 301 of the Trade Act of 1974 is the basic law used for taking action against unfair trade practices.

Authority to initiate an investigation would be transferred from the President to the U.S. Trade Representative (USTR). The USTR would also be empowered to implement any actions which are mandatory, subject to the direction of the President. The President would retain authority to implement actions recommended by the USTR in cases where such action is not mandatory.

H.R. 3 would require mandatory 301 action in cases where foreign exporters have violated an existing trade agreement, or committed some practice considered "unjustifiable." This action must be in an amount equivalent in value to the foreign burden or restriction. The choice of action is left up to the President, with preference given to tariffs.

Where an unfair foreign trade practice is considered "unreasonable" or "discriminatory," but does not violate an agreement, retaliation would remain discretionary. Mandatory retaliation would be waived if (a) the GATT determines the practice not to be in violation of an agreement; (b) the U.S. reaches a negotiated solution for the elimination of the practice or for compensation; (c) the President determines that action would not be in the national economic interest.

The bill would include foreign industrial targeting as an actionable 301 offense where the practice is, or threatens to be, a significant burden on a U.S. firm or industry. The type of action would be decided by the President, but must be in an amount equal to the burden. A "national economic interest" waiver is included, and if the President uses that waiver, he must convene a private sector panel to propose actions to improve the affected industry's competitiveness.

Also added to the list of "unreasonable" trade practices would be (a) the denial of internationally recognized worker rights, if no action is being taken to institute those rights; (b) the toleration of cartels or other anti-competitive activities; (c) lack of trade reciprocity, where applicable.

Further limitations on 301 cases would be set as follows: (a) all cases would require a determination of 301 applicability; (b) for non-GATT cases, recommendations must be issued within 18 months; (c) recommendations must be acted upon within 30 days, with a six month delay if progress is being made in negotiations.

Authority is given to the USTR to modify or terminate 301 actions, and to offer compensation in the event that 301 actions violate the GATT.

The USTR would establish an Office of Unfair Trade Investigations to prepare the Annual Trade Estimates report, identify certain cases for further action, and coordinate 301 actions.

The bill adds a new subsection to section 301 designed to reduce large and "unwarranted" bilateral trade surpluses with the U.S. This is a revised version of the Gephardt Amendment. In this new version, the USTR identifies major US. trading partners (over $7 billion in trade with the U.S.) which maintain excessive bilateral trade surpluses (exports to the U.S. which are 175 percent of imports from the U.S.) and which engage in a pattern of unfair trade practices. The USTR then must negotiate with these countries to eliminate the offending practices. If negotiations are not successful, the USTR would be required to take action against those practices in an amount equivalent to the burden caused by them. This provision could be waived for countries with substantial debt repayment requirements, or if action would cause substantial harm to the U.S. economy.

The Secretary of the Treasury would be required to determine whether an "excessive surplus" country maintains its currency at an artificially low exchange rate. If so, Treasury would be required to negotiate an agreement to remedy the undervaluation, or, failing that, to impose a tariff to achieve the same end.

SUBTITLE C: RELIEF FROM INJURY CAUSED BY IMPORTS

Chapter 1: Section 201

Section 201, also known as the "escape clause," is the law which allows the Administration to take actions to provide temporary relief to an industry which has been severely injured by imports. In ordinary circumstances, unilateral imposition of trade restrictions would be in violation of the GATT.

H.R. 3 would transfer final decisionmaking authority from the President to the USTR.

The bill authorizes temporary relief for perishable products, and provisional relief in the case of "critical circumstances."

An oft cited complaint with section 201 has been that those industries granted relief do not necessarily use that breathing space to modernize and restructure. In response to this, the bill allows for the submission, prior to the injury determination, of a statement proposing adjustment measures. The statement would be drafted by the petitioner in consultation with the rest of the industry and with government officials. The International Trade Commission (ITC), which make injury determinations and recommendations for relief, would consider adjustment plans when making its decisions, and must report annually on adjustment efforts.

H.R. 3 makes the following changes in injury determination procedures: (a) only domestic production capability can be considered; (b) capital formation capability must be considered; (c) factors relating to economic recession cannot be aggregated such that the sum of such factors outweights the injury caused by imports; (d) imports into geographically isolated areas may be disregarded.

The injury determination would have to be made within four months, and the remedy recommendations within two additional months.

If the ITC makes a positive injury determination in a 201 case, that industry would be eligible for expedited Trade Adjustment Assistance (TAA). The bill also provides that any revenues derived from import relief, such as tariffs or quota auction receipts, be placed in an Adjustment Assistance Trust Fund, for use in TAA retraining programs.

The ITC would be required to consider the impact of relief action on consumers, taxpayers, communities and workers.

In proposing relief measures, the ITC could recommend international negotiations to address the underlying cause of injury, or could recommend orderly marketing arrangements.

In the event of an affirmative determination of injury by the ITC, the USTR would be required to provide relief unless such action would threaten national security, or cause economic harm outweighing the benefits. The ITC could recommend modifications to relief measures, subject to USTR approval.

Chapter 2: Non-market economies

Since it is very difficult to make a dumping or subsidy determination in the case of imports from non-market economies, sec. 406 of the Trade Act of 1974 provides for a separate investigation and relief procedure covering those imports if they are found to be causing "market disruption."

The bill would make section 406 applicable for all "non-market economy" countries, lower the requirements for the law's applicability, and bring its standards closer to those used in other injury investigations. A variable tariff remedy could be applied, based on average domestic and import prices.

Chapter 3: Trade adjustment assistance

The Trade Adjustment Assistance (TAA) program is designed to provide retraining assistance to workers who lose their jobs due to increased international competition.

The bill provides for a system of training vouchers to fund training, remedial education or relocation. This allowance may also be used as a wage supplement for workers who take jobs paying less than their previous jobs. Educational institutions or firms which administer programs for displaced workers would be eligible for grants of up to $1 million.

The USTR would be required to seek an international agreement to permit an import fee to fund TAA, and if successful, to implement such a fee.

SUBTITLE D: COUNTERVAILING DUTY AND ANTIDUMPING LAWS

The bill adds a new provision on "diversionary dumping." This occurs when a product is dumped into a third market where it is incorporated into a product which is then shipped to the U.S. In order for a good to be subject to diversionary dumping penalties, the component in question must have already been subject to its own antidumping action in the U.S. H.R. 3 also contains procedures for monitoring the impact of antidumping and countervailing duties on U.S. imports of downstream products.

Several definitions would be expanded: (a) "domestic industry" would include only domestic operations of U.S. producers; (b) under certain circumstances producers or growers of raw agricultural products would be considered part of a processing industry; (c) "interested party" would include associations representing both growers and processors of agricultural products; (d) in order to prevent circumvention of final orders, certain unfinished goods would still be subject to duties even if they came in under different TSUS numbers.

The determination of whether a domestic subsidy is countervailable would be based on the actual effect of that subsidy, rather than on its legal nature. This provision is intended to deal with the natural resource subsidy question.

A new provision would be added to monitor and take swift action against foreign concerns which repeatedly dump.

In making injury determinations, the ITC would have to consider the cumulative impact of dumped or subsidized imports from two or more countries. The ITC would also have to disregard, in certain circumstances, imports into geographically isolated areas.

The Secretary of Commerce would be required to review the applicability of these import laws with respect to China in light of its economic reforms. CVD law would be more widely applied to non-market-economy countries.

H.R. 3 would prohibit refunds of antidumping or countervailing duties under duty drawback provisions.

The Antidumping Act of 1916 is amended to enhance the applicability of its provisions allowing for a private right of action in cases of persistent dumping. In cases where a firm has been gravely injured by dumping, it would be eligible for monetary compensation from an account funded by dumping duties.

SUBTITLE E: INTELLECTUAL PROPERTY RIGHTS—(SECTION 337, TRADE ACT OF 1930)

Section 337 covers unfair import practices in general, but has been used mainly in cases of intellectual property right violations.

H.R. 3 rewrites sec. 337, clarifying its use in intellectual property cases, and making a number of procedural changes.

The bill eliminates the injury requirement. Currently, in order for a patent or copyright owner to obtain action against the import of a product which represents an unauthorized use of that patent or copyright, the ITC must determine that a domestic industry is being injured by the practice.

Final decision-making authority would be transferred from the President to the USTR.

The USTR would be required to identify countries which persistently violate U.S. intelectual property rights and self-initiate 301 investigations of these practices. These 301 cases would have to be completed within 6 months.

SUBTITLE F: TRADE FUNCTIONS

Chapter 1: USTR

This section strengthens the role of the USTR, by placing that office in the lead position of U.S. trade policy development and implementation. It also transfers to the USTRA decisionmaking authority in section

406 and 337 cases, and with regard to the GSP.

A new Office of Unfair Trade Practices would be established in USTR to coordinate the identification of and action against unfair trade pracitces.

The interagency Trade Policy Committee is revamped, placing USTR at the chair, and including the Secretaries of Commerce, State, Treasury, Agriculture and Labor.

The USTR would be required to submit to Congress an annual statement outlining the Administration's trade policy agenda and its progress in achieving that agenda.

Chapter 2: ITC

The ITC would be required to conduct annual competitiveness assessments of key industries. The Commission would also undertake an ongoing monitoring of imports of products in threatened sectors.

The Trade Remedy Assistance Office at ITC would be enhanced.

SUBTITLE G: MISCELLANEOUS TRADE LAW PROVISIONS

National Security Import Controls.—Section 232 (Trade Expansion Act of 1962) provides procedures for restricting imports when they reach levels deemed to national security. This implies an excessive reliance on foreign sources for crucial products.

The bill reduces the time limit for conducting investigations from one year to 90 days, and requires subsequent action within 15 days, HR 3 also provides specific authority to implement the May, 1986 machine tool decision.

Miscellaneous.—The bill proposes scofflaw penalties that would prevent the importation of goods by any person convicted of, or assessed a civil penalty for, three separate violations of customs laws involving fraud or criminal culpability over a seven year period.

U.S. participation in the International Coffee Agreement is extended to October 1989.

Other provisions cover steel, coal, auto transport, watches and auto parts.

The penalties for mismarking the country of origin on imports would be increased.

TITLE II. TELECOMMUNICATIONS TRADE

This title is intended to ensure that U.S. providers of telecommunications goods and services receive the same treatment in foreign countries as the suppliers in those countries receive in the U.S.

The bill requires the USTR to indentify countries which have significant telecommunications markets and which do not allow equal access to U.S. firms. The USTR would then negotiate with these countries to open those markets. If negotiations fail, the President would be required to take certain actions to guarantee reciprocal telecommunications equipment market access. Furthermore, if any country does not uphold its agreement, the USTR is required to take actions to restore a balance of competitive opportunities. The provision also allows for compensation authority in the event that a U.S. action is illegal under GATT.

TITLE III. EXPORT ENHANCEMENT

SUBTITLE A: EXPORT PROMOTION

H.R. 3 establishes in statute the United States and Foreign Commercial Service, the Commerce Department's principle export promotion agency. The authority of the Service has existed only under Executive Order.

The Secretary of Commerce would be given the authority to upgrade the diplomatic status of a limited number of overseas Commercial Officers, to enable them to gain access to top levels of government. H.R. 3 also encourages the Secretary of State to appoint Commercial Officers as Consuls General in U.S. consulates which conduct primarily commercial business.

The Secretaries of State and Commerce would be required to periodically review and adjust the export promotion staffing of embassies, and the Chief of Mission in each commercially important country would be required to report annually on the export promotion efforts of that mission.

The Commerce Department would be required to place Commercial Officers in the office of the U.S. Executive Director of each multilateral development bank. These officers would assist U.S. firms in obtaining business generated by these bank's lending activities.

The bill authorizes the Commerce Department to conclude "cooperator" agreements with businesses or trade associations which seek to expand overseas markets. These groups, along with Commerce, would combine resources to promote overseas sales of specific types of products. This has been patterned after a program within the Agriculture Department. Cooperators would be authorized to detail individuals to the U.S. and Foreign Commercial Service to assist in the Service's market research efforts.

A special marketing initiative is proposed for Taiwan, Korea and Japan, designed to identify and promote export potential to these countries. In addition, services similar to those provided by the Commercial Service would be provided at the American Institute of Taiwan.

The Secretary of Agriculture would be authorized to expand the Department's overseas activities, and enhance the diplomatic status of a limited number of Foreign Agriculture Service officers.

An annual report on the economic policies of foreign countries is proposed, similar to the State Department annual report on human rights. This report, prepared by the State Department, would contain information on monetary and fiscal policy, exchange rate management, external debt policies, regulation of foreign industries, trade barriers, and the use of export subsidies.

An Export Promotion Data System, based on the Commercial Information Management System currently under development, would be given a statutory basis. This system would provide information to the public and private sectors on specific foreign markets with a high U.S. export potential.

The bill would establish a program to regulate companies that perform preshipment inspections.

SUBTITLE B: EXPORT CONTROLS

Controls on exports of petroleum products from Alaska would be tightened.

Exporters to China would become eligible for multiple export licenses, and would be allowed to ship any product to China for display at a trade show.

Reexport controls would be eliminated for COCOM countries. Reexport controls would no longer be imposed on certain quantities of parts and components shipped anywhere in the free world.

Certain low technology goods would no longer require export licenses. The list of both countries and products eligible for such treatment would be expanded.

The bill requires a reduction of approximately 40 percent in the Commodity Control List over three years, and provides for a quarterly review of the list, as opposed to the current annual review. Also subject to review upon request would be the list of products eligible for distribution licenses.

Foreign availability standards are clarified to include uncontrolled goods available in free world countries.

The bill states that goods are controlled on the basis of their overall functional characteristics and not solely on component parts.

Section 10(g) is clarified, restricting the role of the Department of Defense in reviewing licenses.

The proposal, contained in the Department of Commerce 1988 budget, for an export licensing fee is prohibited by this legislation. Also prohibited is the detaining or seizure of goods, that do not require an export license, by the Customs Service for more than 10 days without the Secretary of Commerce's authorization.

A new Western Regional Office would be established with authority to issue certain licenses.

An Export Administration Reform Commission is established.

SUBTITLE C: DEBT, DEVELOPMENT AND WORLD GROWTH

The bill calls on the President to continue efforts to coordinate macroeconomic policies with other industrialized nations, and to promote growth-oriented and trade liberalizing economic policies in developing countries.

A Sense of Congress resolution reaffirms support for the Overseas Private Investment Corporation (OPIC). The bill also increases the limit on direct investment financing from $15 to $25 million. This funding must be approved by the Appropriations Committee, but has no impact on the Federal Budget.

The bill provides an independent status within the State Department for the Trade and Development Program (TDP). TDP is designated as the primary agency for export promotion related to bilateral development projects, and is given responsibility for the aid portion of the 1983 mixed credit program.

H.R. 3 establishes an interagency group, chaired by the Secretary of Commerce, to develop a U.S. policy on countertrade, and recommend ways in which it might enhance U.S. development programs and export opportunities.

Under the bill, U.S. foreign aid funds could not be spent on the purchase of any goods and services from countries which are internationally competitive with U.S. firms, unless reciprocal treatment for bidding on their foreign aid projects is received.

SUBTITLE D: PROTECTION OF UNITED STATES BUSINESS INTERESTS ABROAD

The bill urges the Administration to make intellectual property protection a major objective in international negotiations, and sets forth goals towards this end.

SUBTITLE E: MISCELLANEOUS PROVISIONS

This subtitle amends the International Emergency Economic Powers Act (IEEPA) to prohibit the President from restricting imports of informational materials.

A new Cabinet level commission is created to coordinate increased bilateral economic and commercial relations with Mexico, with a view towards an agreement on free trade.

TITLE IV: INTERNATIONAL FINANCIAL AND TRADE POLICY

SUBTITLE A: COMPETITIVE EXCHANGE RATE

The bill states that the negotiation of a competitive exchange rate value of the dollar in tandem with greater international economic coordination should be a priority of the President in international economic agreements. When the dollar falls outside of a range consistent with the economic fundamentals, the President would be required to initiate bilateral negotiations to correct it.

The bill directs the U.S. monetary authorities to intervene "as appropriate" in foreign currency markets to maintain this level. The only requirements specified are a report on the progress made in achieving a competitive exchange rate (semiannually), and a yearly report on the impact of international capital flows on the value of the dollar and U.S. trade.

SUBTITLE B: THIRD WORLD DEBT MANAGEMENT ACT

Chapter 2: International debt management and economic growth

The bill instructs the Secretary of the Treasury to investigate the possibility of issuing one time Special Drawing Rights (SDR's) to smaller and poorer nations for the specific purpose of reducing their official debt. A report must be submitted to Congress within three months of enactment of this bill.

H.R. 3 calls on the Treasury to negotiate on the possibility of establishing an international debt adjustment facility to manage the debt problem. The facility would be authorized to purchase sovereign debt at a discount and negotiate for its restructuring or retirement. The facility would also encourage surplus nations to increase their investments in the Third World. The Secretary of the Treasury should determine the assets of the World Bank and the IMF could be used in setting up this authority.

With respect to loans from Multilateral Development Banks, the bill provides that United States firms should be given fair access to the bidding opportunities available. Also a Foreign Commercial Service Officer should be appointed to serve with each of these institutions.

The bill requires the Secretary to ensure the effectiveness of the structural adjustment lending activities of the World Bank.

H.R. 3 instructs the Federal Reserve to enforce equal access for American companies in foreign countries' government securities markets.

The International Monetary Fund (IMF) must also report on the impact of their economic adjustment programs and their attempts to secure commercial and international financing of the debtor nations.

Chapter 3: Insuring the stability of the international financial system.

The bill requires the Treasury to report on any changes necessary in the regulation of U.S. capital markets and private financial institutions that would assist in resolving the debt crisis. The Secretary would also instruct the IMF and the World Bank to initiate discussions on increasing their roles in mobilizing private capital.

The Federal Reserve and the Treasury are instructed to adopt a more flexible procedure on Third World Debt by offering those banks involved options for rescheduling debt service payments. The options are: additional funds; debt forgiveness; interest reduction; debt-equity swaps; or an combination of those.

Chapter 4: Multilateral Investment Guarantee Agency (MIGA)

The bill authorizes the President to accept U.S. membership into the MIGA, and places a cap of $22 million in paid-up capital contributions for FY88.

SUBTITLE C: COMPETITIVE TRADE PRACTICES

H.R. 3 amends the Trade and Development Act of 1983 with respect to the Tied Aid program to require: (a) a simple majority for decisions of the National Advisory Council; (b) a semiannual Presidential report on the use of the Tied Aid fund and an evaluation of the possibility of introducing less stringent prepayment standards for the major debtor nations; and (c) a report by the Export-Import Bank on possible expansion of their loan guarantee authority with respect to U.S. exports to LDC countries.

SUBTITLE D: COUNCIL ON INDUSTRIAL COMPETITIVENESS

This subtitle establishes a Council on Industrial Competitiveness as an advisory committee to the President. The body would review, develop and promote ideas to enhance U.S. export promotion and competitiveness and coordination the efforts of the major departments involved in these activities. The sixteen member Council would include four individuals from each of the following sectors: business, academia, labor and Federal and state government.

SUBTITLE E: EXPORT TRADING COMPANY AMENDMENTS

The bill amends the Export Trading Company Act of 1982 to ease regulations to encourage greater use of bank related ETCs. It prohibits the Federal Reserve from imposing a dollar limitation on an ETC's inventory, except on a case by case basis. H.R. 3 provides a two year start up period before imposing the requirement that 50 percent of a bank related ETC's revenue should be generated from export activities. Fees from facilitating third party trade will be included as export revenue. In addition, the permitted leverage ratios between assets and capital to form an ETC will be increased.

TITLE V: EDUCATION AND TRAINING

This section of the bill contains provisions to enhance educational and training programs, aimed at increasing the technical knowledge and skills or workers and management, as well as foreign language skills and cultural awareness to improve the competitiveness of American industry.

SUBTITLE A: EDUCATION

Several grant programs are created to disburse funds to eligible state education agencies and the other at institutes of higher learning. This section authorizes a total of $501 million for FY 88.

The bill authorizes the Secretary of Education to make grants to state educational agencies for specific programs. The funds are allocated as follows: literacy training, $102 million; vocational education, $52 million; mathematics and science, $50 million; elementary and secondary foreign languages, $50 million; postsecondary mathematics, languages and science, $10 million. Grants are also given for the following: business and technology education, education telecommunications, and education and training software.

H.R. 3 bill authorizes the funding of grants to cover not more than one half the cost of programs within colleges and universities aimed at improving training for teachers of mathematics, science, and foreign languages.

Of the authorized funding of $100 million per year for this program, one half would be spent on summer teacher training and education partnership programs, and one half on instructional equipment for undergraduate teacher training.

The bill establishes a $85 million fund to upgrade college and University research facilities requiring that the funds be matched on a 50:50 basis.

SUBTITLE B: TRAINING

H.R. 3 authorizes $980 million for Basic Readjustment Services, a Worker Readjustment Training Program and a Federal Readjustment Program amending the Job Training Partnership Act (JTPA).

The Governor of each state is required to establish worker readjustment councils and designate areas of their state as "substate." These areas would then qualify for Basic Adjustment Services. This would entail a combination of job training, counseling, job search, and relocation assistance. The amount given would be dependant on various factors including: lay off and unemployment statistics. The bill is designed to provide assistance in anticipation, and in response to, lay offs. A dislocated worker unit (DWU) would be set up in each state to provide a "rapid response" to any actual or future mass dislocation of workers.

Worker Readjustment would include classroom and occupational training, relocation and job search and basic or remedial education. These programs would be aimed at assisting workers displaced by their employer's efforts to modernize production methods in order to remain internationally competitive. Eligible workers would be those whose skills became obsolete, or who were laid off due to increased automation.

The Secretary of Labor would have discretion over the Federal Readjustment Program providing industrywide, multistate and mass lay off projects and any technical services providing readjustment assistance.

$50 million is authorized for the development of computerized job information and matching capabilities within the U.S. Employment Service, and $50 million is authorized for states to implement computerized job bank systems.

A study on the dislocation of farmers and ranchers by the Secretary of Labor is required by the bill.

The Secretary of Labor would be required to submit an annual report to Congress identifying countries and enterprises which fail to adhere to internationally recognized worker rights.

TITLE VI: AGRICULTURE

A new office is established to monitor unfair trade practices in agriculture, and another office is established to aid victims of such practices.

A Long Term Agricultural Trade Strategy report, to be filed by the Secretary of Agriculture, would establish export goals and strategies for 1, 5, and 10 year periods for all commodities and value-added products. The bill would require a report on the extent to which U.S. food aid policies serve direct market development objectives, and would establish an Office of Food Aid Policy.

Commodities owned by the Commodity Credit Corporation would be available to cooperator programs, and to assist in countervailing duty actions.

A program of Agricultural Aid and Trade Missions is established.

The bill contains provisions relating to casein, tobacco, roses, beef, citrus, honey, poultry.

TITLE VII: FOREIGN CORRUPT PRACTICES AND ADJUSTMENT PLAN REVIEW

Foreign Corrupt Practices Act (FCPA).—The FCPA is the principal statute for preventing bribery and other illegal methods of doing business. The statute is a part of the Securities and Exchange Act.

A new culpability standard is proposed. The bill eliminates the "reason to know" standard under which an individual would be liable if he had reason to know that money he had paid out was to be used for a bribe made by someone else. This standard is replaced with two standards. If the individual has acted in a "reckless" manner, he would be liable for civil penalties, and if he actually had "knowledge" of the bribe, he would be liable for criminal penalties.

The bill also clarifies the standards for so called "grease payments." In the current statute, payments are permitted to individuals whose duties are primarily "ministerial or clerical." The bill changes this to allowing payments to secure a "routine" service, such as clearing customs, or expediting paperwork.

Adjustment Plan Review.—A review committee, chaired by the Secretary of Commerce and consisting of the USTR and Secretaries of Labor and Treasury, would be established to oversee the implementation of adjustment plans instituted in conjunction with relief under section 201. This committee would have the authority to recommend to the USTR that relief be terminated if the adjustment plan is not being carried out according to the original relief recommendation.

Registration of Foreign Investment.—Under this new provision, all foreign persons acquiring a significant interest in a U.S. business would have to register with the Secretary of Commerce. The Secretary would be required to keep a public record of all such registrations.

TITLE IX: UNITED STATES TRADE AND COMPETITIVENESS PROVISIONS

A competitiveness impact statement would be required, for any action by the Federal Government that might affect international trade and competitiveness.

A United States National Trade Data Bank is established in the Department of Commerce.

The Secretary of Commerce would be given oversight of efforts of foreign citizens to gain any control over persons engaged in interstate commerce that may threaten national security interests or the essential commerce of the United States. He shall also investigate the availability of resources, the capacity of domestic industry, and the production needed to meet the requirements of national defense and essential commerce.

The bill stipulates that the Commerce Department should recommend methods to reduce the existing barriers to bilateral trade with Mexico, including the stimulation of joint investment and coproduction by the two countries.

This title would require the U.S. Trade Representative (USTR) to investigate practices of the Government of Japan that impede the establishment and growth of trade in architectural, construction and other consultative services.

Upon receipt of a Department of Energy study on the impact of imports of crude oil production and refining capacity in the United States, the USTR would recommend appropriate action that may be necessary.

A program is established to provide funding for the development of semiconductor technology. $100 million is authorized for each of the next five years.

American firms engaging in countertrade would be required to report large transactions to the Department of Commerce.

TITLE X: BUY AMERICAN ACT OF 1987

A reciprocity provision is added to the Buy American Act of 1933, providing that Federal Agencies shall not procure goods from countries that do not subscribe to the standards of the GATT Government Procurement Code.

The President must file an annual report on the procurement practices of foreign governments, and take appropriate action against noncomplying countries.

TITLE XI: OCEAN TRANSPORTATION PRACTICES

The Federal Maritime Commission is required to investigate maritime trade practices which are alleged to discriminate against U.S. carriers. If such unfair practices are found, the country shall be subject to negotiations, or penalties should no negotiated solution be arrived at.

TITLE XII: INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES

Amends the International Air Transportation Fair Competitive Practices Act of 1974 to provide time limits for taking action on complaints. After taking such actions, the Secretary of Transportation would be required to report the results to Congress.

The views of the USTR and the Department of Commerce would be taken into account in the resolution of disputes.

TITLE XIII: SMALL BUSINESS

The bill is designed to increase the international competitiveness of small business in the United States, by enhancing their ability to export, facilitating the transfer of technology and access to long term capital, and increasing their ability to compete against imports.

Section 3 outlines proposals to reform the International Trade Office of the Small Business Administration (SBA). It advocates greater federal, state and local cooperation in developing and promoting small business exports. The legislation directs the Office to assist in the identification of possible export products, markets for those products, and to prescreen foreign buyers for commercial and credit purposes. It is directed to assist in forming trading companies and to provide certain language services. The Office is charged with more actively publicizing and assisting small businesses to finance those exports. Small business must make full use of the programs of the Export-Import Bank, other Administration financing and additional financial intermediaries and services. The Administration is authorized, under section 5, to provide extentions of financing of up to three years and revolving lines of credit for export and pre-export financing purposes.

The bill would establish a Trade Assistance Division within the International Trade Office. In cooperation with the other relevant Federal agencies, this division should render advice and technical service to small businesses seeking access to U.S. trade laws and trade remedy procedures.

Section 4 of the bill requires numerous reports from the SBA including: (a) the effect of state tax systems on small business' competitiveness; (b) methods to streamline trade remedy procedures with relation to the access by small business; (c) the viability and cost of implementing an export incentive program.

The Small Business Development Centers would be authorized appropriation of $5 million for FY 88 in their role in export promotion and technology transfer. The Centers can also apply for additional funds from a $15 million pool. Section 6 also recommends continued and greater cooperation between the academic and business communities, to facilitate the transfer of technology. The Centers are directed to becoming more involved in marketing available financing program with a view to becoming a distribution network and service delivery mechanism for Exim Bank programs.

Under Section 7(a), the SBA loan guarantee limit is increased to $1 million from $500,000 for the purchase of capital for the production of goods involved in international trade, provided those loans are sold in the secondary market.

Provisions are included to try and develop the Small Business Innovation Research Program (SBIR). Section 8 requires the SBA to report on the viability of increasing each agencies' share of R&D to 3 percent of total extramural R&D expenditure. The major agencies involved are the Department of Defense and NASA, as well as the Departments of Commerce, Agriculture, Energy, Transportation, Health and Human Services, and Education.

Under the title of "Globalization of Production," the SBA is required to report on the effect of increased outsourcing of U.S. firms, the impact of economic policy on outsourcing and any necessary policy changes. Section 10 requires the Administration to conduct a National Conference on Small Business Exports in 1988.

□ 1300

Mr. QUILLEN. Mr Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. WOLF].

Mr. WOLF. Mr. Speaker, I want to thank the gentleman from Tennessee for yielding me this time.

Mr. Speaker, my purpose for rising is to thank Chairman PEPPER of the Rules Committee and Congressman QUILLEN, the ranking Republican, for their courtesy in giving Congressman HALL and myself the opportunity to offer this amendment to suspend the most-favored-nation status for the country of Romania as a result of some of their persecutions and violations of human rights.

I also want to thank especially Congressman HALL for his efforts in this behalf of the leadership and all the members of the Rules Committee for their courtesy in giving us this opportunity.

Mr. QUILLEN. Mr. Speaker, I yield 8 minutes to the gentleman from Ohio [Mr. LATTA].

Mr. LATTA. Mr. Speaker, I take this time to point out something that I found lately that has been incorporated into this bill that seems to go contrary to what we are attempting to do, and that is revitalize American industry and to do something about the unfair trade balance that we have; but lo and behold, we find in the special so-called provisions of this bill on page 773 a provision that would permit through September 30, 1988, the duty-free treatment of television picture tubes coming into the United States 30 inches and over.

Now, everybody knows that we are going to larger television sets in the United States, but here in this bill now we are going to say that we are going to establish a precedent for the importation—and I might say specifically from Japan and like nations—of importing television tubes 30 inches and larger duty free—duty free.

Now, what is this going to do to a company like Philips that employs about 3,000 people making television tubes in my district, precisely in Ottawa, OH, who have plans to go forward and make a larger television tube than 30 inches?

Well, it is going to mean precisely this, that undoubtedly they will abandon those plans.

On yesterday when this matter came before the Rules Committee, there was some dispute as to whether or not the television industry had accepted this. What they had more or less agreed to was a television tube 35 inches or larger, not 30 inches, but 35.

At the last moment before this bill was reported out of the committee, an amendment was put in and adopted without proper discussion.

On yesterday I received a wire from Iva M. Wilson who is the president of the Philips ECG Corp., a manufacturer of television tubes. There are not very many of them left in the United States actually. There are only about three companies that produce television tubes in any quantity.

It says:

APRIL 27, 1987.

Hon. DELBERT LATTA,
House of Representatives, Washington, DC.

DEAR CONGRESSMAN LATTA: As you know, legislation has been reintroduced in the 100th Congress that would amend the tariff schedules of the United States regarding the classification of color picture tubes. The purpose of the amendment is to close a loophole in the TSUS created by an incorrect administrative ruling which has had the effect of permitting the importation of color television picture tubes at a 5 percent duty rate as opposed to the 15 percent duty rate intended by Congress. This current circumvention of the 15 percent rate by foreign importers threatens the continued existence of the U.S. television tube industry and the jobs of thousands of U.S. workers.

Legislation to correct this problem is included in the miscellaneous tariff provisions (section 811) of the trade bill that was passed by the full House Ways and Means Committee in March 1987.

The tube bill exempted tube sizes of 12 inches and smaller and 35 inches and larger because domestic manufacturers recognized that those sizes would not be manufactured in the U.S. in commercially significant quantities. However, a last minute amendment to the tariff section during closed mark-up by the full Ways and Means Committee was introduced by Congressman MATSUI, and passed by the committee, which suspends the import duty on color picture tubes 30 inches and larger through September 1988.

This amendment, if passed as part of the trade bill would have the effect of substantially discouraging Philips ECG, Inc. from expanding its product line to include tubes larger than 30 inches. As we discussed during our visit last month, our business plan currently under review to produce a tube larger than 30 inches has determined that duty-free entry of foreign tubes through September 1988 will make it extremely difficult to justify the substantial initial investments needed to manufacture this new product. This additional competitive disadvantage will also threaten the survival of domestic television set manufacturing.

I urge this exemption be deleted.

IVA M. WILSON,
President, Philips ECG, Inc.

As I say, this is a telegram of Iva M. Wilson, the president of Philips ECG Inc., maker of television sets in the U.S.A. not some foreign land, but in the United States.

Now, I ask, what is happening, what happened? I do not know, but we are precluded by this rule naturally from offering an amendment to the bill because you had to have an amendment in even before the bill was reported out. You know, those things are kind of silly. We had no chance to examine it.

We should not pass those kinds of rules, but we do. Hopefully during the progress of this bill through the Congress, this Congress will wake up to what they are doing to one industry.

Now, how many other little amendments such as this have been tucked in at the last minute that our domestic industry did not know about?

We ought to have the time to examine this huge document. This is a bill like a Sears Roebuck catalog. We should have had an opportunity to examine it before we pass it.

We may be doing harm to domestic industries that none of us want to do, but we are precluded under this rule from even offering the amendment and having it properly considered on this floor.

Certain when it gets to the other body this is going to be brought to their attention. Maybe that body will correct it; but I am calling it to the attention of the American people now what you are attempting to do and what you are doing to an industry basic to our country and what you are going to do to thousands of people who are employed in this industry by these kinds of amendments.

Now is the time to correct them, not to say it is only until September 30, 1988.

Well, now, what is going to happen? These companies that have plans to go forward in the United States with these tubes are going to wait and see what happens at the end of September 30, 1988. In the meantime, these foreign competitors are going to be gearing up and sending those television tubes into this country. They are going to be doing that.

What is ahead of us? Our companies will be sitting back and saying, "What will the Congress do with that date come September 30, 1988? Will the Congress extend that date?"

We do not know. They cannot make plans. They do not know.

□ 1310

We should not put American industry in that kind of a box. Hopefully this Congress will correct this situation before this legislation goes to the President of the United States.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Philips manufactures Magnavox TV's in my district in two locations. This amendment and the bill should not have been allowed to have been placed in a position where it could not be amended. Actually the gentleman from Ohio has made a very persuasive argument, as he did in the Rules Committee when he offered an amendment to correct the size of the tube from 30 to 35 inches.

We did not get any support except on our side of the aisle. Many thousands of people work in my district manufacturing Magnavox and Sylvania, and the result of this trade bill in that instance is shocking.

I congratulate the gentleman from Ohio for his very persuasive arguments, and I wish that there was a remedy so that we could correct the situation, but I am sure that the other body will take a look.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I am happy to yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I wish at this time to mention, since the gentleman has indicated Magnavox in his district, that I learned this morning through President Wilson that a similar telegram had gone out yesterday from Mr. Johnson, who is the president of Magnavox, in opposition to this provision in this bill. So the gentleman speaks for the people and the company in his district when he speaks out against it.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise on this floor to oppose the rule and to flog the Rules Committee and the Speaker a little bit today. Sometimes, Mr. Speaker, a man can outsmart himself.

Mr. Speaker, I flew back from Glens Falls, NY, yesterday to testify before the Rules Committee, because I had a very important amendment to offer to this bill which would strike a section that, if not taken out, will seriously affect the national security of the United States of America.

I really am surprised at the Rules Committee for not even bothering to consider this amendment. In the bill, Mr. Speaker, is a section which takes away from the Defense Department the authority to regulate trade between 15 countries outside of the Warsaw Pact and outside of NATO. If I were to read these names right now, Members would fall off their chairs.

The gentleman from Florida [Mr. PEPPER], whom I have the greatest respect for, who is probably the most anti-Communist Member of this body, is going to stand here and vote for a piece of legislation which is going to take away the authority of DOD to tell American industry whether or not they can sell or give away or allow to be counterfeited or stolen American technology that will hurt the national security of this country.

It will be a cold day in Hell, Mr. Speaker, when I vote for any bill that is going to hurt the security of this Nation. As one Member who has one of the highest voting records for Ronald Reagan and who went against him on the textile trade bill last year, even voted to override my President, who I think is the greatest President that this country has ever had, the gentlemen in their shortsightedness have just lost me, and they have just lost a few others who are going to put the security of the country first. When the President vetoes this trade bill and it comes back before this body, myself and maybe those eight or nine others who may have voted for this bill in the long run are going to vote to sustain that veto, and what the gentlemen supporting this legislation wanted to achieve will have gone down the drain.

Mr. PEPPER. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Speaker, I would just like to call the attention of my colleagues to an amendment which has been made in order or will be made in order by this rule and offered by myself tomorrow.

The general thrust of our bill, H.R. 3, deals with unfair trade practices. I think that that is a proper thrust for this bill to take. It also deals with export promotion, with making our country more competitive.

On missing factor is one which is a major ingredient in our trade deficit, and that is our large fiscal deficit. The amendment that I offer will require the President in the submission of his budget, and also the House and Senate budget committees in the submission of budget resolutions, to provide the budget competitiveness impact statement which will outline and draw the relationship between the fiscal policies implicit in the President's budget and in the Senate and House budget resolutions, and our large trade deficit, and what the fiscal policy is likely to result in by way of trade deficits during the coming fiscal year.

I think that this amendment, if it is adopted, will be an important addition to the overall package that we have and will give it balance and indicate to the American people that we are fully aware that it is not just unfair trade practices, but also our own fiscal policies which cause our problems.

Mr. QUILLEN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. GRAY of Illinois). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. QUILLEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 326, nays 83, not voting 24, as follows:

[Roll No. 67]

YEAS—326

Ackerman
Alexander
Anderson
Andrews
Applegate
Aspin
Atkins
AuCoin
Baker
Barnard
Bates
Beilenson
Bennett
Bereuter
Berman
Bevill
Biaggi
Bilbray
Bliley
Boehlert
Boggs
Boland
Bonior (MI)
Bonker
Borski
Boucher
Boxer
Brennan
Brooks
Brown (CA)
Bruce
Bryant
Bustamante
Byron
Campbell
Cardin
Carper
Carr
Chandler
Chapman
Chappell
Cheney
Clarke
Clay
Clinger
Coats
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Crockett
Daniel
Darden
Davis (MI)
de la Garza
DeFazio
Dellums
Derrick
DeWine
Dicks
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
Emerson
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Fish
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Frank
Frenzel
Frost
Gallegly
Gallo
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gordon
Gradison
Grant
Gray (IL)
Gray (PA)
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Harris
Hastert
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefner
Henry
Hertel
Hiler
Hochbrueckner
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Ireland
Jacobs
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Konnyu
Kostmayer
LaFalce
Lagomarsino
Lancaster
Lantos
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (GA)
Livingston
Lloyd
Lott
Lowery (CA)
Lowry (WA)
Luken, Thomas
MacKay
Madigan
Manton
Markey
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McGrath
McHugh
McMillan (NC)
McMillen (MD)
Meyers
Mfume
Mica
Michel
Miller (CA)
Miller (OH)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moody
Moorhead
Morella
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Panetta
Parris
Patterson
Pease
Penny
Pepper
Perkins
Pickett
Pickle
Price (IL)
Price (NC)
Quillen
Rahall
Rangel
Ravenel
Ray
Regula
Rhodes
Rinaldo
Ritter
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Saiki
Savage
Sawyer
Scheuer
Schneider
Schuette
Schulze
Schumer
Sharp
Shaw
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Sundquist
Swift
Synar
Tallon
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weiss
Weldon
Wheat
Whitten
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)

NAYS—83

Archer
Armey
Badham
Ballenger
Bartlett
Barton
Bateman
Bentley
Bilirakis
Broomfield
Brown (CO)
Buechner
Burton
Callahan
Coble
Craig
Crane
Dannemeyer
Daub
Davis (IL)
DeLay
Dickinson
Dornan (CA)
Dreier
Edwards (OK)
Fawell
Fields
Gekas
Gingrich
Grandy
Gregg
Hansen
Herger
Holloway
Hopkins
Houghton
Hunter
Hyde
Inhofe
Kasich
Kemp
Kolbe
Kyl
Latta
Lewis (CA)
Lewis (FL)
Lightfoot
Lujan
Lungren
Mack
Marlenee
Martin (IL)
McCandless
McEwen
Miller (WA)
Nielson
Oxley
Packard
Pashayan
Petri
Porter
Ridge
Roberts
Roth
Saxton
Schaefer
Schroeder
Sensenbrenner
Shumway
Slaughter (VA)
Smith (NE)
Smith (TX)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Stump
Sweeney
Swindall
Tauke
Vucanovich
Walker
Weber
Whittaker

NOT VOTING—24

Akaka
Annunzio
Anthony
Boner (TN)
Bosco
Boulter
Bunning
Dingell
Ford (TN)
Goodling
Hefley
Hoyer
Lipinski
Lukens, Donald
McCollum
McKinney
Nelson
Pursell
Richardson
Smith, Denny (OR)
Spence
Stangeland
Williams
Young (FL)

□ 1330

The Clerk announced the following pair:

On this vote:

Mr. Akaka for, with Mr. Boulter against.

Mr. CALLAHAN and Mr. MILLER of Washington changed their votes from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 3.

The SPEAKER pro tempore (Mr. Gray of Illinois). Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 151 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3.

□ 1339

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3) to enhance the competitiveness of American industry and for other purposes, with Mr. Beilenson in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

The gentleman from Illinois [Mr. Rostenkowski] will be recognized for 30 minutes, the gentleman from Tennessee [Mr. Duncan] will be recognized for 30 minutes, the gentleman from Washington [Mr. Bonker] will be recognized for 30 minutes, the gentleman from Michigan [Mr. Broomfield] will be recognized for 30 minutes, the gentleman from Michigan [Mr. Dingell] will be recognized for 30 minutes, the gentleman from New York [Mr. Lent] will be recognized for 30 minutes, the gentleman from Rhode Island [Mr. St Germain] will be recognized for 30 minutes, the gentleman from Ohio [Mr. Wylie] will be recognized for 30 minutes, the gentleman from Texas [Mr. de la Garza] will be recognized for 15 minutes, the gentleman from Missouri [Mr. Emerson] will be recognized for 15 minutes, the gentleman from California [Mr. Hawkins] will be recognized for 15 minutes, the gentleman from Vermont [Mr. Jeffords] will be recognized for 15 minutes, the gentleman from Texas [Mr. Brooks] will be recognized for 15 minutes, the gentleman from New York [Mr. Horton] will be recognized for 15 minutes, the gentleman from Wisconsin [Mr. Kastenmeier] will be recognized for 15 minutes, the gentleman from New York [Mr. Fish] will be recognized for 15 minutes, the gentleman from North Carolina [Mr. Jones] will be recognized for 15 minutes, the gentleman from Michigan [Mr. Davis] will be recognized for 15 minutes, the gentleman from California [Mr. Mineta] will be recognized for 15 minutes, the gentleman from Georgia [Mr. Gingrich] will be recognized for 15 minutes, the gentleman from New York [Mr. LaFalce] will be recognized for 15 minutes, and the gentleman from Pennsylvania [Mr. McDade] will be recognized for 15 minutes.

The Chair recognizes the gentleman from Illinois [Mr. Rostenkowski] for 30 minutes.

□ 1340

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 3. This legislation marks one of those frequent occasions in the legislative process where we are called upon to outline a course of action which will influence the entire world economy. It has become clear to many that the world trading system is not functioning and that reform is needed. But the question we face is how to achieve these reforms in a constructive manner that will foster growth and economic prosperity around the world. This calls for wisdom, fairness, and impartiality on our part. It is a formidable challenge.

Next month, we celebrate the 200th anniversary of the Constitutional Convention. The task which faced those 55 men who gathered in Philadelphia in May 1787 was a difficult one. The existing form of government was not working well. Their challenge was to create a new governmental framework that was strong, responsive, and balanced. For months they argued, they debated, and they compromised. In the end, their struggle was well worth it, for they produced an historic document which has endured for two centuries and provides the foundation for the greatest democracy in the world.

The challenge before us now is in many ways similar, and should be taken no less seriously. Our Nation stands at a crossroads to our economic future. Our trade and current account deficits have deteriorated to levels unmatched by any other country at any other point in history. We have backpedaled from being the world's largest creditor to the world's largest debtor nation. Day by day the jobs of American factoryworkers, farmers, and engineers are being displaced by foreign competition. If we do not reverse these trends—soon—we may shortly find ourselves in a position where it is totally out of our control.

But I am not here today to tell you about the problem—everyone in this Chamber is familiar with the trade problem we face. I am here to urge my colleagues to support this bill, H.R. 3, as part of the needed solution.

The Committee on Ways and Means reported titles I, II, and VIII of H.R. 3 after lengthy public hearings and thorough consideration in both the Subcommittee on Trade and the full committee. These titles deal comprehensively with changes sought in U.S. trade laws within the committee's jurisdiction. The committee reached an overwhelmingly bipartisan consensus on these provisions as reflected in the recorded vote of 34 to 2 in ordering the amended bill reported.

The proposal reported by the Committee on Ways and Means has tough provisions directed at foreign unfair trading practices. The committee bill presents an unequivocal demand to our trading partners for free and fair trade. Among its features:

First, mandatory, dollar-for-dollar retaliation against excessive surplus countries with unfair trade barriers.

Second, mandatory action under section 301 of the Trade Act against any country that violates GATT rules.

Third, new remedies against foreign industrial targeting practices, worker rights abuses, diversionary dumping, multiple dumping, and resource subsidies.

Fourth, mandatory negotiations and actions against countries that commit violations of U.S. intellectual property rights.

Fifth, improvement of our import relief laws to make temporary import relief for injured industries easier to obtain.

Sixth, strengthening of USTR and centralization of U.S. trade policy in one place within our Government to better enforce our unfair trade laws.

Let me clarify one important point: The Committee on Ways and Means did not delete the Gephardt provision that was in last year's bill. Rather, we modified it in light of criticisms we have received to make it more workable, fairer, and more defensible internationally. It bears many similarities to Mr. Gephardt's proposed amendment, with the major difference being the remedy or sanction we impose on countries that fail to reduce barriers. Our bill mandates mirror retaliation against unfair barriers, while the Gephardt amendment mandates automatic 10-percent annual reductions in trade surpluses.

For reasons I shall outline later, I intend to vote against the Gephardt amendment.

In summary, H.R. 3 is tough, yet balanced trade legislation. It strengthens U.S. trade laws to improve the competitiveness of American industry and to remove foreign unfair trade practices. It limits Presidential discretion in taking actions to promote and protect U.S. trade interests, and strengthens our ability to negotiate with our foreign trading partners for more fair, open, and reciprocal global trade relations.

The Committee on Ways and Means has worked long and hard on this bill. Let me particularly compliment the leadership and hard work of the able Trade Subcommittee chairman, SAM GIBBONS. We struggled over the more controversial portions of its predecessor, H.R. 4800, and improved them to the satisfaction of both Democrats and Republicans. We have drafted a bill which benefits American exporters, American manufacturers, American workers, and American consumers. It sets national interests above party interests. And it sets action above words.

The future of our Nation depends in part on what we do on this bill this week—just as it depended on the work of that group of delegates which gathered in Philadelphia 200 years ago. The eyes of the Nation, and the world, are upon us. Let's have the courage and the foresight to do what is right for our Nation's future in tomorrow's world economy.

□ 1350

Mr. DUNCAN. Mr Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of the Ways and Means Committee substitute for H.R. 3.

It is my view that the United States must have a bipartisan trade policy with which to approach the rest of the world. I think this bill could be a fundamental part of such a policy. It is a good piece of legislation which is made all the stronger because of the bipartisan way in which it was developed. Improvements still need to be made, but we have come a long way.

Our committee chairman, DAN ROSTENKOWSKI and the chairman of our Subcommittee on Trade, SAM GIBBONS, made possible a process whereby Republican Members, Democratic Members, and the administration worked together to hammer out provisions almost all can endorse at this point. Some problems remain to be worked out. However, the ultimate goal of getting the President's signature is within reach—something few of us could have foreseen when H.R. 4800 was reintroduced as H.R. 3 in January.

The centerpiece of this bill remains the grant of authority to the President for the Uruguay round of trade negotiations. A successful new round is crucial to our economy, and the rules governing international trade need to be strengthened and expanded to address the unfair trade practices confronting U.S. businesses in the world marketplace. H.R. 3 would grant tariff authority for a period of 6 years and nontariff authority for 3 years, renewable for an additional 3 years if needed.

Despite our keen interest in overseeing trade policy, including negotiations, it is not possible for all 535 of us here in the Congress to negotiate trade agreements with the rest of the world. Therefore, we have to delegate that authority to the executive branch. This time around, however, we have done it a little differently. The negotiating authority is combined with detailed negotiating objectives.

This legislation insists that the President return to us with substantial achievements, and our support for the Uruguay round process will be measured against these objectives.

As we have seen in recent weeks, trade tensions are escalating around the globe. We face a difficult balancing act, between defending our domestic industries and respecting international rules. In this substitute for H.R. 3, I think we have been successful in reworking the trade statutes to do their job much better.

We have expanded section 301 to cover newer unfair trade practices, such as targeting and dumping in third country markets. We agreed that the USTR should both investigate unfair trade practices and take action against them. These changes rest on the belief that if the President—any President—continues to be able to take into account every possible foreign policy consideration when developing responses to illegal practices, support for a free trade system will vanish. We acknowledge that the USTR will be acting in consultation with the President, but in our bill, the buck stops with the USTR.

We have made significant improvements in section 201, the statute that protects American firms from import surges. Here, we've devised a fairer injury standard. In determining whether an industry has been seriously injured by increasing imports and therefore is entitled to relief, the new law would net-out the effect of a recession on that industry. This keeps the focus of the statute on the trade impact rather than overall macroeconomic factors. Also, if irreparable harm is occurring to an industry, or if foreigners are rushing in imports to beat the arrival of relief, protective action will come more quickly.

On the adjustment side, we expanded the trade adjustment assistance program for workers, and created a process whereby companies are encouraged to develop plans for retooling so they will be prepared to face foreign competition in the future. We have done this without resorting to elaborate industrial policy boards that only intrude into independent business decisions.

Amendments to the countervailing duty and antidumping statutes also reflect what I believe to be worthwhile compromises. For example, the "private remedy for dumping" provisions has been replaced by a "multiple offenders" section which I think is an improvement. Attempts to circumvent dumping or countervailing duty orders also are strengthened substantially under this new language.

The spirit of compromise underlying the committee's work will, I think, allow Congress and our trade negotiators in the executive branch to approach our trading partners in concert. Mr. Chairman, I urge my colleagues to approve the committee substitute to H.R. 3, oppose any amendments to this title, and continue to work with the administration to see that trade legislation is enacted this year.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 4 minutes to the subcommittee chairman, the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I thank the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. Chairman, this is a good bill, and I support it. There are some hobgoblins out on the edge that we have got to put an end to, but by and large I think the House can dispose of those, and somewhere along the line we are going to end up with a good bill that I believe the President will sign.

I believe it is important that this bill be enacted, because while this will not cure all of our trade problems, unless we enact this bill we cannot start down the road toward curing the rest of our trade problems.

So this is a good beginning, and it is a must as far as a beginning is concerned.

Let me pay tribute to the process by which this bill was developed. We had last year's bill, and we had lots of testimony and lots of comment upon the problems of last year's bill. We tried to profit by that, and the gentleman from Illinois [Mr. ROSTENKOWSKI] led the Committee on Ways and Means through a very difficult decisionmaking process in which we modified some of the past decisions and picked up the good and the bad, discarded the bad, and came out with a good bill. We could not have done it without the gentleman's determination and without his very talented leadership. And unless you have served with the gentleman from Illinois [Mr. ROSTEN-

KOWSKI] you do not really understand what I mean by "talented leadership." You must have worked with him before to understand. He is excellent in that regard.

Mr. Chairman, I think the most important part of this bill is the negotiating authority that the Congress delegates to the Executive to go forward with our international negotiations, to strengthen GATT, to lower barriers, and to improve the world trading system. I want to commend the House for not having given to the administration a lot of things that no one who must bargain could with all honesty and decency. This bargaining authority is going to set the pattern not only for the United States but for the rest of the of the world for another 25 to 40 years, and so it is a very important part of this bill.

The bargaining authority, I think, is without doubt not only bipartisanly supported but it is supported by most of the people of the world, because whether we like it or not, because of our unusual system of government here in the United States, unless we set the pattern for the bargaining, unless we do it in advance as we have done in this bill, the bargaining just will not work and will not be productive.

We centralize to a great extent the administration and the responsibility for trade directly in the hands of the President to be executed by his U.S. Trade Representative. This bill is distinguished by the fact that it does more to increase the centralization of that responsibility than any past piece of legislation. I think it is very worthy in that regard.

The Gephardt amendment goes too far. It sets a trap for the United States, which is now the world's largest debtor nation. If we adopt Gephardt—and, unfortunately, the connotation that the Gephardt amendment has picked up is that surpluses in and of themselves are bad—then we will set a trap that we can never get out of and escape the debtor situation we are in. We do not want to do that, and it is not in our best interest.

May I say that this is a good bipartisan piece of legislation. It is well developed by our professional staff, well worked by our professional staff, and well worked by a good many very conscientious Members on both sides of the aisle. I highly recommend its passage.

Mr. DUNCAN. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Ohio [Mr. GRADISON], a member of the committee.

Mr. GRADISON. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, if ever there was a case of false advertising, it is to talk as if we can cut the trade deficit by passing protectionist trade legislation.

This is not a matter of economic theory; the data support the theory, as this debate will show. Protectionism by any name—including the latest, and overworn substitute, "competitiveness"—is a ticket to slower growth, fewer jobs, and higher inflation, and we proceed on this path at great risk and cost to our constituents.

Yes; the world's trading environment is unfair; it is a patchwork quilt of compromises. Other countries have erected trade barriers. And so has the United States.

It's easy to be selective and single out particular areas in which U.S. exports are restricted or blocked outright; yet, I wonder how many of my colleagues who would break these barriers would, as a quid pro quo, be willing to eliminate U.S. barriers to imports—steel, sugar, autos, textiles, and the like.

I raise this rhetorical question to make a point. It is this: Even if all trade barriers, on all sides, were torn down and eliminated, the United States would still have an enormous trade deficit, very close to where it stands today.

And the reason is clear: Trade deficits are the result of differential macroeconomic fundamentals not differentials in unfair trading barriers. A trade deficit, or a trade surplus for that matter, is a dependent, not an independent, variable. Balances in a country's trade account say little, if anything, about a country's competitiveness, but they say a great deal about a country's fiscal policies.

The real source of our trade deficit is not hard to find. It stems not from unfair trade practices, but rather from the fact that, as a country, we consume a lot more than we produce. And our excess consumption is financed with borrowed capital from abroad. It is simple arithmetic that our trade deficit merely constitutes an offset to this imported capital.

Just what is it that has caused us to go from the largest creditor nation in 1981 to the largest debtor nation today? Has the world trading system grown that much more unfair in the past 5 years? Of course not; we know perfectly well why the trade deficit has ballooned, and that is because the budget deficit has ballooned.

Yet, in this debate, we berate other countries whose principal vice is that they save too much. Perhaps instead, we should be asking why we save so little.

In effect, we call on our trading partners to consume more and save less in order to help us feed our habit. It is an admission to the world that we lack the political will to put our own fiscal house in order.

The fact is that unfair trade policies pale in comparison to our fiscal deficits as a cause of our trade deficits. If the goal is a lower trade deficit, then trade legislation is the wrong vehicle.

Does this mean we should not seek to open markets and reduce trade barriers? Of course not; in fact, that, in my view at least, is the proper and limited purpose of trade legislation. Which is precisely why we should recognize not only that protectionist trade legislation can not help much with respect to our trade deficit, but that it can surely do great harm.

We should be seeking changes in the international trade rules which make the playing field more level. But let's not fool ourselves into thinking this will improve the trade deficit. In a world of floating exchange rates, trade balances cannot be improved unless we change the macroeconomic fundamentals. Our trade imbalance can only be corrected by reducing capital inflows, and this will happen only if and only when we bite the bullet and take real action to reduce the budget deficit.

We are on this dangerous course toward protectionism because we do not have the courage to attack the real problem. We are dodging the real cause of the real problem by a risky diversion to protectionism under the political protection of the latest buzzword—"competitiveness." The key to a more competitive America is to reduce our enormous budget deficits. A prosperous America, one that is growing with low inflation and high employment, ought to be our goal. That's what competitiveness ought to mean.

□ 1400

Mr. DUNCAN. Mr. Chairman, I yield 6 minutes to the gentleman from Illinois [Mr. CRANE], the ranking member of the Trade Subcommittee.

Mr. CRANE. Again, Mr. Chairman, we have a piece of legislation before us today that is calcuated to provoke hernias. I know that the Members probably appear tired to anyone observing these debates. Small wonder, because to sit up all last night and read all this was enough to keep most of us awake all night.

It included two small short stories here from the Judiciary and Government Operations and then we had I guess you could classify these as novellas from Energy and Commerce, Foreign Affairs, Banking, Education and Labor, Agriculture.

You get into a bonafide novel by the time you get to the Ways and Means Committee report, but that pales into comparison with the competition for Gone With The Wind, which is the bill itself.

The fact of the matter is that just like in our classic tax reform debate of last year, we were presented with a document somewhat more substantial than this and not a single Member of the Congress of the United States read it, any more than single Member of this body has read this trade bill.

During the debate on the rule, our colleague from Ohio talked about finding one isolated little item in there, wondering how many other goodies might be in here.

Let me read some of these provisions to you and see if you are really comfortable with this. One has to do with discrimination by foreign countries:

> The President when he finds that the public interest will be served thereby shall by proclamation specify and declare new or additional duties as hereinafter provided upon articles wholly or in part the growth or product of, or imported in a vessel of, any foreign country whenever he shall find as a fact that such country—

Discriminates in fact against our commerce, imposes these various penalties on us.

Then another one dealing with unfair practices in import trade, and unfair practices of competition, unfair acts of importation in their sale or by an agent or be exporter to the United States that substantially injures an industry or economic operation in the United States and prevents the establishment of such an industry abroad, this will be dealt with as unlawful.

Then duties to offset commercial disadvantages.

Now, you all know that that is in there, right? I mean, you all read that?

The fact of the matter is that I just read you excerpts out of the Smoot-Hawley Act and there is not a Member in this body who would be able to tell you whether it is in the bill or not in the bill.

Getting back to the causes of our problems, our problems as stated by our colleague from Ohio who preceded me——

Mr. LEWIS of California. Mr. Speaker will the gentleman yield?

Mr. CRANE. Yes, I am happy to yield to the gentleman from California.

Mr. LEWIS of California. Mr. Speaker, may I ask the gentleman from Illinois [Mr. Crane], did the gentleman suggest the language just read was actually in the Smoot-Hawley Act, that trade limitation act that is so critically linked to the Great Depression?

Mr. CRANE. Well, it was an action that was designed by this esteemed body to guarantee that we would have fair trade.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. CRANE. Yes, I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, that is the ostensible promise of the Gephardt amendment, fair trade.

Mr. CRANE. I think we can find a lot of correlation.

Mr. FRENZEL. In fact, it is comparable to Smoot-Hawley, is it not?

Mr. CRANE. Well, I would suggest that it is probably the closest thing that we have had to Smoot-Hawley since that era and I think it is equally calculated to trigger the same kinds of economic consequences.

Mr. LEWIS of California. Mr. Chairman, will the gentleman yield for one more moment?

Mr. CRANE. Indeed, yes, I am happy to yield to the gentleman from California.

Mr. LEWIS of California. Mr. Chairman, frankly, I cannot tell for sure exactly whether this langugage is a part of this trade bill before us, but it rings so clearly a similar note, the bell is so loud that we certainly ought to pay attention to the comments the gentleman is making and the point the gentleman is making.

I thank the gentleman.

Mr. CRANE. Well, Mr. Chairman, I think every Member would be well-served to get himself a copy of Smoot-Hawley and go back and reread it. It is as exciting reading as this latest production by the Congress in the area of trade.

Let me comment very quickly on just a few salient points in this debate.

As even the gentleman from Missouri [Mr. Gephardt] acknowledges, if we had total free trade in the world it would not have more than a 15-percent impact on our trade deficit. That means that last year instead of $170 billion deficit, it would have been $145 billion.

That being the case, why do we not examine some of the other causes? One of these certainly is the voracious appetite for consumption. As the gentleman from Texas indicated in his special order yesterday, we have been consuming that almost double the rate of the imports coming into this country. We have simultaneously over the last decade experienced a reduction in our productivity levels almost in half.

Now, how in the world can we expect Americans with the appetite for goods and services to keep us from having a trade imbalance with their appetite for consumption, their incentives for going into debt and borrowing to enjoy a high standard of living, when our local productivity will not enable us to keep pace with that appetite?

The point I am trying to make is that the trade imbalance is not going to be resolved by eliminating the so-called impediments to trade. The fact of the matter is that we have got to genuinely increase our productivity. We have got to curb our appetite for consumption and we have got to help stimulate world economic growth, because the Third World countries are in no position to buy anything. They are under in fact orders by the IMF to virtually cut off importation and to maximum exports.

In Western Europe where they have suffered unemployment in the last 15 years, in Japan where their employment levels have remained stagnant, they stand in stark contrast to the United States where we have produced 25 to 30 million new jobs during that same time frame.

So I would urge my colleagues to recognize that: First, if we want to deal with this problem, we should engage in subtle negotiations, not use sledgehammers, least of all not the kind of sledgehammer recommended by our colleague, the gentleman from Missouri, because we are equally guilty of violating trade laws internationally. You can find any number of examples, maybe not as offensively as some of our colleague's, but this legislation could result in mere legislation when we get our economy back on a growth line.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. Pease].

Mr. PEASE. Mr. Chairman, once every decade or so, Presidents come to Congress seeking negotiating authority they need to bargain successfully in a new round of multilateral trade negotiations. Congress traditionally uses this occasion to exercise its constitutional prerogative to set the course of U.S. international economic policy. By dint of its overwhelming bipartisan support, H.R. 3 is Congress' clearest, most comprehensive statement to date under article 1, section 8 of the Constitution.

That Congress would choose 1987 to assert its will over international economic policy is no accident. The United States is currently paying dearly for treating international trade over the years as an afterthought, a residual element of economic policy. Lacking adequate assurance that this state of affairs has been or will be rectified in the absence of legislation, the House of Representatives is set to act.

The section of the bill written by the Ways and Means Committee, on which I am proud to serve, puts the rest of the world on notice that the United States expects trade agreements to be implemented faithfully. It puts our trading partners on notice that international rules must be updated to cover unfair practices like export targeting, diversionary dumping and repression of worker rights. These and other practices addressed by the bill do not currently violate the letter of international law, but they clearly violate the spirit of free and fair trade and the international legal principles of the GATT as the Congress of the United States understands them.

H.R. 3 also contains important messages for our constituents. Workers and firms should understand that the administration of trade remedy laws will no longer be permitted to be subverted by this or any other administration on ideological grounds. Furthermore, trade policy will no longer be handicapped by weak positioning in the bureaucratic hierarchy of the executive branch. Trade will compete equally with foreign policy in matters of national economic importance.

American workers should understand that when the forces of international competition or the mistakes of international economic policymakers leave them without a job, their Government will not leave them high and dry. Under the Trade Adjustment Assistance Program, they will have a range of options available to them, irrespective of the whims of the Federal budget process.

For the past several years, public frustration over the failings of U.S. trade policy has been vented on Members of Congress. Congress established the trade laws in the first place to insulate itself from such pressures as part of the lesson of the tariff wars of the 1930's. In H.R. 3, Congress is determined to institutionalize effective and impartial administration of these laws, administrative procedures and programs. Our Government's failure to do so has endangered an open trading system more than would any protectionist legislation I can think of.

Speaking of protectionism, it is important to note that the bill is not protectionist. It does not unilaterally mandate import restrictions in defiance of international rules. Whether or not the Gephardt amendment is adopted, will not change this. The inclusion of one provision does not make a bill of this magnitude protectionist. I only hope that people read the legislation and understand what it does and does not say.

Mr. Chairman, I have limited my remarks to the Ways and Means titles of H.R. 3. However, I would like to add that I strongly support the other titles of the bill which will be discussed in greater detail by our colleagues later today.

□ 1410

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1 minute to the gentleman from Alabama [Mr. FLIPPO].

Mr. FLIPPO. Mr. Chairman, sections 881 through 894 of H.R. 3 implement the Nairobi Protocol to the Florence Agreement. The intent of both of these international agreements is to remove tariffs on certain educational, scientific, and cultural materials. It is my understanding that the provisions of the bill would implement the Nairobi Protocol in a manner that would provide duty-free treatment to such educational, scientific, or cultural materials which are imported by or certified by the importer to be for the use of public or private institutions approved as a scientific, educational, or cultural institution. It would not, however, allow the duty-free importation of items such as sound recordings imported solely for commercial purposes.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. FLIPPO. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, the understanding of the gentlemen is correct.

Mr. FLIPPO. I thank the gentleman.

Mr. DUNCAN. Mr. Chairman, I yield 4 minutes to the gentleman from Nebraska [Mr. DAUB].

Mr. DAUB. Mr. Chairman, the chairman has done an incredible job on this bill. If it becomes the law, he will have overhauled both the tax and the trade codes in just 2 years. He is proving to be the most productive ways and means chairman of modern times.

I was one of the first Republicans to support the chairman on tax reform. I do not take lightly my vote against this trade reform proposal in the committee.

My primary concern is H.R. 3 leaves no discretion to forego retaliation even if there are clear indications of significant disruptions in agricultural or other major exports.

The bill could poison an already sick farm export patient. After 40 percent drop in farm exports, we don't need laws mandating retaliation that will slash them further.

Unfair trade practices account for only about 15 percent of our trade deficit. That's Mr. GEPHARDT's statistic. The Federal budget deficit is said to account for about 70 percent. This doesn't mean we should turn the other cheek on trade cheats. We need tough trade laws with focused sanctions that bite.

However, we don't need trade laws that mandate GATT illegal or unjustified retaliation making farm sales an easy target. They tend to take the first hit in wars of retaliation.

I worked with a number of farm groups and developed amendments to ensure that agriculture doesn't pay for the exesses in this bill.

Since proponents of the bill claim there's no added risk for agriculture, my amendments would have merely put these assurances in the legislation.

Since the amendments weren't accepted, my suspicions over who pays for this bill have grown.

We recently retaliated against Japan which has failed to live up to an agreement on computer chips.

For this decision, the President made an assessment of the consequences. The Secretary of Agriculture had his say on the likely effect of this action of our $5.1 billion in farm sales to Japan. By the way, they are our biggest farm customers.

This is not procedure we would follow under this bill. Under H.R. 3, retaliation would be ordered according to a pre-set formula. It's trade policy by automatic pilot.

We wouldn't have input from the Secretary of Agriculture. It wouldn't matter that the American farmer might have to foot the bill for the retaliation ordered by H.R. 3.

This is because you can't effectively waive retaliation under section 301(a). The test is whether counter-retaliation is likely to result in substantial harm to the national economic interest.

We exported $8.5 billion in farm exports to the targeted countries last year. Can $8.5 billion be considered substantial in a $4.2 trillion economy? The fact it is even a close call ought to send shivers down the backs of those interested in overseas farm markets.

The semiconductor retaliation may have been necessary to get Japan's attention. But section 301(a) could go off like a string of firecrackers in an ammo dump. It would set in motion multiple retaliatory actions against major AG buyers all at the same time.

Consider that in the markets against which portions of the bill are aimed, farm exports make up some of the highest proportions of total U.S. exports. Agriculture has the most exposure and, consequently the most to lose in any trade combat.

Of the countries targeted by section 301(a) (Japan, Korea and Taiwan, and West Germany), over 32 percent of our exports are farm related.

One positive provision in this trade bill for agriculture is continued negotiating authority for the GATT round. A successful GATT round is desperately needed to reduce world farm export subsidies that have crushed prices.

Unfortunately, even the prospects for a successful round are undermined by the bill because it directs GATT illegal actions. We can't sit at the table arguing for fairer trade rules while violating the current ones and expect to succeed.

One of my amendments, also supported by a number of farm groups, merely said that actions taken under section 301(a) must be consistent with our international obligations. This was rejected. So much for suggestions that this provision is GATT legal.

The proposed changes to section 201 also threaten overseas farm sales. Section 201 mandates increased import protection from goods that are fairly traded, that is one not subsidized or dumped. In responses, trading partners will retaliate by cutting American farm purchases or demand legal compensation.

Section 201 relief will increase under the change because barriers will go up unless their economic cost outweighs the economic and social benefits of providing relief. This unusually ambiguous language has been described as harmless. However, the only relevent question is whether section 201 relief will or won't increase with it. If relief won't increase, why the change?

My suspicions, shared by a number of major farm groups, is 201 barriers will increase and be paid for directly in reduced exports. Nevertheless, my amendment to revise the change closer to the current waiver were rejected.

Section 301 is the only trade law designed to open markets. The bill requires mandatory retaliation under it. It could change it from a negotiating to a retaliation statute. An amendment I offered to ensure again that agriculture and other major export interests aren't sacrificed for mandatory retaliation was also rejected.

There are positive and needed changes in this trade bill for agriculture and other exporters. However, there are dangerous and rather bizarre ones as well. Such provisions have the potential to do great damage to our farm exports.

We already have major trade problems in selling our farm products overseas. The Europeans are threatening to ban beef and soybean exports. The Koreans already ban beef exports. And the Japanese have a whole series of mindless import restrictions on AG products.

Farmers don't need a trade bill liable to result in more complications and trade disputes with our customers and less farm sales.

The grain embargo put foreign policy disputes squarely in the path of farm exports. This bill threatens to put a host of unrelated industrial concerns in the way of these exports.

The last thing a limping farm economy needs today is to be used as cannon fodder for the trade wars created by provisions designed to help nonfarm industries.

I urge my colleagues particularly to pay attention to the Gephardt amendment, which is specific by country and by percentage against surplus nations. But the problem that we need to appreciate by reading what Mr. CRANE has indicated to us in that the Gephardt amendment is already in this bill, in the third section of the amendments.

I urge my colleagues for those reasons to vote no on final passage.

Mr. Chairman, I submit a letter dealing with this problem from the American Farm Bureau Federation and other organizations for inclusion in the RECORD at this point:

AMERICAN FARM BUREAU FEDERATION,
April 10, 1987.

HON. HAROLD DAUB,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE DAUB: When the House considers H.R. 3, the omnibus trade legislation, it is expected that a major controversy will center around the so-called Gephardt Amendment, which mandates retaliation against nations with "excessive, unwarranted" trade surpluses. Efforts will likely be made to add the original version of the Gephardt Amendment as a floor amendment.

We believe this amendment would prove harmful to U.S. exporters if enacted into law, and we urge you to oppose it. In practice, the amendment primarily targets Japan, South Korea, Taiwan and West Germany. In fiscal year, 1986, these nations as a group purchased 32.4 percent of all U.S. agricultural exports—some $8.5 billion worth. The potential for disruption of this trade, and for even broader repercussions and retaliation should the trade dispute widen, is clear. This amendment will reduce farm exports, rather than increase them.

The Ways and Means Committee has made a good-faith effort to report a responsible trade bill. While we may have specific concerns about various provisions adopted by Ways and Means, we applaud the Committee's rejection of a purely retaliatory approach. Please vote against the Gephardt Amendment on the floor so that progress in drafting a responsible, export-oriented trade bill can go forward.

Sincerely,
American Farm Bureau Federation, American Soybean Association, Millers' National Federation, National Association of Wheat Growers, National Cattlemen's Association, National Corn Growers Association, National Council of Farmer Coops, National Grange, National Soybean Processors Association, United Fresh Fruit and Vegetables, USA Poultry and Egg Export Council.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. Mr. Chairman, I would like to stand up in support of the Ways and Means version of the bill, section 1 of the bill. We are all aware of the fact that the problem in international trade and the trade imbalance that we have is a macroeconomic problem. It deals with the fact that we have been on a spending binge in the United States, and Japan and Germany and some of the European countries have been basically mercantilist in their economic policies.

To deal with the issue from a macropolicy we have to deal with the budget deficit and many others. At the same time that this legislation that has passed out of the Ways and Means Committee is an excellent bill, mainly because it will open up foreign markets.

There has been a lot of misunderstanding about what our bill actually does. In terms of opening up foreign markets we give the President a period of time to look at all of the countries that have closed markets throughout the world. Then he has a period of time to negotiate to open up those markets. If he fails to open up those markets, then the President must retaliate against the foreign country on a dollar-for-dollar basis.

I frankly cannot think of anything tougher in international trade laws than a mandatory retaliation on a dollar-for-dollar basis. That is the essence of the Ways and Means bill when it comes to opening up foreign markets.

For those Members who feel that that is not strong enough, I do not believe that they really understand what we did. As all Members know, we passed our amendment on a 34-to-2 vote. The bill has strong bipartisan support out of the Ways and Means Committee, and frankly I think that this section of the bill should not be tampered with, because it is about as strong as we can possibly make it and still conduct trade in international waters.

Mr. DUNCAN. Mr. Chairman, I yield 2 minutes to the gentleman from New Hampshire [Mr. GREGG], a member of the committee.

Mr. GREGG. Mr. Chairman, we are not here today on the threshold of new policy, but rather starting in the precipice of relived errors. There is nothing new about the actions of today. The players have changed, but the facts are not unique.

The history of trade among mercantile nations is that of a roller coaster, only it is a roller coaster with large sections of the track destroyed. The constant, however, is that nations cannot raise their own wealth and their own prosperity by closing out the efficiency of other countries or institutionalizing their own inefficiencies.

For America, this is especially true. It is ironic that at this time, when we are doing so much in our way of attacking other nations' productivity, that it was America in the late 1940's that was attacked by Hugh Dalton, then the British Chancellor of the Exchequer, when he said:

> They have half of the total income of the world, but won't either spend it in buying other people's goods, lend it, or give it away.

Those same phrases have been used over and over repeatedly against the Japanese. But what course of action did we choose? We chose to open our markets and to become a nation that was willing to participate in the world economy.

Today we face Japan and other nations with these same questions, and we have two courses of choice ourselves, for it is America that will lead. We can choose to step into the precipice of error, or we can choose flexibility.

□ 1420

In this bill alone that choice will be made. There is the question of whether or not we adopt the Gephardt proposal, which will place us into a straitjacket of unilateral action, or whether we will adopt the committee bill as a substitute, which will give us the flexibility that we as a nation require.

If we are to show leadership, and that is our role, then we should adopt the second approach.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. DONNELLY].

Mr. DONNELLY. Mr. Chairman, I rise in support of H.R. 3, the comprehensive trade bill, and especially the Ways and Means Committee titles of that legislation. The committee worked very hard to craft legislation which responds to the very real problems our Nation is facing.

Mr. Chairman, for nearly 4 years the President and his administration have bemoaned the huge trade deficit, which in February reached a record $15.1 billion. The President has talked tough on trade—but beyond the tough talk, there has been very little action. The administration makes much note of the fact that during their term in office, they have successfully pursued more unfair trade cases than any administration before them. But that is not the issue.

The issue is that our trade laws don't work properly. The issue is that while the administration talks, Americans are losing jobs to overseas competitors. The issue is that America, from a lack of action, has become a debtor nation. H.R. 3 makes our trade laws work properly, protects American jobs, and provides the action that America needs to reverse our trade problems.

The bill makes numerous changes in the trade laws dealing with section 301, section 201 and increased imports, countervailing duty laws, and antidumping laws. It transfers a great deal of decisionmaking authority to the USTR from the President. It sets specific timetables for action in trade cases. It reauthorizes U.S. participation in the current round of GATT negotiations. It provides greater coordination between the President and the legislative branch in setting trade policy. And finally, it makes needed reforms in the trade adjustment assistance program to target assistance to those most in need.

I want to focus on two amendments adopted by the Ways and Means Committee which I offered. The first deals with the proper classification of casein on the Tariff Schedules of the United States. Casein is the principal protein found in milk, and is not manufactured in the United States. It has two principal uses: First, in food, feed, and pharmaceuticals, and second, in industrial applications. Under existing law, casein is imported duty-free, and is listed as a chemical. The subcommittee bill had changed the classification of casein and imposed a duty on its importation. While the committee believed that casein is more appropriately classified as a food product, the committee adopted an amendment I offered to continue its duty-free treatment.

The other amendment deals with the funding mechanism for the trade adjustment assistance program. H.R. 3 gives the USTR authority to negotiate for a small import fee on most items to fund the TAA program. The committee adopted an amendment I offered to clarify that the fee not be product-specific, and be uniform in amount. Let me clarify that the intention of the Committee on Ways and Means was to ensure that any fee imposed be imposed on all products except certain products which enter the country duty-free and articles of minimum value. In addition, the fee cannot vary in amount depending on the type of product.

Mr. Chairman, in closing, I support H.R. 3. Let's pass this bill and send a strong message to the Nation and our trading partners that the time has come to restore America's rightful place in today's world economy.

Mr. ROSTENKOWSKI. Mr. Chairman, how much time do we have remaining?

The CHAIRMAN. The gentleman from Illinois [Mr. ROSTENKOWSKI] has 12 minutes remaining and the gentleman from Tennessee [Mr. DUNCAN] has 12 minutes remaining.

Mr. DUNCAN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. FRENZEL] who is a member of the full committee and also a member of the Subcommittee on Trade.

Mr. FRENZEL. Mr. Chairman, the trade bill is the broadest, most complicated piece of legislation we have considered in this House for many years. Its contents emcompass the works of 10 committees and deal with nearly every issue that has a relationship to trade.

Because it is big, and because it is a departure from current policy are not reasons to believe it is the answer to our competitiveness problem nor to our trade deficit. It could be a small step in that direction. Most of this bill deals with unfair trade practices. Other issues that address competitiveness must be considered later.

My role in the trade bill was close involvement in the largest part of the trade bill, the Ways and Means section. While I vehemently opposed the H.R. 4800 effort of last year, which was not a conscientious effort to pass good legislation, I did support the bill reported out of the Ways and Means Committee.

As an open trader, I find many of the elements of the Ways and Means package wanting, and many of them I oppose. My support was an affirmation of the process used to fashion a bill that is tough yet might be developed to avoid a veto

Chairman ROSTENKOWSKI and Chairman GIBBONS did an admirable job balancing the interests involved. The minority was allowed to play a role in the process. A few of my views were factored into the result. Since the mood of the Congress, and perhaps the country, now leans toward protectionism, I did not expect to have my entire wish list incorporated into the committee bill.

My reasonably optimistic outlook was shaken somewhat when I saw the titles reported by other committees. Fortunately, negotiations between committees on jurisdictional disputes did result in some needed changes. After those changes, only a handful of amendments are needed, but they are important ones. There still remain some very serious problems for me in the trade package. My vote on this bill will be based on resolution of some of these problems by amendment.

My comments on individual amendments made in order by the Rules Committee are as follows:

I oppose the Kaptur amendment which would add as a negotiating objective an agreement limiting MFN status to those countries extending reciprocal market access. The request is only for a negotiating objective, but I doubt that our trading partners would take any of our agenda seriously if we proposed this idea as an objective.

The Gephardt amendment has been modified already several times. The language in title I was a reasonable compromise that would give Congressman GEPHARDT the retaliation he seeks against surplus countries. However, the author seems obsessed with his idea to force reductions in the surplus by 10 percent for each of 4 years, if a country does not agree to eliminate all of its unfair trade practices in 6 months. His definition of unfair is a unilateral one, not the international standard.

This is a definite violation of our GATT agreement that would make us the subject of authorized retaliation. This kind of retaliation would go way beyond an attempt to quantify the affects of unfair trade practices.

The GAO reports that unfair trade practices are included in an "other reasons for our increased trade deficit" category of only 5 percent. According to its study, unfair trade practices really are not much of a factor when it comes to the deficit. The GAO estimates they have contributed less than 5 percent to the deficit.

Congressman YOUNG's amendment to modify the extension of the ban on exported crude to refined products of export refineries is a good one that I support. I would rather see the entire ban striken, but any amendment that would narrow the focus of the amendment goes in the right direction.

The banking title is another problem. I would strongly support Congressman WYLIE's substitute for the banking title, since I believe we need a banking title. In the H.R. 3 committee language, the exchange rate section has been improved but still requires bilateral exchange rate negotiations to ensure movement based on our definition of what a competitive exchange rate should be. Our allies will bristle at the thought.

The equal access to government debt instruments is another serious problem. We should continue to negotiate problems in the current GATT round rather than excluding foreign dealers in our country. The section requiring negotiations to establish an international debt facility, is also flawed. We must look for ways to attack the LDC debt crisis, but this appears to be a gigantic bailout of commercial banks that will not encourage further cooperation by debtor nations.

The Council on Industrial Competitiveness was softened to be an advisory committee in the Executive Office of the President, but it still duplicates both current Government activities as well as features in our 201 law in title I. Further, it still has many industrial policy ramifications. The makeup of the Council also appears to be short on business participation.

The banking title also includes a myriad of studies which seem to duplicate current or newly authorized studies in the bill. One study would even investigate our system, of hiring trade negotiators. The only study omitted was one to study why the committee had a study fixation.

The title is not all bad, however, it had some positive things to say about exchange rates as well as authorizing U.S. membership in the Multilateral Investment Guarantee Agency. Overall, the Wylie amendment is superior. I urge its support. I would also support Congressman OLIN's amendment re casein and the dairy price support program. The Agricultural Committee's section on this issue would ensure that the agreed upon milk price support reduction would not go into affect in 1988. This is a question to be determined in a farm bill, not in this trade bill.

I strongly support Congressman GIBBONS' amendment to strike section 671, the meat food product labeling language. Even though the provision was changed to require labeling that states a product is imported, rather than the country(s) of origin, many meat processors use both imported and domestic meat and are not able to keep track of the origin of the product that might go into an end product. Processors would be forced to label all processed meats as "imported" which could have the affect of injuring domestic producers as well as imports.

Congressman LENT's amendment to permit Commerce to exempt certain categories of investors from the foreign investment reporting requirements is a good one, although the Bryant language in the bill should be stricken entirely. The Bryant language is veto bait. Disclosure of foreign control or assets, even at the new higher levels, is a serious disincentive for foreign investors. Foreign investment brings in new jobs for Americans. This provision also raises serious extraterritoriality concerns and would be impossible to administer.

Because we are big spenders and small savers, we need foreign investment. A vote for the Bryant amendment is a vote for higher interest, reduced economic activity, and higher unemployment.

Congressman HOYER's sense of Congress resolution on slave labor policies in the U.S.S.R. really doesn't belong in this bill, but it is an issue that concerns many Members of this House.

I have no objection to Congressman LUKEN's amendment changing the effective date of section 806, which is a tariff reclassification of work gloves.

The Brooks Buy American language is a serious problem for me. Accordingly, I strongly support Congressman KONNYU's amendment to strike. I don't like violations of the Government Procurement Code, but we already have a dispute settlement system designed to address complaints at the GATT, as well as a negotiating priority in the Uruguay round to reform the dispute settlement system to enable aggrieved countries to have more timely and predictable relief.

This title does permit use of GATT dispute settlement process, but, under it, our Government determines unilaterally, based on our own initial analysis, that a country is not in good standing to the Procurement Code if an agreement is not reached in 1 year. That country then becomes subject to Buy American preferences, or the President can waive revocation but still must impose some limits on Government procurement for countries involved. Disputes should continue to be taken to the GATT, or be subject to bilateral negotiations. This bill got joint referral to the Ways and Means Committee, however, Ways and Means did not have an opportunity to review.

Even though the Romanians have not always lived up to the Jackson-Vanik provision in the MFN law, I do not favor Congressman WOLF's amendment to suspend MFN for 6 months. The sponsor believes this might send the kind of message we need to dislodge some of the tough emigration cases that remain, including one in my own district, but there is nothing on the record as evidence. Once we suspend MFN, we lose our clout. We must continue to work this vexing problem with the Government of Romania.

I strongly support the Pease amendment that would require a trade impact statement in the President's budget and in the budget resolution report.

The Michel substitute is a bipartisan effort that is designed to remove the worst feature of the bill—the Brooks, the Bryant and the banking language. It retains the H.R. 3 Gephardt wording as well. It is an earnest effort to pass meaningful trade legislation with teeth, but without some of the worst aspects of the current effort. I urge its support.

For the record, I would like to discuss some problems I have with all of the trade bill titles. There are many sections I will not mention, either due to my support or acceptance of those provisions.

Title I is the Ways and Means section. Many improvements were made in our trade remedy laws, particularly in sections 201 and 301, and intellectual property protection laws.

Some of the controversial sections of this title I oppose should have remained negotiating objectives rather than as changes to the law that will result in retaliation and mirror legislation. The United States has many of its own unfair trade barriers, including more dumping violations than any other country. We must be very careful not to pass negative provisions that will provoke other nations to act against us.

Samples of title I provisions that should be negotiating objectives are workers rights, targeting, definition of subsidy, diversionary dumping and multiple dumping offenses.

Worker rights in other nations is an issue which should be pursued and is through the International Labor Organization and other bilateral efforts. Currently we can withdraw GSP benefits from countries which do not provide internationally recognized worker rights. This year both Romania and Paraguay have lost GSP privileges for that reason.

Using 301 to fight the worker rights battle is, in my judgment, wrong. It is unrealistic to think we should deny trade privileges more than we do now if countries do not change their labor policies overnight.

The AD/CVD section contains some good changes but is a little heavy handed in several areas. Diversionary dumping, while improved is still a GATT problem. The private right of action for dumping damages—section was improved, but remains a serious problem for me. The GATT does not authorize any members to claim damages for dumping violations, even for multiple offenders.

I am strongly opposed to the section which makes major changes in the definition of a subsidy. This provision is better than last year's natural resource version, but it still relies far too heavily on commercial considerations and external benchmark price comparisons and does not permit a country to have a comparative advantage in a resource. Many of our allies also object to our unilateral redefinition of the specificity test, and the report language relating to specificity is unclear. I hope the conferees will remove the ranking of the benchmarks and bring us closer to Commerce's practice as modified after the Cabot decision. This policy change has resulted in subsidy determinations that were reversals of those made before the Cabot case. We have many of our own imput subsidies that would make us the target of mirror legislation, and retaliation.

In the section amending section 337, there is some private sector concern that the granting of a temporary exclusion order in a shorter time period could cause problems for retailers. I hope this problem is examined on the Senate side.

The steel circumvention language, while discretionary, has the potential of harming some of our allies which are not involved in operations designed to circumvent quotas. I would hope that further consideration of this section would keep those interests in mind.

I also oppose the other industry specific sections on coal and U.S. shipping of autos.

The TAA section does attempt to address the dislocated worker problem, but so does the Education and Labor Committee title V. There must be a resolution of the two provisions. The Education and Labor provision tracks the administration's worker readjustment program which treats all worker dislocation equally. That proposal seems to do a better job of getting workers into training programs and back into other jobs than does the TAA section. However, Congressman PEASE has done a good job designing improvements of the current TAA program.

Title II is the telecommunication section. This is a sector specific title that is adequately addressed in the title I changes to 301. Nevertheless, I realize that an arrangement was made with labor and industry last year to include the language in H.R. 4800. As noted above, most sections in H.R. 4800 were extreme. Telecommunications is a good example of all of the negative provisions. All of the other negative provisions of H.R. 4800 were renegotiated and modified in H.R. 3. Telecommunication was not touched. It should have been. At the very least, the mandatory retaliation features should be modified to conform to the title I language. I hope for further modification on this provision, as it is clearly one of the worst features of the bill. It could be veto bait in itself.

Title III is the foreign affairs section. Chairman BONKER did a fine job on those matters within his jurisdiction, such as the export enhancement, debt, agricultural trade, and Exim-bank sections. He has included a section which would provide export statistics by States to assist States in making their export decisions. Import data by States should be considered as well. I especially want to congratulate him for the export control section which has incorporated many of the sections of H.R. 1141, the AuCoin-Frenzel bill, as well as to react to the advice given by the National Academy of Sciences.

Title IV, the banking section has already been discussed.

Title V, the education and labor section, includes some very costly programs to beef up education programs at all levels with concentration on science, math, language, and vocational education programs. These are necessary, however, to promote competitiveness, and I support them within budget restraints. As noted above, the worker readjustment program must be rectified with the TAA program in title I, both of which have the same goal of retraining workers.

Title VI is the Agriculture Committee's section. The section was quite extreme when it emerged from the committee. However, subsequent negotiations have improved it substantially.

The sections I continue to oppose include the authorization of funds or commodities to be used to defend CVD cases for petitioners. I realize that the cost of defending these cases can be extreme, but the Government has no business shouldering this cost, just as it cannot provide funds to pay legal fees for U.S. petitioners.

As already mentioned, I strongly oppose the casein section.

There are sections of the title that I strongly support relating to expansion of agricultural aid, agricultural export promotion and talks to reduce grain surpluses. Those are all positive ways to increase our agricultural exports, but they must be closely examined for any impact they may have on developing country producers. There is some concern that the expansion of our programs will further depress the world price of agricultural and eliminate markets for smaller developing countries that depend heavily on agricultural exports.

Title VII includes the language to reform the Foreign Corrupt Practices Act. These changes are long overdue and do not change the original intent of the law to prevent commercial bribery.

Title VIII includes changes in our tariff and customs law. Some of these sections are extensions of duty suspensions that have expired, and duties have been subsequently reinstated. These should be passed, even though I do not support all of them.

The scofflaw penalty for repeat Customs law violations is included in this title. I would prefer to strike the provision, since current penalties are high enough, but the section has been improved. My only suggestion is that penalties other than import exclusion should be added, since many who make inadvertent errors could still be caught under this provision.

Title IX, the energy and commerce section includes some positive measures such as a requirement for competitiveness impact statements on all legislation, a competitiveness development program at Commerce, and United States-Mexico language that would address unfair trade practice yet seek to expand trade between our two countries.

I oppose the section which requests Government review of the affects of mergers or takeovers involving foreign interests on national security. There is enough current authority to address this issue, as we saw in the recent Fairchild-Fujitsu case. I would object to further involvement in what should essentially be private business decisions.

The section authorizing a report of all countertrade or offset requirements over $2 million required as a condition of contract also concerns me. There has been a lot of talk about countertrade and offsets, but I do not believe that we have decided those practices are bad. In my judgment, this would seem to discourage that type of business, to raise many business confidentiality concerns. Further, it seems to me that many traders who are not aware of this requirement will pay fairly stiff penalties for failure to report a transaction.

Title X of the Government Operations Committee section is discussed above in my remarks in the Konnyu amendment.

Title XI is the merchant marine and fisheries section that relates to unfair practices in shipping. What it really boils down to is language that will promote cargo sharing arrangements and make U.S. goods even more noncompetitive on the world market. I strongly oppose the section even though it was modified somewhat to exclude bulk shipments. Currently, there is a provision under the Merchant Marine Act that permits carriers to petition against unfair practices of foreign carriers. This has not been used. I am told by the State Department that Congressman LENT's bill, H.R. 1803, would provide some minor needed changes to allow this law to work more effectively rather than to pass this kind of meataxe legislation.

This language would violate OECD shipping principles. It would go against the grain of the Shipping Act of 1984 which sought to encourage competition and to address unfair practices. This would mandate higher prices.

The language would permit the filing of petitions to examine unfair shipping practices if 25 percent or more of a class of goods is shipped to or from the United States by foreign carriers. The FMC decide if unfair practice—including the demise of internationally recognized seafarer's rights—are causing the high rate of foreign shipping If negotiations do not remove any unfair practices found to exist the United States must retaliate. The State Department believes that the only form of retaliation that could be devised is cargo sharing arrangements. The bill also establishes civil penalties as well as a prohibition of entry if a foreign carrier does not cooperate in the investigation.

We have our own multitude of unfair shipping practices. I do not believe we should be open to the retaliation and mirror legislation that this title demands.

Title XII is the public works title on air transport fair competition practices. It seems to be an improvement over current law, and the section which permits the U.S. Trade Representative and Commerce to comment seems an improvement to me.

Title XIII relates to the Small Business Committee's trade interests. The SBA Trade Office and the Small Business development centers are expanded. There are also expanded export loan opportunities. I support the committee's suggestions, but would comment that they do not go far enough.

The last title XIV is from Judiciary and provides legal remedy against U.S. process patent violations in other countries. Holders of process patents can seek remedy against a U.S. company which violates a patent, but there is no remedy if a foreign product entering the United States has been produced by a U.S. process patent. This would enable process patent holders to obtain remedy in court against importers of such products, yet it protects importers who were not aware that they were purchasing products made by a patented process.

I commend all of the committees involved in this process and urge all of them to work together to achieve further improvement that will enable us to pass a bill of which we are all proud.

The bill, as it stands, is not likely to be enacted. It will surely be changed in the Senate, and again in conference committee. I believe both protectionists and free trades have an important stake in the enactment of a trade bill. We ought to send our bill to the Senate in the best possible shape.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. I thank the gentleman for yielding me this time.

Mr. Chairman, I think the chairman of the Committee on Ways and Means has done an outstanding job in demonstrating the leadership necessary to move us ahead on trade legislation in this session of Congress.

The first thing we all ought to understand is the reason we are dealing with this issue is, we are choking on red ink in this country. We have a fiscal policy that is embarrassing, a fiscal policy that is in shambles, and a trade policy that is an abject failure; and it requires us to stand up and exert some leadership.

That is what this bill is attempting to do, what the chairman of the Committee on Ways and Means on a bipartisan basis on the Committee on Ways and Means was attempting to do with this trade legislation.

The question is, Are we going to do something? The answer is, yes.

Are we going to solve the unfair trade practices and eliminate the barriers; are we going to eliminate the trade deficit by passing this bill? The answer is, no.

Are we going to help solve part of the problem by getting rid of the barriers? The answer is, yes.

Now, the question is this: What incentive is there for some of our larger trading partners, the Japanese for example, a country with a very significant trade surplus with us, and also a country which retains significant barriers to our products getting into the market to break down those restrictions?

What incentive exists for that country to open its markets? The answer is at present not very much incentive.

We say, "We demand you open your markets," and they say, "OK, we will do a 5-year plan to open our markets."

Four years go by, and we say, "You have not done anything," and they say, "Oh, yes, we are very sorry."

□ 1430

We will have a new 5-year plan and then we will open our markets. But you have not done anything. They "do not do us anything" to death. We must require that our allies, our trading partners, treat us as generously as we treat them. We must require reciprocal trade policies from our trading partners. That is what this bill does.

This bill also says to the President, "You must take action to make certain our trading relationships are fair and try to open markets overseas for our American producers."

So I support this trade bill and I hope the other Members of the House will do the same.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. SUNDQUIST].

Mr. SUNDQUIST. I thank my colleague for yielding time to me.

Mr. Chairman, I rise in support of the section of the bill by the Committee on Ways and Means.

Mr. Chairman, this section of the trade bill has come a long way since H.R. 4800. I want to commend Chairman ROSTENKOWSKI and Vice Chairman DUNCAN for producing a bipartisan trade bill. They have succeeded at overcoming the politics of this issue for the good of our Nation.

Their lead on this bill should be followed by all Members of the House.

Trade is too important to leave to politics. We are talking about the lives of the American people when we talk about legislating trade policy. Only good policy will suffice.

I urge this body to have the courage to put politics aside and to report out a bipartisan bill, one that features the Ways and Means title.

Mr. DUNCAN. Mr. Chairman, I yield 1 minute to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Chairman, the committee has before it an opportunity to make some needed and meaningful trade law reforms. It also has the opportunity to make some colossal policy mistakes. I hope when the smoke clears from the battle over the trade bill, sound reason and judgment will prevail. This dictates that, among other things, the Gephardt amendment be defeated.

We are all concerned about the enormous U.S. trade deficit, but this Congress is making a tragic mistake if its concerns and frustration translate into approval of bad legislation.

While there are many reasons why the Gephardt amendment is dangerous and counterproductive, my greatest concern with it lies in the disastrous impact it will have on crucial agricultural exports.

Practically speaking, the Gephardt amendment targets Japan, Taiwan, South Korea, and West Germany for automatic trade deficit reduction.

In the last fiscal year, these nations purchased 32.4 percent of all U.S. agricultural exports, or $8.5 billion worth. Obviously, with this kind of exposure, American agriculture will make a very attractive and likely target for retaliation from these countries.

I am sure you all remember the disastrous consequences when the Chinese cancelled $500 million in United States purchases when we restricted $37 million in textile imports. With the Gephardt amendment, it will happen again, but on a far larger scale.

In my home State of Nebraska, one of every three farm acres is devoted to exports, thus it is hard to overemphasize the importance of overseas trade to farm and ranch income.

Moreover, economists estimate each 1 billion dollars' worth of farm exports creates agricultural jobs for as many as 35,000 workers.

An additional 60,000 nonfarm jobs are created with each $1 billion in farm export sales, proving that the entire economy has a stake in agricultural trade.

A $170 billion trade deficit is clearly dangerous, but it is caused primarily by the budget deficit and exchange rate factors. We should not try to fool the American public into believing the Gephardt amendment will correct it.

The omnibus trade bill does have a few positive features, however.

On the plus side for farmers, title VI of H.R. 3, relating to agriculture, increases the overall ceiling on subsidies paid under the Export Enhancement Program from $1.5 to $2.5 billion and extends the program through 1990.

It also sets the price of bonus grain at prevailing market levels, increasing the amount of grain that can be disbursed under the $2.5 billion limit.

I also applaud those provisions of H.R. 3 that increase the personnel level for the Foreign Agricultural Service, establish an office in the USDA to monitor trade practices, establish aid and trade missions to encourage the participation of developing countries in our agricultural trade programs, and prohibit foreign-owned dairies financed by tax-exempt bonds in the United States from benefiting under milk marketing orders.

These are all needed and positive reforms, but they will not be enough to make this a good trade bill if the ill-conceived Gephardt amendment is approved. I urge my colleagues to make this a proexport rather than anti-import bill. We do not need barbed wire on our shores.

Mr. ROSTENKOWSKI. Mr. Chairman, I reserve the balance of my time.

Mr. DUNCAN. Mr. Chairman, how much time remains on my side?

The CHAIRMAN. The gentleman from Tennessee [Mr. Duncan] has 6 minutes remaining.

Mr. DUNCAN. Mr. Chairman, I yield 1 minute to the gentleman from Washington [Mr. Chandler].

Mr. CHANDLER. Mr. Chairman, in trade as in other areas of American life, there's always a temptation to look for the quick fix or the easy way out of a problem. When we look at a trade deficit of $170 billion, it's easy to blame it all on our trading partners and promise sanctions if they don't tailor their policy to our specifications.

The problem with these easy, quick fixes is that they don't address the root problem of our trade deficit. America operates in the red, not because of foreign action, but because of American inaction. The only way this Nation can pull itself out of a deep and worsening trade deficit, is to compete its way out.

Those who propose the easier, softer way, would have us believe that our trade problems are cause by the unfettered flow of products from low-wage nations that knock us over on price.

In reality, low wages are not the major problem. In 1985, the United States ran its largest trade deficits with Japan, Canada, and the European Common Market nations. These are not low-wage countries.

Why did we run these deficits? Was it because some evil foreign leader held a gun to our heads and forced us to buy foreign automobiles and television sets? Of course not. We bought the products because we preferred them.

There are people who say we have to address the basic problem of trade barriers overseas. I agree with them. This bill addressed that need. At the same time, however, I have to caution that foreign barriers are only a small piece in the framework. Mike Mansfield, our Ambassador to Japan, told me last week that eliminating Japanese trade barriers would reduce the United States deficit with that nation by only about 15 percent.

It's time we faced reality. That means we have to make sacrifices. We have to balance our budget, modernize our plants, retain our workers, and better educate our children. We also have to realize we're not the only industrial power in the world. Like everyone else, we have to compete for business at home and abroad.

In my view, competitiveness begins with balancing our Federal budget. Our inability to balance the budget is one of the reasons confidence in the U.S. dollar has dropped so precipitously. It's dropped to such a degree that foreigners are now shunning investments in the United States.

The flight from the dollar already has promoted higher interest rates and sparked new fear of inflation.

It would be a self-inflicted wound for the United States to cave into those who propose the easier, softer way. Calls for severe and mandatory retaliation against nations running trade surpluses are grossly misguided.

In time, we, too, will run individual trade surpluses as we have in the past, and I doubt that any Member of this body wants Western Europe to retaliate against us when it happens.

I support tough trade legislation, but I don't support ill-advised initiatives that try to solve complicated problems with simple, categorized solutions. Country-by-country trade deficits are all different and none can be solved through convenient, standardized formulas.

The compromises offered by the Ways and Means Committee provide a fair and workable way to combat undesirable trade practices. Nothing more is needed.

Responsible trade legislation requires flexibility, moderation and even restraint. There can be no room in such a policy for quick fixes that are perhaps more unfair than the very problems we want to eliminate.

This morning I spoke to a group of high school students from my district and I asked them if they believed Americans were capable of competing with anyone, at any endeavor, anywhere in the world. The response was a resounding "yes." It's that type of attitude that convinces me we can compete our way out of this problem.

Americans have a long tradition of rising in the face of adversity and I know we can do it again. We know what we have to do. Let's get on with it.

Mr. DUNCAN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. Schulze].

Mr. SCHULZE. Mr. Chairman, I would like to take a moment to pay tribute to not only the ranking member but the chairman of the Committee on Ways and Means for the exemplary way in which he has fashioned this legislation.

Mr. Chairman, I rise in strong support of H.R. 3.

There is widespread sentiment throughout America that the pendulum has swung too far against us. For decades, we have existed in an ivory tower believing that free trade reigns throughout and that market forces would always prevail. Consequently, we've permitted countries to freely cross our borders with their goods and services, and gain sizable and permanent market shares.

It has taken a $170 billion trade deficit to finally remove our rose tinted glasses. Our lenses have been adjusted, and our focus is much clearer. Where we used to idealistically see just free trade, we now realize that other countries often operate in a mercantilist manner by crafting policies to protect their markets while penetrating ours. We must now move the pendulum back into balance, in a direction that is not geared only to the advantage of our trading partners.

While America has awakened to the realities of our dynamic world economy, other countries must also awaken. They must realize that America will no longer keep her doors open widely when other countries open theirs narrowly. They must recognize that imports cannot forever flood U.S. markets when U.S. exports are prevented from flowing into theirs. While we must accept change, so must they.

Titles I, II, and VIII of H.R. 3, as proposed by the Committee on Ways and Means, are historic in their magnitude and in the changes they make to our whole trading system. They are designed to modernize and strengthen our entire body of trade law, resolve existing trade problems, and anticipate future areas of concern. These provisions also will serve to create a strategic national trade policy and reestablish America's leadership in bringing about an equitable international economic order.

Many provisions in the ways and means titles deserve commendation. For example, our antidumping and countervailing duty laws, as well as section 301, are substantially improved to ensure that fair trade and open market access prevail. No longer will we wait years to take warranted action against an unfair trader because the GATT has not yet acted. No longer will our trading partners get away with dumping and subsidizing their goods without swift and certain retribution.

Another important instance of trade law revisions regards section 406, a law dealing with market disruption from nonmarket economy countries. This law has been on the books since 1974, but has not once provided the relief it was intended to provide. With the changes that ways and means has now made, this law will be one that works.

An additional, key section of the Ways and Means portion sets forth negotiating objectives which must be achieved in the new GATT round. Included in these objectives are coverage for trade in services and investment, effective dispute settlement procedures, and protection of intellectual property rights. The message is clear—we want a GATT that is comprehensive, works, promotes fair trade in all sectors, and serves to every country's benefit.

A final central piece of the Ways and Means section will bring about the development and implementation of a comprehensive and coordinated trade policy, which is elevated to the high level it deserves. Our trade negotiator is granted more prominence and authority. At the same time, the Congress and the private sector will become involved in the formulation of this policy by requiring the executive branch to consult with us and seek our advice on an ongoing, in-depth basis. We want to be players and partners, not bystanders, in setting forth a decisive, national trade policy.

H.R. 3 merits the support of all my colleagues for it accomplishes what we all strive to achieve—a stable, prosperous, and fair world trade order to guide us into the 21st century.

Above all, the time to act is now. Our world trade order is at a critical juncture. We as a nation are at an economic turning point.

For all of these reasons, I urge my colleagues to support the Ways and Means Committee portions of H.R. 3 and urge a vote against any amendments to these sections.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. EVANS].

Mr. EVANS. I thank the gentleman for yielding time to me.

Mr. Chairman, I believe this trade bill is essential if we are to get our country moving again. The day is long past when we can wish our trade problems away. The situation demands action—today.

Like most of you here, I represent an area that has been devastated by our Nation's trade policies. My State and district rank near the top in the number of export-related jobs. Overall, we rank second in the value of our agricultural exports. We should be profiting, but instead we are suffering.

If you go to a John Deere or Caterpillar plant in my district, people who once stood on the production line now wait in the unemployment line. Plants that were thriving with activity have been transplanted to foreign soil.

The middle class is literally being eaten away by unfair trade practices. Unless we take action, our vision of the American dream, so important to the fabric of American society, will fade forever. Its replacement will be a nation of a few rich and many poor. Rising inequality only harms our national strength and economic stability.

Mr. IRELAND. Mr. Chairman, section 118 of the legislation before us today seeks to implement the citrus-pasta agreement concluded with the EEC on February 24, 1987. We are supposed to be expanding our trade opportunities overseas—not sanctioning agreements that cut our products out of foreign markets.

There are a number of inadequacies in this agreement which, I believe, have not been reviewed by the committee. The agreement provides for 45,000 tons of almonds to go into Europe at 2 percent, but restricts frozen concentrated orange juice to a minuscule 1,500 tons, packed in sizes under 2 liters, and limited to a degree of concentration under 50 percent. Compare this with 40,000 metric tons of satsuma oranges packed in containers on which the tariff into the United States will be reduced to zero while the tariff cut on the meager 1,500 tons of concentrate into the EEC will be reduced 6 percent from 19 percent to 13 percent.

In return for these minuscule tariff reductions, our domestic citrus industry has been told it can no longer challenge the EEC's system of preferences for Mediterranean countries which are, in themselves, violations of the General Agreements on Tariffs and Trade. The EEC has been given free reign to exclude U.S. products and continue its obstructionist trade policies.

At a time when we are attempting to give our domestic industries greater opportunity for redress when they believe foreign nations have taken unfair advantage we have taken away the rights of one group to challenge unfair trade practices.

Mr. Chairman, I do not believe that implementation of an agreement like the citrus-pasta settlement should be made part of such an ambitious bill as H.R. 3. particularly since it has been the subject of little or no consideration in the House. I would like to urge my colleagues in the Senate to provide a full, open forum to discuss this proposal so that its total impact on all the industries involved can be made known.

Mrs. KENNELLY. Mr. Chairman, I rise to applaud the work of the chairman of the Ways and Means Committee and the chairman of the Subcommittee on Trade for their work on the Ways and Means titles of this bill. The excellence of their work is amply demonstrated by the overwhelming 34-to-2 vote this bill received in committee.

Each and every one of us here in this body has felt the blow and seen the damage of $170 billion trade deficits. From basic manufacturing to high technology, the cost has been enormous. No one has borne a greater share of that cost than American workers. And rightly, they have been asking their elected representatives what they intend to do about the problem.

As a member of the Ways and Means Committee, I'm proud of the answer we're giving. This legislation strengthens our trade laws and gives us the tools we need to attack foreign barriers to our products.

I'm particularly pleased that the bill beefs up the role of our chief trade negotiator, the USTR. We are all too aware of cases in which other agencies—the State Department, the Treasury Department, the National Security Council—have been able to end run the USTR and block trade cases, sometimes for years. The citrus case dragged on for nearly a decade before resolution; the Houdaille machine tool targeting case fell apart at the last minute. These cases stalled or failed because of end runs by other nations or end runs by other Cabinet officers.

Make no mistake about it: Our competitors know that the USTR is locked in a constant struggle to get an interagency consensus on trade. These countries can—and do—buy time by allowing the wheels of our bureaucracy to spin. But strengthening the role of the USTR, as this bill does, will mean other countries can no longer take advantage of our bureaucratic inadequacies. It means that the USTR will speak loud and clear for America's trade interests, both at home and abroad.

Perhaps the most significant improvements the committee has made in enhancing the power of the USTR relate to section 301 cases. This enhanced authority will give the USTR the leverage he needs at the bargaining table, by empowering him ultimately to take action against unfair trade practices.

Mr. Chairman, this will be the only comprehensive trade bill this House considers for some years. The Ways and Means Committee has worked to fashion a bill that shifts the balance of power in favor of a strong policy process, and in favor of a trade negotiator who can bargain from a position of strength and influence. I urge my colleagues to join me in supporting these provisions.

Mr. WAXMAN. Mr. Chairman, as a strong supporter of the trade bill's digital audio tape [DAT] provision—which would require "copy code" scanner chips in DAT machines—I am disappointed that it is no longer part of H.R. 3. I will, however, continue to do all I can to enact legislation that incorporates this technological solution.

The new DAT technology presents a grave threat to American music. DAT machines allow unauthorized tapers to make unlimited numbers of perfect copies of prerecorded music at no cost to themselves, but at great cost to America's creators. These machines will displace legitimate sales of music and will undermine the American music community's creative incentives. We must address this problem.

As the House leadership has made clear, the DAT provision was removed from the trade bill for procedural reasons. The Energy and Commerce Committee soon will take up a DAT copy-code scanner bill, and I am gratified that Chairman KASTENMEIER—whose Judiciary subcommittee has already held one hearing on the DAT problem—will be looking at the implications of this technology. I am pleased that we will have, as a result of these efforts, the opportunity to give this important problem the careful attention it deserves.

Mr. MOORHEAD. Mr. Chairman, I am delighted by my colleagues' support for a legislative response to the introduction of DAT machines. I share their concern that those who depend on music for entertainment and employment will experience a great loss should these machines be unleashed in the absence of legislation to protect American intellectual property rights.

Songwriters, producers, recording artists, technicians, craftspersons and all those who form the pyramid of support necessary to create a sound recording will suffer greatly and unfairly at the hands of the Japanese manufacturers of these machines. And the DAT machine provides no new outlet for their music because its only use at present is home taping. In fact, the only new outlet provided is for manufacturers of blank tape.

The value of the musical products created by our struggling creative community threatens to be reduced if something is not done to protect the music industry, an important contributor to U.S. trade competitiveness. I applaud the efforts of my colleagues to send to the Japanese manufacturers of DAT machines the message that our borders will not be opened to products that harm a major American industry.

Mr. COOPER. Mr. Chairman, I welcome the opportunity to address a serious threat facing American music, musical artists and the entire music industry—that of DAT machines. These recorders will be imported into this country from Japan sometime this summer or early fall. These machines perform one function only: the duplication of copyrighted prerecorded music. American musicians cannot even offer their music on DAT cassettes because there is no technology for limited mass production of prerecorded DAT cassettes. Therefore, these recorders promise to escalate completely out of control the already severe problem of home taping.

DAT represents a blatant unfairness that we must redress. It is my sincere hope that we will take advantage of this unique opportunity to break new ground in lawmaking by anticipating, instead of responding to, technology. The copy-code solution that is incorporated in the bill introduced by my distinguished colleagues and myself provides that opportunity.

I am pleased to be involved in the effort to address the serious threat of DAT. I will continue to work with my colleagues to devise a comprehensive solution to this problem.

Mr. BERMAN. Mr. Chairman, I appreciate the opportunity to add to the remarks of my colleagues on the subject of digital audiotape technology. Let me provide some background on the home taping phenomenon and how it is exacerbated by the advent of DAT recorders.

For many years now, millions of people across the country have been taping, rather than buying, prerecorded music. Home taping has become so prevalent that as much music is now taped as is purchased. The DAT machine will only exacerbate the home taping problem because DAT eliminates the distinction between originals and copies. What this means is that home tapers will be able to make a digital clone of another's music without paying for it. We all know that if you want any other American product, you must pay for it. It has always puzzled me that there is a widespread perception that recorded music is an exception just because it is an electronically accessible intangible.

I am happy that many of my colleagues recognize that we, the Congress, must act to develop the law in parallel with technological advancements which have made the protection of intellectual property rights more difficult. The copy-code solution incorporated in the bill that I have cosponsored, provides an interim response to the dangers posed by the new DAT recorders. Because these recorders have not yet permeated the marketplace, the copy-code solution gives us an opportunity to act before consumer expectations are firmly set.

I am delighted to have this opportunity to work with my colleagues in reaching a consensus on how to approach the DAT problem. It is my hope that our combined efforts will result in the passage of legislation addressing the threat of DAT.

Mr. SUNDQUIST. Mr. Chairman, I would like to echo the sentiments of the distinguished gentleman from California. It is clear that Japanese-manufactured DAT machines threaten United States competitiveness in the world market. The administration last year testified about the deleterious effects that audio home taping produces. More recently, it has responded to the challenge posed by DAT recorders by proposing legislation mandating the copy-code system as a long-term solution to the DAT problem. The EEC is also moving in the same direction. We are now presented with the opportunity to forge a worldwide consensus on this issue and to demonstrate our determination to enhance U.S. competitiveness abroad and to protect American intellectual property.

Ironically, the Japanese Government is quick to treat its own copyright laws as just another aspect of its trade policy. When the Japanese legislature enacted a law in 1985 to give copyright owners the right to control the commercial rental of records, it extended the protection to Japanese recordings only, refusing to extend the benefits of the law to American recordings. In contrast, in 1984, we enacted the record rental amendment and extended the protection of that legislation to all copyright owners regardless of nationality.

We are again faced with Japan's blatant disregard for American intellectual property. This time we have the chance to learn from the past and to write on a clean slate. This country should not be put in the position of providing a market for Japan's new technology until there is assurance in our laws that American creators and copyright owners will be protected. That is why I wholly agree with my colleagues that we must act now before the DAT machines arrive in the U.S. marketplace.

Mr. MORRISON of Connecticut. Mr. Chairman, I wholeheartedly agree that we need to preserve for American musicians the incentive to create works of art. As sponsor of the Home Audio Recording Act, I have long advocated a solution to the home taping problem. Now that DAT machines threaten to invade the U.S. marketplace and further reduce creative incentives, it is even more important that we demonstrate our commitment to protect what rightfully belongs to American musicians: the rewards for the fruits of their labor. We can do so by working together to avoid the abusive use of the new DAT machines.

The costs of protecting American intellectual property rights from the impact of DAT are very low; the costs of doing nothing are very high. We risk losing our position as the leader in the world music market. And it is not only the music community that will feel the harmful effects of DAT. Listeners and lovers of music everywhere will be deprived if DAT is allowed to undermine the entire system of incentives and reward that is at the heart of our copyright laws. Moreover, the American consumer cannot be offered a variety of quality recordings so long as uncontrolled home taping siphons off the revenues that are used to produce music.

The need for a congressional response to digital audio technology is obvious. I earnestly hope that all of us in the Congress can work together to develop a solution to this problem promptly.

Mr. ROSTENKOWSKI. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time having expired, the gentleman from Washington [Mr. BONKER] will be recognized for 30 minutes and the gentleman from Michigan [Mr. BROOMFIELD] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Washington [Mr. BONKER] for 30 minutes.

□ 1440

Mr. BONKER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I take this opportunity to commend Speaker JIM WRIGHT for his foresight in recognizing the importance of the trade issue as far back as 1982, and for taking the leadership in appointing a House trade task force which put together the recommendations that have now become the basis for the legislation that is before the House.

I also would like to commend him for setting up a process that made it possible for all the standing committees with jurisdiction to contribute to the important trade legislation pending before the House.

I would like to take a moment to comment on the charges that have been made that this legislation is protectionist or that it is in some way similar to the infamous Smoot-Hawley Tariff Act, which passed back in 1929.

Let me assure my colleagues that there is nothing in this legislation that would statutorily mandate import restrictions on any incoming products. This legislation is entirely generic. We deal with existing trade law. We attempt to emphasize export promotion.

The Smoot-Hawley Act, when it was taken up by the House in 1929, was a brazen attempt to legislatively protect all kinds of U.S. agricultural producers and U.S. manufacturers. The legislation increased the tariffs on over 20,000 different incoming products.

That was a blatant form of protectionism. That is not the case with H.R. 3, the bill before the House today.

Even the Gephardt amendment, which has proved so controversial, is merely a policy device to pry open markets in other countries—markets that are presently closed to U.S. producers, most notably in countries that have racked up sizable trade surpluses against the United States.

While I will vote against the Gephardt amendment when it is presented on the House floor tomorrow, I think we ought to be terribly clear about it. It is not protectionist in the classic definition of the term.

I also want to commend the House Committee on Rules for its prudence and its restraint in turning back all of the requests for protectionist amendments that would have otherwise been offered on the House floor during consideration of this bill.

Indeed, H.R. 3 is as close to competitiveness legislation as we will probably ever see. It attempts to confront all the aspects of competitiveness today, to the extent possible through legislation and policy.

We place the emphasis on export promotion and export enhancement. We try to ease the restrictions on the export of technology. We try to deal with some of the macroeconomic problems that have proved so disruptive in recent years.

We try to make new investments in education, targeted toward foreign languages and sciences and engineering. We try to revive the Trade Adjustment Assistance Program so we can help out displaced workers.

So this is competitiveness legislation; this is certainly not protectionist legislation.

Mr. Chairman, insofar as I know, there are only so many ways that we can address this staggering trade deficit. The Wall Street Journal recently had a lead article, and the headline stated that the trade deficit has supplanted the budget deficit as the No. 1 economic problem in America today.

It went on to say that if we do not do anything to correct it, that trade deficit will undermine America's economic well-being.

There is simply no way that we, as Congressmen, can walk away from this problem. In fact, it would be irresponsible if we chose to ignore it. This Congress has a responsibility to address what has become America's No. 1 economic problem.

So the question is not congressional action; the question is, How are we going to approach this problem? Are we going to go down the path of protectionism and statutorily restrict imports, which is not the case in this legislation but which is, indeed, a temptation for the House, or are we going to look at macroeconomic factors to bring down the trade deficit?

When the Reagan administration was shoring up the dollar, from 1981 to 1984-85, it became almost unbearable for U.S. exporters, who saw their product prices increase in overseas markets and displace their competitive position. Indeed, it helped to bring in cheap imports.

The dollar has been in a steady descent since October 1985 and yet we have not had any improvement in our trade position. In fact, last month's trade deficit of $15.1 billion is the third highest ever recorded.

So in spite of the dollar coming down, and in spite of all the economists who said that it would improve our trade position, we have yet to see the positive results.

It is on the export side that we have really been hurting. Our export position has not improved over the last 5 or 6 years. Indeed, in 1981, we exported $46 billion in agricultural products. Last year, in two successive months, we actually registered a trade deficit in agricultural trade.

Everybody knows we are losing ground in manufactured exports to overseas markets. In high technology, we are expected to be more competitive. In 1981, we had a $26 billion trade surplus in technology. Last year, we posted a $2 billion deficit in high tech trade, so we are not even competitive in that market anymore.

The committee represented by this title of the bill, the House Committee on Foreign Affairs, has the responsibility for export promotion. I see this as the positive side of the trade picture.

The Committee on Ways and Means has to deal with import matters and trade negotiations. That is far more difficult. But we on the Committee on Foreign Affairs have put before the House some positive features, many of which have been referred to by the gentleman from Minnesota [Mr. FRENZEL], to see what we can do to enhance America's export position, what we can do to facilitate new and expanding export opportunities for American businesses.

That is the real challenge before America today. It is not restricting markets. It is not just dealing with macroeconomic problems. It is how we can emphasize the positive, how we can improve America's export position.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, the speaker in the well, the gentleman from Washington [Mr. BONKER], is entitled to a round of applause by all Members of Congress and by the American public for the fine job he has done as a leader, a sound, constructive leader in this matter of trade.

He has handled his responsibilities as chairman of the bipartisan Export Task Force with great distinction and he has handled the responsibility as chairman of the majority leader's Committee on Trade, the Caucus Committee on Trade, with great dignity and with great skill.

We all owe him a debt of gratitude for his very fine leadership.

Mr. BONKER. Mr. Chairman, I thank the gentleman from Florida. It is a real privilege to have worked with him over the past few years in developing responsible trade legislation.

Mr. Chairman, I want to take just a moment to outline for my colleagues some of the provisions that are in this title of the bill.

As I mentioned a few moments ago, the House Committee on Foreign Affairs has attempted to improve our export position. The question is how are we able to accomplish this goal? First of all, we have established the Foreign Commercial Service in statute. I think my colleagues will agree that the Foreign Commercial Service has been a real success story within the executive branch in terms of export promotion.

But we want to give it even more support so that it can expand its services and make possible new export opportunities for American businessmen.

We have created in this bill a Pacific Rim Intitiative to open markets in Taiwan, Japan, and Korea, for a whole range of U.S. exports.

□ 1450

We have authorized a market cooperation program for private industry so it can join with the Foreign Commercial Service in cooperative market development efforts. We have also provided for the compilation of a comprehensive report, modeled after the existing human rights report in the State Department, on economic policy and trade practices in each country with which the United States has on economic or trade relationship.

Finally, we have attempted to reorganize the State Department to give it a new dynamic, a congressionally-mandated export promotion program. Regrettably, the State Department has been a latecomer in the area of international trade and export promotion. Except for the Trade and Development Program, it has been a dormant department within the executive branch, in terms of export promotion.

So we have attempted to reorganize the department to give the Trade and Development Program a new autonomous status, some more funding, and a new congressional mandate so that it can get out there by way of feasibility studies and other export services to see if we can at least try to compete with what other governments are doing to help their exports. One example of this is the so-called mixed credit program.

The gentleman from Minnesota [Mr. FRENZEL], the gentleman from Washington [Mr. CHANDLER], and I led a trade mission recently through the Pacific Basin countries. The emphasis was on telecommunications, but everywhere we traveled we were informed by trade ministers and finance ministers that no longer are they making decisions based on the quality of the product or even the price of the product. Rather those decisions are being based on financing terms, on whoever can weigh in with the lowest blended credit to give their exporters a decisive advantage in those markets.

I might add that the gentleman from Wisconsin [Mr. ROTH], the ranking member of this subcommittee, was also a prominent member of this delegation. We found this discouraging news everywhere we went, because the United States does not really believe in using Government funds to help its exporters. The troubling question before us and before this House is, if other countries persist in these policies, we have no choice but to try to match them in these tied aid credit programs or we are not going to be able to maintain whatever competitive position now exists in these markets.

So we have placed under the responsibility of the Trade Development Program the mixed credit program in order to use some of the foreign aid cash assistance, money that is unearmarked, whenever we are facing these credit offerings in other countries to improve our export position.

Last, Mr. Chairman, let me say just a word on the export control sections of this bill. I appreciate the comments of the gentleman from Minnesota [Mr. FRENZEL] who earlier made reference to the improvements in the Export Administration Act that will come if H.R. 3 is enacted. One area where the United States ought to be competitive is in high technology, but due to the onerous restrictions imposed by our own Government, our exporters find that they are trying to compete with one arm tied behind their back. The fact is that we have a commodity control list with hundreds of thousands of items that makes our exporters subject to lengthy licensing procedures in order for them to export their goods into other markets.

We have established a goal in this bill of reducing the commodity control list by 40 percent. Our purpose is to decontrol the low level technology worldwide so that we can focus our attention on the truly critical military technology and quit trying to control all forms of technology, which is a bureaucratic impossibility and which is very troublesome for our exporters.

Second, we have attempted to streamline licensing procedures to remove those requirements that are there now even when the product is already in circulation worldwide or when other governments are exporting products that our Government is attempting to control. What we want to see is that all western countries that have technology available for export may proceed in a way that is even-handed, not placing American exporters at an unfair advantage.

Third, we want to see the Department of Defense somewhat restrained in its influence on licensing procedures. The Export Administration Act is very clear and explicit on this fact, that the Department of Commerce has authority over licensing procedures for shipments that are going worldwide. The Defense Department should be involved only on shipments that go to Communist countries, but in recent years the Department of Defense has gotten into the entire process. We have tried to reaffirm the role of the Department of Commerce as the primary agency responsible for licensing and, in very explicit language, keep the Department of Defense review authority limited to shipments to proscribed or Communist countries.

Finally, we have added language to strengthen the provisions on foreign availability. There is nothing that is more disturbing to exporters than to find that they cannot license a product that is otherwise in circulation worldwide.

Mr. Chairman, in conclusion, I would like to say that I represent an area, Washington State, that is more heavily dependent on two-way trade than any other State in the Union. This legislation will do what is needed for our area and indeed for the rest of the country to open up foreign markets and to improve our export position. I think that it represents a valuable investment in this Nation's economic future. If enacted, H.R. 3 will go a long way toward restoring America's competitive position abroad and bringing back vitally needed economic benefits to the United States.

Mr. Chairman, the Foreign Affairs Committee has focused its efforts on the export side of the trade equation—strengthening our export promotion tools and removing self-imposed impediments to trade. I am pleased to say, Mr. Chairman, that the committee's work reflects a strong bipartisan commitment to making America more competitive in world markets. The entire committee is indebted to the thoughtful and effective leadership provided by Chairman DANTE FASCELL. We are equally indebted to the considerable efforts of BILL BROOMFIELD who serves as the ranking minority member of the committee. Mr. Chairman, I also want to take a moment to commend the efforts of the members of the Subcommittee on International Economic Policy and Trade who crafted much of the legislation reported by the Foreign Affairs Committee. Mr. ROTH, the ranking minority member on the subcommittee, played an active role as did the entire membership of the subcommittee.

Mr. Chairman, the passage of H.R. 3 represents a major turning point in U.S. foreign economic policy. In the last 15 years, the United States has gone from a position of near dominance and relative independence to one of full-fledged involvement in a highly competitive international economy. Where trade was once an afterthought for much of the American economy, it is now critical to our future security and prosperity.

I want to commend Speaker WRIGHT. He was among the first to recognize the importance of trade to our future. It was his concern about America's deteriorating trade situation that led to the creation of the Democratic Trade Task Force in early 1985. As chairman of the task force, I am pleased to see how many of the task force recommendations are contained in H.R. 3. The Speaker established a process that has allowed 11 standing committees to work toward the common goal of strengthening America's position in international competition. Most important of all, the Speaker has made trade legislation the No. 1 priority of the 100th Congress. He has picked the right train and made it run on time. This, Mr. Chairman, is leadership.

The breadth of H.R. 3 is impressive. It puts export policy center stage. The bill includes new export promotion problems, a streamlined export control system, new levers to pry open markets overseas, an emphasis on negotiations to achieve stable and competitive exchange rates, and a proposal to reduce the burden of Third World debt on the world economy. There is new authority for trade negotiations to help pursue America's agenda in the current round of trade negotiations. It improves the ability of the United States to respond to a wide range of unfair trade practices. The bill gives workers the opportunity to acquire new skills to meet the challenge of foreign competition. In addition, the bill provides for investments in education that will sharpen math, science and language skills, improve computer literacy, and upgrade the quality of school laboratories around the country.

Mr. Chairman, H.R. 3 is truely competitiveness legislation. It addresses the macroeconomic underpinnings of any effective competitiveness policy and provides specific initiatives in everything from exports, to exchange rates, to education. And H.R. 3 is part of an even broader competitiveness program designed by

Speaker WRIGHT. The House has already passed legislation providing for major investments in the Nation's infrastructure. The House-passed budget resolution will reduce the budget deficit by about 1 percent of GNP without resorting to the temporary palliative of asset sales. At the end of the century, I have no doubt that H.R. 3 and the 100th Congress will be viewed as the start of an American comeback in international competition.

Let me turn again to the question of exports, a major responsibility of the Foreign Affairs Committee. The importance of exports to the Nation's economic well being is all too often ignored in the debate over trade policy. In England, it used to be said that one had to "* * * export or die". America faces a subtler, more complicated challenge. America must export to prosper, to retain her position of economic leadership, and to move from one generation of technology to the next. To meet these obligations at home and commitments abroad, America must export.

Jobs are part of the export story. More than 2.6 million Americans depend on manufactured export for employment. Roughly 3 acres is still planted for the export market. When the debt crisis dried up markets in Latin America, the United States lost billions of dollars in exports and hundreds of thousands of jobs.

The global scale of industries is also important. Increasingly, industries, particularly in the field of high technology must depend on competing in worldwide markets to make the most of their inventions. Exports allow these companies to achieve the full economies of production. Export sales also bring the extra margin of profit that funds future research for the next generation of technology.

Export helped keep the benefits of research in the United States. Innovation and invention have been a big part of the success of American agriculture and industry. In many cases, the research for a pest-resistent plant or a new semiconductor spills over to strengthen other industries. Often these are the same farms and factories that need global markets to prosper. Keeping them healthy and at home helps America make the most of its investments in research and specialized education.

Exports are also critical to many strategic industries. High technology industries form a critical part of America's defense industrial base. The United States and its allies depend on a technological lead to help offset the Warsaw Pact's superiority in conventional forces. In more and more cases, innovations are occurring first in civilian industry and are subsequently applied to military hardware. That shift in development of new products makes the health of high-technology export-dependent industries all the more critical.

Our allies and other industrial powers will continue to push the frontiers of world technology forward. Their inventions strengthen the alliance and enrich the world. But the United States cannot be indifferent to who makes a breakthrough or where it is made. If the United States falls behind in certain keystone technologies, the ability of the United States to provide worldwide leadership will be reduced. As some point, America would shift from a position of industrial strength to one of industrial dependence. In that sense, America's ability to compete in global markets is critical to long-term national security.

The focus on international markets is a constant discipline that forces a country to make the most of its resources. Industry needs the best in equipment. A country can no longer afford to leave large numbers of citizens ill prepared for a modern economy. The emphasis on exports will force the country to do more with what it has and to think harder about the future.

It is with all of these thoughts in mind, that the Foreign Affairs Committee turned its attention to export policy. We felt it was important to strengthen the base for export promotion in the Department of Commerce. We provided a statutory basis for the United States and Foreign Commercial Service, mandated the creation of an export promotion data system, and created a new cooperator program to help open foreign markets. The Committee's Export Enhancement Act of 1987—incorporated in H.R. 3 in all of title III, and parts of titles VI and VII—also improved the export programs of the Departments of Agriculture and State. The Secretary of State was directed to prepare a comprehensive report on the economic policy and trade practices of each country with which we have an economic or trade relationship. The Trade and Development Program was made independent of the Agency for International Development and given new responsibilities in the fields of mixed credits and training.

Streamlining the current system for national security export controls was central to our effort to improve U.S. export performance. In January 1987, the National Academy of Sciences released "Balancing the National Interest: U.S. National Security Export Control and Global Economic Competition," a comprehensive study of America's export control system. The central point of the NAS study was that America faced such widespread technological competition, that only a multilateral system of controls would be effective in keeping critical technologies away from our adversaries. The study confirmed what committee hearings had also shown—that the United States is attempting to control too much. The result has been a negative impact on U.S. high-technology industries—to the point that a surplus in high technology trade of $27 billion in 1981 has deteriorated to a deficit last year of almost $3 billion. According to the NAS report, excessive export controls have cost the United States at least $9 billion 1985 and about 200,000 jobs.

In drafting the export control provisions of H.R. 3, the Committee considered several important facts. First, export controls remain a critical element in protecting America's national security. Second, a healthy and diversified high-technology industrial base is also vital to the Nation's long-term national security. Third, America's technological lead has narrowed and, in some cases, disappeared. Fourth, because of the spread of technology to other industrial countries and, increasingly, to the newly industrializing countries of the third world, a multilateral approach to export controls is essential.

To streamline and strengthen our export control system, the committee proposed significant reforms: to reduce the export control list; to eliminate licensing requirements for exports to our closest allies, and on low technology goods to Free World destinations; to clarify agencies' roles and provide for timely resolution of disputes; to strengthen enforcement of export controls; and generally reduce unnecessary impediments on U.S. exporters in order to better protect U.S. national security and economic interests. These proposals represent a monumental step forward in rationalizing and making more effective our export control system.

Mr. Chairman, exports and export policy are central to the economic future of the United States. I have included in my statement a more detailed summary of the export proposals reported by the Foreign Affairs Committee.

SUMMARY OF PROVISIONS OF TITLE III OF H.R. 3

EXPORT PROMOTION

United States and foreign commercial service

The export enhancement portions of Title III propose a number of improvements in the export promotion area. The U.S. and Foreign Commercial Service, whose purpose is to promote and protect U.S. business interests abroad, is provided a statutory base. Established in 1980 by an Executive Order, the Commercial Service has officers at more than 125 posts in 66 countries, which account for more than 90 percent of United States exports. The Commercial Service is also given authority to establish a cooperator program, modeled on the successful cooperator program of the Foreign Agricultural Service. Under the program, the Commercial Service would work together with private businesses, and state and local governments to open new overseas markets for U.S. products. The Commercial Service is also directed to undertake a Pacific Rim Initiative aimed at opening Japanese, Korean and Taiwanese markets to U.S. exports.

Further integration of domestic and foreign commercial services

The U.S. and Foreign Commercial Service is directed to undertake a study of the feasibility of further integrating the personnel and resources of the domestic field operation, International Trade Administration headquarters, and foreign field operations. As the committee with primary jurisdiction over the Commercial Service, the Committee is interested in reviewing the case for an integrated U.S. commercial officer corps, modeled on the Foreign Service, and examining options for enhancing motivation and effectiveness among federal export promotion professionals.

Commercial service officers and development banks

The multilateral development banks (MDBs), in which the United States participates, finance about $15 billion annually in procurement. This provision requires the Commercial Service to monitor MDB project activities for opportunities for American firms and to assist U.S. businesses in bidding on MDB projects.

Agricultural exports

The Title takes a number of steps in response to the sharp decline in agricultural exports, including authorizing the Secretary to increase the number of agricultural officers and specialists assigned overseas, and to utilize food aid to develop foreign markets for American agricultural commodities and products.

Country reports

The Secretary of State is required to prepare a comprehensive annual report on the economic policy and trade practices of each country with which the United States has an economic or trade relationship. Based on information prepared by U.S. diplomatic missions abroad, the report will gather into one volume information on a wide variety of policies that can affect export markets—shifts in fiscal or monetary policies, exchange rate management, the growth in external debt, changes in the regulation of industry, the existence of trade barriers, the use of export subsidies, and the recognition of worker rights. The report is meant to be comprehensive and comprehensible to policy-makers and businesspersons who must deal in the world market.

Export promotion data system

The Secretary of Commerce is mandated to establish an information gathering and dissemination system to assist U.S. exporters in gaining access to information on business opportunities abroad generated by the Federal Government and other sources.

Preshipment Inspection Regulation Program

Title III would establish within the Department of Commerce a program to certify and regulate the activities of companies that perform inspections of U.S. exports on behalf of foreign governments.

Report on export trading companies

The Title would require the Secretary of Commerce to submit an annual report to Congress on export trading companies, as well as on the Department's efforts to promote such companies and associations.

EXPORT CONTROLS

Another critical trade issue addressed in Title III is America's self-imposed impediments to trade in the form of export controls. No one questions the need to control highly sophisticated goods that could give our adversaries a military advantage. In pursuit of this national security goal, however, the United States has created an overly restrictive system of export controls that unnecessarily impedes legitimate U.S. exports and disadvantages American exporters. While other portions of this omnibus trade bill deal with foreign barriers and unfair trade practices, the export control portions of Title III seek to address our own U.S.-imposed barriers, and rationalize the export control system in order to protect both U.S. national security and economic interests.

In the Export Administration Amendments Act of 1985 (P.L. 99-64), Congress substantially revised the Export Administration Act of 1979, which provides broad authority for the Executive branch to control exports for purposes of national security, foreign policy, and domestic short supply. Since enactment of the reauthorization on July 12, 1985, the Committee on Foreign Affairs has exercised close oversight of the implementation of the reforms contained in the new Act, conducting numerous hearings and briefings on various aspects of U.S. export control policy.

As a result of detailed oversight, the House Committee on Foreign Affairs recommended a number of additional amendments to the Export Administration Act that passed the House as part of the ominbus trade bill in 1986 (H.R. 4800). Of particular concern to the Committee at that time was the Executive branch's limited implementation of the reforms adopted in 1979 and 1985 concerning national security export controls. Despite the clear Congressional mandate for a narrowing of the scope of national security controls so that limited funds and personnel can be concentrated on exports of highly critical items, the Executive branch had failed to carry out Congressional intent in removing unnecessary controls and reducing the size and scope of the control list. It was the Executive branch's failure to implement the provisions of the act that compelled the Committee to propose further amendments to legislatively direct decontrol efforts.

In 1987 the need for a refocusing of the export control system is even greater. Essential to the effective control of the most advanced Western technologies and, therefore essential to the protection of U.S. national security, is the decontrol of low technology items. Growing concerns have been voiced over the past year about the impact of excessive national security export controls on America's competitive position generally, and on the U.S. high-tech industrial base specifically. In January 1987, the National Academy of Sciences released "Balancing the National Interest: U.S. National Security Export Controls and Global Economic Competition", a comprehensive study of America's export control system. The panel, which consisted of distinguished former national security officials such as Melvin Laird, B.R. Inman, and the chairman Lew Allen, found that the current complex and confusing system attempts to control too much, fails to come to terms with the erosion of America's technological edge, and is often stalled by bureaucratic disagreements. The panel's finding that "U.S. national security controls are not generally perceived as rational, credible, and predictable by many of the nations and commercial interests whose active participation is required for an effective system" is a disturbing assessment in terms of both U.S. military security and America's economic vitality.

Over the past year, there has also been a growing realization within the Executive branch of the importance of economic vitality to military security, and the need for export control reform. A number of proposed changes in the Export Administration Act were contained in H.R. 1155, the Administration's 1987 proposed trade bill. In addition, the Commerce Department has initiated several regulatory changes that would reduce some of the current administrative burdens on U.S. exporters. The Committee is pleased that the Administration's initiatives parallel some of those contained in the Trade and International Economic Policy Reform Act of 1986. In crafting its legislation for 1987, the Committee took careful note of the Administration's proposals.

To strengthen and streamline the application of national security controls, Title III contains several important changes in the Export Administration Act. Following is a summary of these provisions, which were reported by voice vote from the Foreign Affairs Committee with strong bipartisan support.

List reductions

The Secretary of Commerce should seek to reduce the present control list by approximately forty percent. As partial steps to meeting the forty percent goal, certain categories of items are specified for removal from the list: low-technology goods that do not require the approval of the Coordinating Committee for Multilateral Export Controls (COCOM) for shipment to controlled countries; medical instruments and equipment; and unilaterally-controlled goods. Such reduction in the size and scope of the control list will allow limited government resources to focus on truly critical items, thereby enhancing U.S. security interests.

Licensing requirements

Licensing of low technology exports to Western destinations constitutes approximately two-thirds of the 120,000 export license applications processed each year. Such applications are routinely approved but only after weeks and months of delay. In continuing to require individual licenses for these low-level, widely-available products to noncontrolled countries, limited U.S. Government resources are diverted from the review of highly critical items. Consistent with Congress' repeated direction to the Executive branch to focus controls on truly strategic items, the bill eliminates licensing requirements on low technology exports to the free world, and on exports of goods to COCOM countries. The Committee believes such a restructuring of the licensing system will improve the effectiveness of export controls in protecting national security, encourage greater cooperation among our allies and facilitate multilateral enforcement against diversion, and reduce burdesome licensing requirements on U.S. exporters.

Reexport controls

As a further reduction in unnecessary licensing requirements on exports to U.S. allies, the bill eliminates the requirement for reexport licenses among COCOM countries. In addition, no reexport license would be required for U.S. parts and components incorporated in a foreign-made product, if they constituted less than 25% of the value of the final good.

Foreign availability

Widespread foreign availability of increasingly sophisticated goods and technology is a central fact of the world economy. In 1979, the Congress took the common-sense position that if a particular product is widely available outside the U.S. and not subject to export controls, then the United States has two choices: it can persuade the other country or countries to control the product or it must eliminate its own controls that disadvantage American exporters. Despite the clear intent of Congress, the existing foreign availability provisions have had virtually no impact on the size or scope of the control list.

To make foreign availability a more effective component of the export control program, the Committee has proposed a number of changes to existing law. First, from the day of filing to final removal of a good from the COCOM List, the Executive branch will have a maximum of eight months to complete its work. The bill leaves unaffected the current provision for six months of negotiations (with up to a twelve-month extension) to persuade the country or countries that are the source of foreign availability to establish controls.

Second, the Executive Branch has narrowly interpreted foreign availability to require proof that a good is already located in the Soviet bloc. The bill clarifies that uncontrolled or ineffectively-controlled availability in Free World countries also constitutes foreign availability under the law.

Third, the Committee applies the concept of foreign availability to expedite licensing of U.S. goods to Free World countries. Under current law, foreign availability is intended to result in the removal of items from the U.S. and COCOM lists of controlled goods. The Committee bill would require expedited licensing of products found to be widely available in Free World countries, while at the same time allowing the exporter to pursue a decontrol action. In addition, where the Executive branch has negotiated controls on a product with a particular country, the American exporter would no longer need a license to export that product to that particular country.

Review of licenses

Title III clarifies the responsibilities of the various departments in the export control process. Reaffirming the primacy of the Department of Commerce in export control matters, this title clarifies the Secretary of Commerce's responsibility for decontrol determinations and control list maintenance. The Department of Defense's role in determining what items are militarily significant is reaffirmed, as well as the Defense Department's authority to review license applications for proposed exports to controlled countries (communist destinations). Title III does clarify that DoD's role in license review is limited to controlled countries only, and that review of licenses for Western destinations is contrary to Congressional intent. Also specified is a mechanism for the timely resolution of licensing disputes between the two agencies, mandating the Secretary of Commerce to act if such matters are not resolved within the specified timeframes.

Negotiations with COCOM

Title III enumerates several negotiating objectives for the United States to pursue in COCOM. The bill also requires the President to include representatives of U.S. industry with relevant expertise as advisors to the U.S. Delegation to COCOM for the purposes of list review.

Export Administration Reform Commission

The President is required to appoint a commission to examine the current export control system and to report its recommendations for a more effective and efficient system.

Numerous other export control provisions are included in the bill to: streamline U.S. licensing procedures; liberalize trade with the People's Republic of China consistent with national security interests; strengthen enforcement capabilities; prohibit the imposition of fees for export license applications; and strengthen industry participation in the formulation of export control policy.

Oil exports

This provision extends existing conditions under the Export Administration Act on exports of Alaska North Slope (ANS) crude oil to any crude oil exports from the continental United States and Alaska to noncontiguous nations as well as to petroleum product exports from any refinery that during a one-year period exports more than one-third of its refined and partially refined petroleum products. This provision will bring consistency to the various statutory conditions and procedures governing U.S. crude oil exports, and strengthen the congressional role in reviewing Presidential determinations on proposed crude oil and certain refined petroleum product exports.

Monitoring wood exports

The Secretary of Commerce is required to monitor exports of processed wood and unprocessed forest products to all nations of the Pacific Rim and to report the results monthly to Congress. The reports will enable Congress to monitor whether certain Pacific Rim countries are establishing a balance between imports of processed versus unprocessed wood, and whether these countries are implementing commitments to lower and eliminate tariff and non-tariff barriers to imports of U.S. processed and unprocessed forest products.

DEBT, DEVELOPMENT AND WORLD GROWTH

In the industrial world, slow growth has contributed significantly to existing tensions within the international trading system. It has also had a depressing effect on U.S. exports and has been an important cause of record U.S. trade deficits. In much of the developing world, the burden of external debt continues to cast a cloud over future growth and the further development of struggling democracies.

International negotiations

The title would require the President, the Secretary of State, and the Secretary of the Treasury to pursue negotiations to coordinate macroeconomic policies and promote growth in developed as well as developing countries. They are also directed to discourage developing countries from an excessive reliance on exports for growth.

Trade liberalization in developing countries

This provision contains sense of the Congress language linking future growth and development to expanding world trade and increased market access for all countries. It also establishes that foreign assistance should help support long-term trade liberalization in the developing world.

Overseas Private Investment Corporation

Several provisions are included to improve the economic performance of debt-burdened countries. The Overseas Private Investment Corporation provides political risk insurance and loan guarantees, which facilitate U.S. investments, help increase the flow of capital to the developing world, and thereby strengthen foreign markets for U.S. products. Unlike loans, direct investments do not add to yearly interest and principal payments of debt-burdened countries. The Title would raise OPIC's annual level for issuance of investment guarantees from the current operating ceiling of $150 million to $200 million, and lift the cap on overall investment guarantee contingent liability from $750 million to $1 billion. Although the annual ceiling must be approved by the Appropriations Committees, it has no impact on the federal budget.

OPIC also administers a small direct investment facility to assist private sector growth in the developing world. The investment fund is financed from OPIC's earnings. An increase in the funds available for direct investment financing from the fiscal 1986 level of $15 million to $25 million is mandated. Like the investment guarantees, the operating level of the direct investment fund must be approved by the Appropriations Committees but has no impact on the Federal deficit.

Trade and Development Program

The Trade and Development Program funds feasibility studies for capital projects in developing countries. A recent independent audit of the program found that since 1980, TDP's obligation of $75 million for feasibility studies has generated actual exports of $605 million and estimated future exports of nearly $7 billion. The Title provides for a major reorganization of the Trade and Development Program, establishing it as an independent component agency within the International Development Cooperation Agency, and consolidating within TDP trade-related aid programs. The scope of TDP's activities is expanded to include support for training and management and the Program is designated the lead Federal agency for information on export opportunities related to bilateral development projects. TDP assumes responsibility from the Agency for International Development (AID) for administering and implementing the mixed credits program created by the 1983 Trade and Development Enhancement Act, including authority to participate fully in National Advisory Council meetings on mixed credits and authority to draw upon Economic Support Funds, in addition to other funds that are made available, to finance tied aid credits when the Director of TDP, the Secretary of State and the AID Administrator agree.

Countertrade

U.S. policy has long discouraged commercial countertrade or barter. But faced with the pressures to make international debt payments and for other reasons, developing countries have increasingly turned to countertrade to meet some of their import needs. The Committee believes a thorough review of this policy is warranted by the debt crisis and recurring reports that major U.S. competitors are effectively using countertrade to improve their position in developing country markets. The Title establishes an interagency group, chaired by the Secretary of Commerce, whose purpose is to monitor foreign nation's countertrade policies and practices and to recommend ways in which countertrade might enhance U.S. development aid programs.

PROTECTION OF UNITED STATES BUSINESS INTERESTS ABROAD

House Rule X, clause 1, charges the foreign Affairs Committee with jurisdictional responsibility to protect U.S. business interests abroad. In exercising that responsibility as part of the Export Enhancement Act of 1987, the Committee has focused on the protection of intellectual property rights abroad and foreign business practices.

Intellectual property

The United States continues to be a leader in the generation of new ideas and new designs—intellectual property that is generally protected through copyrights and patents. Many countries, however, provide little or no protection for U.S. intellectual property rights. As a result, there is widespread piracy of U.S. products. Billions of dollars in potential licensing fees are at stake. Many more billions of dollars in potential sales are lost to counterfeited products.

Title III contains sense of the Congress language urging the Secretary of State, the United States Trade Representative, and U.S. Ambassadors to make the protection of intellectual property rights a priority in bilateral and multilateral talks. Where countries are unwilling to improve their protection of intellectual property rights, the President should take immediate action. In addition, the United States is urged to incorporate enforcement mechanisms in international intellectual property codes including civil remedies under domestic intellectual property and trade laws.

The provision makes clear the importance of setting international standards for the protection of intellectual property rights. The Secretary of State is encouraged to foster cooperation between international technical organizations, such as the World Intellectual Property Organization and the

General Agreement on Tariffs and Trade, to help develop effective standards.

The Title would also urge the Agency for International Development to provide training for developing country officials responsible for the protection of copyrights, patents, and trademarks, through its development assistance programs. Other parts of the U.S. Government have considerable expertise in protecting intellectual property rights—particularly the Office of Copyrights and the Patent and Trademark Office. In developing its training programs, the Agency for International Development should cooperate with these offices.

Foreign business practices

Another provision included in the Committee's bill and which appears in Title VII of H.R. 3 would amend Section 30A of the Securities and Exchange Act of 1934 and make parallel changes in Section 104 of the Foreign Corrupt Practices Act of 1977 to modify standards of culpability in current law and to clarify the definition of illegal payments by issuers and domestic concerns.

The "reason to know" provision is replaced with a split standard of culpability. In addition to willful bribes, "knowledge" of bribes is a criminal offense punishable by up to $2 million for corporations and $100,000 for individuals. "Reckless disregard" of a substantial risk that a third party will make a bribe is punishable as a civil offense, with a possible fine of up to $10,000.

Under existing law, facilitating payments can only be made to individuals whose jobs are clerical or ministerial in nature. The bill permits payments for routine purposes and focuses on the purpose for the payment rather than the individual involved.

The President is to pursue negotiation of an international agreement on illegal payments and to report to Congress on the results within one year following enactment of the law.

MISCELLANEOUS PROVISIONS

Office of Alien Property

In the course of World War II, the United States seized property that belonged to our adversaries. The Office of Alien Property was established to administer and, eventually, to dispose of the property. The work of the Office has been essentially completed. To effect budgetary savings, the Title amends the Trading With the Enemy Act to eliminate the Office. It also directs the Attorney General to transfer the assets of the Office to the U.S. Treasury.

Limitation on exercise of emergency authorities

The International Emergency Economic Powers Act, enacted in 1977, grants the President the authority to impose an economic embargo on a country in times of national emergency. Previously, the President relied on the Trading With the Enemy Act for such authorities, but since 1977 that Act has been restricted to wartime use. In imposing embargoes on both Nicaragua and Libya, the Executive Branch exempted from the embargos the importation into the United States of informational material such as books, records, and films. Title III applies an identical policy to all existing and future embargoes under the Trading With the Enemy Act and the International Emergency Economic Powers Act.

Relations with Mexico

The President is directed to establish an interagency group, comprised of the Secretaries of State, Commerce, and Treasury, the Attorney General, and the United States Trade Representative, to coordinate U.S.-Mexican economic relations.

The title also includes a sense of the Congress resolution that a bilateral economic summit should take place between the governments of the United States and Mexico.

Mr. BROOMFIELD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to commend the Republican leadership for their fine work to improve the trade bill before us. I also want to commend the gentleman from Wisconsin, Mr. Toby Roth, for his excellent work on this bill in the Foreign Affairs Committee.

For far too long unfair trading practices abroad, and overregulation at home, have hurt American industry's ability to compete in foreign markets. This legislation is intended to correct that situation.

The Foreign Affairs Committee was concerned primarily with the export control policy provisions of the bill. It is important that this bill ensures that the export licensing process continues to accommodate both U.S. commercial interest and U.S. national security interests. Of particular concern is the removal of Deparment of Defense review of so-called West-West licensing.

Mr. Chairman, let me say it is unfortunate that under the rule the Solomon amendment will not be allowed to be addressed. I am sure many of my colleagues would be surprised to see the list of countries receiving U.S. exports that are considered "Western" nations.

Mr. Chairman, although I do not support every provision of this bill, I feel that a bipartisan effort here on the floor can produce a workable law which would promote U.S. trade interests abroad.

Mr. Chairman, I would like to have the gentleman from Wisconsin, Mr. Toby Roth, handle the balance of time on this side.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. Roth].

Mr. ROTH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the ranking minority member of the Foreign Affairs Committee, the gentleman from Michigan [Mr. Broomfield] for his kind remarks and for his statement.

Our Foreign Affairs title, title III, deals with the positive ledger in our trade accounts. We are interested and very much concerned in the trade deficit we have, which is $170 billion this year, and we want to do what we can to lower that trade deficit and create more jobs right here in America. While this title is not perfect, I think it goes a long way in a positive direction.

I, too, wish, as the ranking member of the Foreign Affairs Committee, the gentleman from Michigan [Mr. Broomfield] just mentioned, wish that the Solomon amendment could have been made in order because I think it deserves to be aired and debated here on the floor.

What we do in this section is concern ourselves basically with exports and what we can do to improve exports. We establish by law, for example, the United States and Foreign Commercial Service, the export promotion arm of the U.S. Government, which has operated until now solely by Executive order. In doing so, we are upgrading the stature of the commercial officers in our missions overseas and authorizing a number of export development programs. This is, I think, going to have a very positive effect on our exports.

A commercial information system, for example, will integrate information from all Federal agencies and organize it in such a way that it will be useful to American exporters. What has taken place today is that we have many things that our exporters can use, but our exporters have not been familiarized or are not conversant with these different avenues they have. What we want to do is make this known to them, and this section is going to do that.

The bill recommends a regulatory program for preshipment inspections, and this is going to be important because while it is going to safeguard the most sophisticated technology it is also going to make it easier for our exporters to export, and that is their job.

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It vastly, I think, reduces present U.S. export licensing requirements, and as the chairman of our subcommittee has pointed out so ably, this is going to be, I think, a welcomed approach by our exporters. By eliminating the need for export licenses for low-technology items, our resources and staff will be able to safeguard more effectively our militarily critical technologies from the Soviet bloc. It sets up a new system with strict deadlines for assessing and acting on foreign availability cases. This is something that we in Congress have been approached by many exporters as a real thorn. We are going to be addressing this issue under this bill.

Clearly, our export controls are only harming our own industries when we deny them the opportunities to export products that are already widely available to the Soviet bloc. This new system will vastly improve our capability to make these determinations and to respond to exporters in a timely fashion.

As has been the history with amendments to the Export Administration Act, we know so often in the past, the minority holds a certain difference in emphasis in its approach to technology security. While we may not subscribe to each and every provision of the legislation before us today, I believe that on the whole it merits our support, that is, this title. The minority has done a very good job, an able job. The minority notes that traditionally the other body has also taken a different view on export control policy.

We can be proud of the achievements of this administration, I think, in export controls.

Mr. BONKER. Mr. Chairman, will the gentleman yield?

Mr. ROTH. I am happy to yield to the gentleman from Washington.

Mr. BONKER. Mr. Chairman, I would like to take this opportunity to commend the ranking member, the distinguished gentleman from Wisconsin, for his constructive role in the development of this title in the trade bill. Export trade control policy is a very difficult area for all of us, because it does represent a balance in national security and the economic interests of this country.

The gentleman is one of the most knowledgeable and skillful Members of the House on this subject and through his efforts and his cooperation, I think we have taken a truly bipartisan approach to this important section in the bill.

I just want to thank the gentleman for his leadership and for his cooperation.

Mr. ROTH. Well, I thank our chairman very much for those kind remarks. That means a good deal to me and I thank the gentleman for it.

If we can use a Russian proverb here, there is a Russian proverb that says that two mountains can never come together, but two men always can; so I appreciate the chairman's remarks, because I think because of his work we have been able to craft a good title here that we can support.

I think we can be proud of the achievements of this administration, too, in our export controls. The licensing process is now highly automated with quick turnaround and good accountability. Sting operations have effectively interrupted sophisticated technology diversion schemes. Our international arrangements with the European NATO countries and Japan are much more effective now. As a result, COCOM has not licensed a signal new turnkey factory for the production of sensitive goods to the Soviet Union in the past 5 years. Agreements have been signed with countries such as India and the People's Republic of China to liberalize high-technology trade in a responsible fashion.

We cannot lose sight of the fact that our export controls enable us to maintain our lead in military critical technology. The accomplishments of this administration over the past several years account for the regaining of our lead time in key military-related technologies that we were losing in the late 1970's and early 1980's.

The changes in the Export Administration Act proposed here today in large part complement the objective of the administration, and that is to streamline the export control process and to maintain our competitive position in science and technology. Competitiveness is more than just a fashionable buzz word in Washington. It is the piston which drives American industry to excel. Stripping American companies from unnecessary Government redtape is one way to make our industrial base more competitive in world markets.

Mr. BONKER. Mr. Chairman, I yield 1 minute to the distinguished chairman of the Foreign Affairs Committee, the gentleman from Florida, Mr. DANTE FASCELL.

Mr. FASCELL. Mr. Chairman, I rise in support of H.R. 3, and particularly to commend to the Members of the House those sections reported by the Committee on Foreign Affairs; title III dealing with export promotion and export controls, and section 701 revising the Foreign Corrupt Practices Act.

I would first like to recognize the untiring work of the gentleman most responsible for the Foreign Affairs Committee's provisions in the bill, Mr. BONKER, and his ranking member, Mr. ROTH. The Subcommittee on International Economic Policy and Trade has devoted a considerable portion of its time and efforts over the past several years preparing the recommendations that are found in title III and section 701, and it is the generally bipartisan work of this subcommittee which has permitted the Committee on Foreign Affairs to carry out its responsibilities with respect to the trade bill.

Subtitle A of title III is designed to enhance the export promotion activities of the U.S. Government. It upgrades the role and status of the United States and foreign commercial services and authorizes new and expanded export promotion programs. It also directs the Secretary of Commerce to establish a licensing system to regulate the activities of companies performing preshipment inspections in order to prevent such activities from unduly interfering with the normal export business of U.S. firms.

The central focus of the committee's work on trade matters over the past decade has been to make the export control process more effective and more efficient. Subtitle B of title III continues that process. It seeks to remove controls where they are ineffective, specifically those that are imposed unilaterally, are on generally available goods and technology, are on outdated or low-capacity technology, or are duplicative (re-export controls). This provision also seeks to provide clearer lines of authority with respect to decisionmaking on license applications.

Subtitle C is designed to enhance the role of trade and investment in dealing with the debt and development problems of developing countries, which have been major contributors to the decline in imports by developing countries and therefore to the U.S. trade problem. The activities and programs of the Overseas Private Investment Corporation and of the Trade and Development Program are expanded, and an interagency group is created to develop a national policy on countertrade.

Section 701, reported by the Committee on Foreign Affairs and by the Committee on Energy and Commerce, revises the Foreign Corrupt Practices Act in order to clarify which payments are permitted and which are prohibited, and clarifies the standards for violation of the act. These changes should enhance enforcement of the Foreign Corrupt Practices Act and provide clear guidance to U.S. business activities overseas.

Mr. Chairman, I commend all of the members of the Subcommittee on Foreign Economic Policy for their diligent work on these provisions and urge their support by the full House.

Mr. ROTH. Mr. Chairman, I yield 5 minutes to my good friend, the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Chairman, one of the major concerns I have about this bill is the impact it is likely to have on the security of this country. As the gentleman from Michigan, Mr. BROOMFIELD, the distinguished ranking member of the Foreign Affairs Committee, and the gentleman from Wisconsin, Mr. TOBY ROTH, the subcommittee ranking member, said a few minutes ago, our trade policy must bring our country's economic needs and our security needs together in proper balance, and may I say that this bill as presently written just does not do that. It just does not strike that right balance.

Before this gag rule was adopted, I had hoped to offer an amendment that addresses the Defense Department's authority to examine export licenses involving American trade with just 12 selected non-Communist countries. The Defense Department currently has this authority pursuant to a Presidential directive that was issued in 1984. This bill would take away that authority. My amendment, had I been permitted to offer it, would have preserved intact the Defense Department's present authority, which is so badly needed today.

Why is this issue important? It is important because our country has a vital interest at stake in stemming the flow of strategic technology into the hands of our enemies.

Here is a clipping out of the New York Times just the other day which is entitled, "Trio Charged With Selling Computers to Cuban Front."

It goes on to say that they sold a lot of stuff, computers, a lot of chips, equipment for interfacing computer system, and then it goes on to say that the equipment could be adapted for military use because the equipment sold was IBM compatible because Soviet bloc countries uses the Ryad 1 and Ryad 3 computer systems which were copied from International Business Machines systems.

I think later on in the debate we may hear where a Japanese industry has just been accused of selling high technology submarine parts and entire submarine components to the Soviet Union.

Why is it important, again I ask? It is important because our country has a vital interest at stake. Any product or technology that the Soviet acquire, legally or illegally, which they then use to enhance their own military capability, can have a significant and detrimental impact on our own national security. Our own defense spending—and this ought to interest a lot of Members on that side of the aisle, because I hear them talking about it in 1 minute speeches day after day—our own defense spending has had to be increased in any number of areas in order to counteract the United States technology that the Soviets have managed to buy, steal, or otherwise get their hands on.

DOD currently has statutory authority to review export licenses on all United States goods bound by destination within the Soviet bloc. For the past 3 years, DOD has been given authority to review export licenses on 8 categories of technology for shipment to 15 non-Communist countries in which trade diversions to the Soviet Union have been a problem.

Mr. Chairman, this issue has not always received proper attention because many people are misled by the term "West-to-West" trade. These 15 countries that I speak of over which DOD have review are defined in the parlance of the Export Administration Act as being "Western" countries; but the truth of the matter is that any country, except Japan and members of the NATO Alliance and the Warsaw Pact countries, are also defined as being "Western" countries.

Let me assure you that most of the selected 15 countries are anything but "Western," anything but pro-United States, and I invite you to take a look at this classified list, which I cannot read on the floor of this Congress right here today, but I would invite any Member on both sides of the aisle to step forward and take a look at the names of these countries.

Of the 15 countries placed on the DOD review list in 1984, 3 of them have cleaned up their act and have been taken off that list.

□ 1510

Of the 12 that remain, however, you would be shocked that they are being defined as Western countries. Again, I invite Members to come look at this list. They will see some of the most hostile countries in the world, some of the most hostile countries for exporting state-sponsored terrorism that have killed Americans throughout this world.

We are going to stand here and take them off this control list? What in the world are we doing? And yet this trade bill would absolutely remove them from that list.

This bill ignores the fact that a proliferation of false fronts and dummy corporations, all serving to divert vital United States technology into the Soviet bloc, has been established throughout the world, particularly in these countries on this list, and I would say come and look at this list, and you will never vote for this bill, unless they allow my amendment to remove that section of the law.

Mr. BONKER. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Washington [Mr. BONKER] has 13 minutes remaining and the gentleman from Wisconsin [Mr. ROTH] has 16 minutes remaining.

Mr. BONKER. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from California [Mr. BERMAN], who serves on the Subcommittee on International Economic Policy and Trade.

Mr. BERMAN. Mr. Chairman, I thank the chairman, who has done a really magnificent job of reshaping our export-control laws and export-promotion programs in this bill, for yielding time to me and for that work that he has done on this issue.

Mr. Chairman, I would like to take my time to join issue in a sense with the gentleman from New York who just spoke. Not one provision of this bill affects our controls for either foreign-policy purposes, as the very specific controls with respect to Cuba involve, nor do they affect any of our controls on state-supported terrorism or on countries that are on the terrorist list.

This bill only deals with amending that portion of the Export Administration Act which affects national-security controls, and in that light we have a very important new development which I think helped very much in guiding the subcommittee on its recommendations to the House at this time.

We have listened and been barraged from both sides of this debate; some, a relatively small group in the Department of Defense, talking about the hemorrhaging of technology; the business community claiming that any denial of a license was an unnecessary burden on America's export ability.

The National Academy of Sciences commissioned a panel, a distinguished panel, involving the former Secretary of Defense, Melvin Laird, former CIA Director Bobby Inman, the former NSA Director, Lew Allen, and many other people who have spent their whole careers being concerned about American national security.

They looked at our export-control laws, and they concluded that in fact those laws were working against America's long-term national security interests by being in so many cases irrational, cumbersome, and burdensome that they prevented American private-sector exporting companies from developing and investing in the kind of research and the kind of products that will ensure this country's national security with all of its defense implications because of the difficulty of exporting, the difficulty of finding customers abroad.

They further went on to point out that the real intent of our export-control laws and our multilateral controls through COCOM is to deal with the problems of espionage that were cited in that New York Times article, to deal with effective enforcement of the meaningful controls, and that a whole variety of our controls on less than the most advanced technology were in fact causing the undermining of the multilateral control system.

It is in the wake of that National Academy of Sciences report that this subcommittee has made significant, carefully drafted amendments which have the endorsement of the National Academy of Sciences which in many cases were supported by the Department of Commerce and which I think strike that kind of meaningful, moderate balance between the conflicting arguments that we have been hearing for a number of years.

I think that the proposal is an excellent one, and I urge its adoption by the House.

Mr. ROTH. Mr. Chairman, I yield 4 minutes to a very distinguished colleague, the gentleman from California [Mr. LAGOMARSINO].

Mr. LAGOMARSINO. Mr. Chairman, while I support serious efforts to address unfair trade policies and harmful barriers to our exports, I rise in strong opposition to the Gephardt amendment. It would severely damage our economy, reduce our international competitiveness, and embroil us in trade conflicts with our trading partners. This amendment will not open foreign markets but will instead result in the arbitrary closure of the U.S. market and foreign retaliation. There is no question about it. If Gephardt became law it would start a trade war. In the future, as has been the case in the past, the United States will no doubt run large trade surpluses, and this proposal simply justifies other nations to use this same measure against our exports, particularly farm products. Furthermore, the Gephardt amendment mandates a 10-percent reduction in trade surpluses without regard to whether this level of reduction mirrors or exceeds the impact of that country's unfair trade practices. In addition, the Gephardt amendment would endanger the new Uruguay round of trade talks in which agricultural trade is a top priority. It is no wonder that this amendment is opposed by the Reagan administration, the chamber of commerce, the National Federation of Independent Business, the Business Roundtable, the American Farm Bureau, the National Association of Manufacturers as well as various other manufacturers, service industries, consumers groups, and retailers.

Mr. Chairman, I would also like to take this opportunity to touch on a few of the more significant problems I have with the bill. First, the bill would add denial of internationally recognized workers rights as an actionable practice under section 301. I am strongly opposed to creating this arbitrary category of unfair trade practice since it is based on standards that Congress has not ratified for the United States. Second, restrictions on oil product exports would reverse efforts to free trade with Canada, burden United States refineries, damage our national security requirements and cause economic inefficiency. I am pleased to see that a compromise was reached on amendments to our export control laws. The bill sets the 40-percent reduction as a target to be pursued by commerce over the next 3 years.

Mr. Chairman, the legislation establishes an Industry Adjustment Advisory Group to make industrial policy recommendations as part of section 201 cases. In this time of fiscal restraint we do not need a new bureaucracy with a large budget to gather and disseminate information, that is already performed by many advisory bodies. H.R. 3 would also add significantly to the budget deficit. Preliminary analysis indicates that enactment of this bill would add roughly $3.2 billion to the budget deficit over the next 3 years at a time when we have promised ourselves and our trading partners to reduce it. Costly new grant programs would only duplicate programs and increase Federal interference in areas of State responsibility.

H.R. 3 if amended by Gephardt would expose American exporters to retaliation by other countries, risk national security by weakening export controls and weaken the President's ability to eliminate unfair trading practices abroad. The administration agrees that the U.S. trade deficit is a serious problem and has an aggressive program to deal with this issue. They have initiated cases of unfair trading practices with Japan, the European Community, South Korea, Taiwan, and Brazil that have opened markets there. They have made important strides toward strengthening GATT which governs international trade and have helped reduce the value of the dollar against other major currencies, so U.S. products are priced more competitively in world markets.

Mr. BONKER. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. WOLPE], who is a prominent member of the Subcommittee on International Economic Policy and Trade.

□ 1520

Mr. WOLPE. Mr. Chairman, I rise in strong support both of H.R. 3 and of the Gephardt amendment that we will be considering tomorrow.

Mr. Chairman, our Nation's trade deficit is nothing short of a national crisis. Every year, for the past 6 years, we have watched the trade deficit balloon—eliminating 1.2 million of our manufacturing jobs. It has virtually destroyed our industrial base. In 1981, the manufacturing sector posted a $12.9 billion trade surplus. By 1986, that figure had spiralled downward—in just 5 short years—to a deficit of approximately $136 billion. Our overall trade deficit, during the same period has gone from $40 billion to $170 billion. This is incredible and alarming—we cannot allow this pattern to continue.

The issue before us today is one of economic security, and we should all recognize it as such. The trade deficit poses a real and powerful threat to that security—for what is at stake is the present and future standard of living for all Americans. This administration has largely ignored the economic component of our national security. The consequence is that we have become the No. 1 debtor in the world—we have effectively mortgaged our future. For the sake of our children and their grandchildren, it's time to stop neglecting America's economic security, we cannot continue on this path of economic destruction.

We've heard two criticisms of this bill. The first is that it is protectionist. In fact the opposite is true. This legislation will open, not close, markets abroad for U.S. industry. Second, we're told that this will fail in its promise to eliminate the trade deficit. In fact, no one has ever made that promise. There is no easy, quick panacea for the trade deficit. But we do know that unfair trade practices abroad have exacerbated the trade deficit. We know that the administration's response of charm and pleading and jawboning our major trading partners has failed. And we know that this legislation is a temperate, responsible alternative to a policy of all bark and no bite.

The critics of this bill also tell us that if we really want to bring down the trade deficit, that we had better reduce the budget deficit. Well, we understand that, and you had better believe that I and the rest of my colleagues on the Budget Committee understood very clearly the relationship between the two deficits as we completed work on the budget for fiscal year 1988. And, this House only a few weeks ago demonstrated its commitment to effective deficit reduction. For fiscal year 1986, the budget deficit was a grim $220 billion. This year, it is likely to drop to $180 billion. The recently adopted House budget resolution would reduce it further, to a target of $132 billion in 1988. We have taken the necessary and correct steps to reduce the budget deficit, and we will continue to take more. Over time, these actions to reduce the budget deficit will have a positive impact on our swollen trade deficit.

However, curbing the budget deficit neither negates nor diminishes the need for this strong and fair comprehensive trade legislation. Reducing the budget deficit will not open markets abroad for American companies. It will not make American workers more skilled and productive. It will not make entry into the international marketplace an option which is easily available and to the small business that has an exportable product. And finally, it will not eliminate the needlessly burdensome obstacles to expanded American exports created by our export controls process. What those who criticize this legislation fail to realize is that this legislation is forward looking. It is a comprehensive approach designed to address not only problems external to our economy, but also weaknesses within our own society, that keep us from realizing our full economic potential as a world economic power.

The trade bill, for example, addresses the pernicious problem of illiteracy in America which costs this Nation countless export opportunities nearly $100 billion per year in gross national product. Specifically, the bill would provide $102 million for the establishment, operation or improvement of various State and Federal literacy programs. It also would enhance our vocational education programs, our science, math, and foreign language programs at both the elementary and secondary levels, as well as improve the research and development infrastructures at our higher institutions. And for the immediate concern of workers who have lost their jobs because of imports, there is a $980 million authorization for State and Federal readjustment services and for job retraining programs. These are investments in human capital that will make our labor force better equipped to participate and excel in a dynamic world economy.

The forward looking nature of this trade bill is also captured in the provisions which address the unique export problems encountered by small businesses. Unfortunately, our present export promotion efforts have failed to lure many small- and medium-sized firms into the international marketplace. It is estimated that approximately 30,000 of these small companies produce exportable goods and services, but for one reason or another, refrain from exporting. The trade bill would tailor our export promotion efforts to meet the special needs of these small firms and would place a high priority on locating and reaching out to those businesses with export potential. It would provide for such things as export financing, market research assistance and assistance in trade remedy proceedings. Collectively, these measures would assist a sector of our economy—small business—which has traditionally been innovative, flexible, and responsible for creating the vast majority of jobs.

A third aspect of this trade bill, and I give enormous credit to my chairman, the gentleman from Washington [Mr. BONKER] for his leadership in this effort, would make substantial revisions to our unduly burdensome export controls process. Since 1982, following the release of a critical study by the General Accounting Office, our export controls system has come under repeated attack for being excessive, outmoded, and ineffective. According to several studies, the most recent being the distinguished National Academy of Sciences report of this past January, many of our efforts to control sophisticated technology have done little to advance our Nation's security. What they have done, however, is severely hamper the export efforts of some of our most dynamic and competitive high-technology industries.

The trade bill effectively removes some of the more onerous obstacles to exports which we have ourselves erected. It calls for a 40-percent reduction in the controls list, streamlines the export license process, and makes changes to the foreign availability test. These improvements in the export controls system will ensure that high-technology firms' efforts to penetrate markets abroad are not hindered by misguided U.S. policy.

Mr. Chairman, there is clearly a need for business and labor, and for the entire American economy, to become more efficient and more competitive; but it must be the U.S. Government that leads the way to adopting a new attitude toward international trade if business and labor are to succeed. What good is it for a company to become fully competitive, if its efforts to gain markets overseas are blunted by trade barriers? This Nation can no longer afford to rely on the trade laws currently on the books. The last several years have proved the trade laws to be inadequate to the task of dealing with the unfair trade practices of our trade partners. The changes to the trade laws that are put forth in this bill are not protectionist. They merely ensure fair trade, and those provisions, in my judgment, will be strengthened and enhanced by the Gephardt amendment. They are designed to make certain that our companies have fair access to markets abroad, and that foreign countries abide by our laws when exporting to the U.S. market. Foreign nations will be put on notice that if they choose not to play by the internationally recognized rules of trade, they will be penalized. It is time for the United States to aggressively pursue our interests in world trade—and these reforms to the trade code serve that end.

In short, this trade bill before us today lays the groundwork for a revived competitive spirit in America. It not only addresses the trade barriers used by our trading partners, but it is also a thoughtful, forward-looking approach that embraces many courses of action that will improve our competitive position.

I strongly urge support for its passage.

Mr. ROTH. Mr. Chairman, I yield 4 minutes to the gentlewoman from Maine [Ms. SNOWE].

Ms. SNOWE. Mr. Chairman, the days of talking the trade problem away have long since past.

Examples of this urgency abound. My congressional district is still one of the hardest hit in the Nation by a bevy of unfair trade practices.

Footwear imports in the month of February alone totaled 103 million pairs, 17 percent above the February 1986 amount. Imports now constitute 84 percent—84 percent—of the domestic market, up from 51 percent just 6 years ago.

Even where an industry thought it was getting relief, loopholes abound. When injury was found from Canada's fishing industry, the New England fishing industry was optimistic. But the duty was just 5.8 percent and on fresh fish only, allowing the subsidized Canadian industry to outflank our beleaguered industry completely in processed fish. Miniscule, if any, positive benefit has emerged from the duty, even though the Canadian subsidies continue.

With these and a discouraging array of other unfair trade practices plaguing my district, I am encouraged that revisions of our trade laws are before the House today.

Temporary emergency import relief for perishable products, for example, can provide a measure of hope for farmers who have seen their products rot while waiting for effective action.

Provisional import relief if critical circumstances are found to exist can help domestic industry when needed, not only at the end of a lengthy bureaucratic process.

And the strengthening of the Trade Adjustment Assistance Program, one of vital importance to the State of Maine, will provide some element of support to those many workers who have been failed by our trade laws.

These and other provisions are welcome improvements. Nonetheless, this bill still embodies the fundamental ambiguity in American trade policy. We need to take tough action, we say we'll take tough action—but, in the end, the rhetoric rarely leaves any residue of quantifiable action.

One of the biggest loopholes lies in the supposed reduction in the President's discretion to deny or approve recommended trade relief. The footwear industry can testify about Presidential discretion. After a lengthy process, the ITC ruled unanimously that the footwear industry had been materially injured. The President turned down the recommended relief.

This bill, on the one hand, makes it mandatory for the President to retaliate, dollar for dollar, for violations of trade agreements. But, on the other hand, retaliation is not required, essentially, if the President determines it's not a good idea. I can only construe this as a discretionary, mandatory requirement, which will carry little force.

And although the bill "requires" a Presidential finding within 30 days, he can take up to 6 months if he so desires. I fear the weak and cumbersome process of today will remain substantially intact.

Further, this legislation seeks to establish strict time limits for providing import relief. But while declaring that recommendations for relief must be made in a maximum of 18 months, the ITC can take an additional 3 months if necessary. That's almost 2 full years. To give you an idea, in the last 2 years Maine lost 200 potato farms, many due to Canadian imports.

As I testified, before the Subcommittee on Trade, if we are not committed to strengthening our trade laws, then we should not preserve a legal facade which suggests help but ultimately thwarts the hopes of workers and industries. To me, the abiding conundrum of American trade policy is the practice of finding a way out of enforcing our trade laws. One only has to witness the self-flagellating national debate over the computer chip sanctions, affecting one-half percent of our $52 billion trade deficit with Japan, as an example of our singular tentativeness.

A sensible, enforced trade relief process would help eliminate the instability which follows the United States in international trade. I would prefer that we enact such a process. In its absence, however, I see little alternative but to add to it the amendment of the gentleman from Missouri.

Some Members may complain that it is a meat ax approach to the trade situation; but when you're trying to cut through some tough gristle, a meat ax is about all that works. I realize that the Gephardt amendment has been the linchpin of much hysteria, but it comes the closest to actually enforcing our rights in the international marketplace. The President has said that the answer to the trade problem is to have genuinely fair and open markets. I agree with that statement. But how long do our workers and industries have to wait.

Mr. Chairman, I urge my colleagues to adopt this legislation. At the same time, however, we all must recognize that this does not completely solve the procedural inadequacies which pervade our frequently irrelevant trade laws. I look to the day when we resolve those problems as well.

Mr. ROTH. Mr. Chairman, I yield 3 minutes to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman, this title has the good news in this trade bill. Other titles have the bad news. They contain provisions that mean more trade barriers and less trade. But the provisions in the title prepared by the Foreign Affairs Committee mean more trade. And they bring about more trade by removing U.S. Government controls that keep our businesses from exporting.

Much of the credit for this title belongs to my distinguished colleague from Washington State and chairman of our Foreign Affairs Trade Subcommittee, DON BONKER, and to the distinguished ranking minority member of our subcommittee, TOBY ROTH.

Mr. Chairman, the businesses in my district want to compete with foreign businesses—not with the Commerce and Defense Departments. But that's what they've been forced to do by our own export controls.

The businesses in my district want to be able to sell technological goods to foreign countries that are widely available on the world market. In the past they have been prevented from doing so. This title will change that.

The businesses in my district want to exhibit technological goods in China. In the past they've had to wait 9 months for a selling license until the exhibition was over. My amendment adopted in subcommittee and contained in this title will change that.

The businesses in my district want to be able to sell technological goods abroad without waiting endlessly until all chance for a sale is lost. This title will put clear limits on the Government export control decisionmaking process.

Mr. Chairman, the time has come to stop the export ping pong game in which the Commerce and Defense Department wield the paddles and American business is the ping pong ball.

The Foreign Affairs Committee title of this trade bill makes sense and deserves our support.

Mr. ROTH. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I want to talk about one significant aspect of H.R. 3 that will not get much attention in this debate. I am talking about the failure of this bill to address our trade relations with Mexico. It is generally agreed that only by expansion of trade opportunities can we address the root problems causing the debt, illegal immigration and political instability in our most important neighboring country. U.S. trade law has addressed, rightfully, special problems of other important areas through establishment of trade enhancement and promotion vehicles such as the Caribbean Basin Initiative, the United States-Canadian trade area and the United States-Israel free trade area. Unfortunately, this legislation does not give such positive treatment to Mexico. On the contrary as I learned this morning while meeting with representatives of the American Chamber of Commerce of Mexico, it includes provisions which will damage this trade. For example, there is a provision allowing expedited relief for perishable products. It would allow Mexican imports of perishable products to be subject to quota limitations with little advanced warning. Any such limitation could be applied so as to wipe out export sales of a whole season's production of perishable commodities. These commodities would then have to be disposed of in Mexico at distressed prices. The threat of such an action would certainly discourage investment in this important expanding export sector with resulting serious economic and employment consequences for Mexico. There is another provision which seriously threatens to hinder the development of those Mexican nontraditional exports based on her abundant energy supplies. Not only would it subject these exports to unreasonable restrictions—it would violate United States/GATT obligations; consequently, foreign countries could legally retaliate against U.S. products that benefit from similar U.S. practices. For example, many of our farmers benefit from Federal water projects. This would be enough to expose exports of produce by these farmers to the same type of restriction that we would subject Mexican exports to.

We must remember that in the past our attempts to tighten our trade laws against other countries have hurt our relations with Mexico. For example, in the 1970's we were concerned with European Community agriculture subsidies and Japanese manufacturing subsidies. We tightened our trade law. The unintended result was that these countries, against which the law was ostensibly directed, were largely able to escape these restrictions while Mexico became the victim of 27 complaints. We must make sure that this trade bill does not have the unintended effects.

Finally, we should note that Mexico has been adopting a more reasonable trade policy. It has joined the GATT and carried out significant trade liberalization of its own. It has eliminated almost all of its export subsidies. This is not the time to show American attitude by further restricting Mexican exports to the United States. I certainly hope these issues of vital importance to United States-Mexico interests will be addressed when the legislation is considered in the Senate and in conference committee.

Mr. BONKER. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. MICA], a distinguished member of the subcommittee.

Mr. MICA. I thank the gentleman for yielding.

Mr. Chairman, I would just like to take a few minutes to support the foreign affairs title of this bill. Under this title, we are talking national security in its purest sense, national security for our business community and for our high technology trade and for America.

This bill represents an honest, legitimate attempt to make America No. 1 in trade in the world and also protects our national security in the strongest terms. Now we have just heard from some of our colleagues that this title doesn't do enough to give the Defense Department a proper role in the control of exports. I submit to you that this title gives a very balanced and appropriate role for the Defense Department. If I had my personal way with this bill, we would give less power to Defense and more to the Department of Commerce, and Commerce would, as they have done in the past, check with Defense when they believe the license would be contentious.

This committee has worked long and hard. There have been attempts to change the balance of this bill. One attempt that was referenced here a few minutes ago by my colleague from New York, Mr. SOLOMON, was defeated 2 to 1 in committee. The bill is now a representative bill that is balanced, appropriate, reasonable, and fair. And as one who has been dealing with the Defense Department and losses more recently of national security items here and in Moscow, let me tell you that Defense has their hands full in some other areas.

This bill will benefit this country, our business community, and our national security.

Mr. Chairman, I yield back the balance of my time.

Mr. ROTH. Mr. Chairman, how much time remains on this side?

The CHAIRMAN. The gentleman from Wisconsin [Mr. ROTH] has 3 minutes remaining and the gentleman from Washington [Mr. BONKER] has 4 minutes remaining.

Mr. ROTH. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise to commend the gentleman from Washington [Mr. BONKER] and the gentleman from Wisconsin [Mr. ROTH] on their very fine work throughout this year and preceding years on the issue of trade, particularly on their dedication to reforming our trade laws to better enable America to compete and that is after all what we are all here about, what the trade bill is about, America's competitiveness.

In 1982 when I was first elected, I began watching my companies losing major contract after major contract abroad, not because they could not provide the lowest price, not because they could not provide the highest quality, but because their competitor got government financial subsidies that effectively bought down the cost of their product.

Our inability to provide competitive financing has cost American business contracts and American workers jobs. The establishment of the trade and development program in this bill will enable American business to get in on the ground floor by providing feasibility studies and planning services for major development projects. Accompanying this with a stronger mixed credit program, and I specifically commend you on not requiring unanimous agreement for mixed credit, where mixed credit can go.

By coupling the TVP programs with other stronger mixed credit programs, we will in fact assure America's competitiveness on very important job—intensive projects that in the past we have lost for the worst of reasons. The export control section of the bill is equally important and I congratulate my colleagues on their fine work.

Mr. BONKER. Mr. Chairman, I yield 1½ minutes to the gentleman from New Jersey [Mr. GUARINI], a member of the Committee on Ways and Means.

Mr. GUARINI. I thank the chairman very much.

Mr. Chairman, I am pleased to rise in favor of this bill. It is a tough and fair measure that sends a message to our trading partners, the time for excuses has ended, we are not going to tolerate the unfair trade practices any longer. It is wrong that our markets remain open and they have closed access to theirs.

The United States is the most open market in the world. No matter how many people try to criticize it, we look forward to free trade as we have just heard entered into the RECORD, a free trade agreement with Israel and we are trying with our largest trading partner right now, to negotiate free trade with Canada. As a result of the closed markets, nontariff barriers, subsidies, predatory intellectual property practices, targeting, closed doors on Government procurement contracts, illegal dumping and other unwarranted actions we have suffered a loss of 4 million jobs that are translated in terms of a deficit of $170 billion. Even with the dollar falling, we are still running huge deficits.

The world market which depends on the dollar is greatly destabilized. Our allies have become angry. The economic security of the world has been seriously threatened. The truth is that aggressive countries do not believe or understand the word reciprocity and they have taken advantage of our ineffective and weak trade laws.

Today this bill corrects that. I might say that even though we will reform our antiquated trade laws and will give us a right national direction and a national strategy for the first time, there is still a question concerning quality and that is the only way we can truly become competitive. If we are going to have a better world, better national security, a better standard of living for all our people, we certainly must understand the word quality, newer and better products in addition to the trade laws we are now reforming.

Mr. ROTH. Mr. Chairman, at the beginning of this debate the gentleman from Florida [Mr. GIBBONS] offered some very nice accolades to the chairman of our subcommittee. I want to associate myself with those remarks because they are very well-deserved.

I also want to compliment all the people who have spoken on title III. I think they are very well-developed, reasoned, well-delivered arguments and we appreciate their input. Title III is a positive, a sensible approach and it is not perfect, but it is a giant step forward. And if we structure the other titles of this bill in the same fashion that this title is structured, then I think the President of the United States can sign the bill in all good conscience, sign the bill into law.

Mr. Chairman, I thank the chairman and I thank the other members who have contributed to this debate this afternoon on title III.

Mr. BONKER. Mr. Chairman, I yield 1½ minutes to the gentleman from California [Mr. MINETA] who has been a leader in export control policy and reform

Mr. MINETA. Mr. Chairman. I rise in support of H.R. 3, the Omnibus Trade Act. I particularly would like to express my strong support for the export provisions contained in title III of the bill, as crafted by our able and distinguished colleague the gentleman from Washington [Mr. BONKER].

Just 2 weeks ago during our April district work period my distinguished colleague and long-standing friend, Mr. EDWARDS and I held a special hearing in the heart of our adjoining district in Silicon Valley in California.

At that hearing, Mr. EDWARDS and I heard testimony from a variety of companies, California companies, ranging in size from global enterprises employing thousands to entrepreneurial ventures of just four or five people.

The many witnesses who gave of their time to tell us their story, though, all had some important things in common.

These were all high technology companies, part of the backbone of one of this country's most vital industries.

Additionally, they all had products they were trying to export—products which they hoped would help reduce the trade deficit that we've heard so much about.

Further, they were all certain that they could, on the basis of their good ideas, hard work, and talent, compete and win in worldwide international markets if given the chance.

And they were all frustrated.

Frustrated with the U.S. export control licensing bureaucracy.

Frustrated because they found themselves struggling against a system that is all at once ponderous, capricious, and out of date.

Frustrated because they found themselves forced to divert precious human and financial resources away from critical research and development efforts, in order to spend their time and money on a regulatory paper chase that was as often as not a waste of time, or worse, a dead end.

Above, all, they are angry because they found that when U.S. high-technology companies try to compete in world markets, we do so with one hand tied behind our back. The worst part is, we're doing the tying ourselves.

What all of these companies had in common was a need for relief from an export control system that is in desperate need of an overhaul.

This bill, H.R. 3, contains the reforms we need in the export control licensing system, reforms needed to put America's high technology companies on an even keel with our trading partners, where they can do what they do best—compete and win.

I urge you to support H.R. 3, and I particularly urge your support for the export control contained in this bill.

Mr. HYDE. Mr. Chairman, I want to express my opposition to section 331 of H.R. 3, the omnibus trade bill, which is also opposed by the administration. This section would forbid all exports of domestic crude oil, with one minor exception, and would impose an objectionable new prohibition of exports of refined petroleum products. Several other Members joined my colleagues, Mr. LAGOMARSINO, and myself in opposing this section in the Foreign Affairs Committee. It makes for bad policy and bad legislation.

The effects of these export restrictions would be to significantly reverse efforts toward trade liberalization, create economic inefficiencies in the distribution of oil within the United States, and eliminate an incentive for domestic oil exploration and production, thereby reducing our energy security. Furthermore, it would impose a new regulatory scheme on refiners, jeopardize our ability to meet the product needs of NATO allies and our military forces outside the United States, and injure and discriminate against export refineries on the gulf coast and in Alaska.

If domestic oil producers are required to sell all of their oil in domestic markets, those producers that would otherwise sell more oil abroad can either transport their oil at substantial cost to the most profitable domestic market or sell it in the closest domestic market, which results in an oversupply and depressed prices, which in turn reduce profitability and discourage investment. Because oil production is lower and consumption is higher as a result of export restrictions, U.S. net imports are actually higher. Section 331, although billed as "export enhancement," is really protectionist, if not isolationist, in outlook. It has more warts than the Wicked Witch of the West in "Wizard of Oz," and should be striken from the bill in conference if the House does not take a vote on this issue.

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Mr. BONKER. Mr. Chairman, I again want to commend the gentleman from Wisconsin [Mr. ROTH] for his diligent work on behalf of good, solid export-oriented legislation.

Mr. KOSTMAYER. Mr. Chairman, title III of this bill contains a provision regarding preshipment inspection regulation. The activities of companies engaged in preshipment inspection [PSI] are not currently regulated, despite widespread evidence that unregulated preshipment inspections can create obstacles for U.S. exports.

At least 28 countries in the developing world have entered into contracts with foreign-owned PSI companies. The companies are contracted to physically examine the quality and quantity of merchandise destined for the contracting country before shipment is made from the United States, and to review the pricing and other financial aspects of those transactions for customs valuation purposes.

Preshipment inspection companies can protect unsophisticated buyers in developing countries by ensuring that developing country imports are assigned the proper customs valuation, by preventing capital flight, and by serving as a check on suspect customs agents within the foreign country. But the private inspection programs can also go far beyond what is reasonable to achieve these objectives, and it is time to regulate this activity.

The activities of PSI companies were the subject of a section 301 investigation at the U.S. Trade Representative's Office in 1986. That investigation was suspended pending the outcome of a section 332 investigation currently underway at the U.S. International Trade Commission. The USTR has also agreed to pursue both bilateral and multilateral negotiations with all countries involved in PST activities and agreed to explore appropriate legislation to deal with the issue.

The language in this bill does not go as far as many of us would like. One of the most contentious actions in which PSI companies are currently engaged is the inspection of pricing information. Language which was modified before being considered by the Foreign Affairs Committee would have limited price inspection activities of PSI companies to transaction documents. The review by PSI companies of pricing arrangements agreed upon between a buyer and a seller has in many cases posed severe impediments to the open and timely movement of goods between the two. In addition, currently the exporter has no assurances that his proprietary pricing information will be kept confidential.

The PSI provision in title III does not eliminate these problems, but rather shifts the issue to the Department of Commerce, where the Secretary is charged with setting the regulations covering preshipment inspection activities.

At a minimum, the regulations covering PSI companies should include detailed provisions limiting an inspection company's right to access confidential pricing information. When a difference exists between the invoiced price and the private inspection company's "acceptable" price, the regulations should allow a clean report of finding to be issue if the differential is small enough to ensure that the price agreement is not fraudulent; that is, 10 percent. Finally, the regulations should include a provision waiving the need to inspect shipments valued at less than $5,000.

Mr. Chairman, preshipment inspection may appear to be a minor issue in the context of this enormous trade bill. But I assure you it is an issue which affects many U.S. exporting companies and our ability to export goods generally. I hope that my colleagues will join me in urging the Commerce Department to adopt fair and reasonable regulations on PSI companies, and in monitoring the department's actions closely.

Mr. BONKER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. ROTH] also has expired.

The gentleman from Michigan [Mr. DINGELL] will be recognized for one-half hour, and the gentleman from New York [Mr. LENT] will be recognized for one-half hour.

The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, this Nation has reached a crisis point in the history of its international economic relationships. Our trade deficits have risen and continue to rise monthly. As a nation, we have gone from the world's largest creditor to the world's largest debtor. Our debt exceeds that of Mexico, Brazil, Argentina, and every other nation of the world.

It is time to correct the policies and decisions that have brought us to this point.

The annual trade deficit of almost $170 billion is unacceptable. It is expected that it will grow. More unacceptable is the administration's inability to provide U.S. industries with a coherent and effective trade policy.

The administration, at best, can be described as having an ad hoc approach to trade problems. It combines blind reliance on the force of the marketplace, with a curious kind of indifference to what is going on in the real world. This simply has not protected the national interest.

Almost all of our trading partners treat international trade as a tool of economic development and growth. They make no bones that this is done at our expense. They intervene in their economies in order to achieve their national goals, and to improve their nation's performance in the international economy. In contrast, our Government sits idly by preaching patience and trust in the marketplace, and incorrectly labels all defensive action to preserve our way of life or to protect our people against unfair trade practices as "protectionist."

If the U.S. trade policy continues merely to consist of the denunciation of all action to prevent unfair trade practices, we can look forward to an even greater disaster than we have today.

H.R. 3 will go a long way to fill the vacuum by providing a coherent trade policy. It establishes U.S. trade policies and laws which address the full range of unfair foreign trade practices, particularly the subtle and barely concealed nontariff barriers encountered by our manufacturers and industries.

The number and breadth of these barriers is astounding: industrial targeting, state-owned monopolies, misaligned exchange rates, subsidies through tax breaks, performance requirements for investment, tied-aid credits, flexible and disruptive licensing requirements, natural resource subsidies, intellectual property right violations, laws of similars and many others.

Tariffs, while a tremendous burden, are no longer the sole obstacles faced by our industries. As one writer put it:

> The lowering of tariffs has, in effect, been like draining a swamp. The lower water level has revealed all the snags and stumps of nontariff barriers that still have to be cleared.

To illustrate this fact one need only leaf through the administration's report on trade barriers around the world. The National Trade Estimate: 1986 Report on Foreign Trade Barriers, issued by the Office of the U.S.

Trade Representative. This 300 page document describes a chamber of horrors that greets U.S. businesses as they seek to export American goods and services around the world.

If you do not believe that, then take a look at the telegram transmitted by our Embassy in Japan to the State Department. It describes the progress made in United States-Japan MOSS talks addressing unfair trading practices in the area of supercomputers.

The comment reads as follows:

> The exchange of views furnishes persuasive evidence that the Japanese authorities and industry are engaged in the early stages of a comprehensive long-term program of industrial and technological targeting aimed toward dominance of the computer industry as part of Japanese long-term industrial strategy through the aggressive tactics of their large scale companies.

The complete text of the cable can be found at the conclusion of my remarks.

The Japanese objective emerges clearly and authoritatively. The current Japanese trade surplus is the function of a highly successful strategy of targeting one market after another. The strategy is premised on acquiring, legally or otherwise, foreign technology while protecting the domestic industry through tariff and nontariff barriers.

Once the targeted industry has achieved sufficient technical development and world market share, often the result of dumping, and it is too late for the United States industry to recover, the Japanese move on to the next target. This is the plan in the supercomputer area, just as it was with semiconductors, machine tools, automobiles and countless other industries. And furthermore, these barriers are found not only in Japan, but in many other countries.

This cable is but another reminder why we desperately need a strong and effective trade bill.

H.R. 3 calls for tough negotiations and insistence on reciprocal treatment in international markets; it modernizes our trade laws to address the new forms of trade barriers that exclude our goods and services from foreign markets, and which provides for vigorous and fair enforcement against those who violate our trade laws.

I am especially proud of the provisions written by the Energy and Commerce Committee. Title II, concerning telecommunications trade, provides for specific negotiations over access of telecommunications equipment in foreign markets. If negotiations fail, the President is required to take action. Title VII clarifies the meaning of the Foreign Corrupt Practices Act. The bill will give clear guidance about the scope of the law to the vast majority of honest businesses, while constraining and discouraging unscrupulous business behavior. Title IX provides clearsighted remedies for a number of industries that have suffered at the hands of unfair trade practices.

Finally, I would like to say a few words about the amendment to be offered by my colleague, Mr. GEPHARDT. His amendment would cut the trade surpluses of countries that are determined to have an excessive and unwarranted trade surplus with the United States. Let me read to you from a section of the Energy and Commerce Committee's report on H.R. 3 regarding this provision:

> Most importantly, this provision would mandate that there be an actual improvement in the balance of trade between the United States and an offending country. For too long the bottom line on U.S. trade negotiations with a number of our trading partners has consisted of empty promises and unfulfilled expectations. Piecemeal negotiations have failed to address the larger reality: that new and more sophisticated barriers are being erected by our trading partners as fast as the old ones are torn down. This provision . . . will result in direct and forceful action to reduce these surpluses.

Mr. Chairman, that is why I urge my colleagues to support this amendment and why I intend to work for passage of H.R. 3.

We are not dealing with protectionism in this legislation. We are dealing with salvation. We are dealing with steps which will permit the United States to assure that its industries, its workers, and its economy play upon a level playing field.

To do less is to invite disaster.

The great story about how one gets rich is simple. One sells more and saves more. One earns more and one spends less.

The United States has disregarded that lesson because of the policies of this administration. I urge my colleagues to reverse that so that at least we bring our expenditures into balance with our earnings, so that our people are treated fairly, and so that we are no longer impoverished by our trading partners denying us fair access to their markets and dumping goods into our markets which disrupt whole industries one by one, one after the other.

The text of the cable is as follows:

> 1. Summary—Following unproductive morning MOSS ["market-oriented, sector specific," a code name for a series of market-opening trade talks between the United States and Japan] discussions, U.S. and Japanese heads of delegations held in-depth talks at lunch on Jan. 27. In the end, the Japanese side acknowledged it is unwilling to take any steps to improve access for U.S. manufacturers to the government-procured portion of the Japanese market. Japanese responses appeared to support the view that objective of Japanese industry, with tacit or overt GOJ [government of Japan] support, is eventual domination of international computer market. End Summary.
>
> 2. The opening session of the electronics MOSS devoted to supercomputers was unproductive. GOJ Vice Minister [Makoto] Kuroda took up much of the session in a deflective exercise of definitional semantics, i.e. What is a supercomputer? How many companies manufacture them? What are they used for? Doesn't IBM make supercomputers? Etc. Director General [Koji] Watanabe of the Foreign Ministry concluded with a rejection of U.S. suggestion of a USG (U.S. government) GOJ working-level group to agree on measures to improve transparency in the procurement process and with statement that GOJ would comply with revised GATT [General Agreement on Tariffs and Trade] government procurement guidelines on leasing computers beginning in January 1988 and no earlier, despite USG expression that this tactic was a deliberate effort to circumvent intent of GATT Code.
>
> 3. Principals adjourned for lunch, given by Vice Foreign Minister [Hiroshi] Kitamura and attended by Vice Minister Kuroda, Director General Watanabe, and Director [Hitoshi] Tanaka of MOFA's [Ministry of Foreign Affairs] 2nd North American Affairs Division. Most of the two-hour period was devoted to frank in-depth probing and explanation of USG objectives and Japanese purchasing procedures. Presentations were very frank though not unfriendly. Watanabe had to excuse himself before the end. His absence permitted a more vivid exposition and bleaker outlook than might have otherwise been the case.
>
> 4. Kuroda marshalled the GOJ arguments along the following lines:
>
> U.S. companies are too small to compete effectively in Japanese market and indeed they are [an] anachronism at a time of domination of the computer industry by giants such as Japanese companies and IBM.
>
> Logical conclusion is that small U.S. manufacturers should either be nationalized or be absorbed by major U.S. groups if they are to be able to compete in Japan, particularly because of the deep discounting which he acknowledged was prevalent in the Japanese market. The Japanese market is open for companies that can behave like Japanese actors but the American companies should not expect to sell in a significant way given their present mode of operation. The GOJ does not tell government-funded universities to buy Japanese supercomputers; they do so because the discounted price is advantageous and they can be expected to continue this practice.
>
> In essence, under the present modus operandi the American companies have limited potential in Japan and should not look to any change in this situation from actions by the GOJ to improve their operations.
>
> 5. The U.S. side stressed that the USG has a series of interrelated reasons for raising this issue: The effect on the industrial base, possible national security implications, and survival of the U.S. supercomputer industry. The U.S. side is not looking for token sales into the Japanese market but rather the opportunity to compete in an equal way with the Japanese competition. A pattern of sales below cost in the Japanese market would seem to nullify those opportunities. U.S. reps asked if GOJ side had any ideas as to how the differences could be reconciled. No answer was offered beyond Kuroda's suggestion that they would need to change their respective philosophies and policies. As the dialogue moved towards an impasse, DUSTR [Deputy U.S. Trade Representative Michael B.] Smith and U/S [Commerce Under-secretary Bruce] Smart asked the Japanese if Japan would prefer to lose access to the American market rather than to grant access to the Japanese market. The Japanese side did not reply.

6. As the lunch meeting broke up, both sides agreed that little substantive purpose would be reached by continuing this afternoon MOSS plenary and that it should be quietly adjourned sine die.

7. Comment: The exchange of views furnished persuasive evidence that the Japanese authorities and industry are engaged in the early stages of comprehensive long-term program of industrial and technological targeting aimed towards dominance of the computer industry as part of Japanese long-term industrial strategy through the aggressive tactics of their large-scale companies. This Japanese objective emerged clearly and authoritatively. We are considering recommendations as to next steps.

Mr. Chairman, I reserve the balance of my time.

Mr. LENT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 3, the Trade and International Economic Policy Reform Act of 1987. I believe this is generally a good bill that can pass the House by an overwhelming majority, if we can clean up a few problems and resist incorporating new protectionist amendments.

The United States needs effective, strong trade legislation. The free flow of goods and services in international commerce, the lifeblood of a healthy United States and world economy, is in danger today. U.S. industries are faced with closed markets overseas, while many imports enter the U.S. markets unfairly.

Congress can no longer stand by and watch American jobs being lost as U.S. manufacturers move overseas or go out of business. Effective action must be taken. Sensible legislation that will update our trade laws to address unfair trade practices without being protectionist can only be achieved through bipartisan efforts. We all know that last Congress the trade bill became a partisan battleground laden with protectionist provisions. The result was no meaningful help to struggling U.S. businesses and workers.

In this Congress we have, so far, been working in a bipartisan manner. My Energy and Commerce Republican colleagues and I have expressed the desire to see this process continue during floor consideration, so that we can craft effective legislation that we can all support.

The committee print we are considering today is generally good legislation and with some modifications I believe it is legislation we can all support. I only have a few concerns which I would like to express.

My first concern is with section 703—the Bryant provision. This section passed the Energy and Commerce Committee by a single vote. The provision requires foreign investors who purchase assets of any kind, except debt, above a specified threshold to disclose information about themselves and their investments. The provision would also require any foreign investor who purchases "control" of a U.S. business through ownership of 25 percent or more or its stock, disclose extensive details of the operations of that business. These inflexible requirements quite simply go far beyond any purpose of simple "notice." This provision could create a situation in which major foreign investors may be strongly discouraged from bringing new funds to the United States and perhaps withdraw existing investments.

At the appropriate time, I will offer an amendment to modify the provision to conform to the stated intent of its author—to collect information on foreign investment in the United States—without discouraging that investment.

I am also concerned that the House will adopt the amendment which the gentleman from Missouri [Mr. GEPHARDT] intends to offer. The committee print we are considering contains a bipartisan, compromise version of Mr. GEPHARDT's proposal. The committee print has modified the Gephardt provision so that it addresses the problems that need to be addressed—unfair trade practices.

The Gephardt amendment, however, assumes that trade surpluses in and of themselves are bad. If passed, the amendment is likely to result in mirror legislation by foreign countries. In both the long and the short term it is detrimental to America. In the few countries where the United States has a trade surplus, such as Australia, United States products could easily have tariffs and quotas levied against them in retaliation. The same would be true in the future if the United States regained its lead in other markets.

If the Gephardt amendment is adopted, I fear that the bipartisan effort will break down precisely as it did last year. The result will again be no help to the American people, because a blatantly protectionist trade bill would be more detrimental to U.S. consumers and businesses than no legislation at all. Therefore, I urge my colleagues to vote "no" on the Gephardt amendment.

Finally, the Republicans have prepared a substitute that I believe reflects the true bipartisan agreements that have been made during the course of developing this legislation. The substitute will only be offered if the bipartisan effort on this bill breaks down during the next 2 days. I will support that substitute if that unfortunate event should occur. However, I am optimistic that the House will be able to complete the bipartisan effort it has begun and we will be able to pass legislation by a overwhelming, bipartisan vote.

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Mr. DINGELL. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New Jersey [Mr. FLORIO].

Mr. FLORIO. Mr. Chairman, our trade problems are the most immediate threat to our Nation's security and well-being. Our trade deficit must be brought down, sharply and quickly.

Data show that for the first 3 months of this year, the U.S. trade deficit is running well ahead of last year's record-breaking deficit of almost $170 billion. And, last year's deficit was the fifth straight year that our trade deficit broke all previous records.

Clearly, U.S. trade policy has not begun to reverse, or even to slow down, the tailspin decline. Major change in U.S. trade policy is very much needed.

For too long we have tried to solve our trade problems by changing the procedures we use to deal with unfair trade practices. We have always believed that as long as the trade remedy process allowed for the consideration of relevant and important factors, the conclusions reached would be fair and appropriate from a market standpoint.

What we are now finally coming to realize is that for many of our trading partners trade rules and processes are used only to take advantage. Rather than negotiate for the purpose of reaching agreement, many countries have mastered the art of extending negotiations for the sole purpose of giving their firms the ability to improve market position.

In this situation, a crisis occurs when the U.S. industry has become so weak that it can no longer compete. Typically, at this point negotiations conclude with an agreement to take some modest market opening action that will take yet an additional period of time to implement.

We can no longer afford to approach our trade problems in this way.

Strong leadership is needed to implement policies that will enable American firms to once again become leaders, not followers, in the world marketplace. We must respond forcefully to unfair trade practices of foreign countries that contribute to our trade deficit, but we must do more than that. We must understand the world trade situation, how it affects our economic base, and act to assist industry to become competitive again.

This bill contains several provisions which will assist the United States in gaining control over its economic future. For example, title IX gives the President important new authority to block foreign takeovers of U.S. companies, if he determines that the national security and essential commerce of the United States is threatened. If the administration had been forced to follow through on its recent efforts to block a Japanese company from acquiring an American semiconductor manufacturer, they might have been unable to do so. This provision would clearly give the President the authority.

This provision received strong, bipartisan backing in committee. Many, including the administration, were shocked to find how little authority the President has under existing law to respond if foreign takeovers threaten national security.

Under the bill, only the Government could initiate the process that would lead to the President blocking foreign takeovers. We do not want to discourage foreign investment, but if the national security of the United States is threatened by foreign takeovers, the President should have appropriate authority to act.

Other countries, including Japan, give their governments authority to restrict foreign acquisitions for a variety of reasons that I do not believe are valid. For 2 years, Motorola, a major United States manufacturer of mobile phones, has been trying to get access to the cellular phone market in Japan. During that time, six of Japan's mobile phone companies were found to be dumping their products in our market.

After extensive negotiations, Japan certified that Motorola's equipment met Japanese technical standards. Motorola then entered into a joint venture with a Japanese company to compete with Nippon telegraph and telephone whose telecommunications monopoly in Japan ended last year.

When Motorola and its Japanese partner tried to get a government license, however, they were surprised to find that Toyota Corp. and other major firms with close ties to the Government of Japan, had set up a firm to compete with Motorola and its partner. The Government of Japan all of a sudden developed serious concerns that its mobile phone market was not large enough for two competitors.

As a result Motorola and its partner were locked in stalemate until recently, with the Japanese Government insisting that the two companies reach an agreement. At present, the Toyota led company has been allocated all of the desirable, urban areas of Japan, while Motorola and its partner have been allocated less populated areas.

Japan's treatment of Motorola stands in stark contrast to the treatment Japanese companies have come to expect from our Government. Toyota, Motorola's major competitor for Japan's car phone market, did not hesitate to ask our Government to establish a free trade zone around its new assembly plant in Kentucky so that it could import component parts from Japan on a duty free basis.

No decision has yet been made on Toyota's request. I believe our Government must begin to condition approval like that being requested by Toyota on more favorable treatment of U.S. companies abroad.

The bill also provides for specific negotiations over access of U.S. telecommunications equipment and services into foreign markets. If negotiations fail, the President is required to take action within a definite period of time. The telecommunications trade deficit cannot be ignored any longer. Our country has gone from a telecommunications trade surplus of almost $1 billion in 1980 to a deficit of almost $2 billion last year.

As a result of a number of decisions over the last 15 years to deregulate the U.S. telecommunications market, foreign telecommunications firms are now able to compete vigorously in the U.S. telecommunications market—by far the largest in the world, constituting almost half of the global market in telecommunications. This rapid increase of foreign suppliers in the American market starkly contrasts with the very slow progress of U.S. companies abroad.

Last year, we concluded talks with Japan—the so-called MOSS talks—that were to remove the last vestige of barriers to our entry into the Japanese telecommunications market. As a result of these talks, Japan rewrote its telecommunications regulatory system in such a way that it now mirrors our own regulatory system administered by the Federal Communications Commission. These actions now make Japan the most open regulatory market in the world next to our own.

With this agreement, United States telecommunications firms had expectations of increasing their share of Japan's market from about 4 to 25 percent. Instead United States telecommunications exports to Japan have increased only marginally. With few exceptions, United States sales in Japan continue to be blocked by the close relationship between the Japanese Government and its firms that have characterized the Japanese economy for a long time.

The situation in Japan is not all that different than the situation in other countries. Almost 60 percent of the telecommunications market outside the United States is controlled by Government procurement.

For these reasons, the provisions of title II are especially important. Our trading partners must understand that efforts to open markets, alone, are not enough; it is the result that is important. Either U.S. telecommunications must increase or the foreign share of our telecommunications market will have to be restricted.

The bill also requires foreign investors who gain a controlling or significant interest in a U.S. asset to report certain information regarding their U.S. operations to the Commerce Department. Foreign investment in U.S. businesses and other assets has doubled in the last 5 years to at least $1.3 trillion, moving the United States from being the world's largest net lender to the world's largest net debtor nation—more in debt to the rest of the world than Brazil and Mexico combined.

The money Americans have sent abroad to pay for our trade deficit has returned here as investment capital. Foreign banks control about 17 percent of all banks assets in the United States and were responsible for almost 25 percent of commercial lending in the United States last year. In many cities, foreign banks have become a major or even a dominant force. In Buffalo, NY, 82 percent of bank assets are foreign-owned. In Los Angeles, 34 percent of banks assets are foreign controlled. Foreign banks account for 26 percent of banks assets in New York City and 18 percent of bank assets in Chicago.

Not only has their penetration of the U.S. market increased, but our laws permit many of these foreign banks to engage in business activities here that our banks cannot engage in. For example, in California there are 24 foreign banks that own or control about 50 firms engaged in nonbanking activities.

As a result, the bill requires a study to be done of the extent to which U.S. financial institutions can engage in activities abroad that foreign financial institutions engage in here. Just as in the case of telecommunications, we must evaluate foreign access to our market in light of conditions placed on us abroad.

Foreign investment has manifested itself in construction and real estate as well. Japanese investment in United States real estate last year was between $3.5 and $5 billion. This year Japanese investment in real estate will jump to about $1 billion per month.

Likewise, Japanese construction and engineering activities in the United States has increased from nearly nothing in 1981 to almost $2 billion in 1985. Some have estimated that as much as 25 percent of commercial construction in the United States last year was done by Japanese firms. In fact, our own Government has hired a Japanese construction and engineering firm to build a new Embassy for us in Egypt.

On the other hand, United States construction and engineering companies have received far less favorable treatment from Japan's Government. For almost 10 years, the United States has been negotiating so that U.S. construction and engineering firms could participate in the huge, $8 billion Kansai airport project. To date very little progress has been made, despite more favorable statements from Japan's Government in recent weeks. Only a handful of contracts have been awarded to U.S. companies.

As a result, the bill would initiate 301 investigations against Japan on trade in construction, engineering, architectural, and consultancy services. Negotiations have already failed in this case; it is time to take direct action so that Japan will be forced to change its treatment of United States companies.

Finally, I would like to say that many critical U.S. industries have been seriously weakened by unfair trade practices. For these industries to once again become competitive in the world market, we have to do more to make the economic environment competitive. For example, the Defense Department recently concluded that the competitive position of the U.S. semiconductor industry "is very tenuous in terms of present manufacturing capability" and that "Steps to preserve its viability must be taken with dispatch."

As a result, the bill contains an authorization of $100 million for each of the next 5 fiscal years to provide matching grants to the semiconductor industry to develop new and advanced manufacturing technologies. Both the Defense Department and the semiconductor industry have concluded that this is the only way for the U.S. industry to regain its competitive position.

Likewise, it may be appropriate to modify the application of tariff cuts agreed to in the multilateral trade negotiations called for in the bill as those cuts affect U.S. industries already severely impacted by imports. Many U.S. industries, including the chemical industry, are already in a weakened position as a result of strong import competition. In such cases, it may be inappropriate to cut tariffs drastically.

Some issues were not addressed in this bill. We were not able to deal with the issue of digital audiotape [DAT] machines in this bill. This issue is an important one, and I want to assure my colleagues who are interested in this issue that my subcommittee will act swiftly on this matter.

We have scheduled a hearing for the middle of May on the legislation introduced to require protective technology to be included in these machines. It is my hope that we can address this issue fairly with an understanding of the technology involved, and without the unnecessary pressure to act that the premature introduction of these machines into the U.S. market would cause.

Mr. Chairman, I believe this bill can be helpful in reversing our trade decline. It sets forth a new aggressive approach on trade. It makes increased sales in foreign markets the standard for U.S. trade policy, and it contains important provisions designed to make U.S. industry more competitive. I urge my colleagues to give this bill their strong support.

Mr. LENT. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Mr. Chairman, I want to take some time during general debate to point out some of the problems that I have with the so-called Bryant amendment, which in my estimation is antiinvestment and antitrade. As the ranking member pointed out in his remarks, the amendment passed by one narrow vote in the Committee on Energy and Commerce. I oppose the amendment basically because I think it would result in unrealistic and unnecessary reporting or disclosure burdens on foreign investors.

I have many concerns about the potential impact of these provisions, but I am particularly concerned about the presentation of foreign ownership or investment as inherently negative for the United States.

It seems to me, Mr. Chairman, that we ought to be encouraging foreign investment in this country instead of discouraging it. That is exactly what this amendment seeks to do. In my district, Mr. Chairman, we have experienced some of the positive benefits of foreign investment, both in terms of capital investment and human investment. I would point out, Mr. Chairman, that Honda of America Motor Co. has made a major investment in Ohio, not only an investment in the processing plant in Marysville, but recently Honda of America announced a $450 million expansion of the already existing $70 million plant that will build engines for Honda automobiles and motorcycles in Shelby County, OH.

That is the kind of investment, it seems to me, we ought to be encouraging. It will provide 800 new jobs for a total of 2,500 jobs in Marysville, OH.

□ 1600

When this project is finished, it will mean that two-thirds of the content of those automobiles will be made in the United States. I think it is important that we also remember that those automobiles that are now being built in Marysville, OH, are now being exported from this country to Taiwan as well as some other countries in the Pacific rim.

Mr. Chairman, Honda is a proven world business leader with a proven commitment, and I think that this kind of amendment certainly discourages that kind of investment in this country.

I think we have all the information we need currently under present law to assess the impact of foreign investment in the United States.

I would ask the Members to consider and vote for the Lent amendment to the Bryant amendment when the opportunity presents itself tomorrow during the amendment process and again would seek the Members' attention to the very dangerous amendment that is contained in the bill as presently written.

Mr. FIELDS. Mr. Chairman, will the gentleman yield?

Mr. OXLEY. I am glad to yield to my friend, the gentleman from Texas.

Mr. FIELDS. Mr. Chairman, I would like to associate myself with the gentleman's comments.

Mr. Chairman, I rise today to wave a red flag of caution. As the House of Representatives considers H.R. 3, I urge my colleagues on both sides of the aisle to proceed cautiously.

Grasping for simplistic solutions to the U.S. trade deficit may seem attractive, but Congress cannot simply play politics with this trade bill. H.R. 3 may soon become our national trade policy. At stake is no less than the economic stability of our Nation.

No single piece of legislation can eliminate our current trade imbalance. It's just not that easy. But, while no legislation can totally cure our trade problems, protectionist trade legislation can certainly send the world economy into a tailspin. I can think of no legislation pending before Congress with more ominous potential consequences than trade legislation.

I applaud the bipartisan spirit in which H.R. 3 has been crafted. While I cannot endorse every provision contained in H.R. 3, I do believe the legislation moves away from the protectionist provisions of last year's trade bill and moves toward a more responsible congressional response.

H.R. 3 toughens the U.S. response to foreign nations' unfair trade practices, promotes U.S. exports, and recognizes the importance of improved education and job training. Unfortunately, this bill does not address the Federal budget deficit, perhaps the most important thing Congress could do to solve our trade deficit.

But, Mr. Chairman, I am deeply concerned that in the fervor of the moment, this House may change the balance of H.R. 3 by adopting the Gephardt amendment.

The modified Gephardt language now contained in H.R. 3 requires dollar-for-dollar U.S. retaliation against unfair foreign trading practices. The Gephardt amendment would require a 10-year reduction in trade surpluses regardless of whether the surplus results from unfair trade.

The modified Gephardt language says to our trading partners, play by the rules. The Gephardt amendment says to our trading partners, even if you play by the rules, we will punish your country if you are more successful than we are.

Retaliation will occur. No one in this Congress can control the reactions the Gephardt amendment will put in place. It's a little like the mad scientist, who mixed a little of this and a little of that but produced an explosion instead of gold.

As a Representative or our Nation's third busiest port, I am particularly concerned about the Gephardt amendment. This amendment jeopardizes the jobs of more than 32,000 Texans directly dependent on the port's activities.

Free and fair trade benefits all Americans—especially Houstonians. An estimated 160,000 Texans—more than 3 percent of the State's total work force and more than 10 percent of the total work force in Harris County—receive direct benefits from the port. Forty percent of all agricultural products produced in the United States are exported, as are 20 percent of all goods produced in the United States.

So, I urge my colleagues to act with caution. We should set a course toward a more fair and open world trade arena, not toward economic stagnation.

Mr. DINGELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Nevada [Mr. BILBRAY].

Mr. BILBRAY. Mr. Chairman, I would like to take this opportunity to commend the chairman of the full committee, Mr. FASCELL, for his support and efforts to facilitate legislative action on title III of H.R. 3.

I especially would like to recognize the work of the chairman of the Subcommittee on International Economic Policy and Trade, Mr. BONKER, and the ranking member, Mr. ROTH, for their hard work and diligence in putting together a trade bill. As a freshman Member, and a new member of the subcommittee, I want to personally recognize their help and leadership.

Mr. Chairman, we are considering today a measure which can restore America's competitive edge in international trade and begin to reduce our trade deficit. Since 1981, when our trade deficit was $40 billion, we have seen it grow to a record $148.5 billion and about $170 billion in 1986. At 4 percent of GNP, the trade deficit is unprecedented in both size and the speed with which it grew.

Additionally, it is becoming increasingly evident that the U.S. high-technology industry will post its first ever trade deficit in 1986. Only 6 years ago, this industry had a $27 billion surplus.

These figures point out that we need to reexamine our export control laws and consider making significant changes that will help our high-technology industry compete overseas.

A major source of information that was presented before the subcommittee regarding our current export license system was the report prepared by the National Academy of Sciences.

I won't take the time to review the findings and recommendations of the report, but I would like to emphasize one aspect of the report. And that is that export controls have cost the American economy $9.3 billion and 188,000 jobs a year and worsened relations with allied nations, without significantly improving national security.

Mr. Chairman, I believe that the subcommittee has taken the findings of the report and has incorporated them into a bill that will insure that our high-technology industry gets back into the world's competitive market.

Title III of the bill contains initiatives to open new markets for U.S. exports, to protect U.S. business interests abroad, and to streamline our export control system in a way that will enhance national security while strengthening America's high-technology industrial base.

Mr. Chairman, I would like to address several provisions in the bill that I feel are important.

Recognizing the need for export promotion, the legislation gives the U.S. Foreign Commercial Service statutory authority. The Service is currently engaged in developing new markets overseas and has been particularly helpful to small- and medium-sized businesses. The measure authorizes more overseas positions for the Foreign Agricultural Service and provides additional resources for the development of overseas agricultural markets.

In the export control area, the package carefully balances the protection of our national security and promotion of U.S. exports necessary to strengthen our high-technology industrial base. The bill streamlines the export licensing system to focus on high-technology goods that are critical to U.S. security interests, and to reduce licensing requirements on exports of low-technology goods to Western countries.

Low-level goods that are no longer militarily important are removed from the control list and ineffective unilaterial controls are limited.

We also establish an Export Administration Reform Commission to examine the current export control system and report on recommendations and reforms for a more effective and efficient system.

This proposal, which I authored in subcommittee, will review the effectiveness of our export licensing system and make recommendations to Congress to strengthen the control system to be more effective in protecting U.S. and Western military technology.

Mr. Chairman, I insert in the RECORD a letter sent to Chairman BONKER from Mr. Lionel Olmer, former Under Secretary for International Trade, in support of the Commission.

Mr. Chairman, the main goal of this legislation is to restore America's competitiveness around the world. I urge support of it.

Mr. Chairman, I include the following letter and excerpts of sections 339 and 340:

PAUL, WEISS, RIFKIND,
WHARTON & GARRISON,
Washington, DC, March 30, 1987.

Hon. DON BONKER,
Chairman, Subcommittee on International Economic Policy and Trade, Committee on Foreign Affairs, House of Representatives, Washington, DC.

DEAR DON: Many thanks for the opportunity to share with your Subcommittee my thoughts on current efforts to reform the U.S. export control system. Despite the "winds of change" being felt in recent weeks and the committed efforts of Secretary Baldrige and Paul Freedenberg, it remains my sincere belief that fundamental reform is necessary. The establishment of a "blue-ribbon" commission to shape enduring reform is essential.

During the question and answer period following my testimony, the issue was raised as to the utility of "commissions." I fear that my response was not satisfactory. On reflection, I believe a strong case can and should be made for the usefulness of commissions. Admittedly, commissions are not always an effective solution for every problem and sometimes have been used to postpone actions or sidestep tough decisions. But in fact they have proved extremely useful in many instances of recent vintage. Four examples come to mind:

The President's Social Security Reform Commission (the "Greenspan Commission") took the politically intractable Social Security dilemma and reached a compromise suitable to Congress. The Commission recommended benefit changes and payroll tax increases which restored financial stability to the Social Security trust funds;

The President's Commission on Strategic Forces (the "Scowcroft Commission") bridged divisions between the Administration and Congress over the MX missile and paved the way for full-scale development of the small ICBM;

The President's Blue-Ribbon Commission on Defense Management (the "Packard Commission") made a number of recommendations for broad organizational changes in the Department of Defense, many of which were adopted by Congress and are being implemented; and

The President's Commission on Industrial Competitiveness (the "Young Commission") served to generate interest and focus debate on many trade-related issues currently under consideration in the House and Senate; even though there has been criticism expressed as to the lack of adequate attention to this report, there is no doubt it stands as one of the premier statements on "competitiveness."

I believe similar success is possible for the proposed export control commission. It is now more than ten years since the "Bucy Commission" examined the premises—technical, strategic and practical—on which the export control system is based. This decade has witnessed astonishing change in the character, content, and complexity of technology. It is time to reexamine these premises again. I note that the proposal for the export control commission's establishment has been reported out of the Foreign Affairs Committee. I look forward to helping in any way I can to see that this provision is enacted.

Sincerely,

LIONEL H. OLMER.

SECTION 339—EXPORT ADMINISTRATION REFORM COMMISSION

This section directs the President to create, not later than 60 days after enactment of this bill, an Export Administration Reform Commission, to examine the current export control system and report on recommendations and reforms for a more effective, efficient system. Membership on the Commission is to be comprised of 24 individuals knowledgeable in relevant scientific, business, or legal matters, 12 of whom are appointed by the President and 12 by the Congress.

One of the most difficult yet fundamental export control issues concerns the definition of what is militarily significant. The current export control system is based on controlling items which could enhance the military capability of adversaries, yet nowhere in statute or regulation is there a definition of what constitutes those militarily critical goods and technologies whose acquisition could enable the Soviet Union to overcome its deficiencies, or whose control is practicable for the period necessary to maintain a U.S. qualitative advantage. There is no well-defined criteria within the U.S. Government, let alone on a multilateral basis within COCOM, to determine whether a good or technology will significantly enhance Soviet military capability.

The purpose of the Export Administration Reform Commission is to empanel a group of technical experts to derive a consensus as to what constitutes strategic/critical goods and technology, and then apply such criteria to the control list. Only with such agreement can effective decontrol and a significant reduction of the control list occur.

The committee notes the highly successful efforts of such commissions as the President's Commission on Strategic Forces, the President's Blue-Ribbon Commission on Defense Management, and the President's Commission on Industrial Competitiveness, in addressing complex matters and recommending practical solution. It has been more than 10 years since the Bucy Commission (Report of the Defense Science Board Task Force on Export of U.S. Technology) examined the premises—technical, strategic, and practical—upon which the export control system is based, yet the fundamental nature of modern technology has changed dramatically. The National Academy of Sciences report, "Balancing the National Interest: U.S. National Security Export Controls and Global Economic Competition" and other studies have noted problems of the current system. The committee intends that the establishment of the Export Administration Reform Commission will assist policymakers in identifying solutions to these matters, and provide the basis for altering the export control system to be more effective in protecting U.S. and Western military security and economic vitality.

SECTION 340—FINDINGS AND DECLARATION OF POLICY

This section sets forth a series of congressional findings and policy statements concerning national security export controls, many of which are based on the findings and recommendations of the National Academy of Sciences report. The provision also amends section 3 of the act to emphasize the importance of minimizing unnecessary regulatory burdens on exporters * * *.

Mr. DINGELL. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Chairman, I thank the gentleman very much for yielding to me. I seek this time for the purpose of a colloquy with the gentleman from California [Mr. PANETTA], to whom I am happy to yield.

Mr. PANETTA. Mr. Chairman, I rise to express great disappointment that jurisdictional concerns over a provision to improve the Food and Drug Administration's [FDA] import inspection operations got in the way of enacting good policy. In response to jurisdictional concerns expressed by the Committee on Energy and Commerce, I reluctantly agreed to withdraw a portion of the trade bill dealing with import inspections on raw agricultural commodities. I am extremely disappointed that these concerns were not resolved so that prompt congressional action could have been taken on this volatile issue.

My amendment, which had been approved by the Committee on Agriculture, reflected the recommendations of an 18-month General Accounting Office investigation that identified serious deficiencies in food import inspection operations. GAO found that less than 1 percent of imported food shipments are inspected and that more than 6 percent were found to contain illegal pesticide residues. In addition to inadequate sampling, GAO found that FDA's enforcement system is seriously flawed. For instance, GAO found that more than 45 percent of the contaminated shipments reached American consumers because they were never recalled from the market. And FDA levied fines against the violators in only 10 percent of these cases.

American consumers will continue to be exposed to unreasonable risks from dangerous pesticides until these problems are resolved. The gaps in our import inspection system must be addressed if we are to ensure that imported fresh fruits and vegetables meet the standards we set for domestic produce grown and sold in this country.

While I am extremely disappointed that jurisdictional concerns got in the way of this legislation, I stand ready to give my full cooperation and support to any future efforts to pass substantive legislation on this issue.

Would the chairman of the Subcommittee on Health and the Environment be willing to engage in a colloquy at this time?

Mr. WAXMAN. I want to thank the gentleman for his cooperation in withdrawing his amendment on FDA monitoring of imported food for illegal pesticide residues. I also want to congratulate the gentleman for his efforts to address this most serious public health problem.

As the gentleman knows, the Energy and Commerce Committee has already begun an extensive review of FDA's monitoring of pesticide residues in food. We fully expect to develop legislation which not only addresses imported food, as the gentleman's amendment would, but domestically produced food as well. In addition, our committee will explore the need for new enforcement powers and penalties to enable the FDA to better protect the American consumer.

Our concern with the gentleman's amendment is more than jurisdictional. The problems at FDA go far beyond the provisions of the gentleman's amendment and warrant legislation that is comprehensive. As the gentleman knows, my concern is that the amendment would have the unintended effect of undercutting the Energy and Commerce Committee's attempts to move the comprehensive legislation which we need.

I appreciate the gentleman's statement of support for future efforts to pass legislation and know that his leadership will greatly assist in those efforts.

Mr. PANETTA. I know the gentleman shares my concerns over this issue and I would ask if you would describe the hearing and legislative schedule that are planned in your committee to investigate the problems associated with FDA monitoring of food and to address the issue in a substantial manner. I assume that the legislation, H.R. 1778, that I introduced along with FRANK HORTON, TONY COELHO, and other colleagues would be given consideration during this time.

Mr. WAXMAN. The hearing schedule is full. The Oversight and Investigations Subcommittee will hold an initial hearing on Thursday, April 30, and the Subcommittee on Health and the Environment will hold hearings on the soon-to-be-released National Academy of Sciences report on unsafe pesticides. In addition, the Subcommittee on Health and the Environment will begin considering legislation as soon as we fully understand the scope and nature of the problems with FDA's performance. I expect our legislative hearings will be in June or July, and I intend to include the gentleman's bill, H.R. 1778, in those hearings.

Mr. PANETTA. I thank the gentleman for providing this information. The problems in our import inspection operations not only threaten American consumers, but also put American farmers at an unfair competitive disadvantage. Tough action is needed to resolve these problems and you can be assured that I will offer my support to efforts which will address these matters.

Mr. LENT. Mr. Chairman, I yield 6 minutes to the gentleman from California [Mr. DANNEMEYER].

Mr. DANNEMEYER. Mr. Chairman, I thank my colleague, the gentleman from New York [Mr. LENT] for yielding me this time.

Mr. Chairman, I rise in opposition to H.R. 3 and to the Gephardt amendment which will be offered tomorrow. I take this time in the well to bring attention to what I believe should be the thrust of our efforts of dealing with this negative trade balance with the rest of the world.

This Member from California believes that the negative trade balance and the Federal deficit are two sides of the same coin. If we seek to reduce our trade deficit with our trading partners, we must first reduce the Federal budget deficit which is resulting in the Federal trade deficit.

How do we reduce the Federal budget deficit? Bear in mind that we have reached catastrophic proportions in terms of the debt we are creating and loading on future generations. In fiscal years 1986, 1987, and 1988, we will have added two-thirds of a trillion dollars to the national debt. The prime rate that exists in this country is at 7½ percent. Our major trading partners in Japan and Germany have a prime rate that is half that, approximately.

If we want to know why goods produced in America are not competitive in world markets, it is because the cost of capital that our American producers have to pay as a part of the production of goods is way out of sync, way out of balance, not competitive with the goods produced in Japan and West Germany. That is the reason that our goods are not competitive in world markets.

□ 1610

Since September 1985, we have witnessed the activities of the Secretary of the Treasury, Mr. James Baker, doing the best he can, wandering around the world, first saying that the dollar is too high, the dollar should go down, and now, as he had begun to drive down the dollar, the dollar is dropping too far.

What is the solution to this mess in which we find ourselves? I believe that we should be addressing our attention to reducing the interest cost in maintaining the national debt. How do we do that? We must recognize that when we went down the road of a paper dollar in 1968 by separating the dollar from gold, which act was believed to be for good reasons, we should chalk that off to an interesting experiment and declare it to be over. Because up until 1968 the Federal Government could sell its debt in the credit markets for under 3 percent. Today the average cost of maintaining our national debt is about 9½ percent on a $2.2 trillion national debt. If we want to get the cost of maintaining the national debt down from 9½ percent to under 3 percent, we must give the lender of capital to the Treasury of the United States the assurance that when he gets the money back, it will buy what it bought when it was lent. That is the definition of honest money.

The way in which we do that is to restore credibility to the credit system of this Nation by backing our currency with something that over time has proved an effective hedge against inflation; namely, gold.

There is roughly 60,000 tons of gold in the world in private hands. The owners of that gold have to pay a half a point a year to have it stored. We believe that if the U.S. Government would say to the world, "Send us your gold and we will pay you a point to a point-and-a-half to use that gold," that the world will respond to that positive flow in terms of holding gold, and put it into the hands of the Treasury of the United States.

We would issue long-term bonds, 40-year bonds, gold-backed bonds, whereby the lender of capital would receive back his gold at the end of 40 years in the quantity he has lent. The interest on that gold-backed bond would be payable in gold on an annual basis, probably about a point or a point-and-a-half a year. We would convert the gold bullion to gold coins and sell them in the marketplace for cash. With the cash we would retire the short-term debt.

What this does for the Treasury of the United States is it turns the entire cost of maintaining the national debt from short term to long term. What does that mean to the budget deficit? We have about six-tenths of a trillion dollars of marketable debt coming due within the next year. The average interest cost on this portion is between 7 and 8 percent. If we refinance this portion of it by a gold-backed bond at under 2 percent, you can see that we are removing 5 to 6 points off the cost of maintaining this portion of the debt.

By refinancing the national debt over the next 5 years we can reduce the interest cost of maintaining the national debt by in excess of $125 billion a year. This is the constructive way to do it.

By reducing this excessive cost of interest in maintaining the national debt, we reduce the annual interest expense, which is now about $200 billion a year, by about $125 billion a year. It is the most constructive step that we in Congress can take at this point to reduce this negative trade balance by directing our attention to the basic cause; namely, the Federal budget deficit.

Mr. FLORIO. Mr. Chairman, I yield 6 minutes to the chairman of the Subcommittee on Telecommunications and Finance, the gentleman from Massachusetts [Mr. MARKEY].

Mr. MARKEY. Mr. Chairman, I rise in support of H.R. 3, the Omnibus Trade Act. As a member of the Energy and Commerce Committee, and as chairman of that committee's Subcommittee on Telecommunications and Finance, I join with the distinguished chairman of the full committee, Mr. DINGELL, and the distinguished chairman of my sister Subcommittee on Commerce, Consumer Protection, and Competitiveness, Mr. FLORIO, in urging support for this initiative.

Enactment of this legislation is long overdue. We have lost valuable time over the last 12 months, watching the trade deficit rise to $170 billion. We are all tired of setting annual record trade deficits. It is a relief to know that we are moving forward this week with comprehensive trade reform.

The President has said that the United States must not become a "trade patsy." We couldn't agree with him more. The perception of the United States as a trade patsy is already widespread. It can be found in the failure of the Japanese to live up to the semiconductor agreement. It can be found by anyone who dares look, and it is costing us dearly. We are losing jobs, millions of jobs, through our inability to sell American goods overseas and our unwillingness to use access to U.S. markets as the only effective lever for opening up those foreign markets.

Certainly this bill is no panacea. Our trade deficit is the result of a complex set of economic forces all conspiring to keep us from pulling out of this trade tailspin. But if we don't do what we can, when we can, to fight back, we are not doing our job.

My own State of Massachusetts is increasingly dependent on world trade for economic health. More than 15 percent of the goods manufactured in the Commonwealth of Massachusetts are for foreign export, ranking my State sixth in the Nation in its dependence on open foreign markets.

Let me briefly address those elements of this bill which fall within my subcommittee's primary jurisdiction, which includes the Federal Communications Commission and the Securities and Exchange Commission.

First, title II, the Telecommunications Trade Act, is a carefully drawn title which has the purpose of opening up foreign markets to U.S. companies. The market in the United States is uniquely free and open. In contrast, almost without exception our foreign competitors continue to run their telecommunications system as government-controlled, government-protected monopolies. As a result, we are taking a beating in this critical area of global competition. The legislation affords the President ample discretion not only to negotiate agreements to remove unfair trade barriers, but also to fashion appropriate remedies if those negotiations fail. Most importantly, it provides a deadline for action. Such a deadline is needed to prevent negotiations from becoming a forum for maintaining barriers in foreign markets while foreign manufacturers continue to sell freely here. We have worked closely with the Ways and Means Committee to reconcile differences between our respective versions of this title, and we are in agreement.

Second, title VII includes several important sections of concern to my subcommittee. Section 701 makes extensive changes in the Foreign Corrupt Practices Act. Last year this identical section was agreed to by several committees as appropriate to protect honest businesses in their dealings abroad and to penalize foreign bribery. We have worked with the Committee on Foreign Affairs and the Committee on the Judiciary to maintain the delicate balance achieved last fall. The provision is fully supported by everyone concerned.

Section 702 requires the Departments of Commerce and Treasury, working with the U.S. Trade Representative and the Securities Exchange Commission, to study the international financial services market. Financial services are a growing component of international trade. The provision ensures that we have an understanding of the relative access afforded U.S. concerns in foreign markets and foreign access in the United States. I emphasize that this is only a study; no trade action is authorized by this section.

Section 703 requires foreign holders of certain assets in the United States to register those investments with the Department of Commerce. The information included in the registration is basic, but will allow researchers and policymakers alike to better understand both the advantages and disadvantages of foreign investment in the United States. It is important to note that the provision included in the committee print differs in several respects from the amendment adopted in the Energy and Commerce Committee. Most significantly, the threshold for reporting equity investments—stock—has been raised to $50 million, and debt is excluded entirely.

Moreover, the Secretary of Commerce is permitted to allow documents filed before other agencies to substitute for the purposes of this section if they contain duplicate information. As a result of these amendments, the Securities Industry Association has written a letter to me and Chairman DINGELL indicating that their concerns about this provision have been alleviated. I have attached a copy to this statement to be included in the RECORD at this point.

The letter follows:

SECURITIES INDUSTRY ASSOCIATION,
Washington, DC, April 22, 1987.

Hon. JOHN D. DINGELL,
Committee on Energy and Commerce, Rayburn House Office Building, Washington, DC.

Hon. EDWARD J. MARKEY,
Subcommittee on Telecommunications, Consumer Protection, and Finance, Committee on Energy and Commerce, House Annex Two, Washington, DC.

DEAR CHAIRMEN DINGELL AND MARKEY: Less than two weeks ago we wrote to you to express our grave concerns over the foreign disclosure provision of Title VII of H.R. 3. Five specific problems were outlined in that letter, along with estimates of market impact and suggested solutions to minimize market disruptions.

Today, we are writing to confirm that working together with you, Congressman Bryant, and your staffs, a compromise has been reached, alleviating our concerns about market impact and thereby permitting us to drop our objections to the foreign disclosure provision prior to floor consideration. As all of us are aware, the legislative process is one of negotiation and compromise. This has been true with the foreign disclosure provision. Your constant interest in this issue, and its potential impact upon our domestic securities market has provided the necessary touchstone permitting us to work together to find an acceptable solution.

Thank you for all the consideration given us during the past few weeks. We look forward to working with you on this and many other issues.

Sincerely,

EDWARD I. O'BRIEN.

Mr. Chairman, I think from my perspective in our subcommittee we have crafted, along with Mr. RINALDO and others, I think amendments that have been carefully considered and made a lot of sense. I would hope that it would be possible for agreement that these sections are particularly needed.

Mr. Chairman, I yield to the gentleman from California [Mr. MATSUI] for a brief colloquy.

Mr. MATSUI. Mr. Chairman, it is my understanding that section 212 merely clarifies that existing authority permits the FCC to consider international trade in carrying out its responsibilities under the Communications Act of 1934 to make decisions on the basis of the public interest, convenience and necessity, is that correct?

Mr. MARKEY. Yes, that is correct. Section 212 recognizes that international trade may be an important factor in such decisions. However, the Commission also must consider the impact of international trade "on the ability of the U.S. telecommunications industry to be competitive in the international marketplace and on the ability of the American public to obtain, on a continuing basis, quality services and equipment."

Mr. MATSUI. Then the gentleman would agree that this provision does not authorize the Commission to take action solely for trade reasons?

Mr. MARKEY. Yes, and I believe that is the understanding of the chairman of the Subcommittee on Commerce, Consumer Protection and Competitiveness, the gentleman from New Jersey. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. FLORIO].

Mr. FLORIO. Yes. Any determination made by the Commission in the exercise of its authority to take trade into account must be based on the Commission's fundamental obligation to protect the pubic interest, convenience and necessity. Moreover, in making any determination involving the impact of international trade, the Commission is required under section 212 to consult with the U.S. Trade Representative and other appropriate executive branch officials. In addition, in taking any actions based on such a determination, the Commission should avoid taking actions which would conflict with or otherwise interfere with separate trade actions, including negotiations, which the U.S. Trade Representative or other trade-related agencies are taking.

I would like to ask the view of the ranking minority member of the Subcommittee on Telecommunications and Finance, the distinguished gentleman from New Jersey, as to whether this is his understanding of the provision, since he was the author of it.

Mr. MARKEY. I yield to the gentleman from New Jersey [Mr. RINALDO].

Mr. RINALDO. I concur in the gentleman's interpretation. The amendment clarifies current law and states that the FCC, in making its decision on the public interest, should take into account, where appropriate, the impact of international trade. It requires FCC consultation and cooperation with the U.S. Trade Representative and other executive branch officials, and contemplates that the impact of international trade will be only one of a number of factors considered in evaluating the public interest.

□ 1620

I concur, as I said. I am in full agreement with what the gentleman has said is his interpretation.

Mr. MARKEY. If I may reclaim my time, I would like to compliment the gentleman from New Jersey [Mr. FLORIO] and the gentleman from New York [Mr. LENT] for the cooperative way in which we have been able to work together on all of these provisions, as well as the chairman and his staff, and the staff of the minority, and my own staff, Mr. Moulton, who has worked long and hard to make these provisions acceptable to all parties.

Mr. RINALDO. We certainly would like to thank both gentlemen, the gentleman from New Jersey [Mr. FLORIO] and yourself, for the leadership you have shown and commend you for your efforts in making this bill a reality and seeing that it was brought to the floor.

Mr. LENT. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. COATS].

Mr. COATS. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I join with many today who, on both sides of the aisle, have for several years called for and worked for meaningful trade reform. There is no question in my mind that changes in our trade laws need to be made.

The Energy and Commerce Committee has documented counterfeiting, quota fraud, targeting, dumping, subsidization, other tariff and nontariff barriers to U.S. exports, copyright and trademark theft, and predatory import surges as elements of our trading situation that can, and must be resolved, if we are to begin to stop the job and economic losses our U.S. industries are facing.

Our trade laws simply are not geared to providing balanced, speedy, and effective relief. They need to be modernized to respond to the new realities of world trade. If trade remedies or negotiating leverage are available too little or too late, they may as well not be available at all. If there is no real impetus for our trade official to act, not pressure to seek solution, there will be no progress in reducing our trade deficit.

We need a bipartisan, meaningful trade reform package. Many of the major provisions of H.R. 3 represent a positive step toward achieving that goal. However, I continue to have reservations over the Gephardt amendment. It has the potential to fracture the basis of support for this legislation, could impair international competitiveness, and invite retaliation. The language reported from the Ways and Means Committee is a more flexible approach, which offers the best change for progress toward opening markets for U.S. companies, while ensuring our existing markets will not be closed to our exports.

We must all recognize that exports are a vital part of our national economy. The relationship, however, is clouded by the detrimental effect that the current imbalance has on America's businesses. For example, in my home State of Indiana, one in eight manufacturing jobs relate to exports, and 40 percent of our crops are exported. In my own district, nearly 50 percent of our crops are exported; and in 1986, Indiana was second in the Nation in the contribution of foreign trade to personal income.

Having said all of this, we must remain mindful of the importance of our export markets to many sectors of our economy. While comprehensive trade reform legislation is a top priority, we cannot afford to adopt protectionist measures that will only invite retaliation. Therefore, let us respond to our serious trade problems with fair and strong legislation. But not legislation that will only harm U.S. interests. Our purpose in changing the trade laws should be to ensure a better trading system and in the future to protect U.S. jobs and to open markets for U.S. producers.

Mr. FLORIO. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Mr. Chairman, I thank the distinguished gentleman from New Jersey [Mr. FLORIO] for yielding.

Mr. Chairman, in the last 5 years foreign ownership of American farms, banks, manufacturing companies, stocks and bonds, in fact assets of all types have doubled, based upon currency flow information from the Bureau of Economic Affairs.

There is not a Member of this House that is without an anecdote about a recent foreign takeover of a significant institution or asset in their State or district, because today it is a reality more than ever before.

The fact is that the same nations that block the sale of American products in their countries, the reason for which this bill is now before us, also block American investments in their countries in many cases. Yet, they come to the United States and invest freely as our laws have always permitted and would continue to permit if this bill is passed.

Today we need to know what is happening to us, just as other nations know what is happening to them with regard to foreign ownership.

In spite of that need today, unlike other nations of the world, we have no effective means of tracking the extent or location of foreign ownership in our economy.

We have instead a hodge-podge of laws, incomplete and poorly organized measures which keep us from knowing even basic data about the nature and extent of foreign ownership of American assets.

I have in two Congresses introduced a Foreign Ownership Disclosure Act with 70 cosponsors, a much compromised version of which is included in H.R. 3 before the House today.

Mr. Chairman, this provision passed the Committee on Energy and Commerce by a narrow margin over the objections of the securities industry, and substantial industrial opposition, in particular from foreign-owned oil and gas operators of longstanding in this country.

Those objections have now been removed. The Securities Industry Association no longer opposes this provision, the Shell Oil Co., and those other good foreign citizens, who have operated here a very long time and have reason to be concerned, have now been satisfied. They have removed their opposition as well.

That clearly would account for the measure by which this matter passed the Committee on Energy and Commerce.

The bill provides no barrier to foreign investment. Instead, it requires, as do our allies, simple reporting of large amounts of foreign ownership in America.

What must be reported? The information that must be reported is simple and basic. It is not complicated.

Simply put, it requires the reporting of a foreign person's identity, nationality, address, and the type of industry.

It requires the date the interest was acquired, the size of it, and the purchase price and name, location, and the industry of the company.

The next question should be, of course, when and under what circumstances must reporting take place? Again, it is only when that foreign acquisition is significant. When over 5 percent of a U.S. property with assets over $5 million, or annual sales over $10 million is acquired, those basic items that I just mentioned must be reported, and in a few other more complicated situations, yet not particularly extensive situations; and second, when an interest of 5 percent or less is acquired, but only if that interest is valued at over $50 million in the case of a business or $10 million in the case of real estate.

That is hardly detailed reporting. That only relates to very significant chunks, and there is a third additional event that would trigger reporting. That is when what we define as control of a company is purchased by a foreign interest.

In the event that the 25 percent or more of a company worth $20 million was purchased by foreign interests, then that company would be obligated to file the same information that a publicly held corporation is required to file today already with the Securities and Exchange Commission.

Mr. Chairman, the Republican leadership of the Committee on Energy and Commerce intends to offer an amendment to this provision which would completely blunt its central purpose. Why? Because that amendment would permit the Secretary of Commerce to exempt entire classes of foreign persons, or entire classes of assets from the reporting requirement, and an order such as this would, under the wording of this amendment, would not be subject to review or to appeal, obviously preventing the compilation of a centralized base of information which is the central purpose of this amendment in the first place.

What would be the criterion under which that kind of exemption could take place? Simply finding that a substantial impairment of beneficial foreign investment in the United States would take place.

What that means, when you give it a second thought, is simply this: A nation could say to us, if you make us tell you about it, we would not do it.

If you make us report our large investment, we would not make the investment. I surely hope that we have not reached a point in America today where foreign investors will be able to tell us whether or not our laws are applicable to them.

Foreign investors invest here because it is the best place to invest. It is the most profitable. They do not invest here because of anonymity, because they cannot get anonymity here, nor can they get it in other countries.

In fact, they come here today, even under the provisions of this amendment, with much greater freedom of access to our market for investment than any other market in the world.

Unlike most of the countries, we impose no preclearance requirements. We impose no limitations, except in the area of national defense and telecommunications on investment in the United States at the present time.

This amendment does not impose any type of requirement either. Simply, what it does is say that large segments, large pieces of foreign investment in this country must be reported so that we will have an adequate data base upon which to make national policy. That is not asking too much.

The objections of those who should know, the Securities Industry Association, have been removed.

□ 1630

The original objections of those who originally objected based upon the fear that it was a threat to our own foreign-held companies which have been operating here for a very long time have been removed. I say to the Members of the House we should not purposely remain in the dark. We should turn on the lights and begin to see just exactly where we are headed under the current trade policies and investment policies that we follow in the United States today.

Mr. LENT. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Chairman, I conducted a special order yesterday trying to outline and inform this House as to the true facts on which we should base a trade bill.

We have based this entire bill on false economics. First of all, we talk about our huge trade deficit and everybody quotes the figure of $170 billion. However, this only states the merchandise trade deficit and is not a true figure of our actual trade deficit since it omits service exports. For instance, we say we have a trade deficit with Canada of $22 billion. When in fact if you count service industries exports, we only have an $11 billion deficit with Canada. It goes on and on with our trade policies. We count exports and imports wrong. We do not include securities and investments. The gentleman before me has an amendment that is going to seriously affect our foreign investment, that offsets the trade deficit. The reason we are not seeing massive depression right now or recession is because our trade deficit is offset by our balance of payments of investors. The Japanese want to invest, for instance, in the United States because they do not want to invest in Japan, so they come over here and invest. That creates new industry and more domestic investment. That is why we have created so many more new jobs, unlike any other country. I think it is bad policy to write a bill based on emotion and write a bill based solely on "unfair trade practices". There are some, I grant you that, and we ought to get rid of them through hard negotiation, something we have not done before; but I need to point out to Members that we have a new entitlement program in here. The Trade Adjustment Assistance Program included in H.R. 3 is a new entitlement program. Not only will we give people who are laid off, $4,000, we make them get training so they can receive cash every week plus. In addition, we make up the difference if they are paid less on their new job than in their old job. The Government is going to pay them the difference to the tune of seed money of $1.6 billion, totally disregarding what economists all over this United States say, both liberals and conservatives and everybody in between that the main reason, the very No. 1 reason that we have the trade deficit in the balance of payments is because of our Federal budget deficit.

Mr. Chairman, I would also like to point out another provision in this bill that I find incredible. It includes a provision to further restrict exports of crude oil from this country and also starts a whole new restriction on refined petroleum products exports. In other words, foreign countries that desire to engage in foreign trade with us by buying our oil or gasoline or jet fuel or whatever, now may not do so. The hypocrisy of this provision—one that would restrict exports from this country when the entire purpose of this bill is to expand exports from this country. And on top of this, it targets an industry that has already been brought to its knees because of the depression in the price of oil. This Congress is kicking the oil producers when they are down about as low as they can go. This to me is a disgrace and I urge my colleagues to vote against the trade bill.

Mr. LENT. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. DORNAN].

Mr. DORNAN of California. I thank the gentleman. I do not have anything specific to add to this energy section but I do want to rise in strong opposition to the Gephardt amendment because I think time is going to be hard to come by tomorrow, as Members of this distinguished body begin to realize that we are jeopardizing the world economy.

Mr. Chairman, tomorrow the world will be watching the debate on this floor that will determine if there is to be a global trade war. If the protectionists in the House get their way and we enact the Gephardt amendment, a trade war is exactly what we'll get. And if that happens, Mr. Chairman, it will be 1929 all over again.

Proponents of the Gephardt amendment claim that their bill is not protectionism. Industrial welfare queen Lee Iacocca agreed, labeling that charge a "bum rap." But they are fooling themselves, Mr. Chairman. This amendment is the most protectionist piece of legislation the United States has seen since Smoot-Hawley and deserves quick and certain defeat. The very idea of legislating a trade deficit or surplus is absurd. The Gephardt amendment is truly the Gramm-Rudman of trade, except that in the case of Gramm-Rudman the Congress has the ability and the duty to reduce the budget deficit. The Congress has no business dictating a specific trade deficit or surplus.

Mr. Chairman, in their headlong rush to prompt a global trade war and trigger a worldwide depression, the protectionists have ignored fundamental economic commonsense, and have invented economic laws to suit their purpose. They have indeed resurrected the ghosts of Smoot-Hawley.

Faced with a growing economy and lacking an economic stick with which to beat Ronald Reagan, the protectionists have latched onto the trade deficit as an economic cause celebre, without even understanding what it represents. They should take a look at a 1976 Treasury advisory committee study on the international trade accounts. The report stated:

> The words "surplus" and "deficit" should be avoided insofar as possible.

Because the terms—

> are frequently taken to mean that the developments are "good" or "bad" respectively. Since that interpretation is often incorrect, the terms may be widely misunderstood and used in lieu of analysis.

Economist Herbert Stein echoed this sound logic when he recently wrote:

> The trade deficit does not belong to any identifiable entity. It is simply a statistic, the accumulated transactions of millions of Americans, some of whom have deficits with the rest of the world and some of whom have surpluses.

What makes the protectionists who support the Gephardt amendment believe that they have the collective wisdom to determine an appropriate trade deficit or surplus? What makes supporters of this amendment think it will save U.S. jobs? Will Mr. GEPHARDT and the other protectionists find jobs for many of the 200,000 import-export workers at the Port of Long Beach, many of whom live in my district, who will be laid off as a result of this legislation? What are the protectionists going to do, retrain my constituents for jobs in obsolete, inefficient, protected industries—jobs that will eventally be lost too?

It is ludicrous, indeed downright dangerous, for Congress to try and solve a "statistic" that most of them don't even understand. Capitalism is a messy business, Mr. Chairman. It is in a constant state of flux, constantly moving forward and evolving. The protectionists don't seem capable of understanding that we no longer inhabit a world where "we" compete against "them." The world has become too interdependent, which is why we say trading "partner," a word which carries a connotation of interdependence and trust. Efforts to erect trade barriers or to promote government-private sector initiatives to increase U.S. exports will only result in a U.S. economy similar to those of Europe, in a world—stagnant.

After all, Mr. Chairman, who do trade barriers really hurt? Consider Japanese trade barriers—which, by the way, only account for 10 percent of our trade deficit with that country. Does anybody really believe that Japan's trade barriers hurt the United States more than they hurt Japan itself? Japan's refusal to fully open its markets has lowered the standard of living its people could otherwise enjoy. It's a fact that the Japanese goods distribution system is incredibly archaic, more appropriate for a second-rate economic power than a first-rate one. It may help to keep foreigners out of the Japanese market, but it is hard to see how the Japanese people benefit from such an inefficient setup. Just because the Japanese shoot themselves in the foot doesn't mean we have to shoot ourselves in the stomach to get even.

And what about Hong Kong? What are the protectionists going to do to Hong Kong, which, although it has no barriers to United States products, still has a large trade surplus with us.

There is much we can do to make U.S. goods more competitive in world markets. But it is time to stop the trade deficit hysteria which has driven some to consult the quack economists in this House who recommend the economic equivalent of leeches, and who will not be happy until the entire U.S. economy resembles the steel industry. It is also especially hard to take seriously Mr. GEPHARDT's devotion to competitiveness when he cosponsors such anticompetitive legislation as the Parental Leave Act and "double-breasting" legislation.

The Gephardt amendment is toying with worldwide depression. It borders on economic fascism, and we should bury it alongside the Smoot and Hawley Act of 1929.

Mr. LENT. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. RITTER], a member of the committee.

Mr. RITTER. Mr. Chairman, as a recent Forbes magazine article conveyed:

> For going on 40 years, the United States has been sacrificing national economic interests to the bigger cause of keeping the free world prosperous. Simple arithmetic says the party is over.

Since World War II, the United States has permitted foreign countries to freely use their advantages of domestic subsidies, national export targeting strategies, and lower defense spending burdens to bite off huge chunks of the U.S. market. This must be stopped. Provisions of H.R. 3 go a long way toward ending unfair practices which rob American industry and workers of a fair shake when competing in world markets.

JOB RETRAINING

As the sponsor of two important bills to provide for increased job retraining—the Job Training Amendments to the IRA and the Worker Adjustment Improvement Act—I am pleased to see that, as part of the Education and Labor Committee's contribution to the bill, there is an expanded job retraining program.

An examination of unemployment statistics during our recent economic recovery—a recovery that has provided more than 13 million new jobs—reveals that not all Americans are sharing in our increased prosperity. From 1979 to 1984 an estimated 11.5 million workers lost their jobs due to plant closings and employment cutbacks. Of those workers approximately 4.5 million still had not found comparable employment by 1984. Out of those 4.5 million worker only 228,000, or 5 percent of the eligible displaced worker population, had received job retraining assistance.

Yet with my praise, I am compelled to sound a warning. While there is support for new job retraining legislation—in the administration, House, and Senate—there is widespread concern that funding for this new program will be an uphill battle in light of budget constraints.

However, there is an answer. As part of the Ways and Means Subcommittee on Trade's contribution to worker retraining is a provision, section 147, that would pay for increased unemployment compensation and some job retraining through an import surcharge. Senator HEINZ will be offering an amendment to the Senate trade bill that will expand this approach to funding to pay for all displaced workers retraining expenses.

A nominal uniform import surcharge of one-third of 1 percent would provide the necessary $1 billion we are needing to fund this new job retraining program. I encourage my colleagues, especially those who will participate in the upcoming conference, to carefully consider this proposal.

I might add, that this approach has been supported by the American International Automobile Dealers Association. In testimony before the Ways and Means subcommittee on Trade, February 27, 1987, they said, we are

> * * * willing to support a small uniform "user fee" on all imports of up to 1 percent ad valorem to fund adjustment assistance if this measure is adopted subject to appropriate procedures under the General Agreement on Tariffs and Trade.

This is exactly what we are proposing.

SERVICES

An example of how H.R. 3 attacks trade problems is international services trade. Services now account for 25 percent of all world trade. However, since there is no international agreement on services, many countries are unilaterally setting up protectionist barriers which has caused a drop in the U.S. share of the international service market.

Service industries such as banking, finance, insurance, accounting, and engineering consulting, are the sector of the U.S. economy which has been producing the largest number of high-paying jobs. If we are to claim our fair share of the world market, something must be done.

The construction and engineering industries provide a case study of protectionism in services. The Government of Japan is currently building an island in Osaka Bay as a site of the huge Kansai airport with an estimated total cost of $6.5 to $8 billion. United States construction and engineering industries, with the assistance of the United States Government have negotiated with the Japanese to obtain access to the bidding process on that project. However, to date only insubstantial contracts have been awarded to U.S. firms. American and other foreign companies are effectively barred from any major construction work.

Japanese construction and engineering firms, on the other hand, have had great success in the open United States construction market with their estimated contracts exceeding $3 billion in 1987.

With this in mind, H.R. 3 contains a provision I offered in the Energy and Commerce Committee requiring that the United States Trade Representative initiate an investigation into possible 301 violations in construction, architectural, consulting, and engineering services trade with Japan. With the growing percentage of U.S. employment in these sophisticated service fields, we must seek equal footing in world service industries markets. This is currently a subject under discussion by Prime Minister Nakasone and President Reagan.

"SEMATECH"—A NEW PARTNERSHIP

The importance of the semiconductor industry is clearly shown by the recent actions of the administration imposing 100-percent tariffs on 300 dollars' worth of electronic products from Japan. This is a response to Japanese dumping of semiconductors and will work to ensure the current viability in the industry. In an effort to insure a viable semiconductor industry in the years to come, H.R. 3 contains the beginnings of Sematech—the Semiconductor Manufacturing Technology Program—a billion-dollar, future-oriented industrywide initiative. This approach is landmark not only because there has never been an industrywide approach with a team of U.S. companies collaborating in developing new commercial products and manufacturing processes, but also because it's proposed to be done in partnership with government.

Sematech will be a major effort by the semiconductor producing industries, with the partnership of the Federal Government to develop advanced semiconductor manufacturing processes, materials and manufacturing equipment. It was first proposed by a special task force of the Defense Science Board, A DOD setup board of electronics and semiconductor industry leaders, intelligence specialists and scientists, established to determine the potential long-range damage to the U.S. national security and economy of trade problems being experienced by the semiconductor industry.

If we lose our ability to compete in this building block of technology, we lose our leadership in computers, electronics, telecommunications, and the information industry generally. Semiconductor chip advances are the productivity drivers for factory automation in basic industries such as auto, materials, and machine tool industries. When productivity increases, so does the potential for growth and added employment—the ultimate purpose of H.R. 3.

JAPANESE DEFENSE SPENDING—A FREE RIDE

Finally, as the Japanese economy continues to prosper relative to the rest of the world, it is only fair that they begin taking on a greater share of their own defense burden—including the defense of free and open shipping lanes so vital to their economic success. Currently, a pitifully low 1 percent of GNP is all the Japanese have been willing to spend. Because they spend 1 percent, and not 4 percent which is close to what the NATO allies spend, some $40 billion per year can be invested by Japan in civilian technologies, products, manufacturing processes.

As we produce F-16's, B-1's, and aircraft carriers to protect freedom and Western civilization, the Japanese produce VCR's, compact discs, high definition television, and the next best widget for the world economy.

With this in mind, a provision of H.R. 3, which I included in the Energy and Commerce Committee, calls for the President to evaluate the impact on U.S. competitiveness of foreign countries' expenditures on defense as compared to the U.S. expenditure of over 6 percent of our GNP.

I believe this to be one of the most important bills to come up for a vote since I have had the privilege of serving in the House of Representatives. My congressional district has been whipsawed by foreign trade practices involving dumping, subsidies, export targeting and a whole host of activities designed to dominate our markets and put our workers out of jobs. Because American workers and American jobs need a strong voice from their Government keeping the global trade game a fair one, I strongly believe that this legislation is necessary if we are to remain a world economic power and urge my colleagues to support it.

□ 1640

Mr. FLORIO. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Chairman, I think we overlook a very significant fact in connection with this legislation. As a result of the action of the Japanese businesses that have located in the United States, particularly in the automobile business, there are some 100,000 to 200,000 jobs that have been directly created.

If we are going to get into a trade war, what is going to happen to the jobs of those individuals, and even more interesting is that some 50,000 workers are also in California as a direct result of employment supplied by Japanese investment.

I think we are looking only at one side and not looking at the other.

Mr. FLORIO. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I would like to express my appreciation to all of the members of the Committee on Energy and Commerce for the cooperation that allowed us to get to this point, particularly the gentleman from Michigan [Mr. DINGELL] and the gentleman from New York [Mr. LENT]. Their leadership has been very valuable.

It is time for us to pass a results-oriented trade policy to correct the deficits that we have experienced over the last 5 years.

Some have suggested that this bill is hostile to some or all of our foreign trading competitors. I do not think that is the case. Specifically, some have accused this bill of being Japan-bashing. To the contrary, in a sense, what we are saying is that we admire what the Japanese have been able to do. They have spelled out what their economic interest is and they have carried it through.

We are asking in this bill that the United States do the same thing, spell our what our economic interest is and carry it out to fulfillment. H.R. 3, with the Gephardt amendment, will allow us to do that.

I would urge the support of this body for that bill.

Mr. BARTON of Texas. Mr. Chairman, I rise today to inform my colleagues of an amendment I sponsored during consideration of H.R. 3 in the Energy and Commerce Committee. This amendment, section 909, addresses the vital area of domestic energy security.

Last March, the Secretary of Energy submitted to Congress a study entitled "Energy Security: A report to the President of the United States." This report was requested by President Reagan in response to declining domestic oil production and rising oil imports.

Secretary Herrington, commenting on the report, noted "* * * we can only ensure continued security with a viable domestic energy industry—and, in particular, a vigorous domestic petroleum industry. Even with continued conservation and efficiency and substantial contributions from other energy resources, like coal, nuclear energy and renewables, our economic security is inextricably tied to the fate and fortunes of our domestic petroleum industry through this century."

He continued "It is clear that the weakening of our domestic oil infrastructure holds the potential for significant, detrimental ramifications for our energy and national security if action is not taken."

I agree wholeheartedly with the Secretary's remarks. The domestic energy industry is not simply the concern of Members from energy producing States—it is the concern of every American. If we continue to increase our reliance in imported oil, we risk repeating the energy supply disruptions which damaged our economy twice in the 1970's.

My amendment is simple. It calls on the Secretary of Commerce to review the energy security report and make recommendations to the President and Congress to address the impact of increasing oil imports on our domestic energy industry. When these recommendations are received by Congress in 180 days, we will be in a position to make informed decisions about possible legislation to insure we maintain a dynamic energy industry in this country. I look forward to working with my colleages to implement the recommendations of the Secretary of Commerce.

I would like to conclude by making some general comments on H.R. 3. The measure contains many good provisions to correct and improve our international trade deficit. I support a number of amendments which will be offered to the bill to correct problems. Mr. LENT will offer an amendment to section 703—the Bryant provision—to allow the Secretary of Commerce flexibility in implementing foreign investment disclosure requirements. The Bryant provision passed the Energy and Commerce committee by a single vote. It is a far-reaching and potentially very damaging provision which could severely limit foreign investment in this country. One of the reasons our economy is so strong is our open investment policies. We should maintain this policy and I encourage my colleagues to support the Lent amendment.

Mr. MICHEL will offer the Republican substitute to the trade bill. This bill is identical to H.R. 3, except it does not include several protectionist provisions: the Gephardt amendment, the Brooks "Buy American" section, the Bryant provision and the Banking Committee title. This bill is responsible trade legislation and I strongly support the Michel amendment.

Mr. FLORIO. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time having expired on this portion of general debate, the gentleman from Rhode Island [Mr. ST GERMAIN] will be recognized for 30 minutes and the gentleman from Ohio [Mr. WYLIE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Rhode Island [Mr. ST GERMAIN].

Mr. ST GERMAIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the effects of a mushrooming trade deficit have been felt in every section of this Nation. In all of our districts, plants are closed, workers are unemployed, and consumers are purchasing foreign products which used to be manufactured in this Nation. In some cases, our U.S. companies have not taken the steps necessary to be internationally competitive. In other cases, American business and workers have been the victims of unfair competition from foreign countries.

It is imperative that Congress take action to reverse the run-away trade deficit. The bill we have before us today will give our national leaders the tools to fight unfair foreign competition, open up foreign markets, and increase the ability of U.S. companies to export U.S. produced goods and services.

I am proud of the contribution of the Banking Committee in this effort. Four subcommittees produced legislation which has been included in title IV. I want to recognize and commend the efforts of members of the Banking Committee and especially the efforts of the subcommittee chairmen. The Subcommittee on International Development Institutions and Finance, chaired by WALTER FAUNTROY, produced an innovative approach to help insure that developing nations have the financial resources to continue as important trading partners. The Subcommittee on Economic Stabilization, chaired by MARY ROSE OAKAR, reported the provisions creating the Council on Industrial Competitiveness. The Council is a much needed tool for developing and coordinating long-range strategies to assure the international competitiveness of American business. The Subcommittee on International Finance, Trade and Monetary Policy, chaired by ROBERT GARCIA, provided a mechanism for the formulation of a coherent international exchange rate policy and the coordination of economic policy with other major nations. All the members of the Banking Committee know the time and effort needed to produce this important legislation. I know I speak for the entire committee in expressing our thanks to these subcommittee chairmen.

I will defer to each of them for further explanations of their provisions. In the time I have remaining, I want to describe the contribution of the Subcommittee on Financial Institutions, which I chair.

Section 476 and 477 contain amendments to the Export Trading Company Act of 1982. The committee's goal in reporting these amendments to the 1982 act was to balance two competing and important concerns. Our immediate concern is to increase the participation of financial institutions in promoting the exportation of U.S.-products. However, the committee must also insure that any such changes are accomplished in a manner that does not threaten the safety and soundness of the banking system or individual financial institutions. The legislation before us today can accomplish both those goals. It is a measured but significant step toward improving our export capability.

The Export Trading Company Act was signed into law in October of 1982. Amid concerns about a $50 billion trade deficit and rising unemployment, Congress authorized banks to engage in a limited range of activities that would not otherwise be permitted to financial institutions except that these activities fostered the exportation of U.S.-produced goods and services. The purpose of this legislation was to increase American exports by providing American business with greater knowledge of foreign markets. Clearly this was an area where the Congress felt that the contribution of the American banking community's experience and knowledge would result in the creation of jobs for American workers.

During floor consideration of last year's trade bill, an amendment was offered by Representative BONKER to substantially amend title II of the Export Trading Company Act. I oppose that amendment until it could be considered by our committee. Pursuant to a floor discussion with Mr. LEACH and me, Mr. BONKER withdrew his amendment and the Banking Committee began discussions with the Department of Commerce and the Federal Reserve. As a result of these discussions and of subcommittee hearings, it became apparent that some additional flexibility for bank related export trading companies was warranted.

The committee's hearing on the implementation of Export Trading Company Act revealed that the success of bank-related ETC's has been limited. Of the 43 approved by the Federal Reserve, 14 have ceased operation and only a handful of the remaining 29 have even approached original expectations. There has been little interest evidenced from regional banks or from cooperative efforts by groups of smaller banks.

In recent years few sectors of the American economy have been successful exporters. Most observers would agree that the primary difficulties facing ETC's are no different than those facing other exporters. The value of the dollar made U.S. goods and services uncompetitive. Restrictive trade barriers and a lack of hard currency exist throughout the world. International marketing has become extremely competitive and profit margins are getting thinner. Finally, there remains in U.S. manufacturers and bankers an institutional skepticism and lack of experience in international markets. Certainly it has been a most difficult time to embark upon new export related activities. The committee found the basic structure of the act sound. We also found that there were areas where additional flexibility could result in greater use of bank-related export trading companies and yet maintain the basic export promotion purpose of the act.

The proposals received by the Banking Committee for changes in the 1982 act focused on six areas. The committee adopted the recommendation of the industry for an end to strict dollar volume limits on inventories. The legislation also includes recommendations contained in several proposals which lengthened the determination period from 2 to not less than 4 years and provides a 2-year startup period.

This legislation contains, with some modification, the provisions of proposals received by the committee to increase the permitted leveraging ratios of assets to capital and to permit the facilitation of third party trade to be recognized as an export activity under certain conditions.

The need for legislation to increase U.S. exports has never been greater. Despite adjustment in international currency values, our trade deficit could approach $200 billion this year. Unless we take dramatic steps, we will squander the economic gains of generations of hard-working Americans and leave to our children only the bills to pay for our profligacy. I urge my colleagues to support this important legislation.

Mr. Chairman, I do have a concern about section 720 of this bill.

This section requires that the Secretary of Commerce and Treasury investigate and report to Congress on the financial services foreign firms can offer in the United States and what financial services U.S. firms can offer in foreign countries.

In general, the Banking Committee has no problems with the study of the reciprocal treatment of foreign financial services other than banking services.

While I am confident that it was not the intention of the Committee on Energy and Commerce, section 702 has raised concerns and questions about committee jurisdiction.

To the extent that this study examines banks and similar institutions, the committee wishes to clarify that it in no way affects or alters the Banking Committee's sole jurisdiction over the activities of foreign or domestic banks.

As a matter of fact, and I will say this very slowly, if this legislative tightrope walking continues, it may well be that the Committee on Banking, Finance and Urban Affairs will actively seek and pursue an expansion of jurisdiction to properly reflect its obligations and to assist and facilitate it in the execution of its mandate from the Congress over the years.

Mr. Chairman, I reserve the balance of my time.

Mr. WYLIE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am opposed to title IV of the trade bill, which is the banking title. In its present form as presently drafted, title IV is essentially a reincarnation of legislative proposals passed by the House last year and contained in H.R. 4800. I made my opposition known then and I do again. Despite modifications, there remain several controversial provisions in title IV which will be freely debated, I am sure. May I alert the Members to the fact that I have a substitute which is in order under the rule which I intend to offer at the appropriate time. The provisions in title IV that I believe should be amended are:

One, a proposal to create a new $5 million a year permanent bureaucracy to be known as the Council on Industrial Competitiveness. The Council as it is now conceived would function as an advisory board to the President and would operate within the White House in much the same manner as the Council of Economic Advisers, many of whose functions it would duplicate. In fact, there are few functions of the proposed Competitiveness Council which are not already being carried out by some Government agency or other. It is our contention that this Council would not add one iota of information or advice to the Presidency or the Congress that is not presently available to them.

More serious even are the potential political implications of the proposal that would direct the Council to review private sector requests for governmental assistance or relief and to recommend actions which would help ensure that the applicant will become internationally competitive in the future. As I read this provision in the bill, it would set up the Council as a gatekeeper and dispenser of Government largess to industries and firms claiming injury by competition. We have claims like that now, of course, but they are properly adjudicated by the quasi-judicial International Trade Commission. What this does is plant the seeds for centralized Government planning—something that is completely out of place in a system that is built upon free enterprise.

Finally, the proposed Competitiveness Council is predicated on the assumption that American industry has lost its competitive edge, that it has become complacent and slow on its feet and needs the helpful advice of a committee to return it to vigor. This assumption—which I paraphrase from the findings of the subtitle—is clearly inconsistent with the premises of subtitle A—the Competitive Exchange Rate Act of 1987. The findings of this subtitle observe—and I believe with some accuracy—that "an important factor contributing to our present trade crisis has been the U.S. dollar, the rise of which over earlier years contributed substantially to our current trade deficit." This conclusion is confirmed by the fact that the U.S. international accounts showed consistent surpluses during the seventies and early eighties before the dollar appreciated as strongly as it did. Now that the dollar has declined significantly, we are seeing tangible evidence that our deficit is diminishing—certainly in real or inflation-adjusted terms—without the benefit of the Competitiveness Council advocated by the bill. The President has not asked for the Council and does not want it—and yet it is to be appointed by the President to advise the President.

I mentioned exchange rates. May I say the subtitle correctly identifies the recent overvaluation of the dollar as a major cause of our trade deficit. No one disagrees with the fact it would be desirable to stabilize the dollar at a competitive exchange rate and reduce its fluctuations in international currency markets. Our problem with this proposition is not its desirability but its proposed implementation.

To begin with, the experts agree it is not possible to identify with precision what a competitive exchange rate is, or should be at any given time. The subtitle evades the issue by having the Secretary of the Treasury make that determination. In the majority's desire to craft a bill to help solve our trade problem they have given the administration an impossible assignment. To reduce fluctuations in the exchange rate, the proposal places undue reliance on the coordination of policy among participating countries. In any case, this is already being attempted by the people on the firing line at the Treasury and the Federal Reserve.

Some of us have serious problems also with subtitle B—the World Debt Management Act and particularly its proposal for the establishment of a new international debt management authority to address sovereign debt. Again, the lesser developed countries debt problem is real and it is serious. These heavily indebted countries were once good customers of ours. But now they are struggling to achieve surpluses in their international trade in order to amortize their own debts and in some case, just to keep up the interest payments. The results have not been good for our export industries. The proposal contained in the bill is designed to help these countries get back on their feet. This is to be done essentially by instructing the Secretary of the Treasury to negotiate with his opposite numbers in other industrialized countries to set up an international debt management authority which would buy at a discount the impaired loans currently held by creditor banks. The discounts on these impaired loans are to be passed back to the issuing LDC debtor countries, as are reductions in interest rates. The authority would then arrange to convert these impaired loans into equity assets within the debtor country or they may be repackaged and sold in the secondary market, much as Fannie May buys mortgages and repackages them for sale in the secondary market. In either case, the idea is to lighten the LDC's burden of debt amortization and interest payments.

While the drafter of this part of the bill have been quite specific as to what the Secretary and his colleagues elsewhere should do, they have been vague in explaining how this facility is to be funded, or even how much may be required. Believe me, we are talking large sums of money that would be required to capitalize a facility of the kind suggested. The total external debt of LDC countries is estimated at about $1 trillion. The bill alludes to the possibility of pledging gold from the IMF as collateral for the securities of the new authority, or borrowing surplus funds from the World Bank. But in the end, the taxpayers of the United States will be asked to support the capitalization of this new facility or at least agree to pay any losses that might accrue from operations and defaults. I cannot agree with even the suggestion of such a course of action when there are so many worthwhile objectives still unfulfilled in our own country.

Mr. Chairman, I could go on, but I believe I have given this committee enough evidence to suggest that a searching and thoughtful debate on the ramifications of the issues raised and resolutions proposed by title IV of H.R. 3 is in order. I urge the Members to give serious thought to supporting my substitute, which I will describe in detail tomorrow.

□ 1650

The CHAIRMAN. The gentleman from Ohio [Mr. WYLIE], has 24 minutes remaining.

Mr. WYLIE. Mr. Chairman, I reserve the balance of my time.

Mr. ST GERMAIN. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. Garcia], chairman of the Subcommittee on International Finance, Trade and Monetary Policy.

Mr. GARCIA. Mr. Chairman, we are beginning debate on an historic bill, one that could put the United States back on sound economic footing. This legislation is carefully designed to reflect our genuine concern over America's trade deficit.

We have heard and will hear a number of startling statistics during the course of debate on this bill, about how our trade deficit is out of control and about how we are turning the corner in our attempt to bring the deficit down. My response to both pronouncements is "yes"—our trade deficit is out of control, but I do believe we are now prepared to do something about it. H.R. 3 is a positive step in that direction.

I would like to take a moment to speak about that portion of the bill with which I am most familiar, title IV, the provision considered by the Banking Committee.

During the course of our consideration of title IV, we looked at a number of issues that upon first glance might not seem to be central to our trade problems. On closer examination, however, it is easy to understand just how important to the overall legislation they are.

Title IV covers a lot of ground, everything from the need to achieve a competitive exchange rate, to the importance of better managing the LDC debt crisis, to the establishment of a special council that would make U.S. workers and industry able to participate in the global economy on a more equal footing.

While title IV also contains a number of other sound and useful approaches to these and other related problems, there are several proposals that I believe deserve specific mention.

First of all, the competitive exchange rate subtitle reflects, literally, years of work and compromise. Its chief author, John LaFalce, deserves a great deal of credit for his hard work in crafting this provision. If anyone still feels that exchange rates are not an important part of this legislation and that we don't have to worry about the volatility of the dollar, I would only ask that they take a closer look at the facts.

Recent fluctuations of the dollar have affected everything from interest rates to Third World debt—all of which are related to our ability to better position ourselves in the world economy. I believe that it is our responsibility to be involved in the process of establishing a competitive exchange rate and any move to weaken this particular portion of the bill would be a mistake.

Another key provision in title IV deals with LDC debt. There are three specific proposals in the bill that deserve mention. One would require the Secretary of the Treasury to begin negotiations on establishing an international debt management facility. This facility would assist debtor nations in their attempt to grapple with their overwhelming debt. This is an excellent concept and its chief architects, Bruce Morrison and John LaFalce, should be applauded for moving this idea forward.

We must act now in our attempt to help debtor nations. Again, if there are still those who doubt the relationship between Third World debt and our own trade deficit, I suggest that they look at recent trade statistics on United States-Latin American trade. From 1981 to 1984 our trade balance with Latin America went from a positive $3.7 billion to a negative $18.5 billion.

While correcting our trade imbalance with Latin America might not cure our trade deficit, it could certainly put it back on the right track. That's the purpose behind the debt facility, to better manage the world debt crisis. The effect would be to put Third World debtors on a more sound financial footing, enabling them to open up their markets for U.S. goods and services.

Any attempt to change this provision could be seen as a step backward for debtor nations. This, in turn, would continue to undermine our trade with those nations.

There is another proposal in title IV on managing the debt problem that would compliment the facility. It is the options authored by Chuck Schumer. This provision would ask the Secretary of the Treasury to suggest a number of options banks can take during the course of debt rescheduling talks with a nation.

While it does not force the banks to take any of the options, it does make them aware that there are a variety of ways in which they can handle their portion of the rescheduling. It allows the banks to be creative. In addition, the Schumer menu reflects well on a proposal that Treasury Secretary Jim Baker proposed during a speech given at the recent interim meetings of the IMF.

Walter Fauntroy has another fine proposal in the bill on how to help least developed nations, particularly those in sub-Saharan Africa, with their debt. The debt problems of these nations has been neglected for too long. The Fauntroy proposal would begin to change that.

There are other provisions in title IV worthy of mention from the establishment of a council on industrial competitiveness, carefully crafted by my friend and colleague, Mary Rose Oakar, to the export trading company amendments, again helping the United States in the international marketplace.

There is one last provision to which I would like to call attention. It concerns tied aid and the Eximbank. Without going into great detail on the issue of tied aid, this provision would change the voting procedures of the NAC from unanimous consent to a simple majority for the so-called defensive Tied Aid Program. Hopefully, this would better enable our exporters to take advantage of this existing program.

I would be remiss if I did not thank the distinguished chairman of the Banking Committee, Mr. St Germain, for the fine job he has done in bringing together the various portions of title IV into one, cohesive package. He and his fine staff are to be commended.

Finally, I want to step back for a moment from my role as an advocate of title IV to thank the ranking minority member of my subcommittee, Jim Leach, for his help and input. I realize that Jim and I may disagree on portions of this bill, but I, nonetheless, want to thank him and his excellent staff for working with us on this legislation.

Mr. WYLIE. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. Shumway].

Mr. SHUMWAY. Mr. Chairman, I rise in support of the Republican substitute to title IV, the Banking Committee's section of H.R. 3. I believe that this substitute eliminates the bill's most harmful elements, while also adding or retaining beneficial, constructive provisions.

Examining the substitute subtitle by subtitle, the evidence in favor of the substitute is undeniable.

SUBTITLE A—COMPETITIVE EXCHANGE RATES

The bill attempts to bring exchange rates to the forefront, as an independent policy consideration rather than simply the byproduct of other legislation. While this move strikes me as altogether appropriate, I find the means by which that objective is accomplished to be unacceptable.

Establishing target zones, or narrow parameters to limit the rise and fall of the dollar, would broaden the threat of adverse currency speculation. Currency trade on the open market reflects the reasonable expectations which one country has concerning another. Imposing artificial restraints which interfere with those perceived expectations can only play into the speculator's hands.

We in Congress must recognize the enormous volume of contemporary currency exchange: hundreds of billions of dollars change hands in international markets each day. Since far more currency is controlled by the private sector than by governments, governmental intervention can only succeed through certain policy changes involving private markets. It is difficult to achieve any major effect by direct intervention.

However, Government intervention by purchase or sale can serve to shore up or slightly alter the curve of a trend in a rising or falling market. In the currency intervention sections of both the bill and the substitute, there are instructions directing the Treasury to buy and sell as it deems most appropriate to achieve the most advantageous exchange rates possible.

However, the substitute also protects the exchange rate from artificial constraints, making the current account the target for which to shoot. Exchange rates can still be in the forefront of policy decisions, but the formal target is more attractive, and more realistic.

The current account is the real measure of trade and monetary surpluses or deficits. Focusing on that fact accomplishes the purpose of the title without exposing the monetary system to unnecessary risk.

SUBTITLE 3—THIRD WORLD DEBT MANAGEMENT

This title calls for the United States to begin negotiations toward the creation of a new entity which will purchase Third-World debt portfolios from creditor institutions at a discount, then pass those discounts on to the debtor nations and package the loan pools for sale on a secondary market, much as Freddie Mac or Sallie Mae accomplishes here at home. However, the establishment of such an entity has not been warmly greeted outside the academic community because of some serious flaws:

First, it provides an incentive for debtor nations to pursue aggressive debt tactics. A percentage discount guarantee affords a tremendous opening for quick, one-time spending, in anticipation of a buyout.

Second, funding for the proposal is nonexistent. The bill is drafted in such a way as to suggest that Japan should be footing a large portion of the costs. Shouldn't we be getting a little more definite commitment from Japan prior to passing such legislation? The gold reserves of the IMF have also been suggested as collateral, a proposal which has been coolly received in the international community. The IMF is particularly reluctant to adopt this approach.

The substitute provides for a feasibility study, to determine the probable success or failure of permitting debtor nations to take a special, one-time draw-down from the IMF, termed a "special drawing right." This alternative proposal has the advantage of being structured within the parameters of an already-existing institution, one which is the normal forum for handling such matters.

The bill also would bar foreign primary dealers in government debt instruments from holding a U.S. primary dealer seat unless U.S. companies have equal access to their markets. Although this propsect sounds appealing, the ramifications have not been studied. Additionally, this primary dealer provision would directly affect Canada; adoption of the bill would be viewed as an aggressive, unfriendly, and direct attack upon our good friends to the North. To my way of thinking, that alone is sufficient reason to reject the bill and adopt the substitute.

The substitute would call for a study to determine the probable effects upon the world market structure for such a requirement, and would not adversely affect the relationships, financial and otherwise, between our two nations.

SUBTITLE C—TIED AID

The substitute recognizes the important role played by tied aid in recent years, and makes every attempt to ensure that the United States can fight back when such adversarial techniques are used to secure overseas contracts, including a review of the Eximbank's operations and a request to that institution as to how its services might best be improved.

SUBTITLE D—COUNCIL ON INDUSTRIAL COMPETITIVENESS

This subtitle is deleted in the Republican substitute. I am the ranking Republican member of the subcommittee with jurisdiction over this matter, and I could not be more supportive of that deletion.

I have stated repeatedly that the creation of such an entity would be anything but productive. To do so would fly in the face of any budget-reduction effort we might undertake. The Council would duplicate the activities of already-existing agencies, and it would do so at considerable cost. While the bottom line has been reduced from an original $25 million to $5 million, that is still far too much for an entity which is neither needed nor desirable.

However, my primary reason for opposing this title is that such a Council has absolutely no place in an economy such as ours. It is a dangerous step toward a centrally planned economy, and it establishes an odious precedent: the Council would have the power to give final approval to all private sector requests for Government assistance and could establish conditionality, making the politicization of its decisions a guaranteed certainty. There is no place in America for a Central Planning Bureau, which is what I call the Council.

In summary, the bill as reported proposes potentially damaging foreign exchange rate provisions; it will severely damage our relations with Canada; it will implement a new, unnecessary bureaucracy. I am pleased that Republican members have had the foresight and responsibility to forge a more desirable and workable substitute. The substitute is not only well thought-out—it presents reasonable and viable solutions. I strongly urge its adoption.

□ 1700

Mr. STRATTON. Mr. Chairman, will the gentleman yield to me?

Mr. SHUMWAY. I am happy to yield to the gentleman from New York.

Mr. STRATTON. Is the gentleman aware that the Japanese auto industry is planning a large plant in Indiana?

Mr. SHUMWAY. I did not hear the gentleman's question.

Mr. STRATTON. I wondered if the gentleman was aware of the fact that the Japanese auto industry is moving a very substantial plant into Lafayette, IN, which is going to employ 1,700 American employees. Are we going to allow that to be stopped as a result of the legislation that is being proposed here?

Mr. SHUMWAY. Well, I would certainly hope not. I think all of us welcome that kind of Japanese investment in the American industrial community and certainly it is a step in the right direction. I would not advocate that we put an end to that kind of investment.

Mr. STRATTON. My understanding is that the Senators from Indiana are solidly behind it.

Ms. OAKAR. Mr. Chairman, I yield 4 minutes to the gentleman from the District of Columbia [Mr. FAUNTROY].

Mr. FAUNTROY. Mr. Chairman, I will address my comments to the Third World debt portion of title IV.

In recent days, the Secretary of the Treasury has admitted that his plan is not working adequately and has called for additional measures to address the Third World debt. These measures, while a step in the right direction, provide no benefits to the debtor countries. More must be done to ensure that the international economy and the Third World debtors both benefit from our actions.

In subtitle B of title IV, entitled the "Third World Debt Management Act," the Committee on Banking, Finance and Urban Affairs has acted to require the Secretary of the Treasury to initiate negotiations to establish an international debt management authority. This entity would be empowered to perform a number of functions as manager of the international debt.

The most controversial and important of these functions involves the discounting of loans by the facility. The facility would purchase these loans from the banks at a discount and then would renegotiate the terms of the loans with the debtor country. Once the loans had been renegotiated, they could then be packaged and sold in a number of ways, including debt-equity swaps, securitization, or a buy-back of the discounted loan by the debtor country.

The Secretary of the Treasury has characterized this particular function of the facility as a "big bank bailout." It is not! In fact, the banks choosing to sell their loans to the facility would take a loss on their portfolio. This loss may or may not be amortized over time, but it remains a loss to the stockholders of the bank. Our concern here lies not with the financial statements of the major banks but with preserving the safety and soundness of the international financial system.

This function will lead to three improved outcomes within the international economy. First, it will protect the safety and soundness of the international financial system. Second, it will increase U.S. exports to Third World countries who will face a smaller debt servicing burden. And third, it will reduce if not halt the growth of Third World debt, thus enabling debtor nations to experience real economic growth while providing benefits to the international economy as a whole.

Finally, I would like to ask those Members who support the Baker plan what they would have us do now that interest rates have begun to move upward? As debt service payments increase, particularly in the context of slowed economic growth in the United States, what sorts of ad hoc measures will we need to prod already reluctant banks to lend to already heavily indebted countries? For how long can we continue to pile debt on debt in the Third World? How much more debt can the international financial system absorb? The costs of doing nothing will likely dwarf those associated with the facility.

I will provide a further discussion of this provision in opposition to the Wylie amendment to be offered tomorrow.

Mr. Chairman, I invite the attention of our colleagues to that discussion, hoping that they will sustain the position of the Banking, Finance and Urban Affairs Committee.

Mr. WYLIE. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Iowa [Mr. LEACH] the ranking Republican on the Subcommittee on International Finance, Trade and Monetary Policy.

Mr. LEACH of Iowa. Mr. Chairman, all of us would agree that one of the greatest financial scandals of our century is the trade imbalance that we are currently conducting—about $15 billion a month; but before crafting legislation to solve a problem, it is fairly important that we ask what caused the problem. There is not an economist, left, right, or center, who has not come to the conclusion that the primary cause of our trade imbalance is our fiscal imbalance.

□ 1710

And, if one looks for the most important secondary cause, it is hard not to conclude that it relates to the overextension in private-sector bank lending that occurred in the seventies in response to the runup in oil prices. It was this private-sector refusal to restrain foreign lending which caused the impetus, the economic imperative, for other countries to export more than they import—in other words, for use to import more than we export—so that the private banks could be paid back.

Trade is imbalanced because the budget is imbalanced, and because regulators refused to recognize the nature of the banking crisis of the seventies.

The reason that I raise this perspective is that lower tariffs did not cause our problems; higher tariffs are thus unlikely to be a solution. There is simply no substitute for fiscal discipline, for prudent banking regulation, for the expansion rather than the contraction of rules which govern international trade.

This legislation, when you get right down to it, is a political copout. It does nothing about the deficit; it does nothing about tightening rules on private-sector banking. Instead it is likely to lead to a trade war, and from the banking community's perspective, authorize a public-sector bailout of our larger banks.

I stress this aspect of the bill because the majority can shout all it wants that there is no bailout implication of this legislation, but the principle of using the World Bank resources to purchase developing-country debt implies spending resources that are derived from somebody, and that somebody happens to be the taxpayer of the United States and the taxpayer of many other countries in the world. So implicitly in this bill is another give-away to the political establishment.

As a society, as a country, we are simply going to have to recognize that the issue is not so much trying to design new legislative arrows to go into our trade-sanction quiver, but to make sure that the arrows that we currently have are aimed carefully and well so that they are not directed at our own feet.

This legislation is designed to devastate the taxpayer, to devastate the consumer, and to devastate the American public. I urge particularly that the banking section be revised and that a good, hard look be given to other sectors of the bill as well.

Ms. OAKAR. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, the trade deficit has skyrocketed, rising from $40 billion in 1981 to over $170 billion in 1986. Americans are for free trade, but they want a fair-trade policy, and we know that we have seen traditionally high and strong export sectors such as agriculture, high technology, financial services, heavy manufacturing, timber, et cetera, really and truly suffer.

Almost overnight our country has become and been transformed into the largest debtor nation ever known to mankind. So it is certainly very important that we have a cohesive, comprehensive trade strategy. That is why I am very, very proud of the work of the Subcommittee on Economic Stabilization, which I am fortunate enough to chair, and the work that it has done in fashioning, crafting a portion of the bill that I think is going to lead us on the road to being competitive again.

There exists today a strong consensus, unlike what my good friends on the other side of the aisle have indicated, for the need to establish a Council on Industrial Competitiveness for the purposes of developing and coordinating long-range strategies to help assure the international competitiveness of our great country, and to help us adapt to the highly competitive global marketplace.

We cannot just concern ourselves with the domestic marketplace. We have to reach out and look to the global market. This council would bring together national leaders with experience and background in business, labor, government, academia, and public interest, to advise the President on economic policies, and to make recommendations on issues crucial to the development of a coordinated industrial strategy. There would be established in the Executive Office of the President this advisory committee, which would be known as the Council on Industrial Competitiveness.

We are just about the only country in the Western World, in the Asian world, that does not strategize and reach out to our businesses and our labor community to give them some assistance. The Council would review, this coordinated council would review, among agencies of the Federal Government programs, to promote U.S. exports and to establish procedures for the timely dissemination of information concerning programs and services offered by the Federal Government to our businesses to promote their exports and competitiveness in foreign markets.

Mr. Chairman, right now if a business wants data on an indivdual item that they may want to export, they have to go to 19 different agencies to get it. This Council would coordinate that kind of information. It would be responsible for the identification of current foreign markets for U.S. goods and services, and it would identify future market opportunities and trends in foreign markets, and it would develop appropriate strategies for the penetration of these markets by American businesses.

The Council would also coordinate its activities with the private-sector advisory committee system of the Office of the U.S. Trade Representative.

It is intended that the Council coordinate an extensive network of programs, services, publications offered and available to exporters of our own products and services. This network includes the Department of Agriculture, Commerce, Energy, Labor, State, Export-Import Bank, the Overseas Private Investment Corporation, our small businesses, our U.S. International Trade Commission, and the U.S. Trade Development Programs.

The President would have the authority, at the advice of Congress, to appoint members of the Council for a term of 4 years. The members would serve terms which correspond with the terms of the President who appointed that individual.

Not later than 180 days after all members are appointed to the Council, the Council would prepare, report, and make recommendations to the President and both Houses of Congress on how to facilitate the execution of the aforementioned provisions and make recommendations regarding any proposed changes in any Federal policy necessary to implement effective trade and competitive policy.

What is wrong with strategizing and giving our businesses information? What is wrong with bringing together all the forces from business to the academic world to labor to the Government?

Mr. Chairman, this Council would bring together our greatest minds and would really be out there helping our businesses.

Mr. Chairman, on another note, I do want to say that I am dismayed and disappointed that we could not engage in a colloquy with the Energy and Commerce Committee subcommittee regarding the Defense Production Act, over which the Banking Committee has exclusive jurisdiction.

Mr. Chairman, the trade bill which we are considering today is a most important piece of legislation that contains many measures which are long overdue. However, the Banking Committee doesn't believe the path to a better trading environment should be strewn with the remnants of what used to be the parameters of committee jurisdiction.

In several important instances, the Committee on Energy and Commerce reported out measures which were clearly in the Banking Committee's sole or joint jurisdiction. These intrusions into our jurisdiction should not go unnoticed merely because they are contained in an omnibus trade bill. I have the deepest respect for the work of the Energy and Commerce Committee. They have a clear mission and I support their mission.

SECTION 905

A good example of this is contained in section 905 of the bill. This section provides that upon the request of the head of any agency, the Secretary of Commerce is required to immediately investigate any foreign takeover of a U.S. corporation to determine the effects of that takeover on national security, essential commerce, and economic welfare. If this amendment were limited to essential commerce and economic welfare, if it did not specifically require the Secretary of Commerce to consult with the Secretary of Defense, and if it did not contain language referring specifically to domestic production purposes, the Banking Committee would have no objection to this section.

However, in my opinion this provision as currently drafted, and as it relates to national security, is solely within the jurisdiction of the Banking Comittee.

At this point it may be useful to outline for Members the provisions and background of the Defense Production Act of 1950, the source of our jurisdiction.

When the United States entered the Korean war, there was a severe shortage of domestic productive capabilities to produce essential goods needed to conduct the war effort. The declaration of the policy of the Defense Production Act states as follows:

> In view of the present international situation and in order to provide for the national defense and national security, our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires development of preparedness programs and the expansion of productive capacity and supply beyond the levels needed to meet the civilian demand * * *."

The whole purpose of the Defense Production Act is to "ensure the national defense preparedness which is essential to national security." In order to carry out the declaration of policy, the Defense Production Act as originally passed contained the following important powers:

First. The original authority for wage and price controls.

This authority has since lapsed.

Second. The authority to require the acceptance of, and the priority performance of, contracts that are needed to promote the national defense. For instance, virtually every major defense weapons program today uses items which are in short supply and which are listed on the so-called MUL, or master urgency list. In order to make these products available for defense purposes, the President invokes the authority contained in Section 101 of the Defense Production Act to ensure the timely completion of these essential defense products.

Third. The DPA contains the authority for the President to make loans and loan guarantees to assure the production and delivery of services under government contracts.

In addition, in order to build the Alaska Pipeline which was so vital to our national defense, national security, and our economy, the authority contained in the DPA was exercised by the President in order to assure the timely delivery of the pipe used for the pipeline.

The DPA also contains the authority, for national defense and national security purposes, for rationing all forms of energy in this country other than gasoline at the pumps.

Under the House rules, the Banking Committee has sole jurisdiction over defense production, and under the Defense Production Act of 1950, which again is in our sole jurisdiction, we are given the tools to allocate and expand the domestic production resources needed to achieve those defense production goals.

The heading of subsection (b) of section 905 is even called "Domestic Production for National Defense" and goes on to direct the President, when he is carrying out these studies related to national security and essential commerce, to "give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of human resources, raw products, and other supplies and services essential to the national defense and essential commerce * * *."

If you did not know better, you would think a page had been Xeroxed out of the Defense Production Act itself.

This omnibus trade bill is very important to all of us. The isues addressed in section 905 are important and serious. However, these are issues that are in the sole jurisdiction of the Banking Committee, and should have been referred to our committee. The Banking Committee doesn't believe that the guise of an Omnibus Trade Bill should be used for purposes of usurping committee jurisdiction as laid out in the House rules.

SECTION 912

Section 912 requires a report to Congress on "the effect of offsets and countertrade on industry and employment * * *."

The Defense Production Act Amendments of 1984 required the President to report on countrades and offsets and the effect upon defense production employment and the manufacturing base. There is again a striking similarity between existing Defense Production Act authority and that found in section 912 of this bill.

While I have no problems with the substance of this amendment, and indeed the Banking Committee has legislated on this important issue, it is still my belief that offsets and countertrade with respect to defense-related items are within the sole jurisdiction of the Banking Committee and should not be the subject of any other comiittee's action in this or any other bill.

SECTION 911

Section 911 of this act authorizes $100 million in grants to promote and advance the manufacture of semiconductors in the United States. Subsequent legislation is required before any grant can be made. Since this bill provides financial aid to assist commerce, the Banking Committee looks forward to the joint jurisdiction with other committees in this House to any and all future legislation regarding this matter.

I would just like to remind Members that under the rules of the House, all financial aid to commerce and industry (other than transportation) is the jurisdiction of the Banking Committee.

Mr. ST GERMAIN. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. LAFALCE].

Mr. LAFALCE. Mr. Chairman, beginning in 1983, as Chairman of the House Banking Subcommittee on Economic Stabilization, I held an extensive series of hearings on the competitive problems facing this country. Dozens of expert witnesses from all sectors of our economy expressed concern regarding the deterioration of our economic strength.

Yet at that point, and for years thereafter, the Reagan administration refused to acknowledge that there was any problem at all. We all remember the promise of supply-side economics: Cut taxes, and our investment, productivity and savings rate would soar. They did not. But our trade and budget deficits soared out of sight.

The problems of basic industries were characterized by the administration as the inevitable temporary dislocations accompanying a welcome transition to some high-technology heaven. Displaced workers were tenderly advised to vote with their feet and move to where the jobs were. The economy was divided along smokestack and high-technology lines, and the country between the frostbelt and sunbelt.

By 1986, America had become the world's largest debtor nation, we ran a high-technology trade deficit for the first time, and the trade deficit continued to grow.

Now, after presiding over trade deficits approaching a total of $600 billion, the loss of 2 million manufacturing jobs, a decline in real hourly wages for American workers, and the worst economic performance since the Depression, the Reagan administration has finally admitted that, yes, America does indeed have a competitiveness problem.

It has taken several years for the administration to even acknowledge that we have a problem; now it continues to struggle against serious efforts to try to solve it. This week the House will vote on critical trade legislation that is intended to reverse the decline in this country's competitive position. The administration has indicated its opposition to some of the most important provisions of the bill.

Before we take this important step, let us review where we are in 1987. For it is not only the terms of trade that are changing. The entire world economic order is shifting around us. And, in too many areas, the United States is failing to address this reality.

THE INTERNATIONAL ECONOMIC CONTEXT

Pressures on the international economic system are intense and growing. First, economic growth patterns continue to be out of balance. While other major industrialized countries have taken some steps to stimulate domestic growth, the United States continues to act as the prime stimulant for the world economy.

Second, the pace of technological change is quickening, forcing shifts in the national economic structure for which many countries—including our own—are unprepared. At the same time that information technologies increasingly drive economic growth, the United States is losing its competitive edge. Trade tensions surrounding our semiconductor industry are only a symptom of a far broader problem.

Third, the United States continues to consume significantly more than it produces; and borrows abroad to make up the difference. If recent trends continue, experts project we will face $1 trillion of external debt by early in the next decade. This foreign debt will have to be serviced. We already require well over $100 billion annually to pay the interest on our domestic debt. An additional $75 billion will be required to pay the interest on our external debt.

There is real risk that, at some point, our competitors will no longer be willing to continue enlarging the U.S. net debtor position. Even now, the Treasury must schedule its sales of T-bills with an eye to the willingness of Japan to participate in that market.

At some point, our competitors may well refuse to continue to fuel our consumption, and this country would then be forced to start consuming less than it produces. In an unsettling parallel to the plight now facing Third World countries, moneys otherwise available for domestic consumption or investment would have to be utilized to service accumulated foreign debt. Should this occur, the effect on the availability of investment capital, interest rates, economic growth, and, most importantly, our standard of living, could be devastating.

Fourth, serious imbalances and rapid fluctuations in the exchange rate situation continue, frustrating intelligent government and business planning. In addition, a number of newly industrializing countries continue to peg their currencies to the dollar, thereby exacerbating competitive pressures and skewing our bilateral trading relationships.

Fifth, the debt crisis confronting Third World countries puts severe pressure on these countries to export to service their debt while limiting their potential to import. Our failure to move beyond the unfulfilled promise of the "Baker Plan" continues to limit the hope for growth in the developing world. Yet our failure to act works to our own disadvantage as well. We share the burden imposed by that debt as it increases pressure on American markets and reduces our own export potential.

Sixth, the multilateral framework governing trading relations—the General Agreement on Tariffs and Trade—is increasingly dysfunctional. Over the past 40 years, the very nature of trade has changed radically. Financial flows and trade in services and high technology have become increasingly important. The GATT fails to even address many areas of increasing concern, such as services and investment.

As trade competition has escalated, countries are increasingly moving unilaterally to improve their trade position or protect domestic industries. Much of the world's trade is "managed," controlled tightly by governments with clear development objectives. The aggressive industrial strategies of our foreign competitors are resulting in far more rapid shifts in the competitive balance between countries and increasing adjustment pressures.

Japan's domestic trade policies and global commercial offensive are reshaping the world economy. Yet, even as we focus on Japan's aggressive economic policies, the four newly industrialized countries of East Asia—South Korea, Singapore, Hong Kong and Taiwan, are fast becoming the next "Japans."

All of these pressures on the international economic system are placing concomitant pressure on the U.S. economy to compete and to adjust quickly to shifts in our economic structure and we are failing to meet that challenge. That failure is reflected most clearly in the dramatic change in our trade balance.

The 1983 merchandise trade deficit was $69.4 billion. That deficit nearly doubled in 1984, reaching $123.3 billion, the largest trade deficit ever recorded by any country. Yet the inexorable rise of that deficit continued. In 1985 it reached $148 billion, and in 1986 it again rose to $170 billion. This year's figures, despite the rapid decline in the dollar, are, if anything, even more disturbing.

The growth of the deficit reflects dual problems—a further drop in the foreign demand for U.S. exports and a strong upsurge in U.S. demand for imports. U.S. manufacturing industries are losing to foreign competitors almost across the board, including the high tech sectors upon which our competitive future depends.

In a recent speech before the American Enterprise Institute, Secretary of the Treasury, James Baker, stated that a trade deficit or trade surplus is not the sole measure of a country's competitive performance. That is true. Changing economic conditions around the world will inevitably result in ebbs and surges in the flows of trade and investment among individual countries. Some of these conditions, such as differing growth rates and currency misalignments can change, sometimes rapidly. As they shift, trade balances can also realign.

But we must face the fact that sustained trade deficits of recent magnitudes have done permanent damage to our economy and have shifted comparative advantage toward our foreign competitors.

The factors which contribute to a country's comparative advantage, such as human and physical capital and its technology base, change only slowly, but they do change. They are changing for the United States as the trade deficit eats away at the competitive strength of our economy. We are caught in a vicious cycle. Structural problems in our economy have helped fuel the trade deficit. In turn, the sustained trade deficits characteristic in recent years have exacerbated structural problems.

THE DECLINING COMPETITIVENESS OF THE U.S. ECONOMY

The decline in U.S. competitiveness has now reached crisis proportions. America's inability to compete in world markets, as President Reagan's own Commission on Industrial Competitiveness reported now over 2 years ago, is one of the most serious challenges facing the United States. If we look beyond the short run, the inescapable conclusion is that competitiveness may well be the pivotal economic issue for our country for the rest of this century.

The skyrocketing U.S. trade deficit may be the most visible evidence of our competitive decline. But it is not the only evidence. Looking beyond the trade deficit, it is clear that measures of our underlying competitiveness are getting worse, not better.

Our standard of living is at a standstill. The average worker in the United States makes no more in real terms today than a decade ago. The state of inflation-adjusted wages paints a grim picture. Real wages grew steadily from World War II until 1973. Since then they have fallen and the trend remains downward.

Unemployment and underemployment remain serious problems. Despite significant job growth in some sectors, our overall record is poor. Over 8 million people are still actively looking for work. We have higher unemployment today than in the worst post-war recession prior to 1974. Our manufacturing sector today has almost 2 million fewer jobs than it did in 1979. Since 1979, 2.3 million jobs with average wekly earnings of $444 have been replaced by 9.2 billion jobs with average weekly earnings of $272.

Our productivity growth has come to an ominous halt and has been outstripped by virtually all our competitors. The United States is no longer the world's most productive nation in several industries and the productivity gap is widening rapidly.

Lower interest rates have led to rising corporate indebtedness, but not to the sustained capital investment they were expected to foster. Business investment in new, commercial productive plant and equipment is extremely low as 20 percent of our industrial capacity remains idle. Almost 90 percent of the new demand for goods by American household and businesses is now being met by imports.

Management continues to rely on its short-term perspective, sacrificing long-term growth for short-term profits. U.S. companies remain weak in developing and applying the new product and process technologies that are spurring growth in other countries.

Our problems are not confined to one region or only to our basic industries. We have lost market share in all the high technology or "sunrise" industries. Nor can the deterioration in American manufacturing be comfortably dismissed by the claim that we are becoming a service economy. Services and manufacturing are often inextricably linked. If other companies, notably Japanese, dominate complex manufacturing it is naive to believe that they will rely on our financial services, lawyers, or advertising agencies.

Instead of investing at home, U.S. companies are stampeding offshore or relying on foreign sourcing. To a shocking degree, many of our corporations have begun to operate, not by competing with Japan or Korea, but by distributing sophisticated products made in those countries. Some of the same U.S. companies and others also are giving up export markets and dismantling their overseas marketing and servicing operations. For an individual company, such actions may seem the only solution to new competitive pressures. But, taken collectively, such an approach spells disaster for our country's economic future.

There is little hope for any quick fix to our plight. Given the lags between currency movements and their effects on trade, the likelihood of higher near-term U.S. economic growth rates than in most foreign countries, the continued narrowing of the U.S. technological edge, our inability to resolve the Third World debt problem, and the aggressive industrial strategies of our competitors, large U.S. trade deficits could persist for some time.

THE TRADE BILL

The trade bill we have before us deals with a multitude of trade policy problems that are affecting our competitive position: the need to control unfair trade practices; the need for new multilateral negotiations encompassing issues too long ignored; the need to break down barriers to U.S. exports in foreign markets; the need to aggressively promote exports; and the need to close loopholes in our tariff and customs laws. These are important areas of reform and it is long past time we dealt with them.

The most controversial provision in this bill is the Gephardt amendment that is to be offered tomorrow on the House floor. I will vote in favor of that amendment, but not without some ambivalence.

In my view, the very existence of the amendment is a testament to how badly we have served our own economic interests. My vote in its favor reflects my judgement as to how dangerous the situation we now face actually is. We have dug ourselves into an economic hole from which there appears to be no escaping. If we do not take action soon to effect a fundamental change in direction, I believe our situation may become irreversible.

The Gephardt amendment is designed to push those countries that are artificially maintaining enormous trade surpluses with the United States through a pattern of unfair practices to act responsibly. In any case where a severe trade imbalance is created or exacerbated by unreasonable and artificial barriers to market access for American goods and services, the President is required to take action to redress the imbalance. That is strong medicine with certain risks.

But strong medicine is required. We are on a downward spiral and must have leverage to stop the momentum. If the flexibility in the provision is properly utilized, it can provide that necessary leverage without destabilizing our world trading system.

I wish to emphasize that the Gephardt amendment, in my view, is not a solution. Instead, it will provide us a measure of breathing space to work aggressively to get our own economic house in order and work actively toward necessary international economic reforms. We must use that breathing space. It is long past time for us to place our emphasis on positive steps to improve our competitive position, rather than defensive steps designed to preclude further decline. If we do not do so, retaliatory provisions far stronger than the Gephardt amendment will be to no avail.

The world economy is increasingly interdependent. The risk inherent in many of the trade law reforms we are considering, including the Gephardt amendment, is that they will reinforce the belief that we can unilaterally effect a change to our benefit at a time that less and less can be effected by unilateral action.

Protectionist sentiment in this country has increased dramatically. That should not be surprising. Pressures to shield industries from foreign competition are strongest in economies beset by slow growth, rapid transition, and the emergence of new competitors. These are precisely the circumstances the U.S. economy faces. But, if we respond to our serious trade problems with purely protectionist action, we may achieve a total collapse of the trading system it has taken decades to build, and finally, destroy any prospect of long-term growth either in this country or the rest of the world.

National and international policies aimed at sustained economic growth, effective adjustment to structural changes and higher productivity are the only means of alleviating the pressures building in the world economic system. Our tentative efforts at recognizing our changing national role in the global economy through changes in national policy, international economic negotiations, and internationally coordinated action have been disappointing. But that is the direction in which we must go.

Attitudes must change. In this era of fierce foreign competition, strategies for enhancing competitiveness must be developed in cooperation between business, labor and Government to create an environment which advances U.S. competitive interests.

THE BANKING TITLE

The trade law revisions in H.R. 3 are vital to reversing the deterioration of our trade position. But, standing alone, they will not suffice. We must also take positive steps to improve the competitive environment if which U.S. industries operate both at the national and international level. The banking title provisions contained in H.R. 3 would make important progress in this direction.

The provisions in the banking title of this bill provide mechanisms for explicitly shaping our economic policies to enhance our competitive position. This title would:

Increase the accountability of the administration and the oversight role of the Congress in regard to the impact of exchange rate policy on the U.S. economy;

Create a Council on Industrial Competitiveness, comprised of representatives from government, business, labor, and public interest groups, that would serve as a purely advisory body to focus Government policymaking on the critical issue of U.S. competitiveness, and

Help restructure the debt burden of the most heavily indebted developing countries, thus expanding the world trading system and increasing U.S. exports to developing countries.

The continuing rapid fluctuations in the exchange rate situation underscore the need for a mechanism through which a coherent exchange rate policy can be formulated and sustained. The "Competitive Exchange Rate Act" does not require the administration to achieve a specific exchange rate. It simply requires that the administration have a policy that it must defend to the Congress in the context of other economic policy choices.

The bill achieves this by creating a structure of accountability regarding exchange rate issues. It requires the Secretary of the Treasury to report semiannually to the Congress on the impact of exchange rate policy on the U.S. economy. This report is analogous to that on monetary policy of the Chairman of the Federal Reserve under the Full Employment and Balanced Growth Act. That detailed and frank discussion of policy on a regular and prompt basis has elevated the political debate surrounding monetary policy. The Congress must make decisions on such issues as the budget deficit that have an effect on exchange rate policy all the time. With a better understanding of the trade-offs involved and an explicit statement by the administration of its recommendations, Congress and the public could more effectively debate alternatives.

In addition, the legislation requires the administration to continue the thrust of its more recent efforts in regard to the international coordination of macroeconomic policy; international coordination of participation in currency market; and the pursuit of bilateral negotiations with countries which peg their currencies to the dollar, thus maintaining an unfair competitive advantage. We cannot risk return to the situation characteristic in earlier years of this administration in which currency imbalances and fluctuations undercut the competitiveness or threatened the stability of the U.S. economy while our Government looked on with benign neglect.

The "Council on Industrial Competitiveness Act" would help to raise competitiveness issues to the top of our national agenda. No high level forum now exists in which key actors in our economy can deliberate together to offer advice regarding economic policies that will positively enhance our competitive position.

In the past few years, dozens of reports on the long-term competitiveness of the American economy, including that of the President's own Commission on Industrial Competitiveness, have concluded that we need an institutional mechanism to focus attention on competitiveness issues in the policymaking process and develop a consensus regarding Government policies affecting industry. The council would be precisely such a mechanism.

The council would function solely as an advisory body, but it would be a significant step in increasing the focus throughout our economy on methods of enhancing our competitive position. If we cannot take this small step toward a more cooperative national effort, it is not clear where we can start.

The Third World Debt Management Act addresses the reality of the debt crisis. Eighteen months ago, the administration announced a new policy to promote economic growth in Third World countries as a way to reopen markets to American exports. But the Baker plan has failed to reach even its own modest goals.

Commercial banks and debtor countries are locked in protracted negotiations in which little is accomplished beyond moving the mountain of debt forward. Meanwhile, debtor countries are forced to export to the United States and cannot buy American goods and services. The rapid deterioration of our export trade with Third World debtors has contributed significantly to our $170 billion trade deficit.

The legislation would require the administration to enter into meaningful negotiations with other countries with the goal of creating a more innovative mechanism for relieving existing debt service burdens and pave the way for renewed opportunities for U.S. exports.

The legislation encourages the administration to work toward the establishment of an international debt management facility which would (1) assist creditor banks in the voluntary disposition in the private sector of loans to heavily indebted sovereign borrowers; (2) encourages countries with strong capital surpluses to apply these surpluses to investments in heavily indebted countries; (3) purchase bank loans to debtor countries at a discount; and (4) establish mechanisms for passing along the benefit of any such discount or other action of the facility to the debtor country.

The banking title is, therefore, a vital component of this legislative package. Inevitable, because we loom so large in the world economy, marked improvement in our trade balance may be matched by noticeable deterioration elsewhere. Appropriately, that should take place largely in the major countries with exceptionally large surpluses. But the needed reorientation of economic policies—essentially the complement of our own—is no easier to achieve in those countries than in the United States. Moreover, some newly-industrialized countries also have clear responsibilities for contributing to a better world balance.

The banking title establishes important mechanisms that will assist us in reorienting national economic policy and in achieving the necessary cooperation at the international level in regard to the critical issues we face.

THE SMALL BUSINESS TITLE

Finally, as Chairman of the Small Business Committee, I would like to take a few moments to discuss the small business title to H.R. 3 and the concerns of or small business sector. Up to this point, there has been a serious gap in the trade debate. Our small and midsize companies are key sources of economic growth and adjustment. Yet their unique concerns have remained largely unaddressed. I am, therefore, very pleased that the House leadership asked the Small Business Committee to give attention and focus to these important concerns in the trade bill.

The policy intiatives that focus on our larger corporations, however important, often do not deal with many of the legitimate concerns of our small and midsize companies. If we are to have a competitive small business sector, public policy must address its needs as well.

Government studies have indicated that 30,000 or more smaller U.S. firms have the clear potential to move into international markets but are not doing so. The Committee on Small Business believes that actualizing the trading potential of these firms is essential to achieving the export-led growth necessary to maintain our standard of living.

The small business title amends the Small Business Act to increase the access of small businesses to existing export promotion programs and provide for the creation of new and innovative export promotion and technology transfer programs directed at small business at the State and local level. It will also increase the access of smaller firms to long-term capital for the investment in new plant and equipment that is essential to our meeting foreign competition at home and abroad.

Specifically, the legislation—

Utilizes the SBA regional and local offices and Small Business Development Center network, working in cooperation with the Department of Commerce and other relevant Federal agencies, to create a distribution system for existing trade promotion programs of other agencies;

Encourages greater emphasis on export promotion and technology transfer within the Small Business Development Center Program and provides limited additional funding for those purposes; and

Increases the SBA loan guarantee limit from $500,000 to $1,000,000 for the purchase of plant and equipment to be used in the production of goods and services involved in international trade, where such loans are sold off into the secondary market, thus increasing the access of small firms to the long-term capital of institutional investors.

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Mr. WYLIE. Mr. Chairman, I yield 6 minutes to the gentleman from New York [Mr. WORTLEY].

Mr. WORTLEY. Mr. Chairman, I thank the gentleman from Ohio for yielding me this time.

Mr. Chairman, as a member of the Banking, Finance and Urban Affairs Committee, I am keenly aware that some of the most controversial items in the trade bill originated in my committee. I believe balanced, effective and meaningful trade legislation is overdue. I support much of the content—and certainly the objectives—of the pending trade legislation. But I am deeply disappointed that the majority members of the Banking Committee would jeopardize speedy enactment of this legislation by including ill-conceived, counterproductive and duplicative provisions that represent a sizable threat to the U.S. taxpayer.

I can't recall when any of my constituents have ever pressed me to get the Government to lead a public bail out of Third World debtor countries and their lending institutions, yet this is exactly what is called for in the trade bill. It is not entirely clear how the purchase of the debt would be funded, but suggested are the gold reserves of the IMF and the liquid resources of the World Bank. These are financial resources that in large part were contributed by American taxpayers. Using such resources to conduct a risky and high-stakes experiment in world debt does not strike me as wise or appealing. In fact, the committee vote on this issue was very close, it was adopted by a margin of only 4 votes out of a total of 50.

The financial institutions and the debtor countries themselves must continue negotiating and resolving their debt problems. Both must be willing in many cases to make sacrifices. But by holding out the hope that the debt may be essentially forgiven, compliments of the U.S. Congress, we do a disservice to the entire process. Debtor countries will no longer have an incentive to assume structural economic reform of their countries' economies so that they can overcome their debt problems through economic growth rather than austerity. This was the underlying principle of the so-called Baker plan. Financial institutions will be forever wary of dealing with the Third World countries again for fear that they will again be left holding the bag. A discontinuation of foreign investments in these struggling countries would be disastrous.

I also oppose the provision adopted by the Banking Committee which establishes a Council on Industrial Competitiveness. Although this Council has been trimmed notably since last year in terms of both cost and scope of activities, I am still opposed to its creation. Five million dollars of taxpayers' money is being authorized for this Council although it is unclear what the Council would accomplish that isn't already being carried out by agencies in the Department of Commerce, the U.S. Trade Representative, the International Trade Commission, or the private sector itself.

Besides being a duplicative data-gathering and advisory body, there is potential that the Council will lead to centralized Government planning of the economy. This was clearly the intention of the Council's supporters last year. Although there have been modifications, it still appears that the Council will be able to assert an aggressive and powerful role as implementor of a national industrial policy. Such a policy would turn the free market on its head by allowing business decisions to become political decisions. The result would be inefficiency, loss of competition and extreme distortions in supply and demand. We should not be contemplating a strategy of allowing the Federal Government to choose the Nation's economic winners and losers—that power properly rests with the consumer.

Mr. Chairman, provisions in the bill favoring exchange rate manipulation to achieve a trade balance is a narrow and simplistic approach, and it could easily cause more harm than good. I favor rate stability so we don't repeat the whipsaw effects of the past few years, but we should remind ourselves of the enormity of the foreign exchange market where trading amounts to about $1 trillion a week. It will not be as easy as supporters claim for exchange rates to be manipulated by central bank intervention, and a miscalculation could leave us holding foreign currency of little value. Economic coordination with other countries is a delicate and difficult business, just witness the continuing weakness of the dollar despite efforts by the large Western countries for stabilization. It would be an error to bind our finance officials with a rigid law on this subject.

Mr. Chairman, I am not a blind adherent to some abstract idea of "free trade." Trade only benefits our country's workers and businesses when it occurs under fair conditions. Generally, if there is any time that another nation uses unfair trade practices, we should counter with our own measures until the unfair practice is abandoned. I am also not opposed to reform of our Nation's trade laws if it is done in a balanced and thoughtful manner to ensure that the legitimate grievances of U.S. workers and businesses are addressed. But if extreme legislation were ever approved, it would immediately threaten millions of workers in the largest exporting nation of them all: the United States.

I urge my colleagues to rid this generally beneficial bill of the provisions contributed by the Banking Committee. I do not want a protracted political battle within Congress or between the Congress and the White House. We need trade legislation now, but we do not need the extremist and misguided provisions approved by the Banking Committee.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. WORTLEY. Mr. Chairman, I yield to the gentleman from Rhode Island within the balance of the time I have left.

Mr. ST GERMAIN. Mr. Chairman, did the gentleman mention the amendments to the Export Trading Act that were contained in the banking section of this bill?

Mr. WORTLEY. No, I did not mention the Export Trading Act.

Mr. ST GERMAIN. I thought they were great. What does the gentleman think?

Mr. WORTLEY. We have come up with some good things, I say to the committee chairman, but not most of them.

Mr. ST GERMAIN. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. SCHUMER].

Mr. SCHUMER. Mr. Chairman, I thank the gentleman for his generous yield of time.

Mr. Chairman, I would like to get up and defend the banking portion of this package, particularly two parts of it that I have introduced in the Committee on Banking, Finance and Urban Affairs.

The first deals with Japanese and American financial markets. Right now we are proud to say that American financial markets are probably the best in the world.

They are the deepest; they are the strongest, and American banking and securities firms undoubtedly, in the opinion of just about every expert, have the best products.

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But as the world expands and as the financial markets become internationalized, one thing becomes apparent: To function successfully in that world one must be able to work in all three of the major financial markets, New York, London, and Tokyo. And yet, American firms, despite the fact that they have much better products, are excluded by and large from functioning in Tokyo. They cannot, I repeat, they cannot buy seats on the Tokyo Stock Exchange, they cannot offer the best bid on a price on government securities or corporate securities, they cannot do foreign exchange trading and a myriad of other activities. As a result, they are at a severe competitive disadvantage. This is not a situation like automobiles, ladies and gentlemen. This is not a situation where the Japanese products are as good or better than the American products. They are simply not as sophisticated, but we are excluded.

I have introduced a measure into the Banking Committee bill which in a very limited and narrow way sends a direct signal to the Japenese, "Open up your markets or our markets will not be as open to you as they have been."

The bill requires the primary dealership for Japanese firms not be allowed until Japanese open up their Government securities markets. It does not deal with all the other areas which we are excluded from, but it does send a clear signal to Japan in an area where they are trying to expand as rapidly today as they did in automobiles 10 years ago, "You cannot have it both ways, rapid and unlimited expansion here in America of your firms and almost tortoise-like expansion of American firms in Japan."

This is a measure that does not endorse protectionism; it rather is a reciprocal measure, a narrowly and carefully crafted reciprocal measure. And it will, I believe, if passed, open up markets to American firms and thus bring down our balance of trade deficit without building walls here in America.

Mr. WYLIE. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. I thank the gentleman.

Mr. Chairman, I begin my comments by endorsing the remarks and the initiative of the gentleman from New York who has just spoken. I think that his initiative is very appropriate. I believe that these changes in the primary dealership area are very important. While there may be a problem with another country that we will need to investigate, I think any problem there can be corrected before this legislation moves from the Congress of the United States.

This gentleman has had an opportunity to have an impact on legislation in two different committees, the Committee on Foreign Affairs and the Committee on Banking, Finance and Urban Affairs and my comments will, by extension, commend the leadership of those two committees and the relevant subcommittees for their contributions to this legislation.

However, I want to take most of my time just to speak about the one aspect of the Banking Committee's contribution to this omnibus trade legislation. That relates to the Multilateral Investment Guarantee Agency, which is a part of the legislation and which, incidentially, is also a part of the Wylie substitute. The provisions are identical in those two legislative products. The Multilateral Investment Guarantee Agency, called MIGA, is one of the very important elements that will actually have a very direct contribution to exports for the United States.

One of the areas where we are going to see it most quickly is in the area of the sale of commercial aircraft. I point this out as one example, but it is estimated that one company alone in the United States there will be $50 billion in overseas sales of U.S.-made commercial aircraft over the next 10 years as a result of MIGA. This Investment Guarantee Agency, an entity that will support the activities of the World Bank, an entity waiting to be created, an entity in which the United States is the primary sponsor and initiator, is now waiting for the American authorization-appropriation action. So it will involve initially about 80-some countries. We have a leadership role, we have the largest share in MIGA, 20 percent. I think this legislation, because it contains MIGA, will show a dramatic positive effect in services, in exports of a wide variety, but especially in the area of commercial aircraft.

With these comments and the endorsement of several other important sections in the banking legislation and the section coming from the Foreign Affairs Committee, I would yield back to the gentleman from Ohio the balance of my time.

Mr. Chairman, I rise today in support of the Trade Reform Act of 1987, H.R. 3. I support nearly all of the provisions of the legislation which was reported by the Foreign Affairs Committee, where the Member serves, which became a part of the package we now know as H.R. 3 and certainly support all of the key elements of the committee's contributions to this legislation. I also commend the chairman of the Foreign Affairs Trade Subcommittee, the gentleman from Washington, Mr. BONKER, for his truly outstanding effort, and I think in general we have a bill that we can support on a bipartisan basis.

As we begin this debate, we should keep in mind that this legislation will undoubtedly be among the more important legislative resolutions that will be considered by this historic 100th Congress. The trade issues which we are attempting to address this week are urgent, and it is indeed appropriate, if not essential, for Congress to reassert more of its constitutional responsibilities over our trade problems.

Two hundred years ago, when our Founding Fathers drafted our Constitution, section 8 of article I of the Constitution clearly delegates to the Congress the power to "regulate commerce with foreign nations." In light of the growing trade problems of the United States over the last 10 years, many have questioned whether we in Congress have abdicated our responsibility in regulating trade.

This trade bill is long overdue, but it is also legislation which we must not consider in haste. We must examine this legislation not only in light of our own constituent interest, but also the Nation's best interests.

Mr. Chairman, as a Member who represents a congressional district that is heavily dependent upon agriculture, I want to explain why trade, and this trade bill in particular, is important to the people of my State.

During the past year there has been considerable debate in this Chamber about the state of our agricultural economy. In the recent years, Congress has debated and passed the Export Administration Act which will limit the use of food embargoes as a tool of foreign policy; a new multiyear farm bill to extend commodity price-support, conservation, and commercial export promotion programs; and emergency farm credit legislation to save the Farm Credit System. Each attempts to address particular problems within agriculture, but none alone will be a total solution.

For any Member who represents an agricultural district, or anyone familiar with the economic problems in our agricultural sector of the economy, it is obvious that agriculture and agricultural export sector suffers from not one, but a myriad of problems. Agricultural trade is no exception and it must be addressed if we are going to turn around our economic situation in agriculture.

Today, we begin debate on omnibus trade legislation which in many respects will be as important to the farmers, ranchers, and producers in my State of Nebraska as any agriculturally related legislation considered by this House during the last several years. This trade bill has many positive features which are protrade and proagriculture, but we run the risk of making it very antitrade and particularly detrimental to agriculture.

While this trade bill in some way affects virtually all industries in the United States, what we must understand is that agriculture is this Nation's largest industry with nearly $1 trillion dollars invested in farm assets.

Agriculture is our Nation's largest employer, requiring nearly 2.7 million workers in farming alone—as many as the combined work forces of the transportation, steel, and automobile industries. Another 18.3 million people are involved in the storage, transportation, processing, and merchandising of the Nation's agricultural products.

As an industry, agriculture is also this Nation's largest export sector. Although we have witnessed a steady and precipitous decline in our agricultural exports over the past 5 years—from a high of $41 billion in 1981 to a 10-year low of $29 billion last year—the United States remains the world leader in exporting agricultural products.

There is no question that U.S. agricultural exports have, in the past, been the single largest, positive contributor to our balance of payments. During the years 1960 through 1984, commercial exports of U.S. farm products brought over $430 billion back to the United States. During the same period, exports under Public Law 480-Food for Peace Program accounted for an additional $31 billion in agricultural trade.

Foreign markets provide a major and invaluable outlet for U.S. farm production. In fiscal 1984, more than one-half of the wheat, soybeans, rice, cotton, and sunflower seed produced were exported. Similarly, more than one-third of the tobacco, feed grains, and tallow were exported. Nationally, 2 out of 5-acres are farmed for export. In Nebraska, the production from approximately 1 out of 3 acres will be sold overseas.

Thus, a decline in U.S. agriculture exports is significant to agriculture because it represents a loss of overseas markets for our surplus production, a decline in farm income, a decline in export-related jobs and an increase in the cost of price support programs administered by the Department of Agriculture.

As the volume of U.S. agricultural exports has fallen to a 10-year low, the cost of USDA farm programs has hit an all time high. Thus, a direct relationship exists between the volume of U.S. agricultural exports and the cost of USDA farm programs. It is therefore, in the best interests of not only farmers, but also the taxpayers of the United States to aggressively support and promote the expansion of foreign markets for U.S. agricultural commodities and processed food products.

While a number of trade-related issues and programs were included in the 1985 farm bill last year, there are positive features in this trade bill which will further enhance U.S. agricultural exports and our competitiveness in the world.

I am for the foregoing reasons and factors pleased that the Foreign Affairs Committee included within its bill a number of provisions relating to agriculture. This member also commend the chairman and members of the House Agriculture Committee for the provisions which they have included in this bill. In addition, the Education and Labor Committee has included legislation originally introduced by this member of the gentleman from Wisconsin [Mr. GUNDERSON] to provide funds for farm management assistance and farmer retraining.

In general, this trade bill contains provisions which will concentrate more authority in the U.S. Department of Agriculture to take charge of all agriculturally related trade matters. Other proagricultural provisions in this bill would establish a long-term agricultural trade policy for this country by requiring the USDA to file annual long-term strategy reports with Congress for 1-, 5-, and 10-year periods. USDA food aid programs will also be better used to promote the development of new markets, and the USDA Export PIK Program will be broadened to include our traditional customers that have previously been excluded from participating in this program.

I would point out that a number of these provisions added to this legislation by this Member and by the House Agriculture Committee are the result of the work of the National Commission on Agricultural Trade and Export Policy on which this Member was privileged to serve. This is a commission created by Congress nearly 3 years ago to study the problems associated with the decline in U.S. agricultural exports and to make recommendations to Congress regarding changes in administrative policy and legislation that would result in an expansion of existing markets and the development of new ones for our agricultural products.

The agriculture provisions in this omnibus trade bill are aggressive in promoting agricultural exports, and will be effective in opening up new markets for our products overseas. The Gephardt, and other onerous provisions of H.R. 3, however, will invite retaliation by our trading partners against the United States and agricultural producers especially.

If we adopt the Gephardt amendment, we will more than negate the excellent proexport provisions in this bill as they relate to agriculture and agribusiness, and make this bill an likely disaster for American agriculture. Members of Congress from States producing large quantities of wheat, feed grains, and soybeans should be particularly subject to harsh criticism if they vote for the Gephardt amendment. Again, it is disasterous for American agriculture.

This member would accordingly the Members of the House, who have been so patient, supportive, and interested in agriculture and agricultural problems over the last year, to pay close attention to the debate today and tomorrow on the Gephardt amendment to learn why the farmers and the agricultural producers of the United States stand to lose so much if we adopt that amendment. For those Members who represent agricultural districts, there should be no doubt in their minds that protectionism in the form of the Gephardt amendment is potentially devastating to agriculture.

The Gephardt amendment is in reality targeted toward trading partners which are among our largest foreign purchasers of U.S. agricultural commodities and products. If Congress had designed legislation to intentionally hurt farmers and disrupt U.S. agricultural exports, they could perhaps not have designed a more effective or efficient way to invite retaliation than the Gephardt amendment.

Although United States agricultural exports go to more than 130 countries around the world, nearly 70 percent of those exports are made to only 15 countries: Japan, USSR, the Netherlands, Mexico, Canada, South Korea, Taiwan, West Germany, Spain, Egypt, Belgium, the United Kingdom, Venezuela, Italy, and Portugal. These countries alone accounted for $26 billion in U.S. agricultural exports in 1984. In terms of regional markets, Asia was the biggest market at $15.2 billion.

Other major markets include Western Europe—$9.3 billion of which $6.7 billion went to the European Community; Latin America—$5.3 billion; Africa—$2.9 billion; Canada—$1.9 billion; and Eastern Europe—$0.7 billion. All of these markets will be adversely affected and potentially lost if the Gephardt amendment is adopted by the House.

The Gephardt amendment, I am sure, is offered with the best of intentions to help those industries and their workers that have been hurt by a flood of cheap or subsidized imports. While my congressional district is primarily agricultural, it also has an important and growing industrial base. Therefore, I recognize and I am sympathetic to the problems faced by those in industrialized areas.

The direction of this trade bill should be to promote trade and increase the exports of each industry of the United States. It should also require the executive branch to get much tougher in pursuing fair trade, responding quickly and effectively to unfair trade practices of competitors, and encouraging access to other markets which are now essentially closed. Unfortunately, the Gephardt amendment in large measure marches in the opposite direction by inviting retaliation and pitting the economic interest of one industry against another.

When trade legislation seeks to protect one industry at the expense of another—which the Gephardt amendment does—then the economic well-being of everyone in this country is adversely affected. For the farmers and agricultural interests of this country, the retaliation which this bill invites will be swift and severe. The Gephardt amendment will only compound our trade problems in agriculture and many other industrial and business sectors. For those who seek protection, the benefits will be tangible, but shortlived. In the long run, we will all suffer, yet gain no appreciable economic advantage for U.S. workers, or any comparative advantage for the United States in the world marketplace.

Mr. Chairman, agricultural trade is but one solution to the economic problems we face in agriculture. This trade legislation can either be a part of that solution, or it can be the source of many future problems for the farmers of this country.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from the Nutmeg State, the State of Connecticut [Mr. MORRISON.]

Mr. MORRISON of Connecticut. Mr. Chairman, I thank the chairman for yielding me this time to speak briefly in support of the Banking Committee's section of this trade bill.

The Committee on Banking, Finance and Urban Affairs, has put forth a comprehensive set of provisions that improve upon the House bill that we voted on last year. I think several of those provisions have been referred to already.

I want to speak for a moment about the mandate to the Secretary of the Treasury to negotiate an International Debt Management Authority. That proposal, which is embodied in this legislation, provides the kind of new initiative that is absolutely necessary to deal effectively with the pressing problem, in fact, the crisis, of Third World debt.

We hear objections to this new facility on the ground that "things are fine," but we all know that things are not fine. We know that Brazil is in default. We know that Peru is in default. We know that the recent loan package for Argentina severely strains the existing agreements that had been in force. We know that the situation in the Philippines is desperate with respect to debt. Yet when we ask the Secretary of the Treasury and the Chairman of the Federal Reserve Board about the current situation we are essentially told, "Just leave it alone, don't deal with it, things will be OK."

Well, what about the down side? What about the risk? "Oh, well, there is a great risk," they concede. What is that risk? That risk is to the taxpayers of the United States. That risk is the risk of collapse of the U.S. banking system and other banking systems of the Western World; massive default is the danger, since it is evident to us all that these countries cannot now pay their debts as they are currently structured. The proposal in the Banking Committee title of the trade bill will effectively address this risk.

Mr. Chairman, when the House considers amendments to the omnibus trade bill tomorrow, you will be asked to vote on these provisions in the Banking Committee title regarding Third World debt. I urge my colleagues to support the Banking Committee's provisions, and to oppose the Wylie and Michel amendments which essentially eliminate the committee's work.

The Third World debt issue is one of the most complex and important issues addressed within the trade bill. Congress must deal effectively with this urgent problem, because it affects our Nation in at least four crucial ways:

First, democracy in the Latin American nations is a vital goal of the United States. Democracy cannot survive there if elected governments cannot show progress to their people in managing the crushing burden of debt;

Second, our own national security is put at risk by instability in this hemisphere. Radical elements are most likely to gain power if they can portray the debt situation as one which pits U.S. banks against their own people's needs;

Third, our banking system's safety and soundness is endangered by a system which perpetuates the myth that these sovereign loans will be repaid in accordance with their terms; and

Fourth, our trade deficit has been severely impacted by the efforts of these debtor nations to service their debts. They have shut down their promising markets to our exporters and flooded our markets in a desperate effort to balance their own trade accounts. The loss of favorable trade with Latin American nations is a major cause of our current trade distress.

The trade-debt link is by now well established. If we are to have a serious trade bill, we must have an effective provision on Third World debt. The Banking Committee has crafted a reasonable approach which the House should endorse.

The core of the Banking Committee's debt provision is a mandate for the Secretary of the Treasury to negotiate with our allies to create a new International Debt Management Authority. This new entity would be a sister institution of the World Bank and the IMF. It would have a clear multilateral assignment to take charge of managing the debt problem.

This new authority would be specifically empowered to act as a financial intermediary or broker to deconcentrate the debt holdings of the commercial banks and to develop a larger secondary market in which investors from all over the world, including the well-endowed capital markets of Japan and Germany, accept more of the responsibility for providing needed development funds to poor debtor nations.

In short, the authority would take two steps designed to achieve the twin goals of spreading the holdings of sovereign debt and of restructuring these nations' debt portfolios in ways that make their current debt servicing manageable.

First, the authority would acquire a portion of these debts at a discount which reflects the actual market value of these loans. This discount purchase will insure that marketplace discipline operates, with banks taking appropriate losses on these loans as they should on any impaired loans not fully repaid. At the same time, the Treasury is instructed to study means by which regulatory and accounting provisions could be streamlined to allow banks to absorb these losses over a period of time, in a way that will strengthen, rather than weakening, the integrity of their balance sheets and the confidence of their investors.

Second, the authority would work together with the debtor nations, much as the bankruptcy court might work with a troubled company in chapter 11, to restructure their debt and resell it into the world capital markets. In part, the debt could be reduced through debt-equity swaps. In part, the debt could be made a sounder investment through collateralization with oil reserves or other salable commodities. The aim here must be to find creative new means of tapping the world financial markets to provide these countries with the funds they need at a price they can afford.

The two arguments which will be made against the debt authority are:

First, it is a "bailout" of the big banks because the new authority would acquire the debt from the banks, then repackage and sell it to new investors; and

Second, there is enormous potential cost to the taxpayer in this scheme because the acquisition of billions of dollars of Third World debt by this new entity may leave it holding the bag. If so, the nations standing behind the new authority supposedly would have to pay.

Both of those arguments are outright distortions of what the new Debt Management Authority would do.

First, as to "bailout": A key component of the committee's approach is that the debt would be acquired from the banks at a discount which would reflect the actual market value of these loans—generally assumed to be some 60-70 cents on the dollar. Hence the banks would have to accept the fact that the marketplace is dictating some losses on these loans.

To date, the banks have fought hard to maintain the fiction that these loans are all good. As a consequence they have kept the pressure on the debtor nations to pay up, with the negative results of austerity in those nations and trade deficits for the United States. This is the only proposal which clearly sets out a plan for the banks to accept losses dictated by the free market. Far from being a bailout, this imposes market discipline on the banks.

Second, this debt authority is a sensible approach to reducing, not increasing, the U.S. taxpayer's risk from shaky Third World debt. At present, the taxpayer is greatly at risk through the FDIC, since the commercial banks are insured depository institutions. If Brazil or Mexico actually defaulted, it is not farfetched to say that one or more major banks could fail, triggering real cost to the taxpayer.

By contrast, this proposal would move the debt from the insured banks to capital markets worldwide which are not insured by the U.S. Government. This new authority must be understood as a broker or intermediary institution, like an investment bank, that would move the debt from the banks to new investors. It would not and should not buy up and hold large quantities of debt. Therefore, it will not place the U.S. taxpayer at risk since it will not have massive holdings itself, even if there were subsequent defaults by debtor nations.

Moreover, by restructuring the debtor nations' debt and permitting them to achieve some real economic growth, the new authority would increase the chances that default can ultimately be avoided.

Finally, it should be made clear that no money is authorized in this bill for the actual functioning of this new Debt Management Authority. Any ultimate authorization would be made only in the enabling legislation which the administration is required in this bill to submit to the Congress when it has successfully negotiated out the creation of the new authority. Anyone worrying about spending will have a full chance to address that issue before the Congress ever signs off on any spending whatsoever.

In closing, Mr. Chairman, let me suggest to my colleagues that there are real risks if we fail to act by endorsing the Banking Committee's work on Third World debt. Our opponents will attempt to frighten the Members of this body by raising inaccurate arguments about the potential risks of the proposals we have put forward. Whenever you hear such scare talk, I ask you to apply the test of your own experience.

It is obvious to each and every one of us that we are already in a risky situation. Default by major debtor countries poses a real risk to the safety and soundness of our own banking system. Their continuing efforts to squeeze payments from their own people are breeding resentment and may lead to revolt. Instability and rebellion against democracies in Latin America pose enormous risks to the political and national security interests of this country. Most of all, the risks we face from our own trade deficit cannot be reduced without innovative action to alleviate the Third World debt problem.

I urge my colleagues to act now to reduce the risk we face in this complex situation by voting for sensible action, not for inaction. The banking title of the trade bill should be supported without amendment.

Mr. WYLIE. Mr. Chairman, how much time remains on this side?

The CHAIRMAN. The gentleman from Ohio [Mr. Wylie] has 4 minutes remaining.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. Erdreich].

Mr. ERDREICH. I thank the chairman.

I appreciate the chance to make a couple of comments on this important bill, which I strongly support.

Some years ago, when I was in the Army, there was a joke or a derisive comment about NATO headquarters. They would say, "That is that place where there is no action, talk only."

Too long our trade policy has been no action, talk only. Though we may talk a few words today, tomorrow, on this measure, I think it is very important and timely that finally we put in place some tough, tough trade laws that will make a difference in our trade deficit.

The $170 billion trade deficit translates to over 5 million jobs around the world, and not in America. It is time we take action. I am proud that both the Banking Committee and the Government Operations Committee, on which I serve, have important components of this large omnibus trade measure. It will be effective. It is result oriented. The bottom line is it will assure we have a brighter and better future in our own economy.

It is past time we pass this measure.

Mr. WYLIE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think that my objections to the bill have been adequately stated and the support of the other persons who have spoken on our side indicating some of the concerns we have with this bill in its present form.

We have said that we do not think there is need for an international debt facility at the present time. We will offer a substitute which will require a study of the feasibility of reducing international debt to the poorest countries through a one-time issue of special drawing rights.

We will offer a subtitle which will express the sense of Congress that the United States shall seek a stable exchange rate. We do not know for sure how this competitive exchange rate would be established. I know in the report it says that the exchange rate will be indexed to all appropriate currencies.

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I am not sure what that means, but there will be ample time, of course, to debate that tomorrow.

I think that the provision which authorizes U.S. participation in the multilateral investment guarantee agency is a good one and will be included in our substitute.

We also, and the chairman alluded to this a little earlier, think the subtitle which liberalizes the definition of an export trading company is a good one in that it permits the leveraging ETC investments in line with asset-to-equity ratios of commercial banks and removes the current inventory limitations on ETC's.

So there are lot of good provisions in this title. We think it can be made better and we will be offering a substitute along the lines of the discussion which we appear to have or have had.

Mr. Chairman, I yield back the balance of my time.

Mr. ST GERMAIN. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, if I may inquire of the gentleman from Ohio [Mr. Wylie], am I correct that in your substitute, the export trading company section is exactly the same as that which is in the reported bill?

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Chairman, the gentleman is correct. It is exactly the same.

Mr. ST GERMAIN. I am very happy to hear that because we did work together on that.

Mr. Chairman, the Committee on Banking, Finance and Urban Affairs and its subcommittees and members worked very diligently on this legislation. Those portions that are in controversy were not dream up overnight. It is not a quick-key amendment. They have been studied for over a 1½ years, 2 years.

For that reason, Mr. Chairman, I am hopeful that when the vote appears tomorrow that the section of the bill that emanated from the Committee on Banking, Finance and Urban Affairs can be held and that the committee's vote reporting it out to the floor will prevail.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The gentleman from Texas [Mr. de la Garza] will be recognized for 15 minutes and the gentleman from Missouri [Mr. Emerson] will be recognized for 15 minutes.

The Chair recognizes the gentleman from Texas [Mr. de la Garza].

Mr. DE LA GARZA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, one of the facts of life in Washington today is that Congress is going to pass a trade bill.

That's good news. We need legislation that will help expand exports and bring a greater degree of fairness into international trade.

We want a bill that will produce net benefits for our farmers, our workers, our industries, and our consumers.

As we pass this legislation, however, we should recognize that there is no one, simple cause for the trade deficits that bring this bill to the floor today. And we should recognize that some of the solutions we may propose carry dangers of their own including the danger of trade wars that could boomerang against American exporters.

This is not a question, Mr. Chairman, of who wants to protect American jobs, or who wants to create fair, competitive, trade conditions. I want to reach those goals, and I am sure that every other Member wants the same thing. It may be necessary, in reaching for those goals, to move farther toward a tough stance on trade conditions than we have gone in the past.

I want to make it as clear as possible that I favor any action we can take to move toward fair trade conditions. If other countries discriminate against American products or use unfair tactics in our American market, I am going to support every practical and responsible step we can take to level the playing field. I do not want to export any more American jobs, and I do not want American farmers and workers penalized by unfair foreign subsidies in other world markets.

I think we all agree that if our goals can be reached by negotiation with our trading partners, that is the best course. But if we need to take stronger action, let us take it.

I think we all agree that persuasion is better than confrontation. But if the only way to deal with an unfair foreign trading practice is to throw a rock at it, let us throw it.

What I want to avoid, however, is a policy of throwing boomerangs that circle back and hit our own people.

I ask the House to remember, Mr. Chairman, that our goal in this trade bill is more jobs for American workers, more markets for American exporters including farmers, and more income for all Americans.

We can't reach that goal if we create retaliation against American products and destroy American markets.

This is a trading nation, Mr. Chairman. We must keep that in mind when we design our national policies.

It may be necessary at times to take action against a trading partner that does not treat us fairly. That was done recently in the case of Japanese electronic products and I am sure the House knows that we have some severe problems with Japan in the field of agricultural trade.

But the best answer to these problems is to take such trade actions with discretion and judgment to take them at times and under conditions that will produce net benefits for America.

As a trading nation, we don't want a cycle of import barriers, retaliations, and counterretaliations that produces a downward spiral in world trade. That would not be good for American workers, American farmers, American business and industry, or American consumers.

When we consider the case of Japan, for example, we ought to remember that in spite of our problems with their current trade policies, Japan is a gaint customer for the American farmer.

When we look at current problems, I am very strongly opposed to Japan's policy of banning imports of rice. That policy costs American farmers very heavily in terms of lost potential sales, and it costs Japanese consumers very heavily because they have to buy their staple food at an artificially high price. I am also strongly opposed to the way Japan limits imports of American citrus and beef, and I hope that the day is coming soon when we can get something done about those quotas.

At the same time, Mr. Chairman, I think we should remember that ever since 1964, Japan has been our biggest single customer for American farm products. According to Agriculture Department figures, Japan buys the product of 14 million acres of American cropland every year. That adds up to more cropland than they have in Japan itself. Over the past decade, our American farmers have supplied more than 90 percent of Japan's soybeans, half of its wheat, and two-thirds of its feed grains.

What we want to do with Japan under these circumstances, Mr. Chairman, is to find a way to improve our mutual trade balances in all products. We want countries like Japan to buy more American products. That would be good news for American farmers, businessmen, and workers, and it would be good news for Japanese consumers and taxpayers. What we don't want is a cycle of retaliation that would include a Japanese cutback on imports of American products, including American farm products.

This is not an easy call to make. We have to find ways to make our trading partners understand that the United States wants fair trading terms, conditions that are fair to Americans and to other producing and trading nations. One reason the call is not easy is the fact that we have not really analyzed, in depth, all the causes of the trade deficit that we are trying to deal with.

Unfair policies in some foreign countries are certainly a factor in our problem. But they may not be the only part of the problem. We need to look at the question of whether some of our troubles may be due to other factors, to factors arising from policies of our own.

Solving the international trade problem will not be easy. It involves complex issues of fiscal and monetary policy, international exchange rates, the U.S. budget deficit and the steps we take to reduce it over time and the policies other nations follow to deal with growth in their own economies. All those factors go into the equation. In that connection, Mr. Chairman, I notice that a high-ranking advisory committee to the Prime Minister of Japan has recently delivered a report recommending a far-reaching program of economic adjustment, a program to move Japan's economy from primary dependence on exports to a system driven by domestic demand. Full adoption of such policies could go a long way toward easing the problems we are trying to deal with today.

All of these things should be considered as we move on to implement the legislation the House will adopt today. We should remember that we are dealing with friendly nations and trading partners of long standing. We should remember that there are two sides to every trade policy problem.

As we face our friends abroad with our new policies, we must remember that faults on both sides may have contributed to bringing us to where we stand today. We must recognize that what we are doing today may deal with the immediate issue, but it may not deal completely with the basic root causes of our loses in exports and domestic jobs. Some day, in some way, we are going to have to solve those problems and I hope we can do it in friendly cooperation with our friends around the world.

In summary, Mr. Chairman, our overall national trade deficit is far too great. It must be brought down, and it cannot be brought down unless our trading partners take actions that may be difficult for them in many cases. But we also need policies that will give us the opportunity to meet the long-term needs of our country and not merely satisfy immediate apparent gains. I very respectfully hope, that I have laid out a possible road map for our deliberations on this so important piece of legislation—having said this Mr. Chairman, please allow me to recite the position of the Agriculture Committee.

Two years ago, the Committee on Agriculture wrote a new farm bill, the Food Security Act of 1985—Public Law 99-198—which included an extensive trade title. We are just now realizing the positive effects of the trade policy formulated by that bill. This trade policy, together with other changes made in domestic farm programs at that time, is allowing the United States to meet the subsidized competition of some of our trading partners in agricultural commodities and products and to see a modest reversal in our declining share of world trade in major agricultural commodities.

While this trend is encouraging, further steps must be taken to improve our position in world trade. Agricultural trade, which has long been a positive factor in our balance of trade account, has fallen considerably over the last few years. Exports have dropped from $43.8 billion in 1981 to $26.3 billion in 1986. Last year, for 3 consecutive months, agricultural imports exceeded exports, providing the first negative trade balance—except on two occasions when strikes at U.S. ports hindered American exports—for the agricultural sector in over 30 years.

From fiscal year 1981, the peak year in U.S. agricultural trade, to the present exports have dropped by more than 40 percent while imports have climbed by 16 percent. Over this same period our trade balance plummeted 77 percent.

The effect of this drop is adverse not only to our farmers and ranchers but to the overall U.S. economy as well. Agriculture accounts for 18 percent of the U.S. gross national product and nearly 21 million jobs, and 1 million workers are employed in the production of agricultural products for the export market alone.

Economists now estimate that each $1 billion decrease in the level of exports causes the loss of 35,000 agricultural jobs and 60,000 nonagricultural jobs. Based on this estimate, the loss in farm exports over the past 5 years has displaced over 595,000 agricultural workers and over 1 million positions in the general economy.

Similarly, agricultural imports have an effect in reducing U.S. employment. It is estimated that, in 1984, imported agricultural products totaling $19 billion cost the U.S. economy about 1.7 million jobs and over $30 billion in economic activity.

It is also worth noting that total assets in farming and agribusiness today account for more than 50 percent of the combined assets of the manufacturing, retailing, and wholesaling industries in the United States. In 1986, farmers spent almost $130 billion on production expenses, nearly 75 percent of which was spent off the farm.

While farm trade is of major importance to the health of the entire U.S. economy, it is critical to the survival of the U.S. agricultural sector.

In 1981 farm exports comprised a record 30 percent of total farm cash receipts—twice the level of a decade earlier. However, in 1987, the share of farm receipts attributable to exports is expected to be only 19.5 percent. It is worth noting, in this regard, that the increase in direct Federal Farm Program payments in 1987, when compared to 1981, represents an amount equal to 80 percent of the decline in the value of farm exports during the same period.

American agriculture during the past few years has made many painful adjustments in order to position itself to take advantage of improved trade opportunities. However, to realize the full benefits of a brighter export picture, U.S. producers must be able to depend on fair and open markets throughout the world. The purpose of title VI is to ensure this necessary access on behalf of U.S. farmers.

Title VI increases the effectiveness of the U.S. Department of Agriculture in agricultural trade policy formulation and implementation by providing clearer guidelines on what U.S. agricultural policy should be. The operations of the Department are strengthened through authorizations for additional appropriations and additional personnel for the Department's foreign agricultural service. Offices would be established within the agency to monitor trade practices and policies of other countries and provide assistance to U.S. citizens and organizations damaged by unfair trade practices and policies. Long-term strategy reports to establish U.S. agricultural trade policy goals would be required on an annual basis. These provisions follow the recommendations of the National Commission on Agricultural Trade and Export Policy created by Congress—Public Law 98-412—in 1984. The Commission, last year, completed an 18-month evaluation of U.S. agricultural export trade. These improvements should allow the Department of Agriculture to fully implement the trade provisions of this act and the Food Security Act of 1985.

The Food Security Act of 1985 provided for 12 new or expanded export assistance programs. Since its inception, the Export Enhancement Program, according to the U.S. Department of Agriculture, has resulted in approximately 33 percent more sales than would have been made in the absence of the program. According to USDA officials, all of the $1.5 billion authorized for the program through fiscal year 1988 will be used. Thus, title VI provides additional authorization of funding up to $2.5 billion through fiscal year 1990—when the current farm bill expires. This level of funding should ensure sufficient resources at approximately $500 million per year, which equates to that currently being used by the Department.

Additionally, the Secretary of Agriculture is authorized to prioritize traditional customers under the Export Enhancement Program who purchase in quantities equal to their historical levels. Since current law requires priority to customers who purchase at levels greater than their usual requested levels, this new provision will maximize use of the program in attracting additional foreign purchases.

To avoid unnecessarily inflating the costs of commodities used in the Export Enhancement Program, title VI contains a provision requiring that the value of commodities used in the program be determined by using the market value at the time of distribution in lieu of the acquisition cost to the Commodity Credit Corporation.

Other export program provisions provide extended authority to banks for cooperatives to finance the international transactions of agricultural cooperatives, and standby authority for subsidized export sales of Government stocks of basic agricultural commodities.

In an effort to ascertain which USDA export assistance programs are most suited for low-income and middle-income developing countries, agricultural aid and trade missions would be established with the requirement that 15 missions be completed within 1 year of the enactment of the bill. To further agricultural and economic development, increased amounts of section 416 surplus commodities would be provided to developing countries and additional levels of monetization under title II of Public Law 480 and section 416 programs is recommended to facilitate the work of nonprofit voluntary food donation agencies.

Wood and wood products would be made eligible for concessional sales agreements under title I of Public Law 480 and for short-term and intermediate-term export credit guarantees, under the USDA's GSM-102 and GSM-103 programs.

With regard to other international and domestic agricultural programs, title VI contains provisions that would limit Federal milk marketing order benefits for foreign-owned dairies; take into account excess casein imports and commercial stocks used in the Dairy Export Incentive Program in calculating the net CCC purchases trigger for milk price support reductions; require the Secretary of Agriculture to initiate discussions with other major grain-producing countries on reducing grain production; require country-of-origin labeling on imported meat—excluding meat food products—or the package containing the meat; strengthen the prohibition against marketing certain imported fruits and vegetables that fail to meet Federal marketing order standards; require studies of the effect of honey and rose imports on the domestic industries; require a study of the effect of reducing or eliminating section 22 authorities on the domestic dairy industry; require a report on the sampling of imported meat, poultry, and egg products to ensure they meet Federal inspection standards; and require that tobacco farmer contributions to the Tobacco Price Support Program be taken into account in any section 22 investigation.

Title VI is a bipartisan trade package that will enhance agricultural exports and provide needed benefits to our ailing agricultural economy.

The specific provisions of title VI are briefly described in the following summary:

BRIEF EXPLANATION OF THE PROVISIONS OF TITLE VI OF H.R. 3

(As revised for floor debate under the rule)

Because international trade is vital to U.S. agriculture and our Nation's farmers, H.R. 3 contains, in title VI, a comprehensive agenda for stabilizing and improving U.S. trade in agricultural commodities and products. Under title VI, the agricultural trade and export resources of the Department of Agriculture will be increased; agricultural export enhancement programs will be strengthened; an agricultural aid and trade mission program will be established; the work of nonprofit voluntary food donation agencies under the Public Law 480 and section 416 programs will be facilitated; export development programs will be made available for U.S. wood and processed wood products; and provisions are included to reflect the importance of U.S. agriculture in trade policy formulation and implementation.

Following is a summary listing of the major provisions of title VI of H.R. 3:

SUBTITLE A—DEPARTMENT OF AGRICULTURE OPERATIONS

A study of reorganizing the Department of Agriculture to improve its international and trade activities.

Authorization for additional appropriations and additional personnel for the Foreign Agricultural Service of the Department of Agriculture.

Establishment, in the Department, of an office to monitor trade practices and an office to provide assistance to victims of unfair trade practices.

Requirement for annual long-term strategy reports to establish U.S. agricultural trade policy goals.

Provisions to facilitate the work of private-sector agricultural export cooperators, including Department of Agriculture assistance in fighting trade cases in other countries.

Sense of Congress language supporting international marketing education by land grant colleges and universities.

Requirement that the Secretary of Agriculture provide technical assistance to the U.S. Trade Representative in trade negotiations.

Reports on the use of Department of Agriculture financing programs to improve foreign handling facilities for U.S. agricultural exports, and on the use of food aid programs to serve direct market development objectives.

Study of Canadian wheat import licensing requirements.

SUBTITLE B—AGRICULTURAL EXPORT ENHANCEMENT

Sense of Congress language that U.S. agricultural export development programs should be expanded, and a system should be developed to reward foreign governments that eliminate trade barriers.

Increased authorization for use of Government commodities under the agricultural export enhancement program, and establishment of a priority under the program for traditional customers.

Better operation of the agricultural export enhancement program through valuation of the commodities at market value.

Sense of Congress language encouraging use of agricultural barter programs.

Extension of authority for banks for cooperatives to finance transactions of agricultural cooperatives in international trade.

Standby authority for subsidized export sales of basic agricultural commodities in Government stocks.

Sense of Congress language addressing the need for Japan and Korea to open their markets to U.S. beef.

SUBTITLE C—AGRICULTURAL AID AND TRADE

Establishment of a program of agricultural aid and trade missions, requiring missions to 15 low-income to middle-income countries within one year of the enactment of the bill. The missions would develop agreements that will increase shipments to the countries of U.S. agricultural commodities and products (through use of existing agricultural economic development and market development programs).

Annual reports to Congress on the use and effectiveness of monetization by nonprofit voluntary agencies of commodities provided under title II of Public Law 480.

Increased minimum levels of monetization under section 416(b) of the Agricultural Act of 1949, and authority for monetization by cooperatives as well as nonprofit voluntary agencies, to assist in handling food aid commodities and development products.

Provision for expedited administrative review of requests by nonprofit voluntary agencies and cooperatives of proposals for projects under title II of Public Law 480 and section 416(b).

Expansion of the section 416(b) food donation program by adding commodities that can be used in the program and increasing annual minimum tonnages under the program.

Requirement that the Secretary of Agriculture give nonprofit voluntary agencies and cooperatives fair opportunity to participate in the section 416(b) program for a friendly country once a program for the country is announced.

Provision to encourage the use of multiyear agreements under the section 416(b) program.

SUBTITLE D—WOOD AND WOOD PRODUCTS

Authority for the use of the GSM-102 (short-term export credit guarantees) and GSM-103 (intermediate-term export credit guarantees) programs to finance export sales of wood and processed wood products.

Authority for a marketing improvement and technical assistance program to improve domestic and foreign marketing of forest products by small-sized to medium-sized forest products firms and small forest landowners.

SUBTITLE E—MISCELLANEOUS PROVISIONS REGARDING INTERNATIONAL AGRICULTURE AND RELATED PROGRAMS

Limiting Federal milk marketing order benefits for foreign-owned dairies.

Taking into account excess casein imports and commercial stocks used in the dairy export incentive program in calculating the net CCC purchases trigger for milk price support reductions.

Reporting requirement with respect to the use of foreign-grown tobacco in products sold into export.

Requirement that the Secretary of Agriculture, in cooperation with the U.S. Trade Representative, initiate discussions with other major grain-producing countries on reducing grain production.

Sense of Congress language that the United States should maintain its historic proportion of food assistance constituting one-third of all U.S. foreign economic assistance.

SUBTITLE F—DOMESTIC MARKETS FOR AGRICULTURAL COMMODITIES AND PRODUCTS

Require that imported meat bear country of origin labeling.

Strengthen the prohibition, under the Federal marketing order programs for fruits and vegetables, against certain imports that fail to meet marketing order standards.

Authorization for marketing promotion activities under the Federal marketing order for Florida-grown strawberries.

Requirement for an on-going inventory of imported raw and processed agricultural products.

Study of the effects of imported honey on the domestic honey production.

Study of the effects of imported roses on the domestic rose-growing industry.

Study of the effect of reducing or eliminating the section 22 authorities on the domestic dairy industry.

Report on the inspection of imported meat, poultry, and egg products for pesticide, drug, and other residues.

Requirement that tobacco farmer contributions to the price support program on net cost funds be taken into account in any section 22 investigation.

Study of the trends with respect to lamb imports and the effect of these imports on domestic lamb production.

SUBTITLE G—TRADE POLICY FORMULATION AND IMPLEMENTATION

Sense of Congress language calling for appropriate action against Canada in relation to its recent imposition of a tariff on U.S. corn.

Sense of Congress language calling on the Administration to take appropriate action to respond to foreign import restrictions on U.S. citrus fruit and beef products.

Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Chairman, the measures included in title VI of the trade legislation before us today would provide some very positive steps toward helping U.S. farmers to regain their traditional strength in foreign markets. It is timely and needed to bolster our sagging trade deficit. Without a significant improvement in farm exports, more and more of our farmers will go out of business.

Last year, U.S. agricultural exports plummeted from a peak of $43.8 billion in 1981 to $26.3 billion. And for the first time in almost 30 years, the United States imported more food than it exported during consecutive summer months in 1986. This sharp drop in agricultural exports over the past 5 years has had a devastating impact on our agricultural economy and rural communities. And despite

Federal expenditures of more than $25 billion on farm programs in fiscal year 1986, thousands of family farms have been foreclosed.

In far too many cases, the problems have not resulted from the lack of adequate legislation. Congress has provided the administration with a broad range of tools to tackle the burgeoning farm crisis. Unfortunately, the administration has chosen not to utilize many of these tools to their fullest advantage to resolve our farm problems and rebuild U.S. exports abroad.

To address these concerns, the Committee on Agriculture adopted a number of bipartisan measures which would provide clear trade policy guidelines to the U.S. Department of Agriculture. Among these provisions is a measure designed to encourage greater use of existing U.S. agricultural aid and trade programs to help rebuild export markets in developing nations. The bill would establish agricultural aid and trade missions, composed of public and private sector representatives, in 15 low-to-middle-income nations. Within 1 year, the missions would be required to develop country-by-country strategies for expanding local economies and encouraging importation of U.S. agricultural products.

The potential growth market for our agricultural products are developing nations. Prior to 1981, significant gains in market potential were gained in these developing countries. But, such positive gains were the result of coordinated food-assistance, economic-development, and market-building programs administered in the late fifties and throughout the sixties. Today, however, food aid and export programs are not being used to their fullest potential.

Providing U.S. food aid to developing countries not only helps these struggling nations, but also benefits our economy where more than 22 percent of the Nation's population is employed in agriculture-related jobs.

In order to address jurisdictional concerns, a portion of this title, which deals with Public Law 480 food aid products, is included in title III. These provisions would help private voluntary organizations and cooperatives in carrying out overseas development projects by clarifying that such food aid may be used to carry out a broad range of development projects. In addition, the measure would increase the percentage of food aid that could be monitized for local currencies. These provisions reflect the interests and concerns of the Committee on Foreign Affairs. Similar provisions were also adopted in pending foreign assistance legislation.

The Committee on Agriculture also adopted measures designed to improve import inspection operations for raw agricultural commodities, meat, poultry, and egg products. This measure reflected the recommendations of an 18-month General Accounting Office investigation and a February 1987 Office of Inspector General [OIG] audit which identified serious deficiencies in food import inspection operations.

The GAO found that the Food and Drug Administration [FDA] routinely inspects less than 1 percent of imported food shipments and that more than 6 percent of these shipments were found to contain illegal pesticide residues. In addition to inadequate sampling, GAO found that FDA's enforcement system is seriously flawed. For instance, GAO found that more than 45 percent of the contaminated shipments reached American consumers because they were never recalled from the market. And FDA levied fines against the violators in only 10 percent of these cases.

Furthermore, the OIG found that USDA does not adequately inspect foreign meat and poultry facilities, nor does it operate an effective import sampling system. The inspector general evaluated two countries and found that drugs not approved for use in the United States were routinely used in these countries. He also found that herds suspected of having residue contamination were not adequately monitored to ensure that such animals would not enter export markets. In addition, he found that certain approved import inspection facilities had inadequate equipment and, therefore, could not effectively control and test imported meat products.

Although the Committee on Agriculture expressed its view that prompt action needs to be taken to resolve these problems, because of jurisdictional concerns, provisions dealing with the inspection of fresh fruits and vegetables were removed from the omnibus trade bill before us today. While I am extremely disappointed that jurisdictional concerns got in the way of enacting good policy, I stand ready to give my full cooperation and support to any future efforts to pass substantive legislation on this issue.

Title VI also contains a provision that would strengthen the prohibition against marketing certain imported fruits and vegetables that fail to meet Federal marketing order standards. In addition, this legislation is designed to address problems that U.S. rose growers face as a result of a dramatic increase in rose imports over the last few years. Specifically, the Secretary of Agriculture and the U.S. Trade Representative would be required to conduct a study of the effects of rose imports on the domestic rose growing industry.

I believe that the trade policy provisions contained in this bill will expand our market potential abroad and provide needed benefits to our ailing agricultural economy. I urge my colleagues to support this bill which will represent a positive step toward accomplishing these goals.

□ 1750

Mr. EMERSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the agricultural title to H.R. 3 represents the best efforts of the House Agriculture Committee to develop and promote U.S. farm exports. We truly believe that aggressive promotion of American farm goods, combined with a determined effort to open closed foreign markets, will address many of the trade problems now facing our Nation.

As we debate this title, I urge all Members—urban and rural—to consider that every $1 billion in farm exports supports 25,000 American jobs and generates an additional $1.4 billion in economic activity. That benefits not only the farmer and rural community, but our Nation as a whole, and underscores the fact that our purpose must be export promotion and reciprocity in trade, not import restriction or mandatory retaliation.

Reducing our trade deficit is, rightfully, a top priority. It is imperative, however, that our solution be constructive. We must emphasize reciprocity in trade, not retaliation. Mandatory retaliation will not solve our problems, only compound them with lost jobs and lost opportunities for our farmers and factories. In that this title emphasizes reciprocity and export promotion, it is a commendable first step toward resolving our Nation's trade problems.

Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. MORRISON].

Mr. MORRISON of Washington. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the export expansion provisions included in the agriculture title of H.R. 3 which would expand current programs aimed at developing and expanding our export markets for wood and wood products.

These provisions clarify that the President may, as part of the Agricultural Trade Development and Assistance Act, use foreign currencies generated through agreements with foreign countries or international organizations to help develop new markets for wood and processed wood products of the United States. Market development would also be pursued through short-term export credit and intermediate-term export credit programs established as part of the Food Security Act of 1985. Finally, the Secretary of Agriculture is directed to establish a cooperative national forest products marketing program to provide technical assistance to States, landowners and small to medium-sized forest products firms to improve domestic and foreign markets for forest products.

I think this section reflects the goals we want to achieve as we debate reforming our trade laws—to open markets and encourage competition of U.S. products able to compete on the world market. Expanding programs that have worked for our agriculture products in a tough international economy to products like logs, lumber products, panel products, and wood chips, takes a step in the right direction.

Mr. Chairman, I would also like to take this opportunity to express my serious opposition to the Gephardt amendment which would require mandatory retaliation against countries with trade surpluses with the United States. This is a dangerous precedent and one which the State of Washington, and especially the Fourth District, will pay for directly. This amendment targets countries like Japan, Korea, and Taiwan, countries buying large percentages of many crops grown in my district, making one in four jobs in the State of Washington export dependent. Growers of apples, wheat, hay, potatoes, and other fruit and vegetable crops from the central Washington area have devoted an enormous amount of time and resources on their own to develop markets with our Pacific rim neighbors. And they have been successful. By mandating that these countries reduce their trade surpluses by 10 percent per year, Washington State and the United States stands to lose business as well as risk counterretaliation. This goes against the very core of the goal of our debate today—to open and develop new markets for U.S. goods in a competitive world economy.

By requiring such narrow retaliatory directions, we are punishing folks who have proven, despite a repressed agricultural economy, that by battling it out in the world marketplace, competition is still the most effective way to expand and develop markets abroad.

Mr. Chairman, I ask that my colleagues carefully consider and support efforts targeted to the expansion and development of the world market, such as those encompassed in the provisions to develop and open markets for wood and wood products. And I ask my colleagues to oppose efforts like the Gephardt amendment which will close markets, encourage protectionism, and put U.S. citizens willing to take on the challenge of the competitive marketplace at risk of retaliation.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, the Agriculture Committee provisions contain the enhancement or the augmentation of something called the export enhancement program, which is really the primary message under which the United States will meet unfair trading practices by others, as has been the case in North Africa and the Middle East in meeting the European Community subsidies.

Under this provision we would increase the export enhancement program's authorization level to $2.5 billion, we would extend the program for 2 years, and we would change the accounting method to use market value, which has the effect of increasing commodities used in the program by 30 percent.

What the EEP or export enhancement program is, Mr. Chairman, is a tool by which our foreign competitors who play the game in an unfair and a very subsidized manner with respect to exports overseas will know by our determination to use the EEP Program that we will meet fire with fire, and that we will not permit them to take advantage of us by offering unfair subsidies around the world.

Our goal in the Agriculture Committee hopefully is that we will not have to use these EEP subsidies to fight fire with fire, and that we can get agreements with the Argentines, the Canadians, and the Europeans, particularly the Europeans, to stop using these kinds of subsidies and to reach an international agreement in connection with the production of grains in this world, although the EEP does apply to other commodities as well, not just grains. But if those countries choose not to join with us in an effort to reduce unfair pricing practices in the world and unfair subsidies, then they need to know that the United States of America is going to devote its full effort and complete agricultural policy to fighting fire with fire, and in that case we will use these increased EEP authorities which this bill provides.

Mr. EMERSON. Mr. Chairman, I yield 6 minutes to the gentleman from Vermont [Mr. JEFFORDS].

Mr. JEFFORDS. Mr. Chairman, I want to talk to the Members today about the dairy amendment which is in the bill and about which we have heard considerable controversy. It is section 662 of H.R. 3, which will be before us to vote on tomorrow.

First of all, I would like to remind the Members that this is not the first time we have talked about these issues. I would like to take the Members back to 1983, when the gentleman from Virginia, the gentleman from Massachusetts, and I had long debates on similar issues. Again in 1985 we had similar debates.

Many figures are flying around, and that always happens when we get into these dairy issues. We have figures going this way and that way, and the question is, what figures do I use in making my judgment on how to vote on this?

I would ask the Members to take a look at history, to go back and take a look at what we told you would happen in 1983, what our opposition told you would happen in 1983, and see what did happen. Everything we told you would happen did happen. We brought the surpluses down, we saved the taxpayers money, and we began that long tortuous course, with dairy farmers contributing, to bringing stability to the milk market.

In 1985, we again debated this issue. They made their statements, we made ours, and I ask the Members again to look at what happened, to establish credibility as to what may and will happen this time. We told you it would again reduce the cost of the program by over $1 billion, that it would bring things into balance, and it would allow us hopefully sometime to have stability. That again has occurred, except that we have some problems, one created by casein, and the second created by the fact that east of the Rockies we do now have an imbalanced situation which could be very, very detrimentally affected by any further price cuts.

So what does section 662 provide?

Now is the time to stop subsidizing European Economic Community dairy farmers and killing U.S. dairy farmers.

The Agriculture Committee amendment, section 662 of H.R. 3, is a very reasonable incentive for the administration to use its authority to stop American subsidization of European farmers. The American consumer is financing these subsidies by hundreds of millions of dollars. In addition, during surplus periods, taxpayers have paid billions of dollars because of casein imports. Furthermore, these subsidized imports are driving 5,000 U.S. dairy farmers out of business.

By the end of this year, the effective dairy support price will have been cut by $2 per hundredweight since December 1983. Current law calls for a further cut of 50 cents on January 1, 1988, if the dairy surplus is above 5 billion pounds. Latest estimates from USDA indicate a surplus figure of about 5.7 billion pounds for 1988, down from an average of 12.9 billion pounds over the past 3 years, but not sufficient to avoid further price cuts.

However, about 28 percent of the estimated Government purchases of surplus dairy products can be directly attributed to increases in casein imports.

In addition, according to USDA's own studies, imports of subsidized casein from Europe and New Zealand are not only displacing domestic dairy production, but, are increasing the cost of the Dairy Program by $300 to $800 million annually.

American dairy farmers have already made tremendous sacrifices in reducing Federal dairy program costs.

Since April 1983, dairy farmers have contributed approximately $1.5 billion in assessments on all milk marketed to offset the costs of the Price Support Program and the Dairy Diversion Program;

America's dairy farmers are currently contributing $700 to $800 million to offset the costs of the Dairy Termination Program;

Some 14,000 of the Nation's dairy farmers have voluntarily left, or shortly will leave dairying under the Dairy Termination Program;

Dairy farmers are currently contributing 15 cents per hundredweight of milk produced toward dairy promotion efforts to further reduce the surplus; and

Dairy Program costs have declined from $2.3 billion in 1986 to $1.2 billion in 1987 and $1.1 billion in 1988. Surpluses are fast disappearing.

The recent "Dear Colleague" circulated by Representative JIM OLIN and two others has figures and arguments unsupported by the facts. Their figures were supplied by the users of casein, the only ones to lose by this amendment. In reality, section 662 will cost nothing if properly implemented, but will cost billions if struck from the bill.

What is the casein loophole and dilemma?

Europe is the abuser. In both Europe and the United States, casein production for domestic use is not feasible. Nonfat dry milk is too expensive. However, the EEC has cleverly realized that by subsidizing casein production for export it can use a trade loophole to enter U.S. markets. This EEC approach has saved European taxpayers hundreds of millions of dollars, at the expense of our taxpayers. Attempts by our industry to use section 201 have resulted in a true catch-22 situation. Since we have no domestic casein industry, there can be no injury. However, the administration has authority under section 22 to cut imports up to 50 percent if they are undermining a Federal Price Support Program. It is well documented that casein imports are undermining the Dairy Price Support Program.

Section 662 will have no cost if the administration acts under section 22 of U.S. trade law to reduce casein imports. The administration has the authority to cut these imports by 50 percent—an authority that, if used, would save taxpayers at least $150 million by USDA estimates and more by other estimates. In fact, if casein imports are cut by as little as 10 to 20 percent, section 662 will cost no money.

We've used this type of incentive before. An identical approach was contained in the 1985 farm bill, requiring the administration to use the whole herd buyout or lose price support authority. And the incentive worked. It saved taxpayers over $1 billion.

Under budget rules, no savings can be assigned to any provision by presuming administration action. Thus, CBO has to assign a $115 million cost to section 662 under present circumstances—not $250 million as stated in the Olin "Dear Colleague." However, the CBO cost was zero when the bill contained language mandating USDA action. Unfortunately, this language was stricken from H.R. 3. As pointed out in a previous "Dear Colleague," the cost of various entitlements and Federal programs will rise if shortages occur, especially the WIC Program.

Further, there is no conclusive evidence that any 50-cent price cut has ever been passed on to consumers. The users of casein and milk products have furnished a figure that they claim represents consumer savings. What they are really saying is that section 662 will reduce their future profits.

On the other hand, there is dramatic historical evidence that price supports that are too low cost consumers billions of dollars. In the period 1973 to 1976 when price supports were kept too low under the guise of fighting inflation, consumer milk product prices when up 60 percent, costing consumers an additional $8 billion each year for 4 years.

More and more farmers are going out of business east of the Rockies under the current price. Stopping excessive casein imports—not price cuts—will prevent this from happening.

Defeat the Olin amendment.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Virginia [Mr. OLIN].

Mr. OLIN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to commend the full committee chairman for the versions of the agricultural section of the trade bill. There just is no question but that the provisions in the bill are going to strengthen the agricultural export potential and it will go a long way to continuing the very strong export performance that our country has had in the agricultural sector.

There is one section of the bill, of the agricultural portion with which I have some difficulty, that is section 662. In this section it is proposed to change the policy on reducing the dairy surplus that we all agreed to in the 1985 farm bill. It does it by providing sort of a mechanism which has no basis in logic of acting as though the casein imports had something to do with the dairy surplus and the Federal purchases. They do not.

The effect of what is in the bill would purely and simply be to tinker with the policies we agreed upon in the 1985 farm bill, which is working well and will eventually control the surplus.

In addition, the provision in section 662 would have the effect of increasing the cost of the farm program in 1988 by a quarter of a billion dollars, or maybe $300 million. It would cost consumers probably three times that much.

Mr. Chairman, I hope that all our colleagues will take note of my amendment tomorrow when the time comes up and vote with me to delete section 662 from the bill. This is not only bad policy, but it does not belong in the trade bill in the first place.

Mr. EMERSON. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, there is a principle of equity that requires a plaintiff to come before a court of equity with clean hands. The intent of that principle is to avoid hypocrisy, and asking something of someone that one would not be prepared to give themselves. This applies directly to the entire question of a trade policy. Are we to push away the barriers of trade protectionism in other lands when we are guilty ourselves of protectionist measures? Are we a free and fair trader or are we not? At least in one instance, I can tell the Chair that we are not.

In the 1981 farm bill, and renewed in 1985, we put into place a Government Sugar Support Program that guarantees to domestic sugar producers an 18 cent per pound return. This program was to be at no cost to the Federal Government and it was to be achieved, Mr. Chairman, by adjusting quotas under which foreign-produced sugar would come into the United States. The result of this program has been to uphold the domestic sugar prices at 18 cents, while on the world market remained at 7 cents.

What has been the result? Predictably, the program has put many domestic sugar users and domestic candy manufacturers out of business. It has cost 18,000 jobs here at home. It has forced American consumers to pay higher prices for everything they buy that uses sugar.

And also, Mr. Chairman, it has forced countries that normally sell sugar to the United States to sell elsewhere. The Dominican Republic has had to embrace the Soviet Union and sell large portions of their sugar crop to the Soviets.

The Philippines who are fighting against the Communist insurrection, Mr. Chairman, their quota has shrunk to 144,000 tons from 400,000 tons.

Jamaica, Haiti, and El Salvador, our allies across the world, emerging democracies, debtor nations that need the foreign exchange, cannot get it because we have a protectionist policy here at home.

I sought a rule that would permit my bill, H.R. 2017, to be offered as an amendment to this trade bill, to reduce the price supports from 18 cents to 12 cents and to provide transitional payments to domestic sugar producers. The Rules Committee, however, would not grant my amendment a rule.

Let me say, Mr. Chairman, that the Sugar Program is blatantly protectionist. We should come before the world with clean hands. We should not ask others to do what we are not willing to do ourselves.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Chairman, I thank the gentleman for yielding this time.

Mr. Chairman, I rise in support of the omnibus trade bill, H.R. 3, today, because I feel that it is time that we send a strong message to our trading partners around the world that we demand a level playing field on which to conduct international trade.

I am particularly supportive of the provisions of this bill geared toward the enhancement of our agricultural trade to other nations. Three provisions which I introduced in the House Agriculture Committee are incorporated in this measure dealing with beef exports to Japan and Korea and wheat exports to Canada. These are three specific examples where our trading partners are instituting barriers to our agricultural products which we can no longer tolerate.

I have no doubt that our farmers and ranchers can compete with anyone, anywhere in the world if given the chance.

The bill also address the need for export enhancement of our agricultural products through an expansion of the Export Enhancement Program. Another provision, which I cosponsored would limit the imports of casein. Another expresses the sense of Congress in opposition to the establishment by the European Economic Community of a tax on vegetable fats and oil.

Finally, a provision of this bill would allow the Speaker of the House of Representatives and the majority leader of the Senate to appoint members of the House and Senate Agriculture Committees to participate in the ongoing GATT negotiations, allowing farm State representatives to become directly involved with the process that so directly affects rural America. Too often this administration has used agriculture as a tool of foreign policy during these negotiations. I believe the direct participation of members of the Agriculture Committee will help ensure that the interests of rural America are better served during the GATT negotiations.

□ 1810

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, one of the main goals of this bill that we are debating today is to help the United States and U.S. producers to overcome the effects of unfair trade practices—unfair trade practices which keep American products out of foreign markets. This is a just goal, and it is long overdue.

But this bill does not go quite far enough, because it does not deal with one unfair trade practice that is self-imposed, a self-imposed practice that damages American farmers. I refer to the practice of agricultural export embargoes and moratoria.

The gentleman who preceded me referred to embargoes, which have been a costly experience that has taught us that agricultural export embargoes and moratoria are ineffective tools of foreign policy. They only benefit the farmers in foreign countries. But most of the cost of using export embargoes as a tool of diplomacy, as an instrument of U.S. foreign policy, is borne by the American farmer, the American producer.

Since I have been in Congress, there have been four embargoes imposed by various Presidents during the last 18 years, and it is clear from the experience that we have observed that the moratoria have meant long- and short-term injury to American farmers in the form of falling prices and lost markets.

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. ALEXANDER] has expired.

Mr. EMERSON. Mr. Chairman, my speakers have not yet arrived.

Mr. Chairman, I yield 1 minute to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentleman for yielding time to me.

Mr. Chairman, I will only take just a minute to say that I have been a student of the issue of embargoes now for a number of years, and the embargoes imposed by our country are only hurting our own farmers. My people in Arkansas have the largest rice-producing area of this Nation. We would like to sell our products. We have been waiting for a market in the Republic of Cuba which amounts to $50 million a year, and an agricultural market of about a half-billion dollars, if we would only make an exception for food to the export embargo that has been imposed now for over 20 years against Cuba.

After all, if we sell Cuba products, they might find something that they like about us, and if we exchange trade with Cuba, we might find something that we like about them.

In November 1986, the U.S. Department of Agriculture issued a report titled "Embargoes, Surplus Disposal and U.S. Agriculture: A Summary," in which its long-term view of the impact on of such embargoes and moratoria on American farmers is strongly tinted by rose-colored glasses and a "blame it on anything else" syndrome.

But, with pricking conscience, USDA did acknowledge some of the damaging effects of embargoes and moratoria. For instance—About the short-term effects of the 1973 embargo the USDA report said, "Following the 1973 sales restriction, prices for soybeans and meal in such major international centers at Rotterdam rose and domestic U.S. prices fell sharply"; About long-term effect of the 1973 embargo and the 1974 and 1975 agricultural export moratoria, the report noted, "The moratoria raised questions about the long-term reliability of the United States as a supplier, as did the 1973 embargo"; and with regard to the 1980 embargo, the report acknowledged the "shift away from United States supplies" made by the U.S.S.R., which was the target of that embargo.

So, clearly, agricultural export embargoes and moratoria mean long- and short-term injury to American farmers in the form of falling prices, lost markets, and damaged reputation as a reliable supplier.

The United States ought not be hurting its farmers by self-inflicted unfair trade practices called agricultural export embargoes and moratoria. And, if the Presidential administration insists on using such mean, ineffective, foreign policy tools it should be just as determined that Arkansas and American farmers do not pay the price.

There is one such agricultural export embargo that has been going on longer than many U.S. farmers have been alive. It is the embargo against agricultural product exports to Cuba. Kansas farmers can export wheat to Russia and China. Arkansas farmers can't export rice or soybeans to Cuba. It is far past time for the President and the Congress to put an end to this unfair trade practice against Arkansas and other American farmers.

Mr. EMERSON. Mr. Chairman, I yield my remaining minute to the chairman of the committee.

The CHAIRMAN. The gentleman from Texas [Mr. DE LA GARZA] is recognized for 2 minutes.

Mr. DE LA GARZA. Mr. Chairman, this is a very important piece of legislation, and as I stated in my opening remarks, I do hope that the Members of the House will consider as seriously as possible the tremendous and very important issue that is at hand, that to the extent possible, even though it has not been done in depth heretofore, that we try and analyze the basic cause that got us to the point we are at today, because if we deal solely with the immediacy of the situation, if we deal solely with the future as far as figures alone are concerned and do not address what causes the imbalance, then we will have a constant in the problem.

Therefore, I hope that as we deliberate, we will keep in the back of our minds that we also need to address the basic cause or causes that cause the imbalance, and in collateral proceedings try to address those issues as we do on the trade issue in this piece of legislation.

I would hope that the Members consider supporting the items that the Committee on Agriculture recommended to the Members. We realize that there may be some issues in which there may be a difference of opinion. We realize that, and we respect that opinion, but we feel that we have sent to the House the judgment of collectively the Committee on Agriculture, and we would hope that wisdom would prevail in the end.

Mr. BOULTER. Mr. Chairman, I would like to address what I consider to be a serious shortcoming in this trade bill. A major factor in the decline of our agricultural exports over the past several years has been the subsidization of our foreign competition by multilateral development banks. American farmers are not afraid of foreign competition. However, they have often had to compete against foreign treasuries in the past. With the multilaterals, of which the United States is a major contributor, subsidizing foreign production, our farmers are competing against our own Treasury as well.

I regret that the Rules Committee didn't see fit to allow me to offer an amendment to make reforms in the leading policies of the multilaterals. It is an amendment which I feel would greatly enhance the competitive posture of our basic agricultural and mineral industries. The amendment I had hoped to offer to title IV—the International Financial and Trade Policy title—has been introduced as freestanding legislation. H.R. 306, the Foreign Agricultural Investment Reform Act, or the FAIR bill.

I think the bill is aptly named. Farmers and ranchers are searching for fairness in international markets and taxpayers are searching for a fair return on their investment. Current lending practices of international financial institutions denies American farmers and taxpayers the fairness they deserve.

While American farmers are going through the most difficult economic times since the Great Depression, their own tax dollars are being used to subsidize their foreign competition. This is an outrageous public policy situation.

On the one hand, we are trying desperately to boost the economic condition of American agriculture, and on the other hand, we are providing direct subsidies to our own farmer's competition. This is absurd.

I don't believe that any farm bill or trade bill we write can be very effective until we solve the problem we are discussing today. The value of U.S. agricultural exports has fallen by over one-third since 1981, from $43 billion to $29 billion last year. In increasing volume, many countries are exporting their excess farm production around the world at subsidized prices made possible by the low-interest loans from the international financing institutions.

A review of the 1981-85 annual reports of many of these huge lenders reveals some telling facts. Among those that include loan rates in their reports, rates ranged from a high of almost 10 percent, to a low of less than 1 percent. In 1982, only 27 percent of the loans were above 4 percent. Mr. Chairman, I assure you that there is not a farmer or rancher in my district getting those kinds of low-interest rates, yet they are having to try to compete against them in the world market place. The fact that my farmers taxes are being used to subsidize his own competition in this matter is ludicrous.

I would like to mention before I close that the principles embodied in the FAIR bill have been endorsed by several major agricultural organizations at their State and national conventions. These include the American Farm Bureau, the National Cattleman's Association, the National Association of Wheat Growers, and the American Soybean Association, among others. In a hearing before the Joint Economic Committee on this topic last spring, many of these groups and other organizations testified in support of the reforms we are seeking to bring about through the FAIR bill. Again, I regret that the FAIR provisions are not included in the House Trade Package, and hope it will be attached in the other body.

The CHAIRMAN. The time of the gentleman from Texas [Mr. DE LA GARZA] and the gentleman from Missouri [Mr. EMERSON] has expired.

The gentleman from California [Mr. HAWKINS] will be recognized for 15 minutes and the gentleman from Vermont [Mr. JEFFORDS] will be recognized for 15 minutes.

The Chair recognizes the gentleman from California [Mr. HAWKINS].

Mr. HAWKINS. Mr. Chairman, I yield my self such time as I may consume.

Mr. Chairman, I rise in strong support of title V of H.R. 3. This section of the bill was reported by the Education and Labor Committee by voice vote and has strong bipartisan support.

It is abundantly clear that if we are to compete effectively in the world economy we must improve the educational level of the American work force; current and future.

Virtually every expert on labor market trends agrees that new jobs in the economy will strongly favor the most educated. Among the new jobs to be created in America in the next 15 years, categories requiring higher skills will grow faster than more traditional jobs. in addition, many existing jobs will require more highly developed analytical and communications skills. The demands for a more literate work force will continue to grow.

We need to do more if we are going to meet the challenges of the future.

Today, about 13 percent of U.S. adults are illiterate in English. This means that between 17 and 21 million adults have difficulty reading the want ads, filling out a job application, or understanding written instructions. Further, 43 percent of those between the ages of 21 and 25 are unable to perform at a level sufficient to master multistep directions, communicate ideas, and instructions to other workers, or calculate at a level needed for high-technology occupations.

While 90 percent of all Japanese students are graduated from high school, nearly 25 percent of American youth drop out. Each year 1 million ill-trained, barely literate teenagers enter the job market.

It costs the Japanese 47 cents to get a student from school to the world of work. It costs the United States $226. From the perspective of many high-technology industries this is because the Japanese student has an extensive background in statistics and applied diagnostics. The 47 cents is based on printing a manual for the employee; the $226 is the cost of the instruction the American student requires to bring his skills up to that of his Japanese counterpart.

Once a Japanese student enters the workplace, education continues. Large Japanese corporations spend roughly 3 times the amount comparable United States companies do on education and training.

As a result of the trade imbalance, and the rapid pace of technological change and its costs, more and more businesses are closing, laying off large numbers of workers. Dislocated workers are becoming a permanent feature of the American economy.

This bill authorizes up to $980 million to provide enhanced training and readjustment services to such workers.

The worker adjustment part of the bill creates a dislocated worker unit to respond rapidly to mass dislocation and to ensure that rapid responses to dislocations in sparsely populated areas may also occur.

Among the basic services allowed are: early readjustment assistance; outreach and intake; counseling; testing; job placement assistance; and retraining. Substate grantees are authorized to provide the following kinds of services, among others, to eligible participants: classroom training; occupational skill training; basic and remedial education; and entrepreneurial training.

In the economy of the 1990's, experts say that the average U.S. worker will likely change jobs several times in his career and many will have five or six jobs. In such an economy workers will need access to the kind of retraining available to their counterparts in Japan and West Germany, among other countries.

This Nation is neither defenseless nor without resources. We can overcome our relative lack of competitiveness and this bill represents a first step toward the restoration of our productive might. The programs we authorize will work but they will take time and money. We must be willing to pay the price and see them through. Excellence is not cheap.

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Mr. JEFFORDS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of the Education and Labor Committee title of this bill—title V, the Education and Training for American Competitiveness Act of 1987.

I want to first commend Chairman Hawkins for the bipartisan spirit with which he approached this task. All of the Members of the committee on both sides of the aisle had an opportunity to contribute to what is included in this title. Although we may not all agree to everything the bill contains, I think we all can attest to the fact that without a well-educated and trained citizenry, we have no hope of maintaining any competitive edge in the world marketplace.

Just this morning, I attended a press conference of the congressional competitiveness caucus, of which I am a member. The caucus released its recommendations at the press conference and I am pleased to note that many of its recommendations are already included in the bill before us or are pending in other legislation. This includes a total revamping of the JTPA title III—dislocated worker—program to ensure rapid response to mass layoffs and plant closings, encourage and facilitate the formation of joint labor-management committees to address worker dislocations, and broaden the range of available services for dislocated workers.

In the education area, the caucus made several recommendations which are either addressed in the bill before us or in H.R. 5, the School Improvement Act. These include reauthorization of the Education for Economic Security Act, incentives for U.S. graduate engineering and foreign language students, expansion of the chapter I program to increase the services for high school students and areas with high concentrations of disadvantaged youth, and incentives for private sector workplace initiatives to encourage businesses to work with local adult literacy programs.

Unfortunately, there is one recommendation made by the competitiveness caucus which is not addressed in this bill: the establishment of a portable pension program to meet the needs of an increasingly mobile labor force. Just as workers need to upgrade and diversify their skills, they also need to be able to preserve and maximize those retirement benefits which they have already accrued. This simply does not happen in the fragmented system which is currently in place. I have introduced legislation—H.R. 1961, the "Portable Pension Act"—which will address this inadequacy. I had hoped that this bill, which was cosponsored by Chairman Hawkins, Mr. Clay, and Mrs. Roukema, could be included in the bill before us. But we have decided to defer action to allow more time for public consideration and comment. I expect the bill to be brought before the full House later this year so that we can do what we are leaving undone today.

It is critical that we begin to look for ways to increase literacy, to improve the mathematical and scientific abilities of our students, to improve the basic research infrastructure of our colleges and universities, and to increase and improve the private sector involvement in our vocational education programs. Addressing each of these concerns would clearly improve our ability to remain a productive country. The education programs that are included in this proposal attempt to address these issues. It is important for us not to lose sight of this goal.

Perhaps most closely related to the issue of competitiveness is our ability to meet the challenge of providing meaningful and useful education, training and other relevant services to our dislocated workers. The Worker Readjustment Program included in this bill is a giant step in that direction.

A mere 2½ months ago, our committee was presented with three separate bills to address the problem of dislocated workers: my own Worker Readjustment and Placement Act [WRAP] (H.R. 728); the Ford-Clay-Martinez Economic Dislocation and Worker Adjustment Assistance Act (H.R. 1122); and the administration's proposal (H.R. 1155). In addition, the gentleman from Wisconsin [Mr. Gunderson] has strongly, and effectively, advocated a greater focus upon the needs of rural areas, where a different type of dislocation problem is surfacing.

Historically, the job training programs have been fashioned in a bipartisan manner and I sincerely hoped that this bill would be no exception. Meanwhile, while we generally agreed that each of the three proposals took a distinct approach to the dislocated worker problem, I believe we also recognized that all three contained creative and useful ideas. Indeed, it seemed a formidable task to try to meld them together, but it was also clear that without such a synthesis, any effort at a consensus would fail. I am pleased to observe that this final package takes the best of all three bills and, more importantly, shapes them into a consistent whole.

Mr. Chairman, as recently as 2 years ago, we still had a very limited focus on this problem. Thanks to Secretary Brock, the Brock Task Force, my colleagues from the other side of the aisle, and the leadership of our chairman, Mr. Hawkins, we are able to present to the House an approach that is both comprehensive and consensual.

The comprehensiveness of this approach builds upon our consideration of this problem in the previous Congress. For the past decade, the primary focus in this area has been upon proposed mandates for employers—advance notice, consultation with unions, relocation penalties, and so forth. However, these proposals have only addressed a portion of the problem. Even if you provide notice to workers of an impending layoff, what options do they have to remain a productive part of the work force and to maintain the quality of living to which they are accustomed? As stated in the 1986 Office of Technology Assessment Special Report entitled "Plant Closing: Advance Notice and Rapid Response":

> Advance notice alone * * * is not enough; it needs to be tied to prompt effective action to help displaced workers find or train for adequate jobs. It is a "prerequisite for constructive action," not the constructive action itself.

That constructive action has sorely needed a better blueprint.

It was this and other questions which prompted me to join with the gentlewoman from New Jersey [Mrs. Roukema] and the gentleman from Wisconsin [Mr. Gunderson] in requesting Labor Secretary William Brock to appoint a task force composed of business and labor leaders, Government officials, and academicians to study the dislocated worker problem.

The result of our request exceeded our highest expectations. First of all, contrary to what many observers anticipated, the task force was able to reach the following consensus:

> The Task Force believes that worker dislocation is a problem that will not simply disappear if nothing is done; nor is it so immense that it defies resolution. The problem is of sufficient magnitude and increasing urgency that it demands an effective coordinated response with special priority by both the public and private sectors.

The task force noted that the United States lacks a comprehensive, coordinated strategy to deal with the dislocated worker problem and characterized previous responses from the government and the private sector as spotty and narrowly focused. The task force proposed a new national effort with a federally supported and guided structure, funded at $900 million, providing for State-administered training and reemployment assistance for all displaced workers.

The report of the Task Force on Economic Adjustment and Worker Dislocation combined with other forces to prompt the administration to seek a new dislocated worker initiative as a high priority within its budget with a proposed tripling of Federal resources to address the problem. From the proposal submitted by Secretary Brock, we have adopted the basic delivery system, which delegates responsibility for the program primarily to the States. Meanwhile, the actual service are brought down to the substate level to ensure coordination with the JTPA system.

From the Ford-Clay-Martinez bill (H.R. 1122), we have strengthened the rapid response capability of the title III dislocated worker programs. Under this bill, any substantial layoff or plant closing will prompt immediate contact from a State dislocated worker unit, which is identifiable to employers and workers throughout the State.

Finally, from my own WRAP bill, we will promote the establishment of labor-management committees at the plantsite to coordinate readjustment activities for the affected workers at that plant. This concept is modeled after the Canadian Industrial Adjustment Service [IAS], which Chairman HAWKINS and I found to be so impressive during our visit to Canada and in our hearing on the subject on March 12 of this year.

In the task force report, the IAS is cited as an effective approach and is singled out among all foreign endeavors studied as the one offering the highest degree of replicability in the United States. Like the IAS, the bill before us offers a simple, low-cost approach which is purely voluntary on the part of employers and workers. It requires each State to designate a dislocated worker unit, which includes a corps of specialists who will be authorized to provide financial assistance for the operating costs of labor-management committees existing at the plantsite for the purpose of devising and implementing a worker assistance strategy. The employer will also participate in paying the costs of the committee.

In order to facilitate a rapid response, the State specialist will be able to provide the initial, startup installment immediately. While the financial assistance authorized by the State specialist will be only for the operating costs of the committee, it is expected that the committee will also likely tie into other separately funded programs, including those funded under the new JTPA title III. Because of the voluntary nature of the program, I would encourage the State to hire these specialists with a background in the private sector, since this would be an essential component in establishing credibility and a communication network with the business and labor community. This is confirmed by a recent GAO report entitled "Dislocated Workers: Exemplary Local Projects under the Job Training Partnership Act" in which it was stated that a key ingredient to the success of the projects was having staff with local labor market expertise and extensive contacts with local employers.

Once the joint labor-management committee has been formed, one of the first tasks would normally be to compile all relevant information regarding each employee through a questionnaire. With this information, the committee can then develop a marketing strategy for each employee and then make an aggressive search of businessess in the geographic area which might have openings. Ideally, committee members will be individuals whose own position; for example plant manager, foreman—has given them personal knowledge of the abilities and skills of each employee. This knowledge not only will enable them to focus upon relevant positions for reemployment, but will also give them credibility in getting a potential employer to set up a job interview.

I emphasize that these labor-management committees will operate entirely on a cooperative basis and will not require uninterested employers to do anything. Moreover, they will be relatively inexpensive. According to testimony received by the committee from Canadian officials, the average operating costs of each committee in Canada have been about $15,000, of which the IAS normally pays 50 percent. Meanwhile, if these committees work as effectively as the IAS system, they will result in net savings through reduced unemployment insurance costs. In Canada, this program has resulted in estimated savings of $25.5 million, offset by only $9.9 million in government costs.

Ultimately, I see the Worker Readjustment Act as accomplishing dual purposes. On the one hand, it will alleviate the suffering and financial hardships experienced by workers whose careers are disrupted by upheavals in our dynamic economy. At the same time, it will strengthen that economy by tapping a source of productive workers whose only shortcoming is a lack of relevant skills in demand in the marketplace. In the long run, we will all benefit.

Mr. Chairman, I reserve the balance of my time.

Mr. HAWKINS. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GAYDOS].

Mr. GAYDOS. Mr. Chairman, I rise in strong support of both H.R. 3, the Trade and International Economic Policy Reform act of 1987, and the amendment to the bill offered by my friend and colleague, Mr. GEPHARDT of Missouri.

Ten years ago, I said that:

> Key U.S. industries have been pushed to the edge of extinction by foreign competitors, who, taking advantage of predatory trade practices endorsed by their governments, launched a massive and highly successful invasion of American domestic markets.

Mr. Chairman, since 1977, many industries have indeed become extinct, and our trading posture has only gotten worse.

Last year's $166 billion merchandise trade deficit is proof that Congress must pass an effective and comprehensive trade bill to strengthen our trading posture.

The cost of the trade deficit is too high, and we can no longer afford to pay the price. It costs our manufacturers billions of dollars and it costs the jobs of millions of honest American workers.

As the chairman and cofounder of the Congressional Steel Caucus, I know the plight of the steel industry very well. Ten years ago there were 452,000 people employed by the steel industry. Last year there were 128,000.

Many of these 324,000 steel workers lost their jobs due to imported steel, which captured 23.1 percent of our market in 1986.

Many foreign steel producers do not play by our rules when they sell steel. Some foreign governments subsidize their steel producers, which allows them to sell steel below cost, some countries block our exports from their markets, and some producers sell steel at a loss to gain a foot-hold in the U.S. marketplace.

Many foreign nations use these unfair trade practices to develop their steel manufacturing capacity. But, it's not limited to steel. Semiconductors, automobiles, rice, apparel, footware, and consumer electronics are only a few of the foreign industries which enjoy this illegal protection.

Congress has repeatedly tried to penalize foreign producers who unfairly subsidize their exporting industries, who dump their cheap products on our shores, or who discriminate against our exports.

I thought that the Trade Act of 1974 and its amendments in 1979 and 1983 would eliminate these problems, but they didn't. They didn't work because a succession of Presidents failed to enforce them.

The Gephardt amendment is exactly what we need to penalize unfair traders and to open foreign markets to U.S. goods. This amendment targets nations that both export excessively and trade unfairly.

The amendment is necessary to demonstrate to our trading partners that we don't tolerate their illegal trading practices and that we are committed to gaining access to foreign markets.

I have seen foreign steel exporters bend every fair trading rule ever written, and I know that we need to prove to them that we are concerned enough about our trade deficit to force foreign exporters to comply with our trade laws.

Congress needs to redefine the rules of the American trading game. We have to insist on honesty and fairness, and we have to penalize nations who break the rules. I believe that H.R. 3 does this.

Besides punishing nations for unfair trading, we need to work on improving our competitiveness here at home.

My colleagues and I on the Education and Labor Committee have put education, literacy, and worker retraining programs into H.R. 3 to improve the skills of our present and future workers.

Worker retraining is vital to the hard-working former steel workers and all other employees from industries that have been battered by imports.

Mr. Chairman, H.R. 3 is vitally important. It is a signal to the American people that we are not willing to lose American jobs because some foreign countries trade illegally and unfairly.

The majority of Americans know that a $166 billion trade deficit is completely unacceptable. It is our job to mobilize the resources of our schools, our industries, and our Government to make U.S. products more competitive in the world market. H.R. 3 does all of these things.

It will strengthen our exporting capacity and it will protect us against unscrupulous foreign exporters. This is just what we need, because imports have put millions of other Americans out of work.

H.R. 3, the Trade and International Economic Policy Reform Act of 1987, is an impressive package and it represents the coordinated efforts of six different committees. I want to commend Chairman HAWKINS, Chairman ROSTENKOWSKI and the majority leadership for their efforts, and I am proud to be an original cosponsor of this important and necessary bill.

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Mr. JEFFORDS. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GOODLING].

Mr. GOODLING. Mr. Chairman, I rise in support of title V of this bill. I do that primarily because in the past it seems to me people around here felt the way to become competitive in the world is just draw the wagons around our shores and do not allow anything to come in and somehow or other that was going to make us more creative, more productive, it was going to get us to produce better things as we once produced, get us to produce things that no one else has ever thought about. Of course, we all know that that is not the way it works, as a matter of fact.

But I am happy that we have gotten to this point because now, of course, we understand that education plays a leading role if, as a matter of fact, we are going to be competitive. Now, I do not care what we do in this Congress or in this country if we are going to continue to have somewhere between 26 million and 60 million functional illiterates in this country we will never become competitive again.

So I am glad that this particular piece of legislation, at least part of it—and I wish before it is over that I can support the whole bill—but at least part of it deals with an issue that is very, very important if we, again, are going to reclaim that competitive edge that we once enjoyed and if we are going to do anything about the trade imbalance. We have to produce better, we have to produce the best, we have to produce new things and in order to do that we have to train people and educate people. We have fallen way behind in this area. So in this bill we do a lot of good things. First of all, we provide programs, needed programs such as a work place literacy program which will provide $50 million for business education partnerships which teach literacy skills in the marketplace which are needed. We call for a Federal literacy coordination office in the Department of Education to coordinate literacy programs. We have a lot going on, but there is not much coordination at the present time. The bill amends the Education for Economic Security Act by providing for local education agencies and their business partners to purchase laboratory equipment; instructional and reference material to be used by the schools for providing advanced placement classes for exceptional mathematics and science students. We also deal with the vocational education component. We amend the Carl Perkins Vocational Education Act by providing for public and private partnerships for vocational education training. And finally the bill extends industry and education partnerships for high technology training. The private sector understands now once and for all, I hope, that there has to be a strong partnership between the private sector and those who are training workers for the future. And it is no different now than it ever was. You used to train for one job or possibly two in a lifetime. Now you have to train and retrain and retrain perhaps five different times during your lifetime. So these are the things that will help to make us competitive. If we become competitive, these are things that will also help to change the trade imbalance.

So I again say that I am happy to see that we are now thinking beyond drawing the wagons around our shores and not allowing anything to come in. They must like what comes in because they buy it no matter how many times we as Congresspersons say "Buy American" they love to buy what is produced elsewhere. We have to be able to produce the same, it has to be on a competitive price, it has to be more creative, it has to last longer and to work better. And the educational component should help us to do those kinds of things.

Mr. HAWKINS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. BIAGGI].

Mr. BIAGGI. Mr. Chairman, I rise today as a cosponsor and strong supporter of H.R. 3, the Omnibus Trade Act.

Simply put, our Nation has been too generous for too long when it comes to foreign trade. While our trade doors are open wide, too many of our trading partners have slammed their doors in our face. While the Japanese and others have been stuffing their pockets with United States trade dollars, millions of Americans have lost their jobs due to unfair foreign trade practices. While our trading partners have pledged to eliminate their unfair trade practices, those practices continue and the U.S. trade deficit is soaring.

Mr. Chairman, we have a trade crisis facing our Nation and it has been allowed to continue despite the responsible actions of this body. Last year, we passed a comprehensive trade bill similar to the one before us today, but that bill was never acted on in the other body. The situation has only grown worse. Last year, our trade deficit was $170 billion and just last month, the trade deficit increased by $2.7 billion, the largest monthly increase in over a year. The time for tough action is now, and that is exactly why we need to pass H.R. 3.

This legislation strengthens protections against foreign unfair trade practices, improves programs to aid workers displaced by rising imports, and takes steps to increase the competitiveness of U.S products. All of these measures are necessary if we are to effectively address our trade crisis in both the short term and long term.

I want to express my particular support for the Education and Labor Committee provisions of this bill, which I helped to draft after a series of exhaustive hearings. These provisions place special and much needed emphasis on improving our Nation's education programs and providing increased worker adjustment assistance to those displaced by unfair foreign trade practices.

These provisions include $325 million for new elementary and secondary education initiatives, $175 million for postsecondary education assistance, and $980 million for worker adjustment programs.

The specific provisions I authored as part of this package will establish Federal grant programs to improve literacy skills in the workplace, and to encourage businesses and other private sector groups to become more involved in the education system. The bill authorizes $50 million for the workplace literacy program and $5 million for my "alliance for education" program.

A recent study by the National Assessment of Educational Progress determined that 43 percent of persons ages 21 through 25 are unable to perform at a level sufficient to master multistep directions, communicate ideas and directions to other workers, or calculate at a level needed for high technology occupations. Inadequate literacy skills are also a major reason older workers are unable to qualify for job advancement or adapt to changes in the workplace.

The business community in my home city of New York has been working in partnership with the public schools there since 1915. The business community across the Nation should be encouraged to work with the educationally disadvantaged, as well as with gifted students, and to broaden the career awareness of high school students in general. My alliance for education proposal will do just that.

Finally, Mr. Chairman, I want to take this opportunity to pledge my support for the Gephardt amendment. This amendment would give this bill the sharp teeth it needs to deal effectively with nations that have excessive trade surpluses resulting from a pattern of unfair trade practices with the United States. Specifically, the Gephardt amendment would require 10-percent annual reductions in such surpluses if the nations involved do not dismantle their unfair trade barriers. These reductions might include such actions as import restrictions or suspending existing trade agreements.

Significantly, the Gephardt amendment would only affect those countries with huge surpluses and a persistent pattern of unfair trade, and retaliatory measures would only occur after extensive negotiations aimed at getting the targeted nation to voluntarily correct their unfair trade practices. This is a responsible approach and long overdue.

Mr. Chairman, we have tried an open-door trade policy; we have diplomacy; we have seen the value of the dollar fall to record-low levels; and we have even slapped the wrist of some nations engaged in unfair trade practices. None of these factors have improved the situation; in fact, our Nation's trade crisis is worsening. We need to act now in a tough and comprehensive fashion. H.R. 3 provides us with that opportunity and I strongly urge my colleagues to join me in supporting it.

Mr. HAWKINS. Mr. Chairman, I yield 32 minutes to the gentleman from Mississippi [Mr. DOWDY].

Mr. DOWDY of Mississippi. Mr. Chairman, as chairman of the Veterans' Affairs Subcommittee on Education, Training and Employment, I rise in support of title V of H.R. 3, education and training for American competitiveness.

Few segments of the Nation's work force have been more profoundly affected by America's diminished competitiveness in world markets and the dislocation of established industries than our Nation's veterans. While veterans of military service represent 14 percent of America's work force, they represent 26 percent of the Nation's dislocated workers. Because of the large concentration of veterans in the heavy industrial and manufacturing industries, and because their military service delayed veterans' entrance into the work force, veteran workers have suffered disproportionately from the structural changes occurring in the global econony. This disproportionate representation of veterans gravely concerns all of us, and neither we as a nation, nor veterans as individuals can afford for us to squander the work experience, the training, or the abilities of veterans. Additionally, we must not abandon the aspirations and needs of those who have served in the Nation's Armed Forces.

I believe the provisions of title V, when coordinated with the readjustment, rehabilitation, employment, training, and supportive services provided through the Department of Labor Veterans' Employment and Training Service [VETS] and the Veterans' Administration under title 38, United States Code, will provide many of the critical resources necessary for dislocated veteran workers to again become productive members of the labor force.

Chapter 41 of title 38, United States Code, authorizes comprehensive employment, training, and placement services for veterans to be implemented by the Assistant Secretary of Labor for Veterans' Employment who is the principal adviser to the Secretary of Labor on all employment and training programs as they relate to veterans. Chapter 41 also authorizes State and assistant State directors for veterans' employment as well as local veteran employment representatives and the Disabled Veterans' Outreach Program. I submit the pertinent provisions of chapter 41 to be included in the RECORD at this point.

Selected sections of chapter 41 follow:

CHAPTER 41, TITLE 38, UNITED STATES CODE—JOB COUNSELING, TRAINING, AND PLACEMENT SERVICE FOR VETERANS (SELECTED SECTIONS)

§ 2002A. ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT

There is established within the Department of Labor an Assistant Secretary of Labor for Veterans' Employment, appointed by the President by and with the advice and consent of the Senate, who shall be the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures to carry out (1) the purposes of this chapter, chapter 42, and chapter 43 of this title, and (2) all other Department of Labor employment, unemployment, and training programs to the extent they affect veterans. The employees of the Department of Labor administering chapter 43 of this title shall be administratively and functionally responsible to the Assistant Secretary of Labor for Veterans' Employment.

§ 2003. STATE AND ASSISTANT STATE DIRECTORS FOR VETERANS' EMPLOYMENT

(a) The Secretary of Labor shall assign to State a representative of the Veterans' Employment Service to serve as the State Director for Veterans' Employment, and shall assign full-time Federal clerical support to each such Director. The Secretary shall also assign to each State one Assistant State Director for Veterans' Employment per each 250,000 veterans and eligible persons of the State veterans population and such additional Assistant State Diectors for Veterans' Employment as the Secretary shall determine, based on the data collected pursuant to section 2007 of this title, to be necessary to assist the State Director for Veterans' Employment to carry out effectively in that State the purposes of this chapter. Full-time Federal clerical support personnel assigned to State Directors for Veterans' Employment shall be appointed in accordance with the provisions of title 5 governing appointments in the competitive service and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5.

(b)(1) Each State Director for Veterans' Employment and Assistant State Director for Veterans' Employment (A) shall be an eligible veteran who at the time of appointment has been a bona fide resident of the State for at least two years, and (B) shall be appointed in accordance with the provisions of title 5 governing appointments in the competitive service and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5.

(2) Each State Director for Veterans' Employment and Assistant State Director for Veterans' Employment shall be attached to the public employment service system of the State to which they are assigned. They shall be administratively responsible to the Secretary of Labor for the execution of the veterans' and eligible persons' counseling and placement policies of the Secretary through the public employment service system and in cooperation with other employment and training programs administered by the Secretary, by grantees of Federal or federally funded employment and training programs in the State, or directly by the State.

(c) In cooperation with the staff of the public employment service system and the staffs of each such other program in the State, the State Director for Veterans' Employment and Assistant State Directors for Veterans' Employment shall—

(1) be functionally responsible for the supervision of the registration of eligible veterans and eligible persons in local employment offices for suitable types of employment and training and for counseling and placement of eligible veterans and eligible persons in employment and job training programs;

(2) engage in job development and job advancement activities for eligible veterans and eligible persons, including maximum coordination with appropriate officials of the Veterans' Administration in that agency's carrying out of its responsibilities under subchapter IV of chapter 3 of this title and in the conduct of job fairs, job marts, and other special programs to match eligible veterans and eligible persons with appropriate job and job training opportunities;

(3) assist in securing and maintaining current information as to the various types of available employment and training opportunities, including maximum use of electronic data processing and telecommunications systems and the matching of an eligible veteran's or an eligible person's particular qualifications with an available job or on-job training or apprenticeship opportunity which is commensurate with those qualifications;

(4) promote the interest of employers and labor unions in employing eligible veterans and eligible persons and in conducting on-job training and apprenticeship programs for such veterans and persons;

(5) maintain regular contact with employers, labor unions, training programs and veterans' organizations with a view to keeping them advised of eligible veterans and eligible persons available for employment and training and to keeping eligible veterans and eligible persons advised of opportunities for employment and training;

(6) promote and facilitate the participation of veterans in Federal and federally funded employment and training programs and directly monitor the implementation and operation of such programs to ensure that eligible veterans, veterans of the Vietnam era, disabled veterans, and eligible persons receive such priority or other special consideration in the provision of services as is required by law or regulation;

(7) assist in every possible way in improving working conditions and the advancement of employment of eligible veterans and eligible persons;

(8) supervise the listing of jobs and subsequent referrals of qualified veterans as required by section 2012 of this title;

(9) be responsible for ensuring that complaints of discrimination filed under such section are resolved in a timely fashion;

(10) working closely with appropriate Veterans' Administration personnel engaged in providing counseling or rehabilitation services under chapter 31 of this title, cooperate with employers to identify disabled veterans who have completed or are participating in a vocational rehabilitation training program under such chapter and who are in need of employment;

(11) cooperate with the staff of programs operated under section 612A of this title in identifying and assisting veterans who have readjustment problems and who may need employment placement assistance or vocational training assistance; and

(12) when requested by a Federal or State agency or a private employer, assist such agency or employer in identifying and acquiring prosthetic and sensory aids and devices which tend to enhance the employability of disabled veterans.

§ 2003A. DISABLED VETERANS' OUTREACH PROGRAM

(a)(1) The Secretary of Labor, acting through the Assistant Secretary for Veterans' Employment, shall make available for use in each State, directly or by grant or contract, such funds as may be necessary to support a disabled veterans' outreach program designed to meet the employment needs of veterans, especially disabled veterans of the Vietnam era.

(2) Funds provided for use in a State under this subsection shall be sufficient to support the appointment of one disabled veterans' outreach program specialist for each 5,300 veterans of the Vietnam era and disabled veterans residing in such State. Each such specialist shall be a veteran. Preference shall be given in the appointment of such specialists to disabled veterans of the Vietnam era. If the Secretary finds that a disabled veteran of the Vietnam era is not available for any such appointment, preference for such appointment shall be given to other disabled veterans. If the Secretary finds that no disabled veteran is available for such appointment, such appointment may be given to any veteran. Each such specialist shall be compensated at a rate not less than the rate prescribed for an entry level professional in the State government of the State concerned.

(3) The Secretary, acting through the Assistant Secretary of Labor for Veterans' Employment, shall also make available for use in the States such funds, in addition to those made available to carry out paragraphs (1) and (2) of this subsection, as may be necessary to support the reasonable expenses of such specialists for training, travel, supplies, and fringe benefits.

(4) Specialists appointed pursuant to paragraph (2) of this subsection shall be in addition to and shall not supplant employees assigned to local employment service offices pursuant to section 2004 of this title.

(5) The distribution and use of funds provided for use in States under this section shall be subject to the continuing supervision and monitoring of the Assistant Secretary for Veterans' Employment and shall not be governed by the provisions of any other law, or any regulations prescribed thereunder, that are inconsistent with this section.

(b)(1) Pursuant to regulations prescribed by the Secretary of Labor, disabled veterans' outreach program specialists shall be assigned only those duties directly related to meeting the employment needs of eligible veterans, with priority for the provision of services in the following order:

(A) Services to disabled veterans of the Vietnam era who are participating in or have completed a program of vocational rehabilitation under chaper 31 of this title.

(B) Services to other disabled veterans.

(C) Services to other eligible veterans in accordance with priorities determined by the Secretary taking into account applicable rates of unemployment and the employment emphases set forth in chapter 42 of this title.

In the provision of services in accordance with this paragraph, maximum emphasis in meeting the employment needs of veterans shall be placed on assisting economically or educationally disadvantaged veterans.

(2) Not more than three-fourths of the disabled veterans' outreach program specialists in each State shall be stationed at local employment service offices in such State. The Secretary, after consulting the Administrator and the State Director for Veterans' Employment assigned to a State under section 2003 of this title, may waive the limitation in the preceding sentence for that State so long as the percentage of all disabled veterans' outreach program specialists that are stationed at local employment service offices in all States does not exceed 80 percent. Specialists not so stationed shall be stationed at centers established by the Veterans' Administration to provide a program of readjustment counseling pursuant to section 612A of this title, veterans assistance offices established by the Veterans' Administration pursuant to section 242 of this title, and such other sites as may be determined to be appropriate in accordance with regulations prescribed by the Secretary after consultation with the Administrator.

(c) Each disabled veterans' outreach program specialist shall carry out the following functions for the purpose of providing services to eligible veterans in accordance with the priorities set forth in subsection (b) of this section:

(1) Development of job and job training opportunities for such veterans through contacts with employers, especially small- and medium-size private sector employers.

(2) Pursuant to regulations prescribed by the Secretary after consultation with the Administrator, promotion and development of apprenticeship and other on-job training positions pursuant to section 1787 of this title.

(3) The carrying out of outreach activities to locate such veterans through contacts with local veterans organizations, the Veterans' Administration, the State employment service agency and local employment service offices, and community-based organizations.

(4) Provision of appropriate assistance to community-based groups and organizations and appropriate grantees under other Federal and federally funded employment and training programs in providing services to such veterans.

(5) Provision of appropriate assistance to local employment service office employees with responsibility for veterans in carrying out their responsibilities pursuant to this chapter.

(6) Consultation and coordination with other appropriate representatives of Federal, State, and local programs for the purpose of developing maximum linkages to promote employment opportunities for and provide maximum employment assistance to such veterans.

(7) The carrying out of such other duties as will promote the development of entry-level and career job opportunities for such veterans.

(8) Development of outreach programs in cooperation with appropriate Veterans' Administration personnel engaged in providing counseling or rehabilitation services under chapter 31 of this title, with educational institutions, and with employers in order to ensure maximum assistance to disabled veterans who have completed or are participating in a vocational rehabilitation program under such chapter.

(d) The Secretary of Labor shall administer the program provided for by this section through the Assistant Secretary of Labor for Veterans' Employment. The Secretary shall monitor the appointment of disabled veterans' outreach program specialists to ensure compliance with the provisions of subsection (a)(2) of this section with respect to the employment of such specialists.

§ 2004. EMPLOYEES OF LOCAL OFFICES

Except as may be determined by the Secretary of Labor based on a demonstrated lack of need for such services, there shall be assigned by the administrative head of the employment service in each State one or more employees, preferably eligible veterans or eligible persons, on the staffs of local employment service offices, whose services shall be devoted to discharging the duties prescribed for the veterans' employment representative and such representative's assistance.

Mr. Chairman, I ask that the provisions of chapter 41, as they relate to the programs authorized under title V of H.R. 3, be fully and effectively implemented. The individuals who, under this chapter, deal with veterans' employment and training issues can provide valuable assistance and advice in the development of dislocated worker programs as they relate to veterans. They can also help coordinate veterans' benefits and services authorized under title 38 to supplement and enhance those authorized under title V of H.R. 3. Additionally, the Veterans' Administration administers extensive education and training programs for veterans under the provisions of chapters 30, 31, 32, 34, and 35 of title 38, U.S.C., as well as the Veterans' Job Training Act (Public Law 98-77). These resources can also be used to enhance those authorized under H.R. 3, title V.

It is the intent of the Veterans' Affairs Committee, Mr. Chairman, that there be a cooperative and coordinated relationship established with the Veterans' Employment and Training Service in the Department of Labor and the Veterans' Administration as the provisions of title V are implemented. It is imperative that fair and appropriate consideration under the provisions of title V be given to the extraordinarily large number of veteran workers who have been dislocated but still have so much to contribute to the competitive, healthy national economy we are striving to develop.

I want to complement the distinguished chairman of the Committee on Education and Labor and, indeed, the entire committee for developing this excellent education and training title. We on the Veterans' Affairs Committee deeply appreciate their cooperation and concern for our Nation's veterans.

Mr. JEFFORDS. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GAYDOS].

Mr. GAYDOS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to spread on the RECORD at this time my sincere feelings that probably resulted from the many hearings we had as steel caucus on this type of problem which this legislation represents. I am talking about over the years since Presidents Nixon, Ford, Carter, even the present administration, President Reagan. Now, without separating one over the other, in a completely impartial manner, I would like to state that I would hope that if this legislation is passed and signed into law that the present administration would enforce it, do something that other administrations have not. I am speaking about the administration from my side of the aisle where we have, as spread on the books today, legislation in my humble opinion that if any administration, regardless of party affiliation, any administration, if they would support the law we would not be here today, if they would support and enforce the law. We would not be here today going through a very tedious type of operation with so many committees involved. It is good legislation. We have gone through with the steel caucus, special Ambassador Strauss, we had him before us on many, many occasions. He was so kind as to come up and testify. We had Baldrige when he was Ambassador Brock. And now we have had Ambassador Yeutter. All of them came up and told us many, many things, all of which pointed to the unadulterated fact that the administrations, all the administrations, did not have the will or the desire to enforce what we had on the books.

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So I hope that if we pass this legislation, the administration will enforce it.

I want to thank my colleague for the time being made available to me.

Mr. HAWKINS. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. PENNY].

Mr. JEFFORDS. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, the Committee on Education and Labor worked long and hard to put together some important features of this trade bill that will help us deal with long-term competitiveness for our American industry.

We have literacy training programs in this bill. We have a well-coordinated program that gets industry to work together with vocational schools to provide retraining for workers for new jobs in our society, and we have a job training program that kicks in when plants close and workers are displaced to help them get back into the work force as soon as possible.

The problem is that all the features that will benefit America in the long term, in terms of our competitiveness, could be lost if the bill is vetoed. I predict that if we adopt the Gephardt amendment, a veto is certain. An amendment will be offered to this trade bill by the gentleman from Missouri [Mr. GEPHARDT] to require mandatory reductions in the size of our trade deficit with certain trading partners if those nations do not take action within a certain timeframe in order to cut back the size of their trade advantage.

We could find ourselves at some future date with a significant trade surplus with any number of our competitors and that same kind of action could be taken against American goods moving into the world market.

If we want to invite that kind of retaliation against America at some future point, then adopt this Gephardt amendment. But if we want a free trade policy that targets unfair trade practices, we are better off rejecting the Gephardt amendment and sending a signal that we want free trade and fair trade and that we do not want to risk future retaliation against our industry by this kind of protectionist action.

Mr. JEFFORDS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to change the gentleman's area of focus right now. I know the gentleman from Minnesota [Mr. PENNY] was unable to be here during the immediate preceding time with respect to the discussion of the agricultural, and I would just like to ask the gentleman how he stands on section 662 in the agricultural section of the bill.

Mr. PENNY. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Minnesota.

Mr. PENNY. Mr. Chairman, I worked with the gentleman from Vermont [Mr. JEFFORDS] in presenting that proposal to the committee. I think that it makes only good sense for us to have a policy that rewards American producers for the cutback in production in dairy that they have achieved, and not penalize them for increased casein imports that have resulted in the past year.

For that reason, section 662 is important because it will allow us to measure the progress we have made in cutting back the American dairy surplus and avoid, then, a further price reduction.

Mr. JEFFORDS. Mr. Chairman, I say to the gentleman from Minnesota that I understand that there are serious problems in Minnesota. Probably it is the State that is being affected the most adversely by the casein imports right now and the one that is going to have the most difficult time if there is a price cut.

I would expect the gentleman to agree with me that he is having a large number of farms going out of business now under the present economic situations outside of the whole-herd buyout. If we cut the price again, this is going to really devastate, in my mind, your area.

I yield further to the gentleman from Minnesota.

Mr. PENNY. Mr. Chairman, I share the gentleman's concern and I appreciate the sensitivity of the gentleman from Vermont to our problem in Minnesota, and I am sure other States would experience the same difficulty in agriculture if this additional price support cut were adopted.

Mr. HAWKINS. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. LOWRY].

Mr. LOWRY of Washington. Mr. Chairman, I rise to compliment the Committee on Education and Labor for their contribution to this legislation and particularly to Chairman HAWKINS and the gentleman from Vermont [Mr. JEFFORDS] for the contribution that they made.

Specifically, I wanted to raise the point of the homeless qualification under the Education and Labor part of the bill because the trade adjustment can really apply to the problems of the homeless.

As we have found in our study of the homeless problem in our country, many of our homeless are, because of lost jobs, of which trade adjustment should apply to, I would like to ask the distinguished chairman if he would enter into a colloquy with me on this question.

Mr. Chairman, unemployment is a particularly pervasive problem amongst this Nation's growing homeless population. It appears that certain homeless individuals fall within the definition of "eligible dislocated workers" entitled to services provided by the Worker Readjustment Act of title V of this bill. This act does not require that an individual establish residency in order to qualify for the services available under the act. Mr. Chairman, am I correct in my understanding that homeless individuals who meet the definitional requirements of the Worker Readjustment Act will be entitled to readjustment assistance under title V?

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mr. LOWRY of Washington. I yield to the gentleman from California.

Mr. HAWKINS. Mr. Chairman, the gentleman is correct in his understanding that the Worker Readjustment Act applies to those homeless individuals who meet the definitional requirements of the act. This legislation is designed to serve individuals who have suffered both short-term and long-term unemployment, and are unlikely to find gainful employment without some assistance. The Congress understands that homeless individuals have suffered from barriers to employment, and this legislation will enable these individuals to receive needed assistance in securing employment. The outreach requirements of title V should ensure that qualified homeless persons will be made aware of the services available to them by title V.

Mr. HAWKINS. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. Mr. Chairman, I support this bill. I hope that my colleagues will, but I hope that they will suffer no illusions that this is a fundamental answer to the basic agonizing posture in which we find ourselves today, namely, an inability to compete in global competition.

We are going to have to make some agonizing changes in our society because even if this bill is passed and even if all of the access problems are removed, our access to foreign markets, Japan and the others, that will only make a 10- or a 15-percent dent in our trade deficit.

We have to become literate and skilled. One-third of our adult working population is functionally illiterate. That is an albatross around our necks. We have to consume less and save more and we have to invest these savings in making corporate America more productive and more efficient.

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When steel companies that have an antiquated plant spend their cashflow in buying up oil companies, we know that something is rotten in Denmark about American productivity and American corporate decisionmaking.

Mr. KILDEE. Mr. Chairman, I rise in strong support of H.R. 3, the Omnibus Trade Act. Although this legislation addresses the theme of competitiveness on a number of fronts, I am especially pleased to highlight title V, which is the product of the Committee on Education and Labor. I would like to commend Chairman HAWKINS for skillfully guiding this important measure through the committee.

Title V creates a number of new programs designed to improve American productivity and competitiveness. Although the title includes initiatives geared to a variety of educational institutions, I am pleased that the measure recognizes the important role that community colleges play in educating and training our American workers. Title V is carefully designed to ensure that community colleges continue to be involved in the creation and delivery of services to dislocated workers.

Community colleges have historically played a part in educating workers displaced by trade-related plant closings, or in training workers in need of skills upgrading. In my hometown of Flint, MI, our community college has worked in concert with business and labor to retrain area workers for new manufacturing technologies. Offering specialized curricula which includes basic skills training as well as highly technical education, community colleges are well-equipped to retrain American workers to better compete in the international workplace.

I would also like to support the worker adjustment section in title V, which is geared to unemployed and displaced individuals. This section of the title greatly expands the current Federal commitment to workers suffering economic hardship resulting from job loss. I am greatly pleased that these new programs will be available to assist workers in Flint, a city which has suffered from a disproportionate share of the national unemployment burden. The worker adjustment section offers a broad menu of services for displaced individuals, ranging from basic readjustment assistance to more specialized training programs.

H.R. 3, the Omnibus Trade Act, and specifically title V, is carefully designed legislation which ensures that the Federal commitment to displaced American workers continues and develops. I urge my colleagues' support for this vital measure.

Mr. TAUKE. Mr. Chairman, I would like to draw specific attention to a provision in the Education and Labor Committee's package which will help address the rural dislocation problem, which has been caused in part by our trade imbalance.

Subtitle B of title V of this bill establishes a New Worker Readjustment Program under the Job Training Partnership Act, replacing the current title III of JTPA. Included in this program is authority for the Secretary of Labor to meet the unique needs of rural dislocated workers.

There are substantial unmet and unique dislocation needs in rural States. Rural dislocation is significantly different than industrial dislocation, necessitating special consideration by the Secretary to address this problem beyond the primary service delivery system.

Under an amendment I offered in committee, the Secretary is authorized to enter into agreements with rural States that are most affected by adverse agricultural conditions for the purpose of providing readjustment services to farmers, ranchers, and farm workers.

Multiyear grants would be provided under the Secretary's discretionary authority to States which agree to meet the readjustment needs of eligible dislocated rural workers. Activities which could be provided by a State under the plan include: Assistance in the evaluation of financial conditions; assistance in managing temporary crises; and job search assistance, among other eligible activities and services designed to assist rural workers adjust to rapidly shifting economic and social conditions.

Farmers, ranchers, and agricultural workers increasingly face loss of their income and their way of life because of the same national and international economic forces which are adversely affecting industrial and manufacturing workers. However, the Federal programs established to respond to the needs of dislocated industrial and manufacturing workers are unsuited in their design, organization, and orientation to meet the unique characteristics and needs of dislocated rural workers.

The authority established in this bill will help meet these unique needs, as we also attempt to address the problems of industrial dislocation.

Mr. RAHALL. Mr. Chairman, as a strong supporter and cosponsor of the Trade and International Economic Policy Reform Act of 1987, I believe that the enactment of this legislation is essential to the revitalization of American industry and the economic well-being of many of this country's working men and women. The trade deficit in this country has dramatically increased since the Reagan administration took office, rising from $40 billion in 1981 to over $170 billion in 1986. The administration has demonstrated that it is unable to respond satisfactorily to our ever-growing trade problem, leaving Congress no option but to step in with a legislative remedy. H.R. 3 is such a remedy, and is an appropriate and long overdue answer to our astounding trade deficit.

Of special importance to my home State of West Virginia are the provisions in the bill which deal with trade adjustment assistance worker benefits and other worker retraining and assistance programs. The rate of unemployment in West Virginia remains one of the highest in the Nation and the State has the additional dubious distinction of having the highest rate of job loss due to plant closings in the country.

H.R. 3 modifies the Trade Adjustment Assistance [TAA] Program in a manner which will be very beneficial to West Virginia. The bill specifies that all workers certified for assistance under TAA would be entitled to up to $4,000 in training and remedial education benefits. If the cost of the services provided is less than $4,000, the remainder could be used to pay relocation expenses. Presenlty, workers receiving TAA assistance apply for specific training and education programs, and the amount of services provided to individual workers varies depending on the programs and their availability. By creating an entitlement program, the bill would ensure that all workers will receive an adequate level of service.

The bill creates a new option of supplemental wage payments under TAA for workers who take a new job that pays less than their previous job. Specifically, workers would be entitled to receive a supplemental wages 50 percent of their TAA unemployment allowances, subject to the limit that their new wages and supplement combined could not exceed 80 percent of their previous wage. The typical supplement would be about $2 per hour, and could continue for up to 1 year. Under the bill, workers eligible for TAA would be permitted to choose between undergoing retraining or taking a lesser paying job. This option is especially important to older workers who may not wish to undergo retraining and begin a new career.

New, badly needed funding sources for TAA are established in H.R. 3. Language in the bill specifies that any tariff revenues collected as a result of import relief or unfair trade actions are to be deposited in a special adjustment industry trust fund within the Treasury, to be used to help support TAA or any other Federal program that might be established for communities in which a substantial number of workers or firms are certified for TAA. Expenditures from the trust fund would still be subject to annual appropriations.

Title V of the bill establishes a new program of great importance to West Virginia, entitled "Worker Readjustment," which would provide comprehensive services to dislocated workers who have lost their jobs due to plant closings, layoffs, or other major disruptions. This includes, but is not limited to, workers directly affected by increased imports. H.R. 3 authorizes a total of $980 million for the new Worker Readjustment Program for fiscal year 1988.

The bill directs each State to establish a tripartite council to oversee the operation of the new program. The councils would be composed of equal numbers of representatives from labor, management, and public and nonprofit organizations. In addition, the bill requires each State to designate a rapid response team or office within the State government which can respond immediately to major plant closings. These teams would assist workers with reemployment, employee buyouts, enrollment in training progams and early retirement planning, and would provide other social services.

Under the bill, 30 percent of the funds for the Adjustment Program would be allocated to basic readjustment services—services to meet the immediate needs of workers following a plant closing. These services include job placement assistance, counseling, and job clerks. Up to 15 percent of funds for basic services could be used for supplemental income and supportive services for displaced workers. No more than 15 percent of the funds could be used for administrative costs.

One-half of the funds under the new Adjustment Program would be used for retraining and long-term adjustment assistance to displaced workers, including classroom training, literacy workshop, on-the-job training, and remedial education. The bill specifies that, to the maximum extent possible, workers should be given training certificates or "vouchers" so that they can select and arrange their own retraining. Up to 30 percent of this category of funds could be used for supplementary income and supportive services for displaced workers who otherwise could not afford to enter such retraining.

Funds would be distributed among the States based on a weighted formula which takes into account each States' unemployment rate, its unemployment rate relative to other States, and its long-term unemployment rate. As a State with chronically high unemployment rates, West Virginia would receive a fair share of these funds.

Finally, the remaining 20 percent of the adjustment funds would be allocated at the discretion of the Secretary of Labor for special projects of national or regional concern. These projects could include industrywide activities, technical assistance, responses to mass layoffs, or demonstration projects.

To reiterate, while H.R. 3 is a highly complex piece of legislation which deals with many aspects of this country's trade policy, I am especially supportive of the worker retraining provisions in the bill. These provisions will go a long way toward alleviating the hardship and stress brought about by the unfair trading practices of many of this country's trading partners. The people of West Virginia and the country desperately need and deserve this legislation.

Mr. PEASE. Mr. Chairman, I want to raise a few pertinent questions about a provision that was added as a technical amendment by the House Education and Labor Committee to this bill. Specifically, I refer to a provision that authorizes $5 million a year to the Secretary of Labor to contract out to enable trade unions abroad to provide information to international organizations and other bodies on their governments' compliance with internationally recognized worker rights.

First, current law requires the State Department, in consultation with the Labor Department, to submit an annual report on the status of basic worker rights in more than 140 countries and territories. Why then is it necessary to contract out for such information? Perhaps these funds could be better spent by improving the in-house capacity of the State and Labor Departments to monitor respect for basic worker rights in foreign countries. Can't the labor attachés in most U.S. Embassies abroad be reasonably required to provide current information and monitor compliance?

Second, how realistic is it to expect trade unions abroad, under contract to the U.S. Government, to criticize their own governments' worker rights policies, thereby probably having to assume blame for the possible loss of their countries' trade and/or investment benefits with the United States? This may very well place them in an untenable situation and undermine the accuracy of whatever monitoring is done.

Third, free and independent trade unions do not exist in some countries. In others, what seemingly pass as free and independent trade unions are government-controlled or compromised. The existence of long-established, officially sanctioned Polish trade unions in contrast with Solidarity is a case in point. But there are indigenous organizations such as human rights and religious groups present in such situations with longstanding, deep commitments to worker rights and with ties to external counterparts. Why not build upon such human rights and religious networks, for example, where they do exist in the absence of free and independent trade unions abroad and to enable them as well to broaden the scope of their monitoring activities into worker rights? If Federal funds are to be spent under contract for such monitoring, shouldn't this provision clearly provide for this?

I hope these concerns about this provision will be addressed further as this bill proceeds through the legislative process.

The CHAIRMAN. The gentleman from Texas [Mr. BROOKS] will be recognized for 15 minutes and the gentleman from Pennsylvania [Mr. CLINGER] will be recognized for 15 minutes.

The Chair recognizes the distinguished gentleman from Texas [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the Buy American Act of 1987—title X of H.R. 3—would prohibit Federal agencies from buying products from foreign firms whose countries discriminate against U.S. companies. Last year alone, these discriminating practices contributed to a trade deficit of almost $170 billion and caused serious damage to many of our domestic industries.

Clearly, the lifeblood of free enterprise in this country is being drained by the predatory pricing of foreign companies. Even our high-technology industries, once the undisputed leaders in the world, have seen their position seriously eroded over the last few years because of these practices. Today, being the best no longer guarantees success in the international market. Our companies are facing not just their foreign competitors, but the economic and political might of the host governments as well. Even a company like AT&T can't face "Japan Inc." and win over the long run.

In 1979, the United States attempted to remedy this problem when it, along with 18 other countries, signed the International Agreement on Government Procurement. This agreement which became effective January 1, 1981, sought to limit the signatory governments' use of procurement practices which discriminate against foreign firms. The idea was that if we opened our Government market up to foreign firms, the other signatory countries would do the same for U.S. firms. While all of this looked good on paper, it hasn't worked out that way.

According to the GAO, the implementation of the agreement has had minimal impact on opening up foreign markets to U.S. firms. The national procurement policies of France, Italy, Japan, and other countries continue to be a significant barrier. For example, during the Government Operations Committee hearings on this legislation, witnesses described how the French Government recently discriminated against U.S. high-technology companies. By exercising options on existing contracts with French companies, the Government denied U.S. firms, such as Apple Computer, the opportunity to provide tens of thousands of computers to its school system. If this procurement had been opened up to U.S. firms, schoolchildren across France would most likely be using American-made computers today.

Another example given during the hearings described how Japan uses government procurement as a tool to promote its domestic industries. In 1980, Japan announced two projects to develop supercomputers. As soon as it announced those projects, the government institutions in Japan simply stopped talking to American suppliers such as Cray Research, Inc. The Japanese position was clearly expressed in a recent article in the Washington Post:

> Makoto Kuroda, Vice Chief of the Ministry of International Trade and Industry [MITI], told—an American trade delegation—over lunch that it was a waste of time for the United States to try to sell supercomputers to Japanese Government agencies or universities, no matter how superior they were in price or quality.

The U.S. Government, on the other hand, has opened up its market to a much greater extent to competition from foreign firms. For example, statistics provided by the GAO indicate that dollarwise we opened up four times more of our Government market than all of the other 18 signatory governments combined. We can't let this inequity continue. The Buy American Act of 1987 will make sure everybody is playing by the same rules and that our companies are given an even break.

Mr. Chairman, I want to thank the Ways and Means Committee leadership represented by the gentleman from Illinois [Mr. ROSTENKOWSKI] and the gentleman from Florida [Mr. GIBBONS]. I thank them for their approval and support of this legislation.

Despite the benefits of this legislation, the Reagan administration is on record as opposing our efforts. Administration officials claim that "Buy American" would "tie the President's hands" in his efforts to deal with trade problems. My response to that is nobody would notice the difference. The President has continually failed to provide effective leadership in this area.

The "Chicken Littles" of the administration say the sky is falling and that we are heading toward a worldwide trade war. They fret over the possibility that countries such as Japan, Germany, and Italy will become angry if we attempt to protect our domestic industries from predatory pricing and other cutthroat tactics. They assert that if we aggressively respond to the unfair practices, our trading partners will most certainly retaliate.

Mr. Chairman, the Buy American Act is not protectionist legislation. The purpose of the bill is to promote fair and open trade internationally. Even administration witnesses agreed with this assessment. Although many of us may desire to include harsher language, the legislation is drafted in hopes that our trading partners will live up to existing trade agreements by treating American firms fairly and equitably. In my view, the Buy American Act along with the other provisions of H.R. 3 provide a rational and effective approach for dealing with the massive trade deficit facing our Nation.

It is clear that the President has lost the initiative on trade through inaction and indecisiveness. He cannot regain the initiative by recommending continued acquiescence to countries which have blatantly ignored their treaty obligations. These countries have targeted our high technology and other industries for extinction just as they did for steel, textiles, autos, and electronics. We cannot stand by while Nero watches Rome burn. We must take action now and I urge all my colleagues to support the Buy American Act.

Mr. Chairman, I reserve the balance of my time.

Mr. CLINGER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as a senior member of the committee which has reported the bill which is included as title X of this legislation, I am pleased to recommend this title to my colleagues. I must acknowledge at the outset that the U.S. Trade Representative is opposed to this title for a number of reasons which I would like to respond to during these remarks.

Title X pertains to a special part of international commerce, procurement by national governments. It is based on the philosophy that government procurements should, insofar as possible, be open to companies from all nations, bidding products made anywhere in the world. The title seeks to encourage application of this philosophy by establishing a very simple and very fair rule: When a foreign government discriminates, in making procurements, against American-made products, we may close our Government's procurements to products of the offending country.

The United States has been a world leader, Mr. Chairman, in encouraging full and open competition in government procurement for products of all nations. We have done this not only by engaging in that practice ourselves, but also by stimulating the creation and expansion of the International Agreement on Government procurement, and even in opening many defense procurements on an equal basis to foreign as well as domestic firms. These actions have made it possible for foreign companies to sell more and more goods and services to the U.S. Government.

What have American businesses received in return? They still face a world in which other national governments actively subsidize and finance their countries' firms. They still face a world in which other national governments engage in practices which deny procurements to American companies. Some of those practices are blatant, and others are more subtle, but they all have the same effect: While our Government is expanding opportunities for foreign businesses to sell to it, other governments are systematically shutting American firms out of their markets.

Mr. Chairman, title X says it's time for the United States to stop playing the role of patsy in the international government procurement market. It's time that we look out for the interests of our own businesses by ensuring that they have just as much chance to compete for foreign government procurements as foreign firms have to compete here.

Title X gives the President the authority and the flexibility to enforce this desire. It empowers him to identify foreign governments which discriminate against American companies, negotiate with them for fair treatment, and apply sanctions against them when negotiations fail. The title requires that the President proceed through internationally sanctioned dispute resolution procedures, and permits him to impose sanctions which make our response appropriate to the nature and degree of discrimination we face.

Mr. Chairman, I have tremendous confidence in the American business community. I believe that given a fair opportunity in foreign government markets, it can compete successfully a high percentage of the time. If this title is enacted and properly implemented, it will permit our companies to increase their sales all over the world. This will increase jobs in the United States, and it will increase Government revenues through taxes on earnings.

I urge my colleagues to join me in giving their support to title X of the bill.

□ 1900

Mr. BROOKS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. KLECZKA].

Mr. KLECZKA. Mr. Chairman, I thank the chairman of the Government Operations Committee for yielding me this time.

Mr. Chairman, I rise in support of H.R. 3 the Omnibus Trade Act of 1987, the Gephardt amendment, and specifically in support of title X of this act relating to trade reforms as they affect Government procurement.

Mr. Chairman, we have heard and will continue to hear many speeches by Members of this body who are opposed to various aspects of the omnibus trade bill we are debating today.

Opponents will tell us that one or another provision of this bill will "tie the President's hands" in dealing with our trading partners who engage in unfair trading practices;

Or will undermine the President's ability to negotiate quietly for an end to discriminatory trade practices;

Or they will say that mandating specific remedial action in response to violations of fair trade agreements and principles will invite similar retaliation by our trading partners.

We will hear of the dire consequences of such actions, and opponents will plea for the status quo: "Let the system work as it's presently designed and intended." They will say.

Unfortunately, Mr. Chairman, the system doesn't work any more. Our trade policy engine is broken and rusty. It has been weakened by neglect and disuse.

It sputters, gasps, chokes, wheezes and lurches—sometimes forward, sometimes backward. It needs to be repaired, tuned up and redesigned. The manufacturer's warranty has long since expired, so the repairs won't be free. But they are necessary.

That, my colleagues, is what H.R. 3 is all about, what the Gephardt amendment is all about, and what the "Buy American" provisions of title X of this bill are all about. The bill does not propose retaliation against our trading partners—it proposes equalization with them, whether the market is private enterprise or government procurement.

The "Buy American" provisions of the title before us are simple, straightforward, and above all fair. They say basically this:

Federal agencies cannot use U.S. taxpayers' dollars to purchase goods and services from foreign suppliers whose governments don't give our supliers the same opportunity.

To accompany this fundamentally fair and reasonable principle, the bill prescribes a mechanism for determining who is in compliance with it and who isn't.

Countries who are in compliance—that is, those who provide our suppliers with access to their government procurement activities—are unaffected by this bill.

For those who aren't, the bill let's them know what we intend to do about it. It does not allow them, or us, to look the other way and hope the problem disappears. It requires negotiations with the offending governments to eliminate practices which discriminate against our suppliers within a defined period of time.

If that approach does not produce the desired result, the door is closed until the problem is solved.

The present system, Mr. Chairman, does not work. Indeed, if it did, these "Buy American" provisions would not be necessary.

Flexibility, latitude, low-key negotiations and other buzzwords used to characterize the present system have not produced the desired result. In fact, the General Accounting Office [GAO] has identified this aspect of our trade policy to be one of the most widely neglected areas of monitoring and enforcement.

So neglected, in fact, that according to a GAO report issued in 1984 which reviewed the International Agreement on Government Procurement, the agency was forced to rely on Government procurement data that was 3 years old at the time. Under the circumstances, any reasonable person would be skeptical, to say the least, about whether compliance with the agreement was being monitored.

The "Buy American" provisions are a solid addition to this trade bill. They are part and parcel of the overhaul our trade policy engine needs. I urge my colleagues to keep title X's reasonable and moderate reforms intact by rejecting the Konnyu amendment when it comes before the body.

Mr. CLINGER. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. BROOKS. Mr. Chairman, I have no further request for time, and I yield back the balance of my time.

The CHAIRMAN. All time on this portion of general debate has expired.

The gentleman from Wisconsin [Mr. KASTENMEIER] will be recognized for 15 minutes and the gentleman from California [Mr. MOORHEAD] will be recognized for 15 minutes.

The Chair now recognizes the gentleman from Wisconsin [Mr. KASTENMEIER].

Mr. KASTENMEIER. Mr. Chairman, I rise in support of two very important provisions in the committee print of H.R. 3 that were favorably reported by the House Committee on the Judiciary and were drafted in large part by my subcommittee, the Subcommittee on Courts, Civil Liberties and the Administration of Justice.

Both measures improve the administration of this Nation's intellectual property, patents, copyrights and trademarks, system; both will have a positive effect on reducing the trade deficit; both will maintain and create American jobs, especially in new technology areas. Enactment of these two proposals—considered collectively—would be a major step in bolstering the protection of American intellectual property rights and in improving American competitiveness in the world marketplace. Neither proposal is protectionist, and both proceed on notions of international comity and harmony between nations.

The first provision reforms the International Trade Commission, particularly as relates to its authority to enforce intellectual property rights. Section 172 of the committee print makes procedural and technical changes in the current laws that bar unfair trade practices. Under section 337 of the Tariff Act of 1930, products can be excluded from the United States if they have been produced or manufactured through use of an unfair trade practice.

Section 172—which is identical to H.R. 1509, approved by the House Committee on the Judiciary on April 8, 1987—eliminates an existing requirements that owners of patents, copyrights, trademarks and semiconductor mask works, prove to the ITC that they have been injured by an unfair trade practice. Under the proposal, owners have to show only that they own the intellectual property right in question, and that there has been infringement.

In addition, section 172 clarifies who can bring a case before that ITC. Under current law, an industry must prove that it is an "efficiently and economically operated industry." The proposal makes clear that a domestic industry can exist through the creation of a licensing industry. Moreover, the proposed legislation clarifies the availability of section 337 relief to universities that have made substantial investments in engineering, or research and development in connection with the exploitation of intellectual property rights.

I would like to congratulate the ranking minority member of my subcommittee, Mr. MOORHEAD, for his work on International Trade Commission reform. I also would like to commend the leadership of the Committee on Ways and Means, particularly the full committee chairman, Mr. ROSTENKOWSKI, and the subcommittee chairman, Mr. GIBBONS, for their cooperation on this measure. I also appreciate their expertise and diligence in crafting a workable section 173 of the bill, regarding actions against countries that deny adequate and effective protection of intellectual property rights. That section, as drafted, dovetails nicely with our domestic intellectual property law and our international commitments.

The second provision relates to process patent reform. The committee print of H.R. 3 contains, in its title XIV, the text of H.R. 1931—the Process Patent Amendments Act of 1987. On April 8, 1987, the latter bill was reported favorably by the House Committee on the Judiciary. I commend to the Members a reading of the House Report 100-60, which contains a detailed discussion of the legislation, including its background and purpose.

Since the House report contains a couple printing errors, none of which merit the submission of a star print, I will make reference to the errors and the corrections in this statement.

I again congratulate the ranking minority member of the subcommittee, Mr. MOORHEAD, for his untiring efforts to improve this country's process patent laws. H.R. 1931 bears his name, and he deserves a great deal of credit for the fact that it has become an integral part of the trade bill.

My full committee chairman, Mr. RODINO, and the full committee ranking minority member, Mr. FISH, should be commended for their support and assistance on not only process patent reform but also the other intellectual property provisions in the trade bill.

Process patent reform is an idea whose time clearly has come. Title XIV of the committee print to H.R. 3 codifies the idea, by providing that it is an act of patent infringement for a person to import, use, or sell a product which has been made in violation of a U.S. process patent.

Under current patent law, the manufacture and subsequent importation of the product of an item in violation of a process patent does not constitute an infringement of a U.S. patent. This bill remedies that omission.

American patent law has long recognized the validity of securing for inventors the right to exclude others from practicing an invention that consists of a method of making a product. Process patent protection has been a part of U.S. law since at least the 19th century. Process patents extend intellectual property protection for new and useful processes, art or methods of creating an object. Since 1952, there has been an explicit statutory acknowledgment of the availability of process patent protection. Process patents, however, have been granted only partial protection against acts of infringement. This is so because, unlike product patents, the use of a patented process outside the United States and a subsequent importation of the foreign product is currently not an act of patent infringement.

The failure to fully protect American process patents harms American businesses, results in a loss of domestic jobs, and is contrary to the public interest. Therefore, the positive feature of H.R. 3 is that it creates a level international playing field for American interests. Many foreign countries adequately protect process patents, thus leaving American patent holders in a position to become the victims of unfair competition. The trade bill places us in parity with our trading partners.

Process patent protection today is of central importance in new technology areas, such as to the pharmaceutical industry, to the development of solid state electronics and semiconductors, for the manufacture of certain amorphous metals and, perhaps most significantly, for the biotechnology industry. For most biotech companies, the best, and sometimes only, available protection of their intellectual property is a process patent.

Under the proposed legislation, a process patent would be more effective in securing for the inventor the right to prevent others from practicing that invention in the United States. In comparison, under current law a process patent is limited to the territory of the United States, it therefore being possible, if not likely, for a process patentholder to face domestic competition from persons who have used the patented process to create a product overseas and then ship it into the United States. There is no logical policy justification to continue this gap in our patent law.

Title XIV therefore provides that it is an act of patent infringement to import, sell or use a product that has been made in violation of a U.S. process patent. The proposed legislation defines the act of patent infringement as occurring with respect to a product made in violation of a process patent only when goods are acquired after the alleged infringer knew or was on notice that the goods had been so produced. The proposal does not include any compulsory licenses. Moreover, the bill protects against stockpiling of goods before notice to protect patentholders while also requiring that such intellectual propertyowners exhaust their remedies against importers and others before obtaining relief against retailers.

I should state that this is the third Congress in a row that the House has considered—and will pass—process patent reform legislation. Hopefully, working closely with the other body, the administration, and interested parties, we will be able to craft a workable bill, one that will not only meet the needs of the creators and owners of industrial property, but which also will respect the interests of end users: in short, a bill that will be enacted into law during the 100th Congress.

I urge support for the intellectual property provisions in the trade bill.

There is one provision relating to intellectual property that is not in the trade bill. That provision relates to digital audiotaping, a new technology that will enable consumers to make high-quality tape recordings. A proposal to add to the trade bill a requirement that digital audiotape recorders contain copy-code scanners to prevent these machines from recording was reported favorably by the Energy and Commerce Committee. Ultimately—and in my view, fortunately—this proposal was rejected as part of the trade bill.

I am strongly opposed to a technological solution, such as the copy-code scanner provision, that denies consumers access to new and advanced technology. In addition, I believe that any legislation that singles out digital audiotaping creates an inherent inconsistency in our copyright laws. The proposal does not affect analog taping, which is a well-established practice by the American people.

These current practices raise a basic problem with the proposal: It is a copyright question, not a trade or a commerce question. Any legislation regarding home audiotaping—whether digital or analog—must be carefully integrated into existing copyright laws.

I am aware that many of my colleagues believe that the copyright owners of musical works have a right that is being abridged by home taping for noncommercial purposes, and that they suffer great harm as a result of this practice. I do not believe that these premises have been established. In fact, there is great deal of controversy about these claims, and that is why we need to have hearings on this subject. The House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice has already held one hearing on digital audio taping, and another will be scheduled in the near future.

We must not move precipitously on this issue. It has important ramifications for other new technologies. It will also have a significant effect on the careful balance we achieved in enacting the Copyright Act of 1976. That balance protects the copyright holders while at the same time ensuring the public's access to new creative works and to the processes that enable us to receive them.

□ 1910

In closing, I should state that this is the third Congress in which we have considered process patent reform, and I would hope the last one.

Mr. Chairman, I reserve the balance of my time.

Mr. MOORHEAD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I wish to thank our subcommittee chairman, the gentleman from Wisconsin [Mr. KASTENMEIER], for expediting the judiciary sections of this bill. The process patent bill and reform of the International Trade Commission have been worked on by the Judiciary Committee and the House in the two previous Congresses. These two provisions of the trade bill are directly related to our international trade problem.

We are all aware of the trade deficit and the massive number of foreign-made products coming into this country. People in other countries are using our copyrights and our patents to create goods and send those goods into this country to compete with American made goods and consequently beating us with the use of our own ingenuity. The two provisions contained in the trade bill which came out of the Judiciary Committee, address this problem, one revises the procedures used by the International Trade Commission when considering copyright and patent law violations, and the other deals with process patents which conforms our law with that of most of our trading partners and closes a significant loophole in our patent law.

Under existing conditions, a patent is infringed only if the patented product or process is used, made or sold in the United States. This is sufficient in the case of a product patent because any item produced overseas and sold in the United States effectively infringes on the patent holder's rights.

However, in the case of a process patent there is no effective way by which a patent owner can prevent a firm from duplicating and using the protected process overseas and then selling the product of that process in the United States.

Process technology is important in the biotechnology industry, the electronics industry, and the pharmaceutical industry, among others. Recent examples of infringing imports involving process technologies include fiber optics and amorphous metals. During the last Congress we received many letters of support, one from the American Flint Glass Workers Union stating that they believed inadequate process patents protection has cost their industry alone upward of 50,000 jobs.

With increasing frequency, foreign firms are pirating American inventions, and then shipping those products back into the United States. The International Trade Commission estimated, back in 1982, that infringement of U.S. intellectual property cost Americans 131,000 jobs in just 5 selected industrial sectors, and cost the Nation's businesses $6 billion to $8 billion in annual sales.

Since then, the problem has gotten worse. Piracy occurs in items as diverse as toy gremlins, amorphous metals, drugs, heart pumps, missiles, fighter planes and helicopter parts.

One remedy is provided by section 337 of the Tariff Act of 1930, (19 U.S.C. 1337). It gives the International Trade Commission the general power to exclude imports when the importer engages in "unfair methods of competition or unfair acts." The law has been used to keep out pirated products, but the law needs to be strengthened, and that is what these sections of the trade bill are intended to do. The purpose of the International Trade Commission is to ensure that our domestic industries are protected from injury arising out of unfair methods of competition in the import trade. Since the 1940's, section 337 of the Tariff Act of 1930 was rarely utilized and did not become actively pursued by domestic industries until the 1974 amendments.

What is at stake here are American industries, American jobs, and American production. Because the International Trade Commission was not designed specifically to hear intellectual property cases, it requires a complaining party to show that the imports threaten an "efficient and economically operated domestic industry with destruction or substantial injury." Only then can relief be granted. Where trade affects the rights of patent, copyright or trademark owners in the United States, it should be enough that the articles infringe a patent, trademark or copyright.

The most difficult and most costly burden in pursuing an action before the International Trade Commission is meeting the injury test. The only relief a complaining party can obtain before the International Trade Commission is an order stopping the infringing goods from coming into this country. No money damages are available to complainants before the International Trade Commission. To prove injury and that an industry is efficiently and economically operated requires extensive use of discovery and extensive use of deposition, at an enormous cost to the complaining party. It is more than just money, although we have testimony before our Copyright Subcommittee that legal fees alone can run anywhere between $2 and $3 million, these parties must disclose information relating to the management and operation of their business. In effect they are forced to disclose this confidential information to their foreign competitor. This is, in my opinion, a very high price to pay, and I am sure it is an obstacle which precludes many American businesses from using the International Trade Commission, even though it is clear that they are getting ripped off by their foreign competitors. I believe that any meaningful reform of the International Trade Commission must eliminate the injury and the efficiently economically operated standard in all intellectual property cases, including semiconductor mask cases.

In an action for copyright and patent infringement in a U.S. district court against a domestic company a plaintiff need not prove injury to a domestic industry efficiently and economically operated, he need only prove infringement. However, a U.S. owner of a copyright or patent, in an action before the International Trade Commission, has to meet a higher burden of proof in order to recover against a foreign infringer. The International Trade Commission may only grant relief if imports of the infringing product have the effect or tendency "to substantially injure or destroy a domestic industry, efficiently and economically operated in the United States." Thus, a U.S. complainant before the International Trade Commission must meet both an "injury test" and an "industry test" before recovering against a foreign infringer.

Mr. Chairman, the thing that bothers me, we are always trying to find ways to slow down the foreign imports to our country, to help our balance of trade. We have had before us in the last year or two many bills which would be protectionist in nature, regardless of whether there is an infringement.

But here in this case we find a situation where people are stealing our products. They are infringing on American industry with an American product that the American people own and have discovered and developed, and yet we are very shy, we don't want to hurt anyone's feelings, we want to stand back. All I want to see us do is stand up for what is our own and be able to compete with the world on a level playing field.

The whole purpose behind the trade bill is to improve U.S. competitiveness and help U.S. industry. No one in Congress disagrees with that purpose but the battlefield is, how best to achieve that purpose. I strongly support the Judiciary section of this bill and believe that they are positive steps in the right direction.

□ 1920

Mr. Chairman, I yield the balance of my time to the gentleman from California [Mr. LUNGREN].

The CHAIRMAN. The gentleman from California [Mr. LUNGREN] is recognized for 7 minutes.

Mr. LUNGREN. Mr. Chairman, I want to commend the gentleman from Wisconsin [Mr. KASTENMEIER], the chairman of our subcommittee, and the gentleman from California [Mr. MOORHEAD] for their leadership on this section of the bill. They have amply explained what it is.

I just might say that it ought to be supported, and that these important and timely measures are strongly supported by the administration, and do enjoy strong bipartisan support in the Congress.

Unfortunately, Mr. Chairman, I must say that they happen to be in this particular bill; and while they are worthy themselves, when combined in this bill, it is still not enough for me to urge support of the bill.

It reminds me somewhat of a mob. Individually members of a mob may be innocuous, may be good unto themselves. When they come together, they form something which cannot be sustained in a society.

That is what we have here. These are reviewed together with the synergism of protectionism, and unfortunately we seem to be moving in that direction headlong this week to make sure that we pass this, or at least pass major elements of it before Mr. Nakasone returns to Japan in some way, I suppose, to send him a message.

The great English historian, Thomas Babington Macaulay, once wrote that, "Free trade, one of the greatest blessings which a government can confer on a people, is unpopular in almost every country."

Although he penned those words almost a century ago, it seems to me they are instructive today every bit as much as they were before.

The idea that trade deficits in and of themselves are bad, without looking at other circumstances, is in my judgment absurd.

Country A, for example, might import components from country B, which might make that country A competitive enough to run a trade surplus with country C or, in the alternative, the first country's trade deficit with country B might provide it with components which ultimately go into the products which enable it to retain its domestic markets.

Some of the people are extremely worried under this bill that we have a trade deficit with any particular country.

I believe that they have forgotten a very important country in this whole process. I noted, Mr. Chairman, that the United States had a $5 million trade deficit with Comore, a tiny island nation in the Indian Ocean between Madagascar and the African mainland.

If we are to assume that trade deficits are in and of themselves bad, we must be worried about that. This means somehow that it is evidence of the fact that the United States has a competitive disadvantage with respect to Comore; but, of course, this notion is absurd.

Comore is a tiny nation both in terms of population and wealth. There is only one native of that particular community for every 400 native Americans.

In the United States per capita GNP is 40 times that of the Comoran GNP. If every American spent a mere $2 a year on Comoran products, while every Comoran spent its entire income on American products, the United States would still have a trade deficit with this country.

One of the things we have to realize is that there are different stages of development in countries around the world. In the newly industrializing countries, most notably the Pacific rim countries, those which are the target almost exclusively of the Gephardt amendment, we see a phenomenon which is consistent with this developmental economics.

These countries that presently do not possess sufficient consumption for their economic growth, and therefore must rely on exports which are commonly 40 to 50 percent of their entire GNP.

Many of these countries do protect their infant industries as our own country once did. As a matter of fact, if you go back to the turn of the century, Britain was upset over the protectionist legislation in the United States and Germany.

They were upset because we were newly emerging countries in the industrial sense; but ultimately if these countries are to increase their standard of living, it will be in their interest to reduce the barriers in order to respond to rising consumption, so do not get me wrong.

I believe we should encourage such action. The question is, will protectionist legislation, such as that encompassed in this bill, do that?

In fact, the answer is "No." Protectionism would retard the growth of these countries in their infancy; and if we seek to encourage the development of economic and democratic infrastructures within these nations, this is the worst possible course of action for us to take.

If they do not get to a position by the growth of potential export markets, the United States will be destroyed. It must be remembered that their exports are necessary so that they can pay for their imports.

Mr. Chairman, one of the things that has been brought out in this whole debate is the fact of jobs. We need to protect American jobs.

□ 1930

And yet just a simple survey of the job growth that has taken place in the world since 1973 suggests several things. One is that we are the leader in job growth. We have grown 28 percent in jobs in the United States during that period of time. Japan, 10.4 percent, the United Kingdom has actually lost jobs, minus 2.5 percent. West Germany has lost jobs, 5.3 percent. Spain has lost jobs, almost 20 percent of the jobs in Spain have been lost during that period of time. Italy has had a 7.6-percent increase, France a 0.8-percent increase, and Japan, as I mentioned, 10.4 percent. The United States 26 percent.

Then let us look at the manufacturing sector. We say we need this job and these elements of the bill to protect the manufacturing sector in the United States. The problem is people do not realize we are dealing with a worldwide phenomenon. If you analyze the statistics, the United States, yes, has lost some jobs in the manufacturing sector but we have lost less percentagewise than any major industrial country of the world.

We had 21,054,000 manufacturing sector jobs in 1973. We have 20,962,000 as of last year. Japan had 14,420,000 in 1973 and have lost, they have 14,390,000. But if you go to France, they went from 5.8 million to 4.9 million, Germany 9.6 million to 7.9 million, Italy 5.2 million to 4.7 million, the United Kingdom, 8 million down to 5.6 million. It is around the world. Are we going to assist in the growth of the world by closing our markets because we are supposedly retaliating against unfair practices around the world? No; we are not. What we are going to do is erect barriers so that they will restrict imports into the United States which will cause the other countries to erect their barriers higher to restrict imports into their countries. We will both have diminished wealth. That is the sum and substance of this bill. We cannot get around it.

This is going to destroy jobs in America. This is going to cause, if we allow it to actually go into law, a worldwide recession, if not depression. I hope my colleagues will look at this seriously and make their vote on facts, not on politics.

Mr. FISH. Mr. Chairman, I would like to commend the gentleman from Wisconsin and the gentleman from California for the prompt action on processing the intellectual property bills before the House today. Their continued support and leadership in the intellectual property area has made our job a lot easier in understanding this complicated but important area of the law.

Two of the provisions of the trade bill which were drafted by the Judiciary Committee, process patents and International Trade Commission reform are both part of the President's competitive package which is contained in H.R. 1155. Process patents and International Trade Commission reform are also contained in bills introduced year after year by my friend and colleague from California, Mr. MOORHEAD—H.R. 379 and H.R. 308.

The importance of the use of the International Trade Commission and of process patent protection to our national economy, especially in such vital new technical fields as industrial chemicals and pharmaceutical manufacturing, biotechnology and microbiology, cannot be overstated. Americans have the ingenuity and creativity to compete in this new environment. However, what they create must not be stolen from them.

The legal principle of protecting new technology by making the sale, use, or importation of the product's process an infringement is not a new untried idea. That principle is embodied in the European Patent Convention, the Community Patent Convention, and the laws of most industrialized countries including Japan, the United Kingdom, the Federal Republic of Germany, France, and Switzerland. The World Intellectual Property Organization [WIPO] is currently developing a treaty to harmonize patent law the working draft of which embodies this principle. WIPO is advocating that the patent law of all countries provide this protection.

The protection of U.S. intellectual property rights—trademarks, patents, copyrights, and mask work rights has become one of the foundation stones of the Reagan administration's trade policy. In a major trade speech last September 23, President Reagan pledged new efforts to protect intellectual property rights. He stated that, "When governments permit counterfeiting or copying of American products, it is stealing our future and is no longer free trade." Whatever the volume of piracy, it is significant and it is substantial. And the losses can be directly attributed to lack of protection abroad, and the difficulty of keeping U.S. law up to date with rapidly emerging new technologies.

These provisions in the trade bill make a number of important changes regarding intellectual property law. They are changes that are important to U.S. industry. They are changes that are important to U.S. inventors and they are changes that are important to maintaining U.S. ingenuity and creativity. These provisions of the trade bill have the strong support of the administration, and I hope we will be able to resolve other differences so this legislation can be quickly enacted into law.

Mr. KASTENMEIER. Mr. Chairman, I have no further requests for time and I yield back the balance of my time.

The CHAIRMAN. All time having expired for the gentleman from California [Mr. LUNGREN] and the gentleman from Wisconsin [Mr. KASTENMEIER], the gentleman from North Carolina [Mr. JONES] will be recognized for 15 minutes, and the gentleman from Washington [Mr. MILLER] will be recognized for 15 minutes.

The Chair is informed that the gentleman from North Carolina [Mr. JONES] has yielded back his time.

The Chair therefore recognizes the gentleman from Washington [Mr. MILLER] for 15 minutes.

Mr. MILLER of Washington. Mr. Chairman, I yield myself such time as I may consume.

First let me explain that our distinguished chairman of the Committee on Merchant Marine and Fisheries, Mr. JONES, is ill today. He otherwise would have been here. But in his absence I will try to hold the fort.

Mr. Chairman, I speak to title XI of this bill. That title came out of the Committee on Merchant Marine and Fisheries and as one of the promoters of more international trade on the Committee on Merchant Marine and Fisheries, I find a great deal to support in title XI. The purpose of this provision is not to erect new barriers to trade, rather as the committee report notes, we propose a procedure to examine and, if necessary, counter specifically those unfair practices through negotiations.

The committee report documents many questionable practices by other maritime nations. We know of questionable practices by our own. We often hear about the need to retaliate. The Committee on Merchant Marine and Fisheries, however, not only has identified the problem but we have studied how to solve these problems. We have found that in many cases diplomacy is often sufficient to persuade an offending country to remove restrictions.

Mr. Chairman, as I noted, I consider myself one of the strongest advocates for more international trade on the Committee on Merchant Marine and Fisheries, and I worried about us simply identifying practices as unfair simply because they were different than our own.

At full committee markup I engaged in a colloquy with the committee chairman about the definition of unfair competition. The chairman assured me that no nation can be charged with unfair practices if the United States also has a comparable practice.

Furthermore, the U.S. maritime interests must be damaged.

As Chairman JONES pointed out, if there is no harm found, no foul would be declared and no negotiations required.

Title XI provides for a procedure to address unfair practices that have an effect on the ocean transportation of goods to or from the United States.

Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Chairman, the House of Representatives is today considering H.R. 3, the Trade and International Economic Policy Reform Act of 1987. The leadership of this body has done a herculean job in assembling the output of the several committees with jurisdiction over matters relating to trade and international commerce. The efforts of all who participated deserve the gratitude of the entire Nation, and I rise to commend the bipartisan leadership of this House in seeing that a tough but fair bill is brought before the full House of Representatives.

Title XI of the bill derives from the Ocean Transportation Practices Act of 1987, introduced by me in late February, with 46 cosponsors. Title XI directs the Federal Maritime Commission to investigate the unfair practices of foreign nations and operators that deny access to cargo by U.S. vessels. The application of restrictive practices by our trading partners has the effect of limiting access to all vessels, regardless of nationality, other than those controlled by the nation imposing the restrictions. Simply, the purpose of the bill is to open access to vessels operating in the foreign commerce of the United States, where other nations have seized unfair shares by the imposition of unfair practices on their trading partner, or other potential competitors.

Today, the American merchant marine is in a terrible depression. Our fleet has enough problems without being treated unfairly. Now, it seems, each time we pick up the newspaper, the Federal Maritime Commission is beginning a new probe into the unfair ocean shipping practices of foreign nations. This burst of activity is prompted by the increasing frequency with which foreigners are curbing access to cargo for American ships. The FMC, in pursuing these investigations, is utilizing the only tool at its disposal, section 19 of the 1920 Merchant Marine Act.

Mr. Chairman, the problem is that section 19 is virtually unusable. It gives no specific standard of what is unreasonable conduct, enumerates no penalties, and provides the Commission with no subpoena power to expedite its investigations. Because of this, the FMC has never once instituted a penalty under section 19 because of the ineffectiveness of that law, even though they have recognized the pressing need to accomplish some rectification of the problem.

The Ocean Transportation Practices Act of 1987 was reported unanimously from the Merchant Marine and Fisheries Committee on April 2, 1987. I would refer my colleagues to the Committee Report 100-39 which sets forth the intent and purpose of the legislation.

Since the markup, some minor changes have been made. My friend and colleague BOB DAVIS, the ranking minority member, and I have worked long and hard to be certain that the legitimate concerns of fellow Members, the House leadership, industry, and the administration have been incorporated into the measure.

A significant change made since the measure was originally considered is the exclusion of contract carriage from the investigation trigger mechanism under section 1103. By contract carriage, I mean any shipment which is nonliner in nature; in other words, bulk neobulk, and similar noncommon carrier movements. The reason for this change is that it must be assumed that these contracts are entered into at arms-length. The shipper and carrier are free to make such arrangements as they see fit, and the shipper is not subjected to the strict regulatory systems under which liner shipping is conducted. I must point out that, while excluded from mandatory investigations based on market share, contract carriers may still be subject to investigation by the Federal Maritime Commission on its own initiative, or when an affected party complains that they are engaging in specified unfair practices. This is only fair.

While on the subject of bulk carriers, it is important that the record is clear that title XI does not extend over bulk carriers any of the regulatory power the Federal Maritime Commission exercises over common carriers. We continue to subscribe to the nonapplicability of economic regulation to this sector of the ocean shipping business, and view the protection in this title of contract shipping from the restrictive practices of other countries as furthering that consistent free trade policy.

In section 1103, the Federal Maritime Commission is directed to undertake investigations when presented with certain conduct. Since the bill was reported by our committee the section was slightly modified. By adding directly to the unfair practices that affect transportation, the committee did not intend to direct the Commission away from investigating unfair practices such as those imposed against intermodal activities, crosstrading activities, or any other land-based activity that has the effect of making U.S. operators less capable of competing with carriers of some of our trading partners. We, as a matter of policy, allow all of our market-economy trading partners to engage in all manner of activities that are ancillary—but absolutely necessary—to the operation of an efficient ocean transportation system. The modification was merely illustrative, to make clear that nonwater carrier activity investigated could not be isolated from the ocean transportation concerns that this title addresses.

The title also allows for greater discretion by the FMC by allowing the Commission to conduct a preliminary investigation to determine whether a full-blown investigation is warranted. In addition, with respect to the recognition of seafarers' rights, a change was made so that the level of a nation's economic development should be considered when looking at the wages, health, and safety provisions for its seafarers. The purpose of this is obvious—there are great differences in the standards of living among seafaring nations. A sailor who is paid poorly in comparison to U.S. sailors may be very well off in his own country.

We have also sought to clarify the fact that when negotiations begin, it is only the unfairly transported cargo that should be forfeited, either through removing the unfair practice or by lowering the level carried by that amount. Absent these negotiated settlements, the civil penalty will be assessed on the freight received from transporting the cargo attributed to the unfair practice. Consequently, the Commission will be undertaking the task of determining the amount of cargo that is attributable to the unfair practice.

Mr. Chairman, we have strived to keep title XI consistent with parallel efforts in other committees. Like the other titles, its purpose is to negotiate an end to unfair practices that harm U.S. interests. In short, I am convinced that we have crafted a piece of legislation that has strong bipartisan support and, most importantly, will be an effective and useful tool in the real world.

Mr. Chairman, my final point to the Committee, and I hope the frustration is not too evident in my voice, is that this provision is once and for all not a cargo reservation measure. I can't tell you how many times I've had to explain that to people. It is the opposite of cargo reservation. It takes cargo away from nations that reserve it to their own carriers and makes it available to the world based on competitive bidding. It's that simple.

Let me just summarize the title briefly, for the record. H.R. 3, title XI, as amended, mandates investigations of practices of other countries that limit access to U.S. vessels, upon complaint of an affected U.S. vessel or crew, upon initiative of Federal Maritime Commission, or where there is market dominance, by a showing of carriage by a subject country's ocean common carriers of 25 percent or more of a given class of goods.

The bill provides for a preliminary 3-month investigation to determine if an adjudicatory proceeding is likely to result in a finding of unfair practice. Following the preliminary investigation, the FMC conducts an adjudicatory proceeding not to exceed 6 months, the result being a finding or dismissal of unfair practice, and a finding of benefit to foreign carriers in terms of cargo carried resulting from the imposition of the unfair practice.

Title XI mandates 6 months negotiations between the executive branch and the foreign country to yield elimination of the unfair practice, or reduction of carriage by that country's carriers to the level they would have carried but for the imposition of the unfair practice. It further provides for sanctions if the negotiations are resisted or unsuccessful, applying a civil penalty equal to the freight on the amount of the cargo found to have been unfairly carried; or, if the unfair practice is a restriction on certain activity by U.S. operators in the other country that their operators can undertake in the United States, then the Commission may suspend the authority of that foreign carrier's ancillary activity in the United States until the restrictions against U.S. carriers are lifted.

Recognizing the problems of rigid compliance, the Ocean Transportation Practices Act provides for Presidential waiver in cases where national defense or foreign policy warrant. While the bill provides a workable mechanism for addressing wrongs against U.S. ocean carriers, it does not provide for any cargo allocation, cargo sharing or cargo reservation arrangements, nor does it suggest that the mandated negotiations produce bilateral cargo allocation schemes. Further, it does not extend economic regulation by the Federal Maritime Commission over carriers who are not now regulated.

Mr. Chairman, once again H.R. 3 is necessary legislation that must be enacted if the United States is to be considered a major trading nation. All elements of this legislation are necessary, for each addresses a component of trade activity without which the remainder would stand vulnerable to effective erosion. We have heard all sorts of concern about trade wars and the threats those wars may have on our economy. Mr. Chairman, whether we are in a war or not is not the issue, for just as we do in debating our defense posture, what is important is that we have the capability to win whatever war we find ourselves in. H.R. 3 provides the necessary weaponry, if you will, to establish our position as a major trading nation now, and in the future.

Mr. BIAGGI. Mr. Chairman, this is the "Year of Trade." Everywhere we turn trade is the No. 1 topic of conversation.

I would be willing to bet, however, that among those conversations there is very little discussion of how our goods travel—that is, about shipping. Yet, the vast majority of our imports and exports are transported by water.

U.S. shipping enjoys a minuscule portion of the business. All told, less that 5 percent of our oceanborne trade is carried on U.S. vessels. Our merchant fleet now consists of 460 privately owned ships; only 376 are in active service. According to forecasts from Georgetown University's Center for Strategic and International Studies, the Department of Defense, and vessel operators, the current U.S. shipyard mobilization base—yards with facilities for constructing, drydocking, or repair—could decline from 23 major private yards to only 15 by 1990.

These statistics are well-known to those of us who work in maritime affairs. You don't see articles in the newspapers, nor documentaries on television. Shipping and shipbuilding are the stepchildren of American industry. The general public doesn't worry too much about how their Japanese cars get here, or what flag the vessels in port are flying.

Unlike the steel, automobile, and textile industries, Americans are too far removed from shipping services to care that U.S. maritime industries are disappearing. There doesn't seem to be widespread understanding that our merchant marine is an indispensable element of peacetime commerce and wartime sealift and support.

Those of us deeply concerned about the declining U.S. presence on the oceans of the world welcome this opportunity to address a major problem that prevents U.S. access to foreign markets. This title will put some teeth in our laws—it will provide an administrative means to eliminate foreign practices that block access by U.S. ships to foreign cargoes.

The United States opens wide its doors to world shipping. In return, our companies face discriminatory laws and treatment. The report on H.R. 1290—now encompassed in title XI—lists many of the unfair practices of our major trading partners. It is enlightening reading.

We have the opportunity, through this legislation, to send a message to the world community that we will not tolerate this behavior any longer.

Mr. YOUNG of Alaska. Mr. Chairman, I rise in support of title XI of the trade bill, H.R. 3, as amended by the rule, and in particular subtitle B. This subtitle encourages and promotes the development and use of mobile trade fairs or exhibitions on board U.S.-flag carriers designed to show and sell the products of the U.S. business and agriculture at foreign ports and at other commercial centers throughout the world. In fact, subtitle B has a double purpose of promoting the development of American-flag vessels and of export expansion in the foreign commerce of the United States.

This provision merely reactivates an existing program under the Merchant Marine Act, 1936, (46 App. U.S.C. 1122B) that has been dormant since 1969. Up until that point, the program had demonstrated to be effective in promoting the sale abroad of products of U.S. business and agriculture. For more detailed background, I refer my colleagues to conference report No. 87-2538 and House Report No. 87-2463, 89-343, and 90-1713 regarding prior authorizations. It is appropriate, therefore, that we revitalize this program in recognition of the continuing need to promote the export trade of the United States. Specifically, subtitle B makes technical changes directing the Secretary of Transportation to carry out this program. Previously, this was done by the Secretary of Commerce when the maritime administration was still attached to that Department. With the transfer of MarAd, it is appropriate to redesignate the Secretary of Transportation as the lead official in this matter. Further, the bill authorizes appropriations not to exceed $500,000 a year all for the next 6 years to promote these mobile trade fairs. This is the same level of funding as in the late 1960's.

I urge all my colleagues to support title XI which contains the reauthorization of this mobile trade fair provision as a positive, practical, and nonprotectionist trade enhancement measure designed to directly increase the U.S. export trade and promote the U.S. Merchant Marine.

Mr. DAVIS of Michigan. Mr. Chairman, I rise today in full support of title XI of this bill as amended by the rule, entitled "Ocean Transportation".

This title expands the powers of the Federal Maritime Commission to provide the U.S.-flag fleet with an equitable environment in which to compete and, thereby improve its chances of survival. The legislation requires the Federal Maritime Commission to investigate unfair foreign practices in the ocean transportation area to determine whether such practices unreasonably impair the ability of U.S.-flag operators to compete in the foreign commerce of the United States. Upon a finding of unfair competition, the Commission may require the removal of the unfair practice or reduce the level of transportation by vessels of the foreign country by the amount of the benefit those vessels derive from the unfair practice.

This legislation is not protectionist. It raises no trade barriers and imposes no tariff. It requires no Federal subsidy to the industry. It enhances U.S.-flag competitiveness by insisting on a level playing fileld on which our maritime industry can compete in the international market for ocean transportation services.

In addition, the title promotes the use of U.S.-flag vessels as mobile trade fairs and, in doing so, encourages the expansion of the export trade of the United States.

I believe this title neatly fits into the overall efforts of Congress to enhance the international competitiveness of U.S. industries and to create a fairer world trading system.

The CHAIRMAN. The gentleman yields back the balance of his time.

The Chair is aware that representatives of the Committee on Public Works and Transportation are about to arrive and will await their arrival.

Perhaps the distinguished gentleman from Pennsylvania [Mr. McDADE], the minority representative of the Committee on Small Business, could utilize a portion of this time.

The Chair recognizes the gentleman from Pennsylvania [Mr. McDADE] for 15 minutes.

Mr. McDADE. Mr. Chairman, I want to pay special tribute to the distinguished chairman of the Committee on Small Business, Congressman LAFALCE, for the tremendous job that he did in helping to craft this title to the trade bill. I want to pay tribute as well to IKE SKELTON and ANDY IRELAND, both of whom laid considerable groundwork for the work product that is before you.

This piece of legislation will be made better by the inclusion of the small business title.

Mr. Chairman, I rise in support of title XIII of H.R. 3, the Omnibus Trade bill. This title was reported by the Small Business Committee as H.R. 1854 on April 1, 1987, and is now embodied in the bill.

I wish to commend our distinguished Chairman JOHN LAFALCE and our colleagues for their diligence in delivering this title to you in good order. We owe our chairman, who assumed his new responsibilities at the beginning of this year, a special debt of gratitude for his forceful advocacy of small business and its interests. A recognition of the importance of small business as a vital sector of our economy is growing, and its potential for competing in global markets is only now being realized. Chairman LAFALCE has the foresight to know that small business will grow in statute and importance in the years to come if it is carefully nurtured and cared for. Let me also thank subcommittee chairman, IKE SKELTON and ranking minority Member, ANDY IRELAND, and our colleagues on the subcommittee who have labored to develop ideas and initiatives that address key areas of concern to small business with respect to trade development and export promotion. Speaker JIM WRIGHT is to be commended for his willingness to accede to a small business title in this comprehensive trade bill. This is the first time that the committee has been asked for its input on issues, and it is pleased to recommend legislative solutions and proposals that will promote small business, particularly in the area of trade.

We feel the weight of global challenges upon us and we are pressed down by an ever-burgeoning trade deficit. We look back now—wistfully—to the time when America was unquestionably the strongest ecomomic force. But now we stand at a crossroads and must decide whether to shake off our problems, go forward and regain our economic position or allow other countries to relegate us to a position of minor economic status. Our resolve is being tested and we must gather the strength that we have and sound the call to win the battle that will determine whether America will retain its preeminence as an economic power or whether it will shrink from sight. We must come to the realization that our economy is being internationalized. More and more, our economy is changing and we are moving toward a global economy with new rules and new competitive forces to contend with. In our search within the soul of our Nation for the answers and solutions that will give us the courage to press forward and the strength to win, we must look to new approaches—perhaps previously overlooked—to make America more competitive and economically strong. Not just for today, but for the time beyond.

I see in small business the innovation, ingenuity and drive that can propel this Nation to even greater heights of economic achievement and guarantee that America is second to none in economic might. And that's what this bill is all about. And that's the purpose of this small business title. It is a step toward a dawning realization that small business has a role to play in the new international economy, particularly with respect to trade development. And this role is bound to increase in the near term. In this measure, we have attempted to define a role for our Government to assist and promote small business and prepare it for the assumption of new responsibilities. This bill points toward a pathway that we as a nation must travel in order to maintain the standard of living we have enjoyed and wish for our children. It says that small business is the answer—granted not the only answer—to help lift us out of our present trade deficit morass and to reclaim a legacy of economic power unmatched elsewhere in the world. This is only a beginning, but it's a good one, and I know we are on the right path, full of fresh determination, and headed in the right direction. Let us press forward together.

Mr. Chairman, I yield back the balance of my time.

Mrs. MEYERS of Kansas. Mr. Chairman, I rise in support of title XIII, the Small Business section of the "Trade and International Economic Policy Reform Act of 1987."

Mr. Chairman, 98 percent of America's enterprises are classified as small businesses. Our Nation's small businesses are the backbone of our economy, providing jobs for over 50 percent of our population and contributing almost 40 percent to our gross national product.

Despite the major role small businesses play in our economic system, less than 10 percent of them export. That figure is extremely low, and helps keep America noncompetitive.

The White House Conference on Small Business recognized international trade as critical to the vitality of our Nation. Attended by over 1,800 delegates representing every State in the Union, the Conference's trade recommendations underscore the need for change—the need to provide small business with the export resources necessary to be competitive in the world market.

U.S. small businesses have at least three specific problems when it comes to international trade.

First, many firms lack information on how to access foreign markets, and therefore, shy away from pursuing the export market.

Second, seeking trade relief because an industry has been injured by foreign competition is an expensive process. The average trade remedy claim proceeding costs about $250,000, and takes a considerable amount of time.

The committee bill directs the Office of International Trade of the Small Business Administration to work with local small business organizations to develop an information distribution network on how to participate in international trade.

The bill further directs the Office of International Trade of the SBA to assist small businesses in filing their claims and to participate with them throughout the entire process.

The third major problem area is the financial burden placed on small businesses of funding an export program. The bill directs that, during the application process for direct SBA loans or loan guarantees, more emphasis be placed on businesses seeking to export. The bill also provides that firms seeking to export are eligible for a higher loan limit.

Our overall goals in trade legislation should focus on what we can do to make ourselves more competitive, rather than on how to keep others from being competitive. The Small Business Committee bill embodies that spirit.

Mr. GALLO. Mr. Chairman, much debate has been heard on the floor of this body today concerning the future of the United States in worldwide markets. I believe that the Small Business Title of this bill recognizes that, in large part, our future depends upon promoting new avenues of export opportunity.

Much of that debate has centered around ways to divide the pie. As a member of the Committee on Small Business, I am proud to say that we have concentrated our efforts on finding ways to bake a bigger pie stamped Made In America.

Because of the hard work of Chairman LAFALCE, Mr. MCDADE, Mr. SKELTON, Mr. IRELAND, and many other Members of this House, we have taken up the challenge to make small business think big in our overall efforts to turn trade deficit into trade surplus once again.

Traditionally, our trade policy has not addressed the specific needs of the small business community, with its untapped potential for increased exporting of goods and services.

Currently, 250 U.S. corporations account for more than 80 percent of all exports.

Compare this current reality with the fact that more than 30,000 U.S. small businesses offer goods and services with potential overseas markets.

The importance of a public policy that helps our entrepreneurs to aggressively develop new products and seek out new markets through diversification should be self-evident.

For every $1 billion of goods and services exported, we put 25,000 people to work.

The work of the Small Business Committee fills a significant gap, because it is a major victory for people over paperwork. Our small business people have the raw materials and the talent to outproduce our competition and to beat them to the punch in development of new products and ideas.

The missing link is the barrier that exists at the first step of the process—getting the right information to the right people at the right time.

Having data banks and information packets and briefing books available to help small business people expand into foreign markets is important. But without direct people-to-people help, advice and counseling, this information is not enough to launch the export expansion needed to cure our trade deficit.

For this reason, I am pleased that the Small Business Committee supported two of my amendments to promote the establishment of State export hotlines and to increase small business participation in international trade shows.

The most effective way to bring small business people together with the experts is creation of a small business trade hotline—a one stop shopping center for advice and referral to the Government and private agency people who can answer the small business person's questions.

We need to identify and remove trade barriers and cut red tape that currently keep small business people from exporting.

One of the biggest barriers is the lack of contact with potential foreign buyers. The most effective people-to-people program to increase the frequency of such contacts is the international trade show. The most successful shows of this type have featured close business/government cooperation to link buyers and sellers.

We must take advantage of this unique opportunity for growth, but we can do so only by pooling our resources and sharing our expertise.

It is clear that we need to light a fire under people before we can light a fire under our economy.

Last August, small business leaders from across the country took part in the White House Conference on Small Business here in Washington. High on their list of priorities was development of a coordinated trade policy.

I believe that creation of a trade hotline, increased participation in trade shows and coordination of basic support services to small businesses competing in foreign markets can be the glue that holds our trade policy together.

American trade policy is at a crossroads. I firmly believe that government and business have an obligation to work together to develop a people-to-people trade policy based on growth and job creation.

Together, we can help small business to think big and to translate big ideas into action. Small Business Title to the trade bill is the first step in this direction.

Mr. IRELAND. Mr. Chairman, as we consider steps to improve this Nation's international trade performance, I would like to underscore the awesome export potential of America's small businesses. I first want to commend the members of the Small Business Committee for the outstanding small business title on the legislation currently before us. In title XIII, the Small Business Committee has presented an excellent package that will improve the ability of the Small Business Administration to help America's entrepreneurs compete in international markets.

But I believe that the Small Business Committee, as the congressional ombudsman for the Nation's small business sector, must go beyond the scope of the SBA and advocate the interests of small business in all committee jurisdictions. I do not need to lecture my colleagues on the necessity of improving this country's dismal trade imbalance. Our consideration of this legislation has resulted from a crescendo of concern across the Nation over many months. I do, however, wish to highlight the place of small business in addressing these concerns and suggest some changes we could make in the Federal Government's emphasis on small business and trade.

America's entrepreneurs represent a vast pool of talent and resources that the Federal Government would do well to recognize and utilize. The capacity of this Nation's small business sector to generate jobs, improve technology and expand into foreign markets is astounding and well documented. But the Federal Government has done a poor job in helping the small-business sector do what it does best. We have a bias for bigness that blinds us to this untapped potential.

The President's Commission on Industrial Competitiveness has found that only 250 U.S. corporations sell almost 90 percent of U.S. products abroad. Meanwhile, the Government Accounting Office estimates that 20,000 new-to-export small businesses have the potential to export an additional $4.2 billion in products and generate 135,000 new jobs. Of the businesses in this Nation that export, or have the potential to export, small businesses offer the most promise for a dramatic increase in export sales. Yet it is this very sector in which export promotion efforts of the Federal Government have had the least emphasis and have been the least successful.

The States have been doing a commendable job in promoting exports to their small businesses. They have picked up their share, developed some innovative programs and enjoyed considerable success. The States could do even better with help from appropriate agencies of the Federal Government.

I would like to take this opportunity to present several proposals to accomplish just that, along with some other necessary changes in the Federal Government's emphasis on small business and trade. My proposals gained whole-hearted support from my colleagues on the Subcommittee on Exports, Tourism, and Special Problems, but the Rules Committee chose not to approve them as amendments to H.R. 3. I hope my colleagues here and in the other body will consider these noncontroversial, revenue-neutral suggestions as steps Congress could take toward tapping the potential of American small business.

First, the Export-Import Bank and the SBA should develop a joint plan to provide risk protection for existing State export financing programs.

Second, ambassadors to major trading nations should report on efforts by their host countries to promote the export competitiveness of their small businesses.

Third, the Commerce Department should better coordinate its activities with State export promotion offices; study State tax systems to determine their effects on international competitiveness; develop a gross State product figure for each State; work more closely with the SBA, U.S. Trade Representative's office and the Agriculture Department; and extend the terms of its industry sector advisory committees. These simple steps would vastly improve the Commerce Department's emphasis and ability to help small business realize its export potential.

Fourth, the President's Science Advisor should appoint one of his staff to coordinate new technology initiatives within federally funded labs and make that information available to small business.

Finally, I would suggest a crucial change in the current Federal trade landscape—the appointment of an Assistant Trade Representative for small business within the U.S. Trade Representative's office. That office currently has 45 Assistants and Deputy Assistants. None of them devotes his efforts to small business. The appointment of an assistant for small business would give American small business a voice at international trade negotiations and at the upper levels of trade policymaking.

Mr. Chairman, these propsals represent some small but significant changes that together would be a vital step toward utilizing the incredible export potential of America's small-business sector.

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The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. MINETA].

Mr. MINETA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of title XII of the amendment in the nature of a substitute. Title XII will make significant improvements in our Government's ability to respond to discriminatory actions by foreign governments and airlines against U.S. airlines. Title XII is based on H.R. 1972 which was reported by the Committee on Public Works and Transportation on April 8.

Title XII amends the Fair Competitive Practices Act of 1974 which provides a mechanism for U.S. airlines to file complaints against discriminatory practices by foreign governments or foreign airlines.

Under current law, any U.S. air carrier may file a complaint of discrimination with the Secretary of Transportation. If the Secretary finds the complaint valid, the Secretary may take remedial actions, including revoking foreign air carrier certificates to operate to the United States. Current law requires the Secretary to decide within 180 days whether to take action on a complaint.

Since 1979, U.S. airlines have filed only 16 complaints with the Department of Transportation. The Public Works Committee's oversight of the U.S. Government's international aviation policy indicates that discriminatory practices by foreign governments and airlines are far more prevalent than the record of 16 complaints in 7 years would indicate. I believe that the complaint process would be more widely utilized if it was made faster and more effective.

To improve the complaint process, title XII makes three changes in existing law.

First, the 180-day period for the Department of Transportation to take action would be reduced to 90 days. The purpose of this is to reduce the period of time a U.S. airline is exposed to retaliatory action before the U.S. Government takes action. I believe that the 180-day period in current law is longer than is needed in most cases and that this relatively long deadline has discouraged U.S. airlines from filing complaints. However, I recognize that in some complex cases DOT may need more than 90 days. Title XII would permit DOT to take the full 180 days in cases of unusual complexity.

The second change to existing law would require the Department of Transportation to consult with the U.S. Trade Representative and the Department of Commerce before taking action on a complaint. Under current law, the Department of Transportation is only required to consult with the Department of State. I believe the expertise of Commerce and the Trade Representative would be very useful to the Department of Transportation as it determines how best to proceed. However, I should emphasize that title XII is not intended to expand the jurisdiction of the Commerce Department or the U.S. Trade Representative in bilateral aviation negotiations. These negotiations should continue to be conducted by the Departments of Transportation and State.

The third change in existing law would strengthen the Congress' ability to monitor DOT's handling of complaints against foreign governments and airlines. Title XII would require the Secretary of Transportation to report to the House Committee on Public Works and Transportation and the Senate Committee on Commerce, Science, and Technology on the action taken on each complaint. The report would be due 30 days after action is taken on a complaint.

Finally, Mr. Chairman, I would like to recognize the contribution of the distinguished chairman of our Subcommittee on Investigations and Oversight, Mr. OBERSTAR, who introduced this legislation.

In conclusion, I believe that title XII will significantly enhance the effectiveness of the Fair Competitive Practices Act. I urge my colleagues to join me in supporting this important legislation.

Mr. HOWARD. Mr. Chairman, I rise in support of title XII, the title developed and reported by the Committee on Public Works and Transportation, amending the International Air Transportation Fair Competitive Practices Act of 1974. Title XII is identical to H.R. 1972, which was reported by our committee without objection on April 8.

Title XII seeks to improve our Government's ability to respond to discriminatory practices of foreign governments and airlines against U.S. airlines. The Subcommittee on Investigations and Oversight, chaired by Congressman JIM OBERSTAR, has conducted extensive hearings on the problems of our airlines in providing their services abroad, and as a result of these hearings our committee has determined that the process of addressing these problems within the U.S. Government needs to be adjusted.

Current law requires the Secretary of Transportation to decide within 180 days what action to take on a complaint filed by a U.S. airline against a foreign government or airline. This title would reduce this time to 90 days. Under current law there has been an obvious hesitancy by U.S. carriers to file complaints because of the lengthy amount of time to which the carriers would be exposed to further retaliatory action by the foreign government and carriers.

The Committee on Public Works and Transportation believes the lengthy process and procedures for taking action on foreign governments and airlines' discriminatory actions has inhibited use of the process. In order to make this complaint procedure more useful to our Government and carriers, our committee is proposing that the process be shortened.

Again, I urge my colleagues to support title XII of the trade bill which improves the grievance process available to U.S. airlines regarding unfair and discriminatory actions by foreign governments and airlines.

Mr. MINETA. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. The gentleman from Georgia [Mr. GINGRICH] not having arrived and the gentleman from New York [Mr. LAFALCE] not having arrived, each being entitled to 15 minutes, their time will be deemed to have been yielded back.

Mr. FOLEY. Mr. Chairman, on behalf of the Speaker and the other Members of the leadership on both sides of the aisle who have contributed their best efforts to the preparation of this historic legislation, I would like to make a statement on committee jurisdiction over this and subsequent trade legislation.

The extraordinary cooperation and diligence of the 11 committees which share jurisdiction over the bill presented to the House have produced omnibus legislation of a comprehensive and unprecedented nature relative to trade. Separate elements of the bill have been formally reported to the House by the committees with jurisdiction.

In consultation with the authorizing committees, the bill has been organized into 14 titles. As with any type of omnibus legislation which is truly ambitious, some cross-jurisdictional approaches to enhancing our national policy with respect to trade have been incorporated. In those areas, the leadership has worked actively with the committees in question to avoid and to resolve jurisdictional and legislative conflicts, and appreciates their cooperative spirit.

The organization and consideration of the bill should not be considered to prejudge or dictate committee jurisdiction and referral over every single portion if introduced as separate legislation.

Pursuant to clause 5 of rule X of the rules of the House, the Speaker will continue to refer separate legislation dealing with trade or with any other issue under existing precedents, consistent with the appropriate exercise of his authority under that clause, in order to assure that each committee which has jurisdiction under rule X over any subject matter will have responsibility for considering that subject matter and reporting to the House with respect thereto.

The unique way in which this legislation was developed was intended to produce a comprehensive and sound Federal approach to a pressing national and international issue, but is not intended to change the jurisdiction of any committee of the House as it now exists. I will further assure the Members, on behalf of the leadership, that every effort will be made to ensure the active involvement and representation of every committee with responsibility over a portion of this legislation as it is developed into a law of the United States.

Mrs. COLLINS. Mr. Chairman, I rise in strong support of the omnibus trade bill, H.R. 3. This legislation is urgently needed to reverse America's growing trade deficit.

Mr. Chairman, America faces a crisis; a crisis so profound that it threatens the future of countless generations. Our Nation, once the most powerful economy in the world, can no longer compete in the international market.

The U.S. merchandise trade deficit for 1986 was $169.8 billion, a $21.3 billion increase over the 1985 record. During the same year, imports into the United States increased by 7.1 percent to a total of $387.1 billion. This represents the fifth straight year in which the U.S trade deficit broke all previous records.

The decline has led to crippling results throughout our society. Factories and industries are closing. More and more skilled workers join the unemployment lines every day. Towns and cities are dying.

In the 1980's Americans have experienced a tremendous decline in real wages, sagging family income, and record numbers of small business bankruptcies. Unemployment rates are unbearably high.

The decline effects every region of the Nation. Over the last several years the Chicago area, which includes my district, has been hit by a rash of business closings and cutbacks. The Zenith Corp. and the telephone company have experienced severe layoffs. Last year, the Cummis Engine Co. announced plans to close its plant in Chicago and LTV Steel, the second largest producer of steel, laid off 1,740 employees in the city. This year Sears, one of the largest employers in my district, announced the closing of its Chicago distribution facility, leaving 1,800 people without jobs. All of these closings are related, directly or indirectly, to a lack of competitiveness.

The root of our competitiveness problem is the unfair trade practices of other nations. While we continue to allow other countries to sell their products in our market, they restrict U.S. sales in their own markets.

The situation facing Borg-Warner, which produces ABS resins, is a clear example. South Korea maintains a substantial tariff on ABS resins—acrylonitrile butaeiene styrene—which virtually excludes American ABS producers from competing in the Korean market. At the same time, South Korea continues to expand its domestic ABS capacity and sells its product in the unrestricted United States market.

America can't compete, when other nations are using a stacked deck.

H.R. 3 deals us a fair hand. I joined with my colleagues on the Energy and Commerce Subcommittee on Commerce, Consumer Protection, and Competitiveness to ensure that this is a comprehensive trade bill. The bill makes long needed changes in U.S. trade law. It represents a comprehensive response to the deteriorating trade position of the United States. The bill will also create a climate in which our industries can become more competitive.

This legislation will give the President the tools needed to respond to our deteriorating trade position, cancel out the effect of unfair trade practices, and create a more equitable trade climate. These tools are: expediting assistance to workers and firms injured by unfair trade practices and expanding the President's power to impose duties against products dumped in our market.

Mr. Chairman, a fair trade environment is vital to the future success of American industry. H.R. 3 is a step in that direction and I urge my colleagues to support it.

Mr. McMILLAN of North Carolina. Mr. Chairman, I rise today to express my support for the expanded powers of the Office of the U.S. Trade Representative charging the USTR with the primary responsibility for developing and coordinating the implementation of United States international trade policy. This action, is long overdue and should help us catch up with the rest of the world which has been operating under a system of focused trade management for years.

I do not believe the United States can effectively compete with other nations when we continue to insist on diffusing the responsibility for setting trade policy as we appear to do elsewhere in this bill. Subtitle D of title IV of H.R. 3 establishes the Council on Industrial Competitiveness which is redundant to the expanded duties of the USTR. The Council is charged under section 464 to "develop and promote * * * policies which enhance the productivity and international competitiveness of United States industries (and) * * * to provide policy recommendations and guidance to the Congress, the President, the Council of Economic Advisers, and the Federal departments and agencies regarding specific issues concerning agricultural, business and industrial strategies."

Who's in charge here?

During the deliberation on this bill, the idea of one Cabinet-level Department of Trade kept coming up in committee drafts. This bill does not go that far. I believe this is a major weakness. As a management tool, a Department of Trade could have consolidated the international trade functions from at least 18 different Federal agencies and put them under the authority of one Cabinet Secretary. If everyone is responsible for trade, no one is accountable.

Instead of streamlining the trade process at the critical time when we need effective execution of our trade laws and policies, we have once again turned toward mushy bureaucracy and management by committee. We have, in fact, instituted many of the ills that affect corporate America today into this trade bill.

However, the expanded powers of the USTR is an improvement and I urge adoption of this provision.

Mr. WHEAT. Mr. Chairman, I feel compelled to raise my voice today in protest of the manner in which the Japanese automotive industry is continuing to exploit their growing automotive trade surplus with the United States.

To put the Japanese trade situation in perspective, the total bilateral trade deficit with Japan was $59 billion last year, and the amount of that surplus attributable to automotive products—cars, trucks, vans, and automotive parts—was $34 billion, a whopping 58 percent of the total.

Now let's examine what the Japanese have volunteered to do to help this problem. First, the Ministry of International Trade and Industry [MITI] has established a voluntary restraint agreement [VRA], a quota on passenger cars of 2.3 million units for 1987, the same as in the previous 2 years. I applaud the Japanese Government for continuing these unilateral restraints, particularly in light of our administration's refusal to negotiate a bilateral agreement. However, wily Japanese manufacturers have found ways to frustrate the Government's policy. Many more vehicles are being shipped than the quota provides for.

For example, these manufacturers are shipping well over 450,000 knock down kits to the United States for assembly in their new U.S. plants. These transplanted vehicles are essentially cars in crates—engines, transmissions, electronics, suspensions, and other major parts shipped disassembled to the United States and assembled here. Although assembled in the United States, these transplants are made up of about 75 percent foreign content, a number which is projected to be reduced only to 70 percent by 1990. These transplant kits represent a figure comparable to 20 percent of the 1987 passenger car quota, yet there is no limit on how many the Japanese may import.

In addition to direct knock down kit imports, I am told the Japanese manufacturers are planning this year to ship as many as 200,000 knockdown kits to other countries that do not have export quotas—countries like Korea, Mexico, Taiwan, and Malaysia—for final assembly and shipment to the United States.

Again, this sly practice is becoming another irritant to our trade relations with Japan.

Mr. Chairman, I don't object to the importation of all of these knock down units, per se, but isn't it reasonable to include them as part of MITI's 2.3 million quota? To ignore them is to accept a "see no evil, speak no evil" situation that directly circumvents the Japanese Government's own policy.

A lesser known quota established by MITI is a limit placed on van imports at about 113,000 which again I salute the Japanese Government for concept. The van category actually covers a range of multipurpose vehicles, many of which are four wheel drive with high axles similar to our own U.S.-made Jeeps. They come in many sizes and shapes and anyone keeping an eye on the U.S. marketplace knows that this is a tremendously growing segment of the market.

But Japanese manufacturers again have found ways around this van quota by shipping thousands of vehicles to the United States as trucks when in fact they are primarily passenger-carrying machines. Many are shipped without rear seats in order to pass the customs entry test as a truck, and the rear seat is later installed in the United States. Again, these vehicles, many of the Jeep variety, are not designed, built, or sold as trucks. They are just conveniently imported as trucks. And by being placed in the truck category, these vehicles are imported without restriction. By my calculations over 150,000—more than double the van quota—of these units are circumventing the Japanese Government's control policy through the guise of being trucks. Pretty tricky, indeed.

In summary Mr. Chairman, I have projections available to me that indicate the sum total of future actions by Japan will result in a bilateral trade deficit in 1990 of $47 billion, about $13 billion more than the 1986 deficit of $34 billion. When you add up all the vehicles that are circumventing the system—the 450,000 direct import knock down units, the 200,000 indirect import knock down kits, and the 150,000 cars called trucks—at a value of $10,000 per vehicle, these units represent as much as $8 billion of our present deficit resulting from sneaky practices deliberately designed to avoid export limitations. We need to take strong actions to prevent this continued rape of our United States auto market, and we need to pressure the Japanese, whenever and wherever we can, to mend their ways with regard to discrimination and to put in place a strong program for increasing minority jobs in their plants.

Finally, Mr. Chairman, there is one more automotive item I hope the Japanese Government will investigate: that is the pricing policy of light trucks imported into this country. The yen has strengthened 60 percent over the past year and a half, so one would think truck prices would have increased to a price close to 60 percent. The fact is that the Japanese have increased truck prices by only 15.3 percent—not 60 percent. Looking at the factors of production, shipping, tariff, and profits, it would seem to me that the Japanese are dumping light trucks on the American markets.

In addition to the passenger vehicles I discussed earlier, over 900,000 Japanese trucks were shipped to the United States last year. How many of those are being sold below fair costs I don't know, but perhaps the Japanese Government could investigate the possibility of dumping and avoid more painful formal procedures.

These automotive concerns do not suggest new quotas or new issues—they represent Japanese manufacturers getting around established government policy. Perhaps, Prime Minister Nakasone will have something to say about this largest single item in our trade imbalance when he arrives in Washington this week. If not, then I suspect the Congress may wish to look deeper into manufacturers' practices.

The CHAIRMAN. All time under general debate has been consumed.

Mr. MINETA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. MINETA] having assumed the chair [Mr. BEILENSON] Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3) to enhance the competitiveness of American industry and for other purposes, had come to no resolution thereon.

LET US HAVE A FAIR TRADING SYSTEM AND AN EQUAL PLAYING FIELD IN WORLD TRADE

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, two of our top agriculture negotiators returned from Japan recently empty-handed. The Japanese refused to even talk about opening their closed markets to American rice and other products, much less negotiate. This incident, repeated around the world for years, shows why we need to pass a tough trade bill, to show the world, particularly our allied trading partners, first, that America will no longer be a patsy and that we are not bluffing, that America has had it with everyone else practicing unfair trade practices and surpluses while we keep our markets open and practice free trade; and, simply, that America is not going to take it anymore.

Yes, we have to clean up our act, too, like dealing with our budget deficit, the dollar and becoming more competitive. That does not mean, however, that the status quo should continue, which is Americans losing jobs and the United States piling huge trade deficits. Let there be an equal playing field and fair trading system.

Mr. Speaker, our trading partners do not think we are serious. They think that like in the past that the United States is bluffing and we will ultimately blink.

Let us show that the United States is serious. Doing nothing is worse than a trade war. The positive alternative is this trade bill.

THE MESSAGE—TRADE LEADERSHIP NEEDED

For too many years the United States has been drifting in troubled international trade waters. Instead of leading the country in the direction of improved competitiveness, the administration has been dragging its feet. By waiting for a trade crisis to develop, the administration is guilty of malign neglect of its responsibilities to protect American industries and American jobs against unfair trading practices overseas.

TRADE BILL NOT PROTECTIONIST

The bill seeks to open markets, not close them. It seeks to force negotiations to reduce and eliminate trade barriers, not erect them.

Through new education initiatives, worker retraining and readjustment programs and other critical policy innovations, the trade bill will make the United States competitive again in world markets.

The economic vitality and national security of the United States demand a more effective and assertive trade posture. H.R. 3 provides the necessary mix of creative new approaches to help us adjust to new realities in the international marketplace.

All countries will benefit from a more open, fairer world trading system. This bill will help set the stage for freer and fairer trade.

AMERICAN JOBS AND AMERICAN INDUSTRIES AT STAKE

Some argue that the best policy is to wait and see if the decline in the value of the dollar will bring about an improved balance of payments position for the United States. That may be like waiting for Godo. We can't afford a wait-and-see approach. American jobs, American industries, American farms—indeed, the American future—are at stake in this trade debate.

The question is: Are we going to move forward or be satisfied with further drift and continued indecision? Those who worry about a trade war should be more concerned about inaction than about taking the positive steps contained in H.R. 3. If we continue to drift, if American jobs and factories continue to be sacrificed because of misguided policies, then the public might well rise up and demand protection even if the result would be a trade war. We haven't yet reached that point, and that's why this is the time to act.

The record-breaking, $170 billion trade deficit resulted from a 6-year policy of trade appeasement. H.R. 3 declares that the United States will no longer appease those who engage in unfair trade.

HOW THE GEPHARDT AMENDMENT WORKS

Step 1: Countries with huge bilateral trade surpluses are placed on a list of "excessive surplus countries"—countries which export 75 percent more to the U.S. than they import.

Step 2: USTR examines the trading practices of each excessive surplus country to determine whether that country has a pattern of unfair trade practices which has a significant adverse effect on U.S. trade—unwarranted trade surplus countries.

Step 3: A 6-month negotiating period begins with excessive and unwarranted surplus countries.

Successful negotiation: USTR will reevaluate on a yearly basis whether that country has eliminated its unfair trading practices. If so, no further action is required.

Unsuccessful negotiation: The U.S. will retaliate dollar-for-dollar against the value of the unfair trading practices which that country maintains. (same as Ways & Means bill).

Step 4: A yearly reevaluation of the practices of that country would occur to determine whether it has in fact eliminated its unfair trading practices and whether an excess surplus remains.

Step 5: If that country fails to eliminate its unfair trading practices and still has a huge surplus, it would be faced with a bilateral surplus reduction requirement of 10 percent for each of 4 years.

COMPANIES SUPPORTING THE GEPHARDT AMENDMENT

Aetna Industries, Allied-Signal, Anchorswan Division, Harvard Industries, A.O. Smith Corporation, Armtek Corporation, Blackstone Corporation, Central Transport, Chrysler Corporation, Collins and Aikman, Colt Industries, Creative Industries Group, Dayco Products Co., Dearborn Fabricating and Engineering,

Detroit Plastics and Molding Company, Dollar Corporation, Eagle Picher, Eaton Corporation, Electroloy Corporation, Essex Specialty Products, Fawn Industries, Federal Mogul, Ford Motor Company, Gates Rubber, Gerson International, Globe Industries, ITM,

Keeler Brass, Kelsey Hayes, Kuhlman Plastics Group, Knusaga Corporation, Lapeer Metal Products, Lear Siegler, Lectron Products, LTV, Milliken, Molex, Inc., Motorola, Michigan Precision Industries, Inc., National Industries,

National Intergroup, Oxford Speaker Co., Parr Manufacturing, Plumley Companies, PPG Inc., Seton Corporation, Sheller Globe, Smith, Hinchman & Grylls, Standard Products, Teleflex, USX, Walker Manufacturing, Wabash Alloys Division, Avondale Industries, Inc.

□ 1950

EXPORT TASK FORCE

The SPEAKER pro tempore (Mr. Mineta). Under a previous order of the House, the gentleman from Arkansas [Mr. Alexander] is recognized for 5 minutes.

Mr. ALEXANDER. Mr. Speaker, today we have begun debate on a major, trade and international economic policy reform bill. American workers, industries, businesses, the whole Nation, urgently needs this reform legislation.

The House Export Task Force, under the leadership of its current chairman, Don Bonker, has been in the forefront of the efforts to formulate and bring to the House this broad-based and comprehensive legislation.

I believe it will be helpful to all Members to have information on the history and some of the activities of the Export Task Force. In my capacity as secretary of the ETF, I offer the following summary chronology of the development and work of the task force.

CHRONOLOGY OF THE EXPORT TASK FORCE—U.S. HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 1978

Based on a proposal authored by Bill Alexander, fourteen Members of five committees of the Hosue met and formed the bipartisan Export Task Force (ETF). The original members of ETF were: Dan Akaka, Alexander, Johnathan Bingham, Barber Conable, Thomas Foley, Bill Frenzel, Lee Hamilton, Jim Jones, Stephen Neal, Henry Reuss, John Slack, Al Ullman, Charles Vanik, and Clement Zablocki. ETF members chose Alexander as chairman.

They agreed that the ETF would provide a forum for all Members of the House who are members of committees having jurisdiction over foreign trade issues or who have an interest in foreign trade to assemble regularly to share information, ideas, and goals on how best to resolve foreign trade matters.

Other early members of the ETF included: Les AuCoin, Don Bonker, Tony Coelho, Sam Gibbons, John LaFalce, Gillis Long, Fred Richmond, and Ike Skelton.

EARLY, 1979

ETF worked with the Congressional Research Service of the Library of Congress to arrange a series of dinner/seminars on international trade issues.

FEBRUARY 27, 1979

CRS/ETF held the first seminar, "The U.S. Trade Deficit: Diagnosis and Perscriptions." Speakers were: Ralph Bryant, a senior fellow with the Brookings Institution and Larry Fox, Vice President for International Affairs, National Association of Manufacturers. The moderator was Al Reifman, a CRS senior specialist in international economics.

JUNE 12, 1979

The second CRS/ETF seminar/dinner was held. John Babson, of Ingersoll-Rand and Vincent Rocque, director of the Anti-boycott Compliance staff, were the principal speakers for the program titled "Federal Export Policies and Programs". George Holliday, a CRS international trade and finance analyst was the moderator.

JULY 31, 1979

Arthur Downey, former Deputy Assistant Secretary of Commerce for East-West Trade, and John Hardt, CRS senior specialist in Soviet economics, were the principal speakers for the third dinner/seminar. Again, George Holliday, was moderator.

SEPTEMBER 28, 1979

The fourth in the CRS/ETF series was "The Department of Trade Proposals". The speakers were Eric Hirschhorn of the Office of Management and Budget, Bill Morgan of the Joint Economic Committee, and Bob Russell of the Senate Committee on Banking, Housing and Urban Affairs.

NOVEMBER 27, 1979

"Agricultural Export Potential" was the subject of the fifth CRS/ETF seminar. The speakers were William R. Pearce, corporate vice president of Cargill, Inc., and Alan Middaugh, president of the U.S. Meat Export Federation. James H. Starkey, Deputy Under Secretary of Agriculture, served as moderator.

LATE 1979

ETF members decided to continue their work with breakfast, lunch, or dinner sessions to discuss issues pertinent to foreign trade. Jonathan Bingham briefed ETF members and staff on the Export Administration Act Amendments of 1979 and led a solid block of support for his efforts on this legislation.

FEBRUARY 20, 1980

ETF members were briefed by Herta Seidman, the new Assistant Secretary of Commerce for Trade Development, on her plans for improving U.S. activities in international trade.

FEBRUARY 21, 1980

Reginald Jones, Chairman of the President's Export Council, briefed ETF members on PEC activities and interests. This led to increased PEC-congressional cooperation on such issues as shippers export declarations, implementations of multi-lateral trade agreements, and normalization of trade with the Peoples Republic of China.

MAY 20, 1980

ETF members discussed export trading company legislation with the Chairman of the Senate Export Caucus, which had been organized in late 1979. Also present to discuss the Presidential Administration's position on the legislation were Robert Herzstein, Under Secretary of Commerce for International Trade, and Robert Hormats, Deputy U.S. Trade Representative.

JUNE 26, 1980

Herta Seidman, Assistant Secretary of Commerce for Trade Development, briefed ETF members on the steps the Department of Commerce was taking to promote trade development.

1979–1980

Reports on the work of the Export Task Force were printed in the Congressional Record to make the information available to Members of Congress and the public.

EARLY, 1981

ETF members Sam Gibbons, Don Bonker, John LaFalce, and Les AuCoin introduced export trading company legislation. ETF members viewed the legislation as a means or providing small and medium-sized companies with the capacity and resources to enter the export trade arena.

MARCH 3, 1981

Don Bonker became ETF's second chairman, succeeding Bill Alexander. Other officers named were: Les AuCoin, first vice chairman; Bill Frenzel, second vice chairman, and Bill Alexander, secretary.

1981

Under Chairman Bonker's leadership the ETF moved into its next phase of development. It established its own funding base, acquired separate staff and prepared for an increased educational and legislative role. A comprehensive export enhancement agenda was outlined; it was expanded during the period extending into 1987.

1981 TO THE PRESENT

ETF continued its role of providing a forum for discussion via breakfast meetings with cabinet members, industry representatives and leading academics.

1983

ETF hired a full-time executive director.

1983 TO THE PRESENT

In its new role as a congressional think-tank on trade issues, the ETF publishes a newsletter which circulates which has become a valuable source of information to ETF members and within the Washington trade community and has published numerous studies and reports which have contributed substantially to the trade debate, especially in the area of export promotion.

The publications and meetings which ETF has produced and sponsored have contributed significantly to the process which brought about House passage of major trade legislation in 1986 and which has brought the House to its early 1987 consideration of H.R. 3, the Trade and International Economic Policy Reform Act of 1987.

1981–1987

Among the successes ETF experienced with the agenda formulated in 1981 and modified as developments warranted include the following——

The Export Trading Company Act: Enactment into law of this act has provided the basis for the long-term restructuring of the nation's exporting strategy to include greater participation by small and medium-sized companies in addition to major corporations.

Export financing: ETF has been a leader in the work which has kept the Export-Import Bank, a vital export assistance facility, open and providing U.S. exporters with the financial aid they desperately need.

Export controls: ETF has been a leader in the effort to bring rationality to the export control process so U.S. firms are not punished for innovation and technological leadership. The recent National Academic of Sciences report on export controls noted that excessive U.S. controls are costing the United States billions of dollars a year.

Export promotion: The U.S. lags far behind other major industrialized counties in providing official assistance to firms doing business overseas. ETF has given support to rectify this situation and drafted key export promotion sections of H.R. 3, Trade and International Economic Policy Reform Act of 1987.

Export tax incentives: ETF was instrumental in developing and promoting the Foreign Sales Corporation (FSC) legislation now in effect, which aids U.S. exporters gain a tax break equivalent to that enjoyed by exporters in countries which have value added taxes. This became necessary after the Domestic International Sales Corporation (DISC) was ruled illegal by the General Agreements on Tariff and Trade (GATT) body.

Current ETF officers and members: ETF began as a bipartisan organization in its leadership and its membership. It continues today as a bipartisan task force.

The current officers are: Don Bonker, chairman; Bill Frenzel, Sam Gibbons, and Doug Bereuter, vice chairmen; and Bill Alexander, secretary.

Executive Committee members include: Dan Akaka, Beryl Anthony, Doug Barnard, Helen Delich Bentley, Ronald Coleman, Silvio Conte, Norm Dicks, Dan Glickman, Ralph Hall, Barbara Kennelly, John Miller.

Members include: Gary Ackerson, Doug Applegate, Les Aspin, Les AuCoin, Howard Berman, Robert Borski, Jack Buechner, Rod Chandler, Tony Coelho, William Coyne, Larry Craig, Bernard Dwyer, Dennis Eckart, Don Edwards, Ben Erdreich, Edward Feighan, Tomas Foley, Barney Frank, Frank Guarini, Andy Ireland, Ed Jenkins, Nancy Johnson, Marcy Kaptur, Gerald Kleczka, Jim Kolbe, Peter Kostmayer, Robert Lagomarsino, Sander Levin, Mike Lowry, Lynn Martin, Matthew Martinez, Nicholas Mavroules, Jan Meyers, Dan Mica, Joe Moakley, Alan Mollohan, Sid Morrison, Stephen Neal, Henry Nowak, Mary Rose Oakar, Michael Oxley, Wayne Owens, Don Pease, Thomas Petri, Nick Joe Rahall, Robert Roe, Toby Roth, Ike Skelton, R. Lindsay Thomas, Guy Vander Jagt, Wes Watkins, George Wortley, and Ron Wyden.

Future: As the Export Task Force moves toward its tenth year of service it will be addressing such issues as trade reorganization within the federal government and ways of forming an effective export promotion partnership with newly-active state and local governments.

ENSURING THE COMPETITIVENESS OF OUR SMALL BUSINESS SECTOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 5 minutes.

Mr. LAFALCE. Mr. Speaker, the dramatic deterioration of our trade position has, for some time now, been a matter of critical concern. Yet, up to this point, there has been a serious gap in the trade debate.

Our small- and mid-size companies are key sources of economic growth and adjustment. Yet their unique concerns have remained largely unaddressed. I am, therefore, very pleased that today the House is giving attention and focus to these important concerns in the trade bill.

Small- and mid-sized companies account for half of our private workforce, produce half of our gross domestic product, and have created nearly two thirds of the new jobs of the last decade. These companies are the driving forces behind many of our advances in technology.

Three quarters of America's great corporations rely on small firms as suppliers, manufacturers, distributors, and customers. Entrepreneurs have spawned new businesses, indeed whole industries, while bigger firms have often not been flexible and innovative enough to meet the competition. The success of many of our mid-sized growth companies establishes that U.S. industries—whether manufacturing, services, or high technology—can meet the challenge of international competition.

But the potential of small- and mid-sized companies to continue to contribute to the growth of the American economy and the overall international competitiveness of the United States is increasingly at risk. Small firms which try to export often face bewildering bureaucracies and byzantine regulations. Difficulties in acquiring and applying new technologies inhibit growth and revitalization.

Capital formation is inadequate. Few mechanisms foster investment in smaller firms and these firms are largely ignored by the institutions that dominate banking and finance. Smaller manufacturing firms are disappearing as U.S. multinationals rely increasingly on a foreign subcontractor base.

In recent years, we have been focusing largely on preventing further erosion of our trade position. But it is time also to look forward and take positive steps to provide the environment in which the U.S. companies can flourish; to rethink the potential of entrepreneurs and small- and mid-size companies as forces for economic growth; and to help provide the competitive environment in which that growth can occur.

The policy initiatives that focus on our larger corporations, however important, often do not deal with many of the legitimate concerns of our small- and mid-size companies. If we are to have a competitive small business sector, public policy must address its needs as well. We must expand export opportunities; minimize impediments to the growth of smaller, innovative firms; facilitate technology transfer; increase access to long-term capital; and, generally, create the conditions that foster innovation and business development.

If we are to work our way out of our current debtor status, we need not only to reduce our trade deficit, but to actually achieve a trade surplus. Economic experts argue that we must have export-led growth if we are to maintain our standard of living.

Yet, at the same time, Government studies have indicate that 30,000 or more smaller U.S. firms have the clear potential to move into international markets but are not doing so. The Committee on Small Business believes that actualizing the trading potential of these firms is essential to achieving the export-led growth necessary to secure our economic future.

It is true that most small businesses will not be involved in exporting. But given the challenge that we face, it is not unrealistic to set ourselves the goal of doubling the number of small business exporters and the dollar volume of exports by small businesses over the next decade.

In addition, we must improve the ability of our smaller manufacturing firms to meet increased competition in the domestic market. The introduction of new technologies is key to this effort. But the typical small business is facing a "technology application gap". For a large number of smaller firms, acquiring knowledge of technological solutions or applications is dangerously haphazard. Many small companies are not even aware of new technologies which could be used to increase productivity and/or reduce costs.

The small business title to H.R. 3 amends the Small Business Act to increase the acess of small businesses to existing export promotion programs and provide for the creation of new and innovative export promotion and technology transfer programs directed at small business at the State and local level. It will also increase the access of smaller firms to long-term capital for the investment in new plant and equipment that is essential to our meeting foreign competition at home and abroad.

The small business title was bipartisan in its formulation and has elicited substantial bipartisan support. Thirty-seven of the 44 members of the Small Business Committee are cosponsors of the legislation. I ask the support of my colleagues on the small business title of H.R. 3 when the vote is taken.

TRADE BILL PROMOTES SMALL BUSINESS

The SPEAKER pro tempore (Mr. COOPER). Under a previous order of the House, the gentleman from North Carolina [Mr. PRICE] is recognized for 5 minutes.

Mr. PRICE of North Carolina. Mr. Speaker, I am pleased today to rise in support of title XIII of H.R. 3, the Small Business Trade and Competitiveness Act, and I applaud the efforts of Chairman JOHN LAFALCE in working with other members of the Small Business Committee to add this important and needed provision to the Omnibus Trade bill.

Small business has created nearly two thirds of our country's new jobs in the last decade, and many of the advances in our Nation's technology can be attributed to the efforts of small businesses. Small businesses are a growing, vibrant part of our economy and we need to channel this energy into the expansion of our overseas markets and the reduction of our trade deficits.

The small business provisions in the trade bill expand our ability to compete in the international economy in a number of ways. First, it enlarges the mandate of the Office of International Trade, within the Small Business Administration, to include the promotion of sales opportunities for small business goods and services abroad. It also requires the Office to aid export financing for small businesses by aggressively marketing existing SBA and Export-Import Bank export financing programs, and to provide help for small businesses with the processing of loan applications.

Second, it gives the Small Business Development Centers [SBDC's] explicit instructions to develop export promotion and technology transfer for small businesses. Specifically, SBDCs should provide management and technical assistance to small businesses in these areas and serve as an active information and dissemination service delivery mechanism for existing trade promotion, trade finance, trade adjustment and trade data collection programs. In addition, any Small Business Development Center can apply for an additional grant to be used solely for the development and enhancement of exports by small business concerns.

I am especially pleased with this provision of the bill because it recognizes the partnership which needs to be strengthened between our universities and small businesses. The Small Business Development Center in my district already works effectively with both universities and small businesses and this bill will help to enhance and promote these ties.

Finally, these provisions aid the capital formation of small businesses involved with exporting by authorizing a new guaranteed loan program for the purchase of plant and equipment used in the production of goods and services sold overseas. We all recognize the problems small businesses face in obtaining capital and this is a good start toward addressing these needs.

Mr. Speaker, the House can pass H.R. 3 with confidence that it realistically addresses the needs of small business. As the Small Business Legislative Council recently wrote about this legislation: "The bill contains several positive initiatives to enhance small business position in the export market. If the House of Representatives includes the Small Business Committee's recommendation as part of the trade bill, it will set a tone for the future of small business and international trade policy."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. COOPER) to revise and extend their remarks and include extraneous material:)

Mrs. MARTIN of Illinois, for 60 minutes, on May 19.

(The following Members (at the request of Mr. COOPER) to revise and extend their remarks and include extraneous material:)

Mr. ALEXANDER, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. LAFALCE, for 5 minutes today.

(The following Member, at his own request, to revise and extend his remarks and include extraneous matter:)

Mr. PRICE of North Carolina, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. COOPER) and to include extraneous matter:)

Mr. GREEN in two instances.
Mr. KYL.
Mr. HYDE.
Mr. COLEMAN of Texas.
Mr. SCHULZE.
Mr. MORRISON of Washington.
Mr. HOLLOWAY.
Mr. SENSENBRENNER.
Mr. WELDON.
Mr. CLINGER.
Mr. SHUSTER.
Mr. CHANDLER.
Mr. MCMILLAN of North Carolina.
Mr. MARLENEE.
Mr. MOORHEAD.
Mr. DIOGUARDI.
Mr. DANNEMEYER.
Mrs. JOHNSON of Connecticut.

(The following Members (at the request of Mr. COOPER) and to include extraneous matter:)

Mr. MRAZEK.
Mr. AUCOIN.
Mr. ROE in two instances.
Mr. WALGREN.
Mr. JACOBS.
Mr. MCHUGH.
Mr. LIPINSKI in two instances.
Mr. DIXON.
Mr. APPLEGATE.
Mr. FRANK.
Mr. SAWYER.
Mr. FEIGHAN in two instances.
Mr. STARK.
Mr. PRICE of Illinois.
Mr. TORRES.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 853. An act to amend the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act to authorize appropriations for fiscal years 1988 and 1989, and for other purposes; to the Committee on Energy and Commerce.

ENROLLED BILLS SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 14. An act to designate certain river segments in New Jersey as study rivers for potential inclusion in the national wild and scenic river system, and

H.R. 1963. An act to amend the Surface Mining Control and Reclamation Act of 1977 to permit States to set aside in a special trust fund up to 10 per centum of the annual State funds from the Abandoned Mine Land Reclamation Fund for expenditure in the future for purposes of abandoned mine reclamation, and for other purposes.

ADJOURNMENT

Mr. PENNY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock p.m.) under its previous order, the House adjourned until tomorrow, Wednesday, April 29, 1987, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1266. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification of the Department of the Air Force's proposed letter(s) of offer to Japan for defense articles estimated to cost $50 million or more, pursuant to 10 U.S.C 118 (96 Stat. 1288); to the Committee on Armed Services.

1267. A letter from the Assistant Secretary (Shipbuilding and Logistics), Department of the Navy, transmitting notification of the plan to study the conversion of various functions to contractor performance at several locations, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

1268. A letter from the General Counsel, Department of Defense, transmitting a draft of proposed legislation to amend chapter 38 of title 10, United States Code, with respect to joint duty management policies for officers of the Army, Navy, Air Force, and Marine Corps; to the Committee on Armed Services.

1269. A letter from the General Counsel, Department of Defense, transmitting a draft of proposed legislation to eliminate general or flag officer grade requirements from certain statutory positions, and for other purposes; to the Committee on Armed Services.

1270. A letter from the Secretary of Education, transmitting a draft of proposed legislation to achieve the objectives of the current excess interest provision of the Guaranteed Student Loan Program, pursuant to Public Law 99-498; to the Committee on Education and Labor.

1271. A letter from the Executive Director, Securities and Exchange Commission, transmitting a draft of proposed legislation to amend the Securities Exchange Act of 1934 to authorize appropriations for the Securities and Exchange Commission for fiscal years 1988 through 1990, pursuant to 31 U.S.C. 1110; to the Committee on Energy and Commerce.

1272. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification of proposed anti-terrorism training courses to law enforcement agencies of the Government of Guatemala, pursuant to FAA, section 574(a)(1) (97 Stat. 972); to the Committee on Foreign Affairs.

1273. A letter from the Acting Director, Defense Security Assistance Agency, transmitting Transmittal No. 02-87, concerning a proposed memorandum of understanding with the Governments of Germany, United Kingdom, France, Spain, Canada, and Italy for the cooperative development and production of modular standoff weapons [MSOW], pursuant to 22 U.S.C. 2767(f); to the Committee on Foreign Affairs.

1274. A letter from the Director, Defense Security Assistance Agency, transmitting notification of the Department of the Air Force's proposed letter(s) of offer to Japan for defense articles and services (Transmittal No. 87-18), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

1275. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report of political contributions by Nicholas Platt, of the District of Columbia, Ambassador Extraordinary and Plenipotentiary-designate to the Republic of the Philippines; Samuel B. Thomsen, of California, U.S. Representative-designate to the Republic of the Marshall Islands; Fred J. Eckert, of Virginia, Ambassador-designate during the tenure of his service as U.S. Representative to the United Nations Agencies for Food and Agriculture in Rome, and members of their families, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

1276. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

1277. A letter from the Deputy Associate Director for Royalty Management, Department of the Interior, transmitting notice of proposed refunds of offshore lease revenues in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1278. A letter from the Secretary of the Interior, transmitting the 15th annual report on the operations under adopted criteria for coordinated long-range operation of Colorado River reservoirs for the preceding Colorado River compact water year, and projected operation for the current year, pursuant to 43 U.S.C. 1552(b); to the Committee on Interior and Insular Affairs.

1279. A letter from the Secretary of the Interior, transmitting the 1987 update for the national plan for research in mining and mineral resources, pursuant to Public Law 98-409, section 9(e); to the Committee on Interior and Insular Affairs.

1280. A letter from the Acting Assistant Secretary, Legislative and Intergovernmental Affairs, Department of State, transmitting a report of the Department's views on the proposed incorporation of the provisions of H.R. 1290 into the bill H.R. 3; to the Committee on Merchant Marine and Fisheries.

1281. A letter from the Secretary of Transportation, transmitting the urban mass transportation administration quarterly report for the fourth quarter of fiscal year 1986, pursuant to 49 U.S.C. app. 1603(h)(1); to the Committee on Public Works and Transportation.

1282. A letter from the Administrator, General Services Administration, transmitting informational copies of lease prospectuses at various locations, pursuant to 40 U.S.C. 606(a); to the Committee on Public Works and Transportation.

1283. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to extend the authority to offset Federal income tax refunds against nontax debts owed to Federal agencies; to the Committee on Ways and Means.

1284. A letter from the Secretary of the Interior, transmitting a copy of the proposed final 5-Year Outer Continental Shelf [OCS] Oil and Gas Leasing Program for mid-1987 through mid-1992 and the analyses on which it is based; in addition, the responses to comments on the draft proposed final program for OCS leasing offshore California area also enclosed, pursuant to Public Law 99-591, and 42 U.S.C. 1344(d); jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

1285. A letter from the Acting Executive Director, The White House Conference for a Drug Free America, transmitting a report on the status of the White House Conference for a Drug Free America, pursuant to Public Law 99-570; jointly, to the Committees on the Judiciary, Education and Labor, Energy and Commerce, and Foreign Affairs.

1286. A letter from the Director, Office of Management and Budget, transmitting a draft of proposed legislation entitled, "Health Insurance and Payment Verification Act of 1987; jointly, to the Committees on Ways and Means, Energy and Commerce Interior and Insular Affairs, Education and Labor, Armed Services, and Veterans' Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing, and reference to the proper calendar, as follows:

Mr. DERRICK: Committee on Rules. House Resolution 152. Resolution providing for the consideration of H.R. 1748, a bill to authorize appropriations for fiscal years 1988 and 1989 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1988 and 1989, and for other purposes (Rept. 100-68). Referred to the House Calendar.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 1226. A bill to amend the Federal Food, Drug, and Cosmetic Act to require the appointment of the Commissioner of Food and Drugs to be subject to Senate confirmation (Rept. 100-70). Referred to the Committee of the Whole House on the State of the Union.

Mr. PEPPER: Committee on Rules. H.R. 1307. A bill to amend title 31, United States Code, to require the President to submit with his budget an analysis of its impact on international competitiveness of United States business and the balance of payments position, and to amend the Congressional Budget Act of 1974 to require that a similar analysis be included in the report of the Committee on the Budget of each House of Congress which accompanies each concurrent resolution on the budget; with an amendment (Rept. 100-71, Pt. 1). Ordered to be printed.

SUBSEQUENT ACTION ON A REPORTED BILL

Under clause 5 of rule X the following action was taken by the Clerk:

[Omitted from the Record of April 27, 1987]

[The following action occurred on April 25, 1987]

H.R. 1205. The Committee on Interior and Insular Affairs discharged, referred to the Committee of the Whole House on the State of the Union, and ordered to be printed.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 921. A bill to require the Secretary of the Interior to conduct a study to determine the appropriate minimum altitude for aircraft flying over National Park System units; with amendments, referred to the Committee on Public Works and Transportation for a period ending not later than April 29, 1987, for consideration of such provisions of the bill and amendments as fall within the jurisdiction of that committee pursuant to clause 1(p), rule X. (Rept. 100-69, Pt. 1). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CARR:

H.R. 2181. A bill to amend the Motor Vehicle Information and Cost Savings Act of 1975 pertaining to fuel economy standards for automobiles and light trucks; to the Committee on Energy and Commerce.

By Mr. CONYERS:

H.R. 2182. A bill to make minor substantive and technical amendments to title 18, United States Code, and for other purposes; to the Committee on the Judiciary.

By Mr. FLIPPO (for himself, Mr. McCurdy, Mr. Roberts, Mr. Montgomery, Mrs. Smith of Nebraska, Mr. Boner of Tennessee, Mr. Gunderson, Mr. Rose, Mr. Olin, Mr. Nichols, Mr. Tauke, Mr. Jones of North Carolina, Mr. Downey of New York, Mrs. Kennelly, Mr. Bereuter, Mr. Volkmer, Mr. Swift, Mr. Brown of Colorado, Mr. Petri, Mr. Dowdy of Mississippi, Mr. Donnelly, Mr. Lightfoot, Mr. Taylor, Mr. Florio, Mr. Thomas of Georgia, Mr. Matsui, Mr. Jacobs, Mr. Hatcher, Mr. Derrick, Mr. Quillen, Mr. Gregg, Mr. Perkins, Mr. Tallon, Mr. Hefner, Mr. Spence, Mr. Huckaby, Mr. Jones of Tennessee, Mr. Erdreich, Mr. Vander Jagt, Mr. Rangel, Mr. Slattery, Mr. Spratt, Mr. Bevill, Mr. Lancaster, Mr. Stark, Mr. Anthony, Mr. Leath of Texas, Mr. Dyson, Mr. McGrath, Mr. Ford of Tennessee, Mr. Clinger, Mr. Madigan, Mr. Guarini, Mr. Kolter, Mr. Wolpe, Mr. Ray, Mr. Gephardt, Mr. Darden, Mr. Gingrich, Mr. Lewis of Georgia, Mr. Rowland of Georgia, Mr. Coyne, Mr. Harris, Mr. Callahan, Mr. Pickle, Mr. Pease, Mr. Glickman, Mr. Stallings, Mr. Schulze, Mr. Moody, Mr. Barnard, Mr. English, Mr. Russo, Mr. Archer, Mr. Levin of Michigan, Mr. Andrews, Mr. Lott, Mr. Jenkins, Mr. Dorgan of North Dakota, Mr. Duncan, Mr. Daub, and Mr. Chandler):

H.R. 2183. A bill to provide for computing the amount of the deductions allowed to rural mail carriers for use of their automobiles; to the Committee on Ways and Means.

By Mr. MARLENEE:

H.R. 2184. A bill to review and determine the impact of Indian tribal taxation on Indian reservations and residents, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 2185. A bill to provide for nondiscriminatory taxation of non-Indians by Indian tribes, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. PORTER (for himself, Mr. Russo, Mr. Weber, Mr. Frank, Mr. Gray of Pennsylvania, Mr. Fazio, Mr. Lagomarsino, Mr. Solarz, Mr. Pepper, Mr. Clinger, Mr. Roe, Mr. Dwyer of New Jersey, Mr. Mrazek, Mr. Lewis of Georgia, Mr. Espy, Mr. Bustamante, Mr. Hayes of Illinois, Mr. Frost, Mr. Davis of Illinois, Mr. Lipinski, Mr. Hawkins, Mr. Owens, of New York, Mr. Evans, Mr. Kolter, Mr. Martinez, Mr. Fish, Mr. Johnson of South Dakota, Mrs. Boxer, Mr. Garcia, Mr. Crockett, Mr. Mfume, Mr. Rangel, Mr. Ackerman, Mr. Atkins, Mr. Towns, Ms. Kaptur, Mr. Buechner, and Mr. Matsui):

H.R. 2186. A bill to require the Veterans' Administration to provide for medical examinations and counseling for overseas volunteer support personnel who served in Vietnam during the Vietnam era, and for other purposes; to the Committee on Veteran's Affairs.

By Mr. SCHEUER:

H.R. 2187. A bill relating to the testing for, and reduction of, radon in homes; to the Committee on Energy and Commerce.

By Mr. STARK (for himself, Mrs. Byron, Ms. Kaptur, Mr. Stenholm, and Mr. Wise):

H.R. 2188. A bill to amend the Internal Revenue Code of 1954 to require certain charities which solicit contributions from the public to use at least half of their gross revenues for charitable activities within a year after receipt and to require persons who solicit charitable contributions by mail to disclose certain information in such solicitations; jointly to the Committees on Ways and Means, and Post Office and Civil Service.

By Mr. SWIFT (for himself, Mr. Morrison of Washington, Mr. AuCoin, Mr. Bonker, Mr. Boulter, Mr. Bryant, Mr. Chandler, Mr. Coleman of Texas, Mr. Combest, Mr. Craig, Mr. DeFazio, Mr. Dicks, Mr. Foley, Mr. Frost, Mr. Lowry of Washington, Mr. Miller of Washington, Mr. Denny Smith, Mr. Robert F. Smith, Mr. Stallings, and Mr. Wyden):

H.R. 2189. A bill to amend the Nuclear Waste Policy Act of 1982 to suspend the site characterization process, and for other purposes; jointly, to the Committees on Interior and Insular Affairs, and Energy and Commerce.

By Mr. TRAFICANT:

H.R. 2190. A bill to amend the Internal Revenue Code of 1986 to improve the administration of the internal revenue laws and the collection practices of the Internal Revenue Service, to further protect the rights of taxpayers, and for other purposes; to the Committee on Ways and Means.

By Mr. VALENTINE (for himself, Mr. Ritter, Mr. Price of North Carolina, Mr. Perkins, Mr. Dymally, Mr. Mineta, Mr. Brown of California, and Mr. Scheuer):

H.R. 2191. A bill to advance the national leadership in semiconductor technology, to establish a National Advisory Committee on Semiconductors, and for other purposes; to the Committee on Science, Space, and Technology.

By Mr. YOUNG of Alaska (for himself, Mr. Davis of Michigan, Mr. Jones of North Carolina, and Mr. Lent):

H.R. 2192. A bill to encourage and promote the export trade of the United States through development and the use of vessels as mobile trade fairs; to the Committee on Merchant Marine and Fisheries.

By Mr. HERTEL (for himself and Mr. Ritter):

H.J. Res. 259. Joint resolution concerning the April 1986 accident at the Chernobyl nuclear power plant in the Soviet Union; to the Committee on Foreign Affairs.

By Mr. DioGUARDI:

H. Con. Res. 110. Concurrent resolution recognizing the DARE Program for its contributions to the fight against drug and alcohol abuse; to the Committee on Post Office and Civil Service.

By Mr. HAYES of Illinois:

H. Con. Res. 111. Concurrent resolution expressing the sense of the Congress that the continued unemployment of more than 8,000,000 Americans is inhumane and is a dilemma that must be treated as a national priority; to the Committee on Education and Labor.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

56. By the SPEAKER: Memorial of the House of Delegates, Second Olbiil Era Kelulau (Palau National Congress), relative to the distribution of war claims awards to Micronesian Claimants; to the Committee on Appropriations.

57. Also, memorial of the Legislature of the State of Nevada, relative to the transfer of certain unclaimed property back to the State; to the Committee on Government Operations.

58. Also, memorial of the Legislature of the State of Nevada, relative to the efforts of the State to acquire gradually its fair share of Federal land; to the Committee on Interior and Insular Affairs.

59. Also, memorial of the Legislature of the State of Arizona, relative to the development of the Mount Graham Astrophysical Area; to the Committee on Interior and Insular Affairs.

60. Also, memorial of the Legislature of the State of Alaska, relative to the reflagging of foreign fish processing vessels; to

the Committee on Merchant Marine and Fisheries.

61. Also, memorial of the Senate of the State of Washington, relative to the preservation of the use of the Olympia postmark; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mrs. BOXER:

H.R. 2193. A bill for the relief of Howard W. Waite; to the Committee on the Judiciary.

By Mr. CHAPMAN:

H.R. 2194. A bill for the relief of Kathy Butler and Charlotte James; to the Committee on the Judiciary.

By Mr. TRAFICANT:

H.R. 2195. A bill for the relief of Charles Carney; to the Committee on the Judiciary.

By Mr. WHITTAKER:

H.R. 2196. A bill for the relief of Miyuki Inoue; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 12: Mr. Flake, Mr. Akaka, Mr. Obey, Mr. Sharp, Mr. Thomas A. Luken, Mr. Traficant, Mr. Hochbrueckner, Mr. Kennedy, Mr. Leath of Texas, and Mr. Early.

H.R. 22: Mr. Neal, Mr. Boucher, Mr. Porter, Mr. DeFazio, Mr. Upton, Mr. Hughes, Mr. Wylie, Mr. McEwen, and Mr. Tauke.

H.R. 33: Mr. Slaughter of Virginia, Mr. Kolbe, Mrs. Johnson of Connecticut, and Mr. McEwen.

H.R. 65: Mrs. Vucanovich, Mr. Gaydos, Mr. Torricelli, Mr. Feighan, Mr. Mavroules, Mr. Frank, Mr. Rose, and Mr. Mineta.

H.R. 130: Mr. Kolter and Mr. Hertel.

H.R. 162: Mr. Lehman of California, Mr. Clarke, Mr. Price of North Carolina, Mr. Moakley, Mr. Manton, Mr. Smith of New Jersey, Mr. Lipinski, and Mrs. Byron.

H.R. 186: Mr. Murtha.

H.R. 218: Mr. Spence.

H.R. 312: Mr. Lantos and Mr. Valentine.

H.R. 382: Mr. Manton, Mr. Wortley, and Mr. Morrison of Connecticut.

H.R. 387: Mrs. Morella.

H.R. 388: Mr. Rowland of Connecticut, Mr. McDade, and Mr. Lent.

H.R. 390: Mr. Biaggi, Mr. Hatcher, Mr. Panetta, Mr. Hammerschmidt, Mr. Price of Illinois, Mr. Ackerman, and Mr. Borski.

H.R. 393: Mr. Solarz, Mr. Manton, Mr. Smith of Florida, Mr. Borski, Mr. de la Garza, Mr. Biaggi, Mr. Lagomarsino, Mr. Mrazek, Mr. Martinez, Mr. Crockett, Mr. Konnyu, Mr. Hochbrueckner, Mr. Howard, Mr. Scheuer, and Mr. Atkins.

H.R. 543: Mr. Coyne.

H.R. 588: Mr. Walker, Mr. Pashayan, Mr. Weber, Mr. Wolf, Mr. Dreier of California, Mr. Donald E. Lukens, Mrs. Collins,Mr. Robinson, Mr. Wortley, Mr. Miller of Washington, Mr. Courter, Mr. Lagomarsino, Mr. Espy, Mr. Mavroules, Mr. Hayes of Illinois, Mr. McGrath, Mr. Inhofe, Mr. Solomon, Mr. Burton of Indiana, Mr. Dornan of California, Mr. Crane, Mr. Porter, Mr. Mrazek, Mr. Fawell, Mr. DeWine, Mr. Swindall, and Mr. Smith of Florida.

H.R. 621: Mr. Conyers, Mr. Dyson, Mr. Fascell, Mr. Lewis of Georgia, Mr. Manton, and Mr. Wortley.

H.R. 637: Mr. Schuette, Mrs. Byron, Mr. Clinger, and Mr. Donald E. Lukens.

H.R. 671: Mr. Towns, Mr. Hawkins, and Mr. McMillan of North Carolina.

H.R. 672: Mr. Weiss.

H.R. 673: Mr. Weiss.

H.R. 674: Mr. Weiss.

H.R. 675: Mr. Weiss.

H.R. 676: Mr. Weiss.

H.R. 677: Mr. Weiss.

H.R. 678: Mr. Feighan, Mr. Towns, and Mr. Mfume.

H.R. 679: Mr. Feighan, Mr. Towns, and Mr. Mfume.

H.R. 680: Mr. Feighan, Mr. Towns, Mr. Mfume, Mr. DeFazio, Mr. McMillan of North Carolina, and Mr. Hawkins.

H.R. 686: Mr. Levine of California.

H.R. 693: Mrs. Martin of Illinois.

H.R. 755: Mr. Murtha.

H.R. 762: Mrs. Boxer, Mr. Porter, Mr. Green, and Mr. Dwyer of New Jersey.

H.R. 782: Mr. Weiss and Mr. Boucher.

H.R. 911: Mr. Hastert, Mr. Roe, Mr. Petri, Mr. Rowland of Connecticut, Mr. Horton, Mr. Lowery of California, Mr. Solarz, Mr. Grandy, Mr. Fawell, Mr. Clarke, Mr. Miller of Washington, Mr. Regula, Mr. Bunning, and Mr. McCollum.

H.R. 940: Mr. Hochbrueckner, Mr. Weiss, and Mr. Kostmayer.

H.R. 955: Mrs. Bentley, Mrs. Vucanovich, Mr. McCollum, Mr. Ireland, Mr. Gingrich, Mr. Biaggi, Mr. Smith of New Hampshire, Mr. Hunter, Mr. Walker, and Mr. Hyde.

H.R. 1003: Mr. Weiss, Mr. Evans, Mr. Florio, Mr. Sawyer, Mr. Wolpe, and Mr. Levin of Michigan.

H.R. 1049: Mr. Kildee.

H.R. 1087: Mr. Horton and Mr. Lancaster.

H.R. 1103: Mr. Torricelli.

H.R. 1120: Mr. Roybal.

H.R. 1155: Mr. Kolbe.

H.R. 1196: Mr. Gregg, Mr. Kolter, Mr. Wolpe, Mr. Lagomarsino, Mr. Frenzel, Mr. Robinson, Mr. Bustamante, Mr. Weiss, and Mr. Atkins.

H.R. 1207: Mr. Bilirakis and Mr. Murtha.

H.R. 1234: Mr. Torres.

H.R. 1250: Mr. Atkins, Mr. Cheney, Mr. Clinger, Mr. Coats, Mr. Fazio, Mr. Gordon, Mr. Hiler, Mr. Hyde, Mr. Konnyu, Mr. Kyl, Mr. Livingston, Mr. Lowry of Washington, Mr. Donald E. Lukens, Mr. Packard, Mr. Saxton, Mr. Traficant, Mrs. Vucanovich, and Mr. Yatron.

H.R. 1270: Mr. Rinaldo, Mr. Udall, Mr. Dixon, Mr. Clinger, Mr. Henry, Mr. Traficant, Mr. LaFalce, Mr. Anderson, Mr. Flake, Mr. Olin, Mr. Panetta, Mr. McHugh, Mr. Solarz, Mr. Hyde, Mr. Valentine, Mr. McGrath, Mr. Hoyer, Mrs. Lloyd, Mr. Wilson, Mr. Lancaster, Mr. Mineta, Mr. Badham, Mr. Guarini, Mr. Atkins, Mr. Williams, Mr. Kolter, Mr. Vento, Mr. Fish, Mr. Dornan of California, Mr. Price of North Carolina, and Mr. Evans.

H.R. 1278: Mr. Edwards of Oklahoma, and Mr. Lancaster.

H.R. 1280: Mr. Murtha, Mr. Staggers, Mrs. Johnson of Connecticut, Mr. Gejdenson, and Ms. Kaptur.

H.R. 1281: Mr. Murtha, Mr. Staggers, Mrs. Johnson of Connecticut, Mr. Gejdenson, and Ms. Kaptur.

H.R. 1294: Mr. Hall of Texas and Ms. Snowe.

H.R. 1324: Mr. Barnard and Mr. Sisisky.

H.R. 1395: Mr. Mfume and Mr. Atkins.

H.R. 1470: Mr. Yates.

H.R. 1546: Mr. Hertel.

H.R. 1563: Miss Schneider, Mr. Andrews, Mrs. Schroeder, Mr. Studds, Mr. Fauntroy, Mr. Fawell, Mrs. Collins, Mr. Dellums, Mr. Levine of California, Mr. Solarz, Mr. Hansen, Mr. Boland, Mrs. Johnson of Connecticut, Mr. Morrison of Connecticut, Mr. Yates, Mr. Swift, Mr. Martinez, Mrs. Roukema, and Mr. Whittaker.

H.R. 1609: Mr. Dowdy of Mississippi.

H.R. 1641: Mr. Morrison of Connecticut, Mrs. Bentley, Mr. English, and Mrs. Kennelly.

H.R. 1711: Mr. Manton, Mrs. Byron, Mr. Crockett, Mr. Clay, and Mr. Lewis of Georgia.

H.R. 1734: Mr. Lantos, Mr. Traficant, Mr. Kastenmeier, Mr. Hochbrueckner, and Mr. Howard.

H.R. 1742: Mr. Dornan of California and Mr. Bateman.

H.R. 1751: Mr. Roemer.

H.R. 1755: Mr. Fazio, Mr. Edwards of California, Mr. Kleczka, and Mr. Berman.

H.R. 1776: Mr. Garcia and Mr. Hertel.

H.R. 1786: Mr. Hansen, Mr. Darden, Mr. DeLay, Mr. Buechner, Mr. Gingrich, Mr. Martin of New York, Mr. Slattery, Mr. Spratt, Mr. Walker, Mr. Roth, Mr. Holloway, Mr. Schuette, Mr. Kolter, Mr. Gallo, Mr. Owens of Utah, Mr. Hyde, Mr. Gekas, and Mr. Coble.

H.R. 1829: Mr. Martinez, Mr. Chapman, Mr. Alexander, Mr. Thomas of Georgia, and Mrs. Byron.

H.R. 1830: Mr. Martinez, Mr. Chapman, Mr. Alexander, Mrs. Byron, and Mr. Thomas of Georgia.

H.R. 1872: Mr. Oberstar, Mr. Parris, and Mr. McMillen of Maryland.

H.R. 1885: Mr. Evans, Mr. Petri, Mr. Young of Alaska, and Mr. Tauke.

H.R. 1939: Mr. Udall, Mr. Michel, Mr. Espy, Mr. Shuster, Mr. Lantos, Mr. Jontz, and Mr. Garcia.

H.R. 1959: Mr. Daub and Mrs. Smith of Nebraska.

H.R. 2038: Mr. Hayes of Illinois, Mr. Owens of New York, Mr. Bereuter, Mr. Atkins, Mr. Coyne, and Mr. Towns.

H.R. 2114: Mr. Roth and Mr. Oberstar.

H.R. 2138: Mr. Rodino and Mr. Leland.

H.R. 2144: Mr. Lagomarsino, Mr. Hopkins, Mr. Clinger, Mr. Denny Smith, and Mr. Swindall.

H.R. 2150: Mr. Packard, Mr. Nielson of Utah, Mr. Buechner, Mr. Oxley, and Mr. Rhodes.

H.J. Res. 90: Mr. Coelho, Mr. Montgomery, Mr. Hughes, and Mr. Gallo.

H.J. Res. 97: Mr. Dymally, Mr. Montgomery, Mr. Garcia, Mr. Burton of Indiana, and Mr. Sikorski.

H.J. Res. 100: Mr. Gregg, Mr. Brennan, and Mr. Cardin.

H.J. Res. 150: Mr. Sisisky, Mr. Coughlin, and Mr. Vander Jagt.

H.J. Res. 176: Mr. Solarz, Mr. Levine of California, Mr. Coyne, Mr. Sharp, Mr. Clarke, Mr. Gaydos, Mr. Matsui, Mr. Coelho, Mr. Mineta, and Mr. Swift.

H.J. Res. 201: Mr. Hall of Texas, Mr. Lantos, Mr. Davis of Michigan, Mr. Wolf, Mr. Kildee, Mr. McHugh, Mr. Frenzel, Mr. Lipinski, and Mr. Thomas A. Luken.

H.J. Res. 204: Mr. Holloway, Mr. Flippo, Mr. Howard, Mr. Frost, Mr. Bennett, Mr. Boland, Mr. Coyne, Mr. Murphy, Mr. Burton of Indiana, Mrs. Johnson of Connecticut, Mr. Alexander, Mr. Dornan of California, and Mr. de Lugo.

H.J. Res. 215: Mr. BORSKI, Mr. BROOKS, Mr. DYSON, Mr. CONTE, Mr. PURSELL, Mr. CROCKETT, Mr. BILBRAY, Ms. SNOWE, Mrs. LLOYD, Mr. DEWINE, Mr. EARLY, and Mr. DWYER of New Jersey.

H.J. Res. 216: Mrs. MEYERS of Kansas, Mr. DONALD E. LUKENS, Mr. BEREUTER, Mr. DYMALLY, and Mr. GARCIA.

H.J. Res. 219: Mr. GARCIA, Mr. ACKERMAN, Mr. FAUNTROY, Mr. MFUME, Mr. KASTENMEIER, Mr. LEVIN of Michigan, Mr. LELAND, Mr. HORTON, Mr. CLAY, Mr. DELLUMS, Mr. LEVINE of California, Mr. FORD of Tennessee, Mr. DIXON, Mr. GRAY of Illinois, Mr. OWENS of New York, Mr. STARK, and Mr. CARDIN.

H.J. Res. 255: Mr. PEPPER, Mr. MONTGOMERY, and Mr. BUECHNER.

H. Con. Res. 28: Mr. ROE and Mr. DWYER of New Jersey.

H. Con. Res. 43: Mr. BIAGGI, Mrs. BOXER, Mr. EVANS, Mr. HENRY, Mr. HOCHBRUECKNER, Mrs. KENNELLY, Mr. LEHMAN of California, Mr. LEHMAN of Florida, Mr. LEWIS of Georgia, Ms. OAKAR, Mr. OWENS of New York, Mr. ST GERMAIN, Mr. SOLARZ, Mr. STALLINGS, and Mr. YATES.

H. Con. Res. 63: Mr. GRAY of Pennsylvania, Mr. CLINGER, and Mr. HOYER.

H. Con. Res. 68: Mr. ATKINS, Mr. CONTE, Mr. DEFAZIO, Mr. FRANK, Mr. GEJDENSON, Mr. HANSEN, Mr. HUNTER, Mr. HYDE, Mr. LENT, Mr. DONALD E. LUKENS, Mr. MCGRATH, Mr. MCHUGH, Mr. MCMILLEN of Maryland, Mr. MILLER of California, Mrs. SCHROEDER, Mr. SCHUETTE, Mr. STAGGERS, Mr. STOKES, Mr. SWIFT, Mr. WEBER, Mr. HOCHBRUECKNER, and Mr. HUGHES.

H. Con. Res. 87: Mr. DORNAN of California, Mr. WORTLEY, Mr. DANIEL, Mr. BIAGGI, Mr. BROWN of Colorado, Mr. LIPINSKI, Mr. DAUB, Mr. BRYANT, Mr. OBERSTAR, Mr. SCHAEFER, Mr. DYSON, Mr. KONNYU, Mr. PARRIS, and Mr. SISISKY.

H. Con. Res. 99: Mr. HOYER.

H. Res. 18: Ms. SLAUGHTER of New York.

H. Res. 110: Mr. BLILEY, Mr. TALLON, and Mr. MCMILLAN of North Carolina.

H. Res. 138: Mr. CROCKETT, Mr. RIDGE, Mr. BILBRAY, and Mr. BIAGGI.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1748

By Mr. CHAPPELL:

—On page 10 of the bill, delete the matter beginning after line 23 and all following thereafter through line 8 on page 11.

On page 19 of the bill, delete the matter beginning after line 12 and all following thereafter through line 17.

On page 21 of the bill, delete the matter beginning on line 1 and all following thereafter through line 6.

On page 44 of the bill, delete the matter after line 22 and all following thereafter through line 3 on page 45.

EXTENSIONS OF REMARKS

SHOULD WE TRUST THE RUSSIANS

HON. ROBERT J. MRAZEK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. MRAZEK. Mr. Speaker, recently the distinguished American statesman Arnold A. Saltzman attended the Moscow International Conference and was afforded the opportunity to meet privately with members of the Soviet Central Committee. Ambassador Saltzman has served five Presidents in a wide range of policy-level economic and diplomatic assignments. His work on the Atomic Weapons Non-Proliferation Treaty earned him a Presidential commendation, and he is a well-known figure in governmental circles in Eastern Europe.

While in Moscow, Ambassador Saltzman wrote to the Senator from Rhode Island, Mr. PELL, to report on his findings and the need for reassessment of our country's relationship with our Soviet adversaries. I recommend to my colleagues the following text of Ambassador Saltzman's findings, as they represent the opinions of a learned man with an important message about the future relations of the two superpowers. The text follows:

SHOULD WE TRUST THE RUSSIANS?

I went to the Moscow International Conference not only to experience and participate in Secretary Gorbachev's peace extravaganza, but even more to engage in private conversations with Arbatove and other political leaders in the foreign ministry and central committee. This current invitation to meet with Gorbachev and some of his team repeated one tendered me two years ago. Thus I would be in a unique position to determine what had changed in the past two years.

The Soviet Union is no longer a riddle wrapped within an enigma whose Byzantine policymaking was unclear externally as well as domestically. Today Gorbachev is letting it all hang out. He is flat out saying what they want and what they need without the previous Soviet lecturing or tub thumping.

In spring of 1985 Gorbachev was trying to improve the economy, but within normal Communist boundaries. Today he is abandoning conventional Soviet techniques in favor of decentralization aiming at substantive change. The six hour speech he made on January 28th at the plenary session of the Communist Party should be carefully read by Americans of all political persuasions.

THE NEW ECONOMIC DIRECTION

The speech was quickly followed by adoption of new economic laws and new rules implementing the words. Joint ventures with foreign capitalists permitting repatriation of profits have begun. Individuals can own small businesses; e.g., car repairing, restauranting, tailoring if they do the work themselves. They can keep or reinvest the proceeds, or a number of people can join together and run their own cooperative responding to market forces. State enterprises will now fulfill a general state plan while simultaneously reserving substantial productive capability to respond to the marketplace. They will now have to be responsive to the wants of their customers, as well as the "plan" and will profit accordingly. More successful enterprises can increase wages, pay bonuses, even purchase equipment for expansion etc., while being self-financing. Bosses will be elected by all employed in the enterprise and not selected by a party chieftain. Above all, everyone is being exhorted to think in new directions, to experiment, to risk change. None of this is cosmetic aimed at the West. The new Soviet leaders are dismayed at the possibility of entering the 21st century industrially and technologically far behind Japan, the United States and West Germany. They are taking great risks because they are forcing radical economic change contrary to rigid ideology even though they would not and do not use those words.

In private meetings with members of the Central Committee, which were more significant than the work of the Round Table Conference, I asked these tough questions and received startling answers:

Question. If you succeed in reshaping your economy as Secretary Gorbachev has indicated, what happens to the classic socialist definitions previously propounded by the Soviet Union?

Answer. Socialism must be defined as Lenin would—a means of meeting the needs of our people and which is now being updated in accordance with the times.

Question. If you liberalize your ecomomy and people experience the benefits of diminished central economic control, will you not be pressured for similar political liberalization?

Answer. There is no other choice, and there is no turning back.

But can these younger, more aggressive leaders force the notoriously entrenched self-perpetuating Russian bureaucracy to do their will? Khrushchev could not, the Czars could not, and Brezhnev did not even try. Unless Gorbachev can produce noticeable benefits soon, if disillusionment with words instead of results sets in, the bureaucrats, and for the moment, very quiet hardliners and ideologues may bring him down.

This is part of the reason why Gorbachev had decided to release from confinement writers and journalists who, along with others, are being given freedom to criticize and expose flaws in the system. They are attacking the bureaucrats and the systemic rigidities unmolested since they are the enemies of Gorbachev's enemies. The West should not delude itself that Gorbachev's thrust is primarily fence-mending and cosmetic. It is rather his drive for more liberalized economic system attacking stereotypes of past thinking. Included in that effort is the desire to participate in Western economic institutions such as IMF, GATT, and the World Bank.

Accompanying this so-called new thinking is a different spirit, an upbeat mood—in some quarters almost euphoric. The pervasive presence of vodka is diminished and the "high" is now found in talk and talk and hope for better things to come. None of this is absolute, of course, and alcoholism continues as a serious problem. But Gorbachev's campaign of higher prices for vodka and tougher penalties for drunkenness has made a dent. Other than less visible alcohol consumption, on a philosophical basis, it's as though a dam had cracked. While much of the dam is still erect, pieces of concrete dogma, together with rivers of words, thoughts and ideas long repressed are pouring out.

MILITARY AND GEOPOLITICAL CONSIDERATIONS

However, turning from the economic and social scene to military, geopolitical considerations, not much has changed. What Soviet leaders told me two years ago is almost identical to their statements today. Forty of us from a dozen countries sat around a rectangular table that the Soviets called a "round table", a political forum chaired by Arbatove and Primikov. No one represented his country since we all came as private citizens, but the views expressed were nonetheless indicative of the thinking in the countries whose citizen experts participated.

The Soviets repeated their call for a moratorium on testing in space, for a no first strike pledge, getting the nukes out of Europe and their challenge to cut way back on conventional arms and troops in Europe. Above all, they railed against SDI offering to make mutual huge reductions on nuclear missiles if the U.S. renounced testing in space and deploying SDI systems. The Soviets label SDI offensive in character and a violation (beyond research) of the ABM Treaty. (If testing and deployment goes forward, all the participants from England, France, Canada, India, Japan, China, Italy, Soviet Union, Finland, Sweden and almost all from the United States agreed that SDI was an impediment to agreement on major cutbacks in nuclear missiles and should not be implemented. Interestingly, India was the most vocal in support of the Soviet Union and Romania's support the mildest.)

Since I had reported all of the above to our State Department, White House and Congress in May of 1985, including their offer of a 50 percent cut in nuclear weapons with full on site inspection, I could not understand why the Soviet proposals at Reykjavik were called a surprise by the President's people.

In our round table, aside from the Soviet's proposals referred to above, a number of additional issues raised deserve mention.

1. Both France and West Germany opposed the U.S. removing all cruise and Pershing missiles recently stationed in Europe in a deal with the Soviets for removal of all their intermediate range missiles. Thus they no longer supported the zero-zero option on missiles unless more far reaching disarmament in Europe was agreed upon both in weaponry and troops. And this additional disarmament carried risks requiring carefully arranged safeguards.

2. The Soviets stated that the old debate about inspection to safeguard agreements made was no longer an issue. They supported multi-national, or any other form of inspection within the Soviet Union, but said they wanted the same inspection procedures inside the U.S. or Western Europe as the case may be.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

3. The Soviets made it clear that the economic changes proposed and underway in the Soviet Union were all part of their overall plan which included cutbacks in armaments—nuclear and conventional. They were not dividing their internal policies from external, but saw them as coordinated and reinforcing.

4. The Soviet participants said their stated position was that henceforth arms control negotiations were a "package". What had caused this statement was the U.S. trying to negotiate reductions of ICBM's while leaving SDI intact. This was unacceptable to the Soviets (most other countries sided with the U.S.S.R.). However, it was implied that the "package" might be broken to separate arms control issues in Europe from SDI and ICBM's.

5. The Soviets were and are willing to negotiate intermediate range missiles of both sides out of Europe without insisting on eliminating French and British missiles. The Soviets would like to go farther in slashing conventional arms and troops of both sides in Europe. Either or both of the above are negotiable now even though they officially talk "package". Since Arbatov, Primikov and two of their top generals were the U.S.S.R. round table representatives, their statements and hints are more indicative of what the U.S.S.R. will do than when French, German, U.S. or British participants gave their opinions as informed, influential, but private citizens.

6. The fear was expressed that there was proliferation of nuclear missiles or nuclear missile capability in general, and it was spreading. It was felt that agreement by the U.S. and U.S.S.R. on their own cutbacks would provide a better climate for the superpowers to tackle this dangerous problem together.

7. There were questions raised by non-U.S. members whether the Iran mess had isolated Reagan from endeavoring to reach an agreement on nuclear cutbacks. The Soviets did not identify themselves with this position.

8. West Germany remarked that part of their diminished support for SDI was because the U.S. was not giving them a piece of the SDI development pie as originally promised.

9. In regard to Jewish emigration, the Soviets say they will not allow free exit. They will not do so even if MFN were offered in exchange. They will, however, allow people to leave to join families abroad and will speed up that process and liberalize it.

10. The Soviets said they intended to withdraw their troops from Afghanistan soon, but the U.S. was delaying and aggravating the problem by arming and abetting Pakistan's border activities.

11. Many participants stated and restated that the impediment to arms control was the lack of trust on both sides. I wish particularly to address myself to that issue in my remarks below and summarize my own personal conclusions.

CONCLUSIONS

The U.S.S.R. leadership has gone through a period of deep introspection over the last two years—since I last met with them—and has arrived at certain far reaching conclusions. Their economic growth rate has slowed; they are falling behind industrially and technologically. A new generation is growing up, untouched by the revolution or the last great war, that wants greater variety and better quality in consumer goods. They have decided this requires institutional change—not exactly like the Hungarian model—but still decentralization and democratization of their economy.

They were wise enough to see that one cannot proceed full blast on production and development of weapons and still accomplish all that they wish on internal, domestic production. Thus they tell us they want and need curtailment of the arms race. They also make clear that the U.S. ought to want this too, that cutting back on armaments ought to be good for us too, for the whole human race, both economically and also for the chances of staying alive.

For the first time in more than a generation, there is an opportunity not just to control nuclear expansion, but to achieve major nuclear cutbacks. If enough nuclear missiles are destroyed the "first strike" capability disappears which concern has itself increased missile production in an accelerating, circular paradox. Major nuclear cutbacks also argue against the need for SDI deployment. What has produced this opportunity is that the Soviets find they need arms control. This raises the interesting question that will undoubtedly cause controversy in the U.S. If it is good for the U.S.S.R., does that mean it is bad for us?

Leaders of Czechoslovakia have recently privately told me they are liberalizing as well, certainly encouraged by the actions of the U.S.S.R. Hungary already has, Poland is on the way. One can see an attitudinal shift in East Europe and, as a result, a new ballgame in all of Europe if the Soviet internal efforts are for real and they succeed. If so, does that not lessen the need for huge nuclear arsenals and improve chances for agreement.

Thus we get back to the question one hears over and over again. "Can we trust the Russians?" (They, of course, pose the same question in reverse.) To me that question is irrelevant. "Trust" has hardly been the most fundamental principle on which nations rely for their national security. Therefore, I see no reason that "trust" become the essential ingredient for reaching an agreement with the Soviet Union. There are more fundamental forces than "trust" that could or should move both sides in that direction.

(1) Agreed upon cutbacks in nuclear missiles and weaponry of all sorts diminishes fear, suspicion, and the possibility of blowing each other up—even if by accident or miscalculation. (2) The Soviets badly need to use resources for non-military purposes, but so do we since we too are falling behind Japan, financially and industrially, even if not as rapidly as the Soviet Union. (3) A more liberalized and internationalized Soviet economy would bring bridges of trade and contacts, financial and social, weaving a fabric of mutual benefit if Gorbachev's internal efforts become reality and not just intent. (4) And most important, the recent Soviet decision to accept absolutely clear and reciprocal inspection procedures as a condition for reaching nuclear weapon agreements greatly enhances "trust" while also making it less essential. (5) Last of all, the risks to national security are greater than escalating nuclear buildups than by finding reasonable accommodation to roll back such weaponry.

Thus the issue is not "trust" but rather how to minimize risk in a world beset by problems—military, social, ideological and economic; how to inhabit a planet where Chernobyls or acid rains know no boundaries, and triggerpoints of potential conflict abound.

What is needed in the U.S. today—which is sorely lacking—is a coordinated evaluation of what should be our policies—plural—to the new situation in the U.S.S.R. All the alternative possibilities should be considered as a totality, not simplistic knee jerk reactions linked to the past.

The changes in the Soviet Union no longer permit static confrontational responses by the U.S. if for no other reason than the fact that our allies will not stand still. Is it still in our interest to perpetuate a philosophy that "what hurts the Soviet Union helps us?" What should our response be towards Gorbachev's new liberalization aimed at improving the industrial capability of the Soviet Union and the economic lives of its people? Do we assist the Soviet Union to enter into the western capitalist economy via IMF, GATT, MFN treatment, World Bank, etc. or do we restrict them? What is our total approach to arms control including SDI and a substantially demilitarized Europe? We have not yet formulated a broad policy in response to Gorbachev's challenge of a demilitarized Europe.

United States policymaking, both in the Presidency and the Congress has for many years suffered from three major deficiencies: (1) It is ad hoc uncoordinated; we make policy in bits and pieces frequently counterproductive in areas not considered and (2) policymaking is not anticipatory—does not lay out opportunities as well as problems and set forth alternative solutions to consider, but rather is rooted in the past and geared to putting out fires. (3) Our policies for national security have not appropriately coordinated economic issues with military considerations. In fact, they are indivisible as World War II demonstrated, and foreign policy cannot be divorced from domestic policy.

It is essential at this time that our Government override the Iran mess long enough to produce the kind of total re-evaluation of what our policies should be vis-a-vis the U.S.S.R. with Eastern Europe generally and also of the NATO-Warsaw pact relationship. Not only on weapons, but the whole ball of wax. The Soviet Union has challenged us by their liberalized economic policies, by their anti-nuclear proposals. The opportunity is there for us to do something positive—the need is there. This is my message from Moscow.

EAGLE SCOUT EDWIN J. JAROS

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. LIPINSKI. Mr. Speaker, I would like to take this opportunity to bring to the attention of my colleagues the achievements of a fine young man from my district, Edwin J. Jaros. Edwin will soon be honored for achieving the highest rank in Scouting, that of Eagle Scout, at a private ceremony on May 17, 1987.

The path to Eagle Scout is truly a long and difficult one. It requires an extraordinary amount of dedication and determination not usually seen in youths of this age. The tasks which must be completed to become an Eagle Scout cover virtually every realm of human experience. Some require intellectual and creative abilities while others call for physical agility and strength. Some tasks help integrate the young man into society through community action that benefits his neighborhood and world. Still other acts are performed alone to assist his growth and maturity as a person. The central challenge is, however, to set and strive for goals through initiative and diligence.

Young men like Edwin are leaders. The achievement of Eagle Scout is likely to be only the beginning of a future full of accomplishments, for this young man has shown that he can perform exceptionally well without a compelling hand of authority over him. I say this not to downplay the importance of the encouragement he received from his family and Scout leaders but, rather, to assert the independence and self-motivation he has already shown.

Edwin, your achievement of becoming an Eagle Scout is praised and applauded. It is with sincere pleasure that I commend you, Edwin J. Jaros, before my fellow Members of Congress.

NASA MUST BE BROUGHT BACK ON TRACK

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. JACOBS. Mr. Speaker, I rarely place a constituent's letter in the CONGRESSIONAL RECORD. But the following letter from Kathryn M. Connell deserves further notice:

Hon. ANDREW JACOBS, Jr.,
Longworth, Building, Washington, DC

DEAR REPRESENTATIVE JACOBS: I am writing to express my extreme dismay at a recent experience I had with my family while on vacation in Florida.

On March 26 my husband, son, and I visited the Kennedy Space Center. Our arrival was not part of a planned itinerary, but rather a spontaneous visit on the way to Orlando. There was a furious storm in progress, with thunder and lightening and sheets of rain, and as we had not yet had lunch at 3 o'clock, we decided to reconnoitre and eat. There was a huge crowd despite the weather, and we were told no bus tour tickets were available because of the scheduled launch. "Launch? In this weather?" we asked. We were told that the launch might be "scrubbed," disappointing all those ticket-holders. All the staff looked tense.

We proceeded to eat in the cafeteria, and as we ate, a huge roar began to build outside, which we readily identified as the launch, although due to torrents of rain and impenetrable cloud cover, we could not see a thing. All at once the roar of the launch ended in a dull "whump"—then a chilling silence. A few minutes later, the announcement came over the PA system that the Atlas Centaur and its satellite cargo had been blown up one minute off the pad by the range commander, due to the loss of control.

After eating, we went to the gift shop and saw postcards of the handsome, smiling Challenger crew, alongside the mugs, T-shirts, plastic toys and trinkets, and thought: is this what the tragedy has come to? We proceeded to the museum exhibits which recall the achievements of 20 years ago, culminating in the Apollo moon landings, and thought, what has gone wrong?

That night we watched the news in our motel room; the aforementioned range commander stated blandly on camera that their "instrumentation indicated that the weather met NASA requirements," but that an inquest had been started. Requirements? Only of an agency with a death-wish. Three nights later in another motel room, we heard the preliminary report: four lightening strikes "near" the craft had blown the electrical systems.

Truly, any ordinary citizen among the thousands there to observe, could have reported the violent electrical storm in progress. I wonder how it can be that a 160 million dollar craft was destroyed due to lack of common sense. That is, I fear, the most charitable interpretation possible. Thank God it was only the public's money this time, not the lives of its heroes.

There is something gravely wrong with our whole program there, and I fear that the latest "hype" about a Mars landing, albeit unmanned, must be greeted with a disconsolate skepticism by millions of Americans like myself who doubt the Administration's ability to any longer differentiate hype from reality. Thank God that this new scheme does not call for a manned vehicle, for I frankly question NASA's ability to fly a kite. Ben Franklin, we are told, discovered electricity in an electrical storm. NASA would be advised to do the same.

As usual, the average citizen has no knowledge of whether NASA has too much money or too little, too much political control or too little. We must rely on the wisdom and character of our elected representatives to find the truth and act accordingly. This program, which should be the flower of our civilization and a source of pride and inspiration to us all, must be brought back on track.

Sincerely,

KATHRYN M. CONNELL.

MILITARY BUDGET IN THROES OF LONG-TERM DECLINE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. GREEN. Mr. Speaker, I would like to submit for the RECORD a well-thought-out analysis of the Defense Department budget plan which I think all Members should consider before voting on the DOD authorization next week.

The analysis was prepared for Defense News by Lawrence Korb, who is a member of the board of the Committee for National Security, and by Stephen Daggett, a senior analyst with CNS. Since I have had the pleasure of working with CNS in the past on its excellent defense budget studies, I read this budget analysis, which was the first in a four-part series, with great interest.

The main point of the analysis is that the Defense Department, despite the fact that it will experience a 25-percent decline in its 5-year budget plan, has failed to make any hard decisions. Instead of cutting big-ticket items which may be nice but unnecessary, the Defense Department has relied instead on stretchouts and shaving programs.

As we look at the DOD authorization in coming weeks, I urge my colleagues to read this analysis and keep these points in mind.

[From Defense News, Mar. 16, 1987]

MILITARY BUDGET IN THROES OF LONG-TERM DECLINE

(By Lawrence Korb and Stephen Daggett)

Over the past two years, the Defense Department's plans for a continuing military buildup have become an unintended casualty of the nation's fiscal policy. Because of the need to control federal deficits, Congress reduced DoD budget requests by more than $60 billion for fiscal 1986 and fiscal 1987. More importantly, military spending has entered a dramatic long-term decline.

As recently as February 1985, the Five-Year Defense Plan for fiscal years 1986–1990 was projected to total almost $2 trillion.

This year, the administration estimates a five-year defense program that is $450 billion smaller. Anticipated congressional reductions in the remainder of the period will reduce the DoD budget by another $50 billion or more. As a result, the program will be at least 25 percent smaller than DoD planners recently assumed, a shortfall of more than $500 billion.

In any organization outside of government, be it a weekly newspaper, a small public interest group or a large university, a 25 percent decline in projected resources would entail some real soul-searching. Managers would have to decide what programs were essential and, most importantly, what projects in what departments would have to be sacrificed. The cutbacks might be painful—but they could not be avoided.

Unfortunately, DoD has been unwilling so far to face up to the extent of its financial shortfall.

Instead, planners appear to be treating recent budget setbacks as a transient phenomenon, making temporary adjustments on the premise that things will get back on track later.

Indeed, the budget totals assumed by each of the military services over the last three years of the current five-year planning period, reflected in Army, Navy and Air Force Program Objective Memoranda (POMs), are still projected to grow by 10 percent year in real terms even though the official DoD budget is projected to grow by only 3 percent.

As a result, almost nothing of any signficance is being canceled.

Instead, annual allocations for literally thousands of programs in the DoD budget are being trimmed slightly and programmed increases in the infrastructure needed to support weapons purchased earlier are being put off to budgetary "out-years." If it were true that rapid budget growth would soon resume, then such adjustments might be acceptable. But there is no real prospect of that.

A continuation of bureaucratic business as usual, therefore, will be disastrous. Continuing "stretchouts" of major weapon programs will lead to increasingly inefficient production rates.

It is absurd to be paying nearly $70 million for an upgraded F-14 fighter and $60 million for an EA-6B electronic warfare plane, but such prices will become more common. And a failure to follow through on planned increases in funds for ammunition, spare parts, base improvements and additional personnel will mean that the new weapons purchased earlier in the decade will not be adequately supported, and much of the Reagan administration's military buildup will, in effect, be squandered.

Instead of treating the budget crunch as a short-term nuisance, military planners need to do some serious rethinking of priorities. Several adjustments are necessary.

First, the pace of weapons modernization should be slowed. Traditionally, the United States has developed new generations of weapons on roughly a 20-year cycle.

Now the modernization cycle has been accelerated so we appear to be developing new weapons—especially strategic nuclear weapons—every 10 years.

Development of the next generation of weapons should be delayed and savings transferred into ongoing weapon production. Marginal programs should be eliminated and recent increases in the size of the military structure should be reconsidered.

In addition, military planners, with the participation of the relevant congressional committees, need to begin asking some much harder questions concerning the composition of U.S. military forces in the 1990s. At least three big questions have to be put on the agenda:

What do we really need for nuclear deterrence? Can the United States restructure its strategic nuclear forces in a way that will save a significant amount of money? Can that money be used to remedy shortcomings in other areas but still ensure that we can accomplish our strategic objectives, provide a necessary spur to arms reduction negotiations and a hedge against unexpected threats?

Does the maritime offensive strategy, built around a 15-carrier Navy, make sense?

How long will the United States continue to maintain 325,000 troops in Europe?

TRIBUTE TO HON. CHARLES J. RILEY, RETIRING SECRETARY-BUSINESS ADMINISTRATOR OF PATERSON BOARD OF EDUCATION

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. ROE. Mr. Speaker, for more than 30 years, Charles J. Riley has been a vital force in helping to shape the lives of countless thousands of children of the city of Paterson, NJ, in my Eighth Congressional District in New Jersey. He has accomplished this through his long and devoted service to the Paterson Board of Education, first as member of the board and later as the board's secretary and business administrator of the board.

On Saturday night, May 2, Mr. Riley will be duly honored for his many years of outstanding service to his community with a dinner in his honor at the Aspen Hotel in Parsippany, NJ. This event will be attended by nearly 1,000 family, friends, colleagues and professional acquaintances, all whom will be there to show their deep appreciation to Charles J. Riley for his lifetime of service to the Paterson Board of Education and his unswerving dedication to the children of his community.

Charles J. Riley was born in Paterson and attended Paterson schools before going to Seton Hall University where he earned his bachelor of science degree in business administration and later obtain his masters degree in management and supervision. He also served in defense of his country from 1941–46 as a member of the U.S. Army Air Force, entering the service as a private and being discharged as a captain with several distinguished decorations and awards.

Mr. Speaker, Charles J. Riley became a member of the Paterson Board of Education in 1956 and served in that capacity for 4 years before being named secretary-business administrator of the board on December 20, 1960. In these past 27 years he has served with distinction and honor, several times being named "Man of the Year" by local community and civic organizations.

Charles J. Riley is a member of the American Association of School Administrators, Association of School Business Administrators of the United States and Canada, New Jersey Association of School Business Administrators and Passaic County Association of School Business Administrators. Highly active in his community, Mr. Riley has also served as treasurer of St. Joseph's Hospital Development Committee, and he was a fund raiser for the Veritan Organization of Paterson.

Charles J. Riley was married to the late Grace Comerford. He is the father of four children, Ann Finck, Claire Geier, Mary Grace Rook and Michael Riley and the proud grandfather of 13 grandchildren.

I would like to take this opportunity to congratulate Charles J. Riley on his many years of devoted service to the education of Paterson's children through his long and active involvement with the board of education. Certainly, his contributions transcend Paterson, for effective education today of our most valuable resource, our children, means a safer, stronger and more prosperous world for tomorrow, and to that end he has served admirably and with great distinction.

THE GLOBAL TOMORROW COALITION; THE GLOBESCOPE PROCESS

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. FEIGHAN. Mr. Speaker, I would like to take this opportunity to recognize the great contribution the Global Tomorrow Coalition has made to the future health of our planet. For several years the Globescope Process has been bringing together political, environmental and business leaders to discuss ecological concerns. Begun in 1983 as a grassroots campaign, Globescope has grown into an organization supported by 6 million members. Over 100 environmental and other organizations also play an active role in the Globescope Process. I am proud to be a participant in this important organization this year.

Globescope international forums have four fundamental purposes: First, to advance understanding of the options available to us in meeting the environmental, population and economic development challenges of the present and future, second, to facilitate cooperative interaction between problem solvers and concerned citizens so as to develop common agendas and strategies, third, to educate citizens whose decisions will determine the success or failure of the efforts our society will make to protect the environment, and fourth, to identify and then emphasize the issues and needs that are important to the effective implementation of commonly developed environmental strategies.

Beginning tomorrow in Cleveland, OH, Globescope will bring together hundreds of speakers and panelists representing a whole gamut of concerns and perspectives. They will discuss issues ranging from cleaning up toxic chemicals and protecting ground water to nuclear issues and influencing energy policy. Our environmental future is everyone's business, and every leader, whether public or private, must understand how his or her decisions effect that future. The Globescope 87 forum will provide this opportunity. Globescope forums serve to remind each participant that no decision takes place in a vacuum. And they foster desperately needed interaction and understanding between leaders whose collective actions will touch generations to come.

As Diane G. Lowrie, the Globescope national coordinator says, "Every person can make an impact on the health of our planet. It's like dropping a pebble in a pond, the ripples go out a long, long way." The ripples do indeed go a long way. And Globescope forums link together those efforts from around the Nation. I hope that each Member of Congress will support Globescope forums and encourage the environmental concern and cooperation engendered by the Globescope Process. Each of us can make a difference.

COMPETITIVENESS AND AMERICAN MANAGEMENT

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. WALGREN. Mr. Speaker, given the intense interest in competitiveness in the 100th Congress, I want to bring to the attention of my colleagues, some important thoughts of Dr. Myron Tribus. Dr. Tribus, during his years as a senior engineering executive of some of our best institutions, both in academia and the business world, has developed an appreciation that few can match for the root causes of our competitiveness problems. Last summer, Dr. Tribus presented the Science, Research and Technology Subcommittee with a thought-provoking analysis of Japan's success in moving from a synonym for poor quality to the world's most respected industrial power. Very clearly we must change our way of thinking and our way of doing business if we are to maintain the standard of living America deserves.

Mr. Tribus' comments follow:

INTRODUCTION

Mr. Chairman: These views have been developed over two decades in which I have seen the competitive position of my country deteriorate each year. We have now reached the proportions of a full-blown crisis.

DIAGNOSIS

Many well-intentioned people say that the problem is the loss of the work ethic, the overvalued Yen, hidden subsidies by the

Japanese and other governments. We also know about problems caused by high interest rates and taxes.

There is another factor, however, which has not had proper recognition. It is the way our managerial corps looks at how they are supposed to run our enterprises. They do not understand that in this new era of fierce economic competition, there is only one viable philosophy: constant improvement. Competitive advantage comes only to those enterprises in which everyone, from the top to the bottom, is engaged in improving the processes in which they work or for which they are responsible.

THE CURE: CHANGE IN THE WAY WE MANAGE OUR ENTERPRISES

The first priority in regaining American competitiveness is to change the way our managers do their jobs. If we do not do this, nothing else we do will be effective.

Some people think we are describing a cultural phenomenon called "Japanese Management". Not true. The origins of so-called Japanese management are strictly American. It started in 1948, during the MacArthur occupation. Charles Protzman and Homer Sarasohn, both on the staff or General MacArthur, found it necessary to institute a course in managment for the Japanese. The Japanese economy was in a shambles. The American army was feeding the Japanese people. To encourage economic development, MacArthur decided that the Army of Occupation should purchase as many things as possible from the Japanese. However, Japanese quality was unacceptable. Protzman and Sarasohn were asked to investigate and find out why. They concluded that Japanese managerial techniques needed a complete overhaul.

In those days, as in Europe, managerial positions went to people who were of certain privileged Japanese families. Contrariwise, in the U.S.A. until the middle 1950's, heads of American companies came from the ranks of the companies and were composed of people who understood the business they were in. Promoting from within was a new idea for the Japanese. As the top ranks of Japanese business were purged by the American occupation forces, the promotions into these vacancies came from the ranks of the company. They include A. Morita, now honorary chairman of Sony, M. Matsushita, present chairman of Matsushita Electric and representives from Sharp, Toshiba, Sumitomo Electric and many others. This was the true beginning of so-called Japanese management. It was forced on them by their conquerors.

Introducing ideas about industrial democracy, which were prevalent in the U.S. at the time, was not enough for a complete theory of management. In 1950, Dr. Deming went to Japan and introduced statistical quality control. He showed the Japanese managers how statistical concepts formed a central core of a new managerial theory. Dr. Joseph Juran also went to Japan and taught simple statistical methods. The U.S. Army introduced work simplification methods. Larry Miles was invited by the Japanese to teach value analysis. The Japanese managers understood that these were important tools for continuous improvement. In the U.S.A. our managers began to abandon these ideas as soon as the war was over. In Japan they developed and extended them. They cherished and polished it and gave it a few Japanese twists.

With mastery of process *improvement,* not just mastery of process, they are now in a strong position to invent and innovate much more rapidly than we. Our management is wedded to the idea of a "steady state", not "continuous improvement" as a way of life. American managers want me to show them how to make a system better; Japanese want to know how to be better at improvement.

WHAT WENT WRONG? WHY DID WE CHANGE OUR MANAGERIAL APPROACHES?

What caused the abandonment of the track we originated? I must place most of the blame on our Schools of Business. They have sought to develop an elite corps of "professional managers", credentialized by Harvard, Wharton and the Sloan School at MIT. Their concept is that if you can manage, you can manage anything. If you ask them, they say they are teaching the top managers of the future. I suppose these are noble aims, but unfortunately they teach their students to regard the enterprise as primarily an "investment portfolio" to be managed mostly from financial figures. Financial figures are "lagging indicators" and trying to run your company by looking at the resulting financial figures is very much like trying to drive your car guided by the white line you see in the rear view mirror. It doesn't work. In Japan before the war the executives were people who had their primary experience at the Zaibatsu, that is the corporate headquarters of their companies. They were the elite. Now the Japanese do not follow this custom. They follow the American tradition of the 1940's. We in turn have abandoned the tradition. The passport to the job at the top is a degree from a first class business school. We have created our own Zaibatsu.

WHAT IS THE "NEW" WAY TO MANAGE?

Changing a conceptual framwork is a frightening undertaking for most people. The best I can do today is give you a few catch phrases which might just give a glimpse into what is different.

1. Ever since the building of the Pyramids, people have treated management as though management is a privilege and labor is a commodity. This view is now untenable. Instead, the manager's job must be redefined. The people work *in* a system. The manager's job is to work *on* the system to improve it continuously, with their help. This view of the job contrasts with the usual view "If it ain't broke, don't fix it". Most managers do not think they are in charge of a *system.* They just think about getting the work done and getting themselves promoted.

2. Quality is the driving force for competitiveness. Quality is never your problem. Quality is the answer to your problem. Very few managers today understand that when you concentrate on improving the quality of everything you do, your problems tend to go away. Costs are reduced, errors are prevented, products work better. It then becomes possible to make products that do not come back for customers who do. Too many managers think of quality only in regard to the product that goes out the door. They fail to recognize that improving the quality of everything the company does is essential to building and retaining customer loyalty.

3. The quality cost principle: For a given set of features, the producer of highest quality will be the producer of lowest cost. Please note that I did no say "lowest price". With low cost a manufacturer can decide to produce a product with few features and sell it at a low price, as with the Honda Civic or add features and sell it at a high price, as with the Accord. In either case, high quality in production processes produces a low manufacturing cost and a high quality product. Although there has been a determined attempt to publicize the fact that increasing quality does not drive up cost, I can report that most managers do not believe it. They do not see improved quality as a means to reduce cost.

4. The essential quality concept: Only customers can define quality. The next person in line is your customer. Successful companies are customer oriented. They work to please their customers. Most American companies are share price oriented. They work to please the equity market. In the well-managed enterprise, each person works to help the next person in line do a better job. They know they are all in the same boat and that they must row together, in the same direction.

5. One of Dr. Deming's most important principles, "drive out fear", is simply not discussed in most companies. The most common fear, the most debilitating one for a company, is the fear on the part of the employees that the only purpose the management has is to get rid of them. When workers in Japan and Germany were interviewed and asked, "Is an increase in productivity in the company good for you personally?", 90% of the Germans said "No" and 90% of the Japanese said "Yes".

There are other important sources of fear, among them, the fear to tell the management things they do not want to hear. How is it that NASA management allowed a system to develop in which it was dangerous for engineers to tell the truth? It is not a new phenomenon. We had the infamous case of the BART engineers who had to fight to make the top management accept that the system that had been proposed was unsafe. Some companies in Japan, by the way, also create a great deal of fear in their employees. Japanese companies are not all well-run. Some even go bankrupt. Well-managed companies are aware of Deming's point about fear, and they work actively to eliminate it.

6. The statistical principle: All systems exhibit variability. Knowing how to tell whether a variation is a signal that something is wrong or whether it is part of the expected variation distinguishes the good manager from the inept. At the heart of Dr. Deming's and Dr. Juran's teachings is the intelligent use of statistics. One of the weaknesses of American engineering education is the failure to include instruction in statistics in the normal education of engineers. There are about 1 million engineers in the U.S.A. We produce about 60,000 new ones per year. Less than 5% of the will have had a course in statistics, and of those, only a few will know how to apply it to problems of manufacturing and quality.

7. Juran's principle: Whenever there is a problem, 85% of the time it will be the system; 15% of the time it will be the workers. Since the workers are the people most involved in the system, they are the ones most likely to be able to say what is wrong. This understanding provides the central idea behind the quality circle movement.

As I said, these phrases and comments give only the flavor of what needs to be *learned.*

These ideas are beginning to catch on in some parts of American management. If you were to visit a number of plants in America, you would see some of these ideas in action. Unfortunately, all this takes time. You do not cure in a few days a disease that has been spreading for 30 years.

EAGLE SCOUT DANIEL R. LINDAHL

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. LIPINSKI. Mr. Speaker, it is with great pleasure that I call to the attention of my colleagues an exemplary young citizen, Daniel R. Lindahl. He will soon be recognized for achieving the highest rank in Scouting, Eagle Scout.

In becoming an Eagle Scout, he will join the ranks of a very select group. The individual tasks which he had to complete are impressive alone. These tasks challenged every facet of his personality—mental, physical, psychological, and more. His accomplishment becomes even more notable when it is viewed cumulatively. That is, the entire sum of achievements and the perserverance of character demanded illustrate just what high caliber young man Daniel is.

In today's society, our youth are truly bombarded with a variety of life paths to choose from. While the freedom of choices is in itself good, too often we hear of young people who are led astray by the ignorance of their years to a lifestyle they do not deserve. It is always refreshing to recognize young men who choose a constructive way of life and also excel at it. Though some credit should be given to the family of this young man and to the scout leaders who provided support, Daniel today knows that he can participate in society in a manner that will benefit himself as well as his community.

The achievement of attaining the rank of Eagle Scout lays an excellent base for a productive future. I'm sure my fellow Members of Congress join me in wishing Daniel the best of luck in his future endeavors.

DAYS OF REMEMBRANCE 1987

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. GREEN. Mr. Speaker, I address my colleagues today as a Member of Congress, a member of the U.S. Holocaust Memorial Council, and as a member of the Jewish community. I rise on this day of remembrance to honor and commemorate those who perished in the most tragic event ever to occur in the history of the civilized world.

This year the U.S. Holocaust Memorial Council is awarding the Eisenhower Liberation Medal to Edward R. Murrow—posthumously—and Fred Friendly. They are being honored for their reporting during World War II on the liberation of the Nazi concentration camps in April 1945. By honoring Murrow and Friendly, the Council also honors all war correspondents who told the terrible truth of the camps to the world.

When Edward R. Murrow entered the barbed wire gate of Buchenwald with the liberating American troops, the following were his words:

> When I entered, men crowded around, tried to lift me to their shoulders. They were too weak. Many of them could not get out of bed. I was told that the building had once stabled eighty horses. There were 1,200 men in it, 5 to a bunk. The stink was beyond all description.
>
> When I reached the center of the barracks, a man came up and said, "You remember me. I'm Peter Zenkl, onetime mayor of Prague." I remembered him but did not recognize him.
>
> I asked how many men had died in that building during the last month. They called the doctor. We inspected his records. There were only names in the little black book, nothing more—nothing of who these men were, what they had done or hoped. Behind the names of those who had died there was a cross. I counted them. They totaled 242, 242 out of 1,200 in one month. As I walked down to the end of the barracks, there was applause from the men too weak to get out of bed. It sounded like the handclapping of babies, they were so weak * * *. As we walked out into the courtyard, a man fell dead."
>
> In another part of the camp they showed me the children, hundreds of them. Some were only six. One rolled up his sleeve, showed me his number. It was tattooed on his arm. D-6030, it was. The others showed me their numbers. They will carry them till they die.
>
> An elderly man standing beside me said, "The children, enemies of the State." I could see their ribs through their thin shirts. The old man said, "I am Professor Charles Richer of the Sorbonne." The children clung to my hands and stared. We crossed to the courtyard. Men kept coming up to speak to me and touch me, professors from Poland, doctors from Vienna, men from the countries that made America.
>
> We proceeded to the small courtyard. The wall was about eight feet high; it adjoined what had been a stable or a garage. We entered. It was floored with concrete. There were two rows of bodies stacked up like cordwood. They were thin and very white. Some of the bodies were terribly bruised, though there seemed to be little flesh to bruise. Some had been shot through the head, but they bled but little. All except two were naked. I tried to count them as best I could, and arrived at the conclusion that all that was mortal of more than five hundred men and boys lay there in two neat piles.
>
> There was a German trailer which must have contained another fifty, but it wasn't possible to count them. The clothing was piled in a heap against the wall. It appeared that most of the men and boys had died of starvation; they had not been executed. But the manner of death seemed unimportant. Murder had been done at Buchenwald. God alone knows how many men and boys have died there during the last twelve years. I was told there were more than twenty thousand in the camp. There had been as many as sixty thousand. Where are they now?

Under a Lublin, Poland, dateline of August 27, 1945, New York Times reporter Bill Lawrence said:

> I have just seen the most terrible place on the face of the earth—the German concentration camp at Maidanek, which was a veritable River Rouge for the production of death, in which it was estimated by Soviet and Polish authorities as many as 1,500,000 persons from nearly every country in Europe was killed in the last three years.

From the Belsen camp, Life correspondent George Rodger reported:

> As Winston Churchill addressed the British troops on the banks of the Rhine on March 26, I heard him say: "We are now entering the dire sink of iniquity." These seemed strange words and I did not understand the full meaning of them until today, when at Belsen I witnessed the ultimate in human degradation. There the six-square-mile, barbed wire enclosure in the heart of a rich agricultural center has been a hell on earth for 60,000 men, women and children of a dozen different nationalities who were being gradually starved to death by SS guards under a brutish, pig-eyed leader, Captain Kramer. During the month of March, 17,000 people died of starvation and they still die at the rate of 300 every 24 hours, far beyond the help of the British authorities, who are doing all possible to save as many as still have strength to react to treatment. The magnitude of suffering and horror at Belsen cannot be expressed in words and even I, as an actual witness, found it impossible to comprehend fully—there was too much of it: it was too contrary to all principles of humanity—and I was coldly stunned.
>
> The living lay side by side with the dead, their shriveled limbs and shrunken features making them almost indistinguishable. Over all this the SS guards—both girls and men—had watched coldly and unmoved. I saw them too—fat, fleshy and inhuman. Now they have a different role in the camp. Under British guard they are made to collect the dead and drag them to a mass grave. From dawn to dusk the SS girls and men alike hold in their arms the bodies of the men, women and children whom they killed, and British Tommies, roused for once to a burning fury, allow them no respite. It is their just reward. Perhaps it can all be summed up in the few croaking words that came from a pitiful pile of rags and bones that lay at my feet: "Look, Englishman, this is German culture."

Larry Solon of the London News Chronicle concentrated on the child inmates of Sandborstel camp—"Their starved bodies and their eyes like coals burning in their starved grey faces bear witness to the greatest mass horror the world has seen."

It required correspondents of exceptional ability to convey the full horror of the concentration camps. Even as camp after camp was liberated, it was difficult for readers to believe that this was part of a deliberate and systematic policy of the German Government.

Edward R. Morrow begged his audience to believe him: "I pray you to believe what I have said about Buchenwald. I reported what I saw and heard but only part of it. For most of it I have no words."

Bill Lawrence wrote:

> Much of what I reported from Poland that day met skeptical eyes and minds in the United States, people who were not convinced of the German guilt because they had not seen the evidence personally as I had seen it. Evidently the New York Times felt it necessary to reassure its readers that my account could be accepted at face value. In an editorial a few days after my dispatch from Lublin had been published, the Times stated that I was "employed by this newspaper because he is known to be a thorough and accurate correspondent." Never before

or since have I seen the Times so describe one of its reporters.

Was Eisenhower, watching Patton walk off to vomit after their tour of Ohrdruf Nord camp, right in his assessment that "That is beyond the American mind to comprehend?"

On this day of Yom HaShoa, let us remember the tragic memory of the Holocaust through the words of the eyewitness reporters and vow to do what we can to assure that it will never happen again.

DECISIONS TODAY FOR THE "AMERICAN CENTURY" AHEAD

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. FEIGHAN. Mr. Speaker, our work today on H.R. 3, the Trade and International Economic Policy Reform Act of 1987, is a carefully constructed and timely approach to the challenges that our country faces. Timely in two ways: First, it will speed relief to those American industries that have been severely hurt by unfair trade practices. Second, it calls for action and planning now that will restore the United States as chief engineer of world economic growth in the 1990's and into the next century. In my district and the rest of northeast Ohio, 52,000 workers who manufacture for export will be affected by our action today.

The catch phrase one hears today is "American industry needs a level playing field." In 1945, the United States planted the grass, lined the field and built the stands. The game allowed for European and Japanese recovery from the devastation of war and the playing field soon became an integrated world economy.

And it is the integrated nature of the economy that poses the United States with its greatest challenge. American industry must now compete not just across town, but across the country and the world. In northeast Ohio, machine toolmakers face foreign competitors who command 31 percent of the American market—3 times what they controlled a decade ago.

Competing successfully requires all the talent and creativity that our system promotes. It calls for a forward thinking management. And it calls for public policy that advances our economic position, and when needed, ensures that American goods are not barred entry from countries that do a burgeoning trade with the United States.

The bill represents the work of 11 House committees. As a member of the Foreign Affairs Subcommittee on International Policy and Trade, I had the opportunity to work on provisions focused on America's ability to export—the cutting edge of our industrial future. Funding export promotion is key for turning around our trade deficit. I am happy to note the inclusion of provisions designed to remove unnecessary licensing restrictions. These regulations translated into lost markets for American companies that, in some cases, waited years for export licenses.

I am pleased to support the provisions addressing workers' rights. It is altogether appropriate that the Congress take notice of countries whose labor practices, in contravention of internationally recognized standards, boost their ability to compete. Clearly, violations of workers' rights are an unfair trade practice and therefore should be subject to retaliatory action under section 301.

In advancing our competitive position, the United States will be called upon to get tough, and get tough with our allies. I support the Gephardt amendment because it gives the bill teeth—and something for our trading partners to consider as we sit down to negotiate the removal of trade barriers. How long are we supposed to wait on countries with huge trade surpluses built through unfair trade practices? The self-correcting economic forces have not worked to return the system to equilibrium—if anything the U.S. worker has gotten the back of the so-called invisible hand.

I urge my colleagues to support the bill and the Gephardt amendment. The longer we delay, the longer we put off this country's industrial and economic renewal. If America is to regain its competitive position—if "Made in America" is to represent pride and quality—we simply cannot afford to wait.

WILL THE UNITED STATES HONOR ITS INTERNATIONAL COMMITMENTS?

HON. MATTHEW F. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. McHUGH. Mr. Speaker, last week the House voted down the foreign aid chapter of the supplemental appropriations bill.

Despite the fact that the aid funds included in the bill were requested by the administration, only 15 members of the President's party opposed the amendment striking the funds. One of the unfortunate consequences of this flight from responsibility is that the United States will further defer clearing up the $784 million in arrearages that we owe to the multilateral development banks. Indeed, passage of the amendment calls into question this Nation's willingness to honor commitments negotiated by the Reagan administration and authorized by Congress.

A thoughtful analysis of this situation recently appeared in the Washington Times. For the benefit of those who may not be familiar with the multilateral development banks, I am inserting a copy of that article into the RECORD at this point.

[From the Washington Times, Apr. 22, 1987]

U.S. LAGS IN PLEDGES TO WORLD'S POOR NATIONS

(By Donald H. May)

An old political adage says: "Never vote for anything that can't be explained on a bumper sticker."

On the streets of the nation's capital these days, one sees no bumper stickers for the International Development Association, the African Development Bank or the Multilateral Investment Guarantee Agency.

That helps explain why these and several other so-called multilateral development banks are fighting an uphill battle in Congress for the U.S. share of the money they need to operate.

All of these institutions are designed to further Third World economic development—by making loans, encouraging economic policy reforms in developing countries and trying to increase flows of private investment.

For fiscal year 1988, the administration has asked Congress for $1.8 billion to meet commitments which the United States has made in separate international negotiations to help fund these organizations.

The administration also has requested a $293 million fiscal 1987 supplemental appropriation to make good arrears in past U.S. pledges to three of the organizations—the International Development Association, the African Development Bank and its low-interest fund, and the International Finance Corp.

Even if the supplemental were fully approved—and it already is being whittled down—this would make up for only part of the $784 million in arrears which the United States so far has accumulated in its pledge to all the multilateral banks, as a result of the budget-cutting process in recent years. It would leave U.S. arrears at $533 million.

Treasury Secretary James A. Baker III has made at least eight trips to Capitol Hill since late February to testify before various committees specifically on these 1987 and 1988 requests.

"If the United States does not back up its verbal commitments to improve the international economic system by providing the necessary resources, then other U.S. policy pronouncements and principles will be taken less seriously," Mr. Baker argued during one congressional appearance.

"We will damage our credibility and eventually our national interest. The word of the United States will be just that—words."

In recent congressional hearings, Mr. Baker and deputy assistant secretary James W. Conrow have noted that these banks are part of, or have evolved from, the international system which the United States was instrumental in launching after World War II. Except for the African Development Bank, which began as a purely African initiative, the United States was a key initiator of each of them.

All of the multilateral banks, Mr. Baker argues, are pushing developing countries they aid to rely more on the private sector and to adopt market oriented solutions to economic problems. "This is our model," he has testified. "We should not let it fail for lack of commitment."

These banks, he contends, are the most cost-effective way this country can use its foreign aid dollars. U.S. contributions to them recently have averaged about $1.4 billion a year. With contributions from other donors, plus the fact that some of the banks then use this capital to borrow more, this has resulted in about $22 billion a year in development lending. So each U.S. dollar has been leveraged about 16 times.

The administration also argues that the development projects which the banks finance generate procurement contracts for U.S. businessmen equal to the U.S. budget expense. Beyond that, it says, economic development of the Third World provides U.S. exporters with their fastest-growing markets.

Fifty-four percent of the countries aided by the banks also are recipients of U.S. bilateral aid, according to the administration, and another 32 percent are countries important to the United States, though they do not receive U.S. bilateral aid.

The biggest administration request in terms of cash outlays, and one which it regards as particularly important, is for the International Development Association, the branch of the World Bank that makes long-term, low-interest loans to the poorest developing countries.

Thirty-three donor nations including the United States, agreed in December in Rome to a $12.4 billion replenishment, called IDA 8, to run the program for the three years starting July 1. The U.S. share is $958 million a year for three years, roughly 23 percent of the total.

That agreement resulted from a year of negotiations, in which U.S. officials succeeded in obtaining most of a long list of changes they proposed in IDA procedures. For example, IDA loan maturities will be reduced from 50 years to 40 for the least developed recipients and to 35 for others. Future loans will contain provisions for adjusting terms if a country prospers so that it is able to repay faster.

Between 45 and 50 percent of IDA 8 lending is expected to go to sub-Saharan Africa, compared with 36 percent last year. With IDA's help, some 25 African countries are in various stages of carrying out market-oriented economic reforms including deregulation of prices and exchange rates, reduction of overgrown bureaucracies and privatization of state industries.

Any shortfall in the U.S. commitment to IDA would entitle other donors to also reduce their contributions, magnifying the effect on IDA's lending.

IDA and the other multilateral banks are encountering several currents of opposition at once in Congress.

The biggest hurdle is the budget. The 1988 budget resolution recently passed by the House calls for a one-year freeze in overall international affairs spending, after adjusting for inflation, and then imposes some reductions. How those ceilings will be apportioned is now up to appropriations panels.

The multilateral banks have been caught up in a broader, domestic budget struggle. Rep. David Obey, the Wisconsin Democrat who heads the appropriations subcommittee on foreign operations, has said that in the present budget climate, with domestic programs facing cuts, IDA stands no chance unless President Reagan agrees to an overall budget compromise including a tax increase.

World Bank and Treasury officials have pinned their hopes on the Senate, where the Foreign Relations Committee resumes its markup of foreign aid legislation today.

World Bank officials say that, for the IDA 8 agreement to stay together, it is essential that Congress enact three-year authorizing legislation. Then if the appropriation—providing the actual money—is late or scaled down, IDA might still squeak by.

A second current running against the banks is traditional opposition from some conservatives to foreign assistance going to leftist countries. The Heritage Foundation recently circulated a memorandum criticizing IDA for aiding the Marxist nations of Mozambique, Tanzania, Ethiopia and South Yemen.

Bank officials reply that their programs encourage such countries to move in market oriented directions, as many are doing.

IDA is also often criticized for lending to India and China on grounds that both can afford market rate loans. India's IDA share has declined as it has shifted to other World Bank loans closer to market rates. China, a new member of the World Bank, has been taking on some of India's former share. Both still have widespread poverty.

Another current of concern is coming from some U.S. farm state congressmen who fear that increasing Third World agriculture will hurt American farmers. Bank and administration officials argue that when such countries develop their agriculture, their incomes rise, their tastes in food change and they become growing customers for American farm products such as wheat. Under pressure from Congress, U.S. board members of the banks have sought to discourage loans for production of agricultural products for which there is a world-wide excess of supply.

Another criticism comes from environmentalists who accuse the banks of paying too little attention to environmental protection. All of the banks say they have launched efforts to improve in this respect.

Still another concern has been that the banks' economic reform programs have imposed burdens on the poorest members of their societies. The Joint Development Committee of the World Bank and International Monetary Fund, at a recent meeting, discussed ways to avoid that, such as targeting special aid at the most vulnerable groups.

The multilateral banks have little of a constituency working in their behalf. Except for those on key committees, few members of Congress are well informed about them. World Bank president Barber Conable, himself a 20-year Republican veteran of the House, says he still meets members who do not know, for example, that the international Bank for International Development, the main branch of the World Bank, borrows the money it lends using its own capital as a base.

Republicans in the House traditionally have never been able to muster majorities of their own party to support foreign assistance bills. Democrats have carried that burden and some of them are restive over the heat that they take for it. "We are willing to do our duty, but we're not willing to be a punching bag," says Mr. Obey.

Mr. Obey's committee—and later the full House Appropriations Committee—approved the administration's request for a supplemental to make up arrears for two of the banks—IDA and the African Development Bank and its related low-interest fund. But those panels dropped out of their bill the restoration of arrears for the International Finance Corp., the branch of the World Bank that lends to the private sector. Mr. Obey said this was necessary to stay within Gramm-Rudman targets.

Another cliff-hanger is the Multilateral Investment Guarantee Corp., a proposed new World Bank agency designed to encourage flows of private investment to the Third World and among developing countries. It would do so by guaranteeing investments against political risk and by advising developing countries on their investment policies.

Fifty-seven countries, including the United States, have signed the convention to form MIGA. Eleven developing countries have ratified it, but none of the industrial countries has yet done so. Officials hope congressional approval would start the ratification ball rolling and that MIGA could start operations this year.

THE MULTILATERAL DEVELOPMENT BANKS

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

Founded in 1960 on U.S. initiative, IDA is the branch of the World Bank that lends to the world's poorest nations. Ninety percent of its credits go to countries with income per person under $400 a year. Thirty-three donor nations recently agreed to a $12.4 billion IDA replenishment for the three years. The U.S. share of this replenishment is $2.9 billion, or 23 percent.

MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)

A new affiliate of the World Bank now being formed to encourage flows of private investment from industrial countries to the Third World, and among developing countries. It will guarantee investments against political risk and work to improve developing countries' investment policies. Fifty-seven countries, including the United States, have signed the MIGA convention. U.S. share of financing is 20.5 percent.

INTERNATIONAL FINANCE CORP. (IFC)

The branch of the World Bank that lends to the private sector in developing countries.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The original branch of the World Bank, which borrows from its capital to make loans at slightly under market rates mainly to middle-income developing countries.

INTER-AMERICAN DEVELOPMENT BANK

Formed in 1959 by 20 western hemisphere nations to make loans for economic development in Latin America. Based in Washington, it now has 44 members, 17 of them outside the hemisphere, including industrial nations of Europe and Japan. Its Fund for Special Operations (FSO) makes long-term, low-interest loans to the poorest Latin countries. The bank's Inter-American Investment Corp. makes private sector loans.

ASIAN DEVELOPMENT BANK

Established in 1966 to make development loans in Asia. Now owned by 32 countries of Asia-Pacific region and 15 in Europe and North America. The United States and Japan have provided equal shares of ordinary capital—16.6 percent each. The bank is based in Manila. A branch called the Asian Development Fund lends to the poorest countries in the region.

AFRICAN DEVELOPMENT BANK

Formed in 1963 among independent African countries. In 1982, membership was opened to nations outside the region, which are limited to one third of the shareholdings. The U.S. share is about 6 percent. The African Development Fund is the bank's branch for low-interest loans.

Of all the multilateral development banks, the least known to Americans and one of the most unusual is the African Development Bank.

All the others were launched with money and initiative from the United States and other major nations. The African bank was formed in 1963 by 30 newly independent African states.

In 1982, to broaden its financial base, it decided to seek outside members. It now has 75 member nations—50 African and 25 non-African—including the United States, Japan and the major European countries.

Two-thirds of the shares must be held by African countries. No country or bloc has a veto. The U.S. share of the capital base is just under 6 percent.

That means the United States cannot work its will in the bank by power alone. Its influence comes through a cooperative relationship, ideas and expertise.

The bank's headquarters are at Abidjan, Ivory Coast, in western Africa. It has no U.S. office.

The bank has been a strong voice urging African nations to adopt market-oriented economic policy reforms—the same kinds which the United States and World Bank also advocate, including deregulation of prices and greater reliance on the private sector.

This has been important, because, as Donald R. Sherk, the U.S. representative on the bank's board, put it in a recent interview: "African countries are more willing to listen to other Africans than to non-Africans when it comes to giving some pretty tough advice."

Babacar N'Diaye, the bank's president, said during a visit to Washington in February that the institution plans to become still more active in this "policy dialogue" with the African countries it aids.

It will give more emphasis to loans linked to policy changes. It has strengthened its coordination with the World Bank and other donors. It is starting to prepare its own, indepth economic studies of African countries. And it plans to step up dissemination of detailed information on what policies support growth.

"If policies are inappropriate," Mr. N'Diaye told the Overseas Development Council, "they will impinge upon the viability of otherwise sound projects."

Member countries have agreed to increase the bank's capital from $6.4 billion to $19.4 billion. The U.S. share of the increase will be $719 million over five years, of which only $45 million would be paid in cash. The rest would be "callable capital," unlikely to ever be called.

"To the extent that we think we have a stake in a healthy Africa, an Africa which begins to meet the aspirations of its people," Mr. Sherk said, "it would be very inconsistent to stay out."—Donald H. May

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COMPARING KENNEDY'S BAY OF PIGS AND REAGAN'S IRAN

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. HYDE. Mr. Speaker, my distinguished colleague from New Jersey, Jim Courter, has written a thoughtful piece for the Washington Post which compares the 1961 Bay of Pigs invasion with the current Iran imbroglio. Mr. Courter contrasts the manner in which Presidents Kennedy and Reagan reacted to these political crisis. Since his comments offer a historical perspective on our present situation, I submit them for your study.

Mr. Courter observes that there are numerous similarities between the Iran and Cuba incidents—the possibility of illegal acts; the President's contention that he was not fully informed; operational oversight by a risk-taker; use of private humanitarian aid to rescue hostages; and appointment of a Presidential investigatory commission which concluded that the Presidential style of management and the lack of a written record were partly to blame for the policy confusion.

Mr. Courter concludes, however, that by immediately accepting full responsibility and then quickly launching major space and defense initiatives, Kennedy cut his losses and revived a forceful Presidency. Though he has wasted precious time, perhaps President Reagan may yet overcome the Iran preoccupation by shifting his energy and the Nation's attention to more important issues and challenges.

[From the Washington Post, Apr. 9, 1987]

What Reagan Should Have Learned From Kennedy's Bay of Pigs

(By Jim Courter)

President Reagan's Iran initiative was hardly America's first foreign policy failure. Although Iranscam is compared with Watergate, a more revealing precedent is the Bay of Pigs fiasco.

President Kennedy escaped the political hurricane that has engulfed Reagan only partly because the Kennedy administration was in its honeymoon period and Congress was controlled by Kennedy's party. There are valuable lessons in statesmanship to learn by comparing these two policy failures.

U.S. forces trained and equipped about 1,300 Cuban exiles and, in April 1961, landed them at the Bay of Pigs. American B-26 air strikes against Cuban air bases preceded the landing. The invaders soon ran out of ammunition, and all but 100 were captured by Castro's communist forces.

President Eisenhower began the plan for what became an invasion. Originally, the idea was just for exiles to infiltrate the mountains and establish a Castro-style guerrilla force for freedom. The proposal soon evolved into a full-scale invasion. Shortly before the action began, the landing areas was moved to the Bay of Pigs. Just as Reagan's Iran opening was transformed into a different policy, it became clear to Kennedy, according to Ted Sorensen's account, "that he had in fact approved a plan bearing little resemblance to what he thought he had approved."

As president-elect, Kennedy already doubted the whole scheme. But he was convinced that he would be thought weak if he canceled his Republican predecessor's plan. With no forceful opposition from his secretaries of state and defense, he assumed his senior advisers were all in favor. (Foreshadowing George Shultz's protestations in Iranscam, Chester Bowles, an undersecretary of state, infuriated Kennedy by leaking a post-facto story that Bowles always opposed the project.)

The CIA, not the Joint Chiefs of Staff, masterminded the Bay of Pigs operation. Only a handful of administration personnel knew the details. Peter Wyden's book "Bay of Pigs" describes CIA Deputy Director Richard Bissell in terms Oliver North would recognize instantly: he "relished risks—in his mountain climbing, as skipper of his boat, as commander in chief of the Richard Bissell Air Force with its fleet of U-2s thumbing noses at the whole earth. To control the never-before-controlled, to systematize messes, in economics as in spying—his life was made of such challenges." The plan's principal architect was Bissell rather than the senior Allen Dulles.

Attorney General Robert Kennedy helped put together $53 million in private humanitarian aid, which the president later gave Castro to rescue the 1,200 POWs. The White House even provided the donors with special tax benefits. (Thus, William Casey's 1985 proposal to create a tax-free corporation for contra contributors had a Kennedy root.)

The Senate Foreign Relations Committee held some closed-door hearings, but no new congressional committees were created to look into the defeat. Kennedy himself appointed an investigative commission including then-retired general Maxwell Taylor as chairman, Allen Dulles, Robert Kennedy and Adm. Arleigh Burke, chief of naval operations. (A similar Reagan board, instead of the Tower Commission, would have included Bill Casey, Ed Meese, Adm. James Watkins and perhaps Gen. Al Haig.)

The Taylor Commission criticized the administration for its decision-making procedure and the Kennedy "style of management." Normal processes had been bypassed. The CIA, like Reagan's National Security Council, had gone beyond its mission. Plans were changed under pressure from Cuban émigés. (In Iranscam, Israelis, Arabs and financiers were variously blamed.)

The Taylor group found that "top level direction was given through ad hoc meetings of senior officials without consideration of operational plans in writing and with no arrangement for recording conclusions and decisions reached." During operations, serious misunderstandings among Kennedy and his advisers became apparent as to what they had approved. Lacking written records, a 44-year-old president is no less liable to confusion than a 76-year-old is. With some name changes, Kennedy's Taylor Commission could have written Reagan's Tower report.

Considering the similarities, why has Reagan's crisis become so deep and protracted? It is not because Reagan secretly traded arms for hostages while publicly promising not to. Five days before the invasion, Kennedy played fast and loose with the truth, asserting "there will not be, under any conditions, an intervention in Cuba by the United States Armed Forces."

Nor does the difference stem from the charge that illegalities were committed in Iranscam. CIA actions in the Bay of Pigs episode were questionable, and the Neutrality Act, international law and/or certain treaties may have been violated.

One difference is that Kennedy, unlike Reagan, consulted the Senate in advance in the person of Foreign Relations Chairman William Fulbright, who lobbied strongly against the invasion.

The decisive difference, though, is simpler. Kennedy quickly announced that he alone was responsible for the failure. That he privately also criticized "the experts" for giving bad advice does not detract from his public self-blame.

Sorensen's comment in 1965 says it all: "By taking full blame upon himself, he was winning the admiration of both career servants and the public, avoiding partisan investigations and attacks, and discouraging further attempts by those involved to leak their versions and accusations."

A few days after the fiasco, Kennedy expressed little interest in such exotic topics as a moon shot. Yet a month later Kennedy gave Congress an extraordinary second State of the Union address, offering solid proposals to strengthen our defenses, capped with a breathtaking plan to land a man on the moon before the end of the decade. By refusing to wallow in the Bay of Pigs, Kennedy cut his losses and advanced the nation's agenda.

Reagan, unfortunately, took a different course. He insisted that he was in the dark about the facts. He fired two individuals he said were responsible. He practically invited Congress to form the panels that have still not held televised hearings. It took him four months to admit he was to blame. By then the damage was done.

Moreover, Reagan squandered the chance to launch a fresh agenda in his State of Union pastiche last January. He could have followed Kennedy's example by proposing early deployment of the Strategic Defense Initiative; instead he threw away the opportunity to act forcefully and undo the damage. Only defective statesmanship explains how the fate of this superlative presidency came to hang on so thin a thread of public confidence.

LIFTING THE MEDICAL-COST CLOUD FROM THE ELDERLY

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. FRANK. Mr. Speaker, in the Boston Globe from Monday, April 27 our very able colleague, the gentleman from Florida, Mr. PEPPER, published an article in which he compellingly argues for broadening the pending health legislation to go far beyond the catastrophic illness proposals of the President. From the perspective of his many years of public service, and from his position as one of those who has led the fight for years to get decent treatment for the elderly and for others in need, Congressman PEPPER points out the importance of providing legislatively for a variety of additional services. He has embodied these proposals in a piece of legislation, H.R. 65, which I am proud to cosponsor and which I hope will get the favorable attention of the House.

I ask that Mr. PEPPER's excellent assertion of the case for a piece of health legislation that genuinely meets the needs of older people be printed here.

[From the Boston Globe, Apr. 27, 1987]

LIFTING THE MEDICAL-COST CLOUD FROM THE ELDERLY

(By Claude Pepper)

WASHINGTON.—In 1938, a little more than a year after I came to Congress, Sen. Robert Wagner of New York introduced a bill calling for comprehensive health care. Nothing happened. President Franklin Roosevelt, in the earliest days of Social Security, wanted to add onto it a health-care program that would provide all necessary health care to every man, woman and child in America. Sadly, his wish was not fulfilled. In November 1945. President Harry Truman sent Congress a special message calling for comprehensive health care for all Americans. Again, nothing happened.

It was not until 1965 that the Congress once again gave serious consideration to a comprehensive health-care program. Again, Congress fell short of attaining that goal, and adopted Medicare for the elderly and Medicaid for the poor. So today, we have Medicare. We are proud of it—but it does not cover Alzheimer's disease, it does not cover those prolonged illnesses caused by heart disease or cancer, it does not provide hearing aids or eyeglasses or home care or drugs. It does not cover dental care, foot care or routine physical exams.

A WRONG ASSUMPTION

When Congress passed Medicare and Medicaid the assumption was that if we took care of the elderly through Medicare and if we took care of the poor through Medicaid, then the middle class could take care of itself. We now realize that assumption was wrong. At a recent hearing of my Subcommittee on Health and Long-Term Care, Ed Howard of Maryland, a well-insured 72-year-old who owned his home and had $140,000 in the bank, told about how illness had impoverished him:

"In 1983, my wife was stricken with cancer. In the year that followed prior to her death, I spent over $17,000 for her care, of which my four insurance policies paid only $64. My own health has deteriorated—I suffered a stroke, have a liver disorder and my leg was recently amputated. I require round-the-clock care, all of which is uncovered by Medicare and my insurance. I have almost exhausted my $140,000 in savings."

Bankruptcy and then Medicaid seems the only future for Ed Howard, who never guessed he would find himself so vulnerable.

And Ed Howard is not alone. He is one of a million Americans who will be forced into poverty this year because of the catastrophic costs of the health care they need.

Few of these million persons will be helped by the catastrophic-health-care plan endorsed earlier this year by President Reagan and recently approved by a House subcommittee. Although the president's plan has been the subject of much press attention, I believe most Americans fail to grasp the narrowness of its scope. It will not "free the elderly from the fear of catastrophic illness" and provide "that last full measure of security," as the president led the American people to believe when he unveiled his proposal.

The president's plan covers only long hospital stays. In exchange for an additional $70 annual premium, Medicare would cover an unlimited number of days of hospital care, with each beneficiary paying no more than $2,000 each year in co-insurance and deductibles.

Yet, the fact is that less than 3 percent of the country's Medicare beneficiaries would be helped by such a plan. The nation's 3 million Alzheimer's disease victims would find no relief. Parkinson's disease victims—half a million strong—would not be covered. Victims of stroke, accidents, cerebral palsy, cystic fibrosis, multiple sclerosis and Lou Gehrig's disease, among others, would find no relief, because these persons need long-term care in a nursing home or at home, not in the hospital.

NO COVERAGE FOR DRUGS

The White House proposal offers no assistance with prescription drugs, which cost the elderly $10 billion annually. It will not cover hearing aids, which cost an average of $500. It will not help pay for dental care, eye care or preventive checkups.

For the first time in my congressional career, which spans 50 years, the president, Congress and the people are all standing on the same square. We are faced with the opportunity for lasting change in the availability of health care. We cannot waste this opportunity with limited reform. We cannot afford to wait another 20 years.

I have been joined by about 50 of my colleagues in sponsoring a bill that would provide older and disabled Americans with the comprehensive catastrophic health care they need and deserve while in the hospital, at home or in a nursing home. The bill covers many critical health-care items currently outside the scope of Medicare and private insurance, including dental care, eye care, hearing care, prescription drugs and physical exams.

This bill is an affordable and lasting response to the health-care crisis. Senators and their younger family members—who have been left destitute following a catastrophic health crisis—have begun signaling to me their support for health-care reform. I sometimes think they are light years ahead of their legislators, who are always talking about dollars. The people are talking about lives.

The United States is today one of only two industrialized nations in the world that has failed to adopt a comprehensive health-care system for its citizens. The other is South Africa. Is that the kind of company we want to keep? Surely, in our great America, we can do better.

With luck, all of us will someday grow old. This Congress can enact legislation to help us age in peace—without fear of financial devastation due to long-term illness. No one in America will go bankrupt financing such a program, but most Americans will continue to face bankruptcy without it. Failure to adopt a comprehensive health-care plan after 50 years of debate would be a catastrophe.

NUCLEAR WASTE POLICY ACT AMENDMENTS OF 1987

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. MORRISON of Washington. Mr. Speaker, today I am pleased to join with Congressman SWIFT and other Members of Congress to introduce the Nuclear Waste Policy Act Amendments of 1987.

The basic concept behind this legislation is to wipe the slate clean and begin again with the selection process for a geologic nuclear waste repository. The repository selection process mandated by the Nuclear Waste Policy Act of 1982 has been virtually discarded and replaced by a process that is dominated by politics: The decision to halt the second round selection in May of last year, the proposed characterization of Hanford even though it ranked last among the five contenders, the failure of the DOE to look at alternatives as mandated under section 222 of the act, the suggestion by the DOE in the fiscal year 1988 budget deliberations that they will abide by congressional action after the process has been distorted by their political decision making. All of these factors along with justifiable public concern have worked to stall the selection process.

I believe that we can and we must dispose of our high level nuclear waste and spent fuel in a technically sound manner. This legislation offers a new beginning for the geologic repository program. It is based on a science rather than politics. It is based on fairness rather than favoritism. It provides program independence rather than program inertia.

Let me make it clear that this may not be the only solution to the disposal of nuclear waste. I hope this year to complete work with Senator EVANS on a regional monitored retrievable storage concept that will work in tandem with the Morrison/Swift amendments. This legislation in no way forecloses that option.

Now let's talk about the proposal. The basic premise is a temporary halt to the repository selection process to allow for proposed adjustments that Congressman SWIFT and I believe will make this process more fair, more independent of political maneuvering and more technically sound.

The most important factor in this bill is the creation of the Federal Radioactive Waste Agency. The goal is to make it more difficult for politics to enter the program by removing the process from the hands of the DOE and making the congressional role one that is truly an oversight function.

Another major initiative in this proposal would mandate a nationwide search for the repository. All potential host rocks would be back in the pot. The second round States are reluctant to consider such an option, but realistically there is no choice. Each region can continue to use its time and energy in efforts to keep off the list or we can focus on recreating a valid process.

In addition, the repository selection guidelines would be thrown out. The new guidelines would essentially be rewritten by the Agency in concurrence with the Nuclear Regulatory Commission, the Environmental Protection Agency and the U.S. Geological Survey. The guidelines would specify the selection methodology and this methodology would have to be applied and complied with during the process.

Finally, I would like to point out that we have removed the mandatory timetables that have proven such an obstacle under current law. Timing limitations are specified in this proposal but they are not absolute. The goal is to provide guidance to the Agency but also allow flexibility.

I look forward to discussion of this legislation and expect to hear suggestions for improvement. Such suggestions are always welcome. Now is the time to act if we want to salvage the geological repository option and, in the long-term, protect this Nation's energy security.

SECTION-BY-SECTION ANALYSIS OF THE NUCLEAR WASTE POLICY AMENDMENTS OF 1987

Section 1 entitles the act the "Nuclear Waste Policy Amendments of 1987".

Section 2 provides that no funds may be expended for land acquisition or site characterization activities under the Nuclear Waste Policy Act of 1982 (NWPA) until after the Federal Radioactive Waste Agency established by these amendments has nominated sites for characterization.

Section 3 establishes the Federal Radioactive Waste Agency and describes its structure and functions.

First, subsection (a) establishes the Federal Radioactive Waste Agency as an independent agency within the executive branch.

Second, subsection (b) establishes the position of Director of the Federal Radioactive Waste Agency. The Director shall be appointed by the President and confirmed by the Senate. The Director shall serve for a term of 6 years, and may be removed from office by the President only for inefficiency, neglect of duty, or malfeasance in office. The subsection provides for the method of filling a vacancy in the office of Director, restricts the Director's financial relationships with contractors of the Federal Radioactive Waste Agency, and provides for a rate of pay that is the same as that established by NWPA for the Director of the current Office of Civilian Radioactive Waste Management.

Third, subsection (c) describes the duties of the Director of the Federal Radioactive Waste Agency, and authorizes the Director to delegate those duties to appropriate employees or officers of the Agency.

Fourth, subsection (d) authorizes the Director to hire staff, employ consultants, and enter into contracts for the purpose of carrying out the Director's functions and duties.

Fifth, subsection (e) authorizes other Federal agencies, upon the request of the Director, to detail, on a reimbursable basis, personnel for the purpose of assisting the Director to carry out his functions and duties.

Sixth, subsection (f) authorizes the Administrator of General Services to provide, on a reimbursable basis, administrative support services, and authorizes the Director to use the United States mail in the same manner as other Federal departments and agencies.

Seventh, subsection (g) requires the Director to annually prepare and submit a report to Congress describing the activities and expenditures of the Federal Radioactive Waste Agency.

Eighth, subsection (h) requires the Comptroller General to annually prepare an audit of the Federal Radioactive Waste Agency, and to submit a report on the results of the audit to Congress.

Section 4 amends section 112(a) of NWPA to require that the siting guidelines issued pursuant to NWPA be revised.

First, subsection (a) repeals the siting guidelines issued by the Department of Energy on December 6, 1984.

Second, subsection (b) requires that the Director of the Federal Radioactive Waste Agency issue new guidelines within 24 months after enactment of these amendments. Such guidelines shall require the concurrence of the Nuclear Regulatory Commission, and shall be developed in consultation with specific Federal agencies and the Governors of interested states. The guidelines are required to specify the methodology that will be used to rank prospective repository sites.

Section 5 amends section 112(b) and section 112(c) of NWPA so as to revise the site selection process.

First, subsection (a) requires that the Director of the Federal Radioactive Waste Agency nominate at least 5 sites that he considers to be suitable for characterization. The Director's nominations are required to be based on the methodology specified in the revised guidelines, and must be the result of a nationwide survey of all potential host rocks as well as sites that, in the Director's judgment, may be suitable for characterization. Although the Director may use information that has already been developed on various sites, he is prohibited from considering the volume of information that exists about a particular site. Furthermore, nothing in these amendments shall be construed as requiring the Director to nominate any site which has been designated by the Department of Energy prior to the enactment of these amendments. Subsection (a) also requires the Director to recommend to the President at least 3 sites for actual characterization as candidate sites. The Director is required to recommend the sites that achieved the highest ranking under the methodology specified in the siting guidelines. A target deadline of 18 months after issuance of the revised guidelines is provided for each of the actions described above, but the Director may waive those deadlines if he determines that it is not practicable to achieve them.

Second, subsection (b) requires that within 6 months after issuance of the revised siting guidelines the Director shall issue draft environmental assessments on all sites that he determines may be suitable for characterization. Draft environmental assessments are required for all such suitable sites, and are not limited to those sites that are subsequently nominated or characterized. At the time that sites are nominated by the Director as suitable for characterization, but after allowing at least 6 months for public comment on the draft environmental assessments, the Director shall issue final environmenal assessments on all such nominated sites.

Third, subsection (c) clarifies that only the final environmental assessments, and not the drafts, are considered to be final agency actions that are subject to judicial review.

Fourth, subsection (d) provides that there shall be an 18-month moratorium on all site characterization activities if the President approves sites for characterization in an order other than that in which such sites were ranked according to the methodology specified in the revised guidelines.

Section 6 amends section 114 of NWPA, which provides for the approval and construction authorization of repositories.

First, subsection (a) requires the President to submit to Congress a recommendation for approval of a repository site after receiving a recommendation from the Director. A target deadline of 6 months after the President's receipt of the Director's recommendation is provided, but the President may extend that deadline if he determines that an extension is necessary and transmits to Congress a report setting forth the reasons for the extension.

Second, subsection (b) eliminates the specific calendar deadlines for final decisions by the Nuclear Regulatory Commission on issuance of construction authorizations.

Third, subsection (c) clarifies the existing requirement of NWPA that the preliminary determination of suitability shall be made at the time that the draft environmental impact statement is issued.

Section 7 amends section 114 of NWPA by adding a new subsection that requires the Nuclear Regulatory Commission to allocate disposal capacity to the first repository among producers of high-level radioactive waste and spent nuclear fuel in accordance with certain priorities. Allocations are to be made so as to give priority to those producers nearest to the repository and to minimize the transportation of such waste and spent fuel. Certain procedures are specified for the Commission to make such allocations.

Section 8 amends section 116(c)(1)(B) of NWPA by providing that the Director shall make financial assistance grants to states that are adjacent to states with a site that has been approved for characterization.

Section 9 provides for an evaluation of the nation's disposal capacity needs.

First, subsection (a) requires the Director of the Federal Radioactive Waste Agency to appoint a panel of technically qualified persons who shall study the need for disposal capacity in excess of 70,000 metric tons, identify all technologically feasible options for providing such capacity, rank such options in order of preference, and state their reasons for such ranking. All activities of the panel shall be subject to the provisions of the Government in the Sunshine Act.

Second, subsection (b) requires the panel to submit its findings and recommendations to the Director not later than 12 months after the date of enactment of these amendments.

Third, subsection (c) requires the Director to promptly provide Congress with the panel's findings and recommendations.

Section 10 amends section 301 of NWPA by adding a new subsection to require that the Director revise the mission plan as may be necessary in order to carry out these amendments, and provides specific procedures for the Director to follow.

Section 11 includes various technical and conforming amendments.

SEGMENT BALANCE AND CONSOLIDATION

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. SCHULZE. Mr. Speaker, in late March, John Nolan, a Washington attorney, wrote to Assistant Treasury Secretary J. Roger Mentz regarding a statement I made in the March 3 CONGRESSIONAL RECORD. Mr. Nolan took me to task, unfortunately without consulting me, regarding the sensitive issue of segment balance between stock and mutual insurance companies. I now submit an eloquent response to Mr. Nolan's letter sent to me by William B. Harman, Jr.

Had Mr. Nolan contacted me on this issue, he would have learned that I had consulted with a large segment of the mutual industry before introducing H.R. 1375, legislation eliminating antiquated limitations on tax consolidation. The mutual industry raised no objections, and even now, largely feel my legislation is an insurance industry issue and not a stock/mutual segment balance issue. As Mr. Harmon's letter states, Mr. Nolan's argument "rests on the mistaken premise that segment balance does not measure earnings (indirectly), but merely allocates tax (arbitrarily). As history fully shows, the opposite is the case." Finally, I would ask Mr. Nolan to confirm two points: One, that the revenue involved is a miniscule proportion of insurance industry taxes; and two, that mutual companies do indeed utilize tax consolidation between their affiliates:

The letter referred to follows:

LAW OFFICES OF DAVIS & HARMAN,
Washington, DC, April 10, 1987.

Re: Segment balance and consolidation.

Hon. RICHARD T. SCHULZE,
U.S. House of Representatives, Washington, DC.

Hon. BARBARA B. KENNELLY,
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN SCHULZE AND CONGRESSWOMAN KENNELLY: In a letter to Assistant Treasury Secretary Roger Mentz dated March 10, Mr. John Nolan criticized a statement made in Congressman Schulze's floor remarks accompanying the introduction of H.R. 1375, your bill to repeal certain restrictions on the tax consolidation of life insurance companies with their nonlife affiliates.

The statement criticized by Mr. Nolan was that "limiting or not limiting consolidation has no impact on segment balance among stock and mutual life insurance companies." In his letter, Mr. Nolan described this as a "curious comment," and then went on to say that "segment balance" improperly gave rise to an "arbitrary adjustment" to increase mutual life insurers' taxable income under section 809 of the Internal Revenue Code, as enacted by the Deficit Reduction Act of 1984. He also asserted that, while the segment balance concept has no place in the Federal income tax system, if it is to be used, then the measure of segment balance should reflect the effects of tax consolidation between life insurers and their nonlife affiliates. Mr. Nolan defines segment balance for these purposes as the "concept . . . that a certain level of tax (based upon taxes paid by stock life insurance companies) should be predetermined and targeted for the mutual company segment of the life insurance industry regardless of the profitability of mutual companies."

On behalf of the Stock Company Information Group,[1] we have written to Assistant Secretary Mentz to explain the entirely proper role that segment balance has played in the taxation of mutual life insurance companies and to clarify why consolidation is irrelevant to the segment balance issue. As more fully set forth in that letter, segment balance is properly defined differently than Mr. Nolan's letter defines it. The segment balance concept has nothing to do with allocating tax burdens arbitrarily, without regard to profitability. Quite the contrary, segment balance refers to the use of indicia of earnings to determine indirectly something which, to date, it has been considered impossible to measure directly: the taxable income (or profit, or earnings) of a mutual life insurance company *including* that portion of the company's earnings that are distributed to its owners through policyholder dividends.

As you know, the earnings of a shareholder-owned corporation, including a stock life insurance company, are first taxable to the company and then, after they are distributed to the company's owners, they are taxed in the hands of those owners. Such distributions are not deductible in determining a stock corporation's taxable income. The objective of Congress in 1983-1984 (as in 1959) in using "segment balance" was to achieve taxation of a mutual life insurer in a manner consistent with this treatment of other corporations, and therefore to deny dividends so that it would pay tax on its corporate earnings. Section 809 specifically seeks to retain at least part of a mutual life insurance company's earnings in the Federal income tax base by limiting the company's deduction for the dividends it pays to its policyholders. In sum, segment balance, as a concept, reflects the efforts of Congress to tax mutual life insurers on their *earnings*.

In light of this, it should be apparent that the points in Mr. Nolan's letter regarding tax consolidation, taking exception to Congressman Schulze's remarks, are themselves quite wide of the mark. If, as we think to be the case, the objective of using segment balance is to measure the pre-ownership-distribution earnings of mutual and stock companies from the life insurance business, and allocate tax liabilities accordingly, then it follows that intermingling life company data with nonlife data would defeat that objective.

One simply cannot design or test the functioning of a tax system for life insurance companies, under part I of subchapter L of the Code, by looking to the gains or losses of their nonlife affiliates. If the losses of a life insurer's nonlife affiliate, such as a brokerage or real estate firm, are to be "counted against" the life insurer in determining whether segment balance is being achieved, then are the gains of such an affiliate to be counted in its favor? Using such a standard, fairly soon the rules of part I of subchapter L would vary depending on who owned whom, and on the health of differing sectors of the Nation's economy. Indeed, during times when the earnings of their nonlife affiliates are high, stock life insurers may welcome the use of such a standard in the hopes that their tax liabilities might be lowered in relation to their mutual counterparts. Even if the proponents of that standard would grudgingly agree, surely the Government would reject such nonsense.

The entire argument about consolidation in Mr. Nolan's letter, then, rests on the mistaken premise that segment balance does not measure earnings (indirectly), but merely allocates tax (arbitrarily). As history fully shows, the opposite is the case.

We would be pleased to discuss these thoughts with you at your convenience.

Sincerely yours,

WILLIAM B. HARMAN, Jr.
JOHN T. ADNEY.

COMPETITIVENESS THROUGH EDUCATION

HON. E. THOMAS COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. COLEMAN of Missouri. Mr. Speaker, in discussing trade and ways in which to enhance our ability to compete, the debate frequently turns to duties, tariffs, and the merits of protectionism. These proposals may provide necessary short-term solutions to America's growing trade deficit, but until we adopt long-term solutions, we will only be sowing the seeds for future trade deficits and trade wars for our children.

Since World War II, new technology has been responsible for nearly half of all productivity increases. Therefore, if the United States is going to be able to compete in the future, it is vital that American students today are as well prepared in science, technology, and languages as are our competitors' students in Japan, Germany, Great Britain, France, and the Soviet Union.

While productivity in the United States remains higher in absolute terms than anywhere else, in relative terms it has declined rapidly. From 1973 to 1983, U.S. productivity rose at the annual rate of only 0.3 percent, while Britain's annual gain was almost five times that, and French and German productivity rose seven times as fast. Japan's rate was 9 times ours, and Korea's was 15 times higher than the United States rate.

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[1] The Stock Company Information Group is comprised of 28 of the largest investor-owned life insurance companies in the United States. The Group was organized in 1981 to monitor tax legislative developments and to convey the views of its membership on life insurance tax issues to the various insurance trade associations and the Government.

Similarly, the number of American students receiving advanced degrees in the areas of math, science, and computer technology have also declined as compared to their European and Asian counterparts.

Only seven of every thousand American students receive degrees in engineering, while in Japan the figure is 40. At the graduate level, over 50 percent of all engineering Ph.D's awarded by our universities since 1980 have gone to non-U.S. students. Foreign students have taken 30 to 40 percent of the doctorates in mathematics and physics in recent years, while the number of such degrees to U.S. citizens is declining. More alarming still, the number of entering freshmen indicating they would major in the basic sciences fell 38 percent between 1975 and 1984.

To better prepare our students for the future, I included several amendments in the education title of the trade bill which would improve American education in these disciplines and close the gap between rural and urban college preparation.

Among these measures is a new program I proposed called ACCESS. ACCESS is designed to provide greater opportunities in higher education to rural students through intensive counseling in curriculum, national achievement tests, scholarships, financial aid and career planning. ACCESS will also foster a "big brother/big sister" type relationship between high school students and local business people to help students prepare for and complete an advanced education.

Another provision would enable exceptional high school juniors and seniors to take advanced math, science, foreign language, and computer technology courses at local colleges and universities by providing technical assistance to high schools that enter into such a contract with local institutes of higher education.

To increase graduate education in areas of national need, this bill would fund an institutionally based graduate fellowship program I created under last year's reauthorization of the Higher Education Act. Under this program, talented students would be eligible for a fellowship in such key disciplines as mathematics, biology, physics, chemistry, engineering, geo-sciences, computer science, and foreign language.

High school instruction via satellite, cable network, or other technological means can greatly increase educational opportunities for rural youth. To provide for the future development of instructional technology as a resource for rural schools and contain the costs of these facilities, I have proposed the creation of a National Advisory Council on Instructional Technology. This advisory council will establish national guidelines for the quality of programming made available to rural schools and determine guidelines for interstate cooperation on accreditation of programming for use in rural schools as they transcend State boundaries.

Finally, this section of the trade bill would help stimulate economic development in farm-depressed rural communities by establishing a competitive grants program to develop university-supported rural technology outreach centers. Under this program, grants would be awarded to nonprofit institutions of higher education to establish and operate rural technology centers designed to develop new products and marketing techniques specifically designed for rural areas.

These proposals are constructive steps we can take to increase American competitiveness through education.

TRIBUTE TO THE ANGEL CITY LINKS AND THE 1987 ACHIEVERS

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. DIXON. Mr. Speaker, on May 3 the Angel City Links will honor 35 of Los Angeles' outstanding black high school senior men at its annual Affaire d'Honneur awards luncheon. I wish to bring to the attention of my colleagues in the House the fine service the Angel City Links have rendered in their sponsorship of the achiever program and the outstanding accomplishments of the young men to be honored.

Six thousand national members strong, the women of the Links, Inc. have been dedicated since 1946 to improving the educational, cultural, and civic life of the black community. Since 1963 the Angel City chapter of the Links has brought this commitment of service to the Los Angeles area.

The Angel City Achiever Program is one of the chapter's crowning achievements. The program, which has awarded more than $150,000 in scholarship money since 1982, each year honors the best and the brightest of the city's young black men. Most importantly, the program provides them with a 6-month program of leadership training and the fellowship of a guiding mentor, and introduces them to a supporting network of other achievers and community leaders as they start to make their way in the world. Since the program's inception in 1982, achievers have graduated from the Nation's top colleges and are beginning promising careers in business, law, medicine, and other professions. These are young men who will make their mark on the world.

At a time when black college enrollment is dropping and student aid dollars are scarce, the Angel City Links have taken firm, innovative steps to address the problems at hand. I join my colleagues in the House in commending them for their vision and for the depth of their commitment, and extend a special congratulations to the honored students, with every good wish for the future. It is a future that looks bright indeed.

LAW DAY CELEBRATION

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. MOORHEAD. Mr. Speaker, I would like to take this opportunity to proclaim before my colleagues in the U.S. House of Representatives that in Glendale, CA, May 8 is hereby designated "Law Day."

For 30 years "Law Day" has been sponsored and celebrated by the Glendale Bar Association, an organization that has grown in the last three decades from an informal, small town social group to a well-established, well-respected, high profile organization of skilled individuals.

Part of the 30-year anniversary celebration will be dedicated to the Bicentennial of the U.S. Constitution. It is entirely fitting that a group of law practitioners should not only celebrate the lesser laws but also the greatest law.

Mr. Speaker, I commend the Glendale Bar Association for its celebration of "Law Day" and the U.S. Constitution on May 8. In a free society, we can never have too much respect for the laws that guide and govern our actions.

PROMOTING THE USE OF VESSELS AS MOBILE TRADE FAIRS

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. YOUNG of Alaska. Mr. Speaker, today I am introducing a bill to encourage and promote the development and use of mobile trade fairs or exhibitions on board U.S.-flag carriers designed to show and sell the products of the U.S. business and agriculture at foreign ports and at other commercial centers throughout the world. In fact, the bill has a double purpose of promoting the development of American-flag vessels and of export expansion in the foreign commerce of the United States.

This bill merely reactivates an existing program under the Merchant Marine Act, 1936, (46 App. U.S.C. 1122b) that has been dormant since 1969. Up until that point, the program had demonstrated to be effective in promoting the sale abroad of products of U.S. business and agriculture. It is appropriate, therefore, that we revitalize this program in recognition of the continuing need to promote export trade of the United States. Specifically, this bill makes technical changes directing the Secretary of Transportation to carry out this program. Previously, this was done by the Secretary of Commerce when the Maritime Administration was still attached to that Department. With the transfer of MarAd, it is appropriate to redesignate the Secretary of Transportation as the lead official in this matter. Further, the bill authorizes appropriations not to exceed $500,000 a year all for the next 6 years to promote these mobile trade fairs.

I urge all my colleagues to support the reauthorization of this mobile trade fair provision as a positive, practical, and nonprotectionist trade enhancement measure designed to directly increase the U.S. export trade and accept it as part of the trade bill.

A TRIBUTE TO CHARLES E. WYCOFF

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. APPLEGATE. Mr. Speaker, I would like to take this opportunity to express some special remarks in tribute to a giant of a man from Ohio who was a supporter of rural electrification ever since its birth in 1935 under the leadership and guidance of President Franklin Delano Roosevelt.

Charles E. Wycoff, of Piketon, OH, passed away last month after having just received the special Clyde T. Ellis Award at the 45th annual National Rural Electric Cooperative Association convention held in Dallas in February. Everyone associated with the Rural Electric Cooperatives of Ohio and the entire rural electric community of our Nation was deeply shocked and saddened at the sudden death of this very special man and a known champion of rural America.

Charles E. Wycoff got started over 52 years ago by organizing the farmers of the Piketon region south of Columbus and creating one of America's first rural electric cooperatives. Mr. Wycoff was eventually to become a president and a member of the board of the South Central Power Co., currently the largest rural electric cooperative in Ohio. Added to these illustrative credentials was his service as president to the statewide Ohio Rural Electric Cooperatives and as president of Buckeye Power, another important rural electric cooperative located in southern Ohio.

Probably the real keynote of Mr. Wycoff's career with the rural electric community was his service as president of the National Rural Electric Cooperative Association here in Washington during 1973 and 1974, as well as his term as NRECA director representing Ohio for nearly a quarter of a century, from 1962 to 1986.

Charles Wycoff represented the true spirit of the rural electric community. He contributed most of his life to the idea and the dream of improving life all across rural America through his half century of service in bringing electricity to the land. The better living standards that have been achieved for thousands of Ohioans as well as millions of people throughout the far-flung regions of America will forever remain a testament to the hard work and dedication that Charles Wycoff contributed to the rural electric community.

Mr. Speaker, rural America is better today because of Charles Wycoff, a giant of a man from Piketon, OH, and a true champion of people who live on the land.

CONGRESSMAN SAWYER SALUTES OHIOANS FOR PEACE

HON. TOM SAWYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. SAWYER. Mr. Speaker, beginning May 4, a group of concerned and responsible citizens in my home State will be "Unifying Ohio for Peace."

The project, which will last a week, will bring people from all walks of life together in a celebration of peace through art and symbolism. It is exciting to see the people of Ohio joining to share their creative ideas on peace, not only in the political arena, but in the family and the community as well.

Thanks to the outstanding work of Legacy, Inc., located in my congressional district, the idea of "Unifying Ohio for Peace" was developed and organized into a statewide effort. The combined energies of Legacy, Inc., and of concerned citizens of the entire State have set the stage for a successful demonstration of Ohio's hopes for world peace.

All over Ohio, schools, churches, synagogues, and other community organizations will feature plays, dances, and musical activities for children and adults as representatives of their individual visions of peace.

I want to express my profound gratitude and my respect to the many people who will be involved in this worthwhile project. The kind of hope and commitment which "Unifying Ohio for Peace" inspires in all of us cannot be overstated. It is my hope that the whole Nation will benefit from Legacy's fine achievements.

In conclusion, I'd like to share the statement of purpose for "Unifying Ohio for Peace" which embodies the hopes of many of us. It states:

> The mission of unifying Ohio for peace is to create a project which will foster the value of peacekeeping so that people acquire a sense of hope, empowerment and responsibility for peace. Unifying Ohio for peace will promote a positive image of peacemaking as Ohio demonstrates a model project which can be repeated throughout the United States.

TRIBUTE TO NICK RENO, PASSAIC BASEBALL GREAT

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. ROE. Mr. Speaker, as we all know, the game of baseball is the great American pastime, enjoyed by millions of us, young and old alike, each year. While it is professional baseball that grabs most of the spotlight, the enjoyment of this sport reaches many other levels of competition. In Passaic County, NJ, In my Eighth Congressional District, we have been extremely fortunate to have a long and rich history of both American Legion and semiprofessional baseball.

On Friday, May 1, this history will be honored at the Athenia Veterans Hall in Clifton, with a "Salute To Passaic Semi-Pro Baseball," a dinner that has been organized by Ted Lublanecki, Charles Lajeskie, John Ryan, Sal Cannata, and Ray Mastroberte. In particular, this year's dinner will honor one of the greats of Passaic baseball, Nick Reno, who died recently at the age of 94, but who left behind a long legacy of his many years as coach of American Legion Post No. 200.

Mr. Speaker, Nick Reno was an integral part of Passaic baseball for more than a half century, dating back to his semipro playing days in 1913 when he was the shortstop for the Columbia Juniors, the Old Brighton Mill and the North Passaics. He was also active as a coach with the Passaic Pros, Bergen A.C., Passaic Neilleys, Pope Pius High School, the All-Passaic and the Drazens A.C., one of the best teams in the area in those days.

But he will be especially honored for his 26 years as coach of American Legion Memorial Post No. 200. In 1936, 1939, 1940, and 1942 Nick Reno coached his teams to the New Jersey State American Legion championship, and led them into the national sectionals and national semifinals against some of the best American Legion teams in the country. Among those who played for Nick Reno's teams were Paul Wolkovitz, Jim and Bob Halkard, Stan and Frank Sloma, Frank Zak, Dick Lajeskie, Ed Sudol, Jim Castiglia, Al Yaskiw, Don Martini, Norman Darmstatter, John Kozelski, Mike Korsch, Pete Baker, Joe Gyorgydeak, among many others. Dick Lajeskie and Jim Castiglia made it to the major leagues while Ed Sudol became one of the most famous and well-respected umpires in major league baseball.

Last year's dinner saluting Passaic semipro baseball drew 252 former players and friends. This year the turnout is expected to be just as great. I believe it is only fitting that this event pay homage to someone such as the late Nick Reno, who was a fixture of the Passaic baseball scene for so many years, and who, through his playing and coaching, helped influence an untold number of young lives and kept the tradition of excellence in Passaic County baseball alive. Those organizing the "Salute to Passaic Semi-Pro Baseball" should be commended for recognizing Nick Reno's outstanding accomplishments and service.

HOLOCAUST REMEMBERED

HON. JON L. KYL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. KYL. Mr. Speaker, this week there will be ceremonies here in the Capitol and throughout the rest of the United States that will commemorate those who were martyred during the Nazi Holocaust of World War II. In remembering those who were murdered, there are lessons for those of us here today.

Between 1933 and 1945, Nazi Germany personified racism and the wanton disregard for human rights. Before the death of Hilter and his Third Reich, 6 million Jews, along with millions of other "non-Aryans," were slaughtered. These butcheries were prepetrated by a supposedly "civilized" state with all of modern technology available; that is, gas chambers and crematoria. Equally appalling is the fact that these unprecedented crimes were known in the West and that very little was done to rescue Hitler's hapless victims.

While the Nazis and their collaborators pursued there murderous racial fantasies against many peoples, they singled the European Jews out for the harshest treatment. For 12 years, Hitler's regime systematically deprived

Jews of their citizenship, due process of law, and basic human freedoms. Under the cover of war, the "Final Solution" was implemented: Beginning with pogroms, enforced ghettoization and starvation and proceeding to mass executions and extermination camps. The perversion of "racial science" in Germany had its ultimate consequence in the inhuman medical experiments conducted on Jewish concentration camp inmates.

What happened to the Jews in Germany and throughout Nazi-occupied Europe was the prelude of Hitler's "new order." Others listed as "undesirable," "racially impure," and "subhuman" were also slated for slavery and/or death. The total disregard for the sanctity of human life was also seen in that euthanasia was practiced by the Nazis on their own people.

Hitler's war against the Jews stands as one of the worst crimes of all time. His criminality ended the once flourishing vibrant Jewish communities of Eastern Europe. From towns such as Belz, Bialystok, Lodz, Vilna, and Wlodawa, were lost innumerable artisans and scholars who enriched both Judaism and their societies. Tens of thousands of American citizens proudly trace their heritage to that vanquished world of Ashkenazic Jewry. In Central Europe, the losses fo Western civilization of brilliant musicians, physicians, scientists and writers cannot be estimated.

As we honor the memory of those who perished during the Holocaust, it is fitting that we heed the words of Santayana: "Those who do not recall the past are condemed to relive it." Sadly, anti-Semitism did not die with Hitler. His "spiritual" heirs have kept the flame of bigotry alive. We see it in the Soviet Union, where Jews are consistently persecuted, denied religious freedom, and many are imprisoned in the hard labor camps of the gulag. We see it in Syria, where the small Jewish community is the object of government oppression. We see it in Nicaragua, where the Sandinista regime fire-bombed the synagogue in Managua. And we see it time and again in terrorist actions where Jews, reagardless of nationality, are singled out, separated from others, receive torture, and, as in the case of the American citizen Leon Klinghoffer, are brutally murdered.

The Holocaust will be viewed as one of the most tragic events that history will record for the 20th century. In this "age of the atom," it is a chilling reminder that mankind possesses the ability to end life on this planet. For us, 42 years after Hitler's defeat, we owe to the memory of those who died a commitment to do better.

One way for us to properly honor the dead is to assure that justice is rendered to those responsible for their martyrdom. I praise the efforts of the Office of Special Investigations [OSI] in the Department of Justice for its vigilance in seeking fugitive war criminals hiding in this country. Too many for too long have succeeded in covering their murderous past and have lived in comfort within our shores. I commend OSI for its professionalism and vigilance in exposing war criminals and seeing to it that due process of law denied their victims is given to them. Criticisms of OSI have been voiced in certain quarters, but I am fully supportive of continued congressional backing for OSI's important work.

Second, I look forward to the completion of the U.S. Holocaust Memorial Museum and Archives here in Washington. Supported by private donations, this museum and archive will serve as a constant reminder about what happened and be a repository of information that will be instructive for future generations.

As we pay tribute to those who died during the Holocaust, it is incumbent upon us all to remove the statistical number of the dead and reduce it to the individual. The Nazis were the ones who kept records on the numbers of people deported, the fatility rates in the ghettos, and the final tally of those murdered. Each man, woman, and child was a human life filled with the hopes, fears, dreams and feelings that we all know and experience. For us to forget these individual fellow human beings would be an additional tragedy. Though these millions are in many instances nameless, they nevertheless must always be on our minds as we pledge to vigorously fight prejudice and intolerance. For us, it must be never again!

COMMENDATION FOR THE OFFICE OF COMMUNITY RELATIONS, CITY OF RIVERSIDE, CA

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. BROWN of California. Mr. Speaker, I wish to take this opportunity as el Cinco de Mayo nears to commend the city of Riverside Office of Community Relations for its role in fostering greater understanding among the diverse cultural groups in the city.

On Friday, May 1, 1987, the office of community relations and the community relations committee will begin the Cinco de Mayo festivities with a special reception acknowledging the contributions and rich cultural heritage of the Hispanic population.

The office of community relations was established in 1969 by the mayor of Riverside and the city council. The office's main responsibilities are the city's affirmative action plan, and the planning and publicizing of conferences, meetings, and forums designed to improve human relations and fair housing goals. Other responsibilities include Black History activities, Cinco de Mayo and 16 de Septiembre festivities, Youth March Against Drugs, and Hands Across America programs.

The office also serves as a contract administrator for the Humane Society and human service agencies such as the Youth Service Center, the Rape Crisis Center, I Care Shelter Home, Riverside County Coalition for Alternatives to Domestic Violence and the Riverside Volunteer Center.

In addition to services in the community, the office provides assistance to city employees on issues involving sexual harassment, affirmative action, discrimination, and other sensitive or confidential matters.

Mr. Speaker, I wish to acknowledge the 16 years of service provided by this office. The city of Riverside has indeed shown its concern and responsiveness to human needs through the establishment of this office and its various programs.

LEGISLATION TO REQUIRE DISCLOSURE OF CERTAIN CHARITABLE FUNDRAISING ACTIVITIES

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. STARK. Mr. Speaker, over the past few years I have seen and heard about certain activities within some charitable organizations that make me question whether they are truly operating "exclusively for the promotion of social welfare." Given their tax-exempt status and their role as fundraisers, there is unfortunately room for possible abuse.

As a result I am introducing the Truth in Solicitation and Receipt of Charitable Contributions Act of 1987. This legislation would require civic league and other organizations which are granted the 501(c)(4) tax-exempt status and solicit money from the public to pay out at least half of their gross revenues for its tax-exempt qualified activities each year and to disclose certain financial information in each solicitation.

This bill is a fair and reasonable way to ensure that those organizations which claim to benefit the public good and thus are given special tax privileges do indeed serve the public. Money gifts and contributions of time and labor given to these organizations are estimated at $50 billion a year. This is all well and good for it has been these very groups that have been in the forefront of building an enlightened America: Ridding society of child labor, purging the spoils system from public office, and educating millions of people. But as there is the possibility for mismanagement in the raising of such funds, it would be wise to have some way of assuring that the funds are indeed spent on the public good.

The bill I am introducing today singles out the 501(c)(4) organizations which are "civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees * * * the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes." This is where I am aware of possible discrepancies between the privileged tax-exempt status and the actual operation of the organizations. However, in the course of hearings on the issue I look forward to information about other tax-exempt organizations. I also want to look at the requirement to pay out 50 percent of an organization's revenue. Research indicates that this is a fitting percentage. However, I look forward to input from the many 501(c)(4) organizations on whether this is too high or too low an amount.

I would like to point out that there is provision in my bill which would exempt new organizations from the law for the first 3 years of their existence. The basic economics of direct fundraising require such a provision to make the bill fair. As many of us know from personal experience the capital-intensive part of the process takes place at the beginning, to build the donor base. But while it may cost $1 to raise a $1 in the first phase of the program, these costs should rapidly diminish once an organization has been established. Research shows that an organization that has a history of direct mail fundraising of 5 years or longer should have fundraising costs that fall in the 25 to 35 percent range.

Last Congress we spent a good amount of time and hard work on reforming the Tax Code. We have done this largely in the name of fairness to the taxpayers of this country; I see this bill as a similar reform.

TRIBUTE TO MIKE SCHMIDT

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. WELDON. Mr. Speaker, I rise today to recognize the great achievements of a man who lives in the Seventh Congressional District of Pennsylvania. On April 18, 1987, in storybook fashion, Michael Jack Schmidt hit a game winning three-run homer in the top of the ninth inning at Three River Stadium in Pittsburgh. That home run not only won the game for the Philadelphia Phillies; it won Mike Schmidt a position in the "500 Club." There are now 14 men in the history of the major leagues to ever hit 500 home runs.

Success is no stranger to Mike Schmidt. Since 1972, when he first joined the Philadelphia Phillies, he has received nine "Golden Glove" awards, been selected as a National League all star on several occasions, named most valuable player in the 1980 World Series, and the National League most valuable player for the third time in 1986.

On April 30, 1987, Mike Schmidt will be honored as the Delaware County Chamber of Commerce's "Outstanding Achievement Award" recipient. I would like to congratulate him on behalf of this historic 100th Congress for his past achievements and for receiving this award.

I would also like to express my appreciation to Mike Schmidt for his years of outstanding performance on the baseball diamond as well as his noteworthy contributions to the community in which he lives. Mike is not only a leader on the playing field, he also leads his teammates in wins for charity. Mike works to benefit several charitable organizations in the Delaware Valley, including the United Way. He also set up the MVP section at Veteran's Stadium, with corporate donations for each of his home runs, for underprivileged children to watch a professional baseball game.

As a Member of the U.S. House of Representatives, I salute you Michael Jack Schmidt, and wish you continued success in future endeavors.

THE LANGUAGE OF TRADE POLICY: A PRIMER

HON. ROD CHANDLER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. CHANDLER. Mr. Speaker, in his Devil's Dictionary, Ambrose Bierce described oratory as "a conspiracy between speech and action to cheat the understanding." Indeed, the language of public debate often confuses rather than enlightens. As Congress begins debate on a comprehensive trade measure, the bewildered taxpayer would be well-served by an understanding of the words that will be volleyed back and forth.

Herewith, a modest contribution to that understanding.

Competitiveness. The last refuge of a scoundrel. The justification for the most outrageous aspirations of the knee-jerk right or the radical left.

Counterfeiting. Imitation as an unwelcome form of flattery.

Customs users fees. The gas is free, but it will cost you $20 to pull out of the station.

Fair trade. The state of affairs in which one's own country enjoys a trade surplus.

Leveling the playing field. Erecting barriers to trade in an attempt to protect jobs in one's own district.

Protectionism. Erecting barriers to trade in order to protect jobs in another congressional district.

Retaliation. The equal and opposite reaction corresponding to every action.

Sector Specific. Playing favorites.

Smoot-Hawley. See Gephardt amendment.

Tariff. A marketing device to make medium quality foreign imports sell like exclusive luxury items.

Tied aid. A carrot and stick operation. See mercantilism.

Warchest. The "peacekeeper" of trade relations. Resources to be used to prevent a trade war.

FINANCIAL STATEMENT

HON. F. JAMES SENSENBRENNER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. SENSENBRENNER. Mr. Speaker, through the following statement, I am making my financial net worth as of March 31, 1987, a matter of public record. I have filed similar statements for each of the 8 preceding years I have served in the Congress.

ASSETS

Real property	Value
Single family residence at 609 Fort Williams Parkway, Alexandria, Virginia, at assessed valuation. (Assessed at $450,400.00. Ratio of assessed to market value—100%.) (Encumbered.)	$450,400.00
Condominium at N76 W14726 North Point Drive, Village of Menomonee Falls, Waukesha County, Wisconsin, at assessor's estimated market value. (Unencumbered.)	67,800.00
Undivided 5/11ths interest in residence at N52 W32654 Maple Lane, Village of Chenequa, Waukesha County, Wisconsin, at 5/11ths of assessor's estimated market value of $200,800.00. (Unencumbered.)	91,272.73
Total real property	609,472.73

PERSONAL PROPERTY

No. of shares	Common and preferred stocks	Value
338	First Wisconsin Corp. @$25.375	$8,576.75
401.402	American Telephone & Telegraph @$23.625	9,483.12
558	Idaho Power Co. @$27.125	15,135.75
450	First Interstate Bancorp. @$58.875	26,493.75
59.167	American Information Technologies @$90.375	5,347.22
78.700	Bell Atlantic @$67.50	5,312.25
176.460	Bell South @$39.75	7,014.28
79.483	NYNEX, Inc. @$66.125	5,255.81
148	Pacific Telesis, Inc. @$26.625	3,944.20
40.201	Southwest Bell, Inc. @$117.125	4,708.54
79.351	US West, Inc. @$55.00	4,364.30
504.896	Tenneco Corp. @$47.50	23,982.56
568	Nevada Power Co. @$20.625	11,715.00
300	Anchor Hocking Corp., @$30.875	9,262.50
720	General Mills, Inc. @$51.00	36,720.00
800	Kellogg Corp. @$59.00	47,200.00
1,000	Dunn & Bradstreet, Inc. @$127.75	127,750.00
1,000	Halliburton Co. @$35.00	35,000.00
2816	Kimberly-Clark Corp. @$112.75	317,504.00
467	Incilco Corp. @$24.125	11,266.38
200	Minnesota Mining & Manufacturing @$129.375	25,875.00
100	Rank Organisation ADR @$11.00	1,100.00
616	Exxon Corp. @$85.75	52,822.00
480	Amoco Corp. @$79.75	38,280.00
78	W.A. Krueger Co. @$20.375	1,589.25
720	Eastman Kodak Co. @$77.125	55,530.00
510	Kraft, Inc. @$59.50	30,345.00
200	General Electric Co. @$104.875	20,975.00
204	General Motors Corp. @$78.125	15,937.50
10	General Motors Corp. Series H @$44.125	441.25
1,200	Merck & Co., Inc. @$154.625	185,550.00
200	Warner Lambert Co. @$74.25	14,850.00
100	Continental Corp. @$49.50	4,950.00
200	Sears Roebuck & Co. @$50.875	10,175.00
455	Ogden Corp. @$67.25	30,598.75
455	OMI Corp. @$4.875	2,218.12
268	International Business Machines @$150.125	40,233.50
108	Kenner Parker Toys, Inc. @$24.75	2,673.00
72	Crystal Brands, Inc. @$23.875	1,718.00
504	Monsanto Corp. @$78.375	39,501.00
127	Premark International, Inc. @$28.625	3,635.38
100	Unisys, Inc., Preferred @$63.875	6,387.50
333	Benton County Mining Co. @no value	nil.
	Total common and preferred stocks	1,301,421.66

Face amount	Life insurance policies	Cash surrender value
$12,000	Northwestern Mutal, #4378000	$13,538.31
$30,000	Northwestern Mutual, #4574061	32,199.75
$10,000	Masschusetts Mutual, #4116575	3,165.85
$100,000	Massachusetts Mutual, #4228344	54,136.12
$25,000	Old Line Life Insurance Co., #515950	16,233.77
	Total life insurance policies	119,273.73

BANK AND SAVINGS AND LOAN ACCOUNTS

Marine Bank, N.A. of Milwaukee, checking account no. 4000-9368	$24.10
Marine Bank, N.A. of Milwaukee, checking account no. 0046-2366	2,781.14
Marine Bank, N.A. of Milwaukee, money market checking account no. 4011-5247	64,526.23
Marine Bank, N.A. of Milwaukee, savings account no. 497-525	525.79
Federal Financial Savings & Loan of Butler, Wis., savings account no. 2-0033296	2,505.07
Sergeant at Arms, U.S. House of Representatives, checking account no. 748	1,809.57
Burke & Herbert Bank of Alexandria, Va., checking account no. 601-301-5	1,138.52
Federated Financial Savings & Loan of Butler, Wis. individual retirement account	15,565.32
Total bank and savings and loan accounts	88,875.74

MISCELLANEOUS

1985 Pontiac 6000 automobile (at Blue Book wholesale value)	$5,400.00
Office furniture and equipment (estimated)	1,000.00
Furniture, clothing and personal property (estimated)	80,000.00
Stamp collection (estimated)	17,000.00

MISCELLANEOUS—Continued

Interest in Wisconsin Retirement Fund	23,655.18
Deposits in Congressional Retirement Fund	43,678.45
Confessed judgment promissory note from Raymond Sobolleski, Jr., and All-American Home Improvements, Inc., jointly due in installments through 8/15/87	2,405.00
Total miscellaneous	173,138.63
Total assets	2,292,182.49

LIABILITIES

Sovran Mortgage Company of Richmond, Va. (Amount due on mortgage on Alexandria, VA. residence) #564377	$186,550.39
Miscellaneous 30 day charge accounts (estimated)	1,000.00
Total liabilities	187,550.39
Net worth	2,104,632.10

STATEMENT OF 1986 TAXES PAID

Federal income tax	$6,639.00
Wisconsin income tax	9,928.00
Menomonee Falls, Wis. property tax	1,880.53
Chenequa, Wis. property tax	5,349.48
Alexandria, Va. property tax	5,467.00

I further declare that I am the direct beneficiary of one trust and a contingent beneficiary of one trust. I have no control over the assets of the trust of which I am a direct beneficiary and am a cotrustee of the other trust. My wife, Cheryl Warren Sensenbrenner, and I are trustees of separate trusts established for the benefit of our minor sons, F. James Sensenbrenner III and Robert Alan Sensenbrenner and are also custodians of accounts established for the benefit of each son under the Uniform Gifts to Minors Act.

Also, I am neither an officer nor a director of any corporation organized under the laws of the State of Wisconsin or of any other State or foreign country.

H.R. 1115—A GOOD VEHICLE FOR PRODUCT LIABILITY REFORM

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. DANNEMEYER. Mr. Speaker, I would like to address the very important issue of product liability reform. On April 23, 1987, I was pleased to join with Congressman Madigan, Congressman Whittaker, and Congressman Ritter, my Republican colleagues on the Energy and Commerce Committee, to cosponsor H.R. 1115. We believe the movement of this bill as a vehicle for product liability reform is very important.

Product liability affects competitiveness, safety, the availability of products, and American jobs. Our economy will not prosper if we continue to weigh our manufacturers down with a legal system that has become increasingly unpredictable. We, as consumers, lose when products we want are withdrawn from the market because manufacturers are unable to predict and prepare for possible liability. We, as workers, lose when products are no longer made.

Federal product liability reform is long overdue. We believe that this is an important and complex issue that requires a bipartisan effort if it is to become law. We applaud Congressmen Richardson and Luken for introducing H.R. 1115 and we welcome the majority's interest in this issue.

Our colleagues have shown a great deal of wisdom in their approach to product liability reform. Rather than attempt to make sweeping reforms, they have addressed themselves to the most pressing problems in product liability law. Their bill makes narrow, but very important, reforms. We believe their bill could be improved, however, to make it both more effective and more capable of passage. We have discussed our concerns with the authors and are pleased that they agree, in concept, on how the bill could be improved. Printed below is a summary of these concepts.

On behalf of myself, Congressman Madigan, Congressman Whittaker, and Congressman Ritter, I have prepared a discussion draft of a bill which would amend H.R. 1115 to embody these concepts. The purpose of this draft is to illustrate the concepts, rather than the precise wording, of possible perfecting amendments to H.R. 1115. A copy of the discussion draft may be obtained by calling J.M. Edelstein at (202) 226-3400. We look forward to comments regarding this draft from all persons interested in it.

I am pleased to cosponsor H.R. 1115 as a vehicle for product liability reform. I look forward to working with my colleagues on both sides of the aisle to perfect H.R. 1115 and to move it through the legislative process.

SUMMARY OF CONCEPTS TO IMPROVE H.R. 1115

MANUFACTURER LIABILITY

The discussion draft offers a new approach regarding liability standards for manufacturers. Rather than preempt all state law regarding standards of liability by establishing comprehensive federal standards, the discussion draft establishes minimum requirements for all product liability actions.

This more limited approach to preempting state law will, to the maximum extent possible, retain the traditional approach of leaving tort law decisions to the states while at the same time accomplishing the objective of the bill which is to establish national standards for civil actions involving products. Because over 70 per cent of products made in the United States are transported from the state of manufacture to another for sale, only federal legislation can provide the uniformity of law that is necessary.

LIABILITY OF CO-DEFENDANTS

Both H.R. 1115 and the discussion draft eliminate joint and several liability for non-economic damages (pain and suffering). In other words, manufacturers and product sellers would only be responsible for that portion of the non-economic damages that they individually caused.

H.R. 1115 would establish a federal rule that manufacturers and product sellers are always jointly and severally liable for economic damages. The discussion draft proposes not to establish a federal rule on this issue, thereby leaving it to state law. This recognizes the thought that has been given to this issue in many states and allows states to make decisions regarding this issue for its consumers.

As the bill progresses, we hope to explore with our colleagues the various actions taken by the states with respect to joint and several liability and how to best integrate federal and state law on this issue.

PRODUCT SELLER LIABILITY

The discussion draft, like H.R. 1115, establishes standards of liability for product sellers. The discussion draft, however, provides greater detail to make it clear that a product seller's duty (a) with respect to warnings is only to pass on written warnings received from the manufacturer and (b) with respect to inspection is limited to those occasions where the product seller has a reasonable opportunity to inspect.

The creation of standards for product sellers is an important way to reduce transaction costs without reducing a claimant's opportunity to recover.

TIME LIMITATIONS ON LIABILITY

H.R. 1115 prohibits the filing of all product liability actions involving capital goods 25 years after the product is first sold. This provision is known as a "statute of repose."

Like H.R. 1115, the discussion draft provides a statute of repose for capital goods. The draft, however, overrides the statute of respose if the claim involves a toxic harm. This exception preserves the right of a claimant, harmed by the toxic effect of a capital good which harm may not manifest itself within the 25 year period, to bring a product liability action. The discussion draft also establishes a separate statute of repose for general aviation aircraft.

SPECULATIVE DAMAGES

The discussion draft would prohibit product liability actions for speculative damages.

DRAFTING ISSUES

Federal product liability legislation is designed to reduce litigation. The discussion draft makes technical and clarifying changes to H.R. 1115 to minimize the extent to which plaintiffs' and defendants' attorneys will argue over what product liability actions are covered by the federal legislation and to what extent. These include: making all references to "caused" consistent (rather than sometimes requiring "proximate cause" and other "caused by"); amending the definition of claimant to include claims for wrongful death and loss of consortium; making the alcohol and drug defense work in wrongful death cases and making it clear that the bill establishes a federal rule regarding actions for commercial loss.

The discussion draft has not had the benefit of wide review. We look forward to improving this draft in cooperation with all of those interested in it.

TRIBUTE TO CLYDE JORDAN

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. PRICE of Illinois. Mr. Speaker, I would like to take this opportunity to pay tribute to a man who spent most of his 57 years dedicated to serving the people of his hometown, East St. Louis, IL.

Upon his death, Mr. Clyde Jordan had well-established himself as one of the most influential political and social leaders in East St. Louis. Probably one of his most notable accomplishments was founding the East St. Louis Monitor in 1963. Founded during the civil rights movement, the Monitor served as a major forum for social and civic activism in southern and central Illinois.

The following is an article which appeared in the April 25 edition of the East St. Louis Monitor detailing Clyde Jordan's achievements:

MONITOR PUBLISHER DEAD AT 57

(By Eugene B. Redmond)

A special and uneasy silence hangs over East St. Louis in particular, and Metro-East in general, following the unexpected death Thursday morning of *Monitor* Publisher Clyde C. Jordan, a charismatic, wide-visioned and energetic leader who rose from the grass-roots to command the respect of governors, senators and presidents.

Mr. Jordan, a life-long resident of this city, succumbed to lung cancer at 9:50 a.m. on April 23 at St. Mary's Health Center, Richmond Heights, Mo., where he had been a patient since April 17.

There is no question that Mr. Jordan was the most influential political, business and civic leader ever to grace the East St. Louis scene.

At his death, the 57-year-old builder of dreams, could lay claim to the following titles: Founder and Publisher of the *East St. Louis Monitor* Newspaper; Supervisor of East St. Louis Township; President of the East St. Louis School Board; Member of the Board of the East Side Health District; Chairman of the City Central Democratic Precinct Committeemen's Organization; Past President of the Elks (IBPOEW) fraternal order of Illinois and Wisconsin; Past Grand Exalted Ruler of the Elks (the order's highest degree).

A complete list of Mr. Jordan's major positions and titles, not to mention his hundreds of awards and accolades, would fill up a book. It suffices to say, however, that when it came to community planning and development there was no activity of significance which did not bear the mark of his design or contribution.

Mr. Jordan founded the *Monitor* in June of 1963, only two months before he joined a group of East St. Louis social-civic leaders on a pilgrimage to the historic August, 1963 march on Washington for Jobs and Freedom, in Washington, D.C.

However, Mr. Jordan's interest in social activism, civil rights and journalism had been sired many years before while he was matriculating through the public schools of East St. Louis. He graduated from Lincoln Senior High School in 1949 after having attended Garfield and Attucks Elementary Schools.

His interest in journalism became crystalized in high school and he wrote articles for the East St. Louis Citizen, the St. Louis Argus and the St. Louis Edition of the Chicago Defender newspapers.

Following high school, Mr. Jordan spent a year and a half in the U.S. Army—where he continued to write—and upon being discharged became affiliated with the East St. Louis Crusader newspaper which was published and edited by John C. Kirkpatrick.

During his many years with the Crusader, Mr. Jordan held various positions—including reporter-columnist, associate editor, managing editor and general manager—while simultaneously pursuing college study. Such arduous burning of the midnight oil netted him two years of credit at LaSalle Business College and another one and a half years of credit at Southern Illinois University.

It was also during this period, 1957, that Mr. Jordan met and married the former Ann Jackson of St. Louis. In addition to Mrs. Ann Jordan, Mr. Jordan is survived by five children: Frazier Garner, Charlotte Edwards, Clyde C. Jordan, Jr., Jennifer Jordan and Michael Jordan.

About the Monitor, Mr. Jordan once noted that it is "my flagship, my true love." Ranking his interests, on another occasion, he said his family came first, his newspaper second and politics third.

During the 1960's, Mr. Jordan built the Monitor into the largest-selling and most influential Black weekly newspaper in Southern and Central Illinois. At one point—in the mid-1970s—the paper came out twice weekly and sold more than 15,000 copies per issue.

The Monitor, which has won numerous awards for editorial excellence, also served as the cutting edge of the area's civil rights struggle, rocketing many Black activists, including Mr. Jordan, into stardom and prominent positions in the social, political and business world. In 1965, for example, he was appointed administrative assistant to East St. Louis Mayor Alvin G. Fields.

He ran successfully for the East St. Louis School Board in 1968 and, when Mayor Fields retired in 1971, was appointed assistant to East St. Louis Township supervisor Francis J. "Red". When Foley died in office in 1973, Mr. Jordan was appointed to his unexpired term, becoming the first Black ever to hold the position of township supervisor.

Mr. Jordan's tremendous success as a leader in several fields can be traced to those 1960s days of activism, entrepreneurial ground-breaking and community service. However, politics, family and the newspaper profession were not Mr. Jordan's sole interests.

He also established himself as a man of high social ideals, a social architect in fact, giving unselfishly of his time, money, genius and energies to any number of worthy causes. You name them and he gave to them: charities, Khoury League sports activities, senior citizens functions, needy families, retarded children, cultural groups, struggling entertainers and artists, political candidates, novice businessmen. The list, like other catalogues of Mr. Jordan's activities goes on and on.

His reign as a political leader remained virtually invincible between 1968 and 1987 when he made an unsuccessful bid for the Democratic candidate for mayor in the East St. Louis primary election. His loss to Mayor Carl E. Officer, by slightly more than 1,000 votes, was the subject of a suit that Mr. Jordan filed in early March contesting the legality of the election.

According to the suit, still tied up in litigation at the time of his death, several thousand voters signed petitions for independent candidates and then voted for party candidates in the primary—in violation of state law. Some observers, including several area newspapers, have read Mr. Jordan's suit as his reluctance to accept defeat.

Throughout his long, colorful, career—during which he faced numerous threats and attempts on his life—Mr. Jordan's faith in East St. Louis and Black people remained undaunted. He once said that his role in the city's social-political arena was twofold: "to show that black people can run things right" and "to work for the welfare and rights of the black community."

Aware that people outside of East St. Louis have the opinion that "nothing runs right down here," Mr. Jordan took pride in the fact that there had not been "one instance or charge of mismanagement" while he had been township supervisor or school board president, a post to which he was elected in 1975.

A life-long crusader on behalf of residents of his beloved city, Mr. Jordan once declared that "Everything I do is for the people of East St. Louis." If things boiled down to a "choice between politics and people, I'm going to be with the people every time," he said.

Friend and foe alike recognized and respected Mr. Jordan's brilliance as a strategist, organizer, businessman, thinker, leader and articulate spokesman for the oppressed.

Veteran newspaperman, Rube Yelvington, admitting that he was "no fan" of Mr. Jordan's, noted nevertheless that he had "been there when Jordan demonstrated his moral strength, when he proved to me that he put the interests of the people above his own interests, even his own safety."

Yelvington observed that Mr. Jordan "learned to fight it out in the streets of East St. Louis. He is deep-down tough. And he is an important force in St. Clair County and its future."

THE NUCLEAR WASTE POLICY AMENDMENTS OF 1987

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. SWIFT. Mr. Speaker, today I am introducing the Nuclear Waste Policy Amendments of 1987, along with my colleague from Washington [Mr. MORRISON]. This bill is modeled on H.R. 5423, which the gentleman and I introduced in the last Congress, although there are important differences.

This legislation will restart the process of selecting a site for a national radioactive waste repository, and will require a rigorous scientific process that does not pit region against region.

The need for this legislation could not be clearer. The Department of Energy's efforts to select a repository site are in shambles. DOE has only itself to blame for this. To put it bluntly, DOE has blown the job.

On May 28, 1986, DOE narrowed its list of sites being considered for the first repository from nine to three. Those three candidate sites are located at Hanford, WA, Yucca Mountain, NV, and Deaf Smith County, TX. These three sites were not chosen by a fair, scientific process. The ultimate selection criteria were arbitrary and biased.

For example, in applying the scientific criteria, DOE itself ranked the Hanford site as the most dangerous and most expensive site under every conceivable scenario. According to the May 1986 DOE report entitled "Recommendation by the Secretary of Energy of Candidate Sites for the Characterization for the First Radioactive-Waste Repository:"

> Aggregating the postclosure and preclosure analyses in the methodology to determine composite utilities for the sites provides a composite ranking of the Yucca Mountain site, the Richton Dome site, the Deaf Smith County site, the Davis Canyon site, and Hanford site.

Nevertheless, DOE decided to make Hanford a final candidate site because it wanted to characterize a basalt site. According to the same DOE report I just quoted:

> [F]ollowing consideration of such [geohydrologic and rock type] diversity, it has been determined that the Yucca Mountain, Deaf Smith County, and Hanford sites are the three sites which constitute the final order of preference.

In other words, DOE decided that it was more important to characterize a basalt site than it was to follow the direction of its own scientific methodology. Yet, on the same day, DOE decided to stop all work toward selecting a crystalline rock site. These decisions are inherently inconsistent with one another. On the other hand, DOE rejects its own scientific rankings in order to be able to characterize a basalt site. On the other hand, it fails to follow procedures required by the statute which would have led to the characterization of a crystalline rock site.

When these decisions were announced, many of us believed that the only explanation could be that the Department of Energy was using the nuclear waste program as a political football. This fear was confirmed by documents obtained last summer by the House Energy Conservation and Power Subcommittee, on which I sat. In a strategy discussion paper used by the Director of the Office of Civilian Radioactive Waste Management [OCRWM], the pro's and con's of postponing the Crystalline Rock Program are discussed. Leading the list of pro's is the statement that this "responds to political opposition registered by 'second repository' States."

According to an October 20, 1986 staff report to the chairman of the Energy Conservation and Power Subcommittee and the Geneal Oversight, Northwest Power, and Forest Management Subcommittee, DOE misled Congress, distorted the scientific methodology used in selecting candidate sites, and systematically changed the methodology report to support a preconceived decision.

When the chairman of the two subcommittees, along with the gentleman from Oregon [Mr. WYDEN] and myself, asked the Secretary of Energy to respond to this staff report, our inquiry was diverted to the Director of OCRWM—the very office whose activities were being challenged as illegal and arbitrary. Although the Director of OCRWM made the predictable and self-serving statement that, "almost with exception, the findings of your staff's investigation are without basis," it is important to note the DOE's own consultants disagree.

DOE relied heavily on two key consultants in implementing its scientific methodology for the selection of candidate sites, Mr. Ralph Keeney and Mr. Lee Merkhofer. Mr. Merkhofer has stated that—

> Staff report does an excellent job of identifying the key scientific and value judgments that determine the ranking of the sites.

He has also criticized the way that DOE used the issue of rock-type diversity to override the scientific methodology, saying that the scientific methodology was "undermined by the fact that diversity of sites was not addressed in the—scientific—analysis."

Mr. Keeney, the other expert relied upon by DOE, has specifically criticized DOE's selection on the Hanford site, stating that—

> Hanford is the least desirable site because its enormously greater costs and its greater health effects are not compensated for by its relatively slight advantage in environmental and socioeconomic impacts.

DOE has not limited its objectionable behavior to the first-round States, however. States that have potential crystalline rock sites are now learning what it's like to have to contend with this arbitrary and contemptuous Federal agency. First, DOE says that it has decided to "indefinitely postpone" the Crystalline Rock Program. Then it admits that it lacks the legal authority to do so. Then it issues a draft amendment to its mission plan that proposes to delay implementation of the program until the mid-1990's. Then the Secretary of Energy says to the Senate Emergy and Natural Resources Committee that he won't restart the Crystalline Rock Program unless Congress tells him to. Then he testifies before the House Energy and Power Subcommittee that he will restart the program, in a matter of months, unless Congress tells him not to.

Enough is enough. DOE cannot be trusted with this program any longer. It has already destroyed the fragile consensus that was required to enact the Nuclear Waste Policy Act of 1982. Thanks to DOE, Congress must now revisit the act, and put things back together again. We shouldn't have had to do this. For all of its flaws, the Nuclear Waste Policy Act could have worked—but the Department of Energy, through its arrogance and lack of regard for a fair, scientific process, destroyed any chance of that.

Mr. Speaker, we must not fall prey to DOE's obvious strategy of pitting region against region, and State against State. We should follow Benjamin Franklin's advice that "We must all hang together, or assuredly we shall all hang separately." I ask my colleagues to join with me in establishing a fair process for choosing a safe repository for radioactive waste, and not to be lulled into a false sense of security by trusting DOE.

SECTION-BY-SECTION ANALYSIS OF THE NUCLEAR WASTE POLICY AMENDMENTS OF 1987

Section 1 entitles the act the "Nuclear Waste Policy Amendments of 1987".

Section 2 provides that no funds may be expended for land acquisition or site characterization activities under the Nuclear Waste Policy Act of 1982 (NWPA) until after the Federal Radioactive Waste Agency established by these amendments has nominated sites for characterization.

Section 3 establishes the Federal Radioactive Waste Agency and describes its structure and functions.

First, subsection (a) establishes the Federal Radioactive Waste Agency as an independent agency within the executive branch.

Second, subsection (b) establishes the position of Director of the Federal Radioactive Waste Agency. The Director shall be appointed by the President and confirmed by the Senate. The Director shall serve for a term of 6 years, and may be removed from office by the President only for inefficiency, neglect of duty, or malfeasance in office. The subsection provides for the method of filling a vacancy in the office of Director, restricts the Director's financial relationships with contractors of the Federal Radioactive Waste Agency, and provides for a rate of pay that is the same as that established by NWPA for the Director of the current Office of Civilian Radioactive Waste Management.

Third, subsection (c) describes the duties of the Director of the Federal Radioactive Waste Agency, and authorizes the Director to delegate those duties to appropriate employees or officers of the Agency.

Fourth, subsection (d) authorizes the Director to hire staff, employ consultants, and enter into contracts for the purpose of carrying out the Director's functions and duties.

Fifth, subsection (e) authorizes other Federal agencies, upon the request of the Director, to detail, on a reimbursable basis, personnel for the purpose of assisting the Director to carry out his functions and duties.

Sixth, subsection (f) authorizes the Administrator of General Services to provide, on a reimbursable basis, administrative support services, and authorizes the Director to use the United States mail in the same manner as other Federal departments and agencies.

Seventh, subsection (g) requires the Director to annually prepare and submit a report to Congress describing the activities and expenditures of the Federal Radioactive Waste Agency.

Eighth, subsection (h) requires the Comptroller General to annually prepare an audit of the Federal Radioactive Waste Agency, and to submit a report on the results of the audit to Congress.

Section 4 amends section 112(a) of NWPA to require that the siting guidelines issued pursuant to NWPA be revised.

First, subsection (a) repeals the siting guidelines issued by the Department of Energy of December 6, 1984.

Second, subsection (b) requires that the Director of the Federal Radioactive Waste Agency issue new guidelines within 24 months after enactment of these amendments. Such guidelines shall require the concurrence of the Nuclear Regulatory Commission, and shall be developed in consultation with specific Federal agencies and the governors of interested states. The guidelines are required to specify the methodology that will be used to rank prospective repository sites.

Section 5 amends section 112(b) and section 112(c) of NWPA so as to revise the site selection process.

First, subsection (a) requires that the Director of the Federal Radioactive Waste Agency nominate at least 5 sites that he considers to be suitable for characterization. The Director's nominations are required to be based on the methodology specified in the revised guidelines, and must be the result of a nationwide survey of all potential host rocks as well as sites that, in the Director's judgment, may be suitable for characterization. Although the Director may use information that has already been developed on various sites, he is prohibited from considering the volume of information that exists about a particular site. Furthermore, nothing in these amendments shall be construed as requiring the Director to nominate any site which had been designated by the Department of Energy prior to the enactment of these amendments. Subsection (a) also requires the Director to recommend to the President at least 3 sites for actual characterization as candidate sites. The Director is required to recommend the sites that achieved the highest rankings under the methodology specified in the siting guidelines. A target deadline of 18 months after issuance of the revised guidelines is provided for each of the actions described above, but the Director may waive those deadlines if he determines that it is not practicable to achieve them.

Second, subsection (b) requires that within 6 months after issuance of the revised siting guidelines the Director shall issue draft environmental assessments on all sites that he determines may be suitable for characterization. Draft environmental assessments are required for all such suitable sites, and are not limited to those sites that are subsequently nominated or characterized. At the time that sites are nominated by the Director as suitable for characterization, but after allowing at least 6 months for public comment on the draft environmental assessments, the Director shall issue final environmental assessments on all such nominated sites.

Third, subsection (c) clarifies that only the final environmental assessments, and not the drafts, are considered to be final agency actions that are subject to judicial review.

Fourth, subsection (d) provides that there shall be an 18-month moratorium on all site characterization activities if the President approves sites for characterization in an order other than that in which such sites were ranked according to the methodology specified in the revised guidelines.

Section 6 amends section 114 of NWPA, which provides for the approval and construction authorization of repositories.

First, subsection (a) requires the President to submit to Congress a recommendation for approval of a repository site after receiving a recommendation from the Director. A target deadline of 6 months after the President's receipt of the Director's recommendation is provided, but the President may extend that deadline if he determines that an extension is necessary and transmit to Congress a report setting forth the reasons for the extension.

Second, subsection (b) eliminates the specific calendar deadlines for final decisions by the Nuclear Regulatory Commission on issuance of construction authorizations.

Third, subsection (c) clarifies the existing requirement of NWPA that the preliminary determination of suitability shall be made at the time that the draft environmental impact statement is issued.

Section 7 amends section 114 of NWPA by adding a new subsection that requires the Nuclear Regulatory Commission to allocate disposal capacity to the first repository among producers of high-level radioactive waste and spent nuclear fuel in accordance with certain priorities. Allocations are to be made so as to give priority to those producers nearest to the repository and to minimize the transportation of such waste and spent fuel. Certain procedures are specified for the Commission to make such allocations.

Section 8 amends section 116(c)(1) (B) of NWPA by providing that the Director shall make financial assistance grants to states that are adjacent to states with a site that has been approved for characterization.

Section 9 provides for an evaluation of the nation's disposal capacity needs.

First, subsection (a) requires the Director of the Federal Radioactive Waste Agency to appoint a panel of technically qualified persons who shall study the need for disposal capacity in excess of 70,000 metric tons, identify all technologically feasible options for providing such capacity, rank such options in order of preference, and state their reasons for such ranking. All activities of the panel shall be subject to the provisions of the Government in the Sunshine Act.

Second, subsection (b) requires the panel to submit its findings and recommendations to the Director not later than 12 months after the date of enactment of these amendments.

Third, subsection (c) requires the Director to promptly provide Congress with the panel's findings and recommendations.

Section 10 amends section 301 of NWPA by adding a new subsection to require that the Director revise the mission plan as may be necessary in order to carry out these amendments, and provides specific procedures for the Director to follow.

Section 11 includes various technical and conforming amendments.

TRIBUTE TO BERNADETTE GREENE

HON. JOSEPH J. DioGUARDI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. DIOGUARDI. Mr. Speaker, I rise today to pay tribute to a distinguished member of my district, Bernadette Greene. Mrs. Greene will be honored May 1 at the Beach and Tennis Club in New Rochelle by the Irish Benevolent Society of New Rochelle for her many years of loyal and dedicated support on behalf of the society.

Bernadette was raised in Killingkere, County Cavan, Ireland, until age 14 when she studied at the Holy Faith Convent in Dublin. She later came to America where she studied at Fordham's Marymount College, Hunter College, and the College of New Rochelle, where she received her masters degree in special education. She has taught religion classes all of her adult life.

Bernadette has been very active in the community. She does so much, not for public recognition, but out of the goodness of her heart. Her long list of activities reads like a Who's Who in public service. She is the current commissioner of the Youth Bureau of New Rochelle, and a member of the Thomas Davis Players, and was the first woman vice president of the Irish Benevolent Society from 1978–79. As if all of this was not enough, Bernadette has also served as an election inspector, and she was an active member of the ladies auxiliary until 1977.

Bernadette is a certified teacher in junior and senior high school English, and in special education. She is married to Oliver Greene and has four children.

Mr. Speaker, Bernadette Greene is a fine example to all of us who complain about not having enough time in our lives to do what we want to do. This great lady finds time to help so many and asks for so little in return.

INDIAN TRIBAL TAXATION

HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. MARLENEE. Mr. Speaker, today I am introducing two bills dealing with the issue of taxation on non-Indians living within Indian reservations. In Montana we have many "open reservations" where many of the residents and property owners within the reservation boundaries are non-Indians.

During the last 4 months there has been a flurry of activity in the area of tribal taxation in Montana. Two reservations have gotten Interior Department approval of far-reaching tax codes. Another is currently holding hearings on an even more comprehensive Tax Code.

One of the two major legal issues involved in tribal taxation of non-Indians is double taxation. Property owners are presently paying property taxes to the State. Now certain tribes have enacted property taxes of up to 4 percent and now are faced with the prospect of paying a property tax of up to 4 percent to the tribes without any guarantee of new or improved services.

Taxation without representation is another major legal issue involved with tribal taxation of non-Indians since tribal tax ordinances are passed by tribal councils elected by voting members of that tribe. Non-Indians, who often face enormous tax liabilities, have no input into the decisionmaking process except for a possible public hearing—they have no vote.

Mr. Speaker, ill-conceived tribal tax codes will invariably increase the costs to do business on the reservations. At a time when many of our reservations have serious economic problems, these taxes will only compound these problems further. Many reservation businesses are already marginal operations. Raising their production costs will merely encourage businesses to move outside the reservation.

One of the more popular businesses to be taxed by tribes are utility companies that provide telephone, electric and natural gas service to residents within the reservation. As we all know, every dime of such taxation is ultimately paid by local residents in the form of higher monthly utility taxes. At a time when many beleaguered consumers cannot afford to pay their current monthly utility bills, it defies the imagination how they will be able to afford a considerable increase in rates caused by tribal taxes.

Today I am introducing the Indian Nondiscriminatory Tax Act to provide non-Indians more safeguards against confiscatory tribal taxes. This bill requires Interior Secretary approval of all tribal tax ordinances and mandates that all such taxes must apply to both Indian and non-Indian owned property of the same type without discrimination.

Another major provision of this bill requires that tribal tax ordinances must bear some reasonable relationship to governmental services rendered to the Indian and non-Indian taxpayers. This reasonable relationship must be considered by the Secretary before approving the tax ordinances. A detailed summary of this bill follows this statement.

Finally, I am also introducing a slightly altered House companion bill to S. 1039, a bill introduced by Senators MELCHER, SIMPSON, and BAUCUS on April 10. Like its Senate counterpart, my bill requires Interior Secretary approval of all tribal ordinances, puts into place a 2-year moratorium on approval of any new tax ordinances and requires the President to appoint a commission to review the economic impact on tribal taxes and report to Congress within 1 year.

The issues involved with tribal taxation of non-Indians have been handled very poorly or not at all by the executive and judicial branches of Government. Consequently, any meaningful changes in policy must happen in Congress. I encourage my colleagues to help me in this effort.

INDIAN NONDISCRIMINATORY TAX ACT—SUMMARY

1. Secretarial approval requirement.—All future tribal tax ordinances must be approved by the Secretary of the Interior without regard to whether tribal constitutions, by-laws or ordinances require such approvals.

Explanation.—This requirement has two functions. First, it is designed to suspend or delay action on ordinances so that the impacts and implications of the specific tribal tax proposal can be fully evaluated. Regulations written by the Secretary under this provision should make public hearings a prerequisite before ultimate approval.

The second function is to make uniform the requirement of approval so that the public, through the Secretary, always will have input into the process for the protection of non-Indian interests. Currently, tribal tax ordinances are only subject to Interior Department approval when such approval is mandated by tribal constitutions. It is important to remember that tribal constitutions can currently be amended at any time to eliminate Secretary approval.

2. Nondiscrimination provision.—The tax must apply to both Indian owned property and non-Indian owned property of the same type without discrimination.

Explanation.—This section is essential because the non-discrimination provisions of the U.S. Constitution are not necessarily applicable to tribal taxation schemes irrespective of the Indian Civil Rights Act. Moreover, the state and federal courts have no jurisdiction to determine the constitutionality of tribal taxation ordinances unless the tribes have agreed to be sued in those courts. This provision would both give non-Indians and Indians access to federal courts.

3. Tax must bear a reasonable relationship between Government services.—The taxes provided for in each ordinance must bear some reasonable relationship to governmental services rendered to the Indian and non-Indian taxpayers. Moreover, this reasonable relationship must be disclosed to and considered by the Secretary in approving the tax ordinances.

Explanation.—This requirement is intended to prevent outright revenue grabs as a means of supplementing or replacing existing tribal revenues which are insufficient for one reason or another. Any business or resident who derives protection or services from a tribe should pay for those benefits.

However, disproportionate tax burdens or the typical government tendency to tax "the other guy" will result in significant transfers of taxation burdens from the states, the federal government and tribal members to non-member targets.

4. Offset tax provision.—There shall be an 80 percent offset against any such tax for all state and local taxes paid by the taxpayer on the same property, whether the tax is levied pursuant to an ordinance adopted after the date of the act or before. The offset provision shall apply in the event the state or local taxing entity, or both, shall enter into an arrangement with the tribe for sharing tax revenues paid to the state, local entity or tribe. The offset requirement shall not apply to taxation of oil, gas or other minerals.

Explanation.—This is simply an effort to partially eliminate double taxation on the state taxing level. This provision should be considered jointly with the previous one, relating to taxation bearing a reasonable relationship to actual services provided. Services provided by one level of government should not be furnished by another and taxpayers should not be burdened with the costs of supporting both. For example, if states provide a service, the tribes need not and vice versa. By eliminating one layer, taxes should be reduced. An offset will accomplish that.

Regulations written under this provision could allow taxpayers to deduct from tribal taxes 80 percent of all state and local taxes or could allow tribes to merely impose a surcharge, not to exceed a certain percentage, on state and local taxes in a manner similar to state income taxes based on federal income taxes. The revenue sharing provision is merely an attempt to secure cooperation between states and tribes on tax matters.

5. Limitation on actions.—Any tribal tax ordinance shall be assessed within a five year period beginning from the date the tax was imposed. Moreover, no proceeding in a tribal court without assessment for collection of such tax shall be begun after this period has expired.

Explanation.—The limitation provision is essential so that taxpayers' liabilities to tribes are finite. Without such a provision, state tax claims could belabor a business long after principals have made transfers or destroyed records. Regulations issued on the subject probably should contain record retention and audit provisions.

THE ETHEL WALKER SCHOOL CELEBRATES ITS 75TH ANNIVERSARY

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mrs. JOHNSON of Connecticut. Mr. Speaker, it gives me great pleasure to rise in honor of the 75th anniversary of one of the Nation's finest independent schools for girls: The Ethel Walker School. I am privileged to represent the school and the pretty New England town of Simsbury, CT, in which it is located, and am confident that many of my colleagues are aware of this outstanding educational institution.

During the past 75 years, The Ethel Walker School has prepared over 3,500 young women for the many challenges of college and life beyond. Founded in 1911 by Ethel Walker Smith, the school has graduated students from all 50 states and 34 foreign countries. In addition to its excellent academic program, The Ethel Walker School is renowned for its opportunities in fine arts, athletics, and riding.

In a fast-paced world brimming with choices for today's young women, The Ethel Walker School provides unique opportunities for student growth and leadership and its honor code instills values in tomorrow's leaders. It would not surprise me, Mr. Speaker, to see some of these hard-working young women working in the Halls of Congress in the future—both as staff and as Members of the Senate and House of Representatives.

I am very pleased to have this opportunity to pay tribute to the Ethel Walker School on this historic occasion and am confident its next 75 years will be as successful as its first.

NATIONAL ADVISORY COMMITTEE ON SEMICONDUCTORS

HON. TIM VALENTINE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. VALENTINE. Mr. Speaker, this week the House will consider one of the most pressing issues facing the 100th Congress and the Nation. Major reform of our trade policies is long overdue.

Reform of this magnitude is no stranger to the Congress. During the 99th Congress, we enacted one of the most sweeping reform initiatives in recent history, the Tax Reform Act of 1986. As we tackle another difficult issue, we need not look too far to see that our trade laws are in dire need of a similar degree of fundamental reform.

Figures released by the U.S. Department of Commerce show that our 1985 trade deficit soared to a record $123.62 billion, only to balloon again to a grand total of $147.71 billion in 1986. The trade deficit for the month of January 1987 was $12.3 billion and grew to $15.06 billion in February. As a result of the enormous growth in the trade deficit, our Nation, which once had the world's largest trade surplus, is today the largest debtor nation in the industrialized world. If we continue on this track, we may inflict irreparable damage to the American standard of living.

There is no single answer. We must move forward simultaneously on several fronts. I firmly support efforts to revise our trade laws to ensure that American companies and American workers can compete with overseas manufacturers on an equitable basis. At the same time, we need to take bold steps to revitalize key American industries that have become less competitive.

Many American industries have been victimized by an unfair international trading system. Among them is the semiconductor industry, which has vital links to a vast majority of all other American industries that have suffered because of unfair trade barriers.

According to an October 1986 study from Oak Ridge National Laboratory, between 1980 and 1985 the United States share of the $26 billion world market for semiconductors declined from 64 percent to 53 percent. Further, American semiconductor companies have lost 20 percent of their market share in the last 4 years alone. To cite just one specific example, in the key area of dynamic random-access memory [DRAM] chip production, the United States has fallen in a single decade from a position of total world dominance to a 10-percent share of the devices sold.

Mr. Speaker, a recent report by the Defense Science Board declared that, of 25 semiconductor products or processes, Japan now leads in 12 while the United States leads in five, with parity in the other eight. The United States' position relative to Japan is continuing to decline in 19 of 25 categories, including four of the five in which the United States now leads. In seven emerging areas having critical importance for future semiconductor processing, the Japanese have taken an early lead.

These recent declines are of vital importance to our overall national economy, the semiconductor industry, and our long range defense efforts. The worldwide semiconductor market is expected to grow steadily in the future and is also the key to other, even larger, industries that rely on its products. These industries include, but are not limited to, computers, telecommunications, transportation, and medical equipment. Dependence on foreign manufacturers for low-cost, high-quality chips will lead to economic decline, loss of employment, slower technological and scientific advancement, and the continued erosion of the American standard of living. Moreover, the most advanced defense equipment and systems are highly dependent upon the availability of leading edge semiconductor devices. For that reason, forced reliance upon foreign sources for this technology would be comparable to turning over to other governments the most critical and sensitive areas of our national security.

Mr. Speaker, governmental responsibilities to address these issues are fragmented in many departments and agencies. The stiff challenges we face require a cooperative effort on the part of both industry and government.

Two existing initiatives clearly demonstrate the fragmentation and the need for a concerted effort to unite the Federal Government and industry in a plan for action.

A Defense Science Board [DSB] Task Force on Semiconductor Dependency issued a report in February 1987 calling for the establishment of a Semiconductor Manufacturing Technology Institute. This institute is envisioned as a consortium of private companies, capitalized with about $250 million supported by $200 million per year in Department of Defense contracts and industry funds. It would develop, demonstrate, and advance the technology base for efficient, high-yield manufacture of advanced semiconductor devices and provide the production facilities for special devices needed by the Department of Defense.

The second initiative is a proposal to create Sematech, for Semiconductor Manufacturing Technology, which is supported by the Semiconductor Industries Association. This consortium is designed to develop the manufacturing technology that many companies can no longer afford to develop and to demonstrate the manufacturing technology for the production of DRAM chips. Funding requirements are projected to be about $250 million per year, with funding to come equally from the Department of Defense and industry. A key element of Sematech will be a model production facility. The project will involve close collaboration between chip manufactuers, users, equipment producers, and the government.

In the Semiconductor Industries Association and the Defense Science Board Task Force, we have a classic example of two organizations with expertise in semiconductor technology with two separate plans for the industry. One feature they have in common is the request for significant amounts of Federal funding. These separate plans demonstrate the need to develop a national advisory committee to coordinate and facilitate Federal Government and industry initiatives and policies.

I am not in a position at this time to determine if either plan is the whole answer to the serious problems we face. I do believe, however, that we need a better method of setting priorities and determining the broad outlines of strategy.

Mr. Speaker, I am today introducing the National Advisory Committee on Semiconductor Research and Development Act of 1987. The blue-ribbon, 13-member committee to be created by this legislation will have the responsibility for devising and promulgating a national semiconductor strategy to reestablish U.S. leadership in semiconductor technology. The premise of this bill is that the decline in competitiveness of the U.S. semiconductor industry is a national economic crisis with staggering long range ramifications. Renewing competitiveness in this industry requires a firm commitment at the highest levels of government.

Leadership is required at the national level to develop a consensus on what our technological and economic goals should be with respect to semiconductors. The magnitude of the problem demands a national solution that includes cooperation among industrial competitors. The main objective of this initiative is to revive the declining American semiconductor industry, not to give one American company a competitive advantage over another.

A National Advisory Committee on Semiconductors [NACS] as proposed in my legislation, would be a coordinating body to develop a consensus and to identify and prioritize the needs of industry, set technical goals, recommend roles for participants and develop a national strategy. The committee would advise agencies of the Federal Government that have legislation, policy making and administrative responsibilities.

In fulfilling this responsibility, the NACS will monitor the competitiveness of the United States semiconductor technology base; determine technical areas in which United States semiconductor technology is deficient relative to international competition; identify new or emerging semiconductor technologies that will affect the national defense or United States competitiveness; and develop research and development strategies, tactics and plans to restore United States semiconductor competitiveness.

Mr. Speaker, I do not claim that this proposal is the complete answer. But it is a start—a start that is needed now.

It may be that this legislation needs some fine-tuning. Hearings this week in the Subcommittee on Science, Research and Technology will provide part of the answer to that concern. It is, however, clear to me that we need a semiconductor initiative that is national in scope, that involves the industry itself in the leading role, and that can begin to produce results quickly.

I urge my colleagues to join me in this effort to establish a National Advisory Committee on Semiconductors. Time is short, and the alternative to a major national initiative may be long-term economic decline for a large part of the American economy.

TRIBUTE TO MR. RICHARD WEAVER

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. TORRES. Mr. Speaker, I rise today to recognize a gentleman who has used his expertise for the betterment of the community. Mr. Richard Weaver has served as the director of planning and development for the city of Santa Fe Springs, CA, for 30 years. In order to recognize Mr. Weaver's accomplishments, the Santa Fe Springs Chamber of Congress has named him the 1987 Business/Professional Citizen of the Year.

As the first director of planning and development, Mr. Weaver has served the city council and the city manager. He has been involved in virtually every development within the city. The Flood Ranch and Heritage Corporate Center developments are two of his most notable accomplishments.

Prior to working for the city, Mr. Weaver worked as the director of planning in Baldwin Park. He also served on the Long Beach planning staff as well as the Los Angeles County Regional Planning Commission.

Mr. Weaver holds a bachelor of arts degree in sociology and planning from the University of Texas. In addition, he has a masters degree in public administration from the University of Southern California.

He is an active member of the American Institute of Certified Planners. He is also a present and past board member of the California Planners Foundation. Mr. Weaver is the president and a board member of the League of California Cities.

With Mr. Weaver's distinguished career in mind, it comes as no surprise that he is the recipient of such a prestigious award.

HATE CRIMES—TERRORISM IN OUR OWN BACKYARD

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. BIAGGI. Mr. Speaker, I would like to call to the attention of my colleagues an article that appeared recently in the New York Post concerning the vital problem of hate crimes. In the past 3 years, three of the almost 600 New York State Police agencies have recorded over 1,500 hate crime complaints. However, gathering accurate statistics on hate crimes remains a problem, yet unsolved. That is why I am an original cosponsor of H.R. 993, the Hate Crimes Statistics Act.

In 1985, these three New York State Police agencies received 595 reports of hate crimes; 191 of these complaints resulted in arrests. This is partly because currently we are relying on individual State laws to protect our citizens from hate crimes.

Judging from recent media reports, like this one, these laws are not providing sufficient deterrent. Therefore I have also joined as an original cosponsor of H.R. 1249, which seeks to make hate crimes a Federal offense. I urge all of my colleagues to support these pieces of legislation. We must fight this terrorism in our own backyard.

I would now submit for my colleagues' perusal a copy of the article which appeared in the New York Post.

[From the New York Post, Apr. 20, 1987]

VANDALS TIP HEADSTONES AT L.I. JEWISH GRAVEYARD

(By Charles Sussman and James Norman)

Vandals overturned 150 headstones—some of them more than eight feet high—in an attack on Beth David cemetery in Elmont over the weekend, according to police.

Although the cemetery is a Jewish burial ground, police said there was no specific evidence that the vandalism was an anti-Semitic attack.

The damage was discovered at 7 yesterday morning by cemetery vice president Warren Rosen.

Damage was estimated to be at least $20,000, said Nassau County Detective Richard Brock.

"They were turned over in all different areas of the cemetery," Brock said.

"There was no handwriting, nothing to indicate that there was any type of religious persecution involved," the detective said.

Brock said it was not known how many people had been involved in the attack, but said it had to be at least two because of the size and weight of some of the stones involved.

The vandals had to be a determined bunch, Brock said, because the cemetery was surrounded by a cyclone fence topped by barbed wire.

In another attack—definitely the work of anti-Semites—vandals spray-painted slogans on walls at a mainly Jewish country club in New Jersey for the second straight day.

Members arriving at Woodcrest Country Club in Cherry Hill found the graffiti yesterday morning.

"This is anti-Semitic terrorism," said Robert Sierra, general manager of the 400-member club in this Philadelphia suburb.

CURWENSVILLE ALUMNI ASSOCIATION CELEBRATES 100TH ANNIVERSARY

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. SHUSTER. Mr. Speaker, I would like to take this opportunity to extend heartfelt congratulations to the Curwensville Alumni Association which is celebrating its 100th anniversary on May 23, 1987.

Steeped in tradition, this alumni association will, for the 100th time, honor the current graduating class, welcome them to their association, and share time-honored memories and traditions of many generations.

Also of historical significance is the fact that former Pennsylvania Congressman John Patton presented the building, and the land upon which the old Patton Graded Public School was erected, to the community. Mr. Patton was a distinguished citizen whose patriotic spirit was well known, along with this contributions to education and to charity.

One of the hallmark achievements of the Curwensville Alumni Association was that it preserved the original schoolbell, the eagle from the weathervane, and the date stone from the old school when its physical structure had reached its final demise.

I've been told that one of the class mottos of the Patton School was "Not done, just begun." That motto is approximately 90 years old, but it has surely permeated the spirit of all succeeding classes of the school.

Mr. Speaker, I know that this distinguished body joins me in wishing the Curwensville Alumni Association the continued success which it so richly deserves.

IRAN-CONTRA AND THE NATIONAL ENDOWMENT FOR DEMOCRACY

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 28, 1987

Mr. CONYERS. Mr. Speaker, it is known to few that the covert side of "Project Democracy," a plan of questionable constitutionality designed by the White House in 1982 to conduct foreign policy that would not appear to be acceptable to Congress or the public and now being investigated by the special prosecutor, had also an overt side to it: the National Endowment for Democracy.

That NED was borne of the same initiative and that it has funded such organizations as PRODEMCA which previously has been tied to the Contras and whose efforts resulted in the closing of the only Nicaraguan opposition newspaper, La Prensa, should be of interest to Members of the House with the impending vote on NED's reauthorization in the State Department authorization bill.

A recent front page article in the New York Times by Joel Brinkley discusses the inception of Project Democracy and its two tracks in a revealing way, and I commend it to Members of the House. The article follows:

[From The New York Times, Feb. 15, 1987]

IRAN SALES LINKED TO WIDE PROGRAM OF COVERT POLICIES

(By Joel Brinkley)

WASHINGTON, Feb. 14.—The Reagan Administration's clandestine dealings with Iran and the Nicaraguan rebels grew out of a well-concealed program established in the White House at least four years ago to conduct covert foreign policy initiatives, according to many present and former Government officials.

The program, Project Democracy, began as the secret side of an otherwise open, well-publicized initiative that started life under the same name. Project Democracy's covert side was intended to carry out foreign policy tasks that other Government agencies were unable or unwilling to pursue, the officials said.

Although the public arm of Project Democracy, now known as the National Endowment of Democracy, openly gave Federal money to democratic institutions abroad and received wide bipartisan support, officials said the project's secret arm took an entirely different direction after Lt. Col. Oliver L. North, then an obscure National Security Council aide, was appointed to head it about three years ago.

"CULTIVATING" DEMOCRACY

By 1986, Project Democracy had become "what Ollie referred to as the umbrella project for supporting things," a well-placed White House official said.

As a result, it now appears that it was President Reagan's vision of cultivating the "fragile flower of democracy," as he first described Project Democracy in a 1982 speech, that pulled the National Security Council into the business of running secret operations from the White House. It culminated in the scandal over the sale of arms to Iran and the diversion of profits to the Nicaraguan rebels.

Over the last four years, Project Democracy grew into a parallel foreign policy apparatus—complete with its own communications systems, secret envoys, leased ships and airplanes, offshore bank accounts and corporations.

OUTSIDE THE ESTABLISHED PROCESS

It operated outside the established Government decisionmaking process and beyond the purview of Congress and was, officials said, an expression of the Administration's deep frustration that it could not push the foreign policy bureacracy or Congress to embrace what Administration officials described as the "Reagan doctrine" of supporting anti-Communist insurgencies.

Congressional investigators studying the Iran-Contra affair say they are finding references to Project Democracy scattered throughout the N.S.C. documents they have acquired. And the special White House panel investigating the N.S.C. has questioned witnesses about Project Democracy and has found that it carried out a wide array of secret activities not yet known to the public, according to sources familiar with the commission's work.

Still, investigators say they do not know the full scope of the activities undertaken in the name of Project Democracy.

Although the project's open and secret parts were born as twins in 1982, the two grew up on such divergent tracks that today many officials do not remember they were ever related.

While the project's public arm, the National Endowment for Democracy, was openly granting Federal money to foreign book publishers, labor unions and other institutions last year, under Colonel North's direction the secret side was sending privately raised covert aid to the Nicaraguan rebels and carrying out a wide range of other activities, including the arms sales to Iran.

PROJECT'S COVERT SIDE: A WELL-KEPT SECRET

All the covert activities were carried out under such tight secrecy that most officials involved with Project Democracy's public side, and even some of Colonel North's colleagues at the N.S.C., said they were unaware of the secret program. When some N.S.C. officers heard or saw references to Project Democracy, they said, they concluded it was only Colonel North's "pet code name for his activities," one official said.

A senior N.S.C. officer directly involved with Project Democracy's overt side said he did not know the program had a secret component. But whatever Colonel North was doing, he asserted, "it is wrong to characterize it as, Project Democracy."

But another knowledgeable Government official who worked with Colonel North said he occasionally "heard North make reference" to Project Democracy and asked him what it meant. Colonel North, normally voluble, "just sort of grinned" at the question. "He clearly didn't want to talk about it."

Carl Gershman, president of the National Endowment for Democracy, said he did not know the project had a covert arm. But if it did, he added it was a perversion of the original concept.

In fact, much of the early debate over Project Democracy in 1982 centered on the concern that it would be used as a vehicle for covert activities. Congress agreed to fund it late in 1983 only after William J. Casey, the Director of Central Intelligence, promised that his agency would not be involved. As it turned out, the C.I.A. did not run the project because officials had decided to run the covert side from the N.S.C.

Representative Norman Y. Mineta, Democrat of California, who served on the Intelligence Committee until 1985, said "the phrase Project Democracy kept popping up" in inquiries involving the contras. But after checking, he added, "we were unable to find any C.I.A. connection, so we dropped it."

COLONEL NORTH'S ROLE: A CLEAR MANDATE?

Officials said the Tower Commission, named for its head, former Senator John Tower, has been unable to prove that President Reagan directly authorized the secret activities carried out under Project Democracy. But in August of 1985, when The New York Times first disclosed that Colonel North had been heavily involved in aiding the Contras under the program now known to have been called Project Democracy, the White House spokesman, Larry Speakes, issued this statement:

"The President was fully aware of the extent of the relationship between N.S.C. members and members of the democratic resistance group, and he has been aware of it all along."

It is not clear that Colonel North had a precise mandate for Project Democracy at the outset, other than to coordinate what a secret White House planning document on the project referred to as "covert action on a broad scale" to promote public and private democratic institutions abroad.

But an Administration official familiar with the project's early history said the covert actions initially contemplated were of a wholly different nature than those later carried out.

"Of course it was to include covert actions," the official said. For example, he added, "those printing presses people put their hands on in Eastern Europe, they don't come out of nowhere."

As the project took shape in the Reagan Administration's early years, officials said, another formative influence changed the project's direction. The White House was unhappy with the State Department's level of enthusiasm for the Administration's Central America policy, and N.S.C. officials saw Project Democracy as a way "of grabbing the action" on Nicaragua policy, a former N.S.C. official said.

After Congress restricted aid to the Contras in 1984, Colonel North and other officials established a labyrinth of offshore companies, secret bank accounts and private employees that kept the Contra movement alive with money, equipment, and other aid, all under the Project Democracy rubric, Congressional investigators say.

With that large, secret infrastructure already in place, in 1986 the N.S.C. used the "Project Democracy companies," as secret White House memos called them, to run the covert program to ship arms to Iran.

Last fall, officials said, a Project Democracy ship was used to attempt a ransom, ultimately unsuccessful, of the American hostages in Lebanon, using $1 million donated by H. Ross Perot, the Texas billionaire.

Some of the White House computer memos that have been turned over to investigators note that when secret projects were proposed, officials often intended to get "one of our Project Democracy companies to pay for it," Congressional investigators said.

Those activities are a far cry from the Project Democracy that President Reagan announced on June 8, 1982, in a speech to the British Parliament.

He described the program as a worldwide effort "to foster the infrastructure of democracy, the system of free press, unions, political parties, universities, which allows a people to choose their own way to develop their own culture, to reconcile their own differences through peaceful means."

Modeled after a similar program in West Germany in the early 1970's, the idea was to raise money from public and private sources and give it to fledgingly democratic organizations, such as newspapers and labor unions, in countries were freedoms were threatened or restricted.

Early Government planning for the project was eager, almost zealous.

"Project Democracy was one of those terms that became kind of a buzzword," an Administration official said. "The fact that you could say something was a part of Project Democracy gave it an extra cachet."

Since many of the activities proposed had been carried out by the C.I.A., a former senior intelligence official said, "there was a lot of suspicion at the start that it was really going to be for covert C.I.A. activities"—suspicions Government officials said they worked hard to allay.

WHITE HOUSE MEMO: LAW AND COVERT ACTION

But within weeks of Mr. Reagan's Project Democracy speech in London, the Administration had decided that the project would have to have a covert side as well. It was to be run from the N.S.C. since people were worried abut possible C.I.A. involvement. Still, it is clear that the C.I.A. often offered help.

In August 1982, according to a secret White House memo setting the agenda for a Cabinet-level planning meeting on Project Democracy, officials decided that "we need to examine how law and executive order can be made more liberal to permit covert action on a broader scale."

The memorandum added, "Both in the N.S.C. organizational structure and the National Security Decision Directive" establishing Project Democracy, "one must address how much of the political action contemplated is already covered by law and executive order providing for covert action."

Asked about this in an interview with The New York Times in January 1983, Robert C. McFarlane, then the National Security Council's deputy director, said Project Democracy's covert side would be run from the N.S.C. because, "let's not be naive—if we have the C.I.A. involved in this thing we can call it off right off the bat."

In January 1983, President Reagan signed National Security Decision Directive No. 77, a classified executive order that permitted the N.S.C. to coordinate inter-agency efforts for Project Democracy.

The directive makes no direct mention of the program's covert side, but does authorize "political action strategies" to counter moves by "the Soviet Union or Soviet surrogates."

The term "political action" can carry several meanings, but the earlier White House document on Project Democracy had used it almost interchangeably with the phrase "covert action." Funding was not discussed.

Although the National Endowment for Democracy, Project Democracy's covert side, has from the beginning received Federal funds appropriated by Congress, many officials said that in the early planning it was assumed Project Democracy would be partly or largely financed from non-Government sources. As it turned out, the covert side of Project Democracy apparently was also financed by foreign governments and, perhaps, by wealthy private individuals.

"The whole idea of getting private funding was completely accepted as the Administration way of doing things," said a former National Security Council official involved in Project Democracy planning.

Already in 1983 there were precedents.

Soon after taking office, the Reagan Administration convinced Argentina to spend many millions of dollars in secret to train and equip the fledgling Nicaraguan rebel army.

And when the United States agreed to sell American-made Awacs radar planes to Saudi Arabia late in 1981, in one secret part of that agreement the Saudi Government promised to give money to anti-Communist resistance groups around the world, at the behest of the United States.

Senate investigators disclosed last month that Saudi Arabia gave at least $30 million to the Nicaraguan rebels, at the United States' request. The money was apparently deposited in what White House memos refer to as "Project Democracy accounts."

SECRET FINANCING: PRIVATE SOURCES?

In 1982 and 1983, much of the discussion among government officials involved convincing wealthy individuals to contribute to Project Democracy.

In March of 1983, Charles Z. Wick, the United States Information Agency director, arranged a White House meeting with the President for several millionaires and billionaires, including Sir James Goldsmith, publisher of L'Express, the French magazine; W. Clement Stone, a Chicago businessman, and Rupert Murdoch, who owns newspapers and other publications in the United States and other countries.

Mr. Wick, it was later disclosed, had been taping many of his telephone calls in this period, and transcripts made available in 1984 explicitly demonstrated that he intended to have these men asked to contribute to Project Democracy. The meeting took place, but apparently no money was raised, although a former senior official directly involved in the matter said that there had been similar White House meetings later, and that he did not know if money had been raised for Project Democracy at those.

Speaking of the first meeting, the official said, "I could never prove that anyone ever said to the President, 'This meeting is to raise money for covert activities.'" But he said he believed that was the purpose.

Mr. Wick issued a statement last week saying "I did not, and I was never asked to" raise money for Project Democracy.

The Progress of Project Democracy

June 8, 1982: President Reagan announces Project Democracy in a speech to the British Parliament, saying its purpose is to foster democratic ideals in authoritarian regimes.

Early August 1982: A White House memorandum calls for re-examination of the law in order to permit "covert action on a broad scale" by the National Security Council under the project.

Late August 1982: The White House excludes the Central Intelligence Agency from the program for fear that C.I.A. participation would confirm suspicions that the project would be used as a cover for covert activities.

January 1983: President Reagan signs National Security Decision Directive No. 77, permitting the N.S.C. to coordinate Project Democracy activities.

March 1983: Wealthy business executives are invited to the White House for the purpose of soliciting money for Project Democracy.

October 1983: Robert C. McFarlane is appointed national security council adviser, and he then names Lieut. Col. Oliver L. North to head Project Democracy's covert arm.

November 1983: Congress approves the first financing for the National Endowment for Democracy after the Director of Central Intelligence, William J. Casey, pledges in public that the agency will not be involved.

December 1984: The first known delivery of weapons to the Nicaraguan rebels, or contras, under Project Democracy leaves Lisbon for Honduras.

Spring 1985: Lake Resources, the Dolmy Corporation and other Project Democracy companies are chartered.

August 1985: The White House acknowledges that Colonel North has been aiding the contras.

November 1985: A White House memorandum calls Lake Resources "our Swiss company" and says one of its airplanes had just delivered weapons to the contras.

May 1986: At the request of the United States Government, a Texas businessman, H. Ross Perot, puts up $1 million as proposed ransom for United States hostages in Lebanon. A Project Democracy ship is used to ferry money to the Middle East, but the ransom is not accepted.

October 1986: A Project Democracy ship is used in an unsuccessful attempt to trade United States weapons for a sophisticated Soviet tank held by Iran.

SENATE—*Wednesday, April 29, 1987*

(Legislative day of Tuesday, April 21, 1987)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the Honorable Terry Sanford, a Senator from the State of North Carolina.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

Remember now thy creator, in the days of thy youth while the evil days come not, nor the years draw nigh when thou shall say, I have no pleasure in them. Ecclesiastes 12: 1.

Merciful God, yesterday in a somber memorial in the rotunda, we were reminded of the holocaust—that incredible, unspeakable, unimaginable violation of the sacredness of life and human dignity. We were made aware of the irrational nature of racial bigotry. We remembered our own history with its tragic record of racism and prejudice. We were reminded that the opposite of love is not hate but indifference—indifference the ultimate evil. Forgive us, Lord, for our indifference which allows the erosion of all that we hold dear as Americans: Indifference to the suffering of others—to poverty, hunger, homelessness, exploitation. Forgive us for our indifference to evil, to error, to deceit, to greed and lust—for our indifference to indifference. Forgive us for our indifference to truth, to justice, to righteousness, to You, Lord. Engender in us a flash point against this evil and teach us intolerance against all that is destructive of humanness. We ask this in the name of Him Who is love incarnate. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. Stennis].

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, DC, April 29, 1987.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable Terry Sanford, a Senator from the State of North Carolina, to perform the duties of the Chair.

John C. Stennis,
President pro tempore.

Mr. SANFORD thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader.

Mr. BYRD. Mr. President, I yield my time to Mr. Proxmire.

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the distinguished majority leader.

TIME FOR TOTAL NUCLEAR AND CONVENTIONAL ARMS CONTROL

Mr. PROXMIRE. Mr. President, it is time we took a long, hard look at our arms control strategy. Secretary Gorbachev and the Soviet Union have effectively put our country in the position of opposing a superpower agreement for a mutual reduction of nuclear arms with effective verification. Does this represent a true picture of our country's attitude on arms control? Of course not. But consider what has happened in the past few months. The Soviet Union concluded a unilateral cessation of all nuclear weapons tests that lasted for a year and a half. Repeatedly during this time, the U.S.S.R. challenged the United States to join in the testing moratorium. Repeatedly we refused. Our country was particularly vulnerable on the nuclear weapons testing ban because twice—once in signing the 1963 limited test ban treaty and again in signing the 1974 treaty limiting the size of underground nuclear weapons explosives—the United States had pledged to negotiate a mutual comprehensive test ban treaty with the Soviet Union prohibiting all future nuclear weapons tests. Our country has not kept that promise.

Second, while the United States and the Soviet Union had failed to reach agreement on a comprehensive freeze on nuclear weapons or an overall mutual cutback of nuclear weapons, for months, both sides have indicated they will agree to a drastic reduction or even the elimination of intermediate range nuclear weapons deployed in Europe. The administration proposed it. Gorbachev agrees, in fact he suggests the agreement should go further. He says it should provide for the withdrawal of all short-range weapons from Europe. In fact Gorbachev says he would even agree to a mutual cutback of tactical nuclear weapons in Europe. The administration cries, "Hold your horses." "Not so fast." We have to consult with our European NATO partners on this. Why? Why do we hesitate to agree to diminution of nuclear weapons—intermediate, short range, tactical—the whole kit and caboodle from Europe? The answer is the nasty fact that the European array of nuclear weapons represents the heart of the European deterrent against Soviet aggression. And why is that? Because the Soviets have a far superior conventional force in Europe. The administration knows this or should know it. NATO European allies certainly know it. And you can be sure Gorbachev and the Soviets know it.

So what should we do? Many of my colleagues in the Senate as well as the administration will tell us there is only one long-range answer. That answer: Build up our own NATO conventional forces in Europe: Double our tanks and planes and manpower. Then we can afford to negotiate with the Soviets on the mutual drastic cutback or even the elimination of all our European based nuclear weapons. If we protest the cost, those who favor a NATO buildup counter. They say NATO has three times the economic production—GNP—of the Warsaw Pact. We can outproduce them with one hand tied behind our backs. If we point to the Soviet superiority in military personnel, they respond: No problem, NATO has a larger population than the Warsaw Pact.

Are they right? They are right on the facts. On the strategy they are wrong, dead wrong. The fact is that neither side wins a nuclear arms race. And today neither side can win a conventional arms race.

So what do we do? The answer. Both sides win with arms control. Both free their resources for building a better life. Both sides reduce the prospect of a superpower war. Whether that war were nuclear or conventional, we know it would be appallingly destructive. Few people appreciate the grim fact that a conventional, I repeat conventional, superpower war, in 1987 or thereafter even in the unlikely event that it never went nuclear, would utterly destroy both countries. Yes, there is a difference. Nuclear war would destroy both countries in days if not hours. Conventional war would take a year or two. But both would

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

end with the same utterly devastating result.

So the answer is not a massive NATO conventional buildup. The answer is across-the-board nuclear and conventional arms control. The answer is the negotiation of mutual, verifiable agreements that will bring reduction of both conventional and nuclear weapons to the lowest level consistent with credible deterrence.

WILLIAM A. WHITESIDE—CHAMPION FOR AMERICA'S NEIGHBORHOODS

Mr. PROXMIRE. Mr. President, among the legions of Federal bureaucrats there are a few individuals who represent a level of competence and commitment to public service that is not well beyond the commonplace, but could be used as a standard to which all public servants might aspire. William A. Whiteside, Executive Director of the Neighborhood Reinvestment Corporation, is one of these rare and admirable people. His successes are evidence which distinguish him, and which compel our recognition and commendation of his efforts.

Mr. Whiteside is the champion for America's neighborhoods. Beginning over 17 years ago, he was the major author of programs which lead to the creation of the Urban Reinvestment Task Force, which was succeeded in 1978 by the Neighborhood Reinvestment Corporation. The past decade is an indication of the challenges he has taken on. In that time, the percentage of the population that is poor has grown from 12 to 15 percent of all Americans, and during the same period, the low-rent housing stock has decreased by almost 20 percent. As a result, entire families are being forced onto the streets in everincreasing numbers. Even those families who seek to organize their communities are confronted by a problem so complex and unwieldly that only systematic and personalized technical assistance, wedded to the interests of the locale, can provide more than stop-gap help.

Mr. President, for more than 15 years, Mr. Whiteside and the Neighborhood Reinvestment Corporation have served as the catalyst for a remarkably successful nationwide system of neighborhood revitalization. He has built a system based on lasting local partnerships. These partnerships—called Neighborhood Housing Services—provide an unparalleled mechanism through which a neighborhood's residents can work effectively with local business leaders and government officials to reverse neighborhood decline.

Their cooperative efforts benefit not only those living and doing business in the neighborhood, but the community as a whole. NHS's help stabilize neighborhood real estate markets, bring about improvements in public services and infrastructure, increase neighborhood pride and image, and generally upgrade the quality of life throughout the neighborhood. These improvements and the renewed confidence they create contribute further by strengthening both the local economy and the community's tax base.

Mr. Whiteside's efforts now reach into 297 neighborhoods from Los Angeles, CA to New York City, and from Milwaukee, WI, to San Antonio, TX. Over 2½ million Americans whose income is 30 percent below median levels live in these neighborhoods—about 1 out of every 100 homes in America today.

If the measure of success was spending money in a lot of communities, then many Government programs could be called successful. However, there is a higher standard which should be used—resolution of the problem. It is this measure which William Whiteside aspired to some 17 years ago, and it is against this criterion that his efforts measure up.

Despite increasingly tight resources, Mr. Whiteside's NHS approach has proven that the fate of the Nation's declining neighborhoods can be changed, and substantial neighborhood self-reliance is an achievable goal. By 1986, 52 neighborhoods containing a population of over 350,000 people, have declared themselves substantially self-reliant. For every dollar provided by the Federal Government, $35 are provided by the private sector. With the provision of leadership training and close technical assistance, America's neighborhoods are reorganizing themselves, reforming the basic close-knit economic and social fabric which guarantees growth and prosperity.

Mr. President, the challenge is not yet fully met. There are many housing problems on the horizon, and plenty before us at this moment. We can take pride as a nation that in the middle of all this is one public servant who has successfully wrestled this problem to a win in 52 neighborhoods, and who can be expected to successfully lead many more forward to self-reliance and prosperity. I commend to my colleagues Mr. William A. Whiteside.

Mr. President, I thank my good friend, the distinguished majority leader, and I ask unanimous consent that the remainder of his time may be reserved for his use at his pleasure later in the day.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

BICENTENNIAL MINUTE

APRIL 29, 1745: OLIVER ELLSWORTH BORN

Mr. DOLE. Mr. President, today is the 242d anniversary of Oliver Ellsworth's birth. Although little-known today, except to constitutional scholars and political historians, Oliver Ellsworth must rank as one of the most productive and influential persons ever to serve in the U.S. Senate. Born in Windsor, CT, on April 29, 1745, Ellsworth served in the Continental Congress, and as a Connecticut delegate to the 1787 Constitutional Convention. There, he was instrumental in forging the so-called Connecticut compromise. It was his idea that States be equally represented in the proposed Senate, as they were in the existing unicameral Congress under the "Articles of Confederation." The resulting compromise included this plan for the Senate, while basing representation in the House on the size of a State's population. Ellsworth was elected as one of Connecticut's first two Senators, and he served in this body until 1796, when President Washington nominated him as Chief Justice of the Supreme Court.

Ellsworth brought to the Senate of the First Congress great organizational and administrative skills. On April 7, 1789, the day after the Senate achieved its first quorum, he was named chairman of the first two committees. One was established to prepare a set or rules of procedure, and the other was to provide for the appointment of chaplains. Ellsworth's reputation for brilliance and hard work elevated him to the chairmanship of many other committees during his 7 years in the Senate. His most notable contribution was as chairman of the committee that drafted the Judiciary Act of 1789: which provided for the organization of the Federal judiciary.

Aaron Burr, who served with Ellsworth in the Senate, once said—in reference more to the Connecticut Senator's influence and tenacity than to Senate efficiency—"if Ellsworth had happened to spell the name of the deity with two d's, it would have taken the Senate 3 weeks two expunge the superfluous letter." Oliver Ellsworth died at the age of 62 in 1807.

GEPHARDT AMENDMENT

Mr. DOLE. Mr. President, when the House takes up the so-called Gephardt amendment today, it should vote it down.

There are some who say Gephardt is the Gramm-Rudman of trade. If that is the case, I think we probably took care of Gramm-Rudman yesterday on the Senate floor.

But it is not. It is the Smoot-Hawley of trade.

It is the wrong solution to the wrong problem at the wrong time.

The trade barriers erected by foreign countries against our products are part of our trade problem, and we have got to tear them down.

The Senate Finance Committee is working hard right now—in fact, I assume, as I speak—to do just that. It is drafting legislation which will force retaliation against unjustified foreign trade practices. I support the thrust of that effort.

But other countries' trade surpluses have to do with more than trade barriers. They also have to do with broad economic causes—exchange rates, economic growth rates, global debt, and, most of all, the U.S. budget deficit.

The House Ways and Means Committee reported a version of the Gephardt amendment which makes a lot of sense: It identifies countries with "excessive and unwarranted" surpluses, and requires the President to negotiate with them.

But it allows the President to avoid retaliation if he finds it would cause "substantial harm" to the national economic interest.

When we elect a President, we're placing our confidence in his good judgment.

What sense does it make to tie his hands when important national security, foreign policy, and economic issues confront him?

And what sense does it make to tell him to retaliate against surpluses with weapons that are, in large part, irrelevant?

When a batter steps to the plate in a baseball game, you give him a bat, not a pistol. He is supposed to swing at the ball, not shoot the pitcher.

The Gephardt amendment is a well-meaning but completely mixed-up idea which will not advance our trading interests, but set them back very seriously.

The Gephardt amendment is a disaster waiting to happen, but the House has the chance to avoid that disaster today.

ORDER OF BUSINESS

Mr. DOLE. Mr. President, if I have any time remaining, I yield that time to my colleague from Oregon, Senator HATFIELD, assuming the majority leader has used his time.

Mr. BYRD. Mr. President, do I have any time remaining?

The ACTING PRESIDENT pro tempore. The majority leader has 5 minutes and 12 seconds remaining.

Mr. BYRD. If the distingusihed Republican leader would like some of my time, I would be glad to yield to him so that he can accommodate other Senators on his side.

Mr. DOLE. How much time do I have remaining?

The ACTING PRESIDENT pro tempore. Five minutes and twenty-six seconds.

Mr. DOLE. I yield all of that time to the distinguished Senator from Oregon, Senator HATFIELD.

Mr. BYRD. Mr. President, I ask unanimous consent that the time of the Republican leader and my time not start running until Mr. HATFIELD can appear to utilize the time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Oregon.

Mr. HATFIELD. Mr. President, I thank the leadership for allocating me a certain amount of time.

BENJAMIN ERNEST LINDER

Mr. HATFIELD. Mr. President, I have the sad news that one of my constituents, Benjamin Ernest Linder, age 27, was killed this morning in Nicaragua. His father and mother are distinguished citizens of our State. His father is a professor at the University of Oregon Health Sciences Center. His son, Benjamin Ernest, has been in Nicaragua for the past 2 years working as as a volunteer building a hydroelectric plant.

According to witnesses, he was unarmed, in civilian activity, and it is assumed that he was assassinated by the Contras as part of the ongoing tragedy of that country.

Mr. BYRD addressed the Chair.

The ACTING PRESIDENT pro tempore. The majority leader.

Mr. BYRD. Mr. President, I ask unanimous consent that I may proceed to speak out of order for not to exceed 10 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SAFETY FIRST?

Mr. BYRD. Mr. President, the Federal Aviation Administration reported that on April 10, 1987, four near-midair collisions occurred within a 10-hour period. Each of these incidents involved commercial airliners passing within less than 500 feet of other aircraft. Nine days later, on Easter Sunday, the FAA reported that three near-midair collisions occurred—this time within a 2-hour period. Total near-midair collision reports to the FAA already exceed 235 for this year. Last year according to the FAA, there were 839 reports of near-collisions, an average greater than two near-misses every day.

Despite this mounting evidence that the margin of aviation safety is being dangerously compromised, safety is clearly not a priority for this administration. What seems to be most important to the administration is to ensure that the concept of airline deregulation is preserved and protected. Deregulation has yielded some benefits. More people can fly at lower costs than ever before. However, deregulation has incurred some offsetting costs as well. Prices have increased for some consumers, particularly those who use smaller airports. People who fly to West Virginia from Washington, for example, and people who fly from Wahington to other rural States nearby, pay the price for the bargain tickets that can be bought for the long-haul vacation trips into the Caribbean, and elsewhere. So prices have increased for consumers who use the smaller airports.

Deregulation has also caused increased traffic in our Nation's skies and our Nation's Airports.

The most visible result of the increased air traffic has been an increase in airport waiting time. The administration is concerned with the delay problem, and rightly so. We have all experienced the frustrations of flight cancellations and delays. However, the adminstration has been preoccupied with the delay problem to such an extent that it has taken actions that will only add to the pressures on an already over-burdened air traffic control system.

More air traffic increases the chances of air accidents. It is possible to reduce accidents while increasing traffic, but only if safety precautions are increased at the same time.

Yet, in the face of a 20-percent increase in air traffic over the past 5 years, we have fewer air traffic controllers today than we did before the PATCO strike: 14,822 today versus 16,244 in 1981. The number of controllers actually declined by 114 members between January and February of this year, despite FAA's repeated promises to increase the size of the force. Also, 36 percent of those controllers that FAA counts are actually only trainees, or tower employees, not full performance level controllers.

IN 1981, FAA said it could compensate for any gaps in the air traffic control work force through the use of advanced computer, radar, and communications equipment. Yet, the equipment that is so desperately needed by our overworked controllers will not be available until the late 1990's. In the meantime, the FAA, in violation of its own standards, has drastically increased its dependence on controller overtime.

Finally, in the name of resolving the delay problem, FAA is planning to squeeze more planes into the air. FAA plans to reduce the horizontal spacing between aircraft in flight, the distance between aircraft taking off and landing, and the vertical spacing between airplanes in holding patterns. This would amount to tailgating in the sky.

Such safety standard relaxations would be problematic even if we had a fully adequate air traffic control system. Given the current state of the system, these proposed changes are a prescription for disaster. We have been lucky—very lucky—so far. Do we have to wait for a string of real disasters before we take the necessary action?

There are a number of things we need to do now.

First of all, Congress should prohibit FAA from fixing the delay problem by reducing the spacing between aircraft.

Second, FAA must make a much more concerted effort to increase the controller work force—I talk about controllers at the full performance level—and achieve its existing goal of having 75 percent of the controller force at the full performance level. This is a goal the FAA has set for itself every year since 1983, yet has consistently failed to attain the goal.

Third, something must be done about general aviation aircraft, which have been involved in 85 percent of the near misses so far this year. One solution is to expand the use of transponders that warn controllers of the location and altitude of small planes.

There is no question but that there is opposition in the general aviation aircraft community to this proposal. It costs money. But whether it is a small plane or a large plane that collides with a large airliner, the effect is all the same. The law of gravity works the same in both instances. They both fall to the ground and equally fast.

We cannot allow lives to be lost simply because there will be that additional pricetag, that additional cost, that additional requirement for equipping general aviation aircraft with transponders so that the controllers can see the planes there, know where they are, know what their altitude is and know what their location is.

Fourth, we need to match the volume of air traffic at any given time with the capability of our system to safely handle that traffic. One way to do this would be to restrict traffic at those air traffic control centers that have not met FAA staffing standards. We must find ways to redistribute air traffic in order to avoid dangerous rush hour periods at major airports.

Finally, the President ought to stop dragging his feet and appoint the Aviation Safety Commission mandated by Congress 6 months ago. It does not matter that the President has appointed six out of the seven Commission members; the Commission cannot begin its work until the seventh member is chosen. Six months have gone by and still no Commission, still no seven members.

The President, the Congress, and the public at large must work together to reap the benefits of deregulation without compromising safety. If FAA cannot handle our deregulated skies safely, I would support reregulation of the airline industry. Safety must come first.

Mr. President, I yield the floor.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for morning business, not to extend beyond the hour of 10:30, with Senators permitted to speak therein for not more than 3 minutes each. Are there those who wish to speak in morning hour?

CONGRESSIONAL BUDGET RESOLUTION—1988

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 10:30 having arrived, the Senate will now resume consideration of the pending business, Senate Concurrent Resolution 49, which the clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 49) setting forth the congressional budget for the United States Government fiscal year 1988, 1989, 1990, and 1991.

The Senate resumed consideration of the concurrent resolution.

Pending:

(1) Byrd motion to recommit the resolution to the Committee on the Budget, with instructions to report back forthwith, with language in the nature of a substitute.

(2) Chiles Amendment No. 174 (to the motion to recommit), with language in the nature of a substitute.

(3) Chiles Amendment No. 175 (to Amendment No. 174), of a perfecting nature.

Mr. BYRD. Mr. President, Mr. CHILES has control of the time.

I ask unanimous consent that Mr. CHILES may yield time to Mr. RIEGLE to speak out of order on another subject.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Michigan is recognized.

Mr. RIEGLE. I thank the Chair.

THE TRADE CRISIS THAT CONFRONTS OUR COUNTRY

Mr. RIEGLE. Mr. President, I take the floor at this time to speak about a most urgent problem that faces us, the trade crisis that confronts our country. Today the House of Representatives will be acting on the House floor on a trade measure. We have Mr. Nakasone from Japan visiting in this country today and we face a situation that is very damaging to this country, as things now stand, and I think poses even greater dangers for the future.

I want to briefly summarize the situation that exists today so that everyone is clear on the dimensions of this trade disaster which is taking place.

I have here a chart that shows in graphic form our trade deficit over the last few years. You will notice the upper line which represents a balance of trade, when we were selling as much abroad as we are buying abroad. Back in the early 1970's we were pretty much running a balance of trade.

In the late 1970's we began to get into trouble as a nation and moved into the deficit area which is marked in red, but you will see that from 1982 on we began to move in a very serious way into a massive trade deficit situation.

This is an exponential change in circumstances, unprecedented in our country's history. Last year our trade deficit totaled $170 billion for the year, really an extraordinary figure. The trend line shows so far this year that it is continuing and, in fact, in many ways, it is getting worse.

If you think of this trade deficit as an income statement for our Nation and our trading accounts, the next chart that I want to share with you is one that shows what I will describe as our international balance sheet. Our international financial position has been eroded so substantially by these trade deficits that we have now moved into the status of a debtor Nation.

This chart, again with the line across the center being a zero or balance line, shows that from 1984, going all the way back in history to 1914, the United States was a creditor nation. That is the area shown in blue. That means that our financial strength was so great with respect to the rest of the world that we had very strong international financial balance.

About 2½ years ago, however, we exhausted that financial reserve and we went into the hole. We became a debtor nation for the first time since 1914. As the red area on the chart shows, over the last 2½ years we have plunged into international debt to such a degree that we have now passed every other nation on the debtor nation list. You hear about Mexico, you hear about Poland, you hear about Brazil. The United States is the No. 1 debtor nation in the world today. We have passed all the rest of those nations and we are plunging down deeper every single hour of every day into that debtor's hole. We are adding new international debt today at the rate of $1 billion every 2½ days. One billion dollars every 2½ days is being added to our international debtor status.

This chart is constructed exactly to scale. I would urge everyone to think about the physics that would drive a line that would start up at the peak and come down with this kind of extraordinary rate of decline.

The majority leader was just talking about traffic controllers and accidents in the sky. I recall the accident of the Air Mexico plane in California not very long ago, a mid-air collision. An amateur photographer took a photograph as the plane was plunging to the earth and it was coming down virtually on this angle.

This is the condition that faces our country as a whole. This is not one company; not one industry. This is the United States of America from coast to coast that is involved in terms of this kind of devastating financial picture.

Now, where do the Japanese fit into this? This chart depicts the worsening of our trade circumstances with Japan in the last 10 years. The fact that this whole area is marked in red indicates that we have had a deficit with Japan every year in our trading accounts since 1976. But what is more profound is how much worse it has gotten over this period of time. We have moved to a point where last year, our trade deficit with Japan was $60 billion. That meant that we exported from this country $60 billion of scarce capital and financial resources. Those were sent to Japan. The money was ours; it is not theirs. In many instances, they are lending back to us what used to be our money, and at very high interest rates, I must say.

This condition cannot be allowed to go on. Last year, the U.S. dollar dropped 40 percent against the Japanese yen. Despite that fact, our trade balance with Japan actually got far worse than it had been the year before, in a sense almost defying the laws of economics.

The reason this is happening is that the Japanese are not playing fair in the trading system. They are engaging in a form of economic warfare against the United States—very sophisticated, carried out very skillfully, but it is doing tremendous damage to this country and terrible damage to our financial prospects and economic prospects for the future. They are accomplishing this through two techniques. One is the Japanese very skillfully block American products out of the Japanese market. In case after case, they will not allow what are, in many cases, superior United States products to be marketed and sold in Japan, so they keep our goods out.

On the other hand, they want to unload virtually all of their surplus production in the United States. We are now seeing this in virtually every product area.

Recently, the President, very belatedly and in a very small way, responded in the area of semiconductor computer chips. That affects one-third of 1 percent of the trade between ourselves and Japan, just to put it in scale. But this was a clear-cut case where Japan was dumping this particular product in here below cost in order to destroy the American industry to pick up the business for themselves and, in fact, inflate these huge trade surpluses and weaken this country.

That has been the pattern that we have seen in area after area. We are seeing it right now in the area of light trucks. We have sent the data to the administration to demonstrate that, in fact, that particular product area is where also, we are seeing selling going on in this country below any reasonable measure of what the true economic cost is. So there is a very sophisticated economic war being carried out against the United States by Japan.

They are winning that war. They are gaining financial strength every single day, and the United States is steadily losing financial strength as these charts that I have just shown illustrate so clearly.

Now, what is happening today? The Japanese are now in the process of targeting the financial services industry in this country. In a nation like ours, a major free market economy, the financial services industry—the way by which capital moves through our system and out into the private entities to create jobs and innovation and spending on research and development--anybody who controls that financial lifeline in effect controls in large part the future economic prospect in this country. The Japanese have a plan to come in and take over financial services in this country just as they had a plan to move in so agressively in cars and trucks, heavy industrial machinery, computers, and down the line.

I think it is very critical that the nature of these steps being taken and these interrelationships be understood because they pose great danger to this country. I think President Reagan has the obligation to confront Prime Minister Nakasone in the bluntest terms and state that there is no reason for this to continue. For Japan to continue to run a $60 billion surplus against this country is a hostile act and they well know that. The people around the President and the President himself have to face these hard facts. We cannot continue to burden this country and every citizen in this country with debts in the future that we will never be able to pay off. It is not sound, it is not necessary, it is not fair. And it is terribly damaging.

So the President, I hope, will confront Mr. Nakasone in the strongest possible terms and say in those discussions that we have to have an immediate trade deficit reduction program. It has to be agreed on. No more doubletalk, no more slipping and sliding. We have to start to see these massive trade deficits coming down and we have to see the United States beginning to restore its international financial strength.

The future of every person in this country is on the line in this trade issue. Every citizen, every family, every community, every State, our Nation as a whole, our future depends upon reversing these trend lines. We have to act now to do exactly that.

I thank my colleagues. I thank the Chair.

FAIR TRADE: A TWO-WAY STREET

Mr. LEVIN. Mr. President, the timing of Japanese Prime Minister Nakasone's visit to the United States could not be better. He arrives here as the House of Representatives begins its consideration of H.R. 3, the omnibus trade bill.

I would hope that the Prime Minister could take some time and observe the debate in the House. I think that if he did, he would understand that neither the House nor the Senate is seeking to implement a policy of protectionism. Our goal is not to deny anyone access to U.S. markets. Our goal is to achieve reciprocity from our trading partners, a fair trade policy that is a two-way street, not the unbalanced and one-way trade situation that has helped produce this country's record $166 billion annual trade deficit.

This only makes sense. After all, if the other guy closes his doors to your products, you must pry those doors open or else treat him the same way he treats you. How in the name of our future, or fairness, can we tolerate a situation where another government says, "You cannot sell more than *x* tons of this or *y* tons of that or none at all of a third product to us"—while that same country has free access to our markets? I say that we cannot.

But I also say, and I would address this to Prime Minister Nakasone, that the United States-Japanese trade picture exemplifies the situation I just outlined. Just a quick look at two products, automobiles and rice, demonstrates a large part of the trade problem that the U.S. Congress is determined to confront.

During the 12-month period that ended on March 1, 1987, 7.9 million new U.S.-manufactured automobiles were sold in the United States. During that same period, 2.6 million Japanese cars were brought into this country. It is estimated that during the next 12 months some 34 percent of automobiles sold in this country will be foreign built and predominantly Japanese.

This information is far from startling these days. It is almost forgotten that as recently as 1965 the import share of automobiles sold here was not 34 but 6 percent. In the two decades since, we have seen the automobile industry devastated by the double-barrelled onslaught of foreign imports and of rising oil prices. That devastation could be most poignantly seen in the loss of some 300,000 jobs in the auto and related industries. My home State of Michigan and my home city of Detroit endured sharp recessions as the auto industry declined. Unemployment in Michigan reached double-digit levels for 5 years, from 1979 to 1984. While the situation has improved somewhat since, a recent round of announcements of plant closings are producing more "hard times" in a State that was the "arsenal of democracy" during World War II and easily the automobile capital of the world.

During these two decades—as foreign cars took an ever-growing share of the American market—this country remained a bastion of what is called "free trade." We didn't "protect" the U.S. auto industry or the U.S. auto worker. It wasn't until 1981 that the United States Government negotiated so-called voluntary restraint agreements [VRA's] with Japan. Under the current VRA, Japan sold 2.6 million cars here last year—which is about what it would have been able to sell here without VRA's. No other auto-producing country allows more than 10 percent of its market to be taken over by Japanese automobiles. The United States stands alone with a 30-percent-plus market share going to Japanese manufacturers. In short, despite the precarious condition of the United States auto industry, the United States has remained basically open to Japanese imports. The United States-Japanese auto trade could hardly be any freer than it is. Whether it is fair—fair to U.S. workers—is another question.

There is a dramatic contrast between the way we don't "protect" our automobile industry and the way Japan protects its rice industry. Just last week, Secretary of Agriculture Richard Lyng was in Tokyo urging the Japanese Government to loosen its ban on rice imports. The answer he received was unambiguous. Despite the Secretary's warning that the United States Congress would respond with very harsh mandatory retaliatory laws if Japan did not allow more agricultural imports, his Japanese counterpart, Mutsuki Kato, said that Japan would never import foreign rice. Moreover, he said there will be no bilateral talks on the subject, labeling even the suggestion of such talks as "strange."

Kato's adamant response was the same one Japanese officials have been issuing for years. In 1985, I asked Japan's Ambassador to the United States why Japan insisted on purchasing rice from domestic producers at the then-current price of $1,227 per ton rather than purchasing United States-grown rice at $390 per ton. Ambassador Nobuo Matsunaga told me:

> There is a strong consensus among Japanese nationals that Japan, for security reasons, should produce enough rice to satisfy its own internal demand. There is also a recognition among Japanese nationals that the attainment of this goal will *inevitably involve certain costs.*

Those "certain costs" are heavy indeed. Japan forbids the import of foreign rice under its Staple Food Control Act. Instead, the Government purchases all the rice produced by Japanese farmers at eight times the going international price. The rice is then resold to the Japanese consumer at a somewhat lesser price with the Government absorbing the loss.

This system of subsidies costs us any part of the Japanese rice market and costs Japanese citizens billions of dollars. First, there is the cost of the rice itself: $36.25 for 10 kilos, 22 pounds, in Japan compared to $6 for the same amount here. Then there is the cost to the taxpayer of the subsidies paid to the rice farmers: $6 billion a year. That $6 billion is a large part of the reason why Japan runs large budget deficits while spending hardly anything on defense. Another cost of the rice subsidy program can be seen in the ripple effect that overpriced rice has on other food products: As much as $30 billion of consumer purchasing power is absorbed by the rice subsidies. Last, but not least for Japanese families, is the almost incredible inflationary effect that the rice subsidies have on housing costs. In a country that is desperately short of land suitable for development, farmers hold on to their paddies rather than selling them for housing tracts. Accordingly, the price of housing in Japan is disproportionately high.

Japan could avoid all these costs by importing rice from the United States. As James Fallows points out in the January 1987 Atlantic:

> If every Japanese paddy were drained tomorrow * * * Japan would have to spend only about $3 billion to import rice. That would offset 3 weeks' surplus in Japan's balance of trade with the United States.

That won't happen anytime soon. It won't happen because—despite all the evidence demonstrating the rice subsidies' detrimental effect on the Japanese economy—the Japanese Government insists that Japanese rice and the Japanese rice farmer must be protected. Rice farmers, we are told, hold a special place in the Japanese economy. Rice, we are told, holds an almost sacred place in Japanese life.

It is my belief that the American automobile industry holds a special place in American life. Each of the 300,000 jobs which have disappeared in the U.S. auto industry represent tragedies that should not have been allowed to happen. All we can do now is to work to get those jobs back. That is what we are trying to do with the various trade proposals we are considering.

Frankly, I think that the Japanese should understand our intentions. We are not seeking to ban every last Japanese car as they have successfully banned every last American grain of rice. We are not seeking to build a wall of protection behind which we can shield our domestic industries as they have shielded theirs. We are only seeking equity: for our auto parts, beef, telecommunications equipment, construction, citrus fruits, tobacco, et cetera, et cetera, et cetera. Open access to their markets as they have access to ours. Until we have it, we'll seek a solution to our trade problem through legislation and executive branch action. That does not mean "trade war" and it does not mean "protectionism." It does mean fair trade, an even break for American auto workers, farmers, steel workers, and all the other American workers who have been the victims of a so-called free trade policy that was "free" for our trading partners but cost us millions of jobs. That policy failed. It is time to try something else.

TONGASS TIMBER REFORM

Mr. RIEGLE. Mr. President, I am pleased to be a cosponsor of S. 708, the Tongass Timber Reform Act of 1987. By repealing sections 705(a) and 705(d) of the Alaska National Interest Lands Conservation Act of 1980 [ANILCA], this bill takes an important step toward correcting a policy which has proven to be environmentally and economically disastrous.

The Tongass National Forest is the largest in America's National Forest System. As the last section of an ancient forest which once extended from California to the Alaskan coast, the Tongass is the only predominantly intact rain forest left in the Earth's temperate climate zones. It is home to a rich diversity of plants and wildlife, and supports commercial fishing and tourism industries in Alaska.

Tragically, large tracts of the Tongass are destroyed each year as part of the money-losing U.S. Forest Service timber sales program. While the Federal Government has encouraged the development of the timber industry in southeast Alaska since the turn of the century, it was in 1980 that Congress established a massive program of Federal subsidies and target timber sales. Section 705 of ANILCA set a goal of selling 4.5 billion board feet from the Tongass per decade, and allocates a minimum of $40 million every year in support costs, or "as much as the Secretary of Agriculture finds is necessary" to meet the extablished goal.

Due to changing market conditions, as well as other factors, this program has been a failure. The Government is losing 98 cents on every dollar spent, totaling losses of over $50 million per year. During the past decade, the Tongass program lost over $360 million, and the Forest Service predicts that it will lose another $2 to $6 billion over the next 50 years. While the law intended to sustain the local timber industry through its subsidies, this has not occurred. Since 1980, timber jobs in the area have declined by 40 percent, while demand for timber has only been roughly half of what the program anticipated.

Mr. President, the Tongass Timber Reform Act will remove the timber sales goal and minimum funding level mandated by ANILCA. By doing so, it brings the timber program back under the scrutiny of the congressional budget process, and opens the way for reform of the program's management and goals. The intent is that these changes will prompt the scaling back of the timber program to reflect current economic conditions, and will minimize the future destruction of one of our Nation's most precious natural resources.

In these times of record deficits, we cannot afford to pour such large amounts of money into such a wasteful and environmentally unsound program. I therefore encourage my colleagues to cosponsor and support this important legislation, and to act expeditiously in passing it.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BYRD. Mr. President, I feel that perhaps a quorum call at this point might be the advisable approach, in view of the fact that our Senators who are involved in the debate are, at the moment, discussing matters of the floor.

I suggest the absence of a quorum. I ask unanimous consent that the time be charged against both sides equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. (Mr. FOWLER). Without objection, it is so ordered.

CONGRESSIONAL BUDGET RESOLUTION—1988

The Senate resumed consideration of the concurrent resolution.

Mr. DOMENICI. Mr. President, I yield 10 minutes to Senator GRASSLEY off the resolution.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, first of all, I thank the ranking member, the manager of the bill for our side, for his granting me this time as well as his outstanding leadership in the area of sound budget policy.

I rise, Mr. President, to comment in a very general way not just about this budget resolution but about the situation of whether or not Congress is very good at estimating what budget deficits are going to be.

I think if there is one thing very certain other than death and taxes, it is this fact. And it is a fact that the fiscal year 1988 deficit, the very budget we are talking about right now, debating right now on the floor of this body, is going to be much higher than the $134 billion and it is especially going to be much higher than $108 billion that is the Gramm-Rudman target.

I say that even if we adopt this budget resolution that is currently before this body.

The reason the deficit will be much higher is that the Congressional Budget Office has failed to give us reliable estimates on the impact of our budget decisions each year.

Private forecasters are already predicting just halfway through any fiscal year, and we are halfway through 1987, that the 1987 deficit will be closer to $200 billion instead of the $170 billion that the Congressional Budget Office predicts.

And as the end of the fiscal year approaches, I am sure that those predictions may get higher or at least they are going to be solidified.

If this is the case, it would represent another misestimate of $50 billion, just a simple misestimate of $50 billion from what our projections were just 1 year ago right now as we were then debating this fiscal year's budget resolution. That is $50 billion higher.

Please allow me, Mr. President, to throw out some examples of where private forecasters are predicting much higher deficits for fiscal year 1987 than we are assuming in this budget resolution.

Townsend-Greenspan, as an example, says that the fiscal year 1987 deficit estimates are going to be $186 billion. All of these estimates are compared to the $170 billion that we thought a year ago we were going to have. Let me repeat again, Townsend-Greenspan, $186.2 billion; Data Resources, $188.2 billion; E.F. Hutton, $185 billion; the University of Michigan, $196 billion; and Prudential-Bache, $200 billion.

You will remember last year, Mr. President, that the fiscal year 1987 deficit started out at $144 billion. Then it became $154 billion by last fall. Then just this February, 2 months ago, it became $171 billion and now we are talking about $200 billion all over again.

What I am afraid of is with this new budget resolution, the one we are debating now for fiscal year 1988, is that it will grow from the $134 billion now to $154 billion by fall and then probably to $171 billion by next February in 1988 and finally $200 billion by this time when we will be debating next year another budget resolution for that ensuing year of 1989.

If one were tempted to say that that is not possible, I should remind you, Mr. President, and this body, that I made such a prediction last September 19 right here on the floor of this Chamber.

I made that prediction, of course, by the seat of my pants and I made that at a time when everyone said that it would not happen, and lo and behold, it did. It very much happened. I even laid out specifically how the deficit would climb from $154 to $200 billion.

Now, it is not all that hard to do, if we would just simply, instead of using CBO numbers, do it by the seat of your pants.

It is just like forecasting the weather, Mr. President, where laymen can predict even better results than weather forecasters because we all tend to mix a little bit of barnyard intuition in with our forecasts.

Since we have abandoned the fine art of estimating future deficits, we have instead developed a new art called creeping accounting.

This "avante garde" art form allows us flexibility in estimating, flexibility that works into the thought process of politicians.

We do not have to count something as increasing the deficit until it actually happens.

Each time the bill comes in, we simply raise our deficit estimates and projections up a notch or more.

It is a lot like buying a new car, Mr. President. The salesman shows you a car for let us say $10,000 and you look at that car and you really want that car and you are going to see that you get that car, but you really are not satisfied with that car just the way it is there. You want an AM/FM radio, you want air-conditioning, power brakes, power steering, power windows, a sunroof, cruise control, and all sorts of other assorted extras and then, of course, there is always the excise taxes and sales taxes that go along and pretty soon that $10,000 car cost may be close to $20,000 or twice as much as we first thought.

Now, the problem is simply this. We are telling the public that the price is only $10,000 when in point of fact we know, or at least we should know, that it is really going to cost $20,000.

Now, during markup of this resolution, and this was in the Budget Committee, Mr. President, there was a lot of talk through January and February, and we had a lot of hearings about the term "truth in budgeting."

I suppose many of us at that time were concerned that the truth had been granted a bit of license of late and that we have allowed it to be a bit fluid as the truth sometimes can be.

We seem to develop these sophisticated systems. They seem to somehow hide the truth, or if they do not actually hide the truth, they at least blur it.

I would like to read for you, Mr. President and this body, a quote that I think is appropriate about our devising and using systems and relying too much on those systems. This quote is from Ivan Turgenev and it was written to Leo Tolstoy in 1856, and this is what it says about systems.

> Would to God your horizon may broaden everyday! The people who bind themselves to systems are those who are unable to encompass the whole truth and try to catch it by the tail; a system is like the tail of truth, but truth is like a lizard; it leaves its tail in your fingers and runs away knowing full well that it will grow a new one in a twinkling.

That is what Ivan Turgenev said in 1856.

Perhaps such a quote can provide us with a rationale for the kind of seat-of-the-pants intuition that is necessary for discovering the truth.

I don't have a very comfortable feeling that this budget resolution does enough to keep us from chasing those very same lizards' tails that Turgenev speaks about.

While we have been chasing elusive deficit numbers on papers, the true deficit runs its very merry course and it just seems to be beyond control, getting larger and larger and probably in that very same twinkling Turgenev referred to.

I mention this, Mr. President, and I mention this in the context of a $300 billion plus debt extension requirement that is going to be needed very shortly to get us through September 1988.

That increase in that deficit would bring the total debt figure for our entire country past the $2.5 trillion mark.

In summation, Mr. President, I would like to quote from the weekly publication which is put out by Representative JERRY LEWIS and that is put out through the House Republican Research Committee and this is a quote from Mr. Frank Gregorsky on the probable effects of future budgets of using smoke, mirrors, and as I referred to creeping accounting and that would be used to misestimate these deficits. I quote from that report.

> If intellecutally-honest people do not unite against the deception and self-deception that dominate government forecasting and budgeting, the deficit's powerful friends will maintain their commanding heights.
>
> The nation will face further public confusion fiscal default and bureaucratic manipulation, all of which can't help but produce serious economic consequences.

Mr. President, I think that quote speaks for itself. I think it ought to awaken us to the fact, as we consider this budget resolution which will be going on over the next several hours and there will be several votes, that we need to think in terms of not losing sight of this overall picture of where that budget deficit is going to be and how bad of a track record we have of estimating that budget resolution. We should not lose sight of that big picture when we are voting on amendments to this budget resolution that is probably going to take more of our time, and time ought to be devoted to these major problems we have.

So I think, Mr. President, that quote speaks for itself.

In closing, I ask unanimous consent to have printed in the RECORD the report of Representative JERRY LEWIS.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE DEFICIT'S POWERFUL FRIENDS

(By Jerry Lewis)

Premise: Federal deficit spending has more reinforcements than even the realists realize. And as long as people misread the strong yet amorphous forces supporting it, the deficit will always prevail. This essay is a nonideological analysis of the least understood of these pro-deficit forces, starting with brief profiles of each:

Mass Public Confusion. The public has no idea what's in the budget, how much "waste" there is, or how many people receive benefits. Elected officials have little reason to be objective about these matters. With the media increasingly weary of explaining the fiscal facts, the public remains susceptible to reassuring nostrums. And that means no popular support for genuine anti-deficit action.

Government Optimism. Every year OMB and CBO predict five years of good growth and declining deficits, and every year setbacks occur that weren't factored in. This discredits the "budget process" even before it starts. Why don't the assumptions ever fit reality? People ostensibly paid for their objectivity seem to forsake it, in ways that help others ignore painful political choices. [See Jonathan Rauch on "CBO's Wishful Thinking" in the March 7 National Journal.]

Entitlements. The word and the concept started in the Democratic Congresses of the 1970s. They threw away control of domestic spending by using fixed spend-out formulas which, when combined with demographics, put outlays on automatic pilot. "Entitlement" checks are actually transfer payments; this is what we used to call them, and it's a better term for a process of shifting funds from John to Jack.

Obsolete Formulas. The aging of the population, the burgeoning national debt and the reinforcement of the Pentagon have changed the shape of federal spending. This has unravelled 1970s formulas which held that economic growth, by cutting the demand for social services, can cause sharp declines in spending. Less than 5 percent of the budget is now linked to the pace of GNP and the level of unemployment. So the hope of serious spending cuts thru economic growth is a false one.

No Partisan Or Institutional Accountability. In every major democracy except perhaps for France, parliamentary systems make the chief-executive's party write and pass the budget. But the U.S. Constitution's checks and balances, combined with a still-growing vote for split-party government, makes balancing the national budget the task of no one party, branch of government, or governing philosophy.

A Low-Savings Culture. To save today means capital formation tomorrow and better jobs next week. But Americans aren't keen on this. Tens of millions of us pay 10-20% interest on loans. Car notes even have variable rates. Personal savings in the fourth quarter of 1986 hit new lows. The stock market may suggest rising assets, but the "welfare states" of Canada, Australia and England save three times what Americans do, on top of their booming stock indices.

The Japanese save so much they now run six of the planet's seven largest banks, while budget deficits are financed with minimal fuss. Despite the negligible public debt threat, the Nakasone government is spending political capital to enact a pro-investment tax swap: deep cuts in personal and business income tax rates for installation of a 5% national sales tax. Not since Eisenhower's time has the United States displayed anything like this kind of fiscal responsibility.

Unless a nation attracts capital from abroad while keeping nearly all of its own, big deficits, low savings, and tolerable interest rates will be virtually impossible to reconcile. There may be a consensus on this point. But the policy process has gone limp: What will cause Americans to save more? Households saved less under the 5-10% real interest rates of the mid-eighties than they did under the negative real interest rates of 1978-79. Is it in the culture?

These last two friends of the deficit—low savings and no accountability—are well-understood and will get little elaboration here. The others—public confusion, unjustified optimism, the entitlement paralysis, and no-pain formulas—will be analyzed in depth. Some unorthodox treatments will be suggested.

I. THE PROBLEM OF THE UNINFORMED PUBLIC

The American public understands the substance of matters like the Soviet threat, public works, and excellence in the schools. But there is no equivalent appreciation of federal deficits beyond the following propositions: a) Uncle Sam spends more than he takes in; b) No family and no government can expand its debt forever; and c) Something bad will happen if Washington doesn't exert discipline.

Each of the three propositions is correct. The problem lies in what elected officials add to the mix. Each party routinely blames the other for excess spending. But a bipartisan message underlies all the partisan posturing. It basically says that waste, fraud, abuse, welfare cheats, foreign aid, U.N. bureaucrats, defense contractors and mischievous civil servants are the cause of big deficits.

This "bad-guy" theme is backed by the typical elected official and rejected by almost every budget scholar. Since voters hear from the former and not the latter, 70% of the electorate thinks there is "a lot of waste" in the budget [see Public Opinion Feb/Mar. 1985]. If "a lot" means only 20%, then Washington could eliminate "waste" and balance the budget, hurting only the "bad guys." Case closed.

No American leader has tried what New Zealand Prime Minister David Lange has. Lange's majority Laborites ended crop-price supports in one year and cut manufacturing subsidies drastically. They abolished wage-price controls and freed up banking, after deciding to absorb the inflation pent-up during years of protectionism.

As for the voters, they were never promised a rose garden. On Jan. 13, 1986, the Prime Minister said in a speech: "Now the signs of the economic slowdown are clear, and they will worsen in 1986 before they improve. I emphasize that this slowdown is expected, necessary and temporary. If we are to achieve stronger and sustainable economic growth, then a period of retrenchment and regrouping is unavoidable."

Lange gives his Cabinet leeway to say even blunter things. The Overseas Trade Minister has waged a vigorous battle against subsidies and protectionism ("the New Zealand psyche needs rewiring . . . We cannot go on giving handouts to people to produce what the world does not want"). The Finance Minister has even quarreled with business organizations because their GNP projections were *too upbeat.*

We'll see how Lange and the Labor Party fares in this year's elections. What's beyond dispute is that elected leaders in this country rarely base a fiscal policy on the worst case, or center a political strategy around economic candor and public enlightenment.

Much more typical is the White House's FY 1988 budget message, which maintained that "eliminating the deficit over time is possible *without* raising taxes, *without* sacrificing our defense preparedness, and *without* cutting into legitimate programs for the poor and the elderly, while at the same time providing needed additional resources for other high-priority programs" [emphasis in original].

This sounds too good to be true. If that scenario were within the realm, why does nothing like it ever happen? For two reasons:

(1) It's based on six assumed years of steady growth, averaging 3.5% a year during 1987-92. This is something we haven't had since the sixties and, before that, since World War II.

(2) It's based on program-cost projections that don't appreciate bureaucratic opportunism, and on spending-cut assumptions that deny congressional politics.

Where's the incentive to sacrifice when a 300-pound person is told he can become a sleek Yuppie without medicine, dieting, or a health club? Happy talk and blithe assumptions have made us dangerously sanguine. For example, on the day after the first (and only) Gramm-Rudman sequester, Tom Redburn wrote in the Los Angeles Times:

"Only 22% of the public favor such across-the-board spending cuts as the best way to reduce the deficit, with 64% advocating that Congress made specific reductions on a case-by-case basis. But, when asked where they could cut spending, a majority of Americans oppose cuts in nearly all government programs."

No one will bleed for spending control when elected officials hint that it can be achieved by going after items that hardly anyone benefits from. But, when some groups enables local opinion-leaders to confront the true choices, the citizens may vote to get serious.

The Roosevelt Center arranged a Debt-Busters project in 50 state capitals late last summer. According to the Sept. 12 Chicago Tribune, "The most popular cut of all, with only eight states dissenting, was to trim cost-of-living adjustments for retired federal employees. Nearly as popular was a plan to restrict COLAs for younger military retirees." The states split 29-21 for limiting Social Security COLAs and taxing benefits for those with large private estates. Majorities also favored "eliminating or reducing farm-price supports," and the Nebraska Debt-Busters voted $80.3 billion in new "sin" taxes.

Treatments. It may seem a small step, but Members could start using newsletters to educate rather than sustain easy-out notions.

For example, in 1982 Rep. Charles Stenholm (D-TX) distributed a newsletter which undid every myth about Social Security. In 1984, Rep. Connie Mack (R-FL) surveyed town meetings of senior citizens on whether they'd forego one year's COLA if they could be sure everyone else getting a federal check would do the same (a majority said yes). Rep. Newt Gingrich (R-GA) has suggested pie charts explaining where the money goes, followed by a "balanced-budget checklist."

Efforts like these, manageable by single offices, educate the public and remove false hopes (without committing to drastic budget cuts). Debt-Busters projects achieve the same result and could be done with the help of the local Jaycees or Chambers of Commerce.

II. ECONOMIC GROWTH AND THE BUDGET PROCESS

During the 1984 presidential campaign GNP growth was coming in a good deal ahead of projections. Some Republicans dared to hope a way had been found to repeat 1962-66, when annual GNP growth averaged 5.3%, stocks boomed, savings soared, and the Kennedy-Johnson income tax cuts were arguably paying for themselves thru stronger growth.

David Stockman, then still OMB Director, wanted the White House to engage the opposition in a "bidding war" for deficit-reduction. But a more traditional brand of incumbency politics prevailed.

When challenged on the upbeat nature of their GNP scenario, the optimists turned this challenge into an argument over economic growth as an alternative to drastic spending cuts. They stressed that if unemployment were at its 1964-74 level of 4.5%, there would be $60-100 billion more in revenues. Some also asserted that a booming GNP would bring down federal spending automatically.

But the U.S. has, since late 1984, followed what might be termed the supply-side prescription for a boom: easy money, falling interest rates, a cheaper dollar, no tax hike, no oil import fee, no cuts in politically-touchy transfer payments, and no wholesale protectionism.

The result was not a boom, but moderate GNP growth of 2.5%, with the FY 1985 deficit moving way above that for FY 1984. Why? Revenues that never arrived, farm-program costs, and assorted shenanigans by congressional spenders. In addition, the trade deficit represented a slice of consumer demand not translated into domestic production.

We might have learned something during 1984-85 about new economic patterns: There was no boom despite across-the-board stimulative policies, and we wound up with most of the deficit setbacks the forecasters assumed would not occur. But very little changed. And when oil prices dived, optimism came quickly back into fashion.

On March 24, 1986, Time reported: "Business was busting out all over. Nearly everyone . . . was celebrating the belief that the 40-month-old economic recovery . . . is accelerating to a faster pace of 3% or more. Even better, many experts think the industrial world's economies are entering a new era, in which low oil prices are triggering a whole series of positive trends, thus creating a boom machine that could hum smoothly for several years."

Yet growth slowed down further in 1986; it missed the Administration assumption by 1.5 percentage points and CBO's by 1.1. And the FY 1986 deficit came in at $221 billion, $9 billion above the prior year and $50 billion over the resolution passed in August 1985.

Why not finally face reality? Why not base the budget process on slow growth? Vigorous growth as an objective is virtuous, but strong growth as a budget-process supposition has proven time and again to be vicious. It's time for a deeper look at the two types of optimism that some critics say corrupts Washington's entire fiscal management.

III. OPTIMISM IN THE ECONOMIC ASSUMPTIONS

Economic assumptions are what "current services" spending is based on, and this in turn is used to produce a "deficit baseline," from which all budget resolutions flow.

Here is what the Office of Management & Budget, working with the Council of economic Advisers, projected for real GNP growth six years out, at the beginning of 1979, 1980, 1981 and 1982. (Averages, even though they ignore the reality of compounding growth rates, remain the best way to derive the typical annual exaggerations.)

[In percent]

January 1979	1979	1980	1981	1982	1983	1984	Average
Assumed	2.2	3.2	4.6	4.6	4.2	3.0	3.6
Actual	2.5	−.2	1.9	−2.5	3.6	6.4	1.9
January 1980	1980	1981	1982	1983	1984	1985	Average
Assumed	−1.0.	2.8	5.0.	5.0	4.8.	4.6	3.5.
Actual	−.2	1.9	−2.5	3.6	6.4	2.7	2.0
Febuary 1981	1981	1982	1983	1984	1985	1986	Average
Assumed	1.4	5.2	4.9	4.2	4.2	4.2	4.0
Actual	1.9	−2.5	3.6	6.4	2.7	2.5	2.4
January 1982	1981	1982	1983	1984	1985	1986	Average
Assumed	3.0	5.2	4.9	4.6	4.3	4.3	4.4
Actual	−2.5	3.5	6.5	2.9	2.2	27.2	2.5

The six-year GNP expectations were consistently 60-80% beyond the eventual reality. And the pattern would hold: In January 1985 OMB/CEA said growth would average 4.0% that year and next; but the two-year average was only 2.6%. Three months ago the Administration forecast 3.2% for this year, but Sunday's Washington Post business section had this subheadline: "Administration Fears Economy May Not Top Last Year's Level" of GNP growth (which was 2.5%). The CBO's assumption of 3% for this year is not looking too safe either.

Indeed, the January CEA/OMB/CBO 1987-88 assumptions go beyond—by one-sixth to one-fourth—what a Congressional Research Service survey of private-sector forecasters turned up the month before [see Editorial Research Reports, Vol. II, No. 23; Dec. 19, 1986].

Only once in the last nine years has the pattern been broken. In January 1983, CEA Chairman Martin Feldstein took the lead in forgoing economic projections roundly denounced for their pessimism. But the numbers that OMB eventually affirmed for the

Administration can now be seen as having set records for long-range accuracy.

U.S. economy in 1986	January 1983 forecast	Actual
GNP in current dollars (trillion)	$4.23	$4.21
Personal income (current) (trillion)	3.38	3.49
Pretax corporate profits (billion)	296	244
Unemployment, 4th quarter (percent)	7.8	6.7
Interest rate, 91-day T-bills (percent)	6.8	6.0

Even the much-derided GNP-growth assumptions look impressive when the four years are averaged.

[In percent]

	1983	1984	1985	1986	Average
1983 CEA/OMB assumptions	3.1	4.0	4.0	4.0	3.8
Actual gain in real GNP	3.6	6.4	2.7	2.5	3.8

Messrs. Feldstein and Stockman, four years ago, projected a massive structural deficit if nothing was done: It would rise from $249 billion in FY 1984 to $315 billion in FY 1988. (The deficit has actually turned out better than that, mainly because of lower interest rates, DEFRA, and the leveling-off of military spending.)

But what counts here is that somehow, in early 1983, the deficit debate was launched from solid terrain. With an 18-month recession seen ending, it was reasonable to project a four-year recovery. And with GNP assumptions kept within bounds, deficit trends were not made to succumb to the blandishments of Rosy Scenario and the Optimists.

Unfortunately, 1983 was an aberration. The latest White House budget, in its portrait of 1987-92, is presumptuous in the extreme:

CPI Inflation is to peak at 3.8% this year, dip back to 3.6% the next, and then decline consistently to 2.0% in 1992.

Fourth-quarter unemployment is assumed to drop from the 6.9% level of 1986 to 5.5% during 1991-92.

The interest rate on 91-day Treasury bills is supposed to go from the 1986 level of 6% all the way down to 3.6% in 1992.

Everything bad goes down. Everything good holds steady or goes up. Growth is expected to continue straight thru 1992, which would make for 10 straight years without a recession. With the exception of 1939-1948, there hasn't been a 10-year expansion in this century.

Treatment: Predicting the arrival or length of a recession isn't something a government entity can do. Neither should CBO or OMB be flayed for missing one year's GNP path by a half-a-point or even a full point. (That would mean holding U.S. officials responsible for anticipating discontinuities like Saudi Arabia's shift to cheap oil.)

But five-year economic assumptions might instead be based on a "rolling average" of the past six to eight years. That would almost always include the last recession, and this by definition would factor the next recession into budget planning. The idea is not to demand perfection, but to use history to get long-range forecasting accuracy, which would root today's decisions more firmly in reality.

IV. OPTIMISM IN THE BUDGET RESOLUTIONS

Nearly every budget resolution begins its life in the quicksand of untenable GNP growth assumptions, and the biggest impact this has is in high expectations for revenue intake. But things get worse. Other kinds of optimism are also endemic—typically, that:

New programs will cost only what the proponents say

There will be no supplemental appropriations

Interest rates will fall, and keep falling

There will be no bank bailouts or disaster payments

All of these expectations, of course, minimize the outlay threat. Between the GNP growth that does not materialize and the outlay surge that was not projected, the result is eight solid years of deficits coming in above Congress's declarations:

[Dollar amounts in billions]

Fiscal year	1st budget resolution	Final deficit
1980	−$23.0	−$59.6
1981	+.2	−57.9
1982	−37.6	−110.7
1983	−103.9	−195.4
1984	−171.6	−175.3
1985	−181.2	−212.3
1986	−171.9	−220.7
1987	−142.6	−170–200

Note: This table is from an unusual collection of data in Appendix D of CBO's "Economic & Budget Outlook: FY 1988–92," released in January. The budget organization admits "a fairly consistent tendency to overestimate revenues and underestimate outlays . . . These errors are magnified in the deficit, which exceeded the estimates by an average of $48 billion, or by almost half." A fairly consistent tendency.

Before the Easter recess the House passed a resolution for FY 1988. One Republican Member had this to say: "[T]he Budget Committee's budget uses phony numbers, accounting gimmicks, and assumptions on spending cuts that everyone knows will never occur. And, frankly, it never even explains what it does. The Budget Committee's budget looks like it ignores the highway-bill override, ignores the Clean Water Act override, and ignores the $12 billion supplemental appropriation bill that is coming down the pike. It does not pay for the pay raise, and it renames what are actually receipts and calls them spending cuts." [Cong. Record Apr. 9, 1987; p. H 1979]

Optimism on outlays, just like optimism about GNP growth, reflects political survivalism and human nature more than it does ideology. The really big fiascos of recent years span the spectrum:

On May 10, 1985, with the President in support, the Republican Senate passed a historic budget package that eliminated 12 programs and agencies. Eleven days later the House passed a resolution that preserved all but one of these programs. There was no compromise, and 11 of the 12 are still there today.

In December 1985, economists at the Agricultural Dept. said the new farm bill would cost $54 billion over five years. One month later, after it has passed, the five-year costs were upped to $85 billion. Today they are thought to be even higher.

From FY 1981 to FY 1986, defense spending rose 41% after inflation. Even the critics agree that recruitment quality and shipbuilding show strong gains. Yet expenditures on plans, missiles and tanks have risen 5-10 times faster than the quantities ordered. And the Pentagon keeps operating on five-year plans that are hundreds of billions of dollars above likely congressional appropriations. This guarantees, relative to the plan, massive gaps in weaponry-output along with rising unit-costs.

In late 1983, NASA told Congress it could build a multi-purpose space station for $8 billion by 1992. Last month the deadline was slipped back to the "mid-nineties," while the cost escalated to $12 billion. Meanwhile the capabilities of the space station have been drastically scaled back, to the point where Japan and Western Europe may pull out of funding.

One finds a generic pattern: A program's advocates win votes by exaggerating the results and "low-balling" the costs. Once the legislation is passed, once the various clients are mobilized, once the bureaucracy is engaged, once the contractors start marking up—expenditures overshoot the promised levels. Not only that, but the desired goods or services often don't arrive in the promised amounts.

The General Accounting Office (GAO) has a good track record on evaluation a program's likely bang for the buck. It is noteworthy that the GAO was tasked with sequester duty under Gramm-Rudman, and just as noteworthy that congressional Democrats sided with the Justice Department to have the Supreme Court void this authority.

Treatment: Spending and deficit projections should run only three years, not five. Five-year projections let the projectors envision the pot of gold—a balanced budget or a small deficit—at the end of the rainbow. But it hasn't happened since the present budget process was launched 13 years ago. Shortening the "rainbow" will help Washington face the deficit crisis today and tomorrow, rather than dream about a painless payoff the day after tomorrow.

An additional "treatment" is to discount any outlay projection that reflects the self-interest of the projector. This means no group likely to benefit from a program should be able to set the standard for its supposed costs. It also means private-sector analysts need help from individual Members in pushing OMB and CBO toward realism.

For example, an independent panel of economists, assembled under university auspices or perhaps some business entity, could cost out each budget resolution using prudent economic assumptions. Experienced congressional defict-fighters like Sen. William Proxmire and Rep. John Edward Porter could help call attention to their work.

V. ENTITLEMENTS VS. "AUTOMATIC BUDGET CUTS"

Whether the U.S. could grow its way out of deficits was tested during FY 1984. During those 12 months—October 1983 thru September 1984—unemployment plunged from 8.7% to 7.1%. Real GNP growth was a robust 6.1%. What did this do for the deficit? It was whittled down, from $195 billion (the FY 1983 tally) to $175 billion.

But what went down, and why? There were some legislated reductions, affecting Agriculture, DOE, EPA and SBA. But only two programs reflected the surge in the overall economy: Unemployment compensation claimed a whopping 31% less during FY 1984, and food stamps outlays fell 2.3%. The budget savings for both added up to $16 billion.

Yet, perhaps surprisingly, a broad array of social-welfare costs rose: human-services block grants, family social services, housing, child nutrition, community planning, AFDC, Medicaid and even low-income energy assistance. All but the latter outpaced inflation.

This suggests how small a slice of the budget is open to restraint thru economic growth. All kinds of other variables—the harvest, military contracts, how many people are retiring, the size of the national debt—have more of an effect. A quick survey of the FY 1986 budget, category by category and prioritized by outlay-share, indicates a near-total obliviousness to the course of the GNP:

Budget categories and their fiscal year 1986 outlays

	Billions
National Defense: personnel, O&M, procurement, R&D, military construction, atomic energy	$273.4
Social Security	198.8
Net debt interest	136.0
Income Security: Federal pensions, unemployment compensation, housing, disability, AFDC, food and nutrition assistance	119.8
Medicare	70.2
Health: health-care services, research, education and training of health-care work force, consumer/worker health and safety	35.9
Agriculture: price supports, research and extension services	31.4
Education, training, employment and social services: elementary/secondary/vocational, higher education, research and general aids, training and employment, other labor services	30.6
Transportation	28.1
Veterans: income security, education/training/rehabilitation, hospital and medical care, housing, other benefits	26.4
International affairs	14.2
Natural resources and environment: water resources, conservation and land management, recreational, pollution control	13.6
General Science, Space and Technology: general science, basic research, space flight, supporting activities	9.0
Community and Regional development: community development, area and regional development, disaster relief and insurance	7.2
Administration of justice: Federal law enforcement, litigative and judicial activities, prisons, criminal justice assistance	6.6
General-purpose fiscal assistance: revenue sharing and other general-purpose help	6.4
General Government	6.1
Energy: energy supply, conservation, emergency preparedness, getting out information	4.7
Commerce and housing credit: mortgage credit, thrift insurance, postal service	4.4
Undistributed offsetting receipts	−33.0
Net outlays	989.8

Of 19 spending categories, one—Income Security—contains programs controlled by the course of the economy. And that category has stayed within the fairly narrow range of $108-128 billion during FY 1982-86 (the Administration's upbeat assumptions put it at $133.5 billion in FY 1990). Most of the subfunctions in it are not tied to GNP or jobless rates; and even if unemployment were to drop to zero percent, the related savings would be less than $18 billion.

So the conclusion is inescapable: What economic growth does is produce revenues. What the rest of the budget does is spend those revenues—not according to the level of GNP, but according to demographics, transfer-payment laws, and administrative discretion.

From FY 1981 thru 1986, the annual income of the federal government rose by $170 billion. Every dollar of this new money was spent, and then some. Whether economic growth is a vigorous deficit-fighter therefore depends on Congress and the President changing the formulas and the bureaucracies that govern the outlays. If they won't do that, the revenues can't catch up.

VI. NO LIGHT IN THIS PART OF THE TUNNEL

The winter produced another round of deficit optimism. According to Oswald Johnson in the January 6 Los Angeles Times, "The spectre of budget deficits in the hundreds of billions of dollars, once a yearly nightmare, has become commonplace and perhaps even manageable."

Human Events took comfort in the fact that FY 1986 spending was "only $43 billion" above the previous year's. "That represents just a 4.6% increase hike, far from the 10% average increases in the budgets of the past." This ignores the fact that CPI inflation in FY 1986 was a mere 1.4%. Real spending thus continued to rise, despite a defense freeze, falling interest rates, stable unemployment and much cheaper oil. If this is a breakthru, what would a setback look like?

At the other end of the spectrum, some imagine that defense cuts are key to further deficit-control. On the April 4 McLaughlin Group, Jack Germond passed over the implications of the highway bill by saying, "Get it out of the defense budget." Jonathan Rauch had already dealt with this in the January 10 National Journal:

> [I]f defense isn't likely to go up much in real terms, it isn't likely to go down very far, either. After two years of freezing Pentagon spending, Congress has used up most of the fiscal dividend that was available from halting the defense buildup.

And a new argument in favor of relaxing began making the rounds last summer. Respected economists from both parties said that the $108 billion FY 1988 deficit target would not be met, and good thing for that—because reducing spending by $65 billion (i.e. from this year's projected deficit of roughly $173 billion to next year's $108 billion target) means slower growth or even a recession.

"If we go to a $108 billion deficit, whether by raising taxes or spending cuts," according to New York economist Michael Drury, "you would take so much spending out of the economy that it would go into the tank almost instantly" [Chicago Tribune Jan. 8, 1987]. But the money is hardly going to vanish; it simply wouldn't be borrowed by the Treasury to be spent. This permits other favorable results:

A one-third reduction in the Treasury's borrowing needs during FY 1988, thereby freeing up private capital.

A decline in interest rates over what they would otherwise be, which means higher purchasing power.

The Keynesian argument against "cutting the deficit too fast" trivializes the extent to which today's economy is overburdened by runaway government spending and debt. Given existing debt-loads, every borrowed dollar of spending must also set back, to some degree, private-sector investment opportunities and interest-rate trends.

If $65 billion in spending cuts is able to delete a point or two from the GNP, is the opposite true? Would increasing outlays by $65 billion raise the GNP by a similar amount? If the answer is that it wouldn't, the keynesian argument offered by the old-line economists becomes less plausible. It is even less plausible when we remember that deficit targets, whether "safe" or drastic, are not reached.

VII. THIS FISCAL YEAR: STILL THE SAME PATTERN

In the fifth year of this economic expansion, high deficits retain their staying power. FY 1987, despite talk of corners turned and discipline delivered, is unfolding pretty much like past ones.

Last July OMB, while downsizing its GNP growth estimates for 1986, raised them for 1987—all the way to 4.5%. CBO was putting the finishing touches on a 3.5% projection.

In August CBO, while admitting that FY 1986 red-ink would greatly exceed its February forecast, maintained that the Social Security surplus would push the deficit down to $150 billion in FY 1988 and $69 billion in FY 1991. This assumes not one year below 3% GNP growth during 1987-91.

A wry September headline in Congressional Quarterly read, "Deficit-Cutting Proposals Seek to Avoid Cuts." One antideficit Democratic Member said, "We're about to pull the ultimate scam [and] everybody's in on it—CBO, OMB, the media." [CQ Weekly Report Sept. 20, 1986; p. 2179]

In October an FY 1987 reconciliation package was passed with a $151 billion deficit; Gramm-Rudman was propped up for the election, with the help of asset-sales and other expedients.

Right after New Year's, CBO wrote to Congress and upped the FY 1987 defict estimate to $174.5 billion. OMB also found itself downsizing GNP projections and upping deficit totals.

Private-sector analysts were more critical. Two Wharton economists put the FY 1987 shortfall at $192 billion and, for FY 1988, at $184 billion. The National Association of Business Economists estimated FY 1987's gap at $195 billion.

On January 19, U.S. News noted: "Most private forecasters say the fiscal 1987 deficit is about $190 billion, not $173 billion as the Administration predicts."

Yet, on January 20, an upbeat OMB chief Miller reiterated his expectation of an approximate $46 billion drop from last year's record deficit, i.e. down to about $175 billion.

In early February, news stories celebrated one month of strong leading economic indicators. Economists were quoted enunciating bullish sentiments much like those of spring 1986. The stock market reinforced these feelings, despite its having almost no impact on the variables that govern the budget process.

But by early spring, the indicators overall were seen pointing to growth closer to the 2-to-2.5% range. Post writer John Berry quoted a senior Administration economist: "There is some quickening in the economy, but it is not solid enough to get your hands on. It's the same as we've seen the last two years."

On March 30 the CBO "scorekeeping unit" wrote to Senate Budget Chairman Chiles to report that FY 1987 outlays were $13.3 billion above the budget resolution, revenues $18.5 billion under.

In the FY 1988 budget debate, Rep. Bill Frenzel said: "Last year we provided a bogus budget which could not do that which we said it could do. We said it would deliver a deficit of $150 billion-plus. By the time we are done this year, our deficit will be pretty close to $200 billion, just as it has been in the previous four years." [Cong. Record Apr. 8, 1987; p. H 1879]

Something else is safe to say: If intellectually-honest people do not unite against the deception and self-deception that dominate government forecasting and budgeting, the deficit's powerful friends will maintain their commanding heights. The nation will face further public confusion, fiscal default and bureaucratic manipulation, all of which can't help but produce serious economic consequences.

Mr. GRASSLEY. Mr. President, I thank the Chair and I thank the Republican leader for recognizing and granting me permission to speak at this point.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I understand that it had been arranged for Senator SANFORD to speak now. How much time did the Senator desire?

Mr. SANFORD. The time will be yielded by the chairman.

The PRESIDING OFFICER. Is there objection to that request? Hearing none, the Senator from North Carolina, Mr. SANFORD, is recognized.

Mr. SANFORD. Mr. President, there is probably no more important issue we face in the Congress than competitiveness and, in my view, no better forum in which to discuss it than this budget debate.

The budget is the context in which our national priorities are set. It is as much a vision as it is a document—a vision born of the need for America to diversify and reorient its economy, built on a belief in the importance of education, and nurtured by programs that will, as the committee report points out, "in the long run, give back more than they take."

If we in this country are again going to become truly competitive with our major trading partners, we are going to have to pursue an economic power strategy. It is a strategy that, as the distinguished chairman himself has pointed out, "will raise the competence and efficiency of our work force, sustain our international lead in creativity, and give us the chance to win in the world market." This is a national "turn-around" budget. We are once again looking to the future.

It will not be easy. Ideas of this magnitude require considerable commitment and hard work on many different fronts.

In education, for example, we must commit ourselves soon to improving the quality of our schools, or we run a very real risk of falling so far behind that it will take us decades to recover. We will have lost that much ground. In fact, there is a good bit of data that shows we are already falling dangerously behind our foreign competitors in many areas of academic achievement.

A 1982 Department of Education study showed that 13 percent of American adults were functionally illiterate, while in Japan illiteracy is virtually unknown; and this despite the fact to read a newspaper the Japanese have to memorize 3,000 different characters.

Between 1955 and 1983 the number of undergraduate degrees we conferred in engineering increased from roughly 23,000 to 67,000. In Japan over the same period, the number of undergraduate degrees rose from less than 10,000 to more than 73,000.

And in 1984, over 43 percent of the doctoral degrees in engineering that were awarded in the United States went to nonresident foreigners. By contrast, since 1980 the average number of Americans receiving doctoral degrees in engineering overseas has been only 12.

We are also falling behind in other areas. In the period from 1973 to 1985, the annual rate of productivity for the entire United States economy was 0.4 percent—one-eighth the rate of Japan, one-fifth that of France and Germany, and one-quarter that of Italy.

It is time for Americans to roll up their sleeves and go to work. As a nation, we can no longer rely on the oceans or on our abundant national resources for protection against foreign competition. We must begin to rely more on the abilities and imagination of our people and on the knowledge and discoveries they are able to provide.

Put simply, our challenge is not only to improve our economic competitiveness but to make our entire society more competitive as well.

We must also invest more in science and research. The Federal Government continues to fund about half of all the research and development that goes on in this country, but an increasing share of what we spend goes to defense. From 1975 to 1980 about half of all federally funded research and development went to defense; by 1985 defense was receiving almost 75 percent. At the same time, research and development support to nondefense agencies declined sharply.

This cannot continue.

As we look to the Nation's needs in the next decade, the goals of improved productivity and a more competitive American society will require a larger amount of the Nation's research and development effort to go to basic and applied research.

Our Nation must be armed with no less educational software than it has military hardware. We must again become a nation of strong ideas as well as a nation of strong weapons.

And finally, but perhaps most importantly, we must get our financial house in order.

The Reagan administration's budget policies have been nothing short of disastrous for our Nation. In the last 6 years alone, our Federal deficit has more than doubled. We now have a debt of more than $2 trillion. Interest on that debt hovers around $200 billion a year, and annual budget deficits have been running some $200 billion. And this from a President who has claimed to have as one of the major legislative goals during his term in office passage of a constitutional amendment to balance the Federal budget. As in past years, the President's budget sent over was so bad that even the Republicans will not touch it.

We cannot wish this deficit away, as the President apparently would have us do. To deal responsibly with this Nation's long-term structural deficit will require an imaginative budget strategy aimed not only at reducing Federal spending but also at creating new, well-paying jobs, new markets for our goods, and new opportunities for our people to grow.

But imagination requires something more than just simple budget cutting. It requires a set of priorities around which a new consensus can be built—a consensus built of belief in our workers, belief in our country, and above all belief in our future. We in this Chamber—Democrats and Republicans alike—must demonstrate we have the vision to forge such a consensus and, more importantly, the commitment to make it work.

The budget resolution submitted by the distinguished chairman offers us a basis upon which just such a consensus can be built. I urge my colleagues to give it their strong consideration.

Mr. President, I yield the time back to the chairman.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged equally.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, I yield 12 minutes off of my time on the bill to the distinguished Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut [Mr. DODD] is recognized for 12 minutes.

Mr. DODD. Mr. President, first of all, let me express my gratitude to my colleague from Florida, the distinguished chairman of the Budget Committee, and at the very outset commend him for the remarkable job that he has done over the past several months in bringing to the floor of the U.S. Senate a budget, albeit a budget that is not perfect by any stretch of the imagination. It is impossible to fashion or create such a vehicle but nonetheless it is a budget that I happen to believe is a balanced budget that takes into consideration the needs and the concerns of the American people in the midst of a time of unprecedented deficit.

Over the period of coming days, we will debate not only the substance of this particular budget but also what the President of the United States has submitted to us, the alternatives that our colleagues from the other side may propose, a variety of amendments that will be offered to either add or reduce spending, and amendments dealing with revenues and the like.

Mr. President, I supported the budget proposal of the Senator from Florida in the Budget Committee. I did so because I believe that it both confronts the sources of our unprecedented deficit and addresses the future needs of the country. I think that is what a budget ought to do. An enormous deficit, as we all know, cannot be assumed away by unrealistic projections about future economic performance, or illusory savings such as certain asset sales which are included in the President's budget that artificially reduce the deficit in the first year but have no lasting impact at all. That is merely temporary relief.

The chairman's plan, however, with all of its imperfections, achieves real savings to reduce the structural deficit we face in this country. As we are all painfully aware, Mr. President, deficit reduction is not a 1-year exercise. The chairman's plan is a long-range package which eliminates the deficit in 4 years while establishing explicit annual deficit reduction goals along the way. In 1988, the first year of this plan, the deficit would be reduced by some $37 billion, which is consistent with the $36 billion annual reduction required by the Gramm-Rudman-Hollings legislation; legislation, I would point out, Mr. President, that I strongly supported when it came before the Congress of the United States in the last Congress.

We cannot continue to finance Government spending by massive borrowing. Under the Chiles plan, the current spend-now-and-pay-later approach would be replaced by what I have advocated for many years, a pay-as-you-go system which would result in $100 billion less borrowing from 1988 to 1991 than the President's budget.

I share the chairman's belief that both spending cuts and revenues must play key roles in the deficit reduction effort. The chairman's plan presents a balanced approach to deficit reduction by calling for 50-percent spending cuts and 50-percent revenue increases in fiscal year 1988. Over the 4-year period of fiscal years 1988 to 1991, the budget achieves an equal one-third reduction from revenue increases, domestic savings, and defense savings. Without additional revenues, including taxes, the forbidden word in this Congress, the borrow and spend pattern of recent years will continue. Any realistic budget resolution obviously must include revenues.

The Chiles plan includes modest revenue increases in 1988 and subsequent years. These revenues are designed to reduce borrowing, and not to increase spending. Thus, the chairman's plan requires $100 billion less in borrowing than the President's budget for 1988 to 1991.

Moreover, Mr. President, and this is most important, the revenues in the Chiles plan are actually less than those in the President's budget. I want to emphasize that. The Chiles plan that is before us actually calls for less revenues than the President's proposal—less taxes than the President's proposal.

The President's budget calls for more than $22.4 billion in new taxes and new user fees in fiscal year 1988. The Chiles budget calls for $18.5 billion in revenue increases in that same fiscal year. Thus, even the President recognizes what all of us recognize but refuse to talk about: the impossibility of meeting our deficit targets without some combination of future spending reductions and tax revenues. However, the President publicly claims that he opposes all tax proposals, and that he will veto any tax bill when in fact his own budget calls for new tax revenues.

Mr. President, I support the chairman's plan because I believe that on balance it most clearly defines the major policy priorities which will best serve this country over the next 4 years. That is an essential ingredient, it seems to me, in any budget proposal that comes before us: not only what it will do for us in this particular year, but what it will do for this country in the coming years. I believe that this proposal, the chairman's proposal, makes sure that those programs which I happen to believe are essential to America's future will receive adequate funding, that those programs less essential are reduced.

The chairman's plan is notable for its emphasis on strengthening programs that will help enhance our national competitiveness. The plan provides for $3.4 billion in funding increases for initiatives in education, science and technology, job training, and job promotion. I agree with Chairman CHILES, that even during this period of austere budgets it is absolutely essential to make sound investments in programs that promote economic growth and enhance competitiveness in the world market.

I also support the increased funding in the Chiles plan for such high-priority areas as welfare reform, AIDS research, Medicaid, homeless support, a catastrophic health program, environmental protection, and the WIC Program, the program that benefits women and infant children. These are the major agenda items that we have before us. These are the priorities that this Nation has to face if we are to remain strong and invest in our future.

I recognize, as I said at the very outset, that no budget is perfect. Indeed, the chairman's plan contains some proposals, Mr. President, which I do not support. I am particularly concerned about the funding levels assumed for community and regional development programs, specifically the 25 percent in the Community Development Block Grant Program and the 10-percent cut in the Urban Development Action Grant Program.

Frankly, if amendments are offered that will increase some spending in those areas, and there is a revenue source identified for it, I will probably support those amendments. But I would say here today as well, that if those amendments are defeated or if those amendments are not offered, I will support this budget, even though those programs are very important to the urban areas of my State.

Connecticut is a very affluent State. The city of Hartford ranks as the fourth poorest city in America. The city of New Haven ranks as the seventh poorest city in America. Despite the affluence of my State, my cities need some help. My State can do some more, but I happen to believe that these community action grants are sound programs and have been very important to our urban areas.

I might point out, Mr. President, that I as well as several of my colleagues on the Budget Committee—including the Presiding Officer—worked to try to restore some funding to these vital programs.

I want to express to the chairman my appreciation for his willingness to ameliorate some of those cuts included in his first mark. However, as I said a moment ago, the adjustments do not go quite far enough. In fact, all of the urban programs have been cut by more than their fair share in the past 6 years, from 1981 to the present.

I think it is important to point this out because there is a lot of misconception about the reason for our deficit.

Mr. President, if a survey were done in the country and people were asked, "Why is it that we have a deficit that is running around $200 billion a year, a national debt that has been increased by over $1 trillion in the past 6 years?" I suspect a significant percentage of people in this country would immediately say that we are spending too much in our urban programs, too much in our social welfare programs.

That would be, I think, the immediate response.

Let me point out to my colleagues that over the past 6 years, the budgets that have been adopted by the Congress of the United States have led to reduced spending in the urban areas in this country by some 65 to 70 percent, while the national deficit has increased by over 600 percent.

So the notion that investing in our cities, and in social welfare programs has contributed significantly to our deficit is just untrue. In fact, funding for these programs has been reduced substantially during the period of time that our deficits have increased.

At the same time, of course, I would add that while these budgets have been reduced to support our cities and urban areas, the demands on these cities have grown stronger and the problems increased.

I will continue to support funding for these urban programs. But I would not say to my colleagues or the chairman of the committee, that despite their importance, I would reject a budget even though it does not fully meet the concerns that I have in this certain area. I would not reject this budget for those reasons.

I would also, Mr. President, point out that I support additional funding for children's programs. During the best of times, we have not done a very good job to enhance the lives of our children. America's children need our attention. It is worth making an investment in their behalf; that should be obvious.

We must make an investment in increasing the number of healthy babies and increasing the number of healthy pregnancies. We must make an investment in early childhood education and in the Headstart programs. We must support the women's infant's, and children's programs that contribute significantly to those goals.

Study after study has shown that an investment of money in these programs returns far more to the Treasury than the cost of running these programs, not to mention the benefits of improved health and education it bestows upon infants, children, and families.

If America truly wants to be competitive in the next century, we must have healthier children and better educated children to take our place in society.

I am sure most of my colleagues are aware of two statistics that I think say more than all the speeches and all discussions about funding of children's programs in this country.

We have the unique distinction among all industrialized nations in the world today of being the only industrialized nation on the face of this Earth that has as the poorest sector of its population its children. We are tied for 20th place in the world in infant mortality statistics.

I find that incredible to believe, that in the midst of affluence unprecedented in the history of man, this great Nation and the strongest Nation on the face of this Earth should be tied for 20th place in infant mortality, that we should rank at the bottom of all industrialized nations in having children as the poorest sector of its population.

How can anyone stand up and talk about a strong America in the 21st century knowing simultaneously that those who will be charged for bearing that burden are growing up as the poorest sector of a population in an industrialized country that ranks at the bottom of all industrialized nations?

Mr. President, let me speak briefly, if I can, about the other side of this budget, the defense side.

Mr. President, again, like all of my colleagues here, I support keeping this country strong. Those of us from my home State of Connecticut are deeply proud of our contribution to the national security of this country. While my State is a small State, we are responsible for some of the major parts of our defense arsenal today. Our modern submarine fleet, our jet engines, our helicopters, our tank engines are just some of the Connecticut products that make us a stronger nation.

Those of us who are from that State, take pride in the fact that we have contributed to the defense of our country for 200 years. We have been known as the Provision State, going back to the Revolutionary War when Jonathan Trumbull and others contributed significantly in terms of food and supplies to the Revolutionary Army of George Washington.

Since that time forward, we have contributed significantly in that regard. We are proud of that contribution.

At the same time, Mr. President, I would tell you that given the recent record of drastic cuts in domestic programs, we, from Connecticut, who contribute significantly to the national security of this country in defense procurement, also understand that no budget can be considered to provide a fair sharing of the burden of deficit reduction that does not also include savings in defense.

Under the Chiles plan, defense spending would be some $6.9 billion in 1988 and $83.6 billion over the next 4 years. Defense outlays would continue to rise under the Chiles plan but at slower growth rates than those in recent years.

The Chiles plan provides for $284 billion in defense outlays in 1988, and the total of $1.2 trillion over the next 4 years. That ought not to be considered skimping on defense spending.

To be spending $1.2 trillion under this plan over the next 4 years ought to be adequate funding for the Defense Department and others to provide for the security needs of this country.

I happen to believe that these amounts are sufficient for sustaining improvements in the U.S. defense posture, resulting from the trillion-dollar military buildup in the early 1980's.

In recent years, Congress, the Department of Defense, and other Government agencies have identified billions of dollars in defense savings that can be applied toward enhancing the defense programs without large annual increases in the defense budget itself.

In the final analysis, Mr. President, our budget ought to be a national security budget. However, we must understand what national security means in both domestic and foreign terms.

Over the past several years, we have concentrated almost exclusively on the weapons race. In doing so, I happen to believe that we neglected to a dangerous degree the other races which we are in and trying to win. These include the race to maintain and enhance the quality of life in this country; the race to improve the economic growth of this Nation; the race to become competitive; the race to better education in this country; the race against AIDS, the most frightening disease in the history of mankind; the race to restore our basic infrastructure in this country; the race against poverty; the race against infant mortality; and so on.

They are also part of this Nation's race, as well as the arms race.

Certainly, these are races that also will determine how strong this country is. If we do not win those races, I would suggest to my colleagues that merely winning a race in terms of military buildup will not make this Nation a stronger country. We will suffer if we fail to invest in human development and those other elements that society must have.

I would argue that history teaches us that nations have crumbled because of their unwillingness to support those needed programs within a nation and have fallen to outside aggressors because of that weakness.

Mr. President, I ask unanimous consent for 1 additional minute.

The PRESIDING OFFICER. Is there objection?

Mr. CHILES. No objection.

The PRESIDING OFFICER. Hearing none, the Senator is recognized.

Mr. DODD. As I indicated earlier, the Chiles plan is not perfect. However, I support it because it begins to make the hard choices essential to deficit reduction and sound long-term economic growth. It recognizes our Nation's priorities—education, science and technology, job training, job promotion, catastrophic health insurance, infant mortality and welfare reform. I urge my colleagues to look at this budget carefully, to understand that it does present us with a balanced approach that will put us on a glidepath to reducing deficits and investing in this country's needs, not only for fiscal 1988 but throughout the remaining 4 years for which this budget allocates funding.

We must send a message to the American people that the Congress of the United States is serious about deficit reduction and serious about making the hard choices and setting the priorities to ensure a better future for our country.

Mr. President, I yield back the remainder of my time.

SEVERAL SENATORS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Mr. President, I yield 10 minutes to the distinguished Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland [Mr. SARBANES] is recognized for 10 mintues.

Mr. SARBANES. Mr. President, the budget resolution has been described simply and accurately as "a plan setting out broad spending and revenue targets, to be implemented later in separate budget reconciliation and appropriations bills." Because the resolution for fiscal year 1988, Senate Concurrent Resolution 48, is a sum of many parts, each intricately connected with the others, the debate now underway will for the most part be narrowly focused—on the details of the resolution pending before us, on the trade-offs possible or desirable, on the constraints imposed by the extraordinary budget deficits which are a lamentable consequence of the policies of the past 6 years.

To vote on budget proposals is to make decisions which can carry with them long-term implications. A budget should not be a sterile exercise; it is rather an effort to reconcile the limitations imposed by the realities of the present with the longer term requirements—and aspirations—of the Nation. The ramifications of the fiscal year 1988 budget will extend well beyond the 1988 fiscal year. With difficult and complex choices before us, it is important to step back, however briefly, to consider the broader questions of goals and policies which should be an integral part of the budget debate. We ignore these broader questions at our peril.

It was to ensure consideration of the broader perspective that the Humphrey-Hawkins Act, enacted in 1978, amended the Congressional Budget and Impoundment Control Act of 1974 to stipulate that in both Houses "there shall be a period of up to 4 hours of debate on economic goals and policies."

That legislation was introduced and championed in the Congress by our late distinguished colleague, Senator Hubert Humphrey, and led in the House by Congressman AUGUSTUS HAWKINS, who continues to serve with great distinction in that body, where he is chairman of the Education and Labor Committee.

One of the purposes specified by the Budget Act was the establishment of "national budget priorities;" in addition, the act specified that in each House the report accompanying the first concurrent resolution shall include "the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and alternative economic assumptions and objectives which the committee considered." But the Budget Act focused on the objectives underlying "each of the matters set forth" in the budget resolution, and not on the objectives underlying the resolution itself. Humphrey-Hawkins provided the framework for that broader review.

At no time in the 12 years since passage of the Budget Act has it been more important for us to address the question of underlying goals and policies, to undertake the broad review which the Humphrey-Hawkins Act called for. We live today in a profoundly changed and changing economic environment, where for the first time in our history a rising U.S. standard of living will depend on the ability of the American economy to perform effectively in the international economy. Recent trends in the international performance of the American economy raise urgent questions about our ability to compete in world markets. The U.S. merchandise trade deficit last year reached an unprecedented $170 billion. A massive inflow of capital from abroad has financed these extraordinary deficits, and because we have run these large trade deficits over the last few years America has gone from being the world's largest creditor nation to being the world's largest debtor nation. We are now a debtor nation for the first time in 65 years.

The erosion in our international position has been so pronounced and so deep that even the 1987 report of the President's Council of Economic Advisers acknowledged that "the trade balance has deteriorated against virtually all major trading partners and in virtually all major product categories."

To recover the ground lost in the past 6 years will take many years. Our current debtor status means that eventually we will have to turn our merchandise trade deficit into a surplus to pay off the debts accumulated in the past several years. If this is to be accomplished without reducing our standard of living, we must do more now to build a strong and competitive economy.

We must therefore focus on the question of economic growth—in both the United States and world economies. The recent record with respect to growth is disappointing at best. Last year real GNP in the U.S. grew only 2.5 percent, while output in the entire industrialized world grew only 2.4 percent. For this year the consensus among private forecasters is that U.S. GNP will grow by a sluggish 2.4 percent, while the IMF has revised its estimates downward to predict growth in the industrialized world at only 2.25 percent.

At home sluggish growth has clearly undesirable consequences, among them the following:

Slow growth aggravates the sharp disparities between regions in the United States, many of which have had a very difficult time in this economic recovery;

Slow growth makes more difficult the already difficult process of adjustment to rapid and fundamental changes in the economy;

Slow growth leaves an unacceptably high proportion of American workers unemployed, or employed part-time involuntarily, or even relegated to the category of "discouraged workers" who have given up hope of ever finding a job and left the job market entirely. By the end of 1986 the civilian unemployment rate, which rose during the last recession to nearly 11 percent, had just about returned to the 1980 level—7 percent as against 7.1 percent.

I want to emphasize the importance of that unemployment figure, stuck at what is, by any measure, an unacceptably high level. In March of this year, with civilian unemployment at 6.6 percent, 7.9 million willing workers were unable to find jobs in the American economy. Another 5.5 million willing workers were working part time, not because they chose to do so but because they were unable to find full-time employment. An estimated 1.2 million Americans were officially classified as "discouraged workers"—out of the job market, having given up hope of finding a job in our apparently prosperous society.

Bringing down the unemployment rate has hardly been a major accomplishment of the current recovery. What success there has been is relative: relative to the double digit rates of 1982 and 1983; from September 1982 through June 1983 the rate actually exceeded 10 percent—for the first time since 1940—peaking at 10.7 percent in November 1982.

The current rate, while clearly an improvement over the recession figures, is barely better than it was in 1980, when it was 7 percent. In other words, the economy has been running hard for nearly 7 years simply to avoid losing ground.

While there can be debate over the definition of "full employment," there can be no complacency over the performance of the economy when it comes to providing employment opportunities for all our people in all regions of the country. The Employment Act of 1946, enacted at a time of vivid personal memories of the hardships of the depression and in the face of the challenge of the postwar era, explicitly recognized "full employment and production" as primary national objectives. The Humphrey-Hawkins Act reaffirmed that recognition.

It is worth remembering that for every percentage point reduction in the employment-unemployment rate, an estimated $40 billion comes off the deficit. That is, if the unemployment rate today were at 5 percent instead of hovering close to 7 percent, we would benefit roughly $80 billion in dealing with the deficit question, and the Nation would reap the benefit of the increased production which would flow from the millions of people who would be working instead of sitting idle.

Sluggish growth abroad means ever greater pressure on U.S. domestic markets by foreign producers. For the past several years the United States has offered the world's only rapidly growing market. Faster growth abroad, in both the industrialized and developing nations, will help ease the process of reducing the United States trade deficit and also the West German and Japanese trade surpluses—of restoring the necessary balance to the world trading system. In the absence of stronger growth, trade frictions and the associated economic and political tensions will grow more severe.

More vigorous growth, a more competitive economy and expanding employment are objectives that can and must be sought concurrently. One cannot be achieved at the expense of another. If they are to be achieved, however, careful attention must be paid to fiscal and monetary policy.

In addressing current budget issues, the goals for the future must be kept in mind as we focus on today's difficult choices. A commitment to prudent investments is essential in a number of pivotal areas—among them education, job training and retraining, health, research and developing and physical infrastructure, all of which represent investments in building the future strength of our economy. The challenge is to develop policies consistent to the maximum extent possible with our long-term objectives for the economy. The solution must be in seeking those objectives.

Mr. BINGAMAN. Mr. President, today, as we consider the budget resolution it is especially important to raise the question of our long-range goals. More than another other single piece of legislation, the budget is the reflection of the Federal Government's goals and priorities. This year, as the Senate begins work on a comprehensive trade and competitiveness package, it is especially crucial to examine those long-range goals and priorities.

One of our long-range economic goals should be restoring the economic competitiveness of American industry. Much has been said about competitiveness. The term has come to mean many things to many people. Whatever we may think of the term, we must keep in mind that the purpose of competitiveness is to raise America's standard of living. According to the Young Commission:

> Competitiveness is the degree to which a nation, under free and fair market conditions, produces goods and services that meet the test of international markets while simultaneously maintaining and expanding the real incomes of its citizens.

Many equate our problems in competitiveness with our trade deficit. Trade is a major problem. Our merchandise trade deficit in 1986 was $170 billion, an increase of 20 percent over the deficit in 1985. Our current account deficit climbed in 1986 to $140 billion from a record $118 billion in 1985. Even more worrysome, our past trade surplus in high-technology goods has disappeared—in 1986 high-technology goods trade went into deficit for the first time.

However, the problem facing America is not simply a trade deficit but the decline in America's standard of living. Real wages in manufacturing declined by 4.3 percent from 1973 to 1985. The median real family income decline about 5 percent between 1973 and 1985. High real wages can only be sustained by high productivity. Yet, productivity growth in the United States average only 1 percent between 1976 and 1986—in Japan productivity growth averaged almost 3 percent and in Korea almost 6 percent.

Competitiveness is not just trade, but includes technology, human resources, capital formation, and international economic policy.

Technology is another area of concern. U.S. nondefense R&D expenditures remain well below both Japan and West Germany. As a result, more of our technology comes from abroad. The percentage of U.S. patents received by U.S. residents has decline from almost 80 percent in 1965 to about 55 percent in 1986.

In human resources, the problems in education is especially worrysome. A survey of reading skills found that less than half of American 17-year-olds performed at higher than basic or intermediate levels.

In capital formation, America has become the world's largest debtor nation. We continue to finance our budget deficit with borrowing from abroad.

Issues of Third World debt and international economic policy coordination are also important to the continuing economic development of our Nation. Our domestic policy toward competitiveness must be coordinated with our international economic policies. America's competitiveness rests on a healthy and growing world economy.

Mr. President, the list of our competitiveness problems could go on. To begin to correct these problems, we must make the goal of restoring our economic competitiveness, with the purpose of raising the standard of living, a major priority of our economic policy. But we must keep in mind that competitiveness is a long-term concern. It is not something we will solve overnight. Competitiveness will require our continuing attention, especially during the consideration of this and future budgets.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield as much time as the distinguished Senator from Wyoming requires.

Mr. PROXMIRE. Mr. President, will the Senator yield me 30 seconds?

Mr. WALLOP. I am pleased to yield to the distinguished Senator.

Mr. PROXMIRE. I thank my good friend from Wyoming being so gracious, I know, patiently waiting on the floor.

Mr. President, I want to commend the senior Senator from Maryland, who is also chairman of the Joint Economic Committee, for taking the initiative to hold this colloquy. The Congressional Budget Act of 1974, in fact, requires that there be a debate on economic goals and policies following the presentation of opening statements on the first concurrent resolution on the budget. Never has such a debate been more urgent than today.

Of course, Congress understood when the Budget Act was adopted that enactment of a congressional budget would have profound effects on the economy and that it is of fundamental importance to continually review and remain aware of economic goals and policies during consideration of the Federal budget.

I could not agree more with my distinguished colleague's statements about the Federal deficit. The importance of the deficits, in the context of present economic conditions, cannot be overemphasized.

Many of the most serious economic problems can be traced to dissaving by the Federal Government. All of us are aware of the incredible increase that has occurred in the national debt. The debt has gone from $1 to $2 trillion in about 5 years, and may well exceed $3 trillion by 1989. The Federal deficit, which has also climbed to alarming heights in the past 5 years, may be edging downward. But I want to stress the words "may be."

If interest rates continue to increase, the interest on the national deficit will climb and offset much of our efforts to reduce the Federal deficit. I have calculated that an increase in interest rates of 1.5 percent would cancel the administration's proposed fiscal year 1988 spending cuts by about $15 billion.

It is my own view that rapid rollback of the Federal deficit is not the most important thing in economic policy today—it is the only thing. The fact is that, given the age of the current economic recovery, we are in a race to reduce the Federal deficit before the next recession. The deficit could climb to the $300 to $400 billion range if the next recession occurs before substantial progress in reducing the deficit has been achieved.

I do not believe the economic goals of full employment, balanced growth, and international competitiveness are attainable so long as the Federal deficit is at a dangerous level. It is from this perspective that I assess budgetary proposals.

I do not advocate cutting all Federal programs. Indeed, there is justification for increasing some programs. But the overall trend must be to reduce the size of the Federal deficit. I would support an increase in Federal revenues so long as the increase is dedicated to reducing the deficit.

I thank my good friend from Wyoming.

Mr. DOMENICI. Mr. President, I yield as much time as the distinguished Senator from Wyoming desires.

I tell the Senate from our side I understand that Senator WILSON, the Senator from California, desires to speak following Senator WALLOP. We have no other Senators who desire to speak in the near future so it is Senator CHILES, the chairman and my intention after those two speeches to ask that the Senate go in recess until about 1:30 and we are trying to arrive at a time certain for a vote on the pending Chiles amendment.

I now yield to the Senator from Wyoming.

The PRESIDING OFFICER (Mr. REID). The Senator from Wyoming is recognized.

Mr. WALLOP. I thank the distinguished Senator from New Mexico and the Chair.

Mr. President, I am once again amused by the propensity of this body to focus on anything but what is in front of us. Slow growth, et cetera, can be a topic of interest, but it is not to be solved by this budget. Defense of America is not resolved by the single announcement of a dollar figure over the next 4 years, but only in the relationship of that figure to the needs and sustainability of strength, of troops and readiness, and advance necessary to the survival of freedom and democracy in this country. So Senators talk grandly of cabbages and kings, but certainly not of the budget.

There is no doubt, indeed there is certainty in the mind of this Senator, that the budget is a disaster and the budget process is on the verge of chaos. Indeed, I suspect the verge has been passed and chaos is now omnipresent.

The budget resolution under debate is a disaster both from a national perspective and particularly it is a disaster for Western States as my colleague from New Mexico so coherently explained.

I have a parochial problem that is equivalent to that of the Senator from New Mexico with this budget resolution.

While the resolution, on the whole, ignores fiscal responsibility, what budget reductions that are proposed are totally and highly irresponsible. The budget resolution has targeted the Western States for the harshest cuts. My State of Wyoming, that of Montana, North Dakota, Colorado, Nevada, Arizona, and all other Western States will find nothing to cheer or support, in this budget resolution.

On the macrolevel, the total impact of the Chiles plan on the Western States for fiscal year 1988 will be budget cuts of $554 million. For the Eastern States, programs that are specific to that area will have cuts of $7 million. Thus, for every cut of $1 in spending in the East, the West will have to bear cuts of about $80. Over the next 4 years, the East will face cuts of $228 million, while the West will have $3.1 billion in cuts. At best the West will have budget cuts a little more than 10 times those faced by the Eastern States.

Some might think that there is a lot of fat out West and that these cuts are somehow or another appropriate. The truth of the matter is just the contrary. These are lean times in the Western States. Louisiana has the highest unemployment levels in the Nation, and Western States such as Texas, Oklahoma, and Wyoming are not very far behind. The reductions in Federal spending most often involve western lands which are owned by the Federal Government. The Western States cannot tax the land nor the products coming off of these lands. This is a luxury which has been reserved to the Eastern States which do not have a Federal presence except in enclaves such as Washington, DC—which is heavily subsidized by the Federal budget.

Let me walk through just one and there are many of the proposed cutbacks affecting my region of the country. This is budget function 850, receipt payments to the States. Some might think this is a slush fund replacing general revenue sharing. The truth is that receipt payments to the States are payments for resources removed from the lands in each State. Unlike States of the East and those east of the Mississippi the Western States cannot simply find some means of applying ad valorem or severance taxes to these depleted resources. We cannot because the lands are Federal lands, and the States cannot tax the Federal Government. To resolve this inequity, the Federal Government is required by law to share the revenues from these resources with the States where the resources were located. The receipt payments are not a Federal gift to the States. The largess of the East to the Western States. They are an obligation because we supply the services of law enforcement, of fire, and civil requirements to these lands.

We educate the children of these employees, we provide police services and fire services to these lands. The funds are State funds and the Federal Government is simply returning the funds to the States. This is not a Federal appropriations to the States, and their local governments. It is a statutory obligation created by the sale of natural resources in a particular State. Yet, the Chiles plan would cut these funds which actually belong to the States as part of the facade of meeting the deficit reduction targets of the Gramm-Rudman-Hollings Act.

This resolution, the Chiles plan, is a measure that no Western Senator, regardless of party, can vote for without harming his or her State. It is a plan with nothing but ill-will for the West. It is, in fact, regional warfare! It would overthrow a carefully constructed relationship between the Federal Government and the States going back almost a century. Ignoring this intergovernmental partnership is another attack on the principle of federalism and States' rights under the Constitution. It is a bad plan, and there are other bad plans with this budget. It is bad for the Western States, but it is also bad for the budget process. It must really be defeated.

Mr. President, I began by saying that the budget process is in shambles. Look at this procedure—the Budget Committee did not report one, but four budget resolutions to the Senate. Presumably, we thought we might provide Senators with a menu of budgets to suit everyone's tastes. In reality, the committee has presented us with four unpalatable choices. We either vote for higher taxes and more Government spending, with the exception of our defense and national survival, or we vote to ignore our deficit reduction targets. Then any vote we cast is irresponsible. Yet, by some incorrigible and devious device, Senator CHILES would cloak us in "deemed"—to use the vernacular word—responsibility. Deemed by whom, one might ask? Deemed, I say, by the craven action of majority vote, where the supermajority demanded by a law, that we all proclaimed wonderful last year, which was passed.

We have, perhaps, one last opportunity, somewhere along the line, to bring the budget process under control and reduce deficits. By May 15, we have to pass a debt ceiling extension to fund the Federal debt of $2 trillion. I cannot, and most Americans cannot, imagine what that figure means—$2 trillion. Some would have us measure dollar bills stacked to the Moon and back and some would have us do all kinds of things, but it is beyond comprehension to all of us what that means, except that it means that we are not doing what we all set out to do.

Now, with the direction we are taking with the proposed Chiles budget resolution, that debt will continue to climb, not at a reduced rate but at an accelerated rate on what we said we were going to impose upon us by the discipline of Gramm-Rudman-Hollings but which we deem not to be our responsibility anymore.

If we were to pass this resolution it will be a formal declaration that the 100th Congress—that is a nice round figure, the 100th Congress—will have surrendered to the deficit and is at the same time in the process of surrendering to worldwide advances of the Soviet Union and Marxist revolution. With what do we intend to resist it when defense declines below Carter levels? With what will we resist it while visions of global solutions proposed by the administration are denied to the executive branch and held in Congress for momentary reaction to politically popular initiatives?

Not a foreign aid carefully designed to expand and enhance the U.S. presence here and there in the world on a policy basis, but on the momentary passing of a popular political whim that might arise at some moment in time that catches the fancy of this body, that has little to do with the overall presence and projection of U.S. forces and power in the world.

The budget lacks a vision of America in the world. It cannot conceive of American policy, only American reaction. It is budget without national hope. It is a budget of venal political self-interests, no defense, no policy, high tax, and self-indulgence unworthy of America. That is the hallmark of this resolution. It is unworthy of those who went before us and it is debilitating to those who must succeed us. Some day, somewhere along the line, the United States must come to grips with national responsibility, national purpose, and American presence in the world.

It is a budget of midgets; yet even midgets can have courage. Those are not the midgets who offer this to us. This is a budget which we really must look at carefully. It pits regions of the country against each other. It decreases and debilitates America's defense. It removes our projected presence and ability to react to world solutions. It removes, even more importantly, our ability to influence global solutions to identifiable problems. It denies us, as a government, that opportunity. It holds that in the hands of political opportunism operating day to day in the Congress of the United States, whether in the Senate or in the House.

It is my hope that somehow or another in this process—it is not my expectation—that we come to grips with what is presented to us and deal with it as it ought to be dealt with and go back and do the job that Gramm-Rudman-Hollings tells us to do and not deem our responsibility met by a majority. But if it is, in fact, the purpose of this Senate to raise the deficit $34 billion, let us take the supermajority that we required of ourselves. Let us take the process that we crowed about but a year ago as putting us on the road for national resolution of huge deficits and an inability to cope with ever-rising, and ever-functional dimensions of expenditures in this country that have no relationship to a plan and only a relationship, one, to reelection and, two, to popular political moments.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the distinguished Senator from California desired to speak for about 10 or 15 minutes. He is unavoidably detained for a few moments.

If there is no one else desiring to speak, I suggest the absence of a quorum. He will be here shortly. That is our last speaker that I know of during this period.

The PRESIDING OFFICER. Does the Senator wish the time to be equally divided?

Mr. DOMENICI. I ask unanimous consent the time on the quorum call be equally divided.

The PRESIDING OFFICER. Without objection, that is the order.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I yield off the resolution as much time as the junior Senator from California, Senator WILSON, desires at this point.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. WILSON. Thank you very much, Mr. President. I thank my friend, the distinguished senior Senator from New Mexico.

Mr. President, it is difficult for me to really imagine that the Senate is debating this measure and that it has come to us in the fashion that it has. We are all familiar with the ancient story about the child who cried out that the emperor wore no clothes. Here we are saying effectively, by the substitution of a completely different set of economic assumptions, do not say that; he really does have clothes. You just cannot see them. Or it is as though a recipe for a cake called for butter but instead the cook has only lard. But assuring his guests that in fact the lard is really butter, he goes ahead and makes the cake, and it does not taste quite the same, but we are supposed to say that it is a fine cake. Or perhaps the most appropriate analogy is to say that it is as though there were a gaping hole in the middle of the floor of a room, that while we worry for fear that someone may stumble and fall and injure themselves falling into that hole, instead we have simply addressed that hazard by literally papering it over.

Well, of course, the danger continues to exist and the danger is to the taxpayer, not just today's but to the future generations whose future we are mortgaging as we continue to leave the deficit unaddressed. That will happen if we say this hole really does not exist. Well, the danger is, of course, that we will fall through it because the economic assumptions of this entire budget that the distinguished Senator from Florida has offered is something that is false. But what is real in it in addition to the danger that I have described is another very specific danger because while it seeks to increase spending in a variety of ways, it achieves some fictional balance in the budget, or rather it achieves some fictional target level toward deficit reduction by savaging defense spending.

And it is that aspect that I wish to concentrate upon, Mr. President, for just a few moments hoping to point out to colleagues on the floor who are seriously concerned with our credibility at a time when we seek serious arms reduction. There are many colleagues who worry as to whether or not our military credibility will warrant our being able to achieve those reductions and still retain credibility if we in fact reduce the nuclear arsenal with which the superpowers confront one another in Europe. There is grave concern on the part of many that we have left unaddressed the imbalamce in conventional superiority which the Warsaw Pact threatens our NATO allies with.

The amount of cut in this proposed budget to our defesne spending is simply not a matter that we can shrug off because for the past 2 years, Mr. President, this Congress has imposed real declines upon defense spending—real declines of almost 7 percent below the fiscal year 1985 level. This year, if we were to follow the House and the Chiles budget, will mark the third consecutive year that we have engaged in a real decline in negative growth for America's defense. Specifically how much? Well, the Chiles proposal threatens to cut $14.7 billion in outlays from our defense request for 1988, and of course the House proposal is even more irresponsible. It would cut even more, $16.6 billion. And a cut of $16 billion in outlays can work an unlimited amount of mischief in a variety of ways as a threat to our overall credibility in terms of national security.

Now let me take a few moments to point out not fictional horrors but the realities that we are confronted with if in fact we have to swallow these incredible and irresponsible defense spending cuts. I doubt that anybody on this floor favors reductions in force structure. I doubt there are very many people here who wish to cut pay at a time when we recognize that we should be increasing pay for the military, increasing benefits, or otherwise we cannot realistically expect to compete at a time of an All Volunteer Force for the kind of young men and women that we expect to provide a quality military force. We will drop further and further behind the private sector. We will not be paying anything like comparable wages or benefits, and we will lose that competition. There is no mystery, and no great suspense.

Mr. President, what is asked for is that we do things either to manpower or to procurement or to research and development that quite literally threaten to cripple our ability to maintain a credible defense force. Specifically, in 1988 our prior year obligations, those things for which we have already entered into a contractual obligation, total $117.5 billion. It is 40.6 percent of our total DOD outlays. Now if we decide we are going to cut in that area, Mr. President, it does not make a great deal of sense. It is perhaps the worst of all possible worlds, because, No. 1, we will not get what we are already obliged to pay for and, second, we have remained obliged to pay for it, at least to the extent of contract damages for breach of contract. So we do not get the goods but we have to pay what the contractor was reasonably expected to win as profit. That is a doubtful bargain. I do not think anybody thinks that would be a wise thing to do.

I doubt also that we think that it would be a very smart thing in a time when this floor is a buzz of talk of readiness, combat readiness, operational readiness, to totally debilitate any hope we might have of maintaining or achieving a greater readiness. What we are talking about in terms of readiness, Mr. President, has to do with training. It has to do with live fire exercises. It has to do with maintenance of aircraft, of tanks. It has to do with all of the operational requirements, all of the support for our combat forces, and that does not come free. It does not even come cheap. It costs $9.9 billion, almost $10 billion—3.5 percent of the fiscal year 1988 DOD outlays.

If I were to suggest we do that, there would be an outcry from many on this floor that such cuts would in fact be irresponsible, and that would be true. And yet it is one of the unhappily obvious alternatives to which we may be forced to turn if we adopt the Chiles budget.

Mr. President, we could get into elaborate detail but we do not have time. But if you look at just three areas of the defense budget, pay, prior year obligations, those for which we are already on the horn legally, and if you look at the operational requirements so that we can have some hope of maintaining readiness, if you take all of those and say those really are unwise, we should not consider those, those have to be considered off limits as we seek ways to cut defense spending, then it is my unpleasant duty to inform the Members of this body that we do not have a whole lot left in the way of options—only about 10.4 percent of the Defense Department budget or, in outlays, roughly $30.2 billion. That is all that remains when you set aside those other things that are so unwise to cut.

Let us just take half of that gap. Let us take $16 billion. That is what the House budget would require we cut, and the Chiles budget is essentially the same, though it is slightly less.

One thing we can do is eliminate all procurement in fiscal 1988. We could just terminate procurement of aircraft, ships, missiles, tanks, wheeled vehicles, ammunition, all of the so-called other procurement items, which are absolutely essential to the functioning of the armed services.

People would say, "But that is unthinkable; it is just a drastic, draconian cut that would leave us in an untenable position." It would also, I might add, save us less than $13 billion in outlays in fiscal 1988 spending. But what it would do is it would so undermine our credibility that it would be a virtual invitation to the Warsaw Pact and the Soviet Union to look not to next year but to about 10 years from now when we have foresaken all thought of modernization and they are at such marked advantage that we really cannot say in good faith to our young men and women, "Yes, we are asking you to stand ready to go to war, but, admittedly, in inferior tanks, in inferior aircraft whose combat performance does not really offer you much of a chance to survive against the superior Soviet aircraft and tanks."

I do not think that many people on this floor are willing to do that.

To avoid it, Mr. President, we have to engage in what is called modernization. We do not spend as much as I think we should on research and development, to see to it that we do not come to that sorry past. And yet, if we were to decide, well, the easy way, the path of least resistance to meet our obligations under the Chiles budget, is to simply cut research and development, we would wipe out 76 percent of the R&D accounts, if we look to R&D to absorb the blow.

This would mean terminating virtually every major undertaking in research and development, and that, Mr. President, is to invite catastrophe. It is to invite extortion in about 10 years' time, when our disadvantage is so marked, so clear, that we are, in fact, clearly incapable of winning a war on any grounds in any theater.

Or we could simply terminate all new starts, all the controversial programs. We could say, whether in procurement or R&D, we just will not begin on things like modernization of our intercontinental ballistic missile program. We will forget the strategic defense initiative. We will simply say, yes, it is better to save lives than to avenge them; that it would be a wonderful thing if we could really make implausible a Soviet first strike against the United States, but, gosh, we cannot do that.

We would have to terminate Asap, the C-17 transport that is necessary for us to have any kind of honest expectation that we can attain the master aircraft plan.

It would mean that we would have to give up on fighter modernization and even fighter production.

The advanced-technology fighter we would simply consign to the realm of wished-for dreams, and, of course, when we do so, we would be saying to our fighter pilots in the future, "Gee, we are terribly sorry, but when you scramble, it will be with the knowledge that you are in an ancient aircraft of ancient design, of inferior avionics, inferior dogfighting capability."

I do not want to say that to young men and women who we ask to serve in the armed services. I do not want to say that we cannot develop an adequate force of Trident II submarines, which will offer us the kind of mobility in our intercontinental ballistic missile program that will, in fact, provide the kind of deterrent that will be very credible to the Soviet Union in preventing them from engaging in first strike.

You know, the tragic thing about all this, Mr. President, is that doing many of these things that I have just described, which I hope my colleagues will recognize to be an unthinkable mistake, would reduce the defense budget by about $38 billion in budget authority, but only about $8.2 billion in outlays, and we would still have another like amount, another $8 billion plus, that we would have to find elsewhere.

I do not think any Member of the Senate could possibly countenance anything so irresponsible.

By the way, if anybody is wondering how were we able to engage in spending cuts in the past, well, let me let you in on what is probably not a secret to anybody who has watched these debates in prior years. We have done it by gimmicks, like moving a payday from one fiscal year into the next and save $2.2 billion. We have done it by accounting sleight of hand. It has been no secret. But it has made adjustments which legally, if not substantively, allow us to comply with the requirements of the law.

And we have done other things. We have required contractors to bear upfront costs of tooling. We have mandated a change, an unwise one, in progress payments to save a billion dollars. We may save a billion dollars by driving some people out of business, particularly the small business contractors who are an essential part of our Defense Establishment.

And what we have done does not achieve credibility, but what we have done is use up all the gimmicks, all the accounting sleight of hand. Now we are faced with the grim reality that without any further financing adjustments what we are going to have to do, if we adpot the Chiles budget, is so savagely and irresponsibly cut defense spending that if there is any clear understanding of its import we will make recruiting very difficult because it will be impossible for us, in good faith, to say to the young men and women of America, "Not only do we expect you to stand ready, but we are not able to give you what you deserve as we ask you to take the field in defense of American liberty and that of our allies. That is the best that technology can afford."

That is what we have done in the past. We have never asked young American men and women to don the uniform of the United States without having the assurance that they were going to be equipped with the best. We have never asked them to risk their lives without the assurance that the risk would not be an undue one.

Now we are saying the risk is enormously magnified. We are saying, "The countermeasures that are being developed by the Soviet Union will not receive any counter on our side, not because it is beyond the grasp of our technology, not because we are technologically incapable of giving you the best, but because the Chiles budget requires that in order to engage in other spending of a much lesser priority, we are going to simply so dramatically shorten defense spending that the risk is on you."

Mr. President, that is unconscionable. It is not something that any Member of this body could in good faith, with clear understanding of what he or she is doing, possibly vote for.

The level that we are being asked to vote for would prune us back so far that it would take us back to the dismal days when on both sides of the aisle in this body in the last years of the Carter administration there was a sense of ourtrage because we had achieved a hollow Army, an inadequate Navy. It was very clear then, Mr. President, that we were in very serious jeopardy of encouraging our allies to breach their obligations with us and to seek to cut their own deal with the Soviet Union so that they might be the last that the tiger would eat.

Mr. President, there is an infinite body of detail that we could go into, but it is beside the point. The basic points I have made. Others on this floor will follow me, I am sure, and will seek to reemphasize in one particular or another the lack of wisdom of the policy that is compelled by the adoption of the Chiles budget. There are no words that can adequately express how dangerous it would be for us to do so. So there are two very compelling reasons to vote against the Chiles amendment.

The first is that it is phony. The discussion of these economic assumptions, choose your own analogy, is papering over a gaping hole in our floor; and, second, it is asking us, or more accurately the young people of America who we are asking to serve in an All Volunteer Force in our defense, to do so with hopelessly inadequate equipment, hopelessly inadequate living conditions.

I want no part of that, Mr. President, and I intend to have no part of it.

I thank the Chair and I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILSON. Mr. President, I ask unanimous consent that further proceedings under the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILSON. Mr. President, I ask unanimous consent that the calling of the quorum, which I will next suggest, be equally charged to both sides.

The PRESIDING OFFICER. Without objection, that is the order.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, during the next hour or hour and 15 minutes or so, there will probably be consultations going on off the floor with reference to the budget.

In any event, I am told by the manager on this side—and it seems to be agreeable on the other side of the aisle also—that the Senate could very well stand in recess for 1 hour and 15 minutes. Rather than recess, I will therefore ask unanimous consent that I speak out of order for as much time as I may require on one of my series of statements with reference to the history of the U.S. Senate. This will be utilizing the time of the Senate rather than just spending it for a quorum or for a recess. And so, acting on the suggestion of the manager of the budget resolution, who has recommended that the Senate perhaps stay in recess until 2 o'clock, I ask unanimous consent that I may speak out of order and that I may utilize time equally charged against both sides. I have cleared this on the other side of the aisle as well.

The PRESIDING OFFICER. That will be the order, hearing no objection.

The majority leader is recognized.

Mr. BYRD. I thank the Chair.

Mr. President, recently I spoke on the subject of the treaty powers of the U.S. Senate under the Constitution.

Today I shall speak on the subject, "U.S. Senate Rejection of Treaties." This will be a brief survey of past instances in which treaties have been rejected by the Senate.

THE UNITED STATES SENATE

U.S. SENATE REJECTION OF TREATIES: A BRIEF SURVEY OF PAST INSTANCES

Mr. BYRD. Mr. President, under the Constitution, the Senate has a vital role in the making of treaties. Article II, section 2 (2) states that the President "shall have Power, by and with the Advice and Consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur."

Although they are negotiated by the executive branch, treaties may not enter into force and become binding on the United States without the advice and consent of the Senate. International agreements concluded by the executive branch and not submitted to the Senate are classified in the United States as executive agreements, not as treaties, a distinction of domestic significance only. International law regards each mode of international agreement as binding, whatever its designation under domestic law.[1]

When treaties are submitted to the Senate, the Senate has several options for action. The Senate, itself, does not ratify treaties. It may vote on whether or not to authorize ratification of the treaty and, depending on whether a two-thirds majority votes in favor or not, approve or reject the treaty as it has been submitted. It may make its approval conditional by including in the resolution of ratification amendments to the text of the treaty, reservations, understandings, interpretations, declarations, or other statements. This leaves to the President and the other countries involved decisions as to whether to accept the conditions and changes in the legislation, renegotiate the provisions, or abandon the treaty. Finally, the Senate may take no definitive action, leaving the treaty pending in the Senate until withdrawn at the request of the President or, occasionally, at the initiative of the Senate.

The purpose of my statement today is to identify past occasions when the Senate has exercised its role in the treaty-making process in such a way that treaties never entered into force. It distinguishes among instances in which treaties were (a) rejected in a Senate vote; (b) approved with conditions subsequently refused by the executive branch or other countries; and (c) never voted upon by the Senate.

In the case of most treaties submitted to the Senate, it has given its advice and consent to ratification and the ratification has subsequently been signed and deposited by the President. From 1789 through 1986, the Senate approved more than 1,500 treaties, approximately 90 percent of the treaties submitted to it.[2] Only 20 treaties have been rejected by a Senate vote because they failed to receive the required two-thirds majority (listed below in section A). Most often, the Senate has simply not voted on treaties that were deemed by the leadership not to have sufficient support within the Senate for approval.

At this point, I call attention, as an example of what may happen, to the fact that there are two treaties presently on the Executive Calendar. The first is a treaty with the Union of Soviet Socialist Republics on the limitation of underground nuclear weapon tests, and the protocol thereto, commonly known as the Threshold Test Ban Treaty. The second treaty is a treaty with the Union of Soviet Socialist Republics on underground nuclear explosions for peaceful purposes, and the protocol thereto, commonly known as the Peaceful Nuclear Explosions Treaty.

Mr. President, those treaties were reported by the Senate Committee on Foreign Relations on February 27 of this year.

Before Reykjavik, last October, the President committed himself to the Congress to support these two treaties as a first order of business when the Congress convened anew this year as the 100th Congress. Before going to Reykjavik, the President requested the Congress to remove certain language that had been added to, I believe, a continuing resolution by the House, which he felt constituted restrictions that would bind his hands during the summit meeting with Mr. Gorbachev at Reykjavik.

That was a meeting, of course, which was not admitted to as being a summit meeting. In the President's own words, it was a base camp on the way to the summit—a summit that wasn't a summit. But any time the President of the United States sits down with the leader of the Soviet Union, that is a summit. Call it anything else, if you wish; it is a summit. It involves the top leaders in both countries.

So the President asked the Congress to remove those restrictions; and he made a commitment to the effect that if the Congress would remove those restrictions, which essentially would be binding on him, would tie his hands at Reykjavik—he then would support the approval of the ratification of these treaties by the Senate, with verification language added.

The Foreign Relations Committee added the verification language that the administration wanted with the treaties, but the President has not given his support to the Senate approval of the ratification of these treaties. I have urged him to do it. I have talked with him personally. I have written him a letter. To date, that letter has not been answered.

I took a copy of it to the White House and presented it personally to the President and was promised a response, and to this date I have not received a response.

My position is that if the President does not support these two treaties that are on the Executive Calendar, if he does not support them in compliance with his own commitment and his own promise, I cannot hope to get a two-thirds vote on this floor, because we are not going to have the support of the other side of the aisle. If the President will not support the treaties, I cannot deliver a two-thirds of the Senate, I have only 54 votes here on this side, even if I am able to get them all.

So I need help from the other side of the aisle. I need help from the President. That is where the buck is supposed to stop, at his desk, and he has made the commitment, but he has not kept his promise.

It may very well turn out, Mr. President, that these two treaties that are on the Executive Calendar at this time will turn out to be two treaties that will not have been voted on because the leadership deemed that they would not have sufficient support within the Senate for approval.

I do not want to call up those two treaties and have them rejected because of failure to deliver a two-thirds vote for their approval.

As I say, most often the Senate has simply not voted on treaties that were deemed by the leadership not to have sufficient support in the Senate for approval.

In most cases these treaties have eventually been withdrawn. Of the many treaties approved by the Senate with amendments, reservations, understandings, or interpretations, 43 never entered into force because the reservations or amendments were not acceptable either to the President or to the other country or countries party to the treaty (listed below in section B).

The Senate may very well approve the ratification of a treaty; yet, the President may afterwards decide that he does not want to go forward with the ratification of that treaty. That would end the matter.

There have been at least 85 treaties that were eventually withdrawn because the Senate never took final action on them (listed below in section C). In addition, the Senate Foreign Relations Committee currently has 29 treaties on its calendar that have been pending for more than three years (listed below in section D).

When treaties are submitted to the Senate Foreign Relations Committee they may remain in the committee for years. Treaties are not required to be resubmitted at the beginning of each new Congress and there have been instances in which treaties have been submitted and have lain dormant within the committee for years, even decades without action being taken thereon.

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[1] For a discussion of the issue of executive agreements, see Treaties and Other International Agreements: The Role of the United States Senate: a Study prepared for the Committee on Foreign Relations, U.S. Senate, by Congressional Research Service, Library of Congress, Washington, G.P.O., 1984, 318 p.

[2] Counts of treaties and treaty actions may vary because of differing methods and judgments, such as whether to count a protocol to a treaty as a separate treaty. From 1789 through March 31, 1979, according to the Department of State, the Senate approved 1,393 treaties. From 1979 through March 31, 1986, the Senate approved 131 treaties, based on the legislative activities reports of the Senate Foreign Relations Committee for the 96th, 97th, and 98th Congress and the Committee calendar for the 99th Congress. This totals 1,524 treaties approved by the Senate throughout its history.

TREATIES SUBMITTED TO THE SENATE PRIOR TO FEBRUARY 1, 1984, THAT HAVE NOT ENTERED INTO FORCE AS A RESULT OF THE SENATE'S ROLE

	Number	Percent *
Not finally acted on by the Senate	114	66
Treaty subsequently withdrawn	(85)	(50)
Treaty still pending in Senate	(29)	(16)
Failure of entry into force attributed to Senate modifications or attachments	43	24
Rejected by Senate vote [3]	20	10
Total that have not entered into Force as a result of Senate's role	177	100

*Percent of all treaties that have not entered force because of Senate role.

[3] Two treaties are included in both the rejected and the pending column. The Treaty of Versailles was rejected twice. Several defeated treaties were reconsidered, but none were ratified.

Senate action is not the only reason that various treaties signed by the United States have remained "unperfected treaties" and never entered into force. In some cases treaties have never been submitted to the Senate although they have been signed. In others, the ratification process has not been completed by the President, as I indicated a moment ago, even though the Senate has given its approval. In still other cases, treaties have not entered into force because of actions of other nations.

A. TREATIES REJECTED BY THE SENATE

Following is a brief description of the instances in which treaties were voted upon but failed to receive a two-thirds majority in the Senate.[4] No attempt is made to analyze reasons for the defeats. It would usually be difficult to separate factors involving executive-legislative tension, personal, factional and partisan politics, and arguments on the merits of or philosophy embodied in the substance of the treaties.

Two treaties that were submitted to the Senate as unsigned drafts—a proposed loan agreement with Mexico in 1861 and a commercial reciprocity treaty with Canada submitted in 1874—are sometimes listed as having been rejected. In the first case the Senate adopted a resolution 28-8 that it was not advisable to negotiate the treaty. The second draft was defeated by voice vote. These are not included here because they are examples of prior consultation rather than of rejection of completed treaties.

It might also be noted that the two most recent treaties listed as rejected, the Optional Protocol for the 1958 Law of the Sea Convention (Ex. N, 86-1) and the Montreal Protocols relating to International Carriage by Air (Ex. B, 95-1) remain pending on the Senate Foreign Relations calendar. In both cases a motion to reconsider was entered but not taken up. In at least one recent instance, a treaty has been approved after being rejected and then reconsidered. The tax convention with the United Kingdom with protocols (Ex. K, 94-2; Ex. Q, 94-2; Ex. J. 95-1) was rejected by a vote of 49-32 on June 23, 1978, and a motion to reconsider agreed to. On June 27, 1978, the treaty was approved by a vote of 82-5.

1. Treaty with Colombia on suppression of the slave trade, December 10, 1824

This was the first international treaty absolutely rejected by the Senate. (A treaty with the Wabash and Illinois Indians had been rejected in 1794.) The treaty was taken up on the last day of the session, March 9, 1825. The primary article containing the substance regarding cooperation in suppressing the slave trade was put to a vote, and 28 were opposed and 12 in favor. When the treaty without the first article was voted upon, all forty votes were cast against.

2. Treaty with Switzerland on property rights, March 6, 1835

The treaty was submitted to the Senate on December 24, 1835, and rejected on June 11, 1836 by a vote of 23 to 14.

3. Annexation treaty with Texas, April 12, 1844

Submitted during an election year, the treaty providing for annexation of Texas by the United States became the subject of intense political debate. The treaty was reported without amendment from the Senate Foreign Relations Committee on May 10, 1844, and defeated in the Senate on June 8, 1844, by a vote of 35 opposed to 16 in favor. The results of the election later in the year were interpreted as popular support for the annexation of Texas, and this was accomplished at the next congressional session by joint resolution.

4. Commercial convention with Prussia, March 25, 1844

A convention for mutual reductions in trade duties. The treaty was laid on the table by a vote of 26 to 18 on June 15, 1844. It was reconsidered and tabled again on March 3, 1847.

5. Treaty of Transits and Commerce with Mexico, December 14, 1859

The treaty was transmitted to the Senate on January 10, 1860 and defeated on May 31, 1860 by a vote of 18 to 27. Although the Senate voted to reconsider the treaty on June 27, 1860, it took no further action.

6. Claims convention with Spain, March 5, 1860

A convention for settlement of claims based on injury to U.S. persons or property in Cuba also permitted Spain to present the claims of a Spanish ship, the Amistad, against the United States. The treaty was defeated on June 27, 1860, by a straight party vote of 17 opposed and 25 in favor.

7. Reciprocity treaty with Hawaii, May 21, 1867

A treaty providing for commercial reciprocity with Hawaii was submitted on July 13, 1867. It was first laid on the table by a vote of 30 to 21. Although this was equivalent to rejection, a second treaty extending the time limit, signed July 28, 1868, was submitted. The second treaty was defeated by a vote of 19 opposed and 20 in favor.

8. Claims convention with Great Britain, January 14, 1869

The treaty provided for the arbitration of all the claims of citizens of one country against the other. An adverse report was made by the Committee on Foreign Relations on February 18, 1869, and it was rejected by a vote of 54 to 1.

9. Annexation treaty with the Dominican Republic, November 29, 1869

Two treaties, one for annexation of the Dominican Republic and one for the lease of Samana Bay and peninsula, were sent to the Senate on January 10, 1870. The Committee on Foreign Relations reported the annexation treaty unfavorably. The vote of the Senate on June 30, 1870, was 28-28.

10. Treaty on claims against Mexico, July 13, 1882

A treaty to retry certain claims against Mexico was submitted to the Senate on July 26, 1882, and rejected first in January 1883, by a vote of 33 to 20. Immediately afterwards, a motion was made to reconsider the vote and the treaty was kept before the Senate and considered from time to time. On April 20, 1886, the treaty was again voted upon under the new administration of President Arthur and again rejected by a vote of 32 opposed to 26 in favor. Later Congress conferred jurisdiction over the cases on the Court of Claims.

11. Treaty to construct an interoceanic canal through Nicaragua, December 1, 1884

This treaty, providing for construction of an interoceanic canal through Nicaragua, was sent to the Senate on December 10, 1884. The Senate rejected the treaty by a vote of 32 to 23 on January 29, 1885, and returned the treaty to the President on March 13, 1885.

12. Extradition treaty with Great Britain, June 25, 1886

Although it was reported from the Foreign Relations Committee nine days after submission and debated in the Senate from time to time, the treaty was not made public until April 5, 1888. It was rejected by a vote of 15 in favor to 38 opposed.

13. Fisheries treaty with Great Britain, February 15, 1888

This treaty, providing for a settlement of a dispute relating to northeastern fisheries, was the first to be considered in open executive session.

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[4] Basic list from Department of State. U.S. Congress. Senate. Committee on Foreign Relations. Hearings on Department of State appropriations authorizations, April 3, 4, and 30, 1973. Washington, U.S. Govt. Print. Of., 1973. p. 506.

(Previously, motions to have pending treaties considered in open session had been defeated.) The majority report of the Senate Foreign Relations Committee opposed the treaty while the minority report recommended it. On August 21, 1889, a motion to send the treaty back to the Committee with instructions for amendment was defeated, as were a proposed amendment and the treaty itself. The final vote was 30 against and 27 in favor, completely along party lines.

14. Arbitration Treaty with Great Britain, January 11, 1897

The treaty was submitted to the Senate the same day as signed. After adopting 16 amendments, the Senate voted 43 in favor and 26 opposed to the treaty. Thus it failed to obtain the required two-thirds majority.

15. Treaty of Versailles, June 28, 1919

Political and philosophical differences between the Democratic president and the Republican majority in the Senate were intermingled in the defeat of the Treaty of Versailles, which contained among other provisions the covenant of the League of Nations.

After the printed treaty was laid before the Senate Foreign Relations Committee, the Chairman, Senator Lodge, read the entire 264 page document aloud, taking two weeks. Six weeks of hearings were held, with more than sixty witnesses. The Chairman arranged a public conference between the committee and President Wilson at the White House on August 19, 1919. Feeling that the treaty was losing ground, President Wilson left Washington on September 3, 1919, for a speaking tour of the Nation on behalf of the treaty, but in the midst of it he was paralyzed on one side of his body by a stroke.

The report of the Senate Foreign Relations Committee proposed 45 amendments and 4 reservations. The amendments were all rejected by the Senate, largely because their acceptance would have required the reconvening of the Paris Peace Conference.

The Senate then added 14 reservations, called the Lodge reservations, by majority vote on each reservation. President Wilson wrote to his Democratic followers in the Senate to vote against the resolution of ratification with the Lodge reservations because he believed they provided for nullification rather than ratification of the treaty. When the treaty with the 14 reservations came to a vote on November 19, 1919, the vote was 39 in favor to 55 against. Those opposed included 13 "irreconcilable" Republicans and 42 Democrats who adhered to the President's wish that they vote against. Those in favor were 35 "reservationist" Republicans and 4 Democrats. A second vote was 41 in favor to 51 against, and a third vote to approve the treaty, without any reservations, was defeated 38 in favor to 53 opposed.

At popular urging the treaty was voted on again on March 19, 1920, with fifteen reservations. Again, President Wilson wrote the Senate Democrats urging that the treaty with the reservations be rejected. This time the vote was 49 in favor to 35 opposed, a majority but not the required two-thirds. Those opposed were 12 "irreconcilable" Republicans and 23 Democrats adhering to Wilson's wish.

16. Treaty on General Relations with Turkey, August 6, 1923

This treaty was submitted to the Senate on May 3, 1924. The resolution of advice and consent, with reservations, failed to receive the necessary two-thirds majority in a vote of January 18, 1927, by a vote of 50 yeas and 34 nays.

17. St. Lawrence Waterway Treaty with Canada, July 18, 1932

The treaty was rejected by a vote of 46 yeas to 42 nays on March 14, 1934. Twenty years later on May 13, 1954, Congress approved the St. Lawrence Seaway in Public Law 358.

18. Permanent Court of International Justice, September 14, 1929

In January 1926, by a vote of 76 to 17, the Senate approved adherence to the World Court, with five reservations, by a vote of 76 to 17. The fifth reservation provided that the Court should never entertain a request for an advisory opinion on a dispute affecting the United States without the consent of the United States. The members of the World Court accepted all of the reservations except this one, and during the next nine years efforts were made to work out a compromise. President Hoover resubmitted the issue to the Senate in December 1930, under a formula which had been devised for reconciling differences. In 1935 many public groups called for favorable action, but others rallied opposition. The vote taken in the Senate on January 29, 1935, was 52 yeas and 36 nays, thus short of the required two-thirds.

19. Optional protocol concerning the compulsory settlement of disputes (for the 1958 Law of the Sea Conventions)

The Senate approved four Law of the Sea Conventions and the Optional Protocol of signature on May 26, 1960, by a vote of 77 to 4. However, a motion to reconsider the vote on the optional protocol was agreed to immediately afterwards and, upon reconsideration, was rejected by a vote of 49 to 30. The next day, May 27, 1960, Senator Mansfield entered a motion to reconsider the second vote on behalf of Senator Fulbright. The motion was not taken up and the protocol is still listed on the calendar of the Senate Foreign Relations Committee (Ex. N 86-1).

20. Montreal Protocols to the Convention for the Unification of Certain Rules Relating to International Carriage by Air, September 25, 1975

These amendments to the Warsaw Convention of 1929, to revise the rules for international air passengers, baggage, and cargo, were submitted to the Senate on January 14, 1977. The Foreign Relations Committee reported them favorably with conditions on December 16, 1981, but the Senate did not act upon them. The committee again reported them favorably with conditions on February 3, 1983. On March 8, 1983, the Senate rejected them by a vote of 50-42, with one voting present. A motion to reconsider was entered but not taken up, so the treaty remains pending on the calendar of the Senate Foreign Relations Committee (Ex. B, 95-1).

B. TREATIES THAT WERE APPROVED BY THE SENATE WITH RESERVATIONS BUT DID NOT ENTER INTO FORCE AS A RESULT OF THE RESERVATIONS

A second category is treaties that were not rejected by the Senate but were approved with reservations that were unacceptable either to the President or the other party so that the treaty never entered into force.

The State Department has listed more than 30 treaties in this category.[5] The list follows. It might be noted that almost two hundred other treaties have entered into force with reservations or other qualifications attached by the Senate.

C. TREATIES WITHDRAWN IN THE ABSENCE OF FINAL SENATE ACTION

The largest group of treaties (86) that were submitted to the Senate but never entered into force are those on which the Senate never took final action. They were subsequently withdrawn. In 1973 the State Department identified 80 treaties in this category, not including those "which apparently would not have entered into force regardless of Senate action" and those that are still pending in the Senate.[6] Some of these, and a few not included in that list, were withdrawn at the request of the Senate.[7] Since 1973, six additional treaties have been withdrawn, according to the Foreign Relations Committee Calendar. All six were withdrawn in 1981.

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[5] The State Department included the first 38 treaties in the list published in the 1973 hearing cited above. The remaining five were compiled from the Senate Foreign Relations calendar and records of the Department of State. Additional treaties conditionally approved by the Senate and never entering into force may be found, but apparently the State Department does not attribute their nonentry into force to the Senate conditions.

[6] 1973 hearing cited above, p. 507-509.

[7] For a discussion of treaties returned to the President on the initiative of the Senate, see: U.S. Senate. Committee on Foreign Relations. The Role of the Senate in Treaty Ratification. Committee print, November 1977.

D. TREATIES PENDING IN SENATE FOREIGN RELATIONS COMMITTEE FOR THREE OR MORE YEARS

There are 19 treaties that have neither been finally rejected nor approved by the Senate, but have been pending in the Senate Foreign Relations Committee in a variety of stages for three or more years. One has been pending for more than 30 years. Some have been reported favorably by the Committee but not approved by the full Senate and returned to the Committee automatically under paragraph 2 of Rule XXX of the Standing Rules of the Senate. One has been favorably reported and is now pending on the Senate calendar.

I already discussed those earlier.

A Senate Foreign Relations Committee publication has noted that it is the Committee's practice to leave a treaty pending for a sufficient time to permit the public to study the treaty and let the Committee know its views. Moreover, the Committee's treaty calendar is not necessarily an accurate reflection of the workload "since some treaties are submitted by the executive branch for other foreign policy considerations; i.e., lip service to an international organization or foreign government?"[8]

The Genocide Convention (Ex. O. 81-1) had been pending for more than 36 years prior to receiving Senate approval, with reservations, on February 19, 1986. During that time the Foreign Relation Committee had favorably reported the treaty six times. In accordance with an understanding added by the Senate, completion of the ratification by the President is awaiting the enactment of implementing legislation.

Mr. President, I ask unanimous consent to include in the RECORD a listing of treaties that were approved by the Senate with reservations, but unacceptable either to the President or the other party, so that the treaty never entered into force.

There being no objection, the material ordered to be printed in the RECORD, as follows:

Subject	Country	Date signed
1. Boundary	Great Britain	May 12, 1803.
2. Supression of slave trade	Great Britain	March 13, 1824.
3. Treaty of commerce	Texas	July 30, 1842.
4. Claims	Mexico	Nov. 20, 1843.
5. Commerce, extradition	Switzerland	Sept. 15, 1846.
6. Commerce	Persia (Iran)	Oct. 9, 1851.
7. Extradition	Belgium	Feb. 11, 1853.
8. Commerce	Nicaragua	June 20, 1855.
9. Extradition	Baden	Mar. 20, 1856.
10. Commerce	Chile	May 27, 1856.
11. Commerce	Venezuela	July 10, 1856.
12. Central America	Great Britain	Oct. 17, 1856.
13. Consuls	Chile	Dec. 1, 1856.
14. Extradition	Guatemala	Oct. 11, 1870.
15. Naturalization	Turkey (Ottoman Empire).	Aug. 11, 1874.
16. Commerce	Argentina	June 25, 1885.
17. Extradition	Mexico	Feb. 20, 1885.
18. Extradition	France	Mar. 25, 1892.
19. Ship canal	Great Britain	Feb. 5, 1900
20. Newfoundland reciprocity	Great Britain	Nov. 8, 1902.
21 Extradition	Netherlands	Nov. 24, 1903
22. Arbitration	France	Nov. 1, 1904.
23. Arbitration	Switzerland	Nov. 21, 1904.
24. Arbitration	Germany	Nov. 22, 1904.
25. Arbitration	Portugal	Nov. 23, 1904
26. Arbitration	Great Britain	Dec. 12, 1904.
27. Arbitration	Italy	Dec. 14, 1904.
28. Arbitration	Spain	Dec. 31, 1904.
29. Arbitration	Austria-Hungary	Jan. 6, 1905
30. Arbitration	Mexico	Jan. 18, 1905.
31. Arbitration	Sweden & Norway	Jan. 20, 1905.
32. Arbitration	Great Britain	Aug. 3, 1911.
33. Arbitration	France	Aug. 3, 1911.
34. Advancement of peace	Nicaragua	Dec. 17, 1913.
35. Advancement of peace	Argentina	July 24, 1914.
36. Extradition	Great Britain for Canada.	Jan. 15, 1917.
37. Income taxation	Thailand	Mar. 1, 1965.
38. Income taxation	Brazil	Mar. 13, 1967.
39. Income Taxation (Ex. D, 89–1, approved with reservation June 6, 1968; subsequently a different tax treaty was concluded.).	Philippines	July 29, 1965.
40. Income Taxation (Ex. C, 94–2, approved with understanding Nov. 18, 1981.).	Israel	Nov. 20, 1975.
41. Income Taxation (Ex. M, 96–2, protocol to Ex. C, 94–2, approved with understanding Nov. 18, 1981.).	Israel	May 30, 1980.
42. Income Taxation (Ex. Y, 96–2, approved with 2 understandings Nov. 18, 1981.).	Bangladesh	Oct. 6, 1980.
43. Income Taxation (Treaty Doc. 97–10, approved with 2 reservations and understanding, Dec. 16, 1981.).	Argentina	May 7, 1981.

Mr. BYRD. Mr. President, I ask unanimous consent to have appear in the RECORD as a part of my remarks a list of treaties that were submitted to the Senate but never entered into force in the absence of final Senate action.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Subject	Country	Date signed
1. Property	Hesse-Cassell	May 2, 1846
2. Extradition	Nicaragua	Sept. 3, 1849
3. Extradition	Mexico	July 20, 1850
4. Property rights	Belgium	Aug. 25, 1852
5. Copyright	Great Britain	Feb. 17, 1853
6. Reciprocity	Hawaii	July 20, 1855
7. Extrradition	Netherlands	May 29, 1856
8. St. Thomas & St. John.	Denmark	Oct. 24, 1867
9. Water boundary	Great Britain	Jan. 14, 1869
10. Claims	Mexico	Oct. 23, 1869
11. Samana Bay	Dominican Republic	Nov. 29, 1869
12. Ship canal	Colombia	Jan. 26, 1870
13. Naval station	Samoa	Feb. 17, 1872
14. Commerce	Johanna (one of Commoro islands).	Oct. 23, 1879
15. Alaska boundary	Great Britain	Jan. 30, 1897
16. Annexation	Hawaii	June 16, 1897
17. Commerce (Barbados).	Great Britain	June 16, 1899
18. Commerce	Argentina	July 10, 1899
19. Commerce (British Guiana).	Great Britain	July 18, 1899
20. Commerce (Turks and Caicos Islands).	Great Britain	July 21, 1899
21. Commerce (Jamaica)	Great Britain	July 22, 1899
22. Commerce (Bermuda)	Great Britain	July 24, 1899
23. Commerce	France	July 24, 1899
24. Commerce	Dominican Republic	June 25, 1900
25. Codes of international law.	Multilateral	Jan. 27, 1902
26. Practice of Learned Professions.	Multilateral	Jan. 27, 1902
27. Commerce (Newfoundland).	Great Britain	Nov. 8, 1902
28. Reciprocity (Puerto Rico).	France	Jan. 31, 1903
29. Isle of Pines	Cuba	July 2, 1903
30. Collection of revenues	Dominican Republic	Feb. 7, 1905
31. Patents	Multilateral	Aug. 23, 1906
32. Copyright	Multilateral	Nov. 13, 1908
33. Liability of vessels in collision.	Multilateral	Sept. 23, 1910
34. Loan	Honduras	Jan. 10, 1911
35. Loan	Nicaragua	June 6, 1911
36. Interoceanic canal	Nicaragua	Feb. 8, 1913
37. Advancement of peace	Panama	Sept. 20, 1913
38. Protection of nature	Multilateral	Nov. 19, 1913
39. Advancement of peace	Dominican Republic	Feb. 17, 1914
40. Guarantee	Great Britain, France	June 28, 1919
41. Occupation of Rhine	Multilateral	June 28, 1919
42. Minorities in Poland	Multilateral	July 3, 1919
43. International air	Multilateral	Oct. 13, 1919
44. Gold clearance	Paraguay	Nov. 7, 1919
45. Gold clearance	Guatemala	Dec. 4, 1919
46. Gold clearance	Panama	Jan. 10, 1920
47. Gold clearance	Haiti	Jan. 14, 1920
48. Gold clearance	Ecuador	May 25, 1920
49. Interoceanic canal	Costa Rica	Feb. 1, 1923
50. General Relations	Turkey	Aug. 6, 1923
51. Obscene publications	Multilateral	Sept. 12, 1923
52. International copyright	Multilateral	June 2, 1928
53. Niagara Falls	Canada	Jan. 2, 1929
54. Suppression of traffic in women.	Multilateral	Oct. 11, 1933
55. Sanitary regulations concerning plant and animal life.	Argentina	May 24, 1935
56. Radio communications	Panama	Mar. 2, 1936
57. Sickness insurance for seamen.	Multilateral	Oct. 24, 1936
58. Reduction of hours in textile industry.	Multilateral	June 22, 1937
59. Statistics of wages and hours of work.	Multilateral	June 20, 1938
60. Sanitary	Multilateral	Oct. 31, 1938
61. Taxation	Great Britain	Oct. 17, 1941
62. Niagara River waters	Canada	May 3, 1944
63. Petroleum	United Kingdom	Sept. 24, 1945
64. Extradition	Canada	Oct. 5, 1945
65. Great Lakes Fisheries	Canada	Apr. 2, 1946
66. Inter-American copyright.	Multilateral	June 22, 1946
67. ILO Convention No. 7 on social security.	Multilateral	June 28, 1946
68. ILO Convention No. 71 on seafarers' pensions.	Multilateral	June 28, 1946
69. ILO Convention No. 75 on crew accommodations on board ship.	Multilateral	June 29, 1946
70. Wheat	Multilateral	May 1, 1948
71. ILO Convention No. 88 on employment service.	Multilateral	July 9, 1948
72. ILO Convention No. 91 on vaction holidays with pay.	Multilateral	June 18, 1949
73. ILO Convention No. 92 on crew accommodations.	Multilateral	June 18, 1949
74. ILO Convention No. 93 on wages, hours of work on board ship and manning.	Multilateral	July 2, 1949
75. Commerce	Haiti	Mar. 3, 1955
76. International air transportation.	Multilateral	Sept. 28, 1955
77. ILO convention No. 109 on wages, hours of work and manning (Revised 1958).	Multilateral	May 14, 1958
78. Income tax	India	Nov. 10, 1959
79. Income tax	Israel	Sept. 30, 1960
80. Income tax	United Arab Republic	Dec. 21, 1960
81. East Coast Fisheries	Canada (Ex. V, 96–1)	Mar. 29, 1979
82. Income taxation	Thailand (Ex. E, 89–1).	Mar. 1, 1981
83. Income taxation	Israel (Ex. F, 89–1)	June 29, 1965
84. Income taxation	Egypt (Ex. D, 94–2)	Nov. 20, 1975
85. Income taxation	Cyprus (Ex. I, 96–1)	May 16, 1980
86. Income taxation	British Virgin Islands (Treaty Doc. 97–6).	Feb. 18, 1981

Mr. BYRD. Mr. President, I ask unanimous consent to include in the RECORD as part of my remarks a listing of the treaties on the Senate Foreign Relations Committee Calendar that have been pending since before February 1, 1984.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Following are the treaties of the Senate Foreign Relations Committee calendar that have been pending since before February 1, 1984.[9]

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[8] U.S. Senate. Committee on Foreign Relations. 160th Anniversary, 1876-1976. Senate Document No. 94-265, August 30, 1976. Washington, U.S. Govt. Print. Off., 1976. p. 11.

[9] Senate Foreign Relations Committee Calendar, Dec. 31, 1986, Treaties submitted in the 98th Congress after Feb. 1, 1984, are not included.

1. Ex. S, 81-1. Convention on Freedom of Association and Protection of the Right to Organize. Submitted August 27, 1949.

No action.

2. Ex. N, 86-1. Optional Protocol Concerning the Compulsory Settlement of Disputes (Law of the Sea). Submitted September 9, 1959.

Since this was voted upon by the Senate and failed to receive a two-thirds majority on May 26, 1960, it has been included in section A, Treaties rejected by the Senate. However, since a motion to reconsider was entered but not completed, it is still pending on the Senate Foreign Relations Calendar.

3. Ex. C, 87-2. ILO Convention No. 116 Concerning the Partial Revision of Conventions for the Purpose of Standardizing Provisions Regarding the Preparation of Reports by the Governing Body. Adopted by ILO June 26, 1961. Submitted to the Senate June 1, 1962.

Public hearing April 27, 1967; considered in executive session, May 2, 1967.

4. Ex. K, 88-1. ILO Convention No. 105 Concerning Abolition of Forced Labor. Adopted by ILO June 25, 1957. Submitted to the Senate, July 22, 1963.

Public hearing Sept. 13, 1967; tabled by Committee, 13-4, October 11, 1967.

5. Ex. G, 89-2, ILO Convention No. 122 Concerning Employment Policy. Adopted by International Labor Conference, July 9, 1964. Submitted June 2, 1966.

A public hearing was held on April 27, 1967, and the convention was considered in executive session, May 2, 1967.

6. Ex. G, 91-2, International Convention on Civil Liability for Oil Pollution Damage. Adopted by Inter-Governmental Maritime Consultative Organization, October 21, 1967. Submitted May 20, 1970.

While two related conventions were approved by the Senate on September 20, 1971, the Foreign Relations Committee recommended that final action await the outcome of negotiations on an International Compensation Fund Convention. The committee had questions concerning the adequacy of the liability limits. General debate was held on October 5, 1972. (See also Ex. K, 92-2)

7. Ex. L, 92-1. Vienna Convention on the Law of Treaties. Signed April 24, 1970. Submitted Nov. 22, 1971.

The Senate Foreign Relations Committee ordered the convention reported with an understanding and interpretation on September 7, 1972, but reconsidered it in executive session on September 19, 1972. It was considered again in executive session in 1973 and 1974.

8. Ex. K, 92-2. (1) Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage and (2) Amendments to the 1954 Prevention of Pollution of the Sea by Oil Convention. Signed December 18, 1971. Submitted May 5, 1972.

Referred to Subcommittee on Oceans and International Environment in 1973 and public hearings held. No further action.

9. Ex. H, 94-1. Trademark Registration Treaty. Signed June 12, 1973. Submitted September 3, 1975.

No further action.

10. Ex. N, 94-2. Treaties with the Soviet Union on the Limitation of Underground Nuclear Weapons Tests and Protocol and on Underground Nuclear Explosions for Peaceful Purposes and Protocol. Signed July 3, 1974, and May 28, 1976. Submitted July 29, 1976.

Public hearings were held during 1977 and on September 20, 1977, the Senate Foreign Relations Committee ordered the treaties favorably reported. A procedural discussion was held on September 28, 1977, and on June 13, 1978, the Committee reconsidered the vote to report the measure; a report was not filed at that time. After public and executive hearings on January 13 and 15, 1987, the committee favorably reported the treaties with a reservation and declaration on February 22, 1987. On January 21, 1987, and amendment was submitted to amend the treaties with the SALT II Treaty (see below Ex. Y, 96-1.)

11. Ex. B, 95-1. Montreal Protocols to Amend the Convention for the Unification of Certain Rules Relating to International Carriage by Air. Signed September 25, 1975. Submitted January 14, 1977.

Since this was voted upon by the Senate and failed to receive a two-thirds majority on March 8, 1983, it has been included in Section A, Treaties rejected by the Senate. However, since a motion to reconsider was entered but not completed, it is still pending on the Senate Foreign Relations Calendar.

12. Ex. E, 95-1. International Convention for the Prevention of Pollution from Ships. Signed November 2, 1973, with two annexes and two related protocols. Submitted March 22, 1977.

No further action. Ex. C, 96-1, Protocol of 1978 relating to Convention, was approved July 2, 1980.

13. Ex. C, 95-2. International Convention on the Elimination of All Forms of Racial Discrimination. Signed September 23, 1966. Submitted February 23, 1978.

Public hearing held on November 14, 15, 16, and 19, 1979. No further action.

14. Ex. D, 95-2. International Covenant on Economic, Social and Cultural Rights. Signed October 5, 1977. Submitted February 23, 1978.

Public hearings held November 14, 15, 16, and 19, 1979. No further action.

15. Ex. E, 95-2. International Covenant on Civil and Political Rights. Signed October 5, 1977. Submitted February 23, 1978.

Public hearings held November 14, 15, 16, and 19, 1979. No further action.

16. Ex. F, 95-2. American Convention on Human Rights. Signed June 1, 1977. Submitted February 23, 1978.

Public hearings held November 14, 15, 16, and 19, 1979. No further action.

17. Ex. F, 96-1. Treaty on Maritime Boundaries with Mexico. Signed May 4, 1978. Submitted January 23, 1979.

The Foreign Relations Committee reported the treaty by a vote of 15-0 on July 24, 1980, and the Senate debated it on September 10, 16, and 17, 1980, but took no final action.

18. Ex. H, 96-1. Maritime Boundary Agreement with Cuba. Signed December 16, 1977. Submitted January 23, 1979.

The Foreign Relations Committee reported the treaty by a vote of 15-0 on June 30, 1980. The Senate debated it on September 10, 16, and 17, 1980, and returned it to the executive calendar by a vote of 55-37.

19. Ex. Y, 96-1. Treaty with Soviet Union on Limitation of Strategic Offensive Arms and Protocol, together referred to as SALT II Treaty. Signed June 18, 1979. Submitted June 25, 1979.

The Foreign Relations Committee reported the treaty with two reservations, two declarations, and sixteen understandings by a vote of 9-6 and with majority and minority views on November 19, 1979. After the Soviet invasion of Afghanistan in December 1979, President Carter asked the Senate to delay consideration. On January 22, 1980, the Senate tabled (shelved) by a vote of 50-36 an amendment to S. Res. 331 to request the President to withdraw the treaty.

The Treaty was considered by the Committee on June 25 and 26, 1986. On July 15, 1986, S. Exec. Res. 445 was submitted to discharge committee; no action taken. The treaty remains pending with proposed amendments.

20. Ex. EE, 96-1. International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, with Annex, 1978. Signed July 7, 1978. Submitted September 5, 1979.

Process-Verbal of Rectification transmitted from the Department of State in 1980 and 1982. No further action.

21. Ex. Q, 96-2. Income Tax Convention with Denmark. Signed June 17, 1980. Submitted September 4, 1980.

The Foreign Relations Committee reported the convention May 21, 1984, but the Senate did not take action, and it was automatically referred to the Committee. The Committee again reported the convention December 11, 1985, but the Senate did not take action.

22. Ex. R, 96-2. Convention on the Elimination of All Forms of Discrimination against Women. Signed July 17, 1980. Submitted November 12, 1980.

No further action.

23. Ex. V, 96-2. Convention on the Recognition of Studies, Diplomas and Degrees Concerning Higher Education in the States Belonging to the Europe Region. Signed December 21, 1979. Submitted November 13, 1980.

No further action.

24. Ex. W, 96-2. Protocol Amending 1916 Convention for the Protection of Migratory Birds in Canada and the United States. Signed January 30, 1979. Submitted November 24, 1980.

No further action.

25. Treaty Doc. 97-14. Amendment to Regulation 49(4)(b) of Annex II of the 1966 International Convention on Loan Lines. Signed November 15, 1979. Submitted July 27, 1981.

No further action.

26. Treaty Doc. 97-15. Supplementary Extradition Convention with Sweden. Signed May 27, 1981. Submitted July 28, 1981.

Withdrawal considered July 30, 1985.

27. Treaty Doc. 98-10. Amendment to 1973 Convention on International Trade in Endangered Species of Wild Fauna and Flora. Adopted April 30, 1983. Submitted October 4, 1983.

Public hearing held March 18, 1986, and considered April 10, 1986.

28. Treaty Doc. 98-12. Amendment to 1980 Income Tax Convention with Denmark. Signed August 23, 1983. Submitted November 17, 1983.

Reported May 21, 1984, and automatically referred after Senate took no action. Reported again December 11, 1985, and again automatically referred after Senate took no action.

29. Treaty Doc. 98-14. Consular Convention with South Africa. Signed October 28, 1982. Submitted January 30, 1984.

No further action.

Mr. BYRD. Mr. President, I ask unanimous consent to include in the RECORD, selected references on Senate rejection of treaties.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SENATE REJECTION OF TREATIES: SELECTED REFERENCES

Bestor, Arthur. Respective roles of Senate and President in making and abrogration of treaties—the original intent of the framers of the Constitution historically examined. Washington law review, v. 55, no. 1, 1979-80: 4-135.

Butler, Charles H. The treaty-making power of the United States. New York, Banks Law Publishing Company, 1902. 2 v.

Byrd, Elbert M., Jr. Treaties and executive agreements in the United States: their separate roles and limitations. The Hague, Martinum Nijhoff, 1960. 276 p.

Colegrove, Kenneth W. The American Senate and world peace. New York, Vanguard Press, 1944. 209 p.

Crandall, Samuel B. Treaties: their making and enforcement. 2d ed. Washington, D.C., J. Byrne, 1916. 663 p.

Dangerfield, Royden J. In defense of the Senate; a study in treaty making. Port Washington, New York, Kennikat Press, 1966. (Reprint of book published at Norman, University of Oklahoma Press, 1933) 365 p.

Fleming, Denna Frank. The treaty veto of the American Senate. New York, G. P. Putnam's Sons, 1930. 325 p.

Gallagher, Hugh G. Advise and obstruct; the role of the United States Senate in foreign policy decisions. New York, Delacorte Press, 1969. 338 p.

Gilbert, Amy M. Executive agreements and treaties, 1946-73: framework of the foreign policy of the period. Endicott, N.Y., Thomas-Newell, 1973. 213 p.

Hayden, Ralson. The Senate and treaties, 1789-1817. New York, Macmillan, 1920. 237 p.

Holt, William S. Treaties defeated by the Senate; a study of the struggle between President and Senate over the conduct of foreign relations. Gloucester, Massachusetts, P. Smith, 1964. (Reprint of book published at Johns Hopkins Press, 1933) 328 p.

Jewell, Malcolm E. Senatorial politics and foreign policy. Lexington, University of Kentucky Press, 1962. 314 p.

Paige, Joseph. The law nobody knows: enlargement of the Constitution—treaties and executive agreements. New York, Vantage Press, 1977. 209 p.

U.S. Library of Congress. Congressional Research Service. Treaties and other international agreements: The role of the United States Senate: a study prepared for the Committee on Foreign Relations, U.S. Senate. Washington, G.P.O., 1984. 318 p. (98th Congress, 2nd session, committee print S. Prt. 98-205)

U.S. Congress. Senate. Committee on Foreign Relations. Legislative activities report of the Committee on Foreign Relations, United States Senate. Washington, U.S. Govt. Print. Off., 1985. 110 p. (99th Congress, 1st sess. Senate. Report no. 99-10) See also earlier reports published after each Congress.

U.S. Congress. Senate. Committee on Foreign Relations. Legislative Calendar, (Cumulative Record). Ninety-ninth Congress. Final edition, December 31, 1986. 185 p. See also earlier calendars published during each session.

U.S. Congress. Senate. Committee on Foreign Relations. The role of the Senate in treaty ratification. Washington, U.S. Govt. Print. Off., 1977. 78 p.

U.S. Congress. Senate. Committee on Foreign Relations. 160th Anniversary, 1816-1976. Washington, U.S. Govt. Print. Off., 1976. 74 p.

RECESS UNTIL 2 P.M.

Mr. BYRD. Mr. President, in compliance with the request of the chairman of the Budget Committee, Mr. CHILES, which request I understand is agreeable to the other side of the aisle, I ask unanimous consent that the Senate stand in recess, with the time being charged equally against both sides, until the hour of 2 p.m. today.

The PRESIDING OFFICER (Mr. WIRTH). Without objection, it is so ordered.

Thereupon, at 1:27 p.m., the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. CONRAD).

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, I suggest the absence of a quorum and I ask that the time be equally charged.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. QUAYLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRAHAM). Without objection, it is so ordered.

Mr. QUAYLE. Mr. President, a parliamentary inquiry. Is it appropriate at this time to yield to the Senator from Indiana such time as he may consume to talk about the budget?

The PRESIDING OFFICER. Without objection, the time that the Senator consumes will be taken from the Senator's side of the aisle. The Senator is recognized.

Mr. QUAYLE. I thank the Chair.

Mr. President, I rise to make some observations about the budget and particularly about the defense budget. Many times on this floor these last couple of days there has been mention about the total inadequacy of the defense budget that has been presented.

I think there is no doubt about it that if, in fact, not only would we adopt this defense budget as presented, but if we would furthermore enact it through the authorization process and the appropriations process, that it would really be an unmitigated disaster for national defense. It would be a disaster and a signal that we would be sending to the rest of the world about our seriousness in meeting our responsibilities around the world.

Anyone who has looked at this budget in its totality knows full well that there is simply no way without some very profound changes that we can meet our responsibilities in the area of national deterrence.

What this budget has put forth is the idea that in nominal terms, by raising the outlay level from last year to this year by about $4 billion, that, therefore, we have enough flexibility and growth in that outlay figure to meet any additional requirements and to essentially pay for current services.

Mr. President, that is utter nonsense. It is not true. It is not the case.

If you look at that $4 billion growth from last year, I can show you that in basic procurement accounts alone, in contracts that the Department of Defense has already executed, you are going to increase the outlays by about $3.1 billion.

Sitting on the Senate Armed Services Committee and listening to and being a member of the Budget Committee, no one put forth any recommendation that there are certain programs that are going to be eliminated, that there are contracts that are going to be terminated. Therefore, you have to assume that contracts will be, in fact, executed.

The contracts are a little bit different in the real world rather than the contracts that sometimes the Congress enters into with the executive branch. We enter into a contract, so to speak, with budget resolutions and things of that sort. Those are political documents. Political documents change, politics change, and I think there is a certain expectancy that things are going to change.

But in the real world a contract is a contract and you have to meet those commitments. If you do not, there are legal liabilities in the area of penalties that will be accorded to those who simply do not live up to the contracts.

Therefore, if you just take our basic contractual obligations that we have of that $4 billion, you are looking at about $3.1 billion. Therefore, instead of the $4 billion latitude that is professed by those who advocate the support of this budget, you are really down to about $900 million in outlays.

Well, what are you going to buy with $900 million in outlays? Here is what you have to do. Last year the Congress, when it came up against trying to put together a defense budget and an appropriations bill, slipped the pay 1 day. By slipping the pay 1 day we saved $2 billion in fiscal year 1987 but it is going to cost about $2.9 billion in fiscal year 1988. In other words, for any kind of changes we made back then, we are going to have to pay for them in this year—and we are certainly going to pay. You have to. The pay is already in effect and it is about an additional $2.9 billion.

On top of that, to make the pay raise, concur with the calendar year in which the military and civilian personnel are paid it will cost another $600 million. You add that to the $2.9 and you are way beyond the $900 million.

The fiscal year 1988 pay raise will cost about $1.4 billion. The new Federal employee retirement system under the Department of Defense will cost about $2.3 billion. Therefore, you already have a total increase of about $7.2 billion and you have $900 million with which to work. It simply does not add up.

Now, I suppose that we could in fact try to put some nuance into this and say for purposes to be determined this budget in defense meets these obligations. This is sort of what we did when we dealt with the Gramm-Rudman statutory requirements. That may in fact be something you could put on paper but in effect, Mr. President, what you are going to have to do, whether Senators want to do it or not, is to increase the 050 function for national defense. I do not think there is any doubt, whether it is in the budget process or the authorization process, which we will get to later on this month or next month, whenever the DOD bill comes to the floor, or whether it is in the appropriation process, the continuing resolution process, that what we have before us today is not only inadequate but it is simply misleading to say we in fact can get along with that small amount of contribution to national defense.

I have already pointed out that you have basically $900 million in the budget to buy about 7.2 billion dollars' worth of pay and retirement programs. That does not even go into some of the congressional add-ons that will come before us. Congress complains all the time about the increase in defense spending, but then when it comes to reducing defense spending except for sort of a meat ax-type of approach with this type of budget resolution process, when you get down to line items the Congress does not subtract, it adds. It adds on to the budget.

As a matter of fact, I would imagine, if history is any kind of gauge of what we will do this year, we will add on several billion dollars in programs that the Department of Defense did not request. We have done that the past 3 years. We have done it ever since I have been in the Senate—as a matter of fact, in the Congress. In 1985 we added about 2.1 billion dollars' worth of new programs. These are congressionally mandated programs, Mr. President. This is over and above the President's request.

In 1986 we added $3.9 billion. In fiscal year 1986 it was bigger than 1985. In 1987 we struck a halfway mark between the last 3 years, about $2.7 billion, and I would imagine that that would probably be the area where we would come in this year. So we will get into the add-ons of Congress at around $2 billion to $3 billion.

Now you are up to about $10 billion to pay for congressional programs and you have about $900 million. Again, it is simply not going to work. The mathematics do not add up. And at some time along the way, we are simply going to have to change.

Mr. President, in the past it has been very interesting how we have made a commitment to what we were going to spend in the area of national defense, but for some reason have never been able to quite live up to it.

We pass budget resolutions and then once it gets through the authorization-appropriation process we simply do not meet what that budget says. I would predict this time we are going to change the trend because if in fact we pass this budget resolution instead of coming up short at some time, we are going to have to add to it. It is just that simple. I think that that in fact will happen. But that is why I think a lot of people are reluctant to say, "Well, he will go ahead and increase the defense spending right now," knowing full well if you agree to it now, later on in the process we are going to get nicked. And I am beginning to fall in that category because of past experience.

The budget process, particularly as it has dealt with defense, has almost become irrelevant. It is a process that has been in fact skewed against defense spending and increased nondefense spending and making sure that all the tax increases are implemented.

Mr. LEAHY. Mr. President, I rise today in support of the Senate budget resolution. While I do not agree with every provision of this measure, especially its questionable economic assumptions, the Senate is compelled to approve a budget which provides for a strong national defense, supports our efforts to make this country more competitive and provides essential services to those in need. The alternative, Mr. President, is the mechanistic, across-the-board cuts called for by the Gramm-Rudman-Hollings law. To take that approach would be an abdication of the Senate's responsibility to make tough choices and be held accountable for them.

This budget reduces the deficit without triggering these automatic cuts. It reduces the deficit sensibly. As an early supporter of Gramm-Rudman-Hollings, I said the new law should force Congress to make tough choices to reduce the deficit—the tough choices required to prevent the computers from doing what Congress could not.

Mr. President, one issue, however, looms large in my mind. And that is the issue of the economic assumptions used in the budget resolution. The budget before us combines the economic forecasts of the Office of Management and Budget [OMB] and those of the Congressional Budget Office [CBO]. This highly unusual procedure was used for one purpose and one purpose only: to ensure that by whatever means necessary this budget technically meets deficit targets created by the Gramm-Rudman-Hollings law.

Yesterday, I voted to overturn the ruling which sanctioned this funny numbers approach to reducing the deficit. My vote was a vote for truth in budgeting. It was a vote against combining the independent and widely accepted economic projections of CBO, with the politically motivated numbers coming from OMB.

For the last 5 years, OMB has used a combination of phony budget cuts and unrealistic economic assumptions to give the impression that the President's budget reduced the deficit by more than it actually did. Congress should not play this game. It diminishes our credibility of Congress and calls into question the commitment we made to the American people to reduce the deficit through the Gramm-Rudman-Hollings discipline.

With that reservation, Mr. President, I shall cast my vote for this budget. This measure will accomplish a great deal. The budget protects education, health, and science programs from inflation. In addition, $300 million is added to safeguard our environment by allowing the EPA to increase Superfund enforcement efforts. The budget also beefs up the FBI's ability to counter Soviet espionage and strengthens the hand of our law enforcement agencies in fighting the war on drugs.

Mr. President, the budget includes a proposal similar to one I sponsored last year to reduce waste at the Department of Defense. Our amendment to the continuing resolution would have closed the floodgates to the Pentagon's $44 billion inflation padding slush fund. Over the last 5 years, the Department of Defense has amassed this enormous sum by overestimating inflation costs in major weapons systems and other large accounts. Our amendment would have identified and put an end to this unacceptable waste.

Our amendment failed by one vote. I intend to offer a new, stronger version of this effort to cut Government waste later this year. Our amendment will help enact into law the savings called for in the budget resolution.

Mr. President, the Senate budget resolution maintains the momentum created by the Gramm-Rudman-Hollings law to reduce the Federal deficit. This budget is projected to cut the deficit by $37 billion next year, according to CBO's independent analyses. I would have liked to have seen even greater deficit reduction. But, the Senate is left with little choice. We can vote for this budget or we can vote for a sequester which will slash defense spending and force the elimination of vital programs. We can vote for this budget or we can vote for deception—for the funny numbers from OMB.

I urge the speedy adoption of the budget resolution.

Mr. DIXON. Mr. President, although I plan on voting for the Chiles' amendment in this preliminary vote, I want my colleagues to know that I have extremely serious concerns and reservations about the Budget Committee's recommendations in its current form.

I support this amendment so that the Senate can proceed with the budget process, but my vote is in the affirmative only because we must have some starting point for debate and further needed compromises. In fact, if there were to be no substantial change, and if there continues to be no constructive participation from the President and my Republican colleagues here in the Senate, I am most sure that I would be able to support this resolution on a final passage vote.

I have a number of problems with the current proposal. I am quite alarmed, for instance, that this budget, while making substantial cuts in essential defense, education, and social programs, still fails to achieve the Gramm-Rudman-Hollings deficit reduction target prescribed by law when evaluated under the Congressional Budget Office projections. Instead of reducing the deficit for fiscal year 1988 to $108 billion, as required by that act, this budget, if enacted, would actually result in a deficit of at least $133 billion.

As we all know, last year we missed the Gramm-Rudman-Hollings target by approximately $30 billion. Because of that fact, it may be unrealistic—and actually harmful to the economy—to cut over $65 billion from the deficit this year, instead of the $36 billion annual cut assumed by Gramm-Rudman-Hollings.

However, if we are not going to be able to meet the $108 billion target, we should face the problem honestly and say so by stretching out the targets. If, on the other hand, we can meet the target, then we should do so. What we clearly should not do, though, is go through another year of number charades—it is long past time to put away the budgetary blue smoke and mirrors.

Unfortunately, the overly optimistic economic assumptions are not the only thing wrong with this resolution. Frankly, as a member of the Senate Armed Services Committee, I have to say that I find the defense spending levels proposed by this resolution—the defense freeze—to be a totally inadequate response to meeting our defense needs. I am particularly disturbed because a disproportionate share of the defense reductions will inevitably come from our readiness and training accounts, something we can simply not afford.

I am also disturbed by the Republicans' position so far in the budgetary process. The President's budget is nothing more than a sham. It inflicts drastic cuts in social programs, but it leaves us with a fiscal year 1988 deficit of at least $134 billion, not $108 billion as it proclaimed. Even this reduction from the current year's $173 billion deficit depends on phony actions like selling Government loans.

Neither the President nor my friends in the minority have demonstrated much interest in developing a bipartisan budget package so far. The Democrats may be able to pass a budget resolution without Republican support. However, the implementation of that budget in spending bills, and perhaps revenue bills, later in this session will require agreement from the President and bipartisan cooperation here in Congress. The time is now to negotiate which programs are indeed our priorities, and how these priorities will be funded.

Finally, there is the question of revenues. The proposal now before us calls for $18 billion in new revenues. The President is opposed.

As my colleagues know, there is no way we could enact a tax increase over the President's veto. Education and other domestic programs, however, have taken the brunt of the deficit reduction efforts so far; $173 billion deficits cannot be eliminated solely by further reducing domestic discretionary spending.

If the truth be told, there is a good case for increasing some programs to meet important national needs. Yet, our current budget situation makes it difficult, if not impossible, to fund these well-justifiable increases. Let it not be forgotten that there is a strong bipartisan consensus opposed to trying to balance the budget by only cutting domestic programs. That will not fly, and everyone here knows that will not fly.

We seem to be faced with total gridlock, Mr. President, and I'm not sure that I see the way out. I do know, however, that the Budget Committee's recommendations are not the solution; they simply do not work. They fail to address the target question in a responsible way; they lead to serious defense inadequacies; and they are based on new revenues that the President's opposition guarantees we will not achieve.

We are already behind schedule, but I feel it is better to take a little more time now to try to achieve a consensus on a realistic budget, than to pass this budget at present, and come to the end of September in total budgetary chaos.

To avoid that chaos, we must work together to address and resolve the real pressing questions. We must move ahead to formulate a bipartisan budget resolution that a strong majority can in good conscience support. The adoption of the Chiles amendment creates the procedural opportunity for us to achieve that consensus. I hope that opportunity will not be wasted.

Mr. BAUCUS. Mr. President, I am in favor of honest budgeting. And this means using the best available figures in the budget process.

Today, I am reluctantly supporting an amendment to reestimate the budget plan approved by the Senate Budget Committee using the President's economic assumptions. These estimates would be used solely for the purposes of determining whether the budget resolution that we are about to consider meets the deficit reduction levels established by the Gramm-Rudman-Hollings Act.

I share the concerns of the distinguished chairman of the Budget Committee about the accuracy and appropriateness of using the administration's economic assumptions.

However, I also believe that the Senate must fulfill its responsibilities to the American people to make steady, credible progress toward reducing the staggering Federal deficit that we face today.

It's time to get on with those decisions. If we do not, we could easily find ourselves in a stalemate of endless debate and no action on reducing the deficit. And the price of indecision is the very real possibility of senseless across-the-board cuts where everybody loses and national priorities are neglected.

Few actions of Congress are more important than the decisions made each year on the Federal budget. Today's vote makes it possible for us to get on with this important work.

I hope that the Senate will now turn to making needed changes in the plan that the Budget Committee has presented to the Senate. In particular, I believe that a budget for the Nation should be fair to all regions of our country. And I intend to support efforts to strike a more appropriate balance in funding for programs that are essential to the Western and Rocky Mountain States.

No budget plan is perfect. And no process for reaching decisions on the budget will ever be perfect. But that doesn't mean that we should abandon our commitments to the American people by failing to reach agreement on a responsible budget.

Mr. BINGAMAN. Mr. President, I plan to vote for the adoption of Senate Concurrent Resolution 48, the concurrent resolution on the budget, at this time although I do have some very serious reservations about particular provisions and I anticipate supporting certain perfecting amendments. The starting point for this debate has to be the adoption of some budget resolution and to consider this resolution to be that starting point. In particular I am concerned with the low level of defense spending, the unspecified sources of proposed increases in revenues, and certain program cuts and other key provisions affecting Western States. Nevertheless, it is imperative in my opinion that we move ahead in the consideration of the budget and this resolution presents the best vehicle to do that. If improvements are not made, however, I may have to vote against the adoption of the final resolution.

The distinguished chairman of the Senate Budget Committee has done his best to reach a fair mix of defense and domestic savings plus revenues earmarked strictly for deficit reduction and he isn't far off the mark. He also firmly establishes some needed priorities. Even with spending restraint, he still provides funding for key national priorities such as education, basic skills, job training, basic research, and more.

I will support efforts to make certain needed changes in this budget in the areas of defense spending, revenues, and certain other programs, particularly those affecting the West. Among other actions, the deduction of administrative and operating costs from gross receipts under Federal mineral, timer, and other congressionally authorized State share receipt programs. This would reduce the Western States' mineral receipts by $27 million. State share receipts are an important source of revenue for education and infrastructure programs in the West. Their existence helps compensate the public land States for costs associated with private development on public lands.

I hope my colleagues will also vote to move ahead at this time and support adoption of this budget at this time.

Therefore, many members of the Budget Committee are trying to figure out what this process has in fact afforded us. I think what is going to happen this time around, if in fact this budget resolution passes, which it may or may not—I do not know where the votes are. Normally the majority at some time will have to pass a budget. It is their responsibility. The majority party has to do that, and they will pass it, but it will probably be something close to this and it will be woefully inadequate and therefore we will say, "Well, that's Congress' budget. That's what Congress wants. We know that it is inadequate." The administration will say it is dead on arrival, dead on arrival. They do not have to sign it, but they will simply not pay any attention to it, and we will look at the budget of the President as submitted. We will have a couple different budget resolutions out there. We will get into a rather contentious situation during the authorization and appropriation process and then we will finally come down with what we will spend on defense and I dare say that we will in fact have to at some time face reality and make sure that our national security needs are met.

In this budget resolution budget authority is less, is less, Mr. President, than what was passed by this Congress in 1985—3 years ago. Fiscal year 1988 is less in budget authority than what we passed in 1985. Now, if you can convince me that our commitments to the world in which we find ourselves today is different than what we found 3 years ago and we need not continue our defense expenditures, well, maybe you will have a convert.

However, I do not think you are going to find that situation. As a matter of fact, our obligations have increased. The world today is as threatening, if perhaps not more threatening, particularly as potential conflicts are focused on.

Many people say we have to spend more on conventional weaponry; we have to get away from our reliance on nuclear deterrence, which has worked very well since World War II. We have to spend more in the area of conventional.

If that in fact is a principle that we are going to agree to, spending more on conventional and less on strategic, it is going to cost in real dollars, hard-earned dollars from our taxpayers a lot more than what we are spending now. And yet it sort of follows, if we are going to make that commitment, those who advocate an increased spending of conventional, that we are going to increase our defense budget.

I can guarantee you there is no way you are going to be able to cut the defense budget like you are suggesting and yet have any kind of investment in our conventional capabilities. What you, in fact, will do in all probability is have more reliance on strategic matters and less on conventional because you have to have a deterrence.

You cannot have it both ways. So those who advocate that we ought to be spending more on conventional ought to back that up with in fact voting to increase defense spending because that is exactly what it is going to take.

Furthermore, Mr. President, I think at this particular time when we are on the brink of potential success in negotiations at Geneva, for us to begin to make another unilateral commitment that we are simply going to rivet national defense below what we spent in 1985, is simply a wrong message to send at the wrong time.

One of the reasons we are in fact making progress with the Soviet Union in a dialog and coming to agreement perhaps on INF, perhaps on the START talks and strategic capabilities and maybe in the area of space and defense is because this country over the last 6 years has made a commitment to booster deterrence by investing in national defense.

If you are going to have deterrence to provide for peace, you have to make the investment.

Now, if you want to have less investment in strategic and nuclear deterrence but still provide for deterrence through conventional deterrence and try to have parity and equality in the conventional area, you are going to have to spend more on national defense.

Now, if we go back on that commitment and we deviate from the driving force that is seeing that negotiations will go forward, I wonder what the reaction of our adversaries will be. I wonder what the reaction of our allies will be, because a lot of times we are telling our allies that they have to spend more on defense: "You spend more, we will spend less." I do not think that will get very far with our friends or with our adversaries.

Mr. President, we hear from time to time, "Yes, we are for a strong national defense." I do not dispute that, that everyone is for a strong national defense, because we know the importance of it.

If we do not make an adequate investment in military defense and show the political will to meet those responsibilities, the potential for conflict will escalate. Nobody disputes that we are for a strong national defense. But how are we going to get a strong national defense? Unfortunately, it requires a political element that says, "Yes, we are for it and we are willing to pay for it." Yes, it is an investment. It is an investment in freedom; it is an investment in this country. It should be the first priority of any nation, and particularly a nation such as ours, which is still a leader of the free world and a beacon of hope.

I daresay that if we continue on this slipperly slope of ravaging the defense account year after year, we will reduce ourselves to a situation where we will not be able to meet our responsibilities, we will not have that capability, and we will not have the deterrence and the capability of providing deterrence that we have today.

It has been pointed out by other Senators that we are now getting down to a percentage of our gross national product that is at a level of the 1970's, and 1979 in particular. In that year, I was in the House of Representatives, but it began in the Senate, wherein a bipartisan group of Senators said, "We have had Vietnam and Watergate and pilloried our military establishment, the Department of Defense, and if we are going to succeed as the leader of the free world and be able to show our adversaries that we are serious and show our allies that we will live up to those treaty responsibilities and the commitments we have, such as NATO, we will have to make a reinvestment in the area of national defense." Getting down to 5.5 percent of the gross national product was simply too low.

Therein began the defense buildup on a bipartisan basis, and it started in the U.S. Senate. It has been carried on for the last 5 or 6 years, but unfortunately we have seen a reversal of that. I hope that once we get beyond this budget resolution, we will be able to sit down and come to grips with this very important problem. It will not be just a Republican or Democrat problem. It is a bipartisan problem, and it will take bipartisan resolution. If we cannot get bipartisanship on where the expenditures for national defense should be, we will not have bipartisanship on anything, if we cannot come to grips with what our investment in national security should be and a deterrence to provide for peace and stability.

I submit, Mr. President, that this budget is woefully inadequate and does not allow us to meet our responsibilities and is moving us dangerously in the direction of unilateralism that one day we will regret, if we do not turn the tide very soon—very soon being this session of this Congress.

Mr. BYRD. Mr. President, I yield myself such time as I may require.

THE CHILES BUDGET PLAN

Mr. President, those of us who have been elected to public office—Democrats and Republicans alike—share a responsibility for the future course of this Nation. At times, that responsibility is easily fulfilled, the course of action clear. Sometimes, however, fulfilling that responsibility takes all the courage, intellect, perseverence, and effort that can be mustered. Such is the case with the budget resolution now before the Senate.

For the past several years, there has been an air of economic good fortune in many parts of the country. Although millions of people in some parts of the country, including my own State of West Virginia, never felt the recovery from the 1981-82 recession, for those that did, the good times were plentiful.

For many, the economic bliss seemed without cost. Yet during this same period, while the surface of our economy seemed bright and shiny, the foundation was being corroded by policies that produced the largest deficits in trade and Federal finances that the country has ever seen. In 1981, the Federal budget deficit was $78.9 billion and the public debt stood at $998.8 billion. Six years ago, America's merchandise trade deficit with the rest of the world was $28 billion.

Last year, the budget deficit exceeded $200 billion for the third time since 1981, reaching the all-time high of $220.7 billion. The public debt, which 6 years ago President Reagan described as equivalent to a stack of $1,000 bills 67 miles high, has now risen to about 150 miles—$2.25 trillion. And the trade deficit has steadily worsened to the point that last year's deficit was $170 billion.

The cost of this massive debt is evident in the interest cost to finance it. This year, $134 billion will be spent on interest payments, the third largest item in the budget after defense and Social Security. Next year, interest payments will top $140 billion. That is equivalent of 37 cents of every individual income tax dollar.

Both the record-breaking budget deficit and trade deficit threaten jobs, prosperity, and—most importantly—our children's and grandchildren's standard of living. It is vital that the Congress and the administration work together on policies that will bring an end to both deficits and an end to the sword of Damocles that hangs so precariously over the future of this Nation.

Mr. President, there is little doubt that the trade deficit cannot be brought down permanently without resolving the budget deficit. The string of triple-digit budget deficits that has plagued this country for the past 6 years has sapped our fundamental economic strength and has made us dangerously reliant on foreign funds to finance our growth. The budget deficit must be permanently reduced and finally eliminated, not only in the name of fiscal responsibility, but also in the name of national security.

The budget plan now before us, offered by the able chairman of the Budget Committee, Mr. CHILES, has one attribute above all else—this budget plan would balance the Federal budget by 1991. It does what the President says he wants to do and doesn't—balance the budget. And it would do so even using the more conservative economic assumptions of the Congressional Budget Office. If the assumptions of the Office of Management and Budget were used instead, the Chiles plan would even result in a small budget surplus, $21 billion, in fiscal year 1991.

The Chiles budget eliminates the budget deficit in 4 years in a reasonable, responsible, balanced manner. Next year, it would reduce the deficit by $37 billion, achieving one-half of that reduction through cuts in spending and one-half through increases in revenues. And over the next 4 years, fiscal year 1988 through fiscal year 1991, the deficit would be eliminated with two parts spending cuts—half from defense and half from nondefense programs—and one part in revenues.

The Chiles budget begins with tight spending levels, levels that will mean tight budgets in all agencies. Yet, within the overall spending restraint, there is still some room to accommodate new programs to restore our economic power and our competitiveness, meet essential responsibilities, and implement some new initiatives, for example, catastrophic health insurance.

To achieve the Gramm-Rudman goal of a balanced budget by 1991, the Chiles budget also increases revenues by $18.5 billion in 1988 and by $98 billion over the next 4 years. All three major budget proposals—the Chiles budget, the President's budget, and the House-passed budget—acknowledge the need for additional revenues.

The President will not admit that his own budget has additional revenues. He says he will veto any measure that has new taxes. If his own budget had to go across his desk, he would have to veto his own budget because it has increased taxes in it—increased excise taxes on coal, taxes on black lung payments, et cetera.

In any event, whether the President acknowledges it or not, his own budget clearly shows that there are increased revenues therein.

So, each of these three budgets—the President's, the House-passed budget, and the Senate budget—has about the same level of revenues next year, around $18 billion.

The budget does not specify how those new revenues will be raised. That will await the action of the Ways and Means Committee in the House and Finance Committee in the Senate as those two committees consider a reconciliation bill. But the budget resolution states clearly that if the goal of a balanced budget is to be reached by 1991, revenues must play a part therein.

Of course, some argue that any increase in revenues will go to finance new spending, not to lower the deficit.

The President says that any new revenues will just be spent to finance new programs. Tax and spend, he charges to the Congress. His own policies are borrow and spend—borrow to the tune of doubling the national debt in 5½ years, at the cost of 37 cents out of each individual income tax dollar required to pay the interest on that national debt which has doubled on his watch.

But the Chiles budget includes a provision that asks the Finance Committee to establish a deficit reduction account into which the proceeds from any revenue increase would be placed. This account would ensure that any revenues raised would go solely to reducing the deficit. This is a welcome innovation and I commend the Senator from Florida [Mr. CHILES] for including it in his budget.

Over the next 4 years, the Chiles budget provides for nearly $1.2 trillion in new budget authority for our defense programs. By comparison, the first 5 years of the Reagan defense buildup, which I supported, increased budget authority by $1.3 trillion.

Of course, no budget can be ideal. I believe that the Chiles plan is a good starting point—much better than the underlying sequestration budget. I could support an increase in funds for national defense and I could support increases in funding for several of the domestic programs on which my State of West Virginia to some extent depends.

But these increases are not free. There is no free lunch. In recent years there has been the temptation to borrow and spend. This credit card mentality is what has contributed to the mountain of debt this Nation has accumulated. Any increase in spending must be paid for, and not just with one-shot asset sales that will do little, if anything, to achieve permanent deficit reduction. In fact, asset sales are a little like selling your car's tires to buy gasoline. In the end, you never get where you are going. In the budget, selling off assets, especially loan assets, does nothing to help achieve a permanent balanced budget.

If this administration had begun in 1981 to seriously reduce the then $79 billion deficit, it could have done so in about 2 years. Instead, the deficit rose dramatically, reaching a record $220.7 billion last year. In other words, that is $220.70 for every minute since Jesus Christ was born.

The Chiles budget provides an opportunity to eliminate this blotch of red ink on the Nation's ledger and to do so by 1991 in a fair, responsible, and balanced manner. With the Chiles budget in place, this administration need not fear the fiscal legacy it will leave the country or leave the next President, be he a Republican or Democrat. With this budget as a foundation, the Nation can prepare to meet the challenges ahead.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. (Mr. DODD). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I yield myself time.

It is hoped that the Senate can reach a vote on the pending amendment by Mr. CHILES at around 4 o'clock this afternoon. I have been discussing this matter with Senator DOMENICI and Senator CHILES. It may be that shortly there could be an agreement to that end. But, in any event, I think it is apparently agreeable that a vote occur in the neighborhood of 4 o'clock, so Senators might be prepared accordingly.

Mr. President, having discussed this request with Mr. DOMENICI, the ranking manager, and with Mr. CHILES, the manager, and having found it to be agreeable to both, I ask unanimous consent that the vote occur on the pending amendment at 4 o'clock p.m. today.

The PRESIDING OFFICER. Is there objection?

Without objection, the request is agreed to.

Mr. BYRD. Mr. President, I thank the distinguished Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself as much time as I need, subject to the unanimous consent, obviously, which was granted by the Senate. I would like to indicate for the record that I had confirmed the 4 o'clock vote with the distinguished Republican leader prior to my consent.

Mr. President, while we have been on this amendment for a considerable number of hours, in the opinion of the Senator from New Mexico, we have not yet discussed the contents in any detail because a substantial portion of the time was spent yesterday on the point of order.

The Senator from New Mexico and a few others, have addressed one aspect of the budget its anti-Western bias. I will not repeat it to any extent today. But, obviously, the day before yesterday, to a small extent yesterday, and a little bit this morning, the anti-Western bias of the Chiles budget was discussed. I do not think I have to talk about that again, other than to repeat that there can be no question that at least in the 7 years that this Senator has been intimately involved in the budget, 6 as chairman and this one, we have never had a budget that is as biased against one section of the country versus another as this one. We have never had a budget that is so directed against the Western States, and in particular the Rocky Mountain States, Their programs, everything from mineral royalty receipts to the Bureau of Reclamation and the like; bear a huge portion of assumed savings in this budget.

So I will merely remind Senators again that there can be no doubt that a vote for the pending Chiles amendment is a vote against the Western States and especially against six programs of significant interest to them. It is not a question of whether their programs are frozen, whether they are treated as current policy as most other programs in this budget are, but they are dramatically reduced. And yesterday I gave a complete litany of these cuts. I will not repeat it.

I will make one correction on the positive side. There is one assumption that one program which may have a significant impact on the West, public land acquisition for parks, that one is assumed to go up I think, by about $75 million, even though the President requested only a small increase. The rest of the Western programs, from mineral receipts to Bureau of Reclamation to what you must pay for mineral leases in a country; even though the mineral industry has already gone as far down as possible, they are all substantial new burdens for the Rocky Mountain region and Western States.

Now besides that issue, I believe we have discussed defense a little bit. I would like to discuss it in more detail, at this point, so that everyone will understand precisely what they are voting for when they vote, if they vote, for the Chiles amendment.

I sat through the committee proceedings and heard the discussions on defense that took place in the Budget Committee. I say with all respect that I cannot agree with it. Not only do I not agree with it, but I think it is misleading and, to a large extent, simply wrong.

The chairman said we need to look below the topline and think about "real defense" instead of real growth. I agree with that. But the analysis we have seen does not accomplish that. Instead, we have been pelted with opinions and slogans and what I really think are unfounded guesses.

I think we should turn our attention for a while to a substantive discussion of our national security.

The year started with the President submitting a defense budget request of $312 billion in budget authority, $8 billion less than his fiscal year 1987 request. Chairman ASPIN of the House Armed Services Committee put out a press release with big headlines, "At Last! A Reasonable Defense Budget!"

On February 25, the Budget Committee received views and estimates from the other Senate committees. The Armed Services Committee of the U.S. Senate, on a vote of 18 to 2, recommended the President's level for defense. They made a specific recommendation regarding the budget authority and the outlay mix, a recommendation which has been totally ignored, not only the number, but the mix; that is, how much budget authority and outlays there should be in order to maintain an appropriate mix of programs. Some spend-out fast, like pay, operations and maintenance, munitions and the like; and some spend out over the very long term, that is the acquisition of things like submarines and battleships, or a new fleet of airplanes.

The Defense Subcommittee also made a recommendation and their recommendation was also for the President's full request. They also raised the issue of the mismatch between the budget authority and the outlays. And the distinguished chairman of the subcommittee is here on the floor, the distinguished senior Senator from Mississippi, Senator STENNIS.

Let me quote from the letter:

The CBO baseline creates a mismatch between the budget authority and outlays which understates outlay requirements by $3 billion. The CBO baseline makes the unlikely assumption that Congress will fund the same relative mix of programs as was funded in 1987, instead of adjusting the mix to reflect the program planned for fiscal year 1988.

Despite all of these recommendations, the chairman proposed a defense budget that makes a major reduction in the President's defense request. It is justified, apparently, by some assumptions, suppositions and, I think, misstated facts that I hope we will debate at length now. And I am absolutely confident that if a number as low as that is adopted we will be back again debating them. Because if there is one thing I am confident of is that a budget resolution with those defense numbers, with the mix being in error, and the numbers being as low as they are; they cannot be enforced.

I honestly believe we will be back here with either the authorizing committee or the appropriating committee saying, "Regardless of what those budget numbers are, the country cannot maintain its military might, its commitments in the world arena, with this level of military spending."

One of the charts that we saw over and over was one that showed that since 1978 we spent $500 billion additional dollars on defense. The point that this chart is supposed to make is that we have accomplished a great deal during this 9-year period which is referred to as the "investment cycle."

The contention is that we are completing the current investment cycle and now are able to allow defense investment to fall off. It is contended that recent history dictates that this is the normal course of action in the world of defense modernization. Mr. President, I do not need to elaborate on how preposterous this notion is. The Department of Defense does not modernize in investment waves. Indeed, it is just that kind of profile that everyone including the Department of Defense and a compelling majority of the Members of this institution, the Senate, are working hard to avoid. We need to be on a steady course for our Nation's defense spending so that we can utilize efficient planning to achieve a reasonably modern force.

I mention this chart because I want to put defense spending into a proper historical perspective. The chart that was used in committee by the distinguished chairman is correct. The defense spending has increased by a cumulative $500 billion since 1978. But that is neither unprecedented nor unwarranted. It happened because the American people supported it. They and their leaders felt that it must occur.

There was a feeling of helplessness on the part of the American people following Iran, and the Soviet Union's invasion of Afghanistan in the late 1970's. Our military was in such a state that we had a few if any options that we could take. You could feel it in the air. The American people could feel it, and it was time to change the leadership that was leading toward a military collapse in the United States and jeopardizing its role in the world.

The reasons our options were limited at that point in history was because we had neglected our military for an entire decade. Hardly a leader around is disagreed and reasons for that are obvious. We did not spend enough money on defense. We had permitted defense to reach the lowest level in terms of percent of our gross national product since the Second World War.

To put this chart in perspective, if we were to extend the date back another 9 years, the same period that the distinguished chairman uses, we would find that defense had lost a cumulative total of not $500 million, but $628 million. Well, you may say, but this takes us right up to the peak of the Vietnam war. That is not true. If the computations were made going back to 1968, the cumulative loss would be much higher—perhaps as high as $714 billion.

It is obvious to me why $500 million was put back into the Defense Establishment. It was desperately needed. I had my staff prepare a simple chart to show in an objective way the relationship of defense spending to other Federal spending. It is very simple. In constant 1988 dollars it shows defense spending and nondefense spending.

There are the graphs. You can see them back there in the back of the Chamber with the red line and the blue line. They are graphs for early 1950 when the United States realized in order to fulfill its role in world affairs it had to maintain a standing military.

I also point out that net interest is not included in the nondefense line. What it shows, when both defense and nondefense lines are included, is that the picture is clearer. In 1955, defense spending was $195 billion and nondefense was $95 billion. In 1965, a decade later defense spending had dropped, again as measured in constant dollars by $10 billion, to a total of $185 billion; nondefense spending on the other hand had risen by $120 billion to $251 billion by 1965. By 1975 the trend was even more dramatic. Defense spending was still at the same exact level of $185 billion while nondefense spending had risen to $475 billion, an increase of $261 billion.

In 1985, even after the Reagan buildup which many Members describe as "unprecedented," "massive" and so on, defense spending amounts to $278 billion, an increase of $93 billion while nondefense spending is at $620 billion, an increase of $148 billion in that very short period of our history.

In other words, Mr. President, if you look at all of Government spending you see a slightly different picture than if you just look at one period and one part of Government spending.

Mr. President, the graphical representation of this shows clearly that we are now, in defense, about where we would have been had we stayed on a steady course set in the fifties and sixties. None of this takes into account the cost of correcting the damage done by 10 years of defense neglect that occurred prior to the election of President Ronald Reagan. If you look at defense in terms of a share of GNP, total resources of our country, defense as a percent of that, gross national product, was at 9.5 percent prior to the Vietnam buildup. It dwindled to 4.8 percent in the midseventies, and with all the Reagan buildup that is so touted it has risen only slightly to 6.6 percent of GNP in 1986.

Interestingly, even if the President's full request for defense were enacted for the 5-year plan, defense as a percent of GNP would still continue to decline and would be only 6 percent in 1991.

But let me remind the Senate if any of this is relevant, and I believe it is indeed relevant, under the budget that you will vote on in about 35 minutes we will be back to 5.1 percent of GNP, exactly reminiscent of the late 1970's. There can be no doubt in this Senator's mind that somehow or another we must have concluded that things are better in the world. We must have concluded that the Soviets are more apt to negotiate realistically if we decide to return to the decade of the seventies than to stay on a steady path of challenge and preparedness which we are on now. Even after 2 years of successive reductions in the defense spending we are at 6.6 percent of gross national product, and we would now be asked after all the reductions that were made that we go even further, and that we reach balance in 1991 under an assumed set of facts which will take us back to the seventies.

Mr. President, I would like to quickly talk about and summarize this defense situation.

On February 13, Admiral Crowe came before our committee, and he laid out in the clearest terms I have ever heard how our national strategy on security is divided and how DOD translates that into forces, programs, and budgets. He summarized our security situation in various regions of the world, and assessed our prospects in each. He did not paint a particularly reassuring picture. But he did not use his analysis to justify large defense increases. He simply asked the Congress to decide what military capabilities

America should have in the nineties, and set a steady course to get there.

In my view the course set by the mark that we are going to vote on is an unsteady and downward path, not the steady one that Admiral Crowe so succinctly set out for us. It will take us back to the days of a hollow army, of ships that cannot sail, and of soldiers leaving the military in droves because of low pay and poor facilities. You do not need to rely on my assessment because Admiral Crowe addressed this particular issue this way:

> We may be able to live with one or two years on a flat or descending appropriations curve, but we will eventually pay heavily for several years of zero or negative growth. At this point, it is difficult to forecast the specific impacts. But given the Soviets' steady progress and the narrow margins inherent in our defense policies, small reductions in our capabilities could very well provoke a disproportionate change in the risk. Our experience has confirmed that time and time again.

He said he thought it ought to be.

Let me make one other statement. Our distinguished chairman actually said in the committee markup that his defense number was inadequate.

The chairman said in the markup it is inadequate. He said he thought it ought to be at least zero real growth, $14 billion higher, and he said that about $18.5 billion of new taxes was not enough to pay for an adequate defense.

There it little I can say to add to the impact of those words. I think this budget turns its back on defense, and I think we should not make this kind of serious mistake at this particular moment.

President John Kennedy once said, "Only when we have the weapons to be sure we can win will we be sure that deterrence will work and we will not have to use them."

Mr. President, we have heard from our best military experts, we have heard from our own committees who are experts, any yet we are bound and determined at 4 o'clock this afternoon to vote on a budget resolution that does precisely the opposite of what the committees recommend, of what the military experts recommend, and, indeed, turn our back on a President's budget which, when he sent it, was heralded as at last a realistic 3-percent real growth.

Mr. President, I have given the Senate two reasons for voting no. For those from the West, if they vote aye, I would assume that any Senator from the West that votes aye is preparing now in their Senate office a statement, they are typing it up so they can come down here and put it into the RECORD. Then when somebody asks, "Did you really do that?" They can say, "Well, that was just a starter. We really did not ever intend that to be the budget. We though it was going to be fixed but we had to start somewhere."

Well, I do not believe this is the way to start. But I do believe Senators from the West and the Rocky Mountain area that vote aye are going to be held accountable for a very, very interesting vote, this is the most anti-West budget produced in the years that we have had a budget resolution, without a doubt.

It seems as if we had to save somewhere so we did there.

That reason is one. The defense reason is another.

Now I would like to just quickly go through a few more.

One of the real whipping boys, an easy one around here, is international affairs. The distinguished occupant of the Chair, the current Presiding Officer, is one who takes international relationships and our country's role in the world very seriously. There is no doubt about it. While he and the Senator from New Mexico may not vote the same, I laud him because he understands that we do indeed have a role.

I also just tell you: The mark that we are going to vote on assumes immediate and substantial reductions in many international programs and fundamental restructuring of diplomatic, broadcasting, and foreign aid operations. The aid program for Israel and Egypt is assumed, supposed to be frozen at the 1987 appropriated level of $5 billion for 1988 through 1991. If that turns out to be the case, and that is what is assumed, after 1988 aid programs to nonearmarked countries would be reduced by 50 percent or more, and we will do the absolute arithmetic for anybody who wants to see it. That is what you are voting on.

You are going to hold Israel and Egypt harmless, presumably, but yet you are going to cut this function and the nonearmarked aid is where it will come. If you just take it across the board, they will have to be reduced 50 percent.

Obviously, that is the popular thing to do. Obviously, we do not want to spend enough on defense and we do not want to spend enough on foreign aid because somehow or another we have a vision that we must increase other things but not those.

Well, we know, those who are concerned about our future know, that our domestic welfare is very much tied to both our defense and the world and our relationship to developing countries and our commitments to other countries in the world in order to maintain their integrity and promote democracy.

That is the third reason.

Function 600, income security. Federal civilian retirement benefits would be reduced by $712 million in fiscal year 1988 by eliminating the ability of retirees to receive a lump-sum return of their retirement contributions in exchange for lower benefits.

Function 920, allowances. This mark provides, the one we will vote on, a 2-percent pay raise for civilian employees of Federal agencies. It would require agencies to absorb 50 percent of the cost of the pay raise, and, get this, that is reconciled for 4 years. That is how you get savings that you have been told you are voting for in reconciliation, mandating a 2-percent pay increase for 4 years. So you take that off of an assumed trend line that would be higher and there is the big chunk of savings.

We have never before reconciled pay for 4 years and at 2 percent, one of two things will happen: You will not vote for it because you do not think it is fair, or you will vote for it and it will not happen. Sure, you will reconcile it. They will find some way to either "jimmy" the figures or we will be back here saying, "We found some money somewhere else. We really did not mean that." Whether it is this coming year or next year, does anybody really believe this is a real savings, mandated 2-percent pay increase for 4 years with 50 percent pay absorption within the agencies?

This budget that is before us also assumes, for those who wonder about those who work for our National Government, a 1-year delay in the within-grade pay, those increases that are provided automatically called within-grade pay increases. The budget that you are going to vote on assumes a permanent 1-year delay in that portion of what they have grown entitled to expect, and there are many who think they are indeed entitled to receive. Not even the President proposed those reductions on the civilian side of the budget.

Now, Mr. President, I think the die is cast. I think I have adequately explained as best I can—there are many more things we can talk about—that we have sort of seen what is going to happen. But I could not let the Senate vote without going through a few of the other issues.

My last one is to remind all of those who come from the West and are going to vote aye on this budget to get their floor statements ready, get their excuses ready, get their justifications ready, get their amendments ready, because there is no doubt about it, be it a Democrat or a Republican, if they come from the Rocky Mountains or the West and they vote aye they have a lot of explaining to do with reference to that vote.

Mr. President, I yield 5 minutes——

Mr. CHILES. I wonder if the Senator will agree that the Senator from Florida would have about 10 minutes to clean up a little of this?

Mr. DOMENICI. I did not know how much time the Senator wanted. The Senator from South Carolina, Senator

Thurmond, wants 5 minutes, and Senator Gramm wants 3 minutes.

Are there any others on our side? Senator Evans has been trying to get here. He will take a couple of minutes. We will try to keep it to 10, if that will be fair.

Can we make yours 4 minutes?

Mr. THURMOND. I think so.

Mr. DOMENICI. I yield 4 minutes.

Mr. THURMOND. Mr. President, I rise to express my concerns with the funding levels provided for our national security in the budget submitted by Senator Chiles. The President recommended $312 billion in budget authority for defense. This represents a 3-percent increase, which is only the amount necessary to fund weapons systems which we have previously approved. The Chiles' defense recommendation is $289 billion in budget authority, which constitutes slightly less than a freeze. This is nearly $23 billion less than the President's request. Chairman Chiles' proposal recommends $769.1 billion in nondefense outlays for fiscal year 1988. This is an increase of $38.6 billion over projected fiscal year 1987 spending. The President's budget provides for total nondefense spending in fiscal year 1988 of $741.5 billion.

I strongly support the basic priorities of the President's budget request. I have long been an advocate of a strong defense as a deterrent to armed conflict, and the maintenance of peace. Accordingly, I wish to associate myself with the comments of the distinguished ranking member of the Budget Committee, Senator Domenici, in which he eloquently related the impact of Chairman Chiles' budget recommendation on the national defense.

Since 1970, defense spending has risen by 300 percent, while nondefense spending has increased by 600 percent. During the Reagan administration about $100 billion has been added to annual defense spending. Nearly $180 billion has been added to nondefense spending. During the decade of the 1980's, defense has commanded a smaller share of the Nation's output than any decade in the postwar era.

The defense share of the gross national product [GNP] is about 6 percent, while the nondefense share has constantly increased to a current value of about 17.5 percent. Chairman Chiles' proposal would reverse the recent efforts in defense modernization, by systematically reducing this share of the Nation's output dedicated to defense to a level of about 5.1 percent by 1991.

We cannot allow such a backward step. The Chiles' budget plan would seriously cut into our national defense capability. Further, it would undermine and weaken the President's arms control negotiation ability. National defense must be maintained as a chief priority.

Soviet leaders only respect strength. It is the strength which we have shown in recent years that has brought them to the negotiating table. We must not reverse our direction in either strategic or conventional defense. Now is not the time to reduce defense spending.

Mr. President, I commend Senator Domenici, the able ranking member of the Budget Committee, for his strong support of defense.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. Mr. President, I yield time to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for what time?

Mr. ARMSTRONG. Mr. President, we would like to play it by ear. I think the Senator from Texas wants to make a statement and perhaps, if he arrives, the Senator from Washington would, but it is my understanding that the Senator from Florida is to be recognized beginning at 10 of.

Mr. GRAMM. If we might set it at 3 minutes.

Mr. ARMSTRONG. I would be happy to do that.

Mr. GRAMM. Mr. President, we have had ample discussion about national defense. What a paradox it is that virtually every Member on the Senate floor today spoke in outrage in 1980 against President Carter and his defense budget when the percentage of GNP going to defense was 5 percent. We are here today voting on a budget that takes us back to 5 percent of GNP going to defense. Nobody believes the threat is less today than it was in 1980. Everybody recognizes it is more.

As you look at this budget with a 1.4 percent increase in defense over the last year, you might say, "Well, that is what we had to do to deal with the deficit problem." The only problem is when you come down the page you find that nondefense spending grows by six times as much as defense spending. In fact, nondefense spending is up 6 percent in this budget.

So what we are doing here is not cutting defense to meet the Gramm-Rudman-Hollings targets, not cutting defense to reduce the deficit, but instead we are reducing the rate of growth in defense dramatically. We are raising the rate of growth in nondefense dramatically.

Now, a lot of people in the aftermath of this budget are going to be talking about cuts. And I guess in my final couple of minutes I want to leave people listening to this debate with one point. That is there are no cuts in Federal spending. The budget before us proposes spending $42.8 billion more than we spent last year. Revenues from economic growth are up $66.4 billion. If we froze the total level of spending at last year's level, that would more than meet the Gramm-Rudman-Hollings targets. But we are increasing domestic spending, severely limiting the growth of defense, and we are raising taxes by $18.5 billion.

Now, what does it mean when we say we have to raise taxes in writing this budget? What it means is that we have looked through the whole budget of the United States, we have looked at a proposed $1.053 trillion of programs, and have concluded there is more fat in the budget of the average working person back home, more fat in what they are spending to feed and educate and house their family and children than there is in the $1.053 trillion in this budget. Therefore, we are going to vote to raise their taxes.

I do not believe that. I believe there is more fat in the Federal budget and we ought to be cutting spending rather than raising taxes.

The PRESIDING OFFICER. The Senator's 3 minutes are expired. Who yields time?

Mr. ARMSTRONG. Mr. President, as I understand it, our side has about 2 minutes remaining, and I will yield that time to myself.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, recently a member of my family made the observation that they could never understand why I was always so disgusted with the way the Senate handles issues until the last year when this member of my family, whom I will not embarrass by identifying, specifically began to watch these proceedings on television and I would judge that any thoughtful person, whether they were related to a Senator or not, who watches this charade, this travesty on television would be about as disgusted as I am.

I guess I have been watching this at short range for about 9 or 10 years and all I can tell you is I think we have reached what one newspaper editor described as "the stomach turning point." The pious declarations that we are interested in saving money or balancing the Federal budget simply do not square with our actions in this budget resolution or in anything else we have done this year.

Mr. President, this Congress is on its way to becoming the most spendthrift Congress that is possible to imagine. The first thing we did when we got here was to pass a big water bill, which the President vetoed, and then we overrode that. And then we passed a highway bill which authorized, among other things, twice as much for mass transit as the President asked. And then we passed a homeless bill which in my view will go down in history not only as extravagant but misdirected. Then we passed a housing bill which failed to reform in any degree, significant or otherwise, some of the most extravagant and wasteful programs we have ever seen and started a bunch of new ones.

Now we come with a budget which does exactly what the Senator from Texas and others have just said. This is a joke. This is a charade. We are trashing the budget process. We are spending the very little remaining credibility which Congress has on these issues, and I regret it. I retain the hope we are going to do better, but I guess I would have to say it looks to me like the fix is in. It appears to me that the majority has the votes for this or some version of it. I, for one, very much regret that probability.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Who yields time?

Mr. CHILES. I yield myself such time on the resolution as I may use.

Mr. President, I have listened with great interest to the distinguished Senator from Colorado, as he spoke about the majority having the votes. I hope we do. I am not sure about that, but I hope so.

If you want to talk about travesties, I think it is a travesty we cannot put together a bipartisan budget. I think it is a travesty when the majority says to the minority:

> Come participate. Come join us. Come help us put this together. Bring your President along. We would like to have his participation, too. We would like to have his leadership.

We have not had it. We have not had it in the Budget Committee. We have not had it to date. I am always hopeful. But I hope that member of your family does not get a chance to observe some of this, because it might be upsetting.

That gives me some concern, a little qualm. I am not here participating with the majority only because I want to. I am doing it because it is the only thing available to do.

Mr. ARMSTRONG. Mr. President, if the Senator will yield, he tempts me sorely to point out that during prior years, when he was a member of the minority, he performed that task in such an admirable and worthy manner that we would be glad to return him to that status at an early date.

Mr. CHILES. I think we performed in such an admirable manner by participating that the people decided to give us a chance to lead.

My time is limited, and I have a couple of other points, if the Senator will allow me.

I say to my good friends who have been making these comments: Welcome to the real budget deficit-reduction world.

I have heard it said that defense is being cut and that is terrible. The Senator from Florida wishes we were not talking about cutting defense. He wishes we were not talking about cutting domestic programs. He wishes we were not talking about raising revenues. He wishes we were not talking about reducing a deficit of $171 billion, or making reductions of $37 billion.

We are told we can find some waste, fraud, and abuse, that there is a lot of it around, but I do not see anybody who has discovered it thus far.

We are told, "How in the world can you be cutting defense?" Well, it is simple. If you are going to save $37 billion, how do you do it? We decided we would take half off the revenue side. That is $18.5 billion. We are castigated for doing half of it off the revenue side, but we felt we could not do it all off the spending side. On the domestic spending side we will do $10.3 billion.

Then we said we will have to have $9 billion on the defense side—not as much on the domestic side, but we decided some savings were necessary

In the real world, if you are going to have deficit reduction, you have to reduce something. That is what this is all about. If you do not reduce any defense, you have limited options: You could reduce those domestic revenues another $6.9 billion. But no one has told me where that would come from.

I am hearing protests about some user fees in Western States, what a terrible budget this is for Western States. That is a good argument. But I can make that same argument, just as well, for the East and the South. I am hearing in my State about how devastating this is to our programs—Coast Guard user fees, meat and poultry inspection fees, the effect on Medicare.

But, my goodness, the budget charges the West some additional money! It does. It charges some additional money to the West, to the East, and to the South, because we are talking about deficit reduction. There is no easy way to talk about it.

I have not heard anybody say, "Let us add that $6.5 billion to the revenue side," and nobody says where it would come off the domestic side.

So, we are going to have a modicum of defense reduction. It is not easy to get. We were castigated yesterday, and we will be later, because we did not get down to $108 billion. There is no way to do it without reducing some programs.

Let us look at defense for a moment.

As has been pointed out, the Senator from Florida helped in the buildup of defense. I want to continue to do that. The outlays for defense as a percentage of GNP have increased 104 percent since 1980.

But what has happened to domestic programs? We have been talking about how large they have grown. They have increased, as a percentage of GNP, 44 percent. So, Mr. President, one is twice as big as the other—44 to 104 percent. That gets down to the true figures.

I have listened to the figures of the Senator from South Carolina. But what his figures did not say is that in Medicare and Social Security—and he included that as the nondefense growth—we are paying for them. The taxpayers are paying for them. The user is paying. It is part of the payroll deduction. The employer and the employee pay that.

In the defense buildup we have had, we have borrowed the money. That is left for us to pay for; that is left for our children to pay. That is part of the money foreigners are putting up, and we are paying interest on it.

The Senator from Florida is willing to pay for defense. I think that is part of the difference we are talking about here. Do we care so much about our country and care so much about our defense that we just borrow more money, and add to the national debt, regardless of the fact that we have added $1.3 trillion since 1980? Regardless of the fact that we have more than doubled the national debt in the last 6 years, borrow some more, because we care so much for defense. Pay for it? Wait a minute. That is different. Instead we talk about waste, fraud, and abuse. Let us talk about what we are doing to other programs. Let us talk about everything but paying the bill.

I would like to see how some other people would raise this money. I have seen the President's budget and what it does. He adds some money to defense. He adds about $12 billion above the baseline for defense. He makes some real cuts off the domestic spending side.

I think we should have a chance to find out whether people want to follow the President's budget or whether they want to make those cuts: drastic cuts in Medicare, drastic cuts in Medicaid, drastic cuts in education; 30 percent in education; 50 percent cuts in the new drug war money.

The administration raised taxes to pay for highways in 1982 because we said this country needed highways. When the President came out for that, Congress followed, and we added a nickel to the gasoline tax. The people accepted it. We knew we needed highways.

Mr. President, I think we need the same thing in defense. If the President calls for it, I believe this Congress would respond and the American people would respond. Instead, we just borrow money.

What this plan is about is that deficit reduction must be equal, must be fair. It is done on the domestic side, and it is done less than that, but some, on the defense side. All of the new revenue money goes into the trust fund for deficit reduction alone. If you want to reduce the deficit, you need to vote for this amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The hour of 4 p.m. having arrived, the question is on the Chiles amendment, No. 175, the second-degree amendment to the motion to recommit.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Tennessee [Mr. Gore] is necessarily absent.

The PRESIDING OFFICER (Mr. Breaux). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas, 50, nays 49, as follows:

[Rollcall Vote No. 84 Leg.]

YEAS—50

Adams
Baucus
Bentsen
Biden
Bingaman
Boren
Bradley
Breaux
Bumpers
Burdick
Byrd
Chiles
Conrad
Cranston
Daschle
Dixon
Dodd
Exon
Ford
Fowler
Glenn
Graham
Harkin
Inouye
Johnston
Kennedy
Kerry
Lautenberg
Leahy
Levin
Matsunaga
Melcher
Metzenbaum
Mikulski
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Reid
Riegle
Rockefeller
Sanford
Sarbanes
Sasser
Simon
Stennis
Weicker
Wirth

NAYS—49

Armstrong
Bond
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Dole
Domenici
Durenberger
Evans
Garn
Gramm
Grassley
Hatch
Hatfield
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Karnes
Kassebaum
Kasten
Lugar
McCain
McClure
McConnell
Murkowski
Nickles
Packwood
Pressler
Quayle
Roth
Rudman
Shelby
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Wilson

NOT VOTING—1

Gore

So the amendment (No. 175) was agreed to.

Mr. CHILES. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CRANSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(By request of Mr. Byrd, the following statement was ordered to be printed in the Record:)

● Mr. GORE. Mr. President, I want to take this opportunity to note that, had I been present today, I would have enthusiastically cast my vote for the Chiles budget amendment. I was unable to return from out of town in time for today's vote, but I want to make my position on the amendment clear, for the Record.●

AMENDMENT NO. 179

Mr. CHILES. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Florida [Mr. Chiles] proposes an amendment numbered 179.

On page 35, line 52, strike "in amounts not to exceed the amounts specified in subsection (b)".

On page 36, line 8, strike "enacted that ensures" and insert "reported that will, if enacted, ensure".

On page 36, lines 15 and 16, strike "as requested by the President".

On page 36, strike lines 19 through 38.

On page 36, line 39, strike "(c)" and insert "(b)".

Mr. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will please be in order.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I will shortly yield some time to the distinguished Senator from Colorado, but let me say, in particular to Republican Members, our Republican leader has scheduled a conference of Republicans in room 207 at 4:45. I would say to the distinguished majority leader that it is the Republican leader's idea that that will take no longer than a half-hour.

I might say I did not know that the distinguished chairman was going to offer an amendment. I thought it was going to be rotated and it would be our turn. He has indicated to me that he did not know that we had an amendment on our side. I have since learned that perhaps the amendment that he has sent to the desk is one that we might have already assumed was part of his package. I am not sure of that. Nonetheless, we would like a little time to look at it.

I might say that I promised to yield some time to the Senator from Colorado, some time from the resolution, not in opposition to the amendment.

How much time would the Senator wish?

Mr. ARMSTRONG. I would like 2 minutes.

Mr. DOMENICI. I yield 2 minutes.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator will suspend. The Senate will please be in order.

Mr. BYRD. Mr. President, will the distinguished Senator from Colorado let me make an announcement without the time being charged against him?

Mr. ARMSTRONG. Yes, of course.

Mr. BYRD. Mr. President, there will also be a conference of Democrats. We will have our conference in room S-211 immediately. I hope all Senators will attend.

How much time does the distinguished minority leader want?

Mr. DOLE. If they show up on time and we start at 4:45, we hope to complete it by 5:30.

Depending upon the disposition of the pending amendment, it may be that if we are permitted to offer an amendment, there could be a major amendment on this side. There may not be a vote on it tonight but at least we would get it laid down.

Mr. BYRD. Mr. President, I ask unanimous consent, if agreeable to all parties, that following the completion of the statement of the Senator from Colorado, the Senate stand in recess until 5:30.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Colorado is recognized for 2 minutes.

Mr. ARMSTRONG. Mr. President, I thank the Chair. I thank the leaders. I thank my friend from New Mexico.

I ask if we can have order in the Senate.

The PRESIDING OFFICER. The Senate will please be in order. Will those Senators who desire to converse please retire to the cloakrooms?

The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I just want to take a moment to put one issue on the Record straight. There are a lot of things about this budget that need to be talked about, but in the moments leading up to the vote which just occurred, an impression may have been inadvertently made which should not stand unchallenged even for a matter of a few minutes while we are in recess. That is the question of the participation in this process by the President of the United States. A casual reader of the Record or someone who might be watching these proceedings on television might somehow gain the idea that the President is a nonparticipant, that somehow he has run away from the budget process.

I just want the Record to be clear that this is not the case at all.

Mr. Reagan has submitted his budget. He stands by it. It is not a budget which I think is particularly admirable. It is a budget which I can criticize. In fact, Senators will recall that I have felt free to criticize the budget submitted by President Reagan and his predecessors on many occasions.

But the notion that somehow he is not participating in the process is wrong.

Let me also state for the record that while there is a lot about the President's budget I do not care for, it is a lot better than the budget presently under consideration by the Senate.

Some may think that the President of the United States is not doing his job. If they will look at that budget they will find that he has had the courage to terminate a number of programs which have outlived their usefulness. This budget does not do so.

Mr. Reagan's budget has called for reforms in housing, in welfare, in a number of areas. In fact, in no less than three dozen specific programs President Reagan's budget calls for either terminating programs or reforming them, the kind of courageous budgetary steps which are not in any degree reflected in the budget before us.

I would say to those who are waiting for President Reagan to participate that he has not only participated but he has done more than his share thus far.

RECESS UNTIL 5:30 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 5:30 p.m.

Thereupon, at 4:35 p.m., the Senate recessed until 5:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. BYRD).

RECESS UNTIL 6 P.M.

The PRESIDING OFFICER. Without objection, the Senate will stand in recess for 30 minutes, with the time to be equally charged against both sides.

There being no objection, the Senate, at 5:30 p.m., recessed until 6 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ROCKEFELLER).

Mr. BYRD. Mr. President, if it is agreeable with the Republican leader and the ranking manager—I have discussed the matter with the manager, and he has the feeling that we ought to go out—we would just leave the pending amendment where it is; and when we come in tomorrow, the question will be on the amendment by Mr. CHILES.

Mr. President, I ask unanimous consent that the time that was utilized in the earlier recess be equally charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, there will be no more rollcall votes today. I would anticipate rollcall votes tomorrow. There is a lot of work yet to be done.

MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that there be a period for morning business at this time, not to extend beyond 15 minutes, and that Senators be permitted to speak up to 5 minutes each therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

"DAYS OF REMEMBRANCE, 1987"

Mr. WARNER. Mr. President, many historic events occur in the rotunda of the Capitol of the United States of America.

Yesterday, Members of Congress and guests were honored to participate in "Days of Remembrance, 1987." This moving ceremony was under the sponsorship of the U.S. Holocaust Memorial Council.

The Speaker of the House, the majority leader of the Senate and Senator DANFORTH spoke with extraordinary feeling and sensitivity on behalf of both Houses of Congress. Their statements reflect the overwhelming sentiment in the Congress today and, hopefully, the future.

The ceremony concluded with special recognition of two distinguished Americans, now deceased, Edward R. Murrow, and Fred Friendly, witnesses to and recorders of these tragic events.

Just as the Holocaust period in history must be remembered, so must these remarks be made of permanent record for present and future generations to study.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point statements made in the context of this entire ceremony, and that the program also be printed in full.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS: HOLOCAUST MEMORIAL

(By U.S. Senator Robert C. Byrd from West Virginia, Washington, DC, April 28, 1987)

Forty-two years ago this spring, for the first time, Allied and American troops came upon Hitler's death camps.

The gates of Dachau, Buchenwald, and Mauthausen were thrown open to reveal to a stunned world, horrors unimaginable.

One of the victims rescued from Buchenwald was Elie Wiesel, the Nobel Peace Prize laureate and the past chairman of the U.S. Holocaust Memorial Council—a man who has spoken so eloquently to the world's conscience about the Holocaust for so many years.

Out of his experience of the Holocaust, Elie Wiesel has reminded us, "the opposite of love is not hate, but indifference. The opposite of art is not ugliness, but indifference. Indifference to evil is evil."

But few people were prepared to learn the depth to which men could plunge in committing evil against our own kind.

The last surviving eyewitnesses to those concentration-camp liberations—as well as the last surviving victims of those camps—are becoming fewer in number every year.

One day, they will all be gone. And when those survivors are gone, who will there be to remember the Holocaust? Already, perverse voices arise saying, "There was no Holocaust!"

As representatives each of humanity, we—and all who follow after us—have a duty to remember the Holocaust in the place of those who suffered it and witnessed it—to burn the memory of the Holocaust into human history.

For an evil that mankind forgets is an evil that mankind can repeat. The price of historical amnesia can be incalculable. And what does remembering mean, then?

Again, Elie Wiesel speaks to us. He said, "To remember—means to open our soul and make it more sensitive to suffering everywhere. It means also to be aware of what is going to happen to this world unless we tell the tale."

The linking of this ceremony of remembrance of the Holocaust with the awarding of the Eisenhower Liberation Medal to the late Edward R. Murrow and to Mr. Fred Friendly is, then, particularly appropriate. In their lucid, honest, and committed fashion, Edward R. Murrow and Fred Friendly were among the first to open the eyes of the whole world to the enormities that had been uncovered in Hitler's Reich. Their words and their reports stirred our indignation, and made possible the determination that the horrors of the Holocaust not be repeated.

As a result, the rallying cry of all men and women of good will should be, "never again!"

And our hope should be the long-ago vision of the prophet Isaiah, who wrote: "And he shall judge among the nations, and shall rebuke many people: and they shall beat their swords into plowshares, and their spears into pruninghooks: nation shall not lift up sword against nation, neither shall they learn war any more."

DAYS OF REMEMBRANCE OF THE HOLOCAUST

(Note: Senator Danforth delivered the keynote address for the Civic Ceremony of the Days of Remembrance of the Holocaust at 11 a.m. on Tuesday, April 28, in the Rotunda of the United States Capitol. This is the text of Senator Danforth's address.)

Nine years ago, when Congress first enacted a resolution creating days of remembrance, our intent was to encourage reflection on the Holocaust during the time of week set aside for religious observances. It was not to be a single day of remembrance, but at least two days, a Saturday and a Sunday, a Sabbath and a day of Resurrection, so that Jews and Christians could consider the meaning of the Holocaust from the vantage points of their religious traditions.

Certainly, the Holocaust does have profoundly religious significance. For Jews it is important never to forget the past—to recall that most awful time of persecution—to remember those six million men, women and children who were put to death for the single reason that they were Jews.

For Christians, it is important to recall the past in order to plumb the depths of sin in our own souls. Days of Remembrance calls us to consider the meaning of our own faith, to contemplate how this appalling thing could have happened, and to restate that Nazism and its brutality were in absolute contradiction to our most basic beliefs.

For men and women of all faiths, memory of the Holocaust calls us to repentance. All of us tend to be self-righteous about our religious beliefs, but the Holocaust reminds us that some who committed those awful crimes were Christians, and many others who stood by the wayside and let it happen were Christians. So the Holocaust is a lesson to us. It is a lesson that some of the worst acts of hatred and persecution in history have been done in the name of religion or with the condonation of religious people—that some of our darkest thoughts and acts take place when we believe we are doing God's will.

These ideas and others occur when we are in our synagogues and churches for weekend commemorations of the Holocaust. But this is a different setting and a different time. This is the rotunda of our Nation's Capitol, not a house of prayer. This is the middle of a week day. We gather not as Jews or as Christians, but as Americans, in a civil setting, and we do so to acknowledge those values which are not unique to one faith or another, but which are common to all of us as "one nation under God."

The memory of what we are not reminds us of what we are. In 1933, a satanic man assumed unlimited power of government. That government singled out a people for their religion. It sacked their businesses and burned their synagogues. It rounded them up from their homes and herded them into cattle cars. It shipped them to death camps. It starved them and beat them and shoved them into gas chambers, as many as 2,000 at a time.

Death became the main mission of government. When fighting a war competed with murdering Jews, murder was the priority. Soldiers who could have fought guarded Jews. Trains that could have carried supplies to the front carried Jews to the camps.

We Americans complain about the inefficiency of government. Those of us who work in this building lament the slow pace of our work. Here a tiny minority can bring the process to a halt.

There were no such complaints in Nazi Germany. Minorities never got in the way of anything. The only problem they caused was logistical.

A government was absolute power and with a single-minded purpose can be amazingly efficient. Ninety percent of the Jews of Poland were killed. Six million human lives were extinguished with machine-like competence.

In America, the efficiency of government has never come first. The people come first. And when we speak of "the people," we do not mean some master race. We mean all the people. We mean every race and every religion.

We believe that government exists not to destroy people, but to protect them, not to crush their dignity, but to lift them up. We find no strength in favored classes which lord it over others. We find strength in our diversity of faiths and groups which unite in a common commitment to justice and tolerance.

The memory of what we are not reminds us of what we are. So let us remember the victims of the Holocaust. Let us never forget. And let us rededicate ourselves to our country and to the values common to us all.

SPEAKER JIM WRIGHT: REMARKS TO DAYS OF REMEMBRANCE CEREMONY

We are gathered today to regenerate our faith and renew a solemn commitment. We join together because, more than four decades later, the utter depravity of the holocaust still appalls and baffles us. We strain to understand how such brute cruelty could have occurred in the heartland of European civilization. We come to record our collective promise that deeds of such savage inhumanity shall never be allowed to occur again.

If this national commitment is to have meaning, it must be firmly undergirded by our intensely felt individual commitments. It was not numbers that perished. It was people who perished in the fiery furnances. It was people who suffered the agonizing loss of loves ones. It is the individual person who chooses to follow or to disobey immoral orders from an immoral government, and it is the individual person who must answer in the private recesses of his own conscience.

As Americans, we played no direct or overt part in perpetrating these crimes against humanity. Indeed, it was we who played the decisive role in liberating Europe from the shackles forged by a maniacal mind. Still, there is a sense in which not even our own country was wholly blameless. There was uncomfortable evidence on which we turned our backs. When we turned away the St. Louis, a passenger ship with nine hundred Jewish refugees from Hitler's ghettoes, we should have realized we were consigning them to death. We chose not to think about this, may God forgive us.

Altogether, there were six million Jewish victims. Six million people, a figure that defies comprehension.

Probably the most soul-stirring memorial in Washington is the one for the Vietnam veterans that lists the names of the American victims of that war. Each time I visit it, I am overwhelmed by its enormity. Yet to erect a similar monument naming the victims of the holocaust would require a stark wall rising almost twice as high as the Washington Monument.

But the enormity of the holocaust is more than the numbers. It is the impersonality with which it all occurred. Part of the tragedy is that our efforts to remember the victims will forever be marred by our ignorance of who many of them were. Hitler undertook in twelve short years to wipe out an entire European Jewish culture that had developed over hundreds of years from the Norwegian Sea to the Black Sea, whole families were massacred. One million children were killed. They were not nameless at the time. They were not nameless to their mothers. They are not nameless to God. But the horrors of the Holocaust have rendered them nameless to history.

Let us also recall with clarity that the Jews were not the only victims of the fiendish death machine. Thousands of Greeks, Ukrainians, Czechs, Poles, Gypsies likewise were pushed into the Nazi fires. It was a savage, racist hymn of hate intent upon the destruction of whole ethnic and religious segments of our human family.

Hitler did not invent the evil of racial and religious hatred. He only honed it to an art form of fiendish efficiency. From Babylon to Buchenwald, from Wounded Knee to Armenia, from the excesses of the Ku Klux to the killing fields in Cambodia, its victims lie buried.

May we never again give comfort or breathing space to the deadly virus of racism and religious bigotry in our society—or in our world. May we recognize its symptoms, however seductively disguised. May we be eternally vigilant against its recurrence anywhere. And may we cultivate in our hearts and in our minds and in our institutions its only effective antidote, which is brotherly love for all the children of man throughout the Earth.

DAYS OF REMEMBRANCE, 1987

(Sigmund Strochlitz, Benjamin Meed, Co-Chairmen, Days of Remembrance Committee)

NATIONAL CIVIC COMMEMORATION OF THE DAYS OF REMEMBRANCE

TUESDAY, APRIL 28, 1987, UNITED STATES CAPITOL ROTUNDA, WASHINGTON, D.C., 11:00 A.M.

Program

Processional.

Commemoration

Star-Spangled Banner: The U.S. Army Band (Pershing's Own), COL Eugene W. Allen, Leader and Commander. Cantor Isaac Goodfriend, Member, U.S. Holocaust Memorial Council. Color Guard, Third U.S. Infantry (The Old Guard).

Invocation: Reverend Richard C. Halverson, United States Senate Chaplain.

Introduction: The Honorable William J. Lowenberg, Vice-Chairman, U.S. Holocaust Memorial Council.

Commemorative Address: The Honorable James C. Wright, Jr., Speaker of the House.

Commemorative Address: The Honorable Robert C. Byrd, Majority Leader of the Senate.

Keynote Address and Introduction of Candle Lighting: The Honorable John C. Danforth, United States Senator.

Remembrance

Background Choral Selection: Ani Maamin: Socialist Republic of Romania Jewish Choir, Conductor: Izu Gott.

Naming of Candle Lighters: The Honorable Kitty Dukakis, Member, U.S. Holocaust Memorial Council.

Lighting of Candles: Assisted by Sigmund Strochlitz and Benjamin Meed, Co-Chairmen, Days of Remembrance Committee, U.S. Holocaust Memorial Council.

Candlelighters:

Representative Thomas S. Foley, Senator Edward M. Kennedy.

Representative Henry A. Waxman, Senator Daniel K. Inouye

Representative Dan Glickman, Senator Lowell P. Weicker.

Representative Martin Frost, Senator Howard M. Metzenbaum.

Representative John Edward Porter, Senator Dennis DeConcini.

Representative Helen Delich Bentley, Senator Arlen Specter.

Remarks: The Honorable Sigmund Strochlitz.

Remarks: The Honorable Harvey M. Meyerhoff, Chairman, U.S. Holocaust Memorial Council.

Elmale Rachamim: Cantor Isaac Goodfriend.

Kaddish: The Honorable Benjamin Meed.

Eisenhower Liberation Medal

Introductory Remarks: Dan Rather, Anchorman and Managing Editor, CBS Evening News.

Taped Excerpts: From the April 15, 1945, broadcast of Edward R. Murrow.

Medal Presentation: To Edward R. Murrow (Posthumously) by the Honorable Harvey M. Meyerhoff. Accepted by Mrs. Janet B. Murrow.

Excerpts: Read by Dan Rather from Fred Friendly.

Medal Presentation: To Fred W. Friendly by The Honorable Harvey M. Meyerhoff. Accepted by Fred W. Friendly.

Benediction: Rabbi Arnold Resnicoff, U.S. Navy Chaplain.

Recessional.

Partisan's Hymn: The U.S. Army Band.

Edward R. Murrow: CBS Radio Broadcast From London, April 15, 1945

Permit me to tell you what you would have seen and heard had you been with me on Thursday. It will not be pleasant listening. If you are at lunch or if you have no appetite to hear what Germans have done, now is a good time to switch off the radio, for I propose to tell you of Buchenwald.

It is on a small hill about four miles outside Weimar, and it was one of the largest concentration camps in Germany. And it was built to last.

As we approached it, we saw about a hundred men in civilian clothes with rifles advancing in open order across the fields. There were a few shops. We stopped to inquire. We were told that some of the prisoners had a couple of SS men cornered in there. We drove on, reached the main gate. The prisoners crowded up behind the wire. We entered.

And now, let me tell this in the first person, for I was the least important person there, as you shall hear. There surged around me an evil-smelling horde; men and boys reached out to touch me. They were in rags and the remnants of uniforms. Death had already marked many of them, but they were smiling with their eyes.

I looked out over that mass of men to the green fields beyond where well-fed Germans were plowing. A German, Fritz Kersheimer, came up and said, "May I show you around the camp? I've been here 10 years." An Englishman stood to attention saying, "May I introduce myself? Delighted to see you. And can you tell me when some of our blokes will be along?" I told him, "Soon," and asked to see one of the barracks. It happened to be occupied by Czechoslovakians.

When I entered, men crowded around, tried to lift me to their shoulders. They were too weak. Many of them could not get out of bed. I was told that this building had once stabled 80 horses; there were 1,200 men in it, five to a bunk. The stink was beyond all description.

When I reached the center of the barracks, a man came up and said, "You remember me; I'm Peter Zenkl, one-time mayor of Prague." I remembered him but did not recognize him. He asked about Benes and Jan Masaryk.

I asked how many men had died in that building during the last month. They called the doctor. We inspected his records. There were only names in the little black book, nothing more. Nothing of who these men were, what they had done or hoped. Behind the names of those who had died there was a cross. I counted them. They totaled 242—242 out of 1,200 in one month.

As I walked down to the end of the barracks, there was applause from the men too weak to get out of bed. It sounded like the handclapping of babies, they were so weak.

The doctor's name was Paul Heller. He had been there since '38. As we walked out into the courtyard, a man fell dead. Two others—they must have been over 60—were crawling towards the latrine. I saw it, but will not describe it.

In another part of the camp they showed me the children, hundreds of them. Some were only six. One rolled up his sleeve, showed me his number. It was tattooed on his arm—D6030 it was. The others showed me their numbers. They will carry them till they die.

An elderly man standing beside me said, "The children—enemies of the state." I could see their ribs through their thin shirts. The old man said, "I am Professor Charles Richer of the Sorbonne." The children clung to my hands and stared.

We crossed to the courtyard. Men kept coming up to speak to me and to touch me—professors from Poland, doctors from Vienna, men from all Europe, men from the countries that made America.

We went to the hospital; it was full. The doctor told me that 200 had died the day before. I asked the cause of death; he shrugged and said, "Tuberculosis, starvation, fatigue, and there are many who have no desire to live. It is very difficult." Dr. Heller pulled back the blankets from a man's feet to show me how swollen they were. The man was dead. Most of the patients could not move.

As we left the hospital, I drew out a leather billfold, hoping that I had some money which would help those who lived to get home. Professor Richer from the Sorbonne said, "I should be careful of my wallet, if I were you. You know there are criminals in this camp, too."

A small man tottered up saying, "May I feel the leather, please? You see, I used to make good things of leather in Vienna." Another man said, "My name is Walter Roeder. For many years I lived in Joliet—came back to Germany for a visit, and Hitler grabbed me."

I asked to see the kitchen; it was clean. The German in charge had been a Communist, had been at Buchenwald for nine years, had a picture of his daughter in Hamburg—hadn't seen her for almost 12 years, and if I got to Hamburg would I look her up? He showed me the daily ration—one piece of brown bread about as thick as your thumb; on top of it a piece of margarine as big as three sticks of chewing gum. That and a little stew was what they received every 24 hours.

He had a chart on the wall, very complicated it was. There were little red tabs scattered through it. He said that was to indicate each 10 men who died. He had to account for the rations. And he added, "We are very efficient here."

We went again into the courtyard, and as we walked, we talked. The two doctors, the Frenchman and the Czech, agreed that about 6,000 had died during March. Kersheimer, the German, added that back in the winter of '39, when the Poles began to arrive without winter clothing, they died at the rate of approximately 900 a day. Five different men asserted that Buchenwald was the best concentration camp in Germany. They had had some experience with the others.

Dr. Heller, the Czech, asked if I would care to see the crematorium. He said it wouldn't be very interesting because the Germans had run out of coke some days ago and had taken to dumping the bodies into a great hole nearby.

Professor Richer said perhaps I would care to see the small courtyard. I said yes. He turned and told the children to stay behind.

As we walked across the square, I noticed that the professor had a hole in his left shoe and a toe sticking out of the right one. he followed my eyes and said, "I regret that I am so little presentable, but what can one do?"

At that point, another Frenchman came up to announce that three of his fellow countrymen outside had killed three SS men and taken one prisoner. We proceeded to the small courtyard. The wall was about eight feet high; it adjoined what had been a stable or garage.

We entered. It was floored with concrete. There were two rows of bodies stacked up like cordwood; they were thin and very white. Some of the bodies were terribly bruised, though there seemed to be little flesh to bruise. Some had been shot through the head, but they bled but little. All except two were naked. I tried to count them as best I could, and arrived at the conclusion that all that was mortal of more than 500 men and boys lay there in two neat piles.

There was a German trailer which must have contained another 50, but it wasn't possible to count them. The clothing was piled in a heap against the wall. It appeared that most of the men and boys had died of starvation; they had not been executed. But the manner of death seemed unimportant—murder had been done at Buchenwald. God alone knows how many men and boys have died there during the last 12 years. Thursday I was told that there were more than 20,000 in the camp; there had been as many as 60,000. Where are they now?

As I left that camp, a Frenchman who used to work for Havas in Paris came up to me and said, "You will write something about this perhaps?" And he added. "To write about this you must have been here at least two years. And after that, you don't want to write any more."

I pray you to believe what I have said about Buchenwald. I have reported what I saw and heard, but only part of it; for most of it I have no words. Dead men are plentiful in war, but the living dead, more than 20,000 of them in one camp—and the country round about was pleasing to the eye, and the Germans were well fed and well dressed. American trucks were rolling toward the rear filled with prisoners. Soon they would be eating American rations—as much for a meal as the men at Buchenwald received in four days.

If I have offended you by this rather mild account of Buchenwald, I am not in the least sorry. I was there on Thursday, and many men in many tongues blessed the name of Roosevelt. For long years his name had meant the full measure of their hope. These men, who had kept close company with death for many years, did not know that Mr. Roosevelt would within hours join their comrades who had laid their lives on the scales of freedom.

Back in 1941, Mr. Churchill said to me, with tears in his eyes, "One day the world and history will recognize and acknowledge what it owes to your President." I saw and heard the first installment of that at Buchenwald on Thursday. It came from men from all over Europe. Their faces, with more flesh on them, might have been found anywhere at home. To them, the name Roosevelt was a symbol, a code word for a lot of guys named Joe who were somewhere out in the blue with the armor heading East.

At Buchenwald they spoke of the President just before he died. If there be a better epitaph, history does not record it.

[From the China-Burma-India Theater Roundup, Vol. III, No. 58, May 24, 1945]

Friendly Sees Full Brutality of Germans

(First Article M/Sgt. Fred Friendly of the 1-B Information and Education Section, is on a tour of duty in the ETO for an intimate look-see. He'll make a report to the Theater on a variety of selected subjects when he returns. This is the first of several illuminating first-hand articles which he promised to wire to the Roundup—The Editor.)

AUSTRIA (WITH THE 11TH ARMORED DIVISION)

For this advanced column of Gen. George S. Patton's crashing Third Army, this war, unlike the last, ended on a note of hate and severe anger unequalled during this or any other war.

The 1918 Armistice saw Yanks and Jerries dashing across trenches, smoking cigarettes together and examining each other's equipment. This time, for this division, peace came at a time when the 11th Division's hatred for the Nazis had burned deeper than ever before.

For at almost the exact moment that peace terms were being prepared, advanced armored units of the division rolled up high, beautiful hills in northwest Austria and saw a sight which will live in their memories long after the horrors of the Normandy bulge and Rhine crossing have been dimmed by the passing years. For this was Mauthausen. This was Nazi butchery at its most efficient and dramatic stage. This was the Fort Mauthausen "Willow Run of Death."

HYSTERICAL CHEERS

When tanks of the 11th stormed up against the fort, high on a protective hilltop, the men were greeted by cheers so hysterical, so choked with sobs, that it was immediately obvious this was no ordinary liberation. This was a German concentration camp. As our boys walked through gates left open by SS guards, they were engulfed by thousands of Poles, Czechs, Jews, anti-Nazi Germans—men and women of 16 different nations.

Acting almost like frightened animals locked in a deserted house, their lack of a common tongue made it impossible for them to express what was in their hearts. One lean, gaunt Pole pushed his way through the crowd and, with an 11-inch grin shouted, "Thank God, you have come. I am a housepainter from Bridgeport, Conn. I am an American citizen."

YANKS' LAST LAUGH

We all laughed at the little housepainter from Bridgeport, but, believe me, it was the last laughing we did for 24 hours or more. We were then led through Mauthausen.

Premsyl Dobias, a Czech who had studied in London and spoke nine languages, led the party through Mauthausen. Some of the boys could only stand the sights for a half hour and three who went the whole route vomited by the time we reached Cell Block No. 8.

This was what we saw:

We saw a high granite wall which encircled the immense camp. It was built as were the Egyptian pyramids—by human slaves. We saw a quary a half mile away where these starved little men were whipped into carrying heavy blocks of granite. Leading to the quarry were 258 steps built by the prisoners. Each man made eight trips a day over these steps, carrying granite each time.

Well-fed, battle-toughened G.I.'s made one trip with a load, and actually gasped for breath. There was still blood on the steps. When a man could no longer carry his load, SS guards pushed him into the quarry. That's why they called the 258 steps the "Steps of Death." Prisoners said that for every rock in the prison wall—and there were thousands—there was a life.

We saw a gas chamber where prisoners died every day of every month for eight years. It was a tiled room about the size of two American bathrooms. One hundred and fifty men and women at a time were stripped and ordered to enter the room for a shower. And then, through the outlets which resembled shower fittings, came gas. Sometimes, when they were out of gas, the Nazis merely sucked the air out of the room through the same fixtures.

We saw the cremation room there. Details of Jews worked here every day. It was their job to shovel hundreds of gas victims into ovens. Each oven was approximately coffin size, but capacity was listed at six bodies. They used Jews for this detail because they were certain to die anyhow. And the Nazis did not want the thousands of other prisoners to know about their "future" lest their work in the quarry lack spirit.

We saw the initial arrival point for new prisoners to Mauthausen. Here they were stripped and chained to a wall for 24 hours, exposed to the weather, hot or cold.

We saw cell blocks in which men lived if such a word may be used for such conditions. For purposes of description, let us say the cell blocks resembled the tar paper barracks we had in the States, but just half their size. Normal capacity of these blocks was 300 human beings. It was so crowded they had to sit up all night. Their latrine facilities were just outside. They could not stray far from the cells or they would be shot. Often, after a year or so, they didn't even bother to use the outside latrines.

We saw their hospitals. There were two of them. One held 90 patients and was ultramodern. This one they showed important visitors. The other hospital held 5,000. Wards were just like the prison blocks, except there were bunks in tiers five high.

In each bed were five human beings, each sick, half of them dying from malnutrition. Each had lost from 50 to 100 pounds. Their legs had lost all control and looked like heavy ropes. Their toilet was their bed. There were running sores on many of them. Sometimes Nazi surgeons ended their misery by squirting gasoline against their hearts.

We saw their bodies, hundreds of them. Prisoners said at times there were thousands laying around camp. We saw them piled like cordwood—big and little piles of dead. All of them were emaciated and discolored and covered with insects and worms. These were human beings. Their only crime was in not being a German.

Each cell block through which we walked suddenly came to life when the prisoners saw the tall and sturdy but very tired men of the 11th Armored. Those who were able rose to their feet and cheered, "Bravo, vive la' American!" Those who were too weak to stand clapped and smiled and tried to keep tears back.

Our doughboys were moved beyond description. None could speak Polish, Russian or Czech. So they just stood there waving their hands. Some clasped hands overhead like prize fighters. Others removed their hats. some openly wept. One G.I., through an interpreter, asked a Pole what should be done to the Germans. When we left the block, the Pole was still standing and pounding home his points. The other prisoners were still applauding.

We saw one man ask a Yank for a cigarette, and before the G.I. could reach for one, a dozen other prisoners turned on the man who asked. With all their suffering, they did not want to appear as beggars. We asked if they had been able to follow the war and they said one hidden radio had kept them posted during the entire campaign.

The last thing we saw was a super prison block. Troopers of the SS built this for important political prisoners. Now it housed a handful of Storm Troopers who were unsuccessful in their attempts to flee the camp. They had been captured by liberated prisoners and placed in confinement.

The new warden was a Spaniard who had fought Franco and who offered to shave all Americans free. We squinted through little peepholes at the new prisoners—the "supermen." They looked like sullen, scared gangsters.

In one cell was a Nazi woman who had been secretary to the camp commander. She was a blond. She glared back at us like a tigress. You should have heard what one of the Yanks said when he saw her.

These were just some of the atrocities the Eleventh Armored Division found within the volt-charged wire confines of Mauthausen. Now the camp is being cleaned up. American medical units and medicine are being used to save as many lives as possible. Many die every day and will for some time to come. Our blood plasma already is at work, and if you want to see gratitude you should see the expressions in those people's eyes.

These are the things we saw with our own eyes. They are part of the permanent history of the 11th Armored Division. A War Crimes Committee is gathering facts. The prisoners stole duplicates of all death certificates, and they know the criminals.

As we left the hospital block, a soldier of the 11th Armored Division of the XII Corps of the Third Army stood staring at a heap of broken, twisted, multilated bodies. After he vomited, he purposely breathed deeply of the stench of death in a manner which spoke for all. In a low and angry voice, the soldier said, "Now and only now do I know what this war was about. I am glad I saw this."

CONGRATULATIONS TO DR. PAUL CRAIG ROBERTS

Mr. KASTEN. Mr. President, I rise today to congratulate Dr. Paul Craig Roberts, professor at Georgetown University's Center for Strategic and International Studies for his recent award by the Government of France in recognition of his tremendous work in the field of economics.

He was awarded the "Chevalier of the Legion of Honor" by the French Minister of Finance, Edourad Balladur. This award began in the early 1800's and is the French Government's highest award for outstanding achievement.

Paul Craig Roberts was one of the founding fathers of what is known today as supply-side economics. His work with Representative JACK KEMP in the late 1970's and with President Reagan in the early 1980's is responsible for exposing the failures of keynesian economics—and moving U.S. public policy toward lower tax rates, less Government spending and more stable monetary policy.

While critics continue to deride supply-side economics—I think the facts speak for themselves: 53 straight months of economic expansion; rising real after-tax incomes; reduced inflation and interest rates; and most important, the creation of 12 million new jobs since the end of 1982.

The entire continent of Europe hasn't had any net job creation since 1973.

The supply-side revolution is just beginning to catch fire in the rest of the world. Britain, West Germany, France, Australia, India and Sweden have cut their tax rates. Canada, the Netherlands, and Japan are in the process of cutting their tax rates.

Higher growth, more jobs, more investment, more savings, and more consumption in the rest of the world is the major solution to our trade problems. We can't sell products to stagnating economies.

Dr. Roberts' award is a testament to his achievements in shaping the economic policy in the United States—and in the rest of the world. Moreover, it is a recognition of the fact that good ideas do have consequences.

FULL EMPLOYMENT

Mr. KERRY. Mr. President, I join with those who wish to remind us of the importance of the Humphrey-Hawkins Act and the need to debate economic goals and policies. I will focus my remarks on the importance of maintaining full employment.

Nothing can contribute more to our economic well-being and standard of living than providing jobs at decent wages for all those who want to work. The Humphrey-Hawkins Act, and its predecessor Employment Act of 1946, serve as important statements of policies and priorities reminding us of the need to promote economic growth and full employment.

A growing economy providing jobs for our citizens will do more to balance the budget than any other measure we will debate in the Senate this week. A growing full employment economy will automatically provide more revenues as workers will have more jobs, work longer hours and at higher levels of productivity as we utilize our productive capacity more fully and more effectively. In addition, Government expenditures will be reduced as unemployment and other assistance payments are reduced when unemployed workers find jobs.

Mr. President, there is no quicker glide path to a balanced budget than the full employment route. If we could reduce the unemployment rate to 4 perent in fiscal year 1988, my back of the envelop extension of some CBO calculations suggests that without any budget actions—expenditure reductions or tax increases—we could cut the CBO fiscal year 1988 baseline deficit in half from $170 billion to $85 billion.

Now I know we cannot get to 4 percent today but we should start the process today. My home State of Massachusetts has a strong growing economy with an unemployment rate below 4 percent. And the unemployment rate has been below 4 percent for the entire Nation at times in the past. But not the civilian unemployment rate is 6.6 percent—not 4 percent—as envisioned in Humphrey-Hawkins.

Although we may not be able to achieve full employment quickly in the present economic environment, it is imperative, that we not lose sight of the goal. It is indeed sad, Mr. President, that we forget so easily. Less than 20 years ago the unemployment rate was below 4 percent. And, believe it or not, in 1969 with the unemployment rate at 3.5 percent we had a budget surplus of $3.2 billion.

Now I am not about to suggest that all we need to do is to reduce the budget deficit and we will reach full employment. If it were that simple we would be there now. Rather I wish to suggest that we reached full employment—at a 4-percent level of unemployment in the 1960's because we made that our goal. I know that the economic environment has changed since the 1960's—a greater portion of our population is in the work force; we face stiffer international economic competition et cetera—but you cannot reach a goal if you do not even try.

It is interesting to me that in the Kennedy-Johnson administration the unemployment rate was lower than in both the Eisenhower administration that preceded it and than in the Nixon-Ford administration that followed it. Did the economy change so it was possible, when a Democratic administration was elected to achieve full employment and then it again became impossible? No. Underlying domestic and international economic factors did not change from one administration to another. What changed when administration's changed was the commitment to full employment.

The difference in the commitment to full employment is somewhat obscured by the fact that in January 1961 when President Kennedy took office the unemployment rate was 6.6 percent. By the time the Kennedy-Johnson administration ended in January 1969 the unemployment rate had declined—almost steadily—to 3.4 percent. The significance of this steady decline is that the Kennedy-Johnson administration is unfairly blamed for—by their standards—the high unemployment rate of 6.7 percent in 1961, while the Nixon-Ford administration is unfairly credited with the low unemployment rate of 3.5 percent in 1969.

Mr. President, in this Senate Chamber we often talk about events "happening on his watch" as we assess responsibility for various events. A President is not responsible for the unemployment rate in the year he takes office. The budget is already set for the fiscal year and even if budget policies could be altered at the inception of an administration they are not likely to affect unemployment rates until the next year. If you apply this logic to the data the average unemployment rate in the Kennedy-Johnson administration is about 4.5 percent compared to 5.4 percent in the Eisenhower years and 6.3 percent in the Nixon-Ford administration.

And in the Truman administration the unemployment rate averaged about 4 percent as we tried to implement the provisions of the Full Employment Act of 1946. Based on current projections, the average unemployment rate, in the Reagan administration, will be nearly double the 4-percent target.

It does seem to me, Mr. President, that we have lost the vision of what this Nation can and must do. We can achieve full employment. We can obtain control over our economic destiny. Budget policy used to be a positive weapon for combating unemployment and promoting economic growth. By accumulating annual triple-digit deficits in this President's watch, we have lost the ability to use fiscal and budget policy as tools to achieve our economic goals.

In the Kennedy-Johnson administration with an average unemployment rate of 4.5 percent, budget deficits, even at the height of the Vietnam war build-up did not exceed 3 percent of GNP. In contrast, in the last 4 years the current administration has produced budget deficits at or exceeding 5 percent of GNP, while the unemployment rate has averaged 7.8 percent.

Mr. President, as we make difficult decisions this week in an attempt to reduce the budget deficit let us remember what we can achieve if we reach full employment. Let us get back to full employment and stay there.

TRIBUTE TO PROFESSOR GEORGE D. HAIMBAUGH, JR.

Mr. THURMOND. Mr. President, I rise to pay tribute to one of South Carolina's most outstanding law professors, Prof. George D. Haimbaugh, Jr., who is retiring from the University of South Carolina School of Law after 24 years of teaching.

Professor Haimbaugh, who currently serves as the David W. Robinson professor of law, has been teacher, advisor, and friend to many students who have earned their law degrees from the university. He is known throughout the United States for his extensive legal knowledge.

He was born in Rochester, IN, in 1916 and graduated as valedictorian of Rochester High School. He received his bachelor of arts degree from DePauw University in Greencastle, IN, his J.D. from Northwestern University School of Law, and his S.J.D. from Yale.

He has studied law and related subjects at some of the best academic institutions in the world—Georgetown University; McGill University in Montreal, Canada; Hague Academy of International Law; New York University Law School Summer Workshop; the Universite Internationale in Luxemburg; and the Law and Economic Center Institute for Law Professors at the University of Miami.

He served in the U.S. Marine Corps during World War II, earning the rank of major and becoming a member of the General Court Martial Board, 13th Naval District.

He taught at the University of Akron College of Law before joining the faculty at the University of South Carolina Law School in 1963.

Through his years at the university, he has given himself generously and energetically to both campus and professional organizations. His service on faculty-student liaison committees, campus grievance committees, and other similar organizations demonstrates his interest in the quality of student life at the university.

He has devoted tireless effort to developing the academic program of the university. He has served on committees to plan curriculum, arrange for special lectures, and select faculty members. He is advisor to the Philip C. Jessup International Law Moot Court Team and the International Law Society and serves on the Institute of International Studies and the James Byrnes International Center Advisory Council.

He has been active with the American Bar Association, the Association of American Law Schools, and the American Law Institute. In 1982 President Reagan appointed him to the National Institute of Justice Advisory Board. He was also appointed to the American Bar Association Law and National Security Advisory Board.

Over the years, his legal advice has been sought by judges, State legislators, and congressional committees. He is considered a specialist in the law of mass communications and is known around the world for his expertise in the field of international law.

Mr. President, Professor Haimbaugh's contributions go far beyond this lengthy list of accomplishments. He is a favorite among law students and graduates, and only a year ago was recognized as a profesor who "significantly contributed to a student's success." This year he was voted "Outstanding Professor" by the student body at the law school.

Professor Haimbaugh has always made learning relevant and interesting for his students. Each year, he brings a group of students to Washington to meet with top national leaders. Second only to his scholarship and knowledge of the law, Professor Haimbaugh's sense of humor is one of his greatest hallmarks. Throughout the law school community, he is know for having shirt-front messages which fit his lectures to a "T".

He has inspired his students to be keen observers of the law and careful initiators of change. He has given his best and demanded the best, teaching the delicate balance between freedoms and rights, justice and mercy. He has challenged his students to be creative thinkers and informed citizens.

As with any teacher, the best proof of Professor Haimbaugh's success is evidenced by the accomplishments and service of his students. Professor Haimbaugh can take great pride in the contribution and involvement of his former students who can be found among the ranks of elected officials, law school professors, and key policymakers in both State and Federal Government.

Mr. President, Professor Haimbaugh has made an invaluable contribution to the legal system of our country. I ask my colleagues to join me in sending warmest congratulations to Professor Haimbaugh and his lovely wife Kay and best wishes for many more happy years.

EDITH GREEN: MOTHER OF HIGHER EDUCATION

Mr. SANFORD. Mr. President, realism, tenacity, dedication, and independence are valued qualities in an ally. Former Representative Edith Green exemplified all these strengths in her support for education. Her death last week should be mourned not only by those of us who knew her, but by the millions of students who have benefited from her leadership, vision, and hard work.

As the second ranking member of the House Education and Labor Committee, Edith Green was widely recognized as one of the Nation's most powerful voices for education. During her 20 years in Congress, she championed Federal grants and loans for college students, the Elementary and Secondary Education Act, and equality in education.

Her experience as a teacher made her appreciate that education takes place in the classroom—not in the bureauracy. She opposed tangling education aid up in a mass of redtape and regulations, wanting instead to show a greater respect for the judgment, commitment, and needs of teachers and other State and local education leaders.

She and I both campaigned for President John F. Kennedy and we both ardently supported his education initiatives—she as a Congresswoman, and I as Governor. In all my associations with her, she was tough, insightful, energetic, and stimulating. She challenged popular conceptions about the role of government in education and was quick to bolster efforts that worked and discard those that didn't.

Edith Green helped lay the groundwork for all the educational improvements we envision today. In her own words, we have "only scratched the surface" in providing the first-rate education our students need and deserve. Following her outstanding example of leadership, we can and should continue to seek educational excellence.

MESSAGES FROM THE HOUSE

At 3:34 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that, pursuant to the provisions of Public Law 96-114, as amended by Public Law 98-33 and Public Law 99-161, the minority leader appoints as members of the Congressional Award Board: Mr. William B. Plough of Memphis, TN, from the private sector, and Mr. Wolf, on the part of the House.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1159. A communication from the Independent Counsel investigating secret military assistance to Iran and the Nicaraguan Opposition, transmitting, pursuant to law, the first interim report on the investigation; to the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATFIELD (for himself, Mr. Kennedy, Mr. DeConcini, Mr. Stafford, Mr. Danforth, Mr. Pell, Mr. Specter, Mr. Cranston, Mr. Matsunaga, Mr. Leahy, and Mr. Proxmire):

S. 1106. A bill to provide for simultaneous, mutual, and verifiable moratorium on underground nuclear explosions above a low-yield threshold; to the Committee on Foreign Relations.

By Mr. ROTH:

S. 1107. A bill to terminate employment of aliens in U.S. missions and consular posts in certain Communist countries; to the Committee on Foreign Relations.

By Mr. MITCHELL (for himself, Mr. Pryor, Mr. Bradley, Mr. Matsunaga, Mr. Heinz, Mr. Durenberger, Mr. Danforth, Mr. Graham, Mr. Riegle, Mr. Rockefeller, and Mr. Daschle):

S. 1108. A bill to modify the conditions of participation for skilled nursing facilities and intermediate care facilities under titles XVIII and XIX of the Social Security Act, and for other purposes; to the Committee on Finance.

By Mr. HARKIN (for himself, Mr. Conrad, and Mr. Gore):

S. 1109. A bill to amend the Federal Food, Drug, and Cosmetic Act to require certain labeling of foods which contain tropical fats; to the Committee on Labor and Human Resources.

By Mr. DASCHLE (for himself and Mr. Pressler):

S. 1110. A bill to prohibit the charging of admission fees at Mount Rushmore National Memorial; to the Committee on Energy and Natural Resources.

By Mr. METZENBAUM (for himself and Mr. DeConcini):

S. 1111. A bill to amend the antitrust laws in order to preserve and promote wholesale and retail competition in the retail gasoline market and to protect the motoring safety of the American public; to the Committee on the Judiciary.

By Mr. SASSER (for himself, Mr. Durenberger, Mr. Kerry, Mr. Heinz, and Mr. Glenn):

S. 1112. A bill to amend the Public Health Service Act to provide for the development of academic leaders in geriatrics through the establishment of centers of excellence in geriatric research and training; to the Committee on Labor and Human Resources.

By Mr. RIEGLE:

S.J. Res. 119. Joint resolution concerning the April 1986 accident at the Chernobyl nuclear powerplant in the Soviet Union; to the Committee on Foreign Relations.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BYRD (for himself and Mr. Dole):

S. Res. 196. Resolution to authorize testimony by Samuel Thornton Hall and Barbara Mook in the case of "Commonwealth of Kentucky v. Geoffrey M. Young"; considered and agreed to.

By Mr. SIMON:

S. Res. 197. Resolution expressing the sense of the Senate regarding early deployment and full-scale engineering development of an anti-ballistic missile system; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATFIELD (for himself, Mr. Kennedy, Mr. DeConcini, Mr. Stafford, Mr. Danforth, Mr. Pell, Mr. Specter, Mr. Cranston, Mr. Matsunaga, Mr. Leahy, and Mr. Proxmire):

S. 1106. A bill to provide for a simultaneous, mutual, and verifiable moratorium on underground nuclear explosions above a low-yield threshold; to the Committee on Foreign Relations.

UNDERGROUND NUCLEAR EXPLOSIONS CONTROL ACT

Mr. HATFIELD. Mr. President, I introduce, on behalf of myself, Senator Kennedy, Senator DeConcini, Senator Stafford, Senator Danforth, Senator Pell, Senator, Cranston, Senator Matsunaga, Senator Leahy, and Senator Proxmire, a bill to provide for a simultaneous, mutual and verifiable moratorium on underground nuclear explosions above a low-yield threshold.

Mr. President, on February 3, the Nevada desert shook from the force of the first underground nuclear test of 1987. With a yield of 20 kilotons, the test itself was not particularly significant—but its implications were very profound: That explosion brought to an end the unilateral Soviet moratorium on testing. On February 26, the Soviets blew off their first underground nuclear test in 19 months.

Three times the Soviets extended their moratorium. Three times the administration ignored the opportunity. And three times the U.S. Senate remained silent.

Mr. President, the day the Soviets ended their moratorium seemed to represent yet another one in a long line of missed opportunities for meaningful and verifiable arms control.

But I believe that, with a little courage, we can change all that.

I wish to say that Senator Kennedy, as the chief cosponsor of this bill, has been a long time leader in matters relating to arms control and, particularly, comprehensive arms control. I am delighted today that we have a strong bipartisan proposal here. It is designed to impose—for 24 months—a mutual and verifiable moratorium on virtually all underground nuclear testing. It represents what we believe to be the beginning of a realistic and substantive approach to the most awesome challenge in history.

Mr. President, this bill is based on the one passed several times by our colleagues in the House. It cuts off funding for underground testing above 1 kiloton not for 12 months as theirs does, but for 24 months provided that the Soviets do not test. It employs seismic monitoring, and it requires each side to designate a single test site for any explosions under the 1 kiloton limit.

But this bill goes further. It allows an exception for two nuclear warhead reliability tests on each side in 2 years. In addition to seismic monitoring, it demands the use of a Corrtex device to calibrate the designated test sites. Accordingly, it allows 6 months for the implementation of verification and monitoring arrangements. It requires onsite inspection upon demand. And it holds the President to the intent of the moratorium by putting a congressional check on his ability to avoid the cutoff by simply claiming that the Soviets will not accept adequate verification procedures.

Despite all the rhetoric about good faith negotiations and commitment to arms control, it is now more clear than ever before that the administration has no intention of giving an inch in its frenetic arms buildup.

We should have no delusions about the administration's view of a testing moratorium: it has been clear from the day the Soviets first announced their moratorium. The official United States response to the Soviet moratorium was to issue an invitation to witness several blasts in Nevada. So much for good faith, so much for commitment to arms control.

As month after testless month passed, the administration discovered itself in the midst of a public relations nightmare. Maybe we can diffuse the issue, they thought. Faced with a defense authorization bill in conference which included a House-passed funding cutoff for its precious tests, the administration did some late night finagling: by agreeing to send the Threshold Test Ban and the Treaty on Peaceful Nuclear Explosions up for ratification, administration convinced the conferees to drop the House language.

So we now find ourselves sidetracked by an inane debate over whether a 150 kiloton limit—a limit both countries have been respecting for years—can be verified. And the opportunity within reach for those 19 months is about to slip away without even so much as a vote in this body.

The administration has spent countless hours and vast resources distracting us from the real issue: If it is mutual and verifiable, what harm would a limited moratorium on underground nuclear testing really do?

For too many months, we have given the administration political cover. We have talked long into the night about verification procedures, negotiating room, and stockpile reliability requirements. But we have refused to engage in a substantive debate over the real issue: Whether or not a mutual testing pause is a good idea—whether it constitutes an acceptable risk—whether we can afford to let the opportunity slip through our fingers.

It is not so surprising that we have not faced the real issue. We rarely do. Oh, we like to talk about ridding the world of the nuclear threat. It is the stuff great speeches are made of. But when it comes to vote, we manage to get our consciences off the hook by cutting a deal. Condition the money on some vague Presidential certification, or cut the budget request. And then we go home and talk about how 50 MX missiles instead of 100 really is arms control.

Whatever our excuse—window of vulnerability, missile gap, negotiating room, bargaining chip—it always means that we will just have to wait until tomorrow. After we build the MX. After we build Midgetman. And now, the best of all, after we build star wars.

The truth is that we can only say tomorrow so many times, but still we avoid the issue.

Mr. President, we can no longer rationalize our silence. Not this time. This time we have legislation which demands an up or down vote on the merits of the issue, on the merits of a mutual and verifiable moratorium on the testing of nuclear weapons.

No longer can we rationalize our silence by claiming that the moratorium cannot be verified. Unlike the version of this bill which was passed overwhelmingly by the full House twice in the last year, this legislation includes the administration's own requirement—the onsite device commonly referred to as Corrtex. That is, of course, in addition to seismic monitoring which has proven wholly effective for monitoring blasts under 1 kiloton.

No longer can we rationalize our silence by claiming that a moratorium would undermine the President's negotiating room in Geneva. Under this legislation, the moratorium would end if the United States and the Soviet Union reached an agreement establishing cuts in the number on yield of underground nuclear tests. If anything, Mr. President, this legislation gives the President and his negotiators more negotiating room by bringing a desperately needed sense of trust and cooperation to the bargaining table.

And no longer can we rationalize our silence by claiming that testing must continue to insure reliability. By the administration's own admission, only one test was conducted in 1986 for that purpose. So included in this legislation is an exception for two reliability tests under the 15-kiloton limit. Of course we cannot know with certainty that the Soviet's reliability tests are not modernization tests in disguise, so the bill specifically allows one test on either side each year for reliability or other purposes. While we hope that both the United States and the Soviet Union would limit their tests to reliability purposes only, this legislation effectively permits the United States to conduct any type of tests it desires.

I thought long and hard about that last point: reliability testing. Mr. President, my opposition is to nuclear testing. All testing—United States and Soviet. Each individual test is a moral blashphemy, an offense to humanity. My name has been consistently on the list of those supporting the immediate negotiation of a Comprehensive Test Ban Treaty. I am a cosponsor of legislation introduced by Senators CRANSTON and WIRTH to stop all testing over a kiloton, and I would vote for an amendment to delete this exception from my own bill.

But the real issue here is weapons development, weapons development that fuels the arms race and threatens the future of our planet. That, and that alone, is what testing is all about. And the truth is that a reduction in testing—a reduction down to two tests over a kiloton in 2 years on each side—will slow that runaway train. For 2 years, no new weapon system will be created. That, Mr. President, is the bottom line: For 2 years, no new weapons of mass destruction will be created as a result of testing on either side.

Let me read to you from a letter written to me recently by a high school student in Oregon:

> I don't think its fair for people who never had a chance to say anything about these weapons to get blown up by them. This generation is killing the next one.

Mr. President, we must face that issue. This legislation offers us an opportunity to do just that. Gone is the political cover, the debate over verification, the debate over negotiating room, and the debate over reliability testing. What remains is the issue of a mutual moratorium on underground nuclear testing. What remains is the issue of a 2-year freeze on the creation of new weapons of destruction.

The Soviets recently broke out of their unilateral testing moratorium. And I can already hear the latest administration argument: How can we propose a test moratorium to a country that is currently testing? But the answer is very simple—if they were serious the first time, they can be serious again.

Of course it is conceivable that the Soviets were bluffing all along. It is hard to believe that they stopped all testing for 19 months for the sake of a bluff, but maybe they did. Maybe they knew what a great public relations ploy the moratorium would become, and how bad it would make us look around the world. Maybe they knew all along that the administration would never go along with the moratorium, and that Congress lacked the political will to force the issue.

So what if they were bluffing? Let's call them on it. Let's see what cards they are holding. If the Soviets make one false move, the deal is off.

By agreeing to engage in a moratorium for 24 months and demanding strict verification procedures, we will find out once and for all just what the Soviets had in mind all those months.

Do we have the courage to explore whether maybe, just maybe, they were serious? That possibility—not verification, not negotiating room, not reliability—is what really scares opponents of this initiative. Listening to all the arguments, one gets the sneaking suspicion that opponents of a test moratorium are terrified of the day that arms control moves from rhetoric to reality.

Mr. President, I can imagine a scenario several months after Congress has taken the historic step of passing this legislation: desperate to avoid a funding cutoff for those precious tests, the President tells Congress that the Soviets are just not willing to accept adequate verification and monitoring arrangements. The deal is off, business as usual. Right? Wrong. This legislation spells out exactly what verification and monitoring arrangements are necessary. Exactly. And the Soviets have either implemented them or they haven't. So when the President sends us a certification that the Soviets won't do what is necessary, we will have an objective standard by which to judge its validity. If we agree, if the Soviets really were bluffing after all, the deal is off. But if we do not agree, the moratorium stays in effect for 24 months or until such time that the President can certify to Congress that the Soviets have violated the moratorium.

We have put arms control off until tomorrow too many times, compulsively gambling our future away. She has smiled upon us so far, Mr. President, but Lady Luck has a way of turning on those who depend on her most. And God help us the day that she does, because in this compulsive game the stakes have never been higher.

Listen for a moment to the words of one of this country's great statesmen, George Kennan:

> This civilization we are talking about is not the property of our generation alone. We are not the proprietors of it; we are only the custodians. It is something infinitely greater and more important than we are. It is the whole; we are only a part. It is not our achievement; it is the achievement of others. We did not create it. We inherited it. It was bestowed upon us; and it was bestowed upon us with the implicit obligation to cherish it, to preserve it, to develop it, to pass it on—let us hope improved, but in any case intact—to the others who were supposed to come after us.

Mr. President, this legislation will not end the arms race nor will it insure our future commitment to arms control. What it will do is offer us all—the Soviets, the Americans, and the literally billions of people in between who are now held hostage to the insanity of this arms race—a glimmer of hope that maybe tomorrow begins today.

It is hard to imagine what harm that would really do.

I urge my colleagues to take very careful note of this bill as they will receive a copy of it, and will be invited to join in the cosponsoring of what I consider to be a very historic piece of legislation.

By Mr. ROTH:

S. 1107. A bill to terminate employment of aliens in U.S. missions and consular posts in certain Communist countries; to the Committee on Foreign Relations.

TERMINATION OF EMPLOYMENT OF ALIENS IN U.S. MISSIONS IN CERTAIN COMMUNIST COUNTRIES

● Mr. ROTH. Mr. President, today I introduce a proposal that will complement and complete the package of counterespionage legislation which I and Senator Dole introduced on April 8 and 9. The bill I am introducing would limit the vulnerability of our U.S. Embassy personnel in diplomatic missions within the Soviet-dominated Eastern European bloc nations. We have recently witnessed, with the Marine spy scandal in Moscow, just how far the Soviets will go to entrap our citizens and coerce them into committing acts of espionage. Mind you, I am not suggesting that the individuals who are alleged to have been involved are blameless, but I am suggesting that we take all possible steps to make sure that this does not happen again.

My bill would reduce the numbers of foreign nationals employed in American embassies in the Soviet-dominated Eastern European bloc nations. The reduction would be based on the principal of reciprocity. In other words, we would employ foreign nationals in our embassies at no greater percentages than these nations employ American citizens in their embassies. This reciprocal treatment should be the minimum acceptable standard applied to the Warsaw Pact nations, given the emphasis of the Foreign Missions Act of Reciprocity.

National security must be the foremost consideration when we negotiate the terms and conditions of our diplomatic establishments, though this has simply not been the case. For example, there are no Americans working in the Bulgarian Embassy in Washington, DC, while there are 31 Bulgarians working in the American Embassy in Bulgaria. The State Department reports that the United States currently employs 371 aliens in our embassies in Eastern bloc countries, while the Eastern bloc embassies here in Washington report a grand total of zero U.S. citizens employed. What is the reason for this? Is our foreign service that much less adept than the Bulgarians at mastering the language and cultural understanding necessary to run an embassy?

Of course I refuse to believe this. We may need to provide additional training, and this will mean additional costs. But in my view, the additional cost is a small price to pay to shore up the eroded security in our embassies.

If there is a lesson to be learned from recent events in Moscow, it is that aliens working in our embassies will take advantage of their access to our people. Are we justified in singling out the Easten bloc nations in this bill? Given the Soviets' recorded pattern of farming out espionage tasks to these nations, the answer must be yes.

As I said on April 8 when Senator Dole and I introduced a package of espionage bills, the Soviets exercise a powerful influence on the bloc nations. In fact, it has recently been reported that several additional marines have recently been relieved of duty from their embassy posts in various Eastern Europe countries because of their unauthorized social contact with women there. The full extent of these contacts are currently under investigation. In any event, it is clear that the Soviets use their Eastern bloc satellites to serve the Soviet interest.

I anticipate that State Department bureaucrats will raise the usual objections to elimination of alien personnel in our embassies in Eastern bloc countries—that without foreign national employees our embassies would turn into closed fortresses without enough contact with the local populace; that local employees provide insight into local culture and politics; that such employees are better at dealing with local bureaucratic problems. These are, or course, the same arguments that were made regarding Soviet employees in the Embassy in Moscow prior to the recent spy scandals there. Those who advanced these arguments proved to be shortsighted. We ought to reject similar arguments regarding the Eastern bloc countries.

Our Western allies have had no trouble operating their embassies without the vast number of host country nationals that our State Department employs. According to the April 22, 1987, New York Times, while West Germany, France, and Britain hire an average of one local employee for every three of their own officials, the average number of local employees at American posts far exceeds the number of Americans. In some of our embassies in the Eastern bloc, there are currently more aliens than Americans employed. How can security possibly be assured under such circumstances? The truth is that it cannot be.

It may be argued that this bill will offend the host governments in the designated Eastern bloc countries. It will almost assuredly offend members of our own foreign service corporation. In my view, we need to start sending a few strong signals in both these directions, that we are serious about our security. There are some things, our national security being one of them, that are worth the price of a few ruffled diplomatic feathers.

I ask unanimous consent that the bill be printed in the Record at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1107

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding any other provision of law including any international agreement, that beginning thirty days after the date of enactment of this Act the percentage of aliens employed by any U.S. diplomatic mission and consular post in a Warsaw pact country shall not exceed the percentage of American nationals employed by the Diplomatic mission and consular posts of such country in the United States.

(b) The prohibition on employment of aliens set forth in subsection (a) shall not apply if the Secretary of State determines and so certifies to the Congress that admission of additional foreign nationals in any U.S. diplomatic missions and consular posts in any of the aforementioned countries is essential to the operation of the U.S. mission in that country.

(c) For the purposes of this Act, the term "employed" means any person required on a daily basis in the course of the performance of services to spend a substantial amount of time on the premises of the mission or post.

(d) For the purposes of this Act the term "member of any diplomatic mission or consular post of the U.S." is used within the meaning of Article 1(c) of the Vienna Convention on Diplomatic Relations, done on April 18, 1961, and the meaning of Article 1(g) of the Vienna Convention on Consular Relations done on April 24, 1963.

(e) For the purposes of this Act a "Warsaw Pact" country shall be defined as Bulgaria, East Germany, Czechoslovakia, Hungary, Romania, the Soviet Union and Poland.●

By Mr. MITCHELL (for himself, Mr. Pryor, Mr. Bradley, Mr. Matsunaga, Mr. Heinz, Mr. Durenberger, Mr. Danforth, Mr. Graham, Mr. Riegle, Mr. Rockefeller, and Mr. Daschle):

S. 1108. A bill to modify the conditions of participation for skilled nursing facilities and intermediate care facilities under titles XVIII and XIX of the Social Security Act, and for other purposes; to the Committee on Finance.

MEDICARE AND MEDICAID NURSING QUALITY CARE AMENDMENTS

● Mr. MITCHELL. The Federal Government plays an important role in ensuring that the more than 1 million persons residing in Medicare and Medicaid certified nursing home are treated in a caring manner and with respect. The recent results of the National Nursing Home Survey, conducted by the National Center for Health Statistics, reveals that this population is increasingly more frail and impaired.

Before Congress established basic standards for certification of nursing homes providing care under the Medicare or Medicaid Programs, there were numerous, highly publicized instances of abuse of residents or of preventable loss of life in fires or other accidents in nursing homes. Legislation, in 1967, focused on developing standards for life and safety codes to prevent the most flagrant abuses and actual loss of life. But clearly the quality of care does not depend solely on the safety of the building in which a nursing home resident lives.

Since then a number of nursing homes, including many in Maine, have proven that nursing homes can provide care that is sensitive, respectful, and comprehensive. Despite this progress the evidence of continued substandard care in a substantial number of nursing homes has continued. Much of the evidence, however, was not well substantiated. In 1983 Congress requested that the Institute of Medicine conduct a study to document, in a careful, scientific manner, problems existing in the care of persons in nursing homes.

The report, which was received in April of 1986, lists over 30 articles in scientific journals and reports by State legal offices documenting poor quality care in a significant number of nursing homes. I would like to quote just a brief portion of the Institute's final report.

> There is a broad consensus that government regulation of nursing homes, as it now functions, is not satisfactory because it allows too many marginal or substandard nursing homes to continue in operation. The implicit goal of the regulatory system is to ensure that any person requiring nursing home care be able to enter any certified nursing home and receive appropriate care, be treated with courtesy, and enjoy continued civil and legal rights. This happens in many nursing homes in all parts of the country. But in many other government-certified nursing homes individuals receive very inadequate—sometimes shockingly deficient—care that is likely to hasten the deterioration of their physical, mental and emotional health. They also are likely to have their rights ignored or violated, and may even be subject to physical abuse.

Later in the report it states:

> Providing consistently high quality care in nursing homes to a varied group of frail, very old residents, many of whom have mental impairments as well as physical disabilities requires that the functional, medical, and psychological need of the residents be individually determined and met by careful assessment and care planning-steps that require professional skill and judgment. The process must be repeated periodically and the care plans adjusted appropriately. Not all nursing homes have enough professional staff who are trained and motivated to carry out these tasks competently, consistently and periodically. Care is expensive because it is staff intensive. To hold down costs, most of the care is provided by nurses aides, who in many nursing homes are paid very little, receive relatively little training, are inadequately supervised, and are required to care for more residents than they can properly serve.

There has been widespread agreement with the finding and recommendations of the Institute. Especially of note has been the effort of the "Campaign for Quality Care in Nursing Homes." This effort at reaching consensus on the key issues involved in nursing home quality assurance has been led by the National Citizens Coalition for Nursing Home Reform. That group was joined by over 20 organizations representing industry, consumers, nursing home employees and professionals involved in nursing home care.

Last week, at a briefing sponsored by Senator PRYOR on the occasion of National Nursing Home Residents Day, the coalition presented its recommendations. The degree of agreement on the basic actions needed to improve the quality of care in nursing homes was truly remarkable. The legislation that I am introducing today builds on the efforts of the Institute of Medicine and that of the coalition. I believe Congress has proceeded in a very careful and responsible manner in addressing this issue. Clearly it is now time for us to enact the changes that have been so thoroughly and comprehensively discussed and debated.

Our bill requires training and testing of all nursing aides, and a well-defined program within the nursing home that addresses the quality of care and quality of life of the residents. Additional provisions establish a careful plan for the evaluation of resident needs, address the use of requiring deposits or extra payments as a means of discriminating against Medicaid and Medicare recipients, and prohibits the discharging of residents without adequate reason or warning. In addition the measure also phases in 24 hour coverage by licensed nurses with a waiver for those facilities that are unable to hire a sufficient number of nurses to meet the requirement.

The legislation would also establish a program of grants to nursing homes of up to $25,000 for innovative projects related to improvements in patient care. These grants would be available, on a competitive basis to nursing homes alone, or in cooperation with other organizations. Finally the bill would establish a National Commission on Long-Term Care. This commission, which would consist of representatives of citizen, industry and professional groups, would provide an ongoing forum for advising Congress and the administration on issues related to access, payment and quality of care for nursing homes and home care providers.

In more detail the bill would:

1. PROFESSIONAL STAFFING

Current: Skilled nursing facilities (SNFs) are required to have 24 hour coverage by a licensed nurse (either a registered nurse (RN) or licensed practical nurse (LPN)) and to have at least one RN on staff. Intermediate Care Facilities (ICFs) do not have to have 24 hour coverage. Because of variability in state criteria for ICF's and recent evidence that nursing home patients are more impaired at every level, it is felt that the ICF's should meet the SNF requirement in this area.

Proposed: Required ICFs provide 24 hour coverage by licensed nurses (RN or LPN) and at least one RN on each day shift. This provision would be phased in by size of facilities (over 120 beds by Oct. 1988, over 60 beds by Oct. 1990 and all others by Oct. 1992).

Current: SNFs are required to provide social work services but may assign the duties to persons other than trained social workers. In many cases discharge and care planning are inadequate because of the lack of professional training of such substitution.

Proposed: Requires social worker (either bachelor or masters level) for skilled facilities over 120 beds.

2. PATIENTS' RIGHTS

Current: Patient Rights are contained in regulation but they are not a "condition of participation". Thus facilities that violate patient's rights cannot be made to correct the violation.

Proposed: Elevates patients rights to a "condition of participation" and requires that nursing homes notify residents of their rights.

3. DISCRIMINATION AGAINST MEDICAID PATIENTS

Current: Some facilities may refuse admission to patients unless residents agree not to apply for Medicaid coverage in the future or agree to pay an up-front "contribution" to the facility.

Proposed: Prohibits nursing homes from requiring patients to waive their rights to Medicare or Medicaid and from demanding or accepting deposits or other prepayments as a condition of a patients admission or continued stay.

4. TRANSFER/DISCHARGE PROTECTION

Current: Some instances have been noted where facilities have discharged patients from the facility because they were apparently too active on behalf of resident rights or converted from self-pay to Medicaid.

Proposed: Prohibits nursing homes from discharging patients except for non-payment, medical need, or when a danger to other patients.

5. RESIDENT ASSESSMENT

Current: There is no standard assessment of residents after they are admitted to the nursing home. This often means that no one in the facility has an accurate, objective picture of the resident's needs.

Proposed: Requires that an assessment, coordinated by a registered nurse which includes cognitive, physical and social functioning be done on each resident on admission and when a significant change in status occurs. The Secretary must define a minimum data set which must be included in the assessment.

6. NURSE AIDE TRAINING AND TESTING

Current: There is no provision that nursing aides, who supply the majority of direct patient care in the nursing home, have any training or testing of competency.

Proposed: Specifies that each nursing aide have at least 100 hours of training including instruction in psychosocial aspects of care. Competency based testing would be done before the aide could assume direct patient care responsibilities.

7. QUALITY OF CARE/QUALITY OF LIFE

Current: Nursing home surveys are often based on measures that focus on record keeping or characteristics of the facility itself, rather than on the quality of services or life of the residents.

Proposed: Nursing homes would have to provide services in such a manner as to ensure quality of care and to enhance, to the degree possible the quality of life of the resident.

8. QUALITY ASSESSMENT AND ASSURANCE

Current: There is no requirement for a quality assurance program.

Proposed: Each nursing home would be required to have an active program of quality assessment and assurance including review of the use of medications, the occurrence of infections and pressure ulcers and patient complaints and grievances.

9. GRANT PROGRAM FOR INNOVATIVE PRACTICES

Would provide small grants (max $25,000) to nursing home alone or in conjunction with other health care organizations, that were directed towards projects that would enhance the quality of life or quality of care of nursing home residents. Funds from Hospital Trust fund would be available for three years at 2 million dollars per year.

B. Changes in Survey and Certification requires the Secretary of Health and Human Services:

1. To provide for Federal inspection and certification of state facilities (at present states survey state homes which is often a conflict of interest);
2. To set Federal minimum standards for qualification and training of personnel participating in survey and certification (and states);
3. To define the scope of services covered by Medicare;
4. To promulgate standards for state performance on surveys, the content of surveys and for the performance of states in survey and certification activities;
5. To conduct Federal validation surveys on at least a 5-percent sample of nursing homes;
6. To consolidate Federal codes relating to Medicare and Medicaid regulation of nursing homes;
7. To provide a standardized protocol for state and Federal surveys; and
8. To implement a procedure for court appointed receivership and a directed plan of correction for Federal surveys (currently the Secretary has only the choices of de-certifying a facility or doing nothing).

Requires States:

1. To make data related to the calculation of nursing home reimbursement rates public, and both states and nursing homes to make survey and cost reports public;
2. To develop agreements with the state designated ombudsmen program;
3. To implement court appointed receivership, a directed plan of correction and one other "intermediate" sanction (as with the Secretary, in many states the choice is either to do nothing or to "terminate" the provider).
4. To have a special survey team, with appropriate legal and health care training to focus on facilities that are chronically and seriously out of compliance with regulations;
4. To do surveys on an unannounced basis between 9 and 15 months after the prior survey; and
6. To conduct extended surveys in facilities that have serious and repeated violations.

C. Commission on Long-Term Care:

Establishes a long term care commission, modeled after the Prospective Payment Advisory Commission, to advise Congress on reimbursement, staffing and discrimination issues related to nursing home and home care provision under Medicare and Medicaid. Secretary to provide "such funds as necessary" from Hospital Trust Fund.●

● Mr. PRYOR. Mr. President, I am proud to join the distinguished Senator from Maine [Mr. MITCHELL] in sponsoring legislation to improve the quality of care delivered in nursing homes throughout the country under the Medicare and Medicaid Programs. I want to commend the chairman of the Finance Committee Subcommittee on Health for his leadership in this area and for the efforts of his staff, particularly Greg Pawlson, in developing this important legislative package.

My interest in issues affecting the elderly, and paticularly those individuals who reside in nursing homes, goes back to my days in the House of Representatives. In 1982 I joined with a number of my colleagues in protesting the Health Care Financing Administration's [HCFA] efforts to water down the guidelines governing the survey and certification process for intermediate care facilities [ICF] and skilled nursing facilities [SNF] participating in the Medicare and Medicaid programs. The Congress delayed implementation of the regulations until the results of a study by the Institute of Medicine [IOM] of the National Academy of Sciences was completed and submitted; the study was to be used as the "basis for adjusting Federal, and State, policies and regulations" for nursing homes.

In April of 1986 the IOM report "Improving the Quality of Care in Nursing Homes" was published, which generated renewed interest in nursing home quality. Congressional hearings and investigations were held, and nursing home issues were once again widely discussed in health care circles. In fact, the Congress was close to enacting comprehensive nursing home quality reform legislation at the end of the 99th Congress; final action was impossible due to the early adjournment date. But perhaps the most significant development in this area was the "Campaign for Quality Care" which was organized by the National Citizens' Coalition for Nursing Home Reform.

The coalition was able to bring together representatives of 20 organizations interested in nursing home issues to develop a consensus reform package. This list of organizations involved is truly impressive—groups representing the interests of consumers, forprofit and nonprofit providers, health care professionals, union organizations, and aging advocacy associations all participated in this historic consensus-building process.

Last Friday I hosted a forum on nursing home issues which was organized by the Citizens' Coalition, and which consisted of presentations by representatives of 12 of these organizations of the consensus positions on nursing home reform which were supported—in one form or another—by nearly 50 interested organizations. I was stunned by the response, and by the willingness to work together that was shown by these groups. I can honestly say that I've never seen anything quite like it, and that there seems to be a stronger consensus than ever before for action in this area. I have never been more encouraged or hopeful for meaningful nursing home reform; it is clear that the time is at hand for the Congress to act in this area.

The legislation being introduced today closely parallels a package which the Finance Committee approved toward the end of the last congressional session, and has many of the elements recommended by the Institute of Medicine and the Coalition's Campaign for Quality Care.

The Subcommittee on Health of the Senate Finance Committee is scheduled to hold a hearing on the legislation today, and it is my hope that in the coming months we will see Finance Committee action on this bill. It is certainly one of my greatest interests in the health care area, and I know that a number of my colleagues share this interest. I would urge all Senators to lend their support to our efforts.

● Mr. HEINZ. Mr. President, I am pleased to join Senator MITCHELL in cosponsoring this legislation to upgrade the quality of nursing home care in the United States. This legislation is a significant first step to protect and enhance the lives of one and a half million elderly Americans living in long-term care facilities. But I would like to offer more than my support for this bill. In the next couple of months, new studies and data I have requested may suggest the need for additional action by this body. I look forward to working with Senator MITCHELL to find ways to further improve nurse staffing, and to toughen our stance toward those who would violate minimum health and safety standards designed to protect our most vulnerable citizens.

In addition, Mr. President, I would like to provide some historical context to establish the wisdom of Senator MITHCELL's legislation. In May 1982, HCFA proposed changes in regulation of nursing homes that would have eased annual inspection and certification requirements. The proposed deregulation of nursing homes was met with a storm of public protest. The Senate Special Committee on Aging, which I chaired at that time, held hearings which revealed the deregulation proposals were ill-advised. Congress subsequently blocked implementation of these proposed rules, and mandated a special Institute of Medicine study to determine the appropriate role of the regulatory process in ensuring high quality nursing home care. Senator MITCHELL's legislation is an impressive effort at implementing the findings of that national study of the regulatory system.

In 1984, while chairman of the Senate Special Committee on Aging, I directed the staff to conduct a 2-year investigation of problems related to quality, cost and access to long-term care for our Nation's elderly.

The committee's investigation revealed numerous problems with the quality of services provided to nursing home residents, discrimination against the impoverished on Medicaid, and enormous cost burdens which bankrupt all but the wealthiest in nursing homes. Evidence of this crushing burden is the fact that as many as half of all Medicaid supported nursing home residents were admitted to facilities as private paying patients.

Our investigation made it all too clear that Federal and State governments have not fulfilled their responsibility to ensure that nursing home residents are provided proper care. While we have come a long way in improving the physical facilities in nursing homes, we have only scratched the surface when it comes to ensuring high quality care. Thousands of patients still suffer from physical and mental abuse, poor nutrition, inadequate nursing care and general neglect that we hoped had been corrected long ago.

We found that existing Federal and State enforcement policies are so lacking that in 1984 and 1985 over one-third of the Nation's skilled nursing facilities—those certified to care for the sickest patients—failed to comply with the most essential health, safety, and quality standards of care. Nearly a thousand of these homes fail to meet the basic standards year after year, providing clear evidence that monitoring is lax and existing sanctions are ineffective.

The committee investigation also found that low-income elderly have difficulty in obtaining access to nursing home services. We learned, not surprisingly, that under the current Medicaid reimbursement system the poorest patients with the greatest health needs faced the most insurmountable barriers in gaining access to nursing home care. As a result, thousands of impoverished elderly are unable to find a nursing home bed. With the millstone of Medicaid around their neck, these low-income elderly are subjected to stringent preadmission screening and are told that the home simply cannot afford to accept them. Private-pay patients go to the head of the line because they can be charged more even if they need less care.

Mr. President, I am troubled by reports that some State Medicaid programs are inadequately reimbursing nursing homes, in violation of Federal law. The General Accounting Office has confirmed that the Federal Government has done little to enforce statutory assurances that reimbursement be adequate for high quality care. At the same time, elderly patients are being discharged quicker and sicker from hospitals to nursing homes. This has shifted the burden of subacute care to long-term care facilities, requiring these facilities to give a level of care for which they are no longer inadequately staffed and reimbursed. These conflicting trends strongly suggest the need for improved Federal attention to nursing home reimbursement.

Mr. President, Senator MITCHELL, Senator PRYOR, and I have been working with the nursing home industry and consumer advocates to develop a comprehensive nursing home reform bill. I am pleased that this bill incorporates most of the key provisions from legislation I introduced last year. To avoid unnecessary duplication of effort, and recognizing that the coalition of groups working on this issue have come a long way in the past 6 months, I am not planning to reintroduce my own comprehensive bill this year. As new research on this subject becomes available, however, I may offer additional language addressing problems with enforcement of standards, access to care, and nursing services. I am developing specific proposals on these issues that I hope we can address in subsequent hearings and during markup of this bill in the Finance Committee.

In closing, Mr. President, I urge my colleagues to support Senator MITCHELL's Nursing Home Quality Reform Act of 1987.●

By Mr. HARKIN (for himself, Mr. CONRAD, and Mr. GORE):

S. 1109. A bill to amend the Federal Food, Drug, and Cosmetic Act to require labeling of foods which contain tropical fats; to the Committee on Labor and Human Resources.

TROPICAL OILS LABELING ACT

Mr. HARKIN. Mr. President, today I am introducing what is now known as the Tropical Oils Labeling Act of 1987.

Mr. President, this legislation takes a significant step in helping American consumers make more fully informed decisions about diet and health. This bill is a companion to H.R. 2148, introduced in the other body by Congressman GLICKMAN of Kansas.

Over the last several years, consumers have been encouraged to modify their diets to lower their cholesterol intake by switching from animal fats, which are high in dietary cholesterol, to vegetable oils, which contain no dietary cholesterol, and which are generally lower in saturated fats.

Current food labeling laws permit highly saturated tropical fats, such as palm, palm kernel, and coconut oils, to be labeled as "vegetable oils," even though they contain up to twice the saturated fatty acid content of lard. All three tropical oils may invite heart disease by raising blood cholesterol levels. Yet they are found in hundreds of food products ranging from cereals to frozen fried potatoes. Some of these products make claims of no cholesterol and many boast made with 100 percent vegetable shortening. The unsuspecting consumer, accustomed to thinking of all vegetable oils as healthful, is easily misled by this kind of labeling.

According to a recent survey by the American Heart Association, 54 percent of the primary shoppers in American households rely on nutrition and product labeling for information on the nutritional content of food they buy on the shelf. Thus, comprehensive labeling information is a significant step in educating consumers and in reducing saturated fat intake.

Specifically, the bill that I am introducing with the cosponsor of Senator CONRAD of North Dakota would first of all require the labeling of foods which contain palm, palm kernel, or coconut oil to indicate specifically which oil is contained in the food. The use of the words "and/or" and "one or more of the following" would not be allowed if a product contains a tropical oil.

The bill will require the words "a saturated fat" to follow the names palm, palm kernel, or coconut oil in ingredient lists of products containing tropical oils.

And it will require the label of foods which contain palm, palm kernel, or coconut oil and which include a claim that the food contains or is prepared with vegetable shortening to:

Identify on the label which of the tropical oils is contained in the food and follow the name of the oil with the statement "a saturated fat," and

List the fat content and saturated fat content of the food per serving.

Mr. President, this chart will give, I think, a graphic illustration of why consumers are now confused and why this is necessary that we have proper labeling as to what kind of oils are being used in the preparation of food. This chart lists 12 of the most popular so-called vegetable oils that are used now in the food industry.

The yellow portion indicates how much saturated fat there is in that oil. The blue indicates how much of the monounsaturated fat is in there and the green illustrates how much of the polyunsaturated fats.

Obviously we know from various studies that it is the saturated and monounsaturated that are bad for your heart and bad for your arthritis. It is the polyunsaturated that are the most favorable.

If we look we see, for example, that safflower oil contains 78 percent of polyunsaturated. Almost all of the fat in safflower oil is polyunsaturated. Only 9 percent is saturated.

Corn oil, for example, is 62 percent polyunsaturated, only 13 percent saturated. Soybean oil and peanut oil are all about the same, high in polyunsaturated and low in saturates.

Mr. President, look over here on this side and you will see lard, animal fat, is 41 percent saturated, 12 percent polyunsaturated. Look what is even worse than that, palm oil, 51 percent saturated fat. Here is palm kernel oil, 86 percent saturated fat, only 2 percent polyunsaturated; and here is coconut oil, the most popularly used oil of all, coconut oil, 92 percent saturated fat.

In other words, for every one tablespoon of coconut oil that you consume, you would have to consume two tablespoons of lard.

How many American consumers go out there on the shelf and they buy a product that says all vegetable oils used, contains no cholesterol, and yet it is made with coconut oil. They would be better off buying something made out of lard than something made out of coconut oil.

That is why it is so necessary for this piece of legislation that we give the consumers the information they need when they buy those products to know just what kind of oil they are getting.

We know that coronary heart disease is the No. 1 killer in the United States responsible for more than 550,000 deaths each year, more than all forms of cancer combined. Saturated fats, by tending to raise blood cholesterol levels, increase the risk of heart disease. Yet, there is another important dimension to this bill that I have to mention.

From 1984 through 1986 the use of palm oil more than doubled in this country, from 370 million pounds to 780 million pounds; coconut oil increased from 904 million pounds to 1.1 billion pounds. The combined 1986 imports of these two oils was nearly 2 billion pounds; equivalent to the soybean oil production from 173 million bushels of soybeans. During this same 1984-86 period, oil produced from sources grown in this country either lost ground in domestic use or enjoyed only small increases.

Mr. President, this bill has a double effect. No. 1, it is in the best interest of good health for all Americans. It will let consumers know what is in those packages of food that they are buying and, second, it will also help our domestic producers. Our domestic producers are not going to coconut oil or palm kernels oil or palm oil. They are producing sunflower oil, safflower oil, corn oil, soybean oil, and peanut oil all of which is much more healthy for the American consumer than the imported tropical oils.

Mr. President, I want to thank my colleagues, the distinguished Senator from North Dakota for cosponsoring the legislation. I invite other Senators to cosponsor it.

Again I think it is in the best interest of not only the agriculture community but health and well-being of all American citizens to know what they are buying.

Mr. President, I ask unanimous consent that a summary of the bill, a statement by the American Heart Association, and a press release from my office be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Tropical Oils Labeling Bill

Amends the Federal Food, Drug, and Cosmetic Act to:

Require the label of foods which contain palm, palm kernel or coconut oil to indicate specifically which oil is contained in the food. This will disallow tropical oils to be listed disjunctively (the use of "and/or" or "one or more of the following") in ingredient lists;[1]

Require the words "a saturated fat" to follow the names palm, palm kernel or coconut oil in ingredient lists of products containing tropical oils;

Require the label of foods which contain palm, palm kernel or coconut oil and which make a claim that the food contains or is prepared with vegetable shortening on the principal or side panel to:

(a) Identify on the label making the claim which of the tropical oils is contained in the food and follow the name of the oil with the statement "a saturated fat; and

(b) List the fat content and saturated fat content of the food per serving.

The bill will take effect 180 days after enactment.

Statement by American Heart Association on a Bill to Label Tropical Fats

Good Morning. I am John La Rosa, Chairman of the American Heart Association's Nutrition Committee and Professor of Medicine and Health Care Sciences at George Washington University.

The AHA is pleased to support the legislation, being introduced by Congressmen Dan Glickman (D-KS) and Ron Wyden (D-OR), to amend the Food, Drug and Cosmetic Act to reflect the true character of foods that contain palm or coconut oil. This will require that foods made from vegetable oils, but containing palm or coconut oil, be identified as containing "saturated fats."

Both palm and coconut oil, although "vegetable oils," contain high amounts of saturated fat. Intake of saturated fat has been correlated with blood cholesterol levels and coronary heart disease in many scientific studies.

Consumers who purchase products that claim to be made from "100 percent vegetable oil," and contain any one of the two oils, should be aware that they are not reducing the amount of saturated fat in their diet, but actually increasing it.

The AHA estimates that Americans are consuming an average of 15 percent of calories as saturated fats. Much of this is in animal fat, but a significant portion of it can be from coconut oil, palm oil, or cocoa butter. The AHA recommends that saturated fat intake should be less than 10 percent of total calories.

For example, no more than 200 calories from a 2,000 calorie daily dietary intake should come from saturated fats. That is equivalent to about 22 grams of saturated fat. One tablespoon of coconut oil contains almost 12 grams of saturated fat, more than half the recommended daily limit. If animal products are added to the diet, it is easy to surpass the limit for saturated fat. Palm oil is also a concentrated source of saturated fat. A tablespoon of palm oil contains 6.7 grams or about 60 calories of saturated fat.

There are several sources of vegetable oil which are extremely low in saturated fats. Safflower oil contains 1.2 grams of saturated fat per tablespoon. A tablespoon of soybean oil contains no more than 2.0 grams of saturated fat.

Significant reductions in saturated fat intake cannot be achieved without comprehensive labeling information. The Glickman-Wyden amendment is an excellent first step in that direction.

The government's overall food labeling policy, however, has not kept pace with either our knowledge of nutrition and heart disease or the public's need for comprehensive labeling. According to a recent survey by the AHA, 54 percent of the primary food shoppers in American households rely on nutrition and product labeling to get information on nutritional contents of food.

The AHA supports the Glickman-Wyden bill on the basis that consumers need accurate and useful nutrition information. The AHA is also on record advocating that all packaged foods should be required to list the type and amount of fat, the amount of cholesterol and the amount of sodium in a clear and distinctive manner on the label.

Harkin Bill Would Require Food Labels To Specify Tropical Oils

Washington, D.C.—U.S. Senator Tom Harkin (D-Iowa), chairman of the Senate Agriculture Subcommittee on Nutrition, today introduced legislation that would require foods containing high levels of saturated fat from tropical oils to be clearly labeled to alert consumers of that fact.

"Tropical oils, like palm, palm kernel and coconut oil may invite heart disease by raising blood cholesterol levels," Harkin said. "Yet food companies use them in hundreds of products ranging from cereals to frozen fried potatoes. My concern is that some of these products make claims of having no cholesterol and many boast of being made with 100 percent vegetable shortening. I believe that the unsuspecting consumer, accustomed to thinking of all vegetable oils as healthful, is easily and perhaps purposely misled by this kind of labeling."

Current food labeling laws permit highly saturated tropical fats, such as palm, palm kernel and coconut oils, to be labeled as "vegetable oils" even though they contain up to twice as much saturated fat as lard and as much as six times more saturated fat than corn oil or soybean oil, Harkin said.

The Tropical Oils Labeling Act of 1987 would require food labels to indicate specifically which oil is contained in a product, disallowing the use of "and/or" or "contains one or more of the following" if a product contains a tropical oil. The bill would also require the words "a saturated fat" to follow the names palm, palm kernel or coconut oil in ingredient lists of products containing tropical oils.

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[1] Currently, an ingredients list is likely to look like this: Ingredients: Whole grain flour, vegetable shortening (containing one or more of the following: soy, corn, safflower, and palm oil), suger, etc. * * *

Although the Food and Drug Administration will determine precisely how this provision will be implemented, under Glickman-Wyden the same ingredients list might look like this: Ingredients: Whole grain flour, vegetable shortening (containing one or more of the following: soy, corn and safflower); palm oil, a saturated fat; sugar, etc. * * *.

According to a recent survey by the American Heart Association, 54 percent of the primary shoppers in American households rely on nutrition and product labeling for information on the nutritional content of food.

"It's clear that comprehensive labeling information is a significant step in educating consumers and in reducing saturated fat intake," Harkin said.

American farmers would also benefit from the legislation, Harkin said. "As consumers begin to realize the incredible amount of saturated fats in tropical oils, they will demand products that use domestically produced oils like corn, soybean and safflower, which contain minimal amounts of saturated fat. Not only will we cut our imports but we'll help farmers expand their domestic markets," Harkin said.

Coronary heart disease is the number one killer in the United States, responsible for more than 550,000 deaths each year—more than all forms of cancer combined. Saturated fats raise blood cholesterol levels and increase the risk of heart disease.

For more information contact Pam McKinney or Paul Boyum at 202/224-3254.

FATTY ACID COMPOSITION OF OILS AND FATS

[Percent of total fatty acids]

Oil	Saturated	Monounsaturated	Polyunsaturated
Safflower	9	13	78
Sunflower	11	20	69
Corn	13	25	62
Olive	14	77	9
Soybean	15	24	61
Peanut	18	48	34
Sackege Salmon	20	55	25
Cottonseed	27	19	54
Lard	41	47	12
Palm	51	39	10
Beef Tallow	52	44	4
Butterfat	66	30	4
Palm Kernel	86	12	2
Coconut	92	6	2

Sources: Handbook No. 8-4 and Human Nutrition Information Service, U.S.D.A.

Mr. CONRAD. Mr. President, we have before us a chance to correct a Food and Drug Administration labeling loophole.

Because of this loophole, millions of health-conscious Americans last year consumed 2.4 billion pounds of tropical fats. These fats are billed as healthy vegetable oils, but in reality they are 5 to 9 times higher in saturated fat than sunflower or soybean oils.

I am putting into the Record a group of labels from consumer products that are readily available on the grocery shelves of America that make clear the problem. I have one here that is a product and it indicates that it contains vegetable oil and contains one or more of the following, the label tells us: "cottonseed oil, corn oil, peanut oil, partially hydrogenated cottonseed oil, partially hydrogenated soybean oil, partially hydrogenated sunflower oil or palm oil."

That disjunctive labeling is what is misleading and not fully informative to the American consumer and is what this bill seeks to correct.

Again, those oils, the tropical oils, the palm oils are 5 to 9 times higher in saturated fat than sunflower or soybean oils. And, as public health experts will tell you, restricting saturated fats in our diets is one way to reduce serum cholesterol, one of the leading causes of heart diseases.

Because of this loophole, American farmers are at a competitive disadvantage in selling nutritious sunflower, safflower and soybean oil.

Because of this loophole, American children are munching on cereals made with coconut, palm, and palm kernel oil—tropical fats—while their parents proudly but wrongly believe they have provided healthy breakfasts and snacks.

The loophole allows food manufacturers to use what is called "disjunctive labeling" in their lists of product ingredients. Maybe you have seen how this works: The product is said to contain "one or more of the following," followed by a laundry list of good vegetable oils and tropicals oils.

Many consumers, thinking they are buying healthier products, are sadly deceived. As I said before, the cheap tropical oils contain far more saturated fats than an equal amount of animals fats or dairy products.

Now, I understand that the food companies need to serve their stockholders by producing their breakfast cereals, snack foods, coffee creamers and other products at the lowest possible price. That is a reasonable corporate goal.

But American consumer deserve to know what they are buying. This bill will give them that opportunity. It will stop the use of disjunctive labeling—the "and/or" and "one or more of the following" clauses—and require that cheap tropical fats used in the product be labeled as saturated fats.

The bill will also give thousands of American farmers a more even playing field on which to compete in selling their products—soybean and sunflower oils.

The loophole needs to be closed. And we can close it. I urge you to vote in support of this legislation.

Mr. President, I applaud the distinguished Senator from Iowa for moving forward with this piece of legislation. It is a piece of legislation that is good not only for consumers but also for the farmers of America.

I thank the Chair.

By Mr. DASCHLE (for himself and Mr. Pressler):

S. 1110. A bill to prohibit the charging of admission fees at Mount Rushmore National Memorial; to the Committee on Energy and Natural Resources.

PROHIBITING ADMISSION FEES AT MOUNT RUSHMORE NATIONAL MEMORIAL

● Mr. DASCHLE. Mr. President, the legislation I am introducing today reaffirms the intent of the February 25, 1929, prohibition against charging entrance fees at Mount Rushmore National Memorial in the Black Hills of South Dakota. Authority for the National Parks Service to charge entrance fees at Mount Rushmore is being considered in H.R. 1320.

Since its creation, Mount Rushmore has been an internationally recognized symbol of our Nation's strength and vision. The tremendous undertaking of immortalizing George Washington, Thomas Jefferson, Theodore Roosevelt, and Abraham Lincoln in granite, and the spectacular results with which we are all so familiar, serves as a reminder of the foresight and leadership of four of this Nation's most distinguished leaders, as well as a tribute of their everlasting dream of freedom and equality.

The "Shrine of Democracy," as Mount Rushmore is known, is far too important to America's history and future to ever allow entrance to be denied on the basis of money. Charging a fee for U.S. citizens, not to mention visitors from foreign lands, to examine the manifestation of this Nation's dreams and values into an unparalleled monument to freedom and liberty simply must not be allowed. For Mount Rushmore is not so much a national park, as it is a tribute to the very ideals this body represents and strives to preserve.

I am hopeful, therefore, that this legislation will be passed into law. We certainly do not want to hide this unsurpassed exponent of America's pride behind the dollar sign.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was orderd to be printed in the Record, as follows:

S. 1110

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, no admission fee may be charged at Mount Rushmore National Memorial.

● Mr. PRESSLER. Mr. President, I am pleased to join my distinguished colleague, Senator Daschle, in introducing this legislation. It involves an issue very important to our State.

Indeed, earlier this week in testimony before the Senate Subcommittee on Public Lands, National Parks and Forests, I spoke out against legislation which would repeal the existing ban on fees at Mount Rushmore. This legislation, H.R. 1320, recently was passed by the House of Representatives. For reasons stated in my testimony of earlier this week, I believe it would be a mistake for the Senate to pass it in its present form. I outlined an amendment I plan to ofer to H.R. 1320 if it should be considered by the

Senate. Mr. President, I ask unanimous consent that a copy of my testimony, along with an accompanying statement from the Mount Rushmore National Memorial Society of Black Hills, be printed in the Record immediately following my remarks.

Mr. President, although there is currently in existence a prohibition against fees at Mt. Rushmore, I do believe that this legislation is important as a statement of our strong opposition to the proposal to change that law.

There being no objection, the material was ordered to be printed in the Record, as follows:

Statement of Senator Larry Pressler in Opposition to H.R. 1320 Before the Subcommittee on Public Lands, National Parks and Forests

Mr. Chairman and member of the Committee, I would first like to thank you for the opportunity to testify today. H.R. 1320, a bill to amend the Land and Water Conservation Act of 1965, contains a provision which could have a major impact on my home state of South Dakota. That provision is the main focus of my testimony.

In its present form, I strongly oppose this legislation. Although in many respects this could be a positive bill which I would support with some modifications, I adamantly object to the provision in this bill which would permit the National Park Service to collect fees at Mount Rushmore. Section 2(f) of the bill would repeal the existing specific prohibition of entrance fees at Mount Rushmore and grant the National Park Service the power to collect an entrance fee at the Monument.

The Memorial was never intended to be used as a source of revenue. It is a national shrine of democracy. The 1929 legislation creating the Mount Rushmore National Memorial Commission and defining its purposes and powers specifically addresses the subject of fees. The law states that "No charge shall ever be made for admission to the memorial ground or for viewing the memorial." Thus, no entrance fee has ever existed at the Monument. I believe that Congress should not alter the original language and Mount Rushmore should remain available to all visitors free of charge.

The Mount Rushmore National Memorial is a proud symbol of American independence, ingenuity and artistic achievement. Mount Rushmore is not a recreational service for which fees should be charged. It is a patriotic experience, an education in American history, a lesson in art, and an inspiration to all who visit there. Congress recognized this fact in 1929 when it passed legislation prohibiting fees at the Monument. There is no basis for changing that restriction today. The 1929 Act is quite specific. Its purpose and rationale are obvious. We do not want to charge people a fee to learn about the heritage of our country. We should not charge a fee for the privilege of realizing the moving experience of Mount Rushmore. And we do not want to discourage on-sight interpretive visits. We want people to know and understand all they can about this national treasure.

If a fee were imposed, many visitors may choose to avoid paying an entrance fee and view the Monument from a distant roadside—bypassing the facilities that are so important to fully understanding and enjoying the Memorial. As you know, I have introduced legislation to begin a major renovation of the facilities at the Monument. The very purpose of that bill is to encourage visitation and to enable visitors to stay longer and learn more about the true meaning behind Mount Rushmore. This bill would have the opposite effect.

I am particularly concerned that this bill establishes an unjustifiable double standard in the imposition of fees. The existing prohibition against fees at Mount Rushmore is based on its symbolic and educational importance to our country—in effect, it is a prohibition based on function. H.R. 1320 establishes a different fee prohibition criteria, based entirely on location. If a National Park Service facility is located in a certain geographic area, no fee can be imposed. I see no satisfactory justification for this new criteria as an alternative to existing prohibitions. We should remain true to the established and well-reasoned prohibition on fees for symbolic facilities such at Mount Rushmore.

Mr. Chairman, should this bill be acted upon in the Senate, I shall offer an amendment designed to address these inequities. It shall be in the form of either an outright prohibition against fees at Mt. Rushmore and similar facilities, or it will establish statutory guidelines for the National Park Service to follow which would require it to be particularly sensitive in its fee review process to what I earlier referred to as the "functional" importance of any Park Service facility. The guidelines would make clear that fees should not be imposed at facilities such as Mount Rushmore.

Mr. Chairman, in order to retain my rights to offer such an amendment, I have asked the Senate leadership to notify me prior to any Unanimous Consent agreement concerning H.R. 1320 or similar legislation. Without this necessary modification, I will fight to prevent passage of H.R. 1320.

As you will recall, the Senate recently passed a bill which would prohibit any entrance or admission fee at the Statue of Liberty. A similar prohibition regarding fees at the Statue of Liberty is contained in this measure. It is fitting that no fees be charged for viewing the Statue of Liberty. But like the Statue of Liberty, Mount Rushmore and other major, nationally symbolic facilities should not be tied to viewing fees. Both Mount Rushmore and the Statue of Liberty are internationally recognized as symbols of freedom and democracy.

Neither are meant as a source of revenue, but rather as a tribute to our nation's past and an inspiration for its future. The exemption of admission fees should apply to both of these national monuments.

Mount Rushmore is a monument created by Americans for Americans, to be viewed with pride. The current law prohibits fees to view the monument. It is my hope that we will retain this provision of the law and carry on with the intentions of those who worked so hard to create the Mount Rushmore National Memorial for us. I have included with my statement a letter from the Mount Rushmore National Memorial Society of Black Hills which expresses the Society's opposition to the imposition of entrance fees at the Monument. The Rushmore Society has been dedicated to working for the best interest of Mount Rushmore for 57 years. It was organized in 1930 as a nonprofit organization and worked at the monument with sculptor Gutzon Borglum during the years of construction from 1930 to 1941. The Society has remained an active organization and its commitment of the Mount Rushmore National Memorial is inspirational.

Mount Rushmore National Memorial Society of Black Hills,
Rapid City, SD, April 22, 1987.

Hon. Larry Pressler,
U.S. Senator, Russell Senate Office Building, Washington, DC.

Dear Senator: The Mount Rushmore National Memorial Society of Black Hills has been advised through press releases concerning legislation introduced in the House of Representatives to repeal legislation prohibiting an entrance fee at the Mount Rushmore National Memorial. We cannot refer you to the title or number of the statute but it is our understanding it was included in the original enabling legislation in 1929 as a part of the authorization and funding help with the project.

The Society is opposed to repeal of the legislation prohibiting a fee for entry to the monument. We feel that in the middle of these United States, Mount Rushmore exists as a Shrine of Democracy. Access to the sculpture must remain free and available to all citizens and foreign guests. It is a place to appreciate freedom and democratic ideals as well as to consider the courage, foresight and philosophies of the four presidents carved on the mountain.

The Society has been a part of Mount Rushmore from its inception and has provided large sums of money for the original sculpture and construction of improvements at the monument. During the depression days, when the monument was being carved, donations were even made by school children who contributed their pennies for the completion of the monument.

We hope that you and the Congress will agree that charging admission to view Mount Rushmore is inappropriate and that the repeal of the present prohibition for entrances fees will be defeated.

Thank you for your consideration.

Very truly yours,

Carolyn Mollers,
President.
Ray J. Aldrich,
Trustee.●

By Mr. METZENBAUM (for himself and Mr. DeConcini):

S. 1111. A bill to amend the antitrust laws in order to preserve and promote wholesale and retail competition in the retail gasoline market and to protect the motoring safety of the American public; to the Committee on the Judiciary.

MOTOR FUEL SALES COMPETITION IMPROVEMENT ACT

● Mr. METZENBAUM. Mr. President, today I am pleased to introduce, along with Senator DeConcini, the Motor Fuel Sales Competition Improvement Act of 1987. This bill will dramatically improve competition in the sale of gasoline at the retail and wholesale levels. It will benefit consumers as well as ensure independent service station dealers have a fair opportunity to compete in the sale of gasoline.

A similar bill was reported favorably during the 99th Congress by the Senate Judiciary Committee. This bill differed principally from the one I am introducing today by allowing current company-owned stations to continue in operation.

OPEN SUPPLY

This bill has two basic components. First, it prohibits refiners from requiring that service stations purchase all or almost all of its supplies of gasoline from a single source. Under the bill, the oil companies could not require independent dealers to purchase more than 70 percent of their supplies from the companies' refineries. Consequently, dealers would be free to go elsewhere to buy gasoline supplies when they could find a better price. The result would be to inject competition into what is now a system that freezes out competition. Under this bill, if an oil company tries to squeeze its dealers by charging prices for supplies that are not competitive, the dealer could respond by looking around for supplies from other refiners or wholesalers.

This provision is consistent with the settlement of antitrust litigation between independent dealers and 15 major oil companies. In this case, Bogosion versus Gulf Oil Corp. et al., the independent dealers claimed that the oil companies, among other things, had restricted their ability to buy gasoline from other suppliers. The settlement with almost all the defendants allows dealers to have greater freedom to buy supplies.

The terms of this settlement, however, expire after 5 years. In addition, the provisions of each settlement are somewhat different and in some cases oil companies can impose greater restrictions on their dealers than in others. Finally, there is legitimate fear by some dealers that the economic leverage wielded by the oil companies, who in most cases, own the station and lease it to the dealer, will prevent the dealer from taking advantage of the settlement. As one dealer put it when the settlement was announced, the settlement "grants a theoretical right. But it doesn't address the fact that the oil company is landlord, banker, giver of wholesale and retail credit and supplier of maintenance."

The settlement shows that giving dealers greater freedom to purchase supplies from others does not present a serious burden for the major oil companies. This greater flexibility in purchasing supplies would be implemented through conversion of one or more pumps or addition of new pumps to dispense gasoline supplied by someone other than the company whose brand is displayed at the station. The bill requires that the dealer provide notice at the point of sale that gasoline supplied by someone else is being dispensed at a particular pump.

By making the terms of this settlement permanent, and by insuring that dealers can take advantage of the greater freedom to buy supplies, the consumer will save and dealers will have some economic leverage to use against the oil companies that supply them.

COMPANY OPERATED STATIONS

The second part of this bill prohibits large integrated refiners from controlling the operations of gasoline service stations. No company which owns refining capacity of over 175,000 barrels per day and which produces more than 30 percent of the crude oil supplied to its own refineries would be allowed to control the operations of service stations, although they would be permitted to own the station property and lease it to the dealer who runs the station.

This provision would prevent approximately the largest 20 oil companies in this country from controlling retail operations. It would not prevent the scores of other refiners in operation today or any other type of company from operating service stations.

This provision of the bill would allow retail service stations to compete on a fair basis. Large oil companies would not be allowed to extend their dominance any longer into the sale of gasoline at retail.

It is no accident that independent service stations are struggling for their existence. They are up against major oil companies that already control the production of domestic crude oil, crude oil pipelines, refining, and marketing. Not only do the major oil companies own most of the assets in each of these levels of production, but their market share understates the degree to which they are able to cooperate to control the market.

Hearings in past Congresses have revealed a vast array of tactics used by the major integrated refiners against these small and independent businesses. Such tactics, according to extensive testimony from present and former dealers, have included excessive rent increases, abrupt changes in credit terms, delays in credit card processing, subsidization by refiners of their own directly operated stations, refusals to provide routine maintenance service to dealers, reduced gasoline allocation to the independents when supplies are short, and unreasonable quotas when the market is flooded.

It is clear that the major integrated refiners have reaped the benefits of such economic eviction techniques. At the same time that independent dealerships have been declining by the tens of thousands, large integrated refiners have expanded their sales of gasoline through stations that they themselves own and operate. The company-owned station provides a weapon for oil companies to use to drive independent stations out of business. In case after case, the evidence has shown that company-owned stations sell gasoline at retail for less than the independent stations must pay in wholesale prices. By preventing large oil companies from operating their own retail stations, they will no longer have the opportunity or incentive to use them to drive the independent out of business.

The legislation we are proposing today will help restore the competitiveness of small businesses engaged in gasoline marketing by eliminating the incentives that lead to such inequitable practices by the major refiners.

Mr. President, I ask unanimous consent that a copy of the bill and a more detailed statement of the bill be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD as follows:

MOTOR FUEL SALES COMPETITION IMPROVEMENT OF 1987: SUMMARY OF PROVISIONS

WHOLESALE PURCHASE OF GASOLINE

Section 2(a) prohibits producers or refiners from requiring service station dealers to purchase more than 70% of their gasoline supplies from the producer or refiner and allows the dealer to convert existing tanks and dispensers or install new ones to sell gasoline supplied by someone other than company whose brand is displayed.

Section 2(b) prohibits producers or refiners from conspiring to violate section 2. For example, one oil company could not conspire with another company to refuse to supply a dealer in order to force the dealer to buy all its supplies from one of the oil companies.

Section 2(c) requires branded dealers who sell gasoline supplied by companies other than the company owning the brand to disclose to the public that sales of gasoline from particular pumps are not supplied by the brand-name company. In order to comply with this provision, a dealer could install new pumps and tanks or convert existing facilities, as long as clear notice was made at the point of sale.

OPERATION OF SERVICE STATIONS

Section 3 prohibits large integrated oil refiners from operating service stations. Large integrated refiners are defined as companies with refining capacity exceeding 175,000 barrels per day and which supply 30% or more of their own crude oil to their refineries. This prohibition or operation of stations applies to approximately the 20 largest oil companies.

Section 4 allows large integrated refiners to own the station facilities as long as they do not control the operation through employees or in other ways.

Section 5 provides definitions of terms. Section 6(a) provides for enforcement by the Justice Department and the Federal Trade Commission. Section 6(b) provides for private enforcement. Section 6(c) provides for an effective date one year from enactment.

S. 1111

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Motor Fuel Sales Competition Improvement Act of 1985".

WHOLESALE PURCHASE OF GASOLINE

SEC. 2. (a) Notwithstanding any other provision of law and except as provided in this section, it shall be unlawful for any producer or refiner, directly or indirectly, to require any retail motor fuel dealer to purchase more than 70 per centum of the monthly retail sales of motor fuel from such producer or refiner or to prohibit the use or conversion of storage tanks and dispensers as provided in subsection (c).

(b) It shall be a violation of this Act for any producer or refiner to contract, combine, or conspire with any other producer or refiner for the purpose of violating subsection (a).

(c) It shall be unlawful for any dealer, at a motor fuel service station displaying a trademark, trade name, or other identifying symbol or name owned by a refiner or producer, to sell motor fuel which is not provided by or for such producer or refiner without providing reasonable notice at the point of sale that motor fuel dispensed by one or more dispensers is not refined by or for such producer or refiner, except that a dealer may convert one or more existing storage tanks and dispensers or establish new storage tanks and dispensers for sale of motor fuel supplied by other than the owner of the trademark, trade name, or identifying symbol displayed at the station.

OPERATION OF MOTOR FUEL SERVICE STATIONS

SEC. 3. It shall be unlawful for any large integrated refiner to operate any motor fuel service station in the United States.

EXCEPTIONS

SEC. 4. Notwithstanding section 3, it shall not be a violation of this Act for a large integrated refiner to own all or part of the assets of a motor fuel service station so long as such producer does not engage in the business of selling motor fuel at such station through any—

(1) employee;

(2) commissioned agent;

(3) person acting on behalf of the refiner or under the refiner's supervision; or

(4) person operating such station pursuant to a contract with the refiner which provides that the refiner has substantial or effective control over the motor fuel operations of the station.

DEFINITIONS

SEC. 5. For purposes of this Act the term—

(1) "producer" means any person who is engaged, directly or indirectly, in the production of crude oil;

(2) "refiner" means any person engaged, directly or indirectly, in the refining of motor fuel or any producer who contracts with another to refine petroleum products for purposes of sale of motor fuel by the producer;

(3) "large integrated refiner" means any person who for the most recent calendar year for which data are available—

(A) produced, directly or indirectly, more than 30 per centum of the domestic and imported crude oil supplied to its refinery; and

(B) whose total refinery capacity exceeds one hundred and seventy-five thousand barrels per day;

(4) "motor fuel" means gasoline, diesel fuel, alcohol, or any mixture of them sold for use in automobiles and related vehicles;

(5) "motor fuel service station" means any facility at which motor fuel is sold at retail;

(6) "person" includes one or more individuals, partnerships, associations, corporations, legal representatives, joint-stock companies, trustees and receivers in bankruptcy and reorganization, common law trusts, and any organized group, whether or not incorporated;

(7) "United States" means the several States, the District of Columbia, and any territory or possession of the United States.

ENFORCEMENT AND EFFECTIVE DATE

SEC. 6. (a) The Federal Trade Commission may commence a civil action for appropriate relief, including a permanent or temporary injunction, whenever the Federal Trade Commission has reason to believe that any person has violated or is violating any provision of this Act, or any regulations promulgated thereunder. Any action under this paragraph may be brought in the district court of the United States for the district in which the defendant is located, resides, or is doing business, and such court shall have jurisdiction to restrain such violation and to require compliance, to impose monetary penalties under the same terms and conditions as provided in section 5(m)(2)(A) of the Federal Trade Commission Act, and to order such additional equitable relief as it deems appropriate.

(b)(1) If any person fails to comply with the requirements of this section, any other person affected by such failure may maintain a civil action against such person failing to comply with such requirements for damages and appropriate equitable relief, including temporary and permanent injunctive relief. If the plaintiff prevails in any action under this section, the plaintiff shall be entitled to reasonable attorney and expert witness fees to be paid by the defendant, except that in any case in which the court determines that only nominal damages are to be awarded to the plaintiff, the court may, in its discretion, determine not to direct that such fees be paid by the defendant.

(2) An action brought pursuant to this section may be brought, without regard to the amount in controversy, in the district court of the United States in any judicial district in which the plaintiff resides or is doing business or in which the defendant resides or is doing business.

(c) Sections 2 and 3 of this Act shall take effect one year after the date of the enactment of this Act.

(d)(1) The Federal Trade Commission shall prescribe regulations for the collection of information necessary for the determinations specified in section 3 and for the manner of complying with the requirements of section 2(c).

(2) Notwithstanding any other provision of this Act, information related to section 3 need not be provided by private persons if reliable and timely information is available from published sources.

(3) Regulations promulgated pursuant to paragraph (1) shall be promulgated, after notice and a reasonable period for comment by the public, no later than one hundred eighty days after the date of enactment of this Act.

(4) No section of this Act shall supersede any comparable State law to the extent that compliance with the State law can be accomplished consistent with this Act.●

By Mr. SASSER (for himself, Mr. DURENBERGER, Mr. KERRY, Mr. HEINZ, and Mr. GLENN):

S. 1112. A bill to amend the Public Health Service Act to provide for the development of academic leaders in geriatrics through the establishment of centers of excellence in geriatric research and training; to the Committee on Labor and Human Resources.

CENTERS OF EXCELLENCE IN GERIATRIC RESEARCH AND TRAINING ACT

● Mr. SASSER. Mr. President, the "graying of America" promises to be one of the most serious health care challenges in the years ahead. Yet, the Nation's medical community remains largely unprepared to meet that challenge. The problem is simple. We have very few doctors who are adequately trained to deal with the chronic and complex ailments that strike the elderly.

The prestigious Institute of Medicine [IOM] has completed a study and will soon issue a report that reveals just how few American physicians there are with expertise in geriatrics. Of the 450,000 practicing physicians in the United States, only 450—or 1 in every 1,000—have completed a postgraduate fellowship program in geriatrics. The IOM study points out that we must double our current yearly output of geriatricians to meet the projected need of at least 2,100 geriatricians by the year 2000.

Steps have been taken recently to improve geriatric training in the United States. However, these efforts are falling far short of what is needed. For example, in the current academic year, there are only three geriatricians in advanced training in the United States.

Geriatrics has been largely ignored, because it is not very glamorous. American medicine has always focused on fast cures to dramatic, acute illnesses. But there are rarely any fast cures for the chronic ailments of the elderly. In fact, their conditions often defy a doctor's natural desire to "make it all better."

As a result, doctors tend to lose interest in elderly patients. They are seen as hopeless cases even when they may greatly benefit from treatment. For example, I am reminded of the story of the 92-year-old man who went to the doctor complaining of pain in his left leg. The doctor declared, "Sam, for Pete's sake, what do you expect at age 92?" Sam replied "Look, my right leg is also 92, but it doesn't hurt a bit. Now explain that."

Doctors and all medical personnel must be taught that the chronic ailments of the elderly are not always hopeless conditions. Their treatment may require more time and attention. But positive results can be achieved and these results may be spectacular.

Mr. President, I want to bring my colleagues' attention to an article that appeared in the Washington Post on April 14, 1987. The article highlights our medical community's continuing disinterest in geriatric medicine. Yet, it also shows how skilled geriatricians can vastly improve the health care provided to older patients.

We must act convincingly to correct our past neglect of geriatric medicine. And we must act now. That is why I am introducing legislation today that offers hope of improved medical care for our senior citizens.

My legislation is based on the recommendation of the Institute of Medicine's upcoming report on geriatric medicine.

It authorizes the establishment to centers of excellence in geriatric research and training at 10 medical schools across the country. These centers of excellence will help develop a critical mass of academic leaders in geriatrics. Once we have the academic manpower, our medical schools will be able to train adequate numbers of practicing physicians and other health professionals to care for the rapidly increasing number of older Americans.

I am pleased that Senators DURENBERGER, KERRY, GLENN and HEINZ have joined me as original cosponsors of this legislation.

Mr. President, Congress has the opportunity this year to expand our senior citizens' access to health care by offering them financial protection against catastrophic illnesses. That's good news for our seniors.

Yet, as we expand older Americans' access to health care, we should be equally committed to ensuring their access to high quality care. We have pediatricians to care for our children. Our seniors should have access to doctors who are just as interested and knowledgeable about their special health care needs.

I urge my colleagues today to join my efforts to improve our Nation's academic training and research in geriatrics. It is essential if we are to offer high quality health care to our aging population in the decades ahead.

Mr. President, I ask unanimous consent that the text of my bill and a copy of the Washington Post article on geriatric medicine be included in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1112

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Centers of Excellence in Geriatric Research and Training Act of 1987".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) recent growth and projected growth in the number of elderly individuals in the United States raises concerns about how best to meet the health care needs of such individuals;

(2) providing high quality health care for elderly individuals requires special knowledge about the clinical syndromes and psychological changes related to aging;

(3) recent studies show that there is a serious shortage of physicians in the United States with adequate knowledge concerning geriatrics;

(4) unless positive national action is taken, the current shortage of trained geriatricians will grow even worse as the number of older Americans dramatically increases over the next several decades;

(5) the shortage of trained geriatricians is a result of inadequate training and research opportunities at all levels of medical education;

(6) although 75 percent of American medical schools currently offer elective courses in geriatrics, only about 4 percent of medical students take these courses;

(7) in the 1986-1987 academic year, there were no geropsychiatrists in advanced training in the United States and only three geriatricians in such training;

(8) in order to provide adequate health care for the rapidly increasing number of elderly Americans, it is important first to train a sufficient number of academic leaders in geriatrics who will, in turn, train sufficient numbers of physicians to care for elderly individuals;

(9) the training of geriatricians in the United States can be greatly improved by establishing centers of excellence in geriatric research and training; and

(10) such centers must have excellent faculty and support personnel as well as strong research, clinical, and educational components.

(b) It is the purpose of this Act to—

(1) expand the authority of the National Institute on Aging to develop academic leaders in geriatrics; and

(2) authorize the establishment of centers of excellence in geriatric research and training to develop such leaders.

ESTABLISHMENT OF CENTERS

SEC. 3. (a) Subpart 5 of part C of title IV of the Public Health Service Act is amended by adding at the end thereof the following new section:

"CENTERS OF EXCELLENCE IN GERIATRIC RESEARCH AND TRAINING

"SEC. 445A. (a) The Director of the Institute shall enter into cooperative agreements with, and make grants to, public and private nonprofit entities to pay all or part of the costs of the development or substantial expansion of centers of excellence in geriatric research and training. Each center developed or expanded under this section shall—

"(1) utilize the facilities of a single institution, or be formed from a consortium of cooperating institutions, meeting such research and training qualifications as may be prescribed by the Director; and

"(2) conduct—

"(A) research into the aging processes and into the diagnosis and treatment of diseases, disorders, and complications related to aging;

"(B) advanced training programs in current methods of diagnosis and treatment of such diseases, disorders, and complications;

"(C) programs to develop individuals capable of conducting research concerning aging and concerning such diseases, disorders, and complications; and

"(D) educational and training activities for students of the health professions in order to enhance the knowledge of such students in geriatrics.

"(b) Each center developed or expanded under this section shall place primary emphasis on training of physicians to provide training in geriatrics to other physicians and to students of the health professions.

"(c) In making cooperative agreements and grants under this section for the development or expansion of centers, the Director of the Institute shall provide that such centers are—

"(1) geographically distributed throughout the United States; and

"(2) located at entities with proven research capabilities.

"(d) The Director of the Institute shall evaluate on an annual basis the activities of centers developed or expanded under this section and shall report to the Congress (on or before September 30 of each year) the results of such evaluations.".

(b) Section 408(a) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) For centers under section 445A, there are authorized to be appropriated—

"(A) $7,000,000 for the fiscal year 1988, which shall be available for the development or expansion of not more than five centers under such section for such fiscal year;

"(B) $11,000,000 for fiscal year 1989, which shall be available for the development or expansion of not more than seven centers under such section for such fiscal year; and

"(C) $15,000,000 for fiscal year 1990, which shall be available for the development or expansion of ten centers under such section for such fiscal year.".

[From the Washington Post, Apr. 14, 1987]

A CONTINUING DISINTEREST AMONG PHYSICIANS

(By Victor Cohn)

Consider these statistics:

The elderly use 40 percent of the nation's hospital and doctor care.

They take a third of the prescription drugs the nation produces and almost half of the over-the-counter medicines. They will soon use far more as their numbers grow.

Yet many doctors are unprepared to deal with their complicated and interacting ailments and drastically changed ways of life.

Diabetes complicates heart disease. Heart disease complicates diabetes. The pain of arthritis can afflict the mind. Events like retirement or losing a spouse can aggravate illness, and illness can destroy the ability to cope with events.

What the country is facing, authorities say, is not an overall shortage of doctors but a shortage of those who understand these interactions and how to deal with them.

According to authorities on medical care for the older man and woman:

The illnesses of older people are often misinterpreted. There is sometimes devastating overtreatment or harmful undertreatment.

There is "a continuing disinterest" in older people among doctors, and "many are only too glad to dispose of their older patients," says Dr. Robert Butler, first director of the National Institute of Aging. "Medicine tends to reward high technology, subspecialty medicine."

Nor does caring for the elderly pay well. Doctors are paid well for "procedures"—operations or elaborate tests—but far less for time spent with patients.

Many doctors say older people take "more time." But studies show that the elderly actually get less time than the average per medical "encounter"—an office or hospital visit—though they may require more visits.

A report by a University of California-Rand Corp. team concluded that in mainstream clinics, hospitals and doctors' offices, "despite the heavy investment in medical care for the elderly . . . the care received is deficient."

Care in nursing homes, a part of medical care still largely out of the mainstream, was deemed often "superficial" and "indifferent."

The need for training doctors to care for the elderly is "enormous" and "urgent," says Dr. T. Franklin Williams, the NIA's current director. It is not a matter of "more" doctors, he explains; some authorities believe too many are being trained. But all doctors, he says, need to know more about the aging.

There is also a need for more trained geriatricians—specialists in the aging.

Among those in need of special training, he says, are internists, family physicians, cardiologists, orthopedists, urologists, psychiatrists, neurologists, "even obstetricians, since more of their practice is becoming gynecology. And even pediatricians. One of the big thrusts in pediatrics is working with families, and now that includes inter-relationships with grandparents and the old."

Special training in geriatrics has barely started. "It is shocking that we still have only one department of geriatrics in an American medical school—of 127 medical schools," Butler says.

It is at Mount Sinai School of Medicine in New York, and Butler is the head of it. But if there were many other departments, there would not be enough geriatricians to staff them. By Williams' and other estimates, the need "at a minimum" is for 2,600 medical faculty members and 8,000 to 10,000 geriatric specialists. There are now no more than 200 to 300 faculty members. There is no good count of practicing geriatricians, or even of truly trained geriatricians, since doctors may legally list any specialty.

"We need to expand training at least threefold," Williams says. There was been some expansion. The National Institute on Aging, part of the National Institutes of Health in Bethesda, was established in 1974. Its budget is now $177 million, up from $93 million in 1983, "growing very well," Williams says, yet still small in relation to the billions spent on medical care.

The institute's budget for traineeships in geriatrics is some $7 millions, up from $5.6 million the previous year. NIA and other federal and private agencies together now fund 150 new geriatric fellowships each year, compared with 400 in gastroenterology (stomach and intestinal care) and 800 in cardiology.

A doctor should be able to call on a specialist geriatrician for assistance—"for a comprehensive geriatric assessment," Williams says, "a multidisciplinary evaluation and plan." He calls this "especially important when there is a crisis, when things start falling apart, when there are two or three things going on with the patient. Perhaps heart disease and arthritis and a threat to mobility and questions about family supports and living arrangements."

The geriatrician must then step in for two to four months and help find solutions. This involves working with other professionals—rehabilitation therapists, nurses, psychologists, social workers and others—to treat and help the patient and keep him or her independent and, if possible, out of a nursing home.

Williams headed an innovative geriatric clinic at the University of Rochester in New York, "and we saw patients on waiting lists for nursing homes. We were able to keep half the patients living at home and another fourth living in some less intensive setting than a nursing home."

The name "geriatrician" itself could soon mean more. Next year, two of medicine's main specialty examining and certifying boards, the American Boards of Internal Medicine and Family Practice, will start awarding certificates of "competence" in geriatrics.

Other solutions are possible. "The demands of patients and families are not unlimited," Butler says. "In my 31 years as a physician, I have not seen many patients who want to be ill, or to have their bodies worked on with injections, intubations and so on . . . In fact, older persons actually underreport symptoms and delay treatment."

Results of proper care can be spectacular. A man, 92, entered the Palo Alto Veterans Administration Medical Center "confused and swollen from renal failure," unable to walk because of bad pressure sores on his feet, "malnourished, depressed [and] curled up in a fetal position." A few months earlier, he had been "very social and active."

Most of the hospital's medical staff viewed him as a hopeless case, expected to live a few months more at best in a nursing home. A geriatric team persisted. "We addressed each of his conditions individually . . . with dialysis, rehabilitation, appropriate diet and getting him to care for himself," one doctor reported.

"He walked out of here and returned home. Before he left," mentally completely intact, "he sang for us."●

By Mr. RIEGLE:

S.J. Res. 119. Joint resolution concerning the April 1986 accident at the Chernobyl nuclear powerplant in the Soviet Union; to the Committee on Foreign Relations.

ANNUAL HEALTH REPORT ON CONSEQUENCES OF THE CHERNOBYL NUCLEAR POWERPLANT ACCIDENT

● Mr. RIEGLE. Mr. President, April 26 marked the 1-year anniversary of the world's worst nuclear accident—that which occurred at the unit 4 nuclear reactor at the Chernobyl nuclear powerplant in Ukraine.

Over the past 12 months, international efforts to try to assess the human costs of this tragedy have continued. Experts have sought to determine the actual number of casualties, as well as the future incidence of death, illness and genetic defects affecting the population of the Soviet Union and Europe. This difficult task has been complicated by Soviet Government efforts to minimize the tragic results of the Chernobyl accident.

For example, the Soviets maintain that 31 people have died as a result of the accident, despite reports from various other sources that many more deaths—by some estimates reaching into the thousands—have occurred. Earlier this month, the Ukrainian Health Minister, Nikolai Romanenko, told reporters that the amount of radiation emitted as a result of the accident was 15 times less than previously estimated, and would result in 200 to 600 deaths over an unspecified time span.

Those figures are disputed by testimony, such as that recently given by Soviet emigre Igor Gerashchenko before the United States Helsinki Commission, in which he claimed that 15,000 had died in two Kiev hospitals within the first 5 months of the accident. While this particular report is difficult to verify, it raises serious questions concerning our understanding of the Chernobyl tragedy. Disturbing reports, such as that published in January by the U.S. Nuclear Regulatory Commission, estimate that 10,000 people in other parts of Europe will die as a result of Chernobyl in the next 70 years. Finally, Dr. Robert Gale, an American bone marrow specialist, told us last February, that the accident could cause 75,000 deaths worldwide over the next 50 years.

The Soviets said they evacuated 135,000 people living within an 18.5-mile area around the plant. But the evacuations reportedly didn't begin until 36 hours after the accident and, in some areas, not until 1 week later. Although we do not know today the exact number of victims, we do know that many of the residents of the affected area will suffer adverse long-term health effects. Some United States radiation health authorities have estimated that up to 70,000 excess cancers may occur in Soviet and European populations as a result of the Chernobyl accident. In light of the fact that the onset of cancer can occur as many as 30 to 40 years after exposure, and any genetic damage would affect future generations, many of Chernobyl's victims may remain unidentified for decades.

Soon after the evacuation, a crew numbering 40,000 to 50,000 persons was conscripted for a massive cleanup operation, exposing that many more to high radiation levels. According to the March CIA-DIA report on the impact of the Chernobyl accident on the Soviet economy, "the potential death rate due to radiation-induced cancer among those involved in the clean-up is double that of the evacuees."

While the Soviet Government's willingness, in the aftermath of Chernobyl, to permit international inspections of its nuclear facilities was a positive development, the Soviets have been less than forthcoming in answering many important questions concerning the human costs involved. Today, 1 year after the accident, we still do not have a clear understanding of the immediate and long-term damage it has caused.

That is why I am today introducing a joint resolution, calling on the Secretary of State to report annually to the Congress on the overall scientific, economic, environmental, agricultural, and public health effects of the April 1986 Chernobyl catastrophe. In addition, the joint resolution, urges the President to initiate negotiations with the Soviet Union for the purpose of establishing an international medical center in the Soviet Union where victims of the Chernobyl accident could receive medical treatment and support. Identical legislation has been introduced in the House of Representatives by Representative DENNIS HERTEL and Representative DON RITTER, co-chairmen of the Congressional Ad Hoc Committee on Baltic States and Ukraine.

Mr. President, the enormity of the Chernobyl accident demands that we begin a serious effort to determine the amount of human suffering it has caused. We must gather the facts, study them, illuminate them, and then attempt to deal with the human and environmental damage that this tragedy has wrought.

I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 119

Whereas on April 26, 1986, explosions and fire in reactor no. 4 of the Chernobyl nuclear power plant near Kiev in the Ukraine caused partial breaching of the nuclear core of the reactor, releasing nuclear fission products into the atmosphere;

Whereas the damage nuclear plant released large quantities of radioactivity into the environment, causing serious contamination in the vicinity of the reactor;

Whereas radioactivity was lifted to high altitudes by the heat of the reactor core and was carried by winds and rain long distances from the power plant, falling in Eastern and Western European countries in varying amounts;

Whereas substantial amounts of radioactivity falling closer to the plant site necessitated the emergency evacuation of 135,000 people living in a 32-kilometer region around the reactor;

Whereas in the days immediately following the accident, the Soviet Government provided few details and sought to downplay the dangers posed by the accident, at the same time the Western press and some government officials and experts were calling the accident the worst nuclear disaster in history;

Whereas authorities in Kiev issued few if any warnings at the time of the accident and insisted that there was no danger beyond the immediate vicinity of the power plant;

Whereas Westerners in Kiev at the time reported that residents there were not warned to take even rudimentary precautions to avoid contamination, such as staying indoors or being wary of the water supply, which comes from a reservoir near Chernobyl;

Whereas a one-week delay in issuing health warnings to the population outside the evacuation zone appears to have resulted in the increased exposure of the population to radiation at the time when the risk of such exposure was greatest;

Whereas the principal long-term effects of exposure to the nonlethal levels of radiation released by the Chernobyl accident will be cancer and genetic mutations, initially indicated by a rise in the incidence of leukemia among the effected population;

Whereas the number of excess cancers expected over the next 70 years in Soviet and European populations as a result of the Chernobyl accident remains unknown;

Whereas Dr. Robert Gale, the American physician who participated in the treatment of victims of acute radiation exposure after the Chernobyl accident, has advocated a detailed followup study of the incidence of leukemia over the next 5 years;

Whereas at a meeting of the International Atomic Energy Agency in August 1986, a Soviet delegation gave its government's official report on the accident, which suggested that the accident might cause several thousand additional cases of cancer in the Soviet Union over the next 40 to 50 years;

Whereas the Soviets are reportedly still concerned about the safety of the Kiev water supply because contaminated soil near the plant might be washed into the Pripyat River, which feeds the Kiev reservoir;

Whereas the impact of the accident on pastures and grasses may lead to immediate and long-term agricultural losses in the Ukraine and Byelorussia, the Soviet Union's primary producing regions for grain, livestock, and dairy products;

Whereas additional information about the radioactivity released at Chernobyl, the specific fission products present, the concentration of those products, and the extent of the area affected will be required before a detailed assessment can be made of the potential damage to Soviet and European agriculture;

Whereas the United States has offered technical and humanitarian assistance to mitigate the effects of the accident, specifically pledging to provide specialists to assist in cleaning up contaminated areas as well as to suggest ways in which water, air, and soil decontamination could be accomplished; and

Whereas it may take many years of effort at considerable costs to deal with all of the medical and environmental consequences of the release of radioactivity at Chernobyl: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REPORT ON IMPACT OF THE CHERNOBYL ACCIDENT.

(a) REPORT BY THE SECRETARY OF STATE.—The Secretary of State shall prepare a report which describes and summarizes the scientific, economic, environmental, agricultural, and public health effects, including the number of deaths and injuries, of the April 1986 accident at the Chernobyl nuclear power plant in the Soviet Union. The Secretary of State shall submit this report to the Congress within 6 months after the date of enactment of this joint resolution.

(b) ANNUAL UPDATES.—The Secretary of State shall annually update and revise such report until he determines that the direct impact of the Chernobyl accident on the environment and people of Europe and the Soviet Union is no longer statistically significant.

(c) DELEGATION AND CONSULTATION.—In carrying out his duties under this section, the Secretary of State shall act through the Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, and shall consult with the heads of other appropriate Federal agencies.

SEC. 2. CHERNOBYL MEDICAL CENTER.

It is the sense of Congress that—

(1) the President should initiate negotiations with the Soviet Union for the purpose of establishing an international medical center in the Soviet Union where victims of the Chernobyl nuclear accident could receive medical treatment and support;

(2) these negotiations should include proposals that any concerned government should be allowed to send medical personnel to serve on the staff of such center, and that the costs of operating such center should be shared among all participating nations, including the Soviet Union;

(3) the United States Government should only participate in the establishment and operation of such a center if the Soviets make the center's facilities and services available to all who need them; and

(4) the United States Government should encourage individuals and organizations from the private sector to donate or loan necessary medical equipment, supplies, and services to such center.●

ADDITIONAL COSPONSORS

S. 12

At the request of Mr. CRANSTON, the name of the Senator from Wyoming [Mr. SIMPSON] was added as a cosponsor of S. 12, a bill to amend title 38, United States Code, to remove the expiration date for eligibility for the educational assistance programs for veterans of the All-Volunteer Force; and for other purposes.

S. 104

At the request of Mr. INOUYE, the names of the Senator from South Carolina [Mr. THURMOND], the Senator from Arizona [Mr. DECONCINI], and the Senator from Connecticut [Mr. WEICKER] were added as cosponsors of S. 104, a bill to recognize the organization known as the National Academies of Practice.

S. 143

At the request of Mr. INOUYE, the names of the Senator from Montana [Mr. MELCHER], and the Senator from North Dakota [Mr. BURDICK] were added as cosponsors of S. 143, a bill to establish a temporary program under which parenteral diacetylmorphine will be made available through qualified pharmacies for the relief of intractable pain due to cancer.

S. 466

At the request of Mr. METZENBAUM, the name of the Senator from Maryland [Ms. MIKULSKI] was added as a cosponsor of S. 466, a bill to provide for a waiting period before the sale, delivery, or transfer of a handgun.

S. 570

At the request of Mr. CHAFEE, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 570, a bill to reduce atmospheric pollution to protect the stratosphere from ozone depletion, and for other purposes.

S. 571

At the request of Mr. CHAFEE, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 571, a bill to reduce atmospheric pollution to protect the stratosphere from ozone depletion, and for other purposes.

S. 764

At the request of Mr. MURKOWSKI, the name of the Senator from Arizona

[Mr. DeConcini] was added as a cosponsor of S. 764, a bill to deny funds for projects using products or services of foreign countries that deny fair market opportunities.

S. 780

At the request of Mr. Reid, the name of the Senator from North Dakota [Mr. Conrad] was added as a cosponsor of S. 780, a bill to amend the enforcement provisions of the Federal Election Campaign Act of 1971.

S. 818

At the request of Mr. Domenici, the names of the Senator from North Dakota [Mr. Conrad], and the Senator from New York [Mr. Moynihan] were added as cosponsors of S. 818, a bill to provide permanent authorization for White House Conferences on Small Business.

S. 840

At the request of Mr. Thurmond, the name of the Senator from North Carolina [Mr. Sanford] was added as a cosponsor of S. 840, a bill to recognize the organization known as the 82d Airborne Division Association, Inc.

S. 907

At the request of Mr. Hollings, the names of the Senator from Massachusetts [Mr. Kerry], the Senator from Hawaii [Mr. Inouye], and the Senator from West Virginia [Mr. Rockefeller] were added as cosponsors of S. 907, a bill to further U.S. technological leadership by providing for support by the Department of Commerce of cooperative centers for the transfer of research in manufacturing, and for other purposes.

S. 957

At the request of Mr. Thurmond, the name of the Senator from Michigan [Mr. Levin] was added as a cosponsor of S. 957, a bill to name the post-baccalaureate achievement program under subpart 4 of part A of title IV of the Higher Education Act of 1965 as the "Ronald E. McNair Post-Baccalaureate Achievement Program."

S. 999

At the request of Mr. Cranston, the name of the Senator from Florida [Mr. Graham] was added as a cosponsor of S. 999, a bill to amend title 38, United States Code, and the Veterans' Job Training Act to improve veterans employment, counseling, and job-training services and program.

S. 1027

At the request of Mr. Humphrey, the name of the Senator from Tennessee [Mr. Gore] was added as a cosponsor of S. 1027, a bill to prohibit trade between the Soviet puppet regime in Afghanistan and the United States.

S. 1059

At the request of Mr. Moynihan, the name of the Senator from Florida [Mr. Chiles] was added as a cosponsor of S. 1059, a bill to terminate the application of certain Veterans' Administration regulations relating to transportation of claimants and beneficiaries in connection with Veterans' Administration medical care.

SENATE JOINT RESOLUTION 1

At the request of Mr. Kennedy, the name of the Senator from North Dakota [Mr. Conrad] was added as a cosponsor of Senate Joint Resolution 1, a joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for women and men.

SENATE JOINT RESOLUTION 11

At the request of Mr. Thurmond, the name of the Senator from Wyoming [Mr. Wallop] was added as a cosponsor of Senate Joint Resolution 11, a joint resolution proposing an amendment to the Constitution relating to Federal balanced budget.

SENATE JOINT RESOLUTION 14

At the request of Mr. Helms, the names of the Senator from Kansas [Mr. Dole] and the Senator from West Virginia [Mr. Rockefeller] were added as cosponsors of Senate Joint Resolution 14, a joint resolution to designate the third week of June of each year as "National Dairy Goat Awareness Week."

SENATE JOINT RESOLUTION 75

At the request of Mr. Thurmond, the names of the Senator from Kentucky [Mr. McConnell], the Senator from Pennsylvania [Mr. Heinz], and the Senator from Washington [Mr. Adams] were added as cosponsors of Senate Joint Resolution 75, a joint resolution to designate the week of August 2, 1987, through August 8, 1987, as "National Podiatric Medicine Week."

SENATE JOINT RESOLUTION 86

At the request of Mr. DeConcini, the names of the Senator from Indiana [Mr. Lugar], the Senator from Arizona [Mr. McCain], the Senator from Maryland [Ms. Mikulski], the Senator from Washington [Mr. Adams], the Senator from Georgia [Mr. Fowler], and the Senator from Kansas [Mr. Dole] were added as cosponsors of Senate Joint Resolution 86, a joint resolution to designate October 28, 1987, as "National Immigrants Day."

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. DeConcini, the names of the Senator from Minnesota [Mr. Durenberger], the Senator from Indiana [Mr. Lugar], the Senator from New York [Mr. Moynihan], and the Senator from Maryland [Mr. Sarbanes] were added as cosponsors of Senate Concurrent Resolution 29, a concurrent resolution expressing the sense of Congress regarding the inability of American citizens to maintain regular contact with relatives in the Soviet Union.

AMENDMENT NO. 160

At the request of Mr. Cranston, the name of the Senator from Florida [Mr. Graham] was added as a cosponsor of amendment No. 160 intended to be proposed to S. 999, a bill to amend title 38, United States Code, and the Veterans' Job Training Act to improve veterans employment, counseling, and job-training services and programs.

AMENDMENT NO. 178

At the request of Mr. Moynihan, the name of the Senator from New Hampshire [Mr. Humphrey] and the Senator from Iowa [Mr. Grassley] were withdrawn as cosponsors of amendment No. 178 intended to be proposed to S. 20, a bill to provide for the protection of ground water through State standards, planning, and protection programs.

SENATE RESOLUTION 196—AUTHORIZING TESTIMONY BY CERTAIN SENATE EMPLOYEES

Mr. BYRD (for himself and Mr. Dole) submitted the following resolution; which was considered and agreed to:

S. Res. 196

Whereas, in the case of Commonwealth of Kentucky v. Geoffrey M. Young, No. 86-M-7348A, pending in the Fayette District Court in the Commonwealth of Kentucky, Samuel Thornton Hall, a former Senate employee in Senator Mitch McConnell's Lexington, Kentucky office, has been subpoenaed to testify by the Commonwealth of Kentucky and by the defendant, and Barbara Mook, a current employee in Senator McConnell's Lexington, Kentucky office, has been subpoenaed to testify by the defendant;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that testimony by present and former Senate employees may be needed in any court for the promotion of justice, the Senate will act to promote the ends of justice in a manner consistent with the privileges and rights of the Senate: Now, therefore be it

Resolved, That Samuel Thornton Hall and Barbara Mook are authorized to testify in the case of Commonwealth of Kentucky v. Geoffrey M. Young, except concerning matters which are privileged.

SENATE RESOLUTION 197—EXPRESSING THE SENSE OF THE SENATE REGARDING EARLY DEPLOYMENT AND FULL-SCALE ENGINEERING DEVELOPMENT OF AN ANTIBALLISTIC MISSILE SYSTEM

Mr. SIMON submitted the following resolution; which was referred to the Committee on Armed Services:

S. Res. 197

Whereas the Strategic Defense Initiative (SDI) is only in its fourth year of research;

Whereas the 1983 Defensive Technologies Study Team, commissioned by the President to study the feasibility of defense against ballistic missiles, advocated a series of research programs of 5 to 10 year durations and 10 to 20 year durations, and such research programs were subsequently undertaken by the Department of Defense and are currently being administered by the Strategic Defense Initiative Organization (SDIO) and the Department of Energy;

Whereas in April of 1984 the Department of Defense, in citing the Defensive Technologies Study Team report, stated in connection with the SDI program that "An informed decision on system development cannot be made before the end of the decade";

Whereas the SDI program has been funded by Congress on the premise that at the conclusion of the research programs advocated by the Defensive Technologies Study Team, the United States would, at the conclusion of such programs, and only then, be in a position to make an informed decision regarding the development and deployment of a strategic defense system.

Whereas the SDI program is constrained by law to be carried out in accordance with the terms of the Anti-Ballistic Missile Treaty of 1972;

Whereas it has not been demonstrated that a strategic defense system developed as a consequence of research, development, testing, and evaluation conducted on the SDI program is survivable and cost-effective at the margin as required by section 222 of the Department of Defense Authorization Act, 1986 (Public Law 99-145; 99 Stat. 613);

Whereas the SDI Organization has repeatedly stressed its inability, based on funding growth below budget requests, to carry out its mission of evaluating and presenting the research results for an early deployment decision in the 1990s;

Whereas an early deployment or full-scale engineering development decision must necessarily be made before all relevant research data has been conducted and assessed;

Whereas the Chairman of the Joint Chiefs of Staff, in connection with the deployment of an anti-ballistic missile system has said that "a full assessment of the military utility remains to be accomplished" and has advised that "a deployment decision is premature until sufficient data are available to complete this assessment";

Whereas the military-strategic, arms control, and economic consequences of an early deployment or full-scale engineering development decision remain uncertain and may prove adverse to United States national security, especially a deployment consisting of limited systems of partial effectiveness; and

Whereas the Secretary of Defense has not consulted adequately with Congress on the advisability of an early deployment decision or a full-scale engineering development decision for any or all SDI program elements: Now, therefore, be it

Resolved, That it is the sense of the Senate that, in the absence of significant violations, break-out, or abrogation of the Anti-Ballistic Missile Treaty of 1972 by the Soviet Union, it is not in the national security interest of the United States during 1987 and 1988:

(1) to provide for the early deployment of any element of a strategic defense system or to carry out any other activity constrained by the Anti-Ballistic Missile Treaty of 1972; or

(2) to proceed with full-scale engineering development on any element of the Strategic Defense Initiative program or on any system or component designed to counter strategic ballistic missiles in flight trajectory.

● **Mr. SIMON.** Mr. President, today I am introducing a resolution that will put the Senate on record opposing any early deployment or full-scale engineering development decision on the strategic defense initiative. The Reagan administration has sent so many mixed signals on this that I believe this body must make itself clearly heard. We ought to say "no" to any premature deployment of SDI.

My resolution is straightforward. It says that, in the absence of significant Soviet violations, breakout, or abrogation of the Anti-Ballistic Missile [ABM] Treaty of 1972, it is not in the national security interest of the United States during 1987 and 1988 to provide for the early deployment of any SDI system or to proceed with full-scale engineering development on any SDI program element. I think this approach makes sense, as a first step in turning this program around and in keeping it consistent with the ABM Treaty.

A week ago I spoke in this Chamber about the dangers of an early SDI deployment. I said that the administration was playing a funny game with the English language on SDI. They call pushing the decision on SDI before any of the research results are in "early deployment." I call it premature deployment. They call their reinterpretation of the ABM Treaty of 1972 the "legally correct interpretation." I call it unconstitutional and plain wrong. They say SDI will bring us real arms control. I say it will be the death of arms control.

The issue here is not whether SDI is a good or bad idea. I do not think it is a good idea, but my resolution speaks to the wisdom of pushing ahead before all the facts are in. Moving ahead now with SDI, or rearranging projects on a crash program basis to get a rudimentary defense up in space quickly, is akin to a lawyer arguing a case without talking to his client. It's like paving a hundred-mile-long road with just 2 miles worth of asphalt. That is not a road I want to travel down.

This is a widely shared view. The American Physical Society, the Nation's leading organization of physicists, just last week released the findings of a panel study in which civilian and military scientists participated. The panel found that early deployment of SDI is not feasible and would be a poor decision. The early deployment scenario depends on kinetic energy weapons, which are far less capable than directed energy weapons like lasers and particle beams. The panel said that many issues in the directed energy field had yet to be resolved:

> We estimate that even in the best of circumstances, a decade or more of intensive research would be required to provide the technical knowledge needed for an informed decision about the potential effectiveness and survivability of directed energy weapon systems. In addition, the important issues of overall system integration and effectiveness depend critically upon information that, to our knowledge, does not yet exist.

If things are this uncertain in the directed energy area, we know that we'd be buying a much more limited system with kinetic energy weapons.

SDI was set up as a research and development program. Its goal was to explore the feasibility of antimissile research. Timetables were drawn up; funds were committed; research begun. We have only finished the first phase of this research. The SDI program managers cannot answer any of the basic questions about the program, nor should they be expected to given the early stage of the program. We don't know the costs. We don't know whether it will fulfill the criteria, set forth and accepted by this administration by Ambassador Paul Nitze, of being survivable and costeffective at the margin. We don't know the military or arms control effects, though I would bet these effects will be negative on both counts.

What do the Joint Chiefs of Staff say? Adm. William Crowe, the Chairman of the Joint Chiefs, recently wrote that "a full assessment of the military utility remains to be accomplished," and that "a deployment decision is premature until sufficient data are available to complete this assessment." And my colleagues know that we in Congress have not been adequately consulted.

The timing of this resolution is critical. The President will soon make some crucial decisions regarding the SDI testing schedule. We have heard some voices in the administration talk about pushing certain projects into full-scale engineering development, others have talked about declaring an early deployment decision for the whole SDI program, while still others have spoken against rushing the program before its time.

I want the United States to be the leader in arms control, not the leader in the arms race. Moving ahead prematurely on SDI will simply waste a lot of money, give us hurried and uncertain results, and take us down the path of greater and greater insecurity. I hope my colleagues will join with me in expressing the sense of the Senate that the early deployment of SDI is not in our national security interest.●

AMENDMENTS SUBMITTED

FIRST CONCURRENT RESOLUTION ON THE BUDGET

CHILES AMENDMENT NO. 179

Mr. CHILES proposed an amendment to amendment No. 174 proposed by him to the instructions contained in the motion of Mr. BYRD to recommit the concurrent resolution (S. Con. Res. 49) setting forth the congressional budget for the U.S. Government for the fiscal years 1988, 1989, 1990, and 1991; as follows:

On page 35, line 52, strike "in amounts not to exceed the amounts specified in subsection (b)".

On page 36, line 8, strike "enacted that ensures" and insert "reported that will, if enacted, ensure".

On page 36, lines 15 and 16, strike "as requested by the President".

On page 36, line 39, strike "(c)" and insert "(b)".

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Wednesday, April 29, 1987, at 10 a.m. to conduct a hearing on Department of Education nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, April 29, 1987, at 2 p.m. to hear testimony concerning the Department of Energy's proposal to Congress for a monitored retreivable storage facility [MRS].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, April 29, 1987, at 9 a.m. to hear testimony concerning S. 839, the Nuclear Waste Policy Act Amendments Act of 1987.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, April 29, 1987, to mark up the fiscal years 1988 and 1989 authorization legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology, and Space of the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on April 29, 1987, at 2 p.m. to hold hearings on proposed legislation authorizing funds for fiscal year 1988 for the National Aeronautics and Space Administration, focusing on the space station.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BYRD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, April 29, 1987 at 2 p.m. to hold a markup for the fiscal year 1988 intelligence authorization.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on the Judiciary, be authorized to meet during the session of the Senate on April 29, 1987 at 2 p.m. to hold a business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY AND THE COMMITTEE ON FOREIGN RELATIONS

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on the Judiciary and the Foreign Relations Committee, be authorized to meet during the session of the Senate on April 29, 1987 at 10 a.m., to hold a joint hearing on the consideration of the ABM treaty in 1972 and the constitutional implications.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. BYRD. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs, be authorized to meet during the session of the Senate on Wednesday, April 29, 1987, at 2 p.m., to hold an oversight hearing on the amendments to the Indian Financing Act/Buy Indian Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENVIRONMENTAL PROTECTION

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Environmental Protection, Committee on Environment and Public Works, be authorized to meet during the session of the Senate on April 29, beginning at 10 a.m., to hold a hearing on the impacts on the marine environment of the use of tributyltin [TBT] in marine paints.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, April 29, 1987, at 10 a.m., to hear testimony on the "Reinterpretation" of the ABM Treaty.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

FRANK CIANCIO

● Mr. WIRTH. Mr. President, I have only the greatest admiration and respect for Mr. Frank Ciancio, a distinguished citizen of the State of Colorado. Frank has a remarkable record of involvement in the political process which is the bedrock on which our domestic system of government is set. Democrats of Adams County and of the entire State of Colorado are in Frank's debt for the years of investment he made in the party's activities.

Staff writer Jesse Tinsley of the Rocky Mountain News wrote a very interesting article about Frank, which appeared in the April 12 edition of the News. I believe many who see the RECORD will be interested in the history of Frank Ciancio, and I therefore ask that the article which I have referenced appear in the RECORD following my remarks.

The article follows:

[From the Rocky Mountain (CO) News, Apr. 12, 1987]

DEM LEADER IN ADAMS SEES INFLUENCE WANING

(By Jesse Tinsley)

WESTMINSTER, CO.—Frank Ciancio, Adams County's aging godfather of politics, has influenced an election for the last time.

Although active on several local-affairs committees, Ciancio's once-mighty political clout has faded.

But old politicians never die. Although the 84-year-old Ciancio—one of the longest active county (or state) Democrats—is a fringe player these days, he's not about to vanish from the Adams County political scene.

"Frank has taken a back seat, but still has a little bit of power," says county assessor Pat Reale. "He stands straight. He is very outspoken."

Ciancio, himself, seems to live somewhat in the past, recalling in vivid detail his rise from community leader in the small subdivision of Welby, northwest of Commerce City, to "Mr. Adams County"—a man feared by some, respected by most.

"I became the big boss, the 'godfather,'" he said in a recent interview at his home. "No one tried to take over. I hardly had any opposition. It was pretty much my way all the way—all the way through life."

Ciancio's gradual withdrawal from politics began eight years ago when his only daughter, Carol Louise, died of cancer. Since then, he and Mary, his wife of more than 50 years, have devoted much of their time and money to charity and fund-raising.

But for years, Ciancio was the key political figure in what is arguably Denver's most political suburban area. Although he never held a public office, Ciancio "owned a lot of politicians," says a former county official who requested anonymity.

Born Oct. 12, 1902, to Italian immigrants, Ciancio grew up in Welby, and as a young man became entrenched in community work. His graduation from Manuel Training

High School was cause for celebration in the community, made up largely of first- and second-generation Italian families.

"Thereafter, any time anyone needed help, they would come to me, 'the graduate,'" says Ciancio, who became a translator and consultant for townspeople.

Ciancio was 21 and employed in the Denver city treasurer's office when he met Mary Yashvin, who was secretary to Mayor Ben Stapleton. He filled in for the mayor's vacationing chauffeur, using the opportunity to drive Mary home.

The romance was violently interrupted one day when Cianco spotted his sweetheart walking hand in hand with another man. Ciancio chased them with his car.

"I tried to run them off the road. I scared them to death. And Mary, good-looking and built like a 16-year-old, didn't date another guy after that," Ciancio recalls with a chuckle.

By 1926, Frank and Mary opened the Welby Mercantile Co. grocery store, which they ran for 43 years. During the Depression, the Ciancios extended credit to farmers and others who fell on hard times.

"They were honest people. I carried them, because I knew I would eventually get my money. I was established, and the bank carried me," Ciancio says.

The couple later added a restaurant, Ciancio's Famous Dinners. From 1935 to 1965, Mary Ciancio was head chef at the popular restaurant, which attracted many Denver politicians. Frank Ciancio even created a special back room for private meetings.

During those years, Ciancio was given to calling himself the "Mayor of Welby," a community many believe was the birthplace of Adams County's Democratic Party.

Today, Democrats control the county and hold most elected county seats.

Over the years, Ciancio—a flashy dresser and dancer—gained a reputation for doing what he pleased.

He married Mary, a Jew, when it was unfashionable for Christians and Jews to wed. During the years the Ku Klux Klan was prominent in Denver, his best friend was a black man. KKK members, he says, used to burn crosses near his neighborhood.

"They (KKK) were pretty afraid. They always considered me a part of the mafia. The funny thing about it is that I knew less about the mafia then they did," Ciancio said.

May people say Mary Ciancio has been the secret strength behind her husband. "He had the B.S. and she had the brains," one Adams County politician says. Ciancio, himself, says he would be a dangerous man if he had his wife's brains.

"If I had a mind like her's, you couldn't talk to me. I would charge you a hundred dollars a minute."●

S. 56, THE MASAU TRAIL/EL MALPAIS ACT

● **Mr. DOMENICI.** Mr. President, on the first day of the 100th Congress, I introduced S. 56, the Masau Trail/El Malpais Act.

This important bill will create three new attractions: The Masau Trail, El Malpais National Monument, and the Grants National Conservation Area. This legislation will focus national attention on the magnificent treasures of northwestern New Mexico, encouraging tourists from all over the world to visit New Mexico.

The Masau Trail will be an automobile touring route that will link various historic and prehistoric sites of interest in northwestern New Mexico. The purpose of the trail is to introduce visitors to the wealth of historic, natural, and cultural sites in northwestern New Mexico, and to give them a perspective on the Indian history of the region.

El Malpais National Monument will be the first national monument created by the United States since 1982. The national monument will protect the extensive lava flows south of Grants, NM. One of the key attractions of El Malpais National Monument will be ice caves found beneath the lava flows.

My bill will also establish a national conservation area. This area, to be administered by the Bureau of Land Management, will surround the national monument. The conservation area will provide protection to the thousands of archeological sites within its boundaries, while allowing traditional uses of the land, such as hunting, grazing, and wood gathering, to continue.

This bill will provide protection to some of New Mexico's unique natural resources, while promoting tourism in northwestern New Mexico.

Hearings were held on S. 56 in February. I anticipate that the Energy and Natural Resources Committee will report the measure favorable in the near future.

Mr. President, in anticipation of Senate consideration of the measure, I would like to refer my colleagues to an article about El Malpais that appeared recently in the Albuquerque Tribune. The article, written by Mike Richie, details the scenic beauty and cultural treasures of the Malpais area. I encourage my colleagues to read it, and support the Masau Trail/El Malpais Act when it comes to the floor for consideration.

Mr. President, I ask that the article to which I just referred be printed in the RECORD.

The article follows:

[From the Albuquerque (NM) Tribune, Apr. 9, 1987]

THE LEGACY OF LAVA: ANCIENT MALPAIS OFFERS LANDSCAPE OF IMPRESSIVE CONES, CRATERS, CLIFFS

(By Mike Richie)

It comes as a surprise.

The sign reads matter-of-factly: "Sandstone Bluffs Overlook."

You walk a few yards up a gritty incline, and the view suddenly explodes outward over huge, black lava fields.

The wrinkled flow stretches south to north as far as the eye can see. Forty miles long and up to 18 wide, it is contained on the east by a line of bluffs and on the west by a chain of large cinder cones.

In spots the lava appears so fresh that you can almost see steam rising from masses of glowing coals.

You raise your eyes a few degrees to the north and sight along the clifftop snaking away for miles until it converges with the base of Mount Taylor.

Covered with snow, the 11,300-foot cone hovers pristine white, incongruous above the horizon.

Most New Mexicans know the "Malpais," or "bad country," as a short stretch of tortured earth—actually only the lava flow's leading edge—that surrounds the freeway east of Grants.

But it is more: South of the highway are 84,000 acres of rugged lava fields, picturesque sandstone cliffs and impressive volcanic cones and craters.

For 20 years efforts have been going on to make this scenic area, one of the best examples of volcanism in the continental United States, into a national monument.

Now it seems certain to happen. Legislation with the strong backing of the state's congressional delegation has been introduced in both houses of Congress, and floor action is expected perhaps as soon as this summer.

Only an hour and a quarter drive from Albuquerque, the lava flow is encircled by highways providing easy access to many points of interest.

Sandwiched between a huge mesa and the lava, N.M. 117 skirts the eastern edge. Dun and cream-colored cliffs are sculpted into complex shapes.

The largest natural bridge in the state is here along with a freestanding formation dubbed La Vieja, or the "old woman," which has an amazing resemblance in profile to its namesake.

Ponderosa pines cling to the rubble along the cliff base; virile junipers claw at bare rock. Sandstone Bluffs Overlook turns off the east road.

On the west, County Road 109 winds past the edge of the Zuni Mountains near the Continental Divide through a chain of 30 cinder cones 20 miles long. Often perfectly symmetrical, up to 600 feet high and pierced by huge craters, they tower over the oldest Malpais flows.

Magnificent ponderosa forests are interspersed with thick, branching oaks coated in richly colored, cafe-au-lait leaves. The privately owned Ice Caves and Bandera Crater are on this route.

Either the east or west road makes for a relaxing day trip. They do connect, but there's so much to see that the whole circuit might be rushing it.

On the other hand, if you're out for adventure the Malpais offers plenty.

Ancient Anasazi footpaths, marked with original sandstone blocks and cairns, meander across the lava avoiding numerous sink holes and chasms.

Mysterious stone runs ranging from simple shelter walls to well-built structures are tucked away, often in cave mouths. A large kiva lies hidden in the heart of the flow.

Over the years much high quality Anasazi pottery and basketry has been discovered in the labyrinth of caves that riddles the lava. During the '50s, Boy Scouts exploring an ice cave came upon 30 of the most perfectly preserved Anasazi baskets ever found. Unfortunately, looting has been a problem.

Eight lava tube systems are concentrated in the northwest portion of the flow. Some of these cavelike structures measure 50 feet in diameter and extend for miles.

Many have collapsed sections resulting in large natural arches. Several contain ice crystal ceilings, shimmering ice stalagmites, and skating rink floors.

In places the fields are interrupted by upraised "islands" that the lava flowed around instead of over. The largest, called "Hole-in-the-Wall," shelters interesting flora and fauna.

One hundred bird species, 39 mammals and 9 species of reptiles and amphibians live on or around the lava. More than 105 ponds, a few up to an acre in size, dot the flow, drawing plants and animals not usually found in this region.

You might even stumble on treasure. Legends certainly abound. One of the most persistent concerns two golden church bells hidden by friars because of impending Indian attacks.

Whatever your reason for hiking into the flow, be careful. The terrain is exceedingly rugged, potentially dangerous and there's no water in many areas.

In all its variety the Malpais is primarily a geologic phenomenon, the result of five distinct flows between 400 years old and not more than 1,000. The relative lack of erosion has left many volcanic features perfectly intact.

The Malpais lava originated below the Earth's outer crust, with 2 cubic miles of molten rock spreading into a 125-square-mile sheet. Impressive, yet just the last spurt of massive volcanic activity involving Mount Taylor and stretching back 4 million years.

Viewed on an even larger scale, the Malpais is a pinpoint on the "ring of fire" that passes through Colorado, New Mexico, Arizona, Utah and outlines the so-called Colorado plateau.

Pulled apart and twisted to the breaking point, the continental crust has fractured allowing molten interior rock to pour forth.

Now there's something to think about as you stand at Sandstone Bluffs Overlook or penetrate the flow's mysterious interior.●

GROUND WATER PROTECTION ACT OF 1987

● Mr. MITCHELL. Mr. President, I am pleased to join Senators BURDICK, DURENBERGER, MOYNIHAN, and others in introducing legislation to expand and strengthen research of our ground water resources.

I am also pleased to join Senator MOYNIHAN and others in introducing identical legislation as an amendment to S. 20. S. 20 is a bill to provide for comprehensive protection of ground water which Senator MOYNIHAN and I introduced with others earlier this year.

Ground water is a natural resource of great importance to the country. Half of the population of the United States, and the great majority of those living in rural areas, rely on ground water for drinking water. In my home State of Maine, 57 percent of the population relies on ground water for domestic supply.

Ground water contamination is a problem in virtually all areas of the country. Sources of ground water contamination include waste disposal sites, leaking underground storage tanks, and application of pesticides and fertilizers. Contaminants from these sources are known to cause adverse health and environmental effects and to impose large costs in treatment and remediation.

The State of Maine has not escaped ground water pollution. Throughout the State there are increasing reports of ground water pollution problems associated with leaking underground storage tanks, waste disposal sites, and subsurface sewage disposal.

A number of Federal agencies are involved in ground water research. The current research program, however, does not provide sufficient information about the locations and amounts of ground water, the health effects of ground water contaminants, the causes and extent of ground water contamination, and the most efficient methods of preventing and controlling ground water contamination.

Our bill will both expand the National Ground Water Research Program and clarify and coordinate the efforts of the Federal agencies involved in this work.

Title I of the bill creates a comprehensive Ground Water Research Program at the Environmental Protection Agency. The bill specifies the research authorities of the Agency, provides for expanded research of methods and practices for control of contamination, and provides for a new program of research into the health effects of contaminants found in ground water. A research committee is established to coordinate these research efforts.

Title II of the bill specifies the role of the U.S. Geological Survey in ground water research. The bill provides for continuation and expansion of programs to determine the locations and amounts of ground water and to assess the quantity and quality of the ground water resource. The bill also directs the USGS to develop a national inventory of ground water resources and to report to Congress on the findings of the inventory.

Other provisions of the bill create a series of ground water research institutes, provide for national assessments of individual sources of contamination, provide specific authority for the work of the Agricultural Research Service, establish a national ground water information clearinghouse, and require special studies of methods of control for specific contamination problems.

This legislation is an important step forward in our efforts to protect our ground water resources. I look forward to working with Senator BURDICK and others on the Environment and Public Works Committee in development of this legislation over the next several months.●

CURWENSVILLE HIGH SCHOOL ALUMNI ASSOCIATION

● Mr. HEINZ. Mr. President, I rise to extend my warmest congratulations to the Curwensville High School Alumni Association of Curwensville, PA, which will celebrate its 100th anniversary on May 23, 1987.

For a century, the Curwensville High School Alumni Association has entertained graduating seniors and welcomed them as its newest members. This tradition dates back to the old Patton Graded Public School, which granted its first diploma in 1886.

Since that time, the Curwensville High School Alumni Association has raised funds to support a variety of activities, from providing the school with new furniture to the annual presentation of a college scholarship to a member of the senior class.

I want to commend the Curwensville High School Alumni Association for its 100 years of dedicated service to the students and faculty of the school, the community of Curwensville, and the State of Pennsylvania.●

SENATORIAL ELECTION CAMPAIGN ACT ON 1987

● Mr. BOREN. Mr. President, I wish to commend the chairman and member of the Rules and Administration Committee in reporting out S. 2, the Senatorial Election Campaign Act of 1987. By adopting the substitute amendment offered by the distinguished chairman, Senator FORD, the committee has strengthened the bill overall and helped pave the way for passage of this vital reform.

In the amendment, which has accepted by the committee in a vote of 8 to 3, the committee has improved S. 2 by requiring that to qualify as a participating candidate, the candidate must also submit to a primary spending limit equal to 67 percent of the general election limit.

The committee also adjusted the aggregate PAC limit of the original S. 2, by making the limit equal to 20 percent of the general election limit. This makes only a minimal change on the whole from the original bill.

Further, the committee accepted legislative language to require complete disclosure of "soft money"—those contributions or expenditures that may be directed to non-Federal political committees, and used to help influence congressional elections. Typical; soft money expenditures are: voter registration drives, get-out-the-vote efforts, political party building funds, or general political advertising which may directly or indirectly refer to or be intended to benefit a particular candidate.

The committee has also improved the "bundling" provision of S. 2 by tightening the language of the original bill so that the spirit, intent and effect of closing the loophole can be achieved.

While I have some questions and slight reservations of the substitute, I do believe it is a better bill than the original S. 2. I further believe that we must all join together in a spirit on nonpartisanship in moving to adopt this bill very soon to allow the House of Representatives time to consider comprehensive legislation this year.

The most important aspect of this legislation is retained in the form of a voluntary, partial public financing system—patterned after the current Presidential system. This system is designed to achieve overall expenditure limits.

Some opponents of reform have forwarded public opinion polls to illustrate their view that the American people will not accept such a system. I, too, have seen polls. A July 1984 Gallup Poll, in asking the question of whether or not Government funding of congressional campaigns is or is not a good idea, had 52 percent of those polled responding favorably and only 36 percent objecting. This source is clearly a more respected poll than others I have seen.

Additionally, some have rhetorically claimed that such a system if extended to the House of Representatives could cost as much as $1 billion a year. The CBO and FEC both have concluded that such a provision for Senate elections would have an annual budget impact of less than $50 million in 1988. The arithmetic which derives $1 billion cost lacks factual basis and attempts to cloud the real issues before the Senate.

Mr. President, I commend the chairman, the members and the majority leader for their dedicated and inspired efforts in working on this legislation. Their work exemplifies the kind of leadership needed to put the public interest ahead of special interests.●

NAUM MEIMAN

● Mr. SIMON. Mr. President, there have been indications of reform in the Soviet Union over the past 3 months. Greater openness within the media has been permitted. Selected Prisoners of Conscience have been released, and emigration levels have picked up slightly. Although the changes have not been dramatic, I strongly encourage the Soviet Government to continue implementing them.

The question remains unanswered, however, whether the Soviet Union is sincere about its desire to promote glasnost. A group of recently released Prisoners of Conscience have stated that reforms have practically grinded to a halt. Therefore, in order to demonstrate the validity of the new Soviet policy, substantial changes in human rights must occur.

It is imperative that Soviet refuseniks who desire to practice their religion freely in the West be permitted to emigrate. Among the hundreds of thousands of Jews waiting for exit visas is Naum Meiman, a political activist who has been denied permission to leave for over 10 years. Naum is recovering from the recent loss of his wife, Inna, and desperately wishes to live in the West.

I urge the Soviet Union to grant Naum Meiman an exit visa.●

SALUTE TO FATHER PAULSEN

● Mr. LEVIN. Mr. President, for more than 20 years, Father Casimir Paulsen, an American priest of the Mariannhill Mission, has worked to improve the well-being of the people of southern Africa. Not a politician, not a leader of masses, Father Cas—as his friends call him—has been instead a soft-spoken preacher, a teacher, a counseler, a healer of the spirit, a helper to the poor—in short, a diligent doer of God's work among individuals and their families. He has been particularly concerned with the young, those on whom the future of that tortured region depends.

Over the years, amid growing injustice, oppression, and violence, Father Cas has spoken out against what he saw as growing evil by man against man. Suddenly, last December, in the Transkei, where he had been assigned since 1978, he was arrested and taken away. And, as he revealed later, he was tortured, in a fruitless effort to make him confess to being party to acts of resistance which the government there was and is trying to put down.

The improper, cruel detention of Father Paulsen was protested by many of us, here and across the country. We talked, we wrote letters, we explored whatever channels we could, we banged and banged again on the Government of South Africa. And finally, after 3 months, Father Cas was released, as abruptly as he had been seized, with no explanation, much less an apology, just an order of explusion.

Since then, in safer places, Father Cas has been recuperating, and recounting his terrible experiences to his colleagues and superiors in the church in Africa and in Europe. Easter Sunday he was in Rome and participated in a mass celebrated by the Pope. And last week, for the first time in several years, he returned to his native shores. He will soon head back to his home State of Michigan, to be with family and friends there and to celebrate his 25th anniversary in the priesthood.

At a recent news conference that Senator RIEGLE and I hosted for him, Father Paulsen discussed his harrowing experiences and shared his observations on the terrible events that have been occurring in South Africa. And he asked me to express to our colleagues his deep appreciation of our efforts to help gain his freedom. We, in turn, Mr. President, can thank God that Father Cas is free and is once again able to raise his voice against the injustice and terror of South Africa's racial policies.●

THE THREE PERIODS OF ZBIGNIEW BRZEZINSKI

● Mr. HECHT. Mr. President, I will ask that excerpts from an excellent article by Mr. Lev Navrozov entitled "Zbigniew Brzezinski's Third Reincarnation," be printed in the RECORD. This is a very interesting and well researched article, and I commend it to my colleagues. While Zbigniew Brzezinski has served former President Carter well, he is also today saying some good things in support of President Reagan's strategic defense initiative and national security policies. I am glad that Zbig is now on the side of a tough, anti-Communist foreign policy, and Republicans welcome his support for President Reagan's efforts to restore America's strength.

Mr. Lev Navrozov emmigrated from the Soviet Union in 1972, and since then Lev has been one of the most incisive analysts of American foreign policy.

Lev's article was published in the Winter issue of Global Affairs. This journal is a strong new voice in international affairs. Global Affairs provides the Congress with a realistic perspective on international relations. It is an outstanding new publication now in its second year, which provides a forum for responsible and expert views on international security affairs. It pages are filled with hard facts, realistic analysis, and not rhetoric. It is published by the International Security Council, an organization aimed at deepening the public understanding of the dangers confronting free societies everywhere. Updates on the International Security Council's activities are published in each issue of Global Affairs. These updates are statements, signed by seasoned experts on international relations, who attended the council's international seminars and conferences. Global Affairs is "must reading" in a town filled with publications.

I ask that the excerpts from the article be printed in the RECORD.

The excerpts follow:

ZBIGNIEW BRZEZINSKI'S THIRD REINCARNATION

(By Lev Navrozov)

The books and articles that Zbigniew Brzezinski published before 1962, between 1964 and 1976, and since 1983 seem to have been written by three strikingly different individuals who have never even met to exchange their strikingly different views.

Let us take as an example the treatment of mainland China.

In his *Memoirs of the National Security Adviser*, published in 1983, Brzezinski recalls how he wrote to President Carter that "we would acknowledge the Chinese position [that is, the position of the post-1949 rulers of mainland China] that there is one China and that Taiwan is part of it." In 1978 Brzezinski personally took to the rulers of mainland China the glad news that the United States "would terminate relations with Taiwan, withdraw all U.S. military personnel and installations from Taiwan, and abrogate the U.S.-Taiwan Security Treaty." In return, the rulers of mainland China graciously agreed to what is called, in out-dated diplomatic lingo, "normalization of relations."

In his glowing description of how he "normalized relations" with mainland China, Brzezinski conforms to the current prevailing academic-government consensus that the purpose of diplomacy is to "improve relations" at any cost and with any country, be it Mao's China in 1971 or Khomeini's Iran in 1985 or Gorbachev's Russia in 1986. By "relations with a country" is meant what Brzezinski describes as "warm personal relationship"—in this case, between himself and representatives of the present regime of mainland China, with all attending rituals of eighteenth- or nineteenth-century diplomacy, expressing mutual peacefulness, friendship, cultural interest, etc. American diplomacy has been taking such exchanges at their face value, while the regimes that came to be called in the late 1920s totalitarian see "normalization" as an expanded opportunity for espionage; acquisition of credits, strategic technology, and scientific data; and sometimes for direct military aid.

But whatever view one may hold of the benefit of "normalization" to the West, Brzezinski's trip to mainland China, which he described as one of the greatest achievements in world politics, was an act of diplomatic illiteracy. In case of a Soviet war against China, American military aid was (and is) a life-and-death need for its rulers. On the other hand, no matter how loyal to the United States these rulers are imagined to be, they were (and are) unable to help the United States to avoid, for example, a Soviet surprise missile attack on the U.S. retaliatory potential in general or command, control, and communications.

The life and death of the rulers of mainland China depended on the United States (but not vice versa), and they would have agreed to receive American financial, technological, scientific, and military aid without Brzezinski's eager concession of Taiwan (which the Brzezinski of 1961 had called only by its Japanese name Formosa).

Having gained nothing except the ambiguous "normalization," Carter-Brzezinski dealt yet another blow to Western strategy. Any Western ally, be it a country or group or individual opposed to the rulers of today's two totalitarian giants, would trust the United States far less after it betrayed an ally that had been loyal to the United States in the critical hours of World War II following Japan's Pearl Harbor attack. It is possible that the United States would have been unable to prevent, without enormous expense, the defeat of its ally in mainland China in 1949. But why betray it again in 1978 just to curry favor with the post-1949 rulers of mainland China?

Brzezinski does not see it that way. The chapter about his trip to mainland China contains thirty-seven pages, but not even once does he use the words "Communist" or "communism," not to mention the word "totalitarian." From his text, no reader could surmise that mainland China is, ever was, or ever may be, Communist or totalitarian. He defines his task as "the resumption of the political, economic, and social ties that had been ruptured in 1949 with the most populous, one of the most ancient, and potentially one of the most powerful countries in the world." Why were they ruptured? There is not a hint. Perhaps the young and raw United States had offended this ancient country, or it was a sheer accidental misunderstanding. On Brzezinski's recommendation, Carter said at Notre Dame in May 1977: "We see the American-Chinese relationship as a central [!] element of our global policy . . . We wish to cooperate closely with the creative Chinese people . . ." In his "toast of the evening banquet" in Peking, Brzezinski spoke of "friendship." As usual in such memoirs (suffice it to recall those written by enchanted travelers in post-1917 Russia) he describes his "experience" as a "profoundly moving one." He recalls a "visit to the Mao mausoleum." Who was that Mao? "Vice-Premier Deng" explains: "Chairman Mao Zedong was a soldier, Zhou Enlai was also a soldier, and I, too." Who is Hua Guofeng? Brzezinksi explains: "Hua had the bearing that the Chinese Emperor is supposed to possess."

So Brzezinski was in the same China it had been before 1949 and in the third century B.C. ("a civilization unto itself, quite apart and distinctive"). Yet while ancient, it was future-oriented. Brzezinski was driven about "in a luxurious Chinese-made car, very reminiscent of a Rolls-Royce." He had brought from Carter a "piece of the moon for you [that is, the emperors-soldiers of mainland China] and the Chinese people [whom Brzezinski perceives as a single entity with the emperors-soldiers]—symbolic of our joint quest for a better future." According to the press of the time, Brzezinski came with "a Chinese flag [that is, the flag of the post-1949 regime of mainland China] that had been carried to the moon and back by U.S. astronauts." Under the circumstances, Taiwan—now never called Formosa by Brzezinski—was bound to belong to this ever ancient (yet future-oriented) civilization.

Brzezinski knew that his "symbolic betrayal" of those whom he called in 1961 "the Chinese government on Formosa" (as he worried about their security vs. "red China") would raise an outcry in the United States. Therefore, it has been concealed from the American public during his preparations for the trip and the trip itself. Orally and confidentially, be conveyed to the rulers of mainland China that "we will try to be as restrained as we can on the subject of arms sales [to Taiwan after "normalization"], but within the United States political process it is simply impossible for the United States not to reaffirm its position on the subject." Thus the wise rulers of ancient China and wise Brzezinski came to a confidential oral understanding as to how to get around the unwise section of the American public and the "United States political process," and thus achieve what Brzezinski defines as "some eventual reunification," after "the historically transitional era."

In his recently published Game Plan: How to Conduct the U.S.-Soviet Contest, Brzezinski takes another step in the same direction and proposes (p. 196) a "strategic triangle"—the "United States, Japan, and China." A whole subsection of the book entitled "The Pacific Triangle," expounds the alliance. No reader can surmise from the text that post-1949 China differs sociopolitically from today's Japan or the United States or can be anything but their true ally and Russia's implacable foe forever. On the contrary, Brzezinski contends that for Russia it is easier to "incite cleavage" between Western Europe and the United States than between China and the United States. We learn that "the spectre of China has long haunted the Russian popular consciousness, with its deeply ingrained preoccupation with the 'yellow peril'." Mutual historical Sino-Soviet "animosities" provide "a strong psychological underpinning for the vital Pacific triangle."

So much for their treatment of mainland China by the Brzezinski of 1978 to 1986.

On the other hand, in 1961 there lived an entirely different Brzezinski, who concluded in his Foreign Affairs article: "The [Sino-Soviet] bloc is not splitting and is not likely to split." Just as the Brzezinski of 1983 does not use the words "Communist" or "communism" even once in thirty-seven pages about mainland China, the Brzezinski of 1961 used them twenty-six times in the concluding four and a half pages of his Foreign Affairs article.

Not that Brzezinski refused to see changes "within the bloc." Quite the contrary. What were they? The "Soviet bloc" was "becoming a Communist camp."

In reality, even from 1949 to 1953 the "monolithic Sino-Soviet bloc" had been a deception at which Mao and Stalin had been playing to their mutual advantage. Since Mao needed Stalin more than vice versa, Mao played at it hard, while Stalin responded with such disdainful nonchalance that it was obvious that the unsplit monolith never existed. How could it have existed? "Monolithic unity" existed between Stalin and those whose power depended on him. Mao's did not.

But apart from this axiomatic assumption that the unsplit ("monolithic") "Communist camp" never existed, the evidence that had become generally known to the West since 1956 demonstrated beyond doubt that there had been a "Sino-Soviet conflict." "Talk of a Sino-Soviet conflict," declared Brezezinski in 1961, "merely illustrates a profound misconception of the essence of the historical phenomenon of Communism."

In a 300-page study of the subject, duly entitled The Soviet Bloc: Unity and Conflict and published in 1960, a subsection is entitled "Diversity in Unity: The Chinese Solution." The conclusion is: "In brief, the Chinese seem determined to set up a pattern of ideological and political unity, while recognizing the possibility of local diversity." The motto "diversity in unity" (E pluribus unum), which defines the pluralism of a modern constitutional democracy, caught hold of Brzezinski's mind in regard to the "Communist camp," and he rang all changes on the phrase. "The Sino-Soviet relationship, therefore," he concluded in The Reporter late in 1960, "can best be described as that of divergent unity, with the mutual and sincere emphasis on unity shielding persistent divergences." "Diversity within unity" is the title of a section of his address in 1961 before the American Academy of Political and Social Science, Political Developments in the Sino-Soviet Bloc. "Thus," Brzezinski sums up, "diversity within unity is a major and very important trend which we should observe in trying to analyze the future of Communism within the framework of the Sino-Soviet bloc." "Indeed, as I have tried to suggest, they argue a great deal," readily admits Brzezinski, "but even argument is a form of unity." I do not expect splits and disintegration of the Communist world," he repeats again. On the contrary, a "basic and meaningful trend" is the "energetic development of the economic and political integration of the Sino-Soviet bloc."

As these publications came out, the "Sino-Soviet conflict" grew into an open power struggle. Yet Brzezinski's book Ideology and Power in Soviet Politics, which appeared in 1962, contained the same text: "The [Sino-Soviet] bloc is not splitting and is not likely to split." In 1963, Brzezinski's Foreign Affairs article was reprinted in a Foreign Affairs reader, presumably containing the best articles the magazine had published since 1922. "The bloc is not splitting and is not likely to split," the text repeated in 1963; the editorial introduction to the article said that Sino-Soviet relations had been "analyzed with great subtlety and insight by Zbigniew Brzezinski."

Naturally, one Brzezinski did not change over into another within one day. Thus, the year of 1963 was transitional, when there existed two Brzezinskis, the old and the new. The new one contended in his new "Foreign Affairs" article of April 1963 that the split had occurred. But how can communism split, considering Brzezinski's "essence of the historical phenomenon of Communism"? "The failure of international Communism to prevent the schism appears to be rooted in certain generic peculiarities of Communism itself."

Curiously, the editor of "Foreign Affairs" believed that Brzezinski anaslyzed Sino-Soviet relations "with great subtlety and insight" when the old Brzezinski stated that the "bloc is not splitting and is not likely to split," while the new Brzezinski stated that, yes, it had split.

"But what if a Sino-Soviet split does occur, contrary to the old Brzezinski's subtle and insightful analysis and according to the new Brzezinski's no less subtle and insightful analysis?" an impertinent skeptic might have asked in 1963. For such a case, the old Brzezinski drew the following conclusion : "From a Western point of view, a prolonged situation of formal Sino-Soviet unity with some degree of divergence is distinctly preferable to an open rupture. A throughgoing split would bode ill for the world."

Thus Brzezinski arrived at a conclusion running counter not only to the first principles of strategy as it has been known since the dawn of history, but even to strategic animal instinct (since even animals try to divide their enemies). How did he manage to do this?

What is similar to each of the three Brzezinskis is the choice of certain pseudo-generalizations after which all evidence contradicting them, all of his previous books and articles, all reality and all common sense or logic vanish from his mind. In his "Game Plan," one such pseudo-generalization is that the "spectre of China has long been haunting the Russian popular consciousness," etc. The proof, evidence, basis? Brzezinski has only one relevant paragraph:

"It is revealing to note that this fear was apparent as early as the turn of this century in the most popular 'futurological' book in Russia, the work of a Russian historian-philosopher, V.S. Soloviev, which speculated on the likely state of affairs by the year 2000. In his "War and Christianity: From the Russian Point of View, Three Conversations" (1902), Soloviev predicted that the Japanese would assimilate Western values and techniques, that they would eventually forge an alliance with the Chinese, and that sometime toward the end of the twentieth century China and Japan, by then both highly industrialized, would jointly sweep westward across all of Russia.

"To forstall such a development, the Soviet leaders . . . "

Vladimir Solovyov (Soloviev) was not a historian (his father was), but a minor poet and "theosphe". His book is entitled "Three Conversations about War, Progress and the End of World History, with a Short Narrative about the Anti-Christ." In the "narrative," the emergence of the anti-Christ, the world ruler, who only pretends to be a good Christian, is preceded by a short (four-page) episode: In the name of pan-Mongolism, Japan conquers China and with the help of the conquered Chinese occupies Chirstendom for half a century, whereupon Christendom chases the "Mongols" away, after which the anti-Christ emerges, and the rest of the narrative (forty pages) describes his struggles against true Christians.

If such notions among various coteries of the intelligentsia have any historical influence at all, then mention can be made of the later "Eurasian" notion (to be found, for example, in the emigre-Soviet novelist Aleksei Tolstoy) that Russia is part of Asia, which must swoop on Europe like the nomads of old "to pour our hot blood into Europe's senile body."

But once Brzezinski deduced his pseudo-generalization from a four-page episode in an obscure narrative in an obscure book that was read by the esoteric few even when it was published, his pseudo-generalization, postulating intrinsic Sino-Russian "animosities," became for him equivalent to an Aristotelean tenet for a medieval scholasticus or a symbol of faith for a zealot.

Similarly, in his demonstration of 1961 that a Sino-Soviet split "would bode ill for the world," Brzezinski was guided no less rigidly by another set of pseudo-generalizations, which arose in his mind from reading Soviet propaganda for years and memorizing its vocabulary: 'split' or 'schism' (raskol), 'Communism,' 'revolutionary,' 'the camp of Socialism,' etc. According to this set of pseudo-generalizations, "Chinese Communism" is more "revolutionary," more "radical," and hence more "militant." If a "split" occurred, "Soviet leadership" would "expel" China from the "bloc." On its own, China would "develop a more actively militant line." "The Western reaction would necessarily involve a more militant posture also." But since the "Soviet Leadership" is "Communist," too, it would not forsake "Communist China," in a "world polarized in open hostility between the United States and China," and would side with "Communist China" against the West.

Thus Brzezinski "demonstrated" the most anti-strategic principle in the history of strategy or in animal instinctive behavior, viz., that a united enemy is better than a divided one. Already in the 1960s, the Soviet war-economy began to run out of cheap abundant manpower. However, if there really existed a united "Communist camp" and the Soviet war-economy were thus able to use dozens or hundreds of millions of even cheaper Chinese workers and soldiers, it would be difficult to see how the West could survive. Fortunately, for the West, Brzezinski's wish for mainland China and Russia to constitute a united "Communist camp" has never, so far, been realized.

When Brzezinski was told in 1961 that "George V. Allen suggested that the admission of China to the United Nations might be helpful to the United States in her relations with the Chinese," Brzezinski retorted:

"First of all, is it an admission as a new state or as a state replacing Formosa as the government of China? If so, will the government of China on Formosa be expelled, or will it be allowed to remain in the United Nations? Will red China inherit the Security Council seat of the present Chinese government? What will then happen to Formosa?"

Thus, the Brzezinski of 1961 was worried that the interests of the "present Chinese government" would suffer if "red China" were admitted to the United Nations. Little did anyone know that the Brzezinski of 1978 would betray, to the rulers of "red China," that same "Chinese government" and that same Formosa.

So much for the treatment of mainland China and Formosa-Taiwan by the Brzezinski before 1963 and his opposite after 1978.

Now, the Brzezinski of his 334-page study *Between Two Ages: America's Role in the Technetronic Era,* which he published in 1970, has nothing to do either with the Brzezinski of 1961 or with that of 1986. He composed his pseudo-generalizations of 1970 by rehashing the well-known tenet of textbook Marxism, according to which the economic basis or productive forces (in Brzezinski, "technetronics, that is, technology and electronics") determine (Brzezinski says "shape") the political framework and the whole current era. Hence mankind lives between two ages: the "technetronic era" is coming to all countries, but at a different pace.

However, the established framework first resists change prompted by the developing basis (technetronics). But finally it has to yield, and this is how the (technetronic) revolution occurs. Brzezinski's description of the process seems to have been lifted bodily from one of those textbooks of Marxism that Soviet propaganda now produces, leaving intact some old Marxist terms (like "framework") and replacing others with "today's scientific and technological terms" (like "overloaded" and "input") to spruce up the nineteenth-century text:

"For a time the established framework resiliently integrates the new by adapting it in a more familiar shape. But at some point the old framework becomes overloaded. The new input can no longer be redefined into traditional forms, and eventually it asserts itself with compelling force."

Thus, the "old framework of international politics . . . is clearly no longer compatible with reality."

"There are indications that the 1970s will be dominated by growing awareness that the time has come for a common effort to shape a new framework for international politics, a framework that can serve as an effective channel for joint endeavors."

In particular: "There is already widespread agreement about the desirability of cutting arms budgets and developing international peace-keeping forces."

No "established framework," be it in Russia or the United States, can resist the (technetronic) new. Indeed, "it may be expected that the 1970s will witness the spread to the Soviet Union of convulsions similar to those that Spain, Yugoslavia, Mexico and Poland began to undergo in the late 1960s." In all countries, the "criteria for measuring status and influence" like "territorial expansion" or "military power" are on their way out in the technetronic era.

"Gradually these are giving way to rivalry in GNP figures, per-capita income and consumption data, educational opportunities, creative and scientific attainments, research and development, standards of health and nutrition, and even competitive national Olympic scores, to say nothing of the space race between the two superpowers."

Though the talks named SALT had merely started in 1970, Brzezinski refuses, in his *Between Two Ages,* to consider them just a "negotiation between two rivals": the "talks signify a de facto beginning of a joint commission on arms and strategy." What Brzezinski proposes for the technetronic era leaves all of Kissinger's detentes and SALTs far behind as rudimentary forerunners of Brzezinski's grand "community of the developed nations." Modestly, Brzezinski admits that his "community" is "less ambitious than the goal of world government." On the other hand, it is "more attainable." At the same time, his "community of the developed nations" is "more ambitious than the concept of an Atlantic community." Indeed, Brzezinski proposes a kind of super-NATO, in which Western Europe and the United States will ally with Russia, not oppose it, as they did in NATO:

"Though cognizant of present divisions between communist and non-communist nations, it attempts to create a new framework for international affairs not by exploiting these divisions but rather by striving to preserve and create openings for eventual reconciliation."

That the more technetronically developed United States will join his super-NATO is obvious from Brzezinski's Marx-inspired tenet that technetronics shapes politics. Thus, in Brzezinski's final hymn to his technetronic era on the last page of his book we hear that

"the gradual shaping of a community of the developed nations would be a realistic expression of our [American] emerging global consciousness; concentration on disseminating scientific and technological knowledge would reflect a more functional approach to man's problems, emphasizing ecology rather than ideology; both the foregoing would help to encourage the spread of a more personalized rational humanist world outlook that would gradually replace the institutionalized religious, ideological and intensely national perspectives that have dominated modern history."

But what about the less (as yet) technetronically developed Russia?

"The Soviet Union may come to participate in such a larger framework of cooperation because of the inherent attraction of the West for the Eastern Europeans—whom the Soviet Union would have to follow lest it lose them altogether—and because of the Soviet Union's own felt need for increased collaboration in the technological and scientific revolution."

Indeed, a year earlier, in 1969, Brzezinski had published an article that made clear that the regime of Russia faced the "threat of degeneration." Brzezinski uses the word "degeneration" much like Soviet propaganada uses the word "decay" (and indeed he refers the reader to a study entitled Political Development and Political Decay). The "political systems" that degenerated earlier are "Tzarist Russia, the French Third Republic, Chiang Kai-shek's China, and Rakosi's Hungary." All these "political systems" perished. "Indeed, in the long run, perhaps the ultimate contribution to Soviet political and social development that the CPSU [Communist Party of the Soviet Union] can make is to adjust gracefully to the desirability, and perhaps inevitability, of its own gradual withering away."

To avert degeneration and then withering away, those in power in Russia have to carry out a "progressive transformation" into a "more pluralistic and institutionalized political system." The situation strongly suggested that those in power in Russia, facing degeneration and withering away, would join Brzezinski's technetronic super-NATO, along with the progressive transformation of their society or perhaps as part of it.

Predictably, mainland China did not figure prominently in Between Two Ages, since Brzezinski's super-NATO was a community of (technetronically) developed nations. Mainland China was not one of them (perhaps Formosa was?) and hence was to remain outside it, pending its technetronic development.

BRZEZINSKI'S PUBLICATIONS AS BUREAUCRATIC TOOLS

While from the cognitive point of view Brzezinski's publications are wild fantasies based on pseudo-generalizations, in terms of his career they are highly disciplined exercises, maximizing his career prospects in the current academic-government hierarchy, influenced by the "major media," ostensibly nonpartisan but essentially Democratic rather than Republican. A myopic simpleton in global strategy, national security, foreign affairs, Soviet studies, or any other such field of knowledge, Brzezinski has been a shrewd expert in the field of his rise in this academic-government hierarchy. Absurd in his "predictions" of what will happen in Russia or China, he is astute in his sense of where the prevailing academic-government conformity tends. His books and articles have been not sources of knowledge of any value to the United States, but only effective career tools. First, he changed beyond recognition with each prevailing conformity. Second, each Brzezinski had in his books and articles a proper Left-Right mix to appeal to both within the current prevailing conformity. In other words, when the conformity gravitated to the right (as before 1963 and after 1980) Brzezinski put into his Right composition enough Left admixture to appeal to the conformity's Left as well; and when the conformity swung to the left (as between 1963 and 1980) he added to his Left formula a splash of Right to appeal to the Right, too.

His conformism, with a proper dose of ambiguity, has been necessary to Brzezinski not only to have the broadest base in each prevailing consensus, but also to keep his options open in case of its unpredictable shift to the opposite end of the political spectrum.

On the one hand, Brzezinski was from 1973 to 1977 a "mentor in foreign affairs," and from 1977 to 1981 the national security adviser of Jimmy Carter, under whom the GNP percentage of the U.S. defense budget reached in 1979 an all-time low since the Soviet threat came to be perceived about forty years ago (4.9 percent of the GNP). Even in absolute terms, much less was allocated for defense in 1979 ($69.5 billion in 1972 dollars) than in 1955 ($8.2 billion in 1972 dollars). If Soviet intelligence had realized how vulnerable the U.S. C3 (command, control, and communications) were, a Soviet nuclear surprise attack could have destroyed the United States in 1977 to 1981 without American retaliation.

It is under Carter that "Soviet-American relations" reached an unprecedented peak of "warmth" when Carter and Soviet ruler Leonid Brezhnev kissed before television cameras, at Carter's initiative and as an unforeseen diplomatic protocol extra (Nixon had merely hugged Brezhnev).

The Soviet invasion of Afghanistan was for Brzezinski a bolt of reality from the (technetronic) blue. And it is only after it that the U.S. defense budget picked up (in 1980) to 5.2 percent of the GNP (compared with 11.2 in 1955 and 6.4 in 1984). But owing to whom? Even in June 1980, Carter opposed, because of "excessive military funding," the budget for FY 1981, as it was adopted by the House-Senate conferees. Though for his "Annex II" to Power and Principle Brzezinski himself selected and paraphrased, in accordance with his new conformity, his Weekly Reports to Carter, not a single one of them, even in his own selection and interpretation, expresses Brzezinski's disagreement with any of Carter's defense spending cuts (and cancellation of defense programs to ensure these cuts) or Brzezinski's agreement with the Congress-supported budget for FY 1986.

On the other hand, despite that record, Brzezinski has managed, after 1983, to convince many on the pro-defense Right that he has always been a staunch defense conservative. Thus, in 1984 The Wall Street Journal, which was editorially to the right of President Reagan in national security, foreign policy, and defense, advised Reagan editorially to "bring back Zbigniew Brzezinski as national security adviser." A review of Game Plan in the pro-defense "neoconservative" Commentary magazine stated in one of its concluding paragraphs that Game Plan is an "instructive work."

"If nothing else, by tackling a project of this scope, and by having the courage to make unpopular observations and (for some at least) extremely disturbing proposals, Brzezinski has suggested how we should go about thinking through what is, after all, the enduring strategic problem of our time. Most important, perhaps, is the tough-minded common sense that he brings to bear on the strategic competition."

Morton Kondracke's review of Game Plan in the pro-defense "neoconservative" National Interest recommended Brzezinski as national security adviser for the next president provided the latter is good enough to believe in Brzezinski's "prevailing" according to his "game plan":

"Brzezinski's proposed strategy deserves the widest possible attention and debate from theoreticians and practitioners of all ideological persuasions as we head toward 1988. If we can find another president who believes in prevailing, we could do worse—much worse—than give Brzezinski another chance to change policy as well as think about it."

Adroitly ambiguous, to cater to both Left and Right, Brzezinski has, ever since his doctorate in 1953, been changing mercurially with each successive prevailing conformity.

Before John F. Kennedy's American University speech of June 10, 1963, there had lingered a bipartisan consensus, according to which communism is expansionist, aggressive, and intent on world conquest. On January 14, 1963, Kennedy still declared: "I foresee no spectacular reversal in Communist methods and goals." Brzezinski, or at least one of the two concurrent Brzezinskis, conformed longer than many. Few insisted up to 1963 inclusive as stubbornly as he did that communism did not split and, if it did, its threat would be all the greater.

On June 10, 1963, Kennedy brushed away what he had been asserting before, during, and after his election in 1960: He declared that Russia and the United States "are both caught up in a vicious and dangerous cycle in which suspicion on one side breeds suspicion on the other . . ." Both countries "have a mutually deep [!] interest in a just [!] and genuine [!] peace and in halting the arms race." That is, the regime of Russia is no more aggressive than the United States is. A new conformity set in, and in 1964 there duly appeared Brzezinski's 461-page volume (with Samuel P. Huntington) entitled *Political Power: USA-USSR* and explaining how wrong the "black-and-white" image of Russia and the United States had been:

"Slavery and freedom; dictatorship and democracy; communism and capitalism; collectivism and individualism; the totalitarian state and the constitutional one: how easy and appropriate it is to pin one label on the United States and its opposite on the Soviet Union. The human mind craves simple distinctions. . . ."

The authors proceed to explain that "the Russian" and "the American" simply reverse the same "black-and-white" image:

"For the Russian the Soviet Union is the leading socialist state, the spearhead of the worldwide communist revolution. The United States, as the strongest of the capitalist powers, is the center of 'reactionary imperialism.' The American puts different words on the same differences and reverses the value assigned to them."

If Brzezinski had not known that *The Permanent Purge: Politics in Soviet Totalitarianism* had been published by none other than Brzezinski in 1956 on the basis of his 251-page doctorate of 1953 under a similar title, he would have attacked that book and that doctorate as the worse case of "black-and-white" imagery.

As the conformity that Kennedy officially proclaimed in 1963 grew and shifted further to the left, Brzezinski's Political Power USA/USSR (which went into a new edition almost every year up to 1978, led to his starry-eyed America's Role in Technetronic Era of 1970, corresponding to the prevailing conformity of 1978) The conformity held up until 1976, by which time Brzezinski had made a new major contribution to his technetronics of 1970. The United States must extend its historical sociopolitical experience onto the world:

"The basic message of the American experience was the primacy of liberty. But inherent in that was also the centrality of pluralism. Personal liberty was best assured by a society that was pluralistic."

Just as an American citizen cooperates with all kinds of American citizens, no matter how obnoxious their political views may seem to him, so, too, the United States must cooperate with all "150-odd sovereign nation-states." True, the United States can cooperate with only the rulers of Russia, not its 100-odd nations to whom personal liberty and hence pluralism have been denied by the rulers. But Brzezinski ignores whatever interferes with his current set of pseudo-generalizations:

"On the global scale, pluralism means diversity and not a march toward a homogeneous world based on a single ideological model. That message remains valid and has become expecially valid because of the appearance of some 150-odd sovereign nation-states. Moreover, tied to more specific proposals for global cooperation, it could serve as the point of departure for a relevant concept of a new and more diversified international system."

Inversely, the failure of the Nixon and Ford administrations to implement Brzezinski's principle of global cooperation with all nation-states leads to "an isolated America in a hostile world." Yet, at the end of the article we read:

"Nothing could be more destructive than for the United States to position itself as the ultimate shield of the remnants of white supremacy in Africa at a time when racial equality is coming to be accepted as an imparative norm."

So, the United States can cooperate with, say, the 100-odd nations of Russia through its rulers, but in South Africa there is not even any government to cooperate with, only the "remanants of white supremacy," and "nothing could be more destructive" than to cooperate with them.

However, Brzezinski could not fully realize under Carter his Left technetronic utopia, enriched with his Left utopia of global purality and global cooperation (or global "cooperative activitism"). The prevailing conformity began to shift to the right just when Brzezinski's article went off the press, in the summer of 1976. One of the signs was the CIA's scandalous retroactive doubling of the "Soviet share of military spending in the Soviet GNP." Still, the period between 1976 and 1983 was transitional (just as was the period between 1962 and 1964) when the old and new Brzezinskis coexisted. In 1977, as national security adviser, the old Brzezinski was still talking his technetronics to Time magazine: "The old order, based largely on military power and nationalism, is giving way to 'a technetronic age' in which there will be increasing emphasis on economic development and social justice." Poor President Carter! "In this emerging world, according to Brzezinski, 'military power by itself will no longer dictate the ability of a nation to influence political, social and cultural developments.'"

In August 1980 Brzezinski still expected the rulers of Russia to discontinue their invasion of Afghanistan, and "if the Soviet Union is prepared to accept decent and constructive arrangements for the resolution of the Afghanistan problem, including perhaps even some transitional arrangements there, then it will be easier to re-establish the kind of movement toward a more genuine and reciprocal detente that we have been attempting to promote."

But even if the Soviet invasion continued, the "need to promote arms-control arrangements" would remain:

"In some respects the need is greater when U.S.-Soviet relations are worse rather than better. We thus would hope to be able to move on SALT II and to move toward SALT III. We would expect to initiate negotiations on theater-nuclear forces in connection with SALT III. We would hope to proceed with mutual and balanced force reductions."

Between 1983 and 1986 the prospects for "a more genuine and reciprocal detente" or "arms-control agreements" were next to nil, and in his Game Plan (whose set of pseudo-generalizations is derived from Karl Haushofer's Geopolitik) Brzezinski wants the Right to see him as a defense conservative right of Reagan, since Brzezinski may well expect that the next president will be defense conservative X to the right of Reagan. At the same time, Brzezinski wants the Left to see him as a foreign policy liberal, as far left as Edward Kennedy, since Brzezinski has also to maximize his career prospects in case Kennedy or his equivalent becomes the next president. The text is written so that both X and Kennedy could applaud and cheer, reading every paragraph, if not every sentence. Let us open a random page—and begin reading from the top of the page.

Brzezinski discusses Nicaragua. It should be obvious to any observer in 1986 that the U.S. "major media" (e.g., The New York Times), which profess themselves to be independent but are actually liberal-Democrat, and the Congress, which leaned the same way even before the Senate ceased to be Republican, have been preventing the U.S. president for six years from rendering any effective aid to any forces trying to overthrow the nascent totalitarian regime of Nicaragua while it has not yet tightened its stranglehold on the country. Nor has the U.S. president himself always been sufficiently resolute. If the pro-Soviet regime of Nicaragua is a strategic problem (and Brzezinski admits in 1986 that it is), then this problem has been resting not so much with Nicaragua as with the United States.

Predictably, Brzezinski delivers something far removed from the reality of the case, but intended to please both X and Kennedy:

"It is particularly important not to let Central America become a contested zone in the U.S.-Soviet rivalry. That would represent a defeat for the United States irrespective of the outcome, for it would signify the intrusion of Soviet power through Cuba onto the mainland of the Western Hemisphere. The United States must exert every effort—including the use of force if necessary—to obtain an outcome in Nicaragua . . ."

X can be applauding and cheering up to this point. Brzezinski no doubt means that adequate aid should at last be given to the 18,000 Nicaraguan guerrillas or even that U.S. troops should be sent in to support them. But the sequel is:

". . . along the lines of the one recommended earlier [by Brzezinski] for Afghanistan: external neutralization and internal self-determination [but how to carry out this recommendation?]. The United States should be prepared to accept even a radical leftist regime in Nicaragua, if that should be the freely expressed will of the Nicaraguan people, provided that secure arrangements are established to assure the regime's external neutrality."

Now Kennedy can well applaud and cheer. No doubt Brzezinski means the "Sandinistas" by a "radical leftist regime in Nicaragua." Its (revolutionary) establishment is the "freely expressed [revolutionary] will of the Nicaraguan people," or at least who can prove otherwise?

Then both X and Kennedy can applaud and cheer, since the text is sufficiently ambiguous:

"But the United States should be equally prepared to apply force at any early sign of Soviet or Cuban military involvement in the suppression of opposition to the current Nicaraguan regime. The longer this issue festers, the more likely the prospect becomes of a fourth central strategic front [in addition to the three such fronts in Eurasia] emerging close to home."

"You see?" X can exclaim. "Let's apply force. Surely there has been Soviet and Cuban military involvement in the suppression of opposition: Soviet-bloc weapons arm the current Nicaraguan regime's armed forces, Soviet-bloc "advisers" train them, and Soviet-bloc secret police create the regime's secret police and cooperate with their spawn to suppress opposition." "Oh, no," Kennedy can reply. "Brzezinski can't mean that. This kind of involvement has been going on for years, perhaps ever since 1979, when Brzezinski was Carter's national security adviser. What Brzezinski must mean in 1986 is the involvement of Soviet or Cuban uniformed regular troops for the suppression of opposition, and the Sandinistas will hardly ever need that."

Brzezinski does not communicate with a reader interested in global strategy or foreign policy. His text is actually an intricate verbal "acrobatic dance," sufficiently far removed from any specifics of reality and consisting of abstract ambiguous bows and enigmatic curtsies to different Left and Right (or Right and Left) conformities of the day.

However, looking in 1986 at himself since 1953, Brzezinski sees himself not as many different Brzezinskis conforming to many different conformities, but as a remarkably consistent, fiercely independent, and unswervingly truthful thinker-intellectual, who always said bluntly and did bravely what he says in 1986, pitted though he has always been against enormous odds of ignorance, ineptness, and naivete.

For example, in 1986 we learn from Brzezinski that he always had that ingredient of a defense conservative's toughness that he wishes to see in himself in 1986 in order to appeal to a future possible President X. Thus, we learn that owing no doubt to his national security adviser, Carter "reversed the decline in defense spending under the Republican Administrations (3-4 percent per year in real terms)." This is rather the opposite of what the above-quoted official U.S. statistics say, but this is what today's Brzezinski would like to have been in 1977-1981. In general: "Contrary to what his critics asserted, Carter was tough, cool and determined." In today's Brzezinski's imagination, Carter was like Reagan—as defense conservatives want to see him, not as he has actually been. But tough as Carter was, his national security adviser was even tougher.

It is Carter-Brzezinski who pioneered in 1978 "strategic defensive forces" while Reagan launched the project (SDI) "without adequate preparation and formulated [it] in vague and even utopian terms," so that it "invited criticism." The tough Carter and even tougher Brzezinski launched all those defense projects that Reagan has been merely botching.

BRZEZINSKI'S "GEOPOLITICAL" PSEUDO-GENERALIZATIONS OF 1986

Pioneered by the German geographer and Darwinist Friedrich Ratzel and developed by the former German General Staff officer Karl Haushofer between the two world wars, Geopolitik postulates that just as in the case of species in the Darwinian animal kingdom, the life and strike for life of nations are determined by each nation's geographic life habitat: Lebensraum. In thinnish American pamphlets about Geopolitik of the 1970s the authors sounded apologetic about the fact that Haushofer was the teacher of Adolf Hitler.

Actually, Haushofer was ambivalent. Both Haushofer and Hitler believed that those who possess the "world's heartland" (the continent of Europe and Asia—Eurasia) possess the world. But Haushofer concluded therefrom that Russia and Germany should be allied against the "Anglo-Saxons." Haushofer hailed the German-Soviet pact of 1939 as a great achievement of Geopolitik. Today all pro-Soviet or anti-defense Germans could preach Haushofer.

In his Game Plan Brzezinski retells Geopolitik without acknowledging a single source: The impression is that the literature in the field does not exist, that all that Brzezinski says was not told and retold many times long ago, and that he, Brzezinski, is the founder of Geopolitik.

Having chosen Haushofer's Geopolitik to borrow from for his present reincarnation, Brzezinski has chosen a doctrine that is as far to the right as the conviction that Hitler had to invade Russia and as far to the left as the conviction that Russia is determined to dominate the world. Having originated in Germany long before World War I, Geopolitik could hardly be expected to consider concepts like "totalitarianism" or "democracy." So Brzezinski practically ignores them, too, in 1986. In Geopolitik, empires struggle for Lebensraum, the habitat that each empire-organism needs for life. So in Brzezinski, it is the "Great Russian empire" vs. the "American empire."

In Geopolitik, no nation can be blamed for anything. Nor is any nation differentiated into rulers and ruled. There is just—"Russian society." So Brzezinski refers to the "territorial imperative of its instinct for survival." In Geopolitik, "Russian society" is right from its geobiological point of view. We learn that "Russia is subject to a peculiar isolation, or even encirclement. Despite the country's enormous continental size—it is by far the biggest state in the world—it is in effect landlocked. It does not have a truly open access to the world."

That was true, in a sense, when Haushofer described Russia before World War II. But owing to the islands annexed from Japan after World War II, Russia has coastal access to the Pacific about twice as long as the Pacific coastline of Japan, a great maritime power. Besides, with today's air traffic, space vehicles and Soviet Submarines moving under the Arctic ice cap, the concept of landlocking as it existed in 1919 hardly applies in 1986. But since Russia was landlocked in the times of Haushofer, it is "landlocked" for Brzezinski in 1986.

Obviously, Brzezinski took the notion of the Soviet rulers' fear of "encirclement" from Stalin's complaints in the 1930s about "capitalist encirclement." But while Russia even today is more landlocked than the United States, does this mean that it is more "encircled," and that the Soviet rulers fear this "encirclement"? By being landlocked, Moscow or even Leningrad is removed far from U.S. oceanic submarines, while Soviet oceanic nuclear-armed submarines can literally reach New York or Los Angeles owing to American oceanic openness. The closer a submarine is to a target the shorter the time of its missile's flight and the more difficult the defense against it. Contrary to Brzezinski's Geopolitik, it is the United States, not Russia, that should fear "encirclement," which is a perceptible reality, and not just a fear. Soviet submarines do operate off the Western and Eastern coasts of the United States, and the Gulf of Mexico is a Soviet general naval operating area.

The pre-1963 prevailing consensus was that the rulers of Russia are after world conquest. Are they, according to Brzezinski of 1986? He considers the question "meaningless" and a "misleading cliche." We learn instead that "Soviet strategy" is "to prevent the political and military encirclement of the Soviet Union by the United States and its allies." Stalin would have certainly been happy to hear that before World War II. But what U.S. allies can encircle Russia today? Finland? The Baltic countries? Poland? Czechoslovakia? Hungary? Romania? Bulgaria? Turkey? Iran? Afghanistan? Pakistan? India? Japan? The only threat (potential) is totalitarian China. But surely one countrry does not make a circle. And surely Soviet submarine-based missiles threaten New York far more than Chinese troops threaten Moscow. Yet Brzezinski concludes:

"To foreclose the possibility of such an encirclement, the Soviets must sever the connection with America at each end of the Eurasian continent. And that, in turn, would tip the global balance in Russia's favor."

So, Russia wants just to prevent the "encirclement," but if it succeeds, it will tip the global balance—unwittingly, so to speak. The "Great Russian empire" and the "American empire" merely defend themselves against each other.

The words "empire" and "imperial" applied to both Russia and the United States occur all over the book. Thus, we read in the subsection "An Imperial Contest" of the chapter "The Imperial Collision":

"The American-Soviet contest is not only between two nations. It is between two empires. Both nations had acquired imperial attributes even before their post-World War II collision, but that collision has heightened the strategic importance of their respective imperial assets and has intensified their imperial growth."

While the Right may welcome Brzezinski's reliance on Geopolitik (which has the reputation of an extreme right-wing German military doctrine), the Left will hail his treatment of the United States as just an "American empire," expansionist and aggressive like the "Great Russian empire."

"Initially, American expansionism bore some striking resemblances to the Russian experience. This was especially true of the American conquest during the nineteenth century of territories once held by Mexico. Otherwise, American expansionism, especially during the phase of 'Manifest Destiny' at the turn of this century, tended to reflect the oceanic character of American power. American naval might expanded U.S. political domination into Cuba and the Caribbean, into Central America, and beyond Hawaii almost to the coast of Asia through the acquisition by war of the Philippine islands. This overt imperialism . . .

The American imperial system emerged full-blown only after World War II. It was also largely an accidental empire."

Even more boldly Brzezinski asserts that the "U.S.-dominated imperial system" is "formalized through treaty arrangements—which in effect acknowledge the status of Western Europe, Japan, and South Korea as American protectorates . . .." Is Western Europe or Japan or South Korea an "American protectorate," that is, an empire's dependency, a colony? What is an empire? Brzezinski explains: "I use the term 'empire' as morally neutral to describe a hierarchical system of political relationships, radiating from a center." So the "American empire" and the "Great Russian empire" are both "hierarchical systems," with "protectorates" at the lower levels of the hierarchy and Washington or Moscow at its top or its center, from which political relationships of the hierarchical system radiate.

"The parallels between U.S. preponderance over Central America and Soviet domination over Eastern Europe are striking." True, there are differences. "The United States . . . has come to accommodate itself to a Mexico that is . . . cautiously [?] critical of the United States in external affairs." The word "cautiously" is put in, contrary to all factual evidence, to bring the analogy of Central America closer to Eastern Europe.

"Despite the differences between U.S. and Soviet predominance, the relations in each region remain essentially imperial. Since World War II, the United States has felt that its national and regional security justified intervention in the internal affairs of

Guatemala in 1954, Cuba in 1961, the Dominican Republic in 1965, Grenada in 1983, and Nicaragua today."

Thus, even the American establishment of an *independent* Grenada in 1983 is "imperial." But the imperial American-Russian parallels are especially numerous, according to Brzezinski, in the case of Mexico and Poland:

"The parallels between American-Mexican and Russian-Polish relations are many. In both cases, the weaker partner today was once a very major power, in some respects dwarfing its now-giant neighbor. Those neighbors expanded by gobbling up territories that were Mexican or Polish, respectively, and they did so by guile and force of arms."

After going on for twelve lines in this vein, Brzezinski notes: "Vivid memories of inflicted injustice and national humiliation intensify these Mexican and Polish attitudes."

A school textbook of history, used in any country impartial to the United States and Mexico, could show Brzezinski that the only major change in the American-Mexican boundary of 1848 occurred in 1853 when the Mesilla valley was sold by Mexico to the United States.

As for Poland, the Soviet rulers can take a secret decision to occupy it *tomorrow* and deport or kill *every* Pole. If they do not do it, this is a matter of their global strategy, and not of any social, legal, and political checks and balances.

However, let us recall again that Brzezinski's current set of pseudo-generalizations always completely ousts reality from his mind. In terms of Haushofer's *Geopolitik*, the "Great Russian empire's expansion at Poland's expense" must be analogous to the "American empire's expansion at Mexico's expense," and therefore, this is how Brzezinski sees it.

In 1977, Time magazine noted: "Sounding like Carter, Brzezinski thus sprinkles his speech with such words as goodness, morality and virtue." In 1978, Brzezinski spoke of five "priorities," and said: "The first [priority] is to infuse American foreign policy again with a certain measure of moral content." Now, Haushofer's Geopolitik and Brzezinski's rehash of it are amoral. To repeat the worn-out phrase of Nietzsche, who had influenced Geopolitik, the latter is "beyond good and evil": It is "biological" or "Darwinian." The Great Russian empire has been taking Lebensraum from Poland, and the American empire from Mexico. The Poles hate the Great Russian empire for the same reason the Mexicans hate the American empire. The Great Russian empire's victory over the American empire will be unpleasant for those who happen to live in the American habitat (and for the Poles) as it will be pleasant for the Great Russians (and for the Mexicans).

DEFENSE OF THE "AMERICAN EMPIRE" UNDER BRZEZINSKI'S GEOPOLITIK

Having exchanged the word "German" in Haushofer's Geopolitik for "American," Brzezinski duly repeats Haushofer's postulate that the "American-Soviet contest has a central priority: Eurasia. This landmass is the contest's geostrategic focus and its geopolitical prize." What about Central America or Africa? In his time Haushofer could not see Russia's strategic takeover of Central America or Africa. Hence Brzezinski did not see it in 1986 either. Contrary to the evidence like Cuba or Nicaragua, he writes:

"Prudence and thousands of miles of ocean compel the Kremlin to regard the Central American conflict as peripheral and diversionary. Its stakes are dwarfed in geopolitical significance by those of any one of Eurasia's three central strategic fronts . . ."

These "there central strategic fronts" are: (1) Poland and then Germany and then Italy, France, and the Netherlands struck from Germany; (2) South Korea and then Japan struck from South Korea, and the Philippines struck from Vietnam; and Afghanistan and then Iran and Pakistan struck from Afghanistan. The countries which are "both intrinsically important and in some sense 'up for grabs' " are called "key linchpin states."

Needless to say, these "fronts" and "states" are arbitrary inventions, based on Brzezinski's new geopolitical pseudo-generalizations. He seems never to have seen a U.S. Department of Defense map of Soviet military deployments, operating areas, and exercises. From such maps it follows that once the Soviet rulers have decided on a global war, simultaneously with frontal thrusts into Scandinavia, all across Europe and into Spain, Britain and the Balkans, etc., the Soviet naval and ground forces are to encircle, or as the military say, envelop, Scandinavia and Britain, cutting them off from each other and from Western Europe; to envelop Western Europe and the rest of Eurasia, cutting them off from the United States and from each other; and to envelop Japan. Besides, the largest operating areas of Soviet submarines are to the west and to the east of the United States. But after the Soviet invasion of Afghanistan, Brzezinski imagines, in accordance with Haushofer's Geopolitik, that Soviet global strategy is a series of similar land invasions. He calls Poland "a linchpin state" in order to connect, in the spirit of Haushofer's Geopolitik, post-1917 Russia with pre-1917 Russia: "Poland has been a 250-year-long Russian objective." The Philippines, another "linchpin state," appears twenty-six times in Brzezinski's book. But why on earth is the Philippines a "linchpin state" and Turkey or Mexico is not?

The global strategy which Brzezinski thus invents for the Soviet General Staff is comical. The Soviet armed forces can, of course, invade Iran, or perhaps, Pakistan with impunity but not Japan. On the other hand, if more Soviet troops pour into Poland, how does Brzezinski propose to stop them? What does Brzezinski mean by calling the totally dependent Poland a "key linchpin state" on a par with the totally independent South Korea, for example?

Nor does his Geopolitik help his policy recommendations for specific countries. Thus, we learn that it is necessary to "restore some degree of American-Iranian cooperation." How?

"After Khomeini's death and the inevitable [?] political turmoil, a gradual normalization [!] will probably take place. The United States should clearly signal a willingness to improve American-Iranian relations, because its interest in an independent Iran transcends even the current Iranian hostility. That American interest stems from a larger geopolitical concern for a key linchpin state in the U.S.-Soviet contest, and should not be compromised by transitory emotions."

All that is new in this nebulous policy recommendation is that Iran is a "key linchpin state in the U.S.-Soviet contest." Will this accelerate Khomeini's death and bring about a "gradual normalization" thereafter? Besides, Brzezinski merely echoes the prevailing academic-government belief that "to improve relations" is the supreme goal of diplomacy. But what did even the "best Soviet-American relations" give the United States strategically? With the "best American-Iranian relations," why cannot Khomeini's successors become open, secret, or tacit Soviet allies?

With respect to another "key linchpin state" of Brzezinski's Geopolitik—Afghanistan—we find that, just as in the case of Nicaragua, the problem of adequate aid to resisters in Afghanistan does not exist, as far as Game Plan is concerned. Instead, we learn that "the Soviets will not disengage voluntarily unless a way can be found to ensure that a Soviet withdrawal does not make Afghanistan an anit-Soviet outpost. To reassure Moscow, the United States should make it clear that it would be prepared to participate along with the Soviet Union, China, Pakistan, and India in a five-power agreeement to guarantee the genuine neutrality of Afghanistan."

None other than Brzezinski explained that the Soviet strategists need Afghanistan to strike at Pakistan and reach the Indian Ocean, and at Iran and reach the Persian Gulf. But now it transpires that all the Soviet rulers want is for Afghanistan to be neutral and not be an "anti-Soviet outpost."

Just as in the case of Iran, in which Brzezinski echoes the prevailing academic-government belief in "normalization of relations" as the ultimate achievement of diplomacy, in the case of Afghanistan he echoes the same kind of belief in the "withdrawal of Soviet troops from Afghanistan" as the ultimate achievement of strategy. Actually, all or most uniformed regular Soviet troops may be withdrawn from a country, but it will be no more independent than is the Ukraine or Estonia, owing to the Soviet secret police machinery in combination with the local secret police machinery and local troops they control.

Brzezinski is obviously convinced that his borrowings from Haushofer's Geopolitik of forty-odd years ago make him not only a unique global strategist, but also an unsurpassed commander-in-chief. Thus, he orders that the U.S. Navy simultaneously "sustain U.S. transoceanic conventional forces," "cork up Soviet fleets in their respective 'sea bottles'," and "destroy Soviet foreign bases" (p. 183). But how to cork up Soviet fleets, for example? Surely the Soviet armed forces are to seize on D-day those choke-points where two Soviet fleets could be corked up. Besides, the Soviets' three largest naval operating areas—around Scandinavia, along the Soviet Pacific coast, and off India, the Middle East, and Africa—exceed in size the territory of the United States. Other large naval operating areas are in the Gulf of Mexico, off West Africa, between Vietnam and Malaysia, and off both coasts of the United States.

While these Soviet fleets cannot possibly be corked up, they are precisely to disrupt "U.S. transoceanic forces" and destroy all American and NATO bases before the United States and NATO destroy "Soviet foreign bases" as per Brzezinski's order. Brzezinski seems to give magnificent military orders without knowing what has been going on in the world in the forty years after Haushofer's death.

Yet while ordering to cork up Soviet fleets, Brzezinski declares on the same page that aircraft carriers are "largely a vestige of World War II." But they are the only major advantage of the U.S. naval forces as of 1986. How can the United States fulfill Brzezinski's magnificent orders without its only major naval advantage?

Now, what if the "Great Russian empire" does defeat the "American empire" despite Brzezinski's (that is, Haushofer's) strategic wisdom? According to Brzezinski, this cloud also has a silver lining. Chapter IV, accounting for about one-fifth of the book, is devoted to demonstrating the fact (which no one disputes) that Russia is only a one-dimensional—that is, military—rival of the United States. However, the naive conclusion that Brzezinski draws from this obvious fact is that Russia will not be able to lead the world if it wins in the rivalry as a military power:

"In essence, the unique character of the one-dimensional Soviet global challenge is that the Soviet Union is manifestly unequipped to provide constructive and sustained leadership if somehow it should by military leverage succeed in unseating the United States as the number-one world power. The Soviet Union could not provide global financial leadership. Its economy could not act as the locomotive for global development and technological innovation. Its mass culture has no wider appeal; its leading intellectuals and artists have been steadily fleeing the Soviet Union. American global displacement could not be followed by a Soviet global replacement."

Brzezinski resembles an American businessman who was present at this author's public lecture and asked how the United States could become a Soviet colony, if the conquerors were not able to run American enterprises as well as they were run now. My answer that to begin with, all major American enterprises would probably be blown up or dismantled and taken to Russia and other countries, was met by him with a shocked disbelief. Brzezinski assumes that after Soviet "prevailing," there will be a question as to whether the "Great Russian empire" is or is not able to replace the displaced United States in "financial leadership," "technological innovation" or "mass culture."

BRZEZINSKI'S CRITICISM OF REAGAN'S FOREIGN POLICY

On October 17, 1980, Brzezinski wrote to Carter about "disturbing" consequences of a "possible Reagan victory": ". . . the moderates [in Nicaragua] will be unable to secure U.S. assistance . . ." "Relations with South Africa might improve." ". . . relations with China will suffer gravely. Most of the historical gains and progress of the last two years will be jeopardized." "SALT will be abandoned and an arms race will begin." "The U.S. will be viewed as a status quo power, indifferent to global changes."

On all issues of foreign policy, Brzezinski was in 1980 to the left of Reagan, even according to Brzezinski's own account in 1983. He did not expect Reagan's victory. Hence his criticism was almost exclusively from the Left. In 1986, Brzezinski wants in his Game Plan to show the Right (with a proper dose of equivokes to the Left, of course) that he has always been to the right of Reagan. Hence part of his criticism is intended to be from the right.

While propounding in 1986 his hasty rehash of Haushofer's Geopolitik, Brzezinski criticizes the current U.S. administration for its having no "up-to-date, integrated, overall strategic doctrine," which is exactly how Brzezinski views his brandnew set of pseudo-generalizations from pre-World-War-II German sources. In general, "American political culture continues to be marked by the absence of a strategic or geopolitical consciousness." Brzezinski complains that "faddist preoccupations . . . give birth to temporary fashionable pseudostrategies." Thus, "a new doctrine of anti-Communist liberation struggle has been evolving to create a rationale for American sponsorship of armed resistance against Soviet-backed Communist regimes in Afghanistan, Nicaragua, Angola, and Kampuchea."

But why is this armed resistance a "pseudostrategy"?

"This new 'strategy' links two conflicts that do directly involve the interests of the rival superpowers—namely, Afghanistan and Nicaragua—with peripheral conflicts that at most engage such interests only indirectly—as in Angola and Kampuchea. It is a policy that runs the risk of diverting public attention from the truly important and genuinely geostrategic foci of the long-term U.S.-Soviet confrontation."

So the strategy of armed resistance is a "pseudostrategy" born of a "faddist preoccupation" because it "links" Angola and Kampuchea (which are not at the "three central strategic fronts," according to Geopolitik) with Afghanistan (which is) and with Nicaragua, which involves the "interests of the rival superpowers," though none other than Brzezinski himself considers Central America "peripheral and diversionary." In accordance with Haushofer, Brzezinski does not consider Africa strategically important either. But Soviet strategy does, for Soviet strategy targets not only what is strategically most important, but also what is strategically most vulnerable.

A page earlier Brzezinski exclaims:

"Diversionary fads are a special American weakness. Since awareness of history, geopolitics, and strategy play a relatively unimportant role in shaping the American view of the world, Americans are prone to personalize international affairs, periodically seizing on this or that foreign dictator as the major threat to their security. For several years, Fidel Castro, the demagogic ruler of a small Caribbean island, was perceived by the public as posing an almost mortal danger to the world's premier superpower."

So Nicaragua is important, even though it is in Central America, Cuba is only a "small [!] Caribbean [!] island," and Castro only its "demagogic ruler" (as though a demagogic ruler is less of an "almost mortal danger to the world's premier superpower" than a nondemagogic one). Again, Brzezinski does not seem to know that Cuba is the base for a vast Soviet naval and aircraft operating area extending from the tip of Miami over the Gulf of Mexico and all along the coast of Mexico and down to Nicaragua.

However, the sphere where Brzezinski's Geopolitik really clashes with the Reagan administration's policy is strategic defense.

What Haushofer could not, and Brzezinski would not, know is that global strategy, as Nikita Khrushchev realized in 1955, ceased to be entirely extensive, as it still was in Haushofer's times, and became more intensive. That is, the Soviet rulers' global victory has come to depend not so much on whether Austria belongs to them as on how superior are the Soviet global strategic forces inside Russia and all over the globe. Then Austria (and the rest of the world) will belong to the rulers of Russia automatically. Hence Khrushchev withdrew Soviet troops from Austria in 1955. Just because Haushofer died about forty years ago, Brzezinski lays emphasis not on global strategic war, but on local Afghanistan-like wars in Eurasia, as was the case more than forty years ago.

Besides, as we saw earlier, Brzezinski postulates that the Soviet rulers' strategy is dictated by their sense of insecurity in Eurasia, and not their awareness of the possibility of taking over the world. Therefore, in order to keep peace and contain Soviet expansionism, it is necessary to create a sense of security for the rulers of Russia. Hence "U.S. deployment of first-strike systems . . . should be calibrated carefully to target only a portion of the most vital Soviet war-capabilities" so that the Soviet rulers "still retain a broad retaliatory capability against U.S. society."

In reality, just as potential belligerents produce a store of so many bullets that they can kill all mankind many times over, strategic strike systems must have a competitive margin of "overkill" to be able to sustain losses, to miss and hit enemy strike systems before they hit ours. With the inevitable development of strategic active defenses, the required "overkill" margin will grow. Brzezinski's proposal corresponds to a civilian's proposal to the U.S. military to have in store only two million (rather than two billion or two trillion) bullets to kill just two million Soviet soldiers so that the other Soviet soldiers in active service remain alive, and the Soviet rulers feel secure.

Besides, neither the number nor the location of Soviet mobile missiles is known to the West. It is not clear how U.S. first-strike systems can "be calibrated carefully to target only a portion" of what is unknown and mobile.

The Soviet rulers think about how to maximize their offensive power to be able to destroy all enemy war-capabilities before they can destroy any of theirs. Brzezinski thinks about how to leave intact a "portion of the most vital Soviet war-capabilities," so that the Soviet rulers feel secure.

His attitude is common. The most parochial, naive, and smug a Western Philistine is, the more superior mentally to the rulers of Russia he assumes himself to be, and the more readily he takes on the role of their physician, senior friend, or educator, called upon to take care of their physical and mental well-being.

Brzezinski's second similar proposal is that the "U.S. defensive shield should be confined to the protection of strategic forces," so that the U.S. population remain hostage to Soviet retaliation, as in Mutual Assured Destruction, and thus enhance the Soviet rulers' sense of security.

The U.S. government can, of course, expose its population as much as it likes to nuclear, bacteriological, chemical, and conventional strikes. In fact, this is what it has been doing since the mid-1960s, when American civil defense was discontinued unilaterally. But the Soviet rulers have, on the contrary, been building up passive strategic defenses; and as their active strategic defenses develop, these will also be used to protect the population according to the strategic importance of each section of it. Again, the Soviet rulers think about how to maximize their defense to their best advantage, while Brzezinski thinks about how to cure the enemy's alleged sense of insecurity.

Both of his proposals "can and must be sought unilaterally," in Brzezinski's opinion. "Indeed, a unilateral American effort may over time convince Soviet leaders that a genuine arms control accommodation is preferable to continued competition."

The all-out arms competition in the 1960s, in which the United States led heavily, did not convince "Soviet leaders" that a "a genuine arms control accommodation" is preferable (and will never convince them, since genuine arms control requires the "opening" of the Soviet regime, and that would be its end). It is absurd to suppose that the trick will be done by such an arms competition in which the United States trails behind, with Brzezinski's new self-imposed restrictions on the American side.

Brzezinski's ultimate proposition is elaborated in the last chapter of his book. In this chapter we learn "Pursuing victory in the traditional sense is anachronistic. The only alternatives left are those of acquiescing, accommodating, or prevailing." Thus, "the American-Soviet rivalry can be compared to an endless 'game.'"

Alas, the Soviet rulers have never shared Brzezinski's sets of pseudo-generalizations. While he has been inventing and replacing them, they have been pursuing victory in the traditional sense and they consider the "game" finite, not "endless." The bankrupt Western strategy can be summed up easily. Even in the 1950's, the Soviet ground troops were thought in the West to be able to overrun Western Europe, not to mention more vulnerable areas of Eurasia; but U.S. strategic superiority was to deter them. Today, U.S. strategic superiority has been lost, while the superiority of Soviet ground forces has grown enormously and Soviet naval forces have become global. Why should the Soviet rulers believe under the circumstances that the "game" is "endless"? They see a very clear "end game"—their victory.

BRZEZINSKI AS SOVIETOLOGIST IN 1986

Brzezinski never lived in Russia, has no existential knowledge of the country and hence has to rely on his scholarship only. But his scholarship is also nonexistent. His Game Plan contains no source notes any scholarly study is supposed to contain at least pro forma. Brzezinski takes his information from his memories of what the media have been saying or from his, imagination. Thus, we read that the United States "obtained advance intelligence that a Soviet military move into Czechoslovakia was imminent." No source note. Now, it is well known from declassified intelligence documents, congressional hearings, etc., that the United States did not obtain advance intelligence on the Soviet invasion of Czechoslovakia. Brzezinski's assertion is not a scholar's statement, but a false oracle.

In his Game Plan, Brzezinski's expertise on Russia, supposedly his professional field, is (in addition to Haushofer-inspired pseudo-generalizations) a series of such false oracles. We read: "In the eyes of the meditating Russian statesman [Andrei Gromyko], only an aggressive design could explain the determination of that distant state [the United States] to keep the peripheries—Western Europe, the Far East, and South Asia—out of Moscow's sphere of influence. . . ." This is an absurd invention, echoing Pravda. Pravda does assert that the United States is aggressive, but Gromyko reads his closed White Tass, not Pravda.

"The United States and the Soviet Union" have perceived each other "as the main source of danger to world peace." Again, Brzezinski identifies Soviet propaganda—the open Soviet sources like Pravda that he reads—with the Soviet rulers' perceptions as reflected in their closed press, of which Brzezinski had probably never heard before the 1970s. In the last twenty years the Soviet rulers have perceived the United States as an ever weaker, ever more pacifist and hence doomed "bourgeois democracy," not as "the main source of danger to world peace"—a Soviet propaganda cliche that Brzezinski actually quotes word for word.

We learn: "The Soviet Union has subordinated the church to the state, not for the sake of instilling formal religious values but in order to promote state-sponsored atheism and to confine strictly the scope of religious practice." Actually, since 1943 "Communist Christianity" (as a Soviet official source calls Russian Orthodoxy adapted for state propaganda) has been the state's propaganda tool, no different from Russian chauvinism or "Marxism-Leninism," for example.

For Brzezinski it is enough to read or imagine to have read a certain remark in any book written by a Russian or a foreigner a hundred years ago in order to convert that remark into a pseudo-generalization applicable to "the Russians"—meaning some one-hundred different nations on Soviet territory.

Those who lived in Russia in the 1940s will read with utter surpise on the last page of Brzezinski's text that "even Stalin's fear of a German success in 1941-1942 . . . produced major domestic concessions . . . at the cost of centralized and authoritiarian power." In 1941 and 1942 Stalin introduced new draconian laws, such as the law according to which any soldier found absent without leave for more than a quarter of an hour was to be considered a deserter and shot as such and any Soviet soldier who became a German prisoner of war was to be considered a traitor. During a life-and-death war every society becomes more repressive, as well as more centralized, mobilized, militarized and authoritiarian, than it was in peacetime, and Stalin's was no exception.

It is hardly necessary to word any elaborate conclusions from this review essay. Brzezinski is the apex of the academic-government heirarchy. His level is not merely his level. It is the level of the hierarchy that has promoted Brzezinski to its top, and this is what makes the position of the United States and hence the West tragic.

The West has survived so far owing to the previous post-Renaissance course of history, in consequence of which the democracies still had, until recently, a scientific-technological and hence military lead on the rest of the world. This lead is dwindling (Russia has a quarter of the world's scientists and half of the world's engineers, of whom it produces many times more than does the United States). And the West must think hard about what its diplomatic-strategic hierarchy is worth if its top-level effort is exemplified by Brzezinski's fantastic and ephemeral "career tools," which have been merely harmful in the past but which will be fatal in the future.●

AFGHANISTAN: LETTERS FROM THE STATE OF DELAWARE

● Mr. HUMPHREY. Mr. President, last December the brutal Soviet occupation of Afghanistan entered its eighth year. The horrible condition of human rights in Afghanistan was recently described in a United Nations report as: "a situation approaching genocide."

As chairman of the congressional task force on Afghanistan, I have received thousands of letters from Americans across the Nation who are outraged at the senseless atrocities being committed today in Afghanistan. Many of these letters are from Americans who are shocked at this Nation's relative silence about the genocide taking place in Afghanistan.

In the weeks and months ahead, I plan to share some of these letters with my colleagues. I will insert into the RECORD two letters each day from various States in the Nation. Today, I submit two letters from the State of Delaware and ask that they be printed in the RECORD.

The letters follow:

DEAR SIR: Having just read the article, "Agony in Afghanistan", March issue Reader's Digest, I am compelled to write to you of my outrage and concern over the conditions in Afghanistan.

As an adult, born after World War II, I have often read accounts of the atrocities the Jewish people were forced to endure and have countless times asked myself how the world could let such horror continue for as long as it did. It seems that my generation is now faced with much the same horror and have turned away lest we be forced to take responsibility and correct the situation.

I hope we will not turn our backs on Afghanistan for fear of confrontation with the Soviet Union. The lives of millions of innocent men, women and children are surely worth such a risk.

Sincerely,

SYLVIA ANDERSON,
Wilmington, DE.

DEAR SIR: I've just finished reading another heart rending article about the plight of the Afghan people. I simply cannot understand how we as a nation can ignore what these people are enduring at the hands of the Soviet Union. It's ghastly! And I for one am serving notice that I am concerned deeply for these unfortunate, yet still courageous people.

I am all for doing whatever we can as a leading nation to help them in every way possible. Whether it be politically, through pressuring the Soviets, or financially, by supporting the freedom fighters. The time for action is now!

Hopefully yours,

LARRY BOAZ PASSWATERS,
Milford, DE.●

PROBLEMS OF CRIME

● Mr. SIMON. Mr. President, a longtime friend of mine, Dr. George Beto, who formerly headed the prison system in the State of Texas and is now with the Criminal Justice Center at Sam Houston State University in that State, recently delivered the Karl Menninger lecture at Washburn University.

I am inserting it into the RECORD because it is a rather startling statement about where we are on crime prevention and crime detection and apprehension.

If we want to look at the problems of crime long term, I would call your attention to Dr. Beto's comments:

Shortly before my retirement from the Texas State Department of Corrections I asked the Research Division to develop a profile of the prisoner population. The study revealed that of the total population of 16,500 ninety-six per cent were school drop outs, sixty per cent (using a strict definition) came from broken homes; eighteen per cent were illiterate; the average grade level of achievement being the fifth, with an average I.Q. of 80; twenty per cent were mentally retarded, almost one per cent actively psychotic, forty per cent with no sustained record of prior employment.

His remarks go into other details.

Several things are of interest. One is that, if we want to prevent people from committing crime we act earlier to prevent school dropouts.

The second clear finding is that when there is a record of prior employment the likelihood of crime diminishes dramatically.

Those are the most important lessons to be drawn from his remarks. There are other things as well.

For example, he says:

> I know of no nation—there may be one in some benighted area of the globe—where the pre-service training for police is as brief and as superficial as in the United States.

He also suggests that we look at the concept of National Youth Service.

I ask to print his statement in the RECORD and I urge my colleagues to read it.

The statement follows:

REMARKS OF DR. GEORGE BETO

Few distinctions which have come to me during my professional life eclipse that which is mine tonight. To have been asked to deliver the Karl Menninger Lecture is an honor of which I am pardonably proud. Comingled with that pride is considerable humility and a sense of inadequacy when I consider the lecturers who have preceded me.

Karl Menninger is one of the seminal minds of the Twentieth Century. A polymath, his intelligent and humane interests have effected significant change, especially in those areas where "man's inhumanity to man" is most likely to manifest itself; namely, the care and custody of society's deviants.

Over sixty years ago he taught the first criminology course at Washburn University. Almost one-half century ago he was cooperating with the late O.W. Wilson in developing training programs for law enforcement personnel. No single individual was more responsible for removing America's mental institutions from the "snake pit" milieu to an atmosphere of benevolent treatment. I served with him for several years on the American Bar Commission on Correctional Facilities and Services. His was the lone voice on that Commission which repeatedly attempted to direct the attention of the members to a problem which both he and I considered to be the horror of our age—the county jails of this nation.

As I pass the Biblically-allotted three score and ten, I breathe a prayer of gratitude that I was permitted to know Karl Menninger.

It is my hope that the few provocative remarks which are mine tonight will evoke questions and comments from you and—above all—stimulate your thinking regarding a serious problem.

A large part of my adult life has been involved in the criminal justice system either as a practitioner or as a teacher. Those years of involvement with the police, the judiciary, probation and parole functionaries, prison personnel, and thousands of society's deviants have led me to develop some strongly held opinions, opinions which my students occasionally refer to as Beto's biases. In any event, I cannot emphasize too strongly that the positions outlined in this presentation represent one man's opinion; nevertheless, opinion based on several decades involvement in that which we euphemistically call the criminal justice system.

I

The criminal justice system has broken down

There was a time when I asserted in speeches before civic clubs and at professional meetings that our criminal justice system was on the verge of breaking down. I have revised that opinion; I now hold that it has broken down. In fact, it is not a system. Theoretically the process of criminal justice is a continuum or spectrum beginning with the police, continuing through temporary detention, prosecution, adjudication, possible probation or incarceration, imprisonment, and ideally concluding with parole. As presented here, these various segments in the criminal justice continuum superficially appear to be an integrated whole in which there is a high degree of coordination between and among various entities in the system. Exclusive of the cooperation between the courts and probation, the various segments in the continuum are discrete entities, each willfully ignoring the activities of the other. This abject lack of coordination, cooperation, or integration has resulted in a now-system which is inefficient and ineffective.

Colleagues of mine more expert than I am in the use of statistics and in that which is called police science advise me that of all the felonies committed in the United States today approximately three per cent will result in arrest and less than half that number in incarceration. For example, two years ago Texas Monthly, a reputable and widely read publication in my state, carried a well-written and well-documented article entitled "Burglary Is No Longer A Crime In Texas." In reading the article the harried householder could only conclude that in the event his residence were burglarized, the possibility of arrest of the burglar was remote indeed. The failure to arrest burglars stems from a failure on the part of the police to detect the perpetrator.

The national average for the clearance by police of reported crimes is twenty per cent. In other words, in eighty per cent of the cases the perpetrator is undetected and unapprehended.

Some crime does not result in arrest because of failure to report. Occasionally the news media sensationally describe a bank robbery. The amount of money, however, stolen by bank robbers is small indeed when compared with that purloined by bank employees, much of which is unreported, especially in smaller communities.

The American citizen, as a result of periodic service on a jury or his viewing a T.V. melodrama, labors under the wholly false impression that those arrested for the commission of a felony are tried by a jury of their peers. Quite the contrary occurs. In the United States over ninety per cent of the criminal cases are settled by plea bargaining. Almost invariably the bargaining results in a conviction for an offense lesser than that actually committed. Trials have come to resemble medieval morality plays: occasionally we conduct a celebrated trial in an effort to show the citizenry that the system is still working, albeit imperfectly.

Above the Judge's Bench in the courthouse of my home county are etched in prominent letters the words "Equal and Exact Justice." When applied to the total criminal justice system, these words are little more than a hollow mockery.

II

Crime pays

Most of us were reared in homes and educated in public schools in which the axiom "crime doesn't pay" was impressed upon our young minds. Unfortunately for all of us crime does pay for a significant segment of our population.

Some few years ago, I asked the owner of a large chain of Texas convenience stores what his losses from theft were the previous year. His immediate answer was 1.9 million dollars. My next question was: "Were the thefts primarily internal or external in nature". He answered "internal". The cost of preventing thefts by employees by underwriting the security necessary to prevent them would exceed that of writing off the losses or compensating for them by increased prices.

The Wall Street Journal carried an article in which the writer asserted that forty percent of the employees in retail establishments engage in some type of theft in which the perpetrator is usually undetected. The Texas Monthly article to which I referred earlier clearly indicated that burglary pays for those people who have chosen burglary as a way of life.

The occasional and well publicized "busts" made in connection with the narcotics traffic should not delude us into believing that the illicit importation and sale of narcotics does not on balance represent a lucrative endeavor. A recent CBS study revealed that the profits from drug trafficking exceed those of the corporations listed among the Fortune 500.

We could go on by discussing income tax evasion and white collar crime generally, much of which is undetected and the offender unapprehended and unpunished.

Accordingly, what we have in America's bulging penitentiaries is a small segment of the total criminality in our society. The prison, generally speaking, houses for a brief priod (an average of four months in Hawaii to an average of forty-three months in Idaho) the flotsam and jetsam of society, the poor, the stupid, and the inept. Shortly before my retirement from the Texas Department of Corrections I asked the Research Division to develop a profile of the prisoner population. The study revealed that of the total population of 16,500 ninety-six percent were school drop outs, sixty percent (using a strict definition) came from broken homes; eighteen percent were illiterate; the average grade level of achievement being the fifth, with an average I.Q. of 80; twenty percent were mentally retarded, almost one percent actively psychotic, forty percent with no sustained record of prior employment, fifty percent under the age of twenty-five, forty-two percent Black, Thirty-eight percent Anglo and twenty percent Mexican. We repeat that this group of felons, a segment of that which it is popular today to call American's permanent underclass, represents a small part of the total criminality; the balance—not being stupid, inept, nor poor, has found criminal behavior relatively profitable.

III

The American people don't want effective law enforcement

It is my opinion that the American people at worst don't want effective law enforcement, and at best are willing to tolerate a high degree of lawlessness.

I recall that brief period in the Sixties when the Texas statute on the possession and use of marijuana was extremely strict, considered by some to be Draconion in nature. During that period a young Black man from Harris County, Lee Otis Johnson, was sent to the penitentiary under a thirty-five year sentence for the possession of one marijuana cigarette. During that same period of time young men and women from middle and upper class families, young men and women who attended for brief periods Texas institutions of higher learning, began to be processed through the prison's reception center. In fact, so many of them came that the average I.Q. of incoming prisoners in one calendar year increased by ten points and the average grade level of achievement was raised by one grade. This phenomenon has a high degree of correlation with the subsequent action of the Texas Legislature whereby the penalties for the use of or possession of marijuana were radically reduced. The people obviously did not want even an attempt at effective marijuana control.

Another area indicative of our lack of a desire for effective law enforcement—the United States is the only nation with which I am familar with a completely decentralized and correspondingly ineffective police force. On the state level we have constables, sheriffs, municipal police, a state highway patrol, alcohol beverage control officers—all overlaid with a plethora of federal law enforcement agencies ranging from officers of the Alcohol, Tobacco, and Firearms Service to the Federal Bureau of Investigation. During the Christmas Season, when complaints were raised regarding the high rate of crime against person and property in the vicinity of the Harris County Courthouse, those of us who read the Houston papers and view Houston television were treated to the almost ludicrous spectacle of constables' minions, Houston police, and sheriff's deputies on horseback—all patroling the area.

If we wanted effective policing we would have a unified and professional police force, at least on the state level, rather than the relatively amateur forces we currently tolerate. I know of no nation—there may be one in some benighted area of the globe—where the pre-service training for police is as brief and as superficial as in the United States.

Another area indicative of our tolerance of ineffective law enforcement lies in our refusal to demand an exhaustion of legal remedies. While violations of the principle of exhaustion of remedies are evident in both civil and criminal cases, the most illustrative example is found in the case of the death penalty.

The Fifth Amendment clearly authorizes the death penalty when it speaks of "capital or otherwise infamous crimes". Public opinion polls repeatedly reveal that the American people favor the imposition of the death penalty. Month after month juries assess the death penalty and yet executions are comparatively rare. Currently over 1,700 men and women languish year after year on Death Row, increasing currently at the rate of thirteen per cent per year. While not advocating the death penalty, I cite these grim figures to illustrate our unwillingness to set limits on the exhaustion of remedies.

Three authors, Gurr, Grabosky, and Hula, writing in "The Politics of Crime and Conflict," stated . . . "A modicum of social order (is) rare in complex societies; where it is found, it is more likely to be the result of long-term social engineering, consistently applied, than the workings of natural social forces. The processes of "social engineering" are manipulative and often oppressive, a circumstance that raises a fundamental question: Are the costs of social disorder more bearable than the costs of order? The question has no empirical answer." I would submit that the American people have answered this question in the affirmative.

A psychiatrist acquaintance of mine who specializes in the emotional problems of children and adolescents is—with a colleague—currently writing a book, the publication of which I await with eager anticipation.

The burden of the book is an analysis of childhood experiences of adults who have achieved some success in life. His definition of the successful life is broad, not restricted to those who have achieved financial success. While the book is in the formative stages, he nevertheless shared with me some of his tentative findings. The childhood of these people who had achieved apparent success was characterized by a deeply religious atmosphere in the home (although as adults in many instances they did not practice any formal faith); they were reared in households in which the mother read to them regularly; the family ate at least one meal together each day; the work ethic prevailed; the mother was a strong personality; there was an exposure to excellence in one form or another.

The conversation with the psychiatrist reinforced a long held belief of mine that strong family solidarity serves to prevent crime. Also, a deeply held religious or moral ideology (not necessarily Christian) which controls individual behavior is a further antidote to crime. A visit to poverty-ridden Cairo to evaluate some programs financed by the United States Government persuaded me that Islam as a controlling religious ideology and strong family solidarity accounted for the comparative lack of crime in that densely populated city. Neither the Congress of the United States nor a state legislature can effect either of these conditions by legislation.

Frequently we are advised that enhancement of criminal sanctions, i.e. longer sentences, restriction of the use of probation, the elimination of parole by the use of fixed, mandatory, or prescriptive sentences, will reduce crime and bring order to our disordered society. Experience and empirical research have indicated clearly the futility of those approaches. I do believe, however, that certainty and swiftness of punishment for infractions of the law will reduce crime. We have neither currently in the enforcement of the law of our land.

I would like to conclude on a positive note. A couple of congressmen have introduced legislation for some type of national youth service. A concept which has considerable merit. I would suggest that all young men and women at the age of eighteen or upon graduation from high school be required to serve in some form of public service for one year. The implementation of that proposal would have a number of beneficial results not the least of which would be the introduction of our youth to a disciplined existence during an important and formative period of their lives. Too, inasmuch as the bulk of the reported crime in the United States is committed by those between the ages of fourteen and twenty-four, such a mandated service would remove from our general population for a year or eighteen months a significant segment of that crime-prone group.

Several years ago Karl Menninger wrote a book bearing the provocative title: whatever happened to sin? In the book the distinguished author pleaded for a re-inculcation of a sense of individual responsibility in our society. Both he and I recognize that tinkering with, or—to use an analogy unfamiliary to many of you—"cold patching" our criminal justice system will avail little. Only the development of that sense of responsibility on the part of our citizenry can result in improvement.

In the meantime, those of us who work in the criminal justice system wait with hope deferred for a John Howard, a Zebulon Brockway, an Enoch Wines, another Karl Menninger. While awaiting that leadership, I would encourage the young men and women working in the criminal justice system or preparing for work in that endeavor not to despair but to follow the example of a Connecticut legislator. In 1783, the legislature was meeting in Connecticut. The sky, which had been clear, became dark and finally black. Many of the legislators fell on their knees and began to pray, believing that the end of the world was at hand. A member moved for adjournment. The speaker of the House, a redoubtable soul, announced: "The world is either coming to an end or it is not. If it is not, we have nothing to fear. If it is, I choose to be found working. Therefore, let the candles be brought forth."

Let your slogan, your watchword be: "I choose to be found working; let the candles be brought forth."●

ADOPTION BENEFITS LEGISLATION

● Mr. HUMPHREY. Mr. President, today, Representative Pat Schroeder introduced companion legislation to S. 268 and S. 269, which provides adoption benefits for Federal employees and members of the Armed Forces. I introduced S. 268 and S. 269 on the first day of this Congress.

Pat Schroeder and Gordon Humphrey admittedly make a political odd couple. So the fact that we are together supporting legislation to relieve financial barriers to adoption should demonstrate beyond question the eminent wisdom of these bills. It should also encourage Senators from both parties to support this legislation.

As an adoptive parent, I know from first hand experience that adoptive parents are just like any others. But in their attempts to form a family, adoptive parents often face formidable barriers that biological parents never confront. One of the cruelest barriers to adoption is its considerable cost.

Employers assist biological parents to meet the costs of creating families by providing health insurance coverage for prenatal care and the expense of labor and delivery of the child. In the past, however, no assistance has been available through such employee benefit plans for adoptive parents.

Yet the costs of adoption are similar to those incurred by biological parents, as typically the adoption agency charges the new parents for the costs of prenatal care for the mother, delivery, and the baby's care in the hospital. In addition, adoptive parents may be required to pay the cost of the baby's foster care from the time it is released from the hospital nursery until they take custody, as well as the expenses for preadoption and postadoption counseling, and legal fees. The average total cost in 1985 for those who adopted through a nonprofit agency was at least $6,000. When transportation or other special fees are required, as in many adoptions from other countries, the cost may be even higher.

Fortunately, in recent years the private sector has begun to recognize the inequity of providing benefits for biological parents but not for adoptive parents. A growing number of corporations—almost 50 at latest count—are establishing adoption benefits plans for their employees. State and local governments are also beginning to develop employee adoption assistance programs.

Now it is time for the Federal Government to bring its employee benefits plans up to date by establishing adoption benefits for Federal civilian workers and members of the Armed Forces. Our bills would provide reimbursement of up to $2,000 for expenses incurred in the adoption of a child. Qualifying adoption expenses would include agency fees, placement fees, legal fees, medical expenses, foster care charges, and transportation expenses.

Adoptive parents are not asking for special treatment because of the high costs of building a family through adoption. My main point is that they are simply asking for equal treatment to that provided to biological parents through employee benefits plans.

The alliance between Representative Schroeder and myself in this effort demonstrates that support of adoption transcends party and ideology. In spite of any differences we may have in other areas, we are united in our effort to promote adoption benefits and to require the Federal Government to treat equitably its employees who become adoptive parents.

Mr. President, this isn't just ordinary legislation. These are bills that would help give life itself to the children, and to the thousands and thousands of couples who want to open their homes and their hearts to them, but who just cannot afford the cost.

I encourage Senators to examine this important legislation and join in support.●

AUTHORIZATION OF TESTIMONY

Mr. BYRD. Mr. President, I send to the desk a resolution, on behalf of myself and Mr. Dole, and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 196) to authorize testimony by Samuel Thornton Hall and Barbara Mook in the case of Commonwealth of Kentucky v. Geoffrey M. Young.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. BYRD. Mr. President, in August 1986, an individual who was protesting aid to forces opposed to the Nicaraguan Government was charged with criminal trespass for refusing on several occasions to leave Senator McConnell's Lexington, KY office, even after its regular closing time. The case is pending in the Fayette District Court in Kentucky, and the trial is scheduled to begin April 30.

The prosecution and the defense have subpoenaed Samuel Thornton Hall, who was employed as Senator McConnell's field representative in the Lexington office at the time of the demonstration. The defense has subpoenaed Barbara Mook, who continues to be employed in Senator McConnell's Lexington office. In previous sit-in cases the Senate has authorized the testimony of Senate employees about events directly related to the charges. The resolution would authorize the testimony of Samuel Thornton Hall and Barbara Mook.

The resolution was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. Res. 196

Whereas, in the case of *Commonwealth of Kentucky* v. *Geoffrey M. Young*, No. 86-M-7348A, pending in the Fayette District Court in the Commonwealth of Kentucky, Samuel Thornton Hall, a former Senate employee in Senator Mitch McConnell's Lexington, Kentucky office, has been subpoenaed to testify by the Commonwealth of Kentucky and by the defendant, and Barbara Mook, a current employee in Senator McConnell's Lexington, Kentucky office, has been subpoenaed to testify by the defendant;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that testimony by present and former Senate employees may be needed in any court for the promotion of justice, the Senate will act to promote the ends of justice in a manner consistent with the privileges and rights of the Senate; Now, therefore be it

Resolved, That Samuel Thornton Hall and Barbara Mook are authorized to testify in the case of *Commonwealth of Kentucky* v. *Geoffrey M. Young*, except concerning matters which are privileged.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the resolution was adopted, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR MORNING BUSINESS TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that after the two leaders have been recognized under the standing order, there be a period for morning business, not to extend beyond the hour of 10 o'clock, that Senators be permitted to speak therein for not to exceed 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF THE BUDGET RESOLUTION ON TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that on tomorrow, at 10 o'clock, the Senate resume the consideration of the budget resolution, on which the pending question will be the amendment by Mr. Chiles.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 9:30 tomorrow morning.

The motion was agreed to, and at 6:08 p.m., the Senate recessed until tomorrow, Thursday, April 30, 1987, at 9:30 a.m.

HOUSE OF REPRESENTATIVES—*Wednesday, April 29, 1987*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We recognize, gracious God, that while You give us the directions of life and point the way to justice and peace, You expect us to use our talents by developing the plans and building the roads that lead to that justice and that peace. Enable us to see how all efforts for understanding and all struggles for justice and liberty are a holy calling upon which we pray Your benediction and grace. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Ms. KAPTUR. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Ms. KAPTUR. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 298, nays 85, answered "present" 4, not voting 46, as follows:

[Roll No. 68]

YEAS—298

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Archer
Aspin
AuCoin
Baker
Barnard
Bartlett
Bateman
Bates
Beilenson
Bennett
Bereuter
Berman
Bevill
Biaggi
Bilbray
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Brennan
Broomfield
Brown (CA)
Bruce
Bryant
Bustamante
Byron
Callahan
Campbell
Cardin
Carper
Carr
Chappell
Clarke
Clinger
Coats
Coelho
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coyne
Crockett
Daniel
Darden
Davis (MI)
de la Garza
DeFazio
Derrick
DeWine
Dicks
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Duncan
Durbin
Dymally
Dyson
Early
Eckart
Edwards (CA)
English
Erdreich
Espy
Evans
Fascell
Fawell
Fazio
Feighan
Fish
Flippo
Florio
Foglietta
Foley
Frank
Frenzel
Frost
Gallegly
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gordon
Gradison
Grant
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hastert
Hatcher
Hawkins
Hayes (LA)
Hefner
Herger
Hertel
Hiler
Hochbrueckner
Holloway
Hopkins
Horton
Houghton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kaptur
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lagomarsino
Lancaster
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (GA)
Lightfoot
Lipinski
Livingston
Lowry (WA)
Lujan
Luken, Thomas
MacKay
Manton
Markey
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McEwen
McHugh
McMillan (NC)
McMillen (MD)
Meyers
Mfume
Mica
Miller (CA)
Mineta
Moakley
Mollohan
Montgomery
Moody
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nowak
Oakar
Oberstar
Olin
Ortiz
Owens (NY)
Owens (UT)
Oxley
Packard
Panetta
Patterson
Pease
Pepper
Perkins
Petri
Pickett
Pickle
Porter
Price (IL)
Pursell
Quillen
Rahall
Rangel
Ravenel
Ray
Regula
Richardson
Rinaldo
Ritter
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Saiki
Savage
Sawyer
Schuette
Schulze
Schumer
Sharp
Shaw
Shumway
Shuster
Sisisky
Skaggs
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Snowe
Solarz
Spence
Spratt
St Germain
Staggers
Stallings
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (GA)
Torres
Torricelli
Traficant
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weiss
Weldon
Wheat
Whitten
Williams
Wilson
Wise
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron

NAYS—85

Badham
Barton
Bentley
Bilirakis
Bliley
Boulter
Brown (CO)
Buechner
Bunning
Chandler
Cheney
Clay
Coble
Coleman (MO)
Coughlin
Courter
Craig
Crane
Dannemeyer
Daub
Davis (IL)
DeLay
Dickinson
DioGuardi
Dreier
Edwards (OK)
Emerson
Fields
Gallo
Gekas
Gingrich
Goodling
Grandy
Gregg
Hansen
Hefley
Hunter
Hyde
Inhofe
Jacobs
Kolbe
Konnyu
Kyl
Latta
Leach (IA)
Lewis (FL)
Lloyd
Lukens, Donald
Lungren
Mack
Madigan
Martin (IL)
McCandless
McGrath
Miller (OH)
Molinari
Moorhead
Nielson
Parris
Penny
Rhodes
Ridge
Roberts
Roukema
Saxton
Schaefer
Schroeder
Sensenbrenner
Sikorski
Skeen
Slaughter (VA)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Stangeland
Stump
Swindall
Thomas (CA)
Vucanovich
Walker
Weber
Whittaker
Wolf
Young (AK)

ANSWERED "PRESENT"—4

Boggs
Dwyer
Gaydos
Obey

NOT VOTING—46

Annunzio
Armey
Atkins
Ballenger
Boehlert
Brooks
Burton
Chapman
Dellums
Dingell
Dixon
Flake
Ford (MI)
Ford (TN)
Garcia
Gilman
Gray (IL)
Gray (PA)
Harris
Hayes (IL)
Henry
Ireland
Kanjorski
Kasich
Kemp
Lewis (CA)
Lott
Lowery (CA)
Marlenee
McCollum
McKinney
Michel
Miller (WA)
Morella
Nichols
Pashayan
Price (NC)
Rodino
Scheuer
Schneider
Stark
Sundquist
Sweeney
Towns
Traxler
Young (FL)

□ 1020

Mr. MOAKLEY changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

□ 1030

PERMISSION FOR SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT OF THE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS TO SIT DURING CONSIDERATION OF H.R. 3 UNDER THE 5-MINUTE RULE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Housing and Community Development of the Committee on Banking, Finance and Urban Affairs be permitted to sit to mark up H.R. 4 during the consideration of H.R. 3 under the 5-minute rule.

Mr. Speaker, this has been cleared with the minority.

The SPEAKER pro tempore (Mr. RICHARDSON). Is there objection to the

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

request of the gentleman from Rhode Island?

There was no objection.

PERMISSION FOR SUBCOMMITTEES ON MERCHANT MARINE, COAST GUARD AND NAVIGATION, FISHERIES AND WILDLIFE CONSERVATION AND THE ENVIRONMENT OF THE COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT TODAY DURING 5-MINUTE RULE

Mr. ANDERSON. Mr. Speaker, I ask unanimous consent that the Subcommittees on Merchant Marine, Coast Guard and Navigation, and Fisheries and Wildlife Conservation and the Environment of the Committee on Merchant Marine and Fisheries be permitted to sit at 1 p.m. on today, Wednesday, April 29, 1987, for the purpose of holding a hearing on H.R. 438 and H.R. 1956—to reflag fish processing vessels.

The ranking minority member of the committee, the gentleman from Michigan [Mr. Davis] and the ranking minority member of the Subcommittees on Merchant Marine, Coast Guard and Navigation, and Fisheries and Wildlife Conservation and the Environment, the gentleman from New York [Mr. Lent], the gentleman from Florida [Mr. Hutto], and the gentleman from Massachusetts [Mr. Studds], have been apprised of the hearing date and time and are in accord with this request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987

The SPEAKER pro tempore. Pursuant to House Resolution 151 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3.

□ 1032

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3), to enhance the competitiveness of American industry and for other purposes, with Mr. Beilenson in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, April 28, 1987, all time for general debate had expired.

Pursuant to the rule, the amendment in the nature of a substitute consisting of the text of "committee print, Committee on Rules, April 22, 1987" as modified by the amendments contained in section 1 of House Report 100-67, shall be considered as an original bill for the purpose of amendment under the 5-minute rule in lieu of the amendments now printed in the reported bill, and shall be considered as having been read.

The text of the amendment in the nature of a substitute, as modified, is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Trade and International Economic Policy Reform Act of 1987".

TITLE I—TRADE LAW AMENDMENTS

Subtitle A—National Trade Policy and Agenda

SEC. 101. NATIONAL TRADE POLICY.

(a) Congressional Findings.—The Congress finds that—

(1) the United States is confronted with a fundamental disequilibrium in its trade and current account balances and a rapid increase in its net external debt;

(2) such disequilibrium and increase are a result of numerous factors, including—

(A) disparities between the macroeconomic policies of the major trading nations,

(B) the large United States budget deficit,

(C) instabilities and structural defects in the world monetary system,

(D) the growth of debt throughout the developing world;

(E) structural defects in the world trading system;

(F) governmental distortions and barriers,

(G) serious inadequacies in United States trade policy; and

(H) inadequate growth in the productivity and competitiveness of United States firms and industries relative to their overseas competition.

(3) the continuation of such disequilibrium, coupled with a further accumulation of external debt, will—

(A) seriously undermine the United States economy,

(B) continue, at a faster rate, the already-alarming decline in United States industrial and agricultural competitiveness,

(C) hasten the decline in living standards of workers and consumers,

(D) increase unemployment, and

(E) bring about, over time, world-wide economic disruptions and stagnation of world trade, thus jeopardizing the economic security of the free world; and

(4) it is therefore essential, and should be the highest priority of the United States Government, to pursue a broad array of domestic and international policies to ensure future stability in external trade of the United States and to guarantee the continued vitality of the technological, industrial, and agricultural base of the United States.

(b) National Policy.—It is the policy of the United States—

(1) to reduce substantially the deficits in the national trade and current accounts;

(2) to seek to achieve, no later than 1992, a more consistent equilibrium in such accounts, allowing only for reasonable fluctuations during periods of economic expansion or contraction; and

(3) to maintain, through greater cooperation and leadership within the international financial system, a system of reasonably stable exchange rates, to be effected through measures designed to ensure that the value of the dollar remains at a level designed to maintain the competitiveness of United States exports and prevent disruptive surges in United States imports.

(c) Presidential Action.—The President shall use all appropriate powers to achieve the national trade policy set forth in subsection (b), including—

(1) recommending to the Congress appropriate changes in implementing fiscal, regulatory, and general economic policy;

(2) making greater efforts to coordinate economic and monetary policy with the major trading partners of the United States;

(3) more effectively utilizing trade policy measures (including, but not limited to, those authorized under this Act) to expand markets for United States exports, discipline the unfair trade policies of other nations, and negotiate a more open world trading system; and

(4) effecting better management of Third World debt.

The President shall report to the Congress, in conjunction with the annual trade policy agenda statement required under section 102, regarding the progress made, or the reasons why no progress was made, during the year covered by the report in reducing the United States trade and current account deficits.

(d) Congressional Action.—In developing legislation, the Congress shall give the highest priority to achieving the national policy set forth in subsection (b) and to Presidential recommendations for achieving that policy.

SEC. 102. ANNUAL NATIONAL TRADE POLICY AGENDA.

(a) In General.—By no later than March 1 of each year, the United States Trade Representative shall submit in writing (in confidence if appropriate) to the Congress a statement of—

(1) the trade policy objectives and priorities of the United States for the year, and the reasons therefor;

(2) the actions proposed, or anticipated, to be undertaken during the year to achieve such objectives and priorities, including, but not limited to, actions authorized under the trade laws and negotiations with foreign countries;

(3) any proposed legislation necessary or appropriate to achieve any of such objectives or priorities; and

(4) the progress that was made during the preceding year in achieving the trade policy objectives and priorities included in the statement provided for that year under this subsection.

(b) Consultation Before Statement.—Before submitting the statement required under subsection (a) for any year, the United States Trade Representative shall seek advice from the appropriate advisory committees established under section 135 of the Trade Act of 1974 and shall consult with the appropriate committees of the Congress. In preparing the statement, the United States Trade Representative shall take into account the annual sectoral competitiveness studies prepared by the United States International Trade Commission under section 332(h) of the Tariff Act of 1930.

(c) Consultation After Statement.—The United States Trade Representative and other appropriate officials of the United States Government shall consult periodically with the appropriate committees of the Congress regarding the annual objectives and priorities set forth in the statement required under subsection (a) with respect to—

(1) the status and results of the actions that have been undertaken to achieve the objectives and priorities; and

(2) any development which may require, or result in, changes to any of such objectives or priorities.

SEC. 103. INFORMATION AND ADVICE FROM PRIVATE AND PUBLIC SECTORS RELATING TO TRADE POLICY AND AGREEMENTS.

Section 135 of the Trade Act of 1974 (19 U.S.C. 2155) is amended to read as follows:

"SEC. 135. INFORMATION AND ADVICE FROM PRIVATE AND PUBLIC SECTORS.

"(a) IN GENERAL.—

"(1) The President shall seek information and advice from representative elements of the private sector and the non-Federal governmental sector with respect to—

"(A) negotiating objectives and bargaining positions before entering into a trade agreement under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987;

"(B) the operation of any trade agreement once entered into; and

"(C) other matters arising in connection with the development, implementation, and administration of the trade policy of the United States, including those matters referred to in Reorganization Plan Number 3 of 1979 and Executive Order Numbered 12188, and the priorities for actions thereunder.

To the maximum extent feasible, such information and advice on negotiating objectives shall be sought and considered before the commencement of negotiations.

"(2) The President shall consult with representative elements of the private sector and the non-Federal governmental sector on the overall current trade policy of the United States. The consultations shall include, but are not limited to, the following elements of such policy:

"(A) The principal multilateral and bilateral trade negotiating objectives and the progress being made toward their achievement.

"(B) The implementation, operation, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes.

"(C) The actions taken under the trade laws of the United States and the effectiveness of such actions in achieving trade policy objectives.

"(D) Important developments in other areas of trade for which there must be developed a proper policy response.

"(3) The President shall take the advice received through consultation under paragraph (2) into account in determining the importance which should be placed on each major objective and negotiating position that should be adopted in order to achieve the overall trade policy of the United States.

"(b) ADVISORY COMMITTEE FOR TRADE POLICY AND NEGOTIATIONS.—

"(1) The President shall establish an Advisory Committee for Trade Policy and Negotiations to provide overall policy advice on matters referred to in subsection (a). The committee shall be composed of not more than 45 individuals and shall include representatives of non-Federal governments, labor, industry, agriculture, small business, service industries, retailers, and consumer interests. The committee shall be broadly representative of the key sectors and groups of the economy, particularly with respect to those sectors and groups which are affected by trade. Members of the committee shall be nominated by the United States Trade Representative and appointed by the President. The term of appointment is 2 years. An individual may be reappointed to committee for any number of terms. The appointments made to the committee must reflect a balance between the political parties.

"(2) The committee shall meet not less than quarterly, and at any time at the call of the United States Trade Representative or at the call of two-thirds of the members of the committee. The chairman of the committee shall be elected by the committee from among its members.

"(3) The United States Trade Representative shall make available to the committee such staff, information, personnel, and administrative services and assistance as it may reasonably require to carry out its activities.

"(c) GENERAL POLICY, SECTORAL, OR FUNCTIONAL ADVISORY COMMITTEES.—

"(1) The President may, on his own initiative or at the request of organizations representing industry, labor, agriculture, or services, establish general policy advisory committees for industry, labor, agriculture, or services, respectively, to provide general policy advice on matters referred to in subsection (a). Such committees shall, insofar as is practicable, be representative of all industry, labor, agricultural, and service interests, respectively, including small business interests, and shall be organized by the United States Trade Representative and the Secretaries of Commerce, Defense, Labor, Agriculture, or other executive departments, as appropriate. Individual policy advisory committees should be established for services, investment, agriculture, defense, industry, and labor. The members of such committees shall be appointed by the United States Trade Representative in consultation with such Secretaries.

"(2) The President shall establish such sectoral or functional advisory committees as may be appropriate. Such committees shall, insofar as is practicable, be representative of all industry, labor, agricultural, or service interests (including small business interests) in the sector or functional areas concerned. In organizing such committees, the United States Trade Representative and the Secretaries of Commerce, Labor, Agriculture or other executive departments, as appropriate, shall—

"(A) consult with interested private organizations; and

"(B) take into account such factors as—

"(i) patterns of actual and potential competition between United States industry and agriculture and foreign enterprise in international trade,

"(ii) the character of the nontariff barriers and other distortions affecting such competition,

"(iii) the necessity for reasonable limits on the number of such advisory committees,

"(iv) the necessity that each committee be reasonably limited in size, and

"(v) in the case of each sectoral committee, that the product lines covered by each committee be reasonably related.

"(3) The President—

"(A) may establish policy advisory committees representing non-Federal governmental interests to provide, if the President finds it necessary, policy advice—

"(i) on matters referred to in subsection (a), and

"(ii) with respect to implementation of trade agreements, and

"(B) shall include as members of committees established under subparagraph (A) representatives of non-Federal governmental interests if he finds such inclusion appropriate after consultation by the United States Trade Representative with such representatives.

"(d) POLICY, TECHNICAL, AND OTHER ADVICE AND INFORMATION.—Committees established under subsection (c) shall meet at the call of the United States Trade Representative and the Secretaries of Agriculture, Commerce, Labor, Defense, or other executive departments, as appropriate, to provide policy advice, technical advice and information, and advice on other factors relevant to the matters referred to in subsection (a).

"(e) MEETING OF ADVISORY COMMITTEES AT CONCLUSION OF NEGOTIATIONS.—

"(1) The Advisory Committee for Trade Policy and Negotiations, each appropriate policy advisory committee, and each sectoral or functional advisory committee, if the sector or area which such committee represents is affected, shall meet at the conclusion of negotiations for each trade agreement entered into under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, to provide to the President, to Congress, and to the United States Trade Representative a report on such agreement. Each report, if it applies to a trade agreement entered into under section 102 of this Act or section 113 of such Act of 1987, shall be provided under the preceding sentence not later than the date on which the draft of the implementing bill for the agreement is submitted to Congress under section 102(e) of this Act or section 114(b) of such Act of 1987, as the case may be.

"(2) The report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee shall include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the overall and principal negotiating objectives set forth in this title or section 111 of the Trade Policy and International Economic Policy Reform Act of 1987, as appropriate.

"(3) The report of the appropriate sectoral or functional committee under paragraph (1) shall include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sector or within the functional area.

"(f) APPLICATION OF FEDERAL ADVISORY COMMITTEE ACT.—The provisions of the Federal Advisory Committee Act applies—

"(1) to the Advisory Committee for Trade Policy and Negotiations established under subsection (b); and

"(2) to all other advisory committees which may be established under subsection (c); except that the meetings of advisory committees established under subsections (b) and (c) shall be exempt from the requirements of subsections (a) and (b) of sections 10 and 11 of the Federal Advisory Committee Act (relating to open meetings, public notice, public participation, and public availability of documents), whenever and to the extent it is determined by the President or his designee that such meetings will be concerned with matters the disclosure of which would seriously compromise the Government's development of trade policy, priorities, negotiating objectives or bargaining positions with respect to matters referred to in subsection (a) of this section, and that meetings may be called of such special task forces, plenary meetings of chairmen, or other such groups made up of members of the committees established under subsections (b) and (c) of this section.

"(g) Trade Secrets and Confidential Information.—

"(1) Trade secrets and commercial or financial information which is privileged or confidential, and which is submitted in confidence by the private sector or non-Federal government to officers or employees of the United States in connection with trade negotiations, may be disclosed upon request to—

"(A) officers and employees of the United States designated by the United States Trade Representative;

"(B) members of the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate who are designated as official advisers under section 161(a)(1) or are designated by the chairmen of either such committee under section 161(b)(3)(A) and staff members of either such committee designated by the chairmen under section 161(b)(3)(A); and

"(C) members of any committee of the House or Senate or any joint committee of Congress who are designated as advisers under section 161(a)(2) or designated by the chairman of such committee under section 161(b)(3)(B) and staff members of such committee designated under section 161(b)(3)(B), but disclosure may be made under this subparagraph only with respect to trade secrets or commercial or financial information that is relevant to trade policy matters or negotiations that are within the legislative jurisdiction of such committee;

for use in connection with matters referred to in subsection (a).

"(2) Information other than that described in paragraph (1), and advice submitted in confidence by the private sector or non-Federal government to officers or employees of the United States, to the Advisory Committee for Trade Policy and Negotiations, or to any advisory committee established under subsection (c), in connection with matters referred to in subsection (a), may be disclosed upon request to—

"(A) the individuals described in paragraph (1); and

"(B) the appropriate advisory committee established under this section.

"(3) Information submitted in confidence by officers or employees of the United States to the Advisory Committee for Trade Policy and Negotiations, or to any advisory committee established under subsection (c), may be disclosed in accordance with rules issued by the United States Trade Representative and the Secretaries of Commerce, Labor, Defense, Agriculture, or other executive departments, as appropriate, after consultation with the relevant advisory committees established under subsection (c). Such rules shall define the categories of information which require restricted or confidential handling by such committee considering the extent to which public disclosure of such information can reasonably be expected to prejudice the development of trade policy, priorities, or United States negotiating objectives. Such rules shall, to the maximum extent feasible, permit meaningful consultations by advisory committee members with persons affected by matters referred to in subsection (a).

"(4) Nothing in this section, or the rules promulgated under this section, shall be construed to affect the ability of the Congress, any Committee of the Congress, or the Comptroller General, to obtain trade secrets and commercial or financial information, or any information submitted under this subsection, in accordance with applicable provisions of Federal statutes and the rules of the House of Representatives and the Senate.

"(h) Advisory Committee Support.—The United States Trade Representative, and the Secretaries of Commerce, Labor, Defense, Agriculture, or other executive departments, as appropriate, shall provide such staff, information, personnel, and administrative services and assistance to advisory committees established under subsection (c) as such committees may reasonably require to carry out their activities.

"(i) Consultation With Advisory Committees; Procedures; Nonacceptance of Committee Advice or Recommendations.—It shall be the responsibility of the United States Trade Representative, in conjunction with the Secretaries of Commerce, Labor, Agriculture, or other executive departments, as appropriate, to adopt procedures for consultation with and obtaining information and advice from the advisory committees established under subsection (c) on a continuing and timely basis. Such consultation shall include the provision of information to each advisory committee as to—

"(1) significant issues and developments; and

"(2) overall negotiating objectives and positions of the United States and other parties;

with respect to matters referred to in subsection (a). The United States Trade Representative shall not be bound by the advice or recommendations of such advisory committees, but shall inform the advisory committees of significant departures from such advice or recommendations made. In addition, in the course of consultations with the Congress under this title, information on the advice and information provided by advisory committees shall be made available to congressional advisers.

"(j) Private Organizations or Groups.—In addition to any advisory committee established under this section, the President shall provide adequate, timely and continuing opportunity for the submission on an informal basis (and, if such information is submitted under the provisions of subsection (g), on a confidential basis) by private organizations or groups, representing government, labor, industry, agriculture, small business, service industries, consumer interests, and others, of statistics, data and other trade information, as well as policy recommendations, pertinent to any matter referred to in subsection (a).

"(k) Scope of Participation By Members of Advisory Committees.—Nothing contained in this section shall be construed to authorize or permit any individual to participate directly in any negotiation of any matters referred to in subsection (a). To the maximum extent practicable, the members of the committees established under subsections (b) and (c), and other appropriate parties, shall be informed and consulted before and during any such negotiations. They may be designated as advisors to a negotiating delegation, and may be permitted to participate in international meetings to the extent the head of the United States delegation deems appropriate. However, they may not speak or negotiate for the United States.

"(l) Advisory Committees Established by Department of Agriculture.—The provisions of title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to any advisory committee established under subsection (c).

"(m) Non-Federal Government Defined.—The term 'non-Federal government' means—

"(1) any State, territory, or possession of the United States, or the District of Columbia, or any political subdivision thereof, or

"(2) any agency or instrumentality of any entity described in paragraph (1).".

SEC. 104. CONGRESSIONAL LIAISON REGARDING TRADE POLICY AND AGREEMENTS.

Sections 161 and 162 of the Trade Act of 1974 (19 U.S.C. 2211 and 2212) are amended to read as follows:

"SEC. 161. CONGRESSIONAL ADVISERS FOR TRADE POLICY AND NEGOTIATIONS.

"(a) Selection.—

"(1) At the beginning of each regular session of Congress, the Speaker of the House of Representatives, upon the recommendation of the chairman of the Committee on Ways and Means, shall select 5 members (not more than 3 of whom are members of the same political party) of such committee, and the President pro tempore of the Senate, upon the recommendation of the chairman of the Committee on Finance, shall select 5 members (not more than 3 of whom are members of the same political party) of such committee, who shall be designated congressional advisers on trade policy and negotiations. They shall provide advice on the development of trade policy and priorities for the implementation thereof. They shall also be accredited by the United States Trade Representative on behalf of the President as official advisers to the United States delegations to international conferences, meetings, and negotiating sessions relating to trade agreements.

"(2)(A) In addition to the advisers designated under paragraph (1) from the Committee on Ways and Means and the Committee on Finance—

"(i) the Speaker of the House may select additional members of the House, for designation as congressional advisers regarding specific trade policy matters or negotiations, from any other committee of the House or joint committee of Congress that has jurisdiction over legislation likely to be affected by such matters or negotiations; and

"(ii) the President pro tempore of the Senate may select additional members of the Senate, for designation as congressional advisers regarding specific trade policy matters or negotiations, from any other committee of the Senate or joint committee of Congress that has jurisdiction over legislation likely to be affected by such matters or negotiations.

Members of the House and Senate selected as congressional advisers under this subparagraph shall be accredited by the United States Trade Representative.

"(B) Before designating any member under subparagraph (A), the Speaker or the President pro tempore shall consult with—

"(i) the chairman and ranking member of the Committee on Ways and Means or the Committee on Finance, as appropriate; and

"(ii) the chairman and ranking minority member of the committee from which the member will be selected.

"(C) Not more than 3 members (not more than 2 of whom are members of the same political party) may be selected under this paragraph as advisers from any committee of Congress.

"(b) Briefing.—

"(1) The United States Trade Representative shall keep each official adviser designated under subsection (a)(1) currently informed on matters affecting the trade policy of the United States and, with respect to possible agreements, negotiating objectives, the status of negotiations in progress, and the nature of any changes in domestic law or the administration thereof which may be recommended to Congress to carry out any trade agreement or any requirement of, amendment to, or recommendation under, such agreement.

"(2) The United States Trade Representative shall keep each official adviser designated under subsection (a)(2) currently informed regarding the trade policy matters and negotiations with respect to which the adviser is designated.

"(3)(A) The chairmen of the Committee on Ways and Means and the Committee on Finance may designate members (in addition to the official advisers under subsection (a)(1)) and staff members of their respective committees who shall have access to the information provided to official advisers under paragraph (1).

"(B) The Chairman of any committee of the House or Senate or any joint committee of Congress from which official advisers are selected under subsection (a)(2) may designate other members of such committee, and staff members of such committee, who shall have access to the information provided to official advisers under paragraph (2).

"(c) COMMITTEE CONSULTATION.—The United States Trade Representative shall consult not less than quarterly with the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the other appropriate committees of the House and Senate on the development, implementation, and administration of overall trade policy of the United States. Such consultations shall include, but are not limited to, the following elements of such policy:

"(1) The principal multilateral and bilateral negotiating objectives and the progress being made toward their achievement.

"(2) The implementation, administration, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes.

"(3) The actions taken, and proposed to be taken, under the trade laws of the United States and the effectiveness, or anticipated effectiveness, of such actions in achieving trade policy objectives.

"(4) The important developments and issues in other areas of trade for which there must be developed proper policy response.

When necessary, meetings shall be held with each Committee in executive session to review matters under negotiation.

"SEC. 162. TRANSMISSION OF AGREEMENTS TO CONGRESS.

"(a) SUBMISSION OF COPY AND REASONS.—As soon as practicable after a trade agreement entered into under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987 has entered into force with respect to the United States, the United States Trade Representative on behalf of the President shall, if he has not previously done so, transmit to each House of the Congress a copy of such trade agreement. He shall transmit with such agreement a statement containing—

"(1) the reasons for entering into the agreement in the light of the advice, if any, of the International Trade Commission under section 131(b) and of any other relevant considerations;

"(2) a description of the consultations regarding the agreement under section 135(i) between the United States Trade Representative and the advisory committees established under section 135(c) and if any advice or recommendation of any such committee was not accepted, the reasons therefor; and

"(3) an explanation of how the agreement will enhance the international trade competitiveness of the United States, expand export opportunities, establish equitable trade patterns, and further the overall trade policy of the United States.

"(b) SUBMISSION TO EACH MEMBER.—The United States Trade Representative, on behalf of the President, shall transmit to each Member of the Congress a summary of the information required to be transmitted to each House under subsection (a). For purposes of this subsection, the term 'Member' includes any Delegate or Resident Commissioner.".

SEC. 105. TRADE COMPETITIVENESS IMPACT STATEMENTS.

(a) IN GENERAL.—In any case in which the provisions of an executive trade agreement may have a significant impact on the ability of significant domestic product and service industries to compete in domestic and international markets against foreign products, the President shall, at least 60 days before the date on which such agreement will take effect, submit to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and other appropriate committees of the Congress a statement describing the short- and long-term impact the provisions are likely to have (such as during the 1- and 5-year periods after the date on which such statement is submitted) on United States imports and exports, the balance of payments, and the ability of United States industries to compete in domestic and international markets against foreign products.

(b) WAIVERS.—The President may waive the requirements of subsection (a) with respect to a particular executive trade agreement if the President determines that it is necessary, in order to serve the national interest, to deal with an emergency situation, to comply with statutory deadlines, or to take action required by law that such agreement take effect immediately without compliance with subsection (a). The President shall transmit a statement describing each waiver made under this subsection to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and other appropriate committees of Congress, and shall publish a copy of such statement in the Federal Register.

Subtitle B—Trade Agreement Negotiating Authority, Enforcement of United States Rights Under Trade Agreements, and Response to Foreign Trade Practices

CHAPTER 1—TRADE AGREEMENT NEGOTIATING AUTHORITY

SEC. 111. OVERALL AND PRINCIPAL TRADE NEGOTIATING OBJECTIVES OF THE UNITED STATES.

(a) OVERALL TRADE NEGOTIATING OBJECTIVES.—(1) The overall trade negotiating objectives of the United States are to obtain—

(1) more open, equitable, and reciprocal market access;

(2) the harmonization, reduction, or elimination of policies or measures which impede or distort international commerce; and

(3) a more effective system of international trading disciplines and procedures.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—The principal trade negotiating objectives of the United States are as follows:

(1) AGRICULTURE.—The principal negotiating objectives with respect to agriculture are to achieve, on an expedited basis to the maximum extent feasible, more open and fair conditions of trade in agricultural commodities by—

(A) developing, strengthening, and clarifying rules to discipline restrictive or trade-distorting import and export practices;

(B) eliminating and reducing substantially specific constraints to fair trade and more open market access, such as tariffs, quotas, subsidies, and other nontariff practices, including unjustified phytosanitary and sanitary restrictions; and

(C) seeking agreements by which the major agricultural exporting nations agree to pursue policies to reduce excessive production of agricultural commodities during periods of oversupply, with due regard for the fact that the United States already undertakes such policies, and without recourse to arbitrary schemes to divide market shares among major exporting countries.

(2) DISPUTE SETTLEMENT.—The principal negotiating objectives with respect to dispute settlement are—

(A) to provide for more effective and expeditious dispute settlement mechanisms and procedures; and

(B) to ensure that such mechanisms within the General Agreement on Tariffs and Trade (hereinafter in this chapter referred to as the "GATT") and GATT agreements provide for more effective and expeditious resolution of disputes and enable better enforcement of United States rights.

(3) UNFAIR TRADE PRACTICES.—The principal negotiating objectives with respect to unfair trade practices are—

(A) to improve the provisions of the GATT and nontariff measure agreements to deter, and to provide greater discipline regarding, unfair trade practices, including forms of subsidy, dumping, and export targeting practices not adequately covered;

(B) to improve further the provisions applicable to agricultural trade so as to be consistent with those applicable to industrial products; and

(C) to seek otherwise greater discipline regarding, and to discourage the persistent use of, unfair trade practices.

(4) TRADE IN SERVICES.—The principal negotiating objectives regarding trade in services are—

(A) to reduce or to eliminate barriers to, or other distortions of, international trade in services (particularly United States service sector trade in foreign markets), including barriers that deny national treatment and restrictions on establishment and operation in such markets; and

(B) to develop internationally agreed rules, including dispute settlement procedures, which—

(i) are consistent with the commercial policies of the United States; and

(ii) will reduce or eliminate such barriers or distortions, and help ensure fair, equitable opportunities for foreign markets.

(5) INTELLECTUAL PROPERTY.—The principal negotiating objectives regarding intellectual property are—

(A) to seek the enactment and effective enforcement by foreign countries of laws which recognize and adequately protect intellectual property, including copyrights, patents, trademarks, mask works, and trade secrets; and

(B) to develop and strengthen international rules, dispute settlement provisions, and enforcement procedures against trade-distorting practices arising from inadequate national protection and ineffective enforcement of intellectual property rights, including—

(i) the incorporation into the GATT of adequate and effective substantive norms and standards for the protection and enforcement of intellectual property rights as the basis for the dispute settlement provisions and enforcement procedures, which norms and standards are complementary to those of existing international conventions; and

(ii) the supplementing and strengthening of standards for protection and enforcement in existing international intellectual property conventions administered by other international organizations, including expansion to cover new and emerging technologies and elimination of discrimination or unreasonable exceptions or preconditions to protection.

(6) FOREIGN DIRECT INVESTMENT.—The principal negotiating objectives regarding foreign direct investment are—

(A) to reduce or to eliminate artificial or trade-distorting barriers to foreign direct investment, to expand the principle of national treatment, and to reduce unreasonable barriers to establishment; and

(B) to develop internationally agreed rules, including dispute settlement procedures, which—

(i) will help ensure a free flow of foreign direct investment, and

(ii) will reduce or eliminate the trade distortive effects of certain trade-related investment measures.

(7) SAFEGUARDS.—The principal negotiating objectives regarding safeguards are—

(A) to improve and expand rules and procedures covering safeguard measures; and

(B) to ensure that safeguard measures are—

(i) transparent,

(ii) temporary,

(iii) degressive, and

(iv) subject to review and termination when no longer necessary to remedy injury and to facilitate adjustment.

(8) IMPROVEMENT OF THE GATT AND MULTILATERAL TRADE NEGOTIATION AGREEMENTS.—The principal negotiating objectives regarding the improvement of GATT and multilateral trade negotiation agreements are—

(A) to improve the operation and expand the coverage of such agreements and arrangements; and

(B) to expand participation, where appropriate.

(9) SPECIFIC BARRIERS.—The principal negotiating objective regarding specific barriers is to achieve maximum reduction, elimination, or harmonization of specific tariff and nontariff trade barriers, particularly measures identified in the annual report prepared under section 181 of the Trade Act of 1974, and disparities in tariff levels which impede access to particular export markets.

(10) WORKER RIGHTS.—The principal negotiating objectives regarding worker rights are—

(A) to promote respect for worker rights;

(B) to secure a review of the relationship of worker rights to GATT articles, objectives, and related instruments with a view to ensuring that the benefits of the trading system are available to all workers; and

(C) to adopt, as a principle of the GATT, that the denial of worker rights should not be a means for a country or its industries to gain competitive advantage in international trade.

(11) DEVELOPING COUNTRIES.—The principal negotiating objective regarding developing countries is to ensure that developing countries, commensurate with their attaining more advanced and competitive levels of economic development, assume a full measure of responsibility for achieving and maintaining an open international trading system by providing reciprocal benefits and assuming equivalent obligations with respect to their import and export practices.

(12) ACCESS TO HIGH TECHNOLOGY.—The principal negotiating objective regarding access to high technology is to obtain the elimination or reduction of foreign barriers to, and acts, policies, or practices by foreign governments which limit, equitable access by United States persons to foreign-developed technology, including barriers, acts, policies, or practices which have the effect of—

(A) restricting the participation of United States persons in government-supported research and development projects;

(B) denying equitable access by United States persons to government-held patents;

(C) requiring the approval or agreement of government entities, or imposing other forms of government interventions, as a condition for the granting of licenses to United States persons by foreign persons (except for approval or agreement which may be necessary for national security purposes to control the export of critical military technology); and

(D) otherwise denying equitable access by United States persons to foreign-developed technology or contributing to the inequitable flow of technology between the United States and its trading partners.

In pursuing this objective, the United States shall take into account United States Government policies in licensing or otherwise making available to foreign persons technology and other information developed by United States laboratories.

(13) CURRENT ACCOUNT SURPLUSES.—The principal negotiating objective regarding current account surpluses is to develop rules that impose greater responsibility on countries with large and persistent current account surpluses to undertake policy changes aimed at restoring current account equilibrium, including expedited implementation of trade agreements where feasible and appropriate.

(14) TRADE AND MONETARY COORDINATION.—The principal negotiating objective regarding trade and monetary coordination is to develop mechanisms to assure greater coordination, consistency, and cooperation between international trade and monetary systems and institutions.

(c) UNFAIR TRADE PRACTICES AND TRADE BARRIERS AFFECTING AGRICULTURAL MARKETS.—

(1) The Congress finds that—

(A) United States agricultural exports accounted for $26,300,000,000, or 13 percent of total United States exports, in 1986;

(B) United States agricultural exports have declined dramatically in recent years, from $43,800,000,000 in fiscal year 1981 to $27,500,000,000 in 1986;

(C) the United States trade balance in agriculture, which has historically been in surplus, fell into deficit in May, June, and July of 1986 for the first time in 27 years;

(D) the proliferation of unfair trade practices and foreign trade barriers in agricultural markets impedes the ability of United States exporters to compete on a fair basis and attain their potential in export markets;

(E) the persistence of such practices and barriers exacerbates the United States trade deficit, and increases pressures for the United States to pursue protectionist policies and restrict foreign access to United States markets; and

(F) the elimination of unfair trade practices and foreign trade barriers is absolutely essential if foreign nations want to maintain their access to United States markets and want the United States to pursue a free and fair trade orientation in its laws and policies.

(2) It is the sense of Congress that the United States Trade Representative should immediately enter into negotiations and use all power and authority of his office to achieve the elimination of the numerous tariff and nontariff barriers and unfair trade practices (including, but not limited to, those listed in the reports prepared under section 181 of the Trade Act of 1974), of many foreign countries that affect United States agricultural products, with particular attention being given to the following:

(A) With respect to the European Community (EC):

(i) Nontariff barriers to United States meat exports, including the EC third-country meat directive and the EC hormone ban.

(ii) Restrictions on imported feed grains and soybean products.

(iii) Internal processor oilseed subsidies.

(iv) Export subsidies on numerous products, including poultry, beef, veal, pork and pork products, sugar, citrus, and wheat products.

(v) Excessive tariffs on processed almonds.

(B) With respect to Japan:

(i) Failure to comply with its obligations under the United States-Japan beef agreement which calls for the immediate and meaningful liberalization of its market for United States beef.

(ii) Persistent and prolonged use of trade barriers and unfair trade practices to protect its beef market, including high tariffs, import distribution practices, and other restrictive or discriminatory practices by the Livestock Industry Promotion Corporation.

(iii) Prohibition on the importation of rice.

(iv) Imposition of fumigation and quarantine requirements that are far in excess of those necessary to protect health and safety for purposes of restricting imports of citrus and avocadoes, among others.

(v) Continued restrictions on imports of United States forestry products.

(vi) Excessive tariffs and quotas on imports of citrus products (especially fresh oranges), frozen peaches, pistachios, and wine.

(C) With respect to Korea:

(i) Restrictions on meat imports, including a ban on all imports of high quality beef, an excessive tariff on red meat products, and restrictive distribution practices for meat imports.

(ii) Prohibition on the importation of numerous agricultural products (except for use in foreign hotels and commissaries), including, but not limited to, fresh oranges, avocadoes, kiwi, frozen peaches, and canned fruit.

(iii) Imposition of an unjustified quarantine on all United States fresh citrus.

(iv) Excessive tariffs on numerous agricultural products, including fresh oranges, almonds, pistachios, kiwi, raisins, frozen peaches, and canned fruit.

(v) Unfair licensing restrictions on numerous imports, including pistachios.

(D) With respect to Taiwan, excessive tariffs and nontariff barriers on numerous agricultural products, including, but not limited to, fresh citrus, frozen concentrated orange juice, apples, canned fruit, frozen peaches, raisins, roasted pistachios, and walnuts.

(E) With respect to India, licensing restrictions and excessive tariffs on almonds, raisins, and other dried fruit and nuts.

(F) With respect to Canada:

(i) Import licensing system administered by the Canadian Wheat Board, under which import licenses for wheat or wheat-containing products will not be issued unless the Wheat Board determines that such product is not readily available in Canada, thus constituting an unfair nontariff trade barrier.

(ii) Freight rate export subsidy program for certain grains and other feed ingredients, including rapeseed oil and meal.

(G) With respect to Argentina, differential export taxes on soybeans and soybean products and sunflower seeds and sunflower seed products.

(3) It is the further sense of Congress that the United States Trade Representative shall use all power and authority of his office, and take all steps—

(A) to achieve the elimination of unfair trade practices and foreign trade barriers affecting United States exports of forest products; and

(B) to ensure that any agreement negotiated to reduce or eliminate unfair trade in forest products, including the recent United States-Canada agreement on lumber, is fully implemented by all parties concerned within the timeframe contemplated by the agreement.

(d) Policy With Respect to the Uruguay Round of Multilateral Trade Negotiations.—

(1) In general.—It is the policy of the United States to use the opportunity presented by the Uruguay Round of Multilateral Trade Negotiations to enter into multilateral agreements that achieve, on a reciprocal and mutually advantageous basis, the purposes and objectives of this title, in particular through—

(A) increasing the market opportunities abroad for the export of United States products and services;

(B) achieving fairer terms and conditions of international trade competition;

(C) strengthening the provisions for international negotiation and the settlement of disputes;

(D) ensuring a fuller responsibility by all trading countries for achieving and maintaining a fair international trading system; and

(E) improving the institutional structure, and enhancing the role, of the GATT.

(2) Preference for multilateral trade agreements.—The policy specified in paragraph (1) should be achieved, to the maximum extent feasible and appropriate, through the entering into of multilateral trade agreements (negotiated with both developed and developing countries); except that nothing in this section may be construed as precluding the President from—

(A) negotiating bilateral and other types of agreements to achieve such policy if the use of such agreements would be more effective or appropriate, or the entering into of multilateral agreements is not feasible; or

(B) seeking agreements outside of, or supplemental to, the Uruguay Round or the GATT, if—

(i) results from the Uruguay Round are unduly delayed, or

(ii) United States overall and principal negotiating objectives can be obtained more effectively through bilateral or plurilateral agreements entered into outside of, or supplemental to, the Uruguay Round or the GATT.

SEC. 112. TRADE AGREEMENTS REGARDING TARIFF BARRIERS.

(a) In General.—Whenever the President determines that one or more existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes, policies, and objectives of this title will be promoted thereby, the President—

(1) until January 3, 1993, may enter into trade agreements with foreign countries or instrumentalities thereof; and

(2) may, subject to subsections (b) and (c), proclaim such modification or continuance of any existing duty, such continuance of existing duty-free or excise treatment, or such additional duties, as he determines to be required or appropriate to carry out any such trade agreement.

(b) Limitation on Reduction.—No proclamation may be made under subsection (a) that reduces a rate of duty below 40 percent of the rate existing on the date of the enactment of this Act if—

(1) the United States International Trade Commission advises under section 131 of the Trade Act of 1974; or

(2) the United States Trade Representative determines on the basis of available information;

that a reduction exceeding such percentage on the imported article would have a probable significant adverse economic effect on the United States industry that produces a like or directly competitive product.

(c) Staging and Rounding.—

(1) The aggregate reduction in a rate of duty to which the limitation in subsection (b) applies shall be phased in over the 10-year period beginning on the effective date of the first reduction; but such reduction need not take effect in equal annual stages.

(2) If—

(A) the United States International Trade Commission advises under section 131 of the Trade Act of 1974; or

(B) the United States Trade Representative determines on the basis of available information;

that a reduction in a rate of duty under a trade agreement entered into under subection (a) would have a probable adverse economic effect on the United States industry that produces a like or directly competitive product, the reduction shall be phased in over a period of 2 or more years.

(3) If the President determines that such action will simplify the computation of reductions under paragraphs (1) and (2), the President may round an annual reduction by the lesser of—

(A) the difference between the reduction without regard to this paragraph and the next lower whole number; or

(B) one-half of 1 percent ad valorem.

(4) No reduction in a rate of duty under a trade agreement entered into under subsection (a) on any article may take effect more than 10 years after the effective date of the first reduction that is proclaimed to carry out the trade agreement with respect to such article.

SEC. 113. TRADE AGREEMENTS REGARDING OTHER THAN TARIFF BARRIERS.

(a) Regarding Nontariff Barriers.—

(1) Whenever the President determines that—

(A) one or more barriers to (or other distortions of) international trade of any foreign country or the United States unduly burden and restrict the foreign trade of the United States or adversely affect the United States economy; or

(B) the imposition of any such barrier is likely to result in such a burden, restriction, or adverse effect;

and that the purposes, policies, and objectives of this title will be promoted thereby, the President may enter into a trade agreement with foreign countries providing for—

(i) the harmonization, reduction, or elimination of such barriers (or other distortions); or

(ii) the prohibition of, or limitations on the imposition of, such barriers (or other distortions).

(2) A trade agreement to implement the International Convention on the Harmonized Commodity Description and Coding System may be entered into under the authority of paragraph (1).

(b) Regarding Certain Bilateral Agreements.—

(1) Until January 3, 1993, and subject to paragraph (2), the President may enter into bilateral trade agreements with foreign countries that provide for the elimination or reduction of any duty imposed by the United States. A trade agreement entered into under this paragraph may also provide for the harmonization, reduction, or elimination of barriers to (or other distortions of) international trade of the foreign country or the United States.

(2)(A) A trade agreement may be entered into under paragraph (1) between the United States and a foreign country only if—

(i) the foreign country requests the negotiation of such an agreement; and

(ii) the President, at least 60 days before the date notice is provided under section 114(b)(1)—

(I) provides written notice of the negotiation to each of the Committees, and

(II) consults with the Committees regarding the negotiation of the agreement.

(B) The 60 days referred to in subparagraph (A)(ii) are computed without regard to—

(i) the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

(ii) any Saturday and Sunday, not excluded under subparagraph (A), when either House of Congress is not in session.

(3) Notwithstanding any other provision of law, no trade benefit shall be extended to any country by reason of the extension of any trade benefit to another country under a trade agreement entered into under paragraph (1) with such other country.

(4) This subsection does not apply to any bilateral agreement that, as of January 1, 1987, was under negotiation under the authority of section 102(b)(4)(A) of the Trade Act of 1974.

(5) In any case in which there is an inconsistency between any provision of this Act and any bilateral free trade area agreement that entered into force and effect with respect to the United States before January 1, 1987, the provision shall not apply with respect to the foreign country that is party to that agreement.

(6) Before the close of the 1-year period beginning on the date of the enactment of this Act, the United States Trade Representative shall—

(A) undertake a review of the bilateral trade relationships of the United States and identify those foreign countries that, in the opinion of the Trade Representative, have the best potential for free trade area relationships with the United States; and

(B) consult with each of the Committees regarding the results of such review.

(c) Consultation With Congress.—

(1) Before the President enters into any trade agreement under subsection (a) or (b), the President shall consult with—

(A) each of the Committees; and

(B) each other committee of the House and the Senate, and each joint committee of the Congress, which has jurisdiction over legislation involving subject matters which would be affected by the trade agreement.

(2) The consultation under paragraph (1) shall include—

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the purposes, policies, and objectives of this title; and

(C) all matters relating to the implementation of the agreement under section 114.

(3) If it is proposed to implement a trade agreement entered into under subsection (a), together with one or more other trade agreements entered into under that subsection, in a single implementing bill under this section, the consultation under paragraph (1) shall include the desirability and feasibility of such proposed implementation.

(d) Definitions.—For purposes of this subsection:

(1) The term "barrier" includes any duty or other import restriction.

(2) The term "Committees" means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(3) The term "distortion" includes a subsidy and any denial of adequate and effective protection of intellectual property rights.

(4) The term "foreign country" includes any foreign instrumentality.

(5) The term "international trade" includes—

(A) trade in both goods and services, and

(B) foreign direct investment by United States persons especially if such investment has implications for trade in goods and services.

SEC. 114. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) Definition.—For purposes of this section, the term "implementing bill" has the meaning given such term in section 151(b)(1) of the Trade Act of 1974.

(b) Implementation Procedures.—A trade agreement entered into under section 113 (a) or (b) shall enter into force and effect with respect to the United States if (and only if)—

(1) the President, not less than 90 days before the day on which he enters into the trade agreement, notifies the House of Representatives and the Senate, and promptly thereafter publishes a notice in the Federal Register, of his intention to enter into such agreement;

(2) after entering into the agreement, the President submits a document to the House of Representatives and to the Senate containing a copy of the final legal text of such agreement together with—

(A) a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, and an explanation as to how the implementing bill and proposed administrative action change or affect existing law,

(B) a statement—

(i) that the agreement achieves the applicable purposes, policies, and objectives of this title,

(ii) of his reasons as to—

(I) how and to what extent the agreement achieves the purposes, policies, and objectives referred to in clause (i), and why and to what extent the agreement does not achieve other such purposes, policies, and objectives,

(II) how the agreement serves the interests of United States commerce, and

(III) why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement, and

(iii) describing the efforts made by the President to obtain international exchange rate equilibrium and any effect the agreement may have regarding increased international monetary stability; and

(3) the implementing bill is enacted into law.

(c) Recommendations Regarding Section 113(a) Agreements.—To ensure that a foreign country or instrumentality which receives benefits under a trade agreement entered into under section 113(a) is subject to the obligations imposed by such agreement, the President shall recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the signatory parties to the agreement, if such treatment is appropriate and consistent with the terms of such agreement and the international obligations of the United States. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(d) Use of "Fast Track" Procedures for Nontariff Barrier Agreement Implementing Bills.—

(1) Except as provided in paragraph (2), the provisions of section 151 (c) through (g) of the Trade Act of 1974 (19 U.S.C. 2191) do not apply to any implementing bill for a trade agreement that is entered into under section 113(a) after January 3, 1991.

(2) If—

(A) the United States Trade Representative, after consultation with the Committee on Ways and Means or the House of Representatives of the Committee on Finance of the Senate, submits a report to the committees no later than July 15, 1990, that—

(i) requests that the date referred to in paragraph (1) be extended until January 3, 1993,

(ii) describes the progress that has been made in multilateral and other negotiations to achieve the purposes, policies, and objectives of this title, and states that such progress justifies the continuation of negotiations, and

(iii) states the reasons why the extension is needed to complete the negotiations; and

(B) neither of such committees, before January 4, 1991, disapproves the use of such provisions with respect to agreements entered into under section 113(a) before January 4, 1993;

then, effective January 3, 1991, paragraph (1) is amended—

(I) by striking out "Except as provided in paragraph (2), the" and inserting "The", and

(II) by striking out "1991" and inserting "1993".

(e) Use of "Fast Track" Procedures for Certain Bilateral Agreement Implementing Bills.—The provisions of section 151 (c) through (g) of the Trade Act of 1974 do not apply to any implementing bill for a trade agreement entered into under section 113(b) if—

(1) the requirements under section 113(b)(2)(A) were not met with respect to the negotiation of the agreement; or

(2) the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate disapproves of the negotiation of the agreement before the close of the 60-day period (computed without regard to the days referred to in clauses (i) and (ii) of section 113(b)(2)(B)) which begins on the date on which notice is provided to such committees under section 113(b)(2)(A)(ii).

SEC. 115. AMENDMENTS TO THE TRADE ACT OF 1974.

(a) Advice From ITC and Other Federal Agencies Concerning Trade Policy and Negotiations.—Sections 131 through 134 inclusive of the Trade Act of 1974 (19 U.S.C. 2151–2154) are amended to read as follows:

"SEC. 131. ADVICE FROM INTERNATIONAL TRADE COMMISSION.

"(a) Lists of Articles Which May Be Considered for Action.—

"(1) In connection with any proposed trade agreement under section 123 of this Act or section 112 of the Trade and International Economic Policy Reform Act of 1987, the President shall from time to time publish and furnish the International Trade Commission (hereafter in this section referred to as the 'Commission') with lists of articles which may be considered for modification or continuance of United States duties, continuance of United States duty-free or excise treatment, or additional duties. In the case of any article with respect to which consideration may be given to reducing or increasing the rate of duty, the list shall specify the provision of this subchapter under which such consideration may be given.

"(2) In connection with any proposed trade agreement under section 113 of the Trade and International Economic Policy Reform Act of 1987, the President may from time to time publish and furnish the Commission with lists of non-tariff matters which may be considered for modification.

"(b) Advice to President by Commission.—Within 6 months after receipt of a list under subsection (a) or, in the case of a list submitted in connection with a trade agreement authorized under section 133, within 90 days after receipt of such list, the Commission shall advise the President, with respect to each article or nontariff matter, of its judgment as to the probable economic effect of modification of the tariff or nontariff measure on industries producing like or directly competitive articles and on consumers, so as to assist the President in making an informed judgment as to the impact which might be caused by such modifications on United States interests, such as sectors involved in manufacturing, agriculture, mining, fishing, services, intellectual property, investment, labor, and consumers. Such advice may include in the case of any article the advice of the Commission as to whether any reduction in the rate of duty should take place over a longer period of time than the minimum period provided for in section 112(c)(2).

"(c) ADDITIONAL INVESTIGATIONS AND REPORTS REQUESTED BY THE PRESIDENT OR THE TRADE REPRESENTATIVE.—In addition, in order to assist the President in his determination whether to enter into any agreement under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, or how to develop trade policy, priorities or other matters (such as priorities for actions to improve opportunities in foreign markets), the Commission shall make such investigations and reports as may be requested by the President on matters such as effects of modification of any barrier to (or other distortion of) international trade on domestic workers, industries or sectors, purchasers, prices and quantities of articles in the United States.

"(d) COMMISSION STEPS IN PREPARING ITS ADVICE TO THE PRESIDENT.—In preparing its advice to the President under this section, the Commission shall to the extent practicable—

"(1) investigate conditions, causes, and effects relating to competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles or services;

"(2) analyze the production, trade, and consumption of each like or directly competitive article or service, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production;

"(3) describe the probable nature and extent of any significant change in employment, profit levels, and use of productive facilities; the overall impact of such or other possible changes on the competitiveness of relevant domestic industries or sectors; and such other conditions as it deems relevant in the domestic industries or sectors concerned which it believes such modifications would cause; and

"(4) make special studies (including studies of real wages paid in foreign supply countries), whenever deemed to be warranted, of particular proposed modifications affecting United States manufacturing, agriculture, mining, fishing, labor, consumers, services, intellectual property and investment, using to the fullest extent practicable United States Government facilities abroad and appropriate personnel of the United States.

"(e) PUBLIC HEARING.—In preparing its advice to the President under this section, the Commission shall, after reasonable notice, hold public hearings.

"SEC. 132. ADVICE FROM EXECUTIVE DEPARTMENTS AND OTHER SOURCES.

"Before any trade agreement is entered into under section 123 of this Act or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, the President shall seek information and advice with respect to such agreement from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State and the Treasury, from the United States Trade Representative, and from such other sources as he may deem appropriate. Such advice shall be prepared and presented consistent with the provisions of Reorganization Plan Number 3 of 1979 and Executive Order Numbered 12188.

"SEC. 133. PUBLIC HEARINGS.

"(a) OPPORTUNITY FOR PRESENTATION OF VIEWS.—In connection with any proposed trade agreement under section 123 of this Act or section 112 or 113 of the Trade Policy and International Economic Policy Reform Act of 1987, the President shall afford an opportunity of any interested person to present his views concerning any article on a list published under section 131, any matter or article which should be so listed, any concession which should be sought by the United States, or any other matter relevant to such proposed trade agreement. For this purpose, the President shall designate any agency or an interagency committee which shall, after reasonable notice, hold public hearings and prescribe regulations governing the conduct of such hearings. When appropriate, such procedures shall apply to the development of trade policy and priorities.

"(b) SUMMARY OF HEARINGS.—The organization holding such hearing shall furnish the President with a summary thereof.

"SEC. 134. PREREQUISITES FOR OFFERS.

"In any negotiation seeking an agreement under section 123 of this Act or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, the President may make a formal offer for the modification or continuance of any United States duty, import restrictions, or barriers to (or other distortions of) international trade, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, import restrictions, or other barrier to (or other distortion of) international trade including trade in services, foreign direct investment and intellectual property as covered by this title, with respect to any article or matter only after he has received a summary of the hearings at which an opportunity to be heard with respect to such article has been afforded under section 133. In addition, the President may make an offer for the modification or continuance of any United States duty, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, with respect to any article included in a list published and furnished under section 131(a), only after he has received advice concerning such article from the Commission under section 131(b), or after the expiration of the 6-month or 90-day period provided for in that section, as appropriate, whichever first occurs.".

(b) APPLICATION OF OTHER PROVISIONS OF 1974 ACT.—For purposes of applying sections 125, 126(a), and 127 of the Trade Act of 1974 (19 U.S.C. 2135, et seq.)—

(1) any trade agreement entered into under section 112 or 113 of this Act shall be treated as an agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974 (19 U.S.C. 2112), and

(2) any proclamation or Executive order issued pursuant to an agreement entered into under section 112 or 113 of this Act shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974.

(c) CONFORMING AMENDMENT.—Section 151(b)(1) and (c)(1) of the Trade Act of 1974 (19 U.S.C. 2191(b)(1)) are each amended by striking out "section 102" and inserting "section 102 of this Act or section 114 of the Trade and International Economic Policy Reform Act of 1987".

SEC. 116. COMPENSATION AUTHORITY.

Section 123 of the Trade Act of 1974 (19 U.S.C. 2133) is amended to read as follows:

"SEC. 123. COMPENSATION AUTHORITY.

"(a) IN GENERAL.—Whenever—

"(1) any action taken under chapter 1 of title II or chapter 1 of title III;

"(2) any Act of Congress enacted after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987; or

"(3) any judicial or administrative tariff reclassification that becomes final after the date of the enactment of such Act of 1987; increases or imposes any duty or other import restriction, the President—

"(A) may enter into trade agreements with foreign countries or instrumentalities for the purpose of granting new concessions as compensation in order to maintain the general level of reciprocal and mutually advantageous concessions; and

"(B) may proclaim such modification or continuance of any existing duty, or such continuance of existing duty-free or excise treatment, as he determines to be required or appropriate to carry out any such agreement;

but only if the entering into of any such agreement is necessary or appropriate to meet the international obligations of the United States.

"(b) FACTORS CONSIDERED BEFORE ENTERING INTO AGREEMENT.—Before entering into any trade agreement under this section with any foreign country or instrumentality, the President shall consider whether such country or instrumentality has violated trade concessions of benefit to the United States and such violation has not been adequately offset by the action of the United States or by such country or instrumentality.

"(c) APPLICATION OF SECTION 112 LIMITATIONS.—Section 112 (b) and (c) apply to any modification of existing duties that is granted as a concession under this section.

"(d) REDUCTION AND TERMINATION.—Any concession granted under subsection (a) shall be reduced and terminated according to a schedule that the President determines is substantially equivalent to the effect and duration of the action of the United States that gave rise to the concession.".

SEC. 117. TARIFF AGREEMENTS WITH CANADA.

(a) IN GENERAL.—Chapter 2 of title I is amended by inserting at the end thereof the following new section:

"SEC. 129. NEGOTIATION OF CERTAIN MISCELLANEOUS TARIFF AGREEMENTS WITH THE GOVERNMENT OF CANADA.

"(a) The President may, subject to the provisions of subsections (b), (c), and (d) of this section—

"(1) enter into tariff agreements with the Government of Canada relating to the items listed in this section; and

"(2) may proclaim the modification or elimination of any existing duty on these items as he deems appropriate to carry out such agreements.

"(b) The President shall exercise his authority under this section only with respect to articles provided for in the following items of the Tariff Schedules of the United States (19 U.S.C. 1202):

"(1) Frozen cranberries (provided for in item 146.71).

"(2) Dialysis cyclers (provided for in item 709.17).

"(3) Packaging goods for tea (described in headnote 2 to subpart A of part 11 of schedule 1).

"(4) Dried fababeans (provided for in items 140.11 and 140.16).

"(5) Cat litter (provided for in items 256.90 and 512.24).

"(6) Mechanics tool boxes (provided for in item 706.62).

"(7) Medical tubing (provided for in item 772.65).

"(8) Synthetic fireplace materials (provided for in item 792.32).

"(9) Spirits (provided for in items 169.21 and 169.22).

"(10) Miners safety lamps, components, and battery chargers (provided for in items 683.80 and 682.60).

"(11) Computerized paper cutter control retrofit units (provided for in items 685.90 and 676.15).

"(c) The President shall exercise his authority to proclaim changes in existing duties under this section only to the extent that tariff concessions of approximately equivalent value are granted by the Government of Canada in exchange for reductions authorized under this section.

"(d) The President may exercise the authority granted under this section only during the 5-year period beginning on the date of the enactment of this section.".

(b) Conforming Amendment.—The table of contents of chapter 2 of title I is amended by adding at the end thereof the following:

"Sec. 129. Negotiation of certain miscellaneous tariff agreements with the Government of Canada.".

SEC. 118. IMPLEMENTATION OF UNITED STATES-EC AGREEMENT ON CITRUS AND PASTA.

(a) Purpose.—The purpose of this section is to provide for the implementation of tariff reductions agreed to by the United States in the Agreement between the European Economic Community and the United States, concluded February 24, 1987, with respect to citrus and pasta.

(b) Proclamation Authority.—

(1) The amendments made by subsection (c) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after a date proclaimed by the President as being appropriate to carry out the Agreement referred to in subsection (a).

(2) The President is authorized at any time to modify or terminate by proclamation any provision of law enacted by the amendments made by subsection (c).

(3) The rates of duty in column numbered 1 of the Tariff Schedules of the United States that are enacted by the amendments made by subsection (c) shall be treated—

(A) as not having the status of statutory provisions enacted by the Congress; but

(B) as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party.

(c) Tariff Schedules Amendments.—

(1) Anchovies.—Subpart C of part 3 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out item 112.40 and inserting the following new items in numerical sequence, with the superior heading thereto at the same level of indentation as the article description in item 112.42:

	"Anchovies:		
112.39	For an aggregate quantity entered in any calendar year not to exceed 3,000 metric tons.	3% ad val..	30% ad val.
112.41	Other	6% ad val..	30% ad val.";

(2) Cheeses.—Subpart C of part 4 of schedule 1 of such Schedules is amended as follows:

(A) Item 117.65 is amended by striking out "9% ad val." and inserting "Free".

(B) Item 117.67 is amended by striking out "12% ad val." and inserting "Free".

(3) Satsuma oranges.—Subpart B of part 9 of such schedule 1 is amended by striking out item 147.29 and inserting in numerical sequence the following new items and superior heading thereto, with such heading at the same level of indentation as the article description in item 147.30:

	"Mandarin, packed in airtight containers:		
147.28	Satsuma, for an aggregate quantity entered in any calendar year not to exceed 40,000 metric tons.	Free	1¢ per lb.
147.29	Other	0.2¢ per lb.	1¢ per lb.";

(4) Olives.—Subpart B of part 9 of such schedule 1 is amended—

(A) by inserting in numerical sequence the following new item, with the article description at the same level of indentation as item 148.42:

"148.43	Green in color and in containers each holding 3 gallons or more, to be used for repacking or sale as green olives, for a quantity entered in any calendar year not to exceed 4,400 metric tons.	10¢ per gal.	20¢ per gal.";

(B) by redesignating item 148.44 as 148.45;

(C) by inserting in numerical sequence the following new item, with the article description at the same level of indentation as item 148.46:

"148.47	Green in color and in containers each holding not more than 5 gallons, for a quantity entered in any calendar year not to exceed 730 metric tons.	15¢ per gal.	30¢ per gal.";

(D) by redesignating item 148.48 as 148.49;

(E) by striking out the article description for item 148.50 and inserting "Pitted".

(F) by striking out "5¢ per lb." in item 148.52 and inserting "2.5¢ per lb.";

(G) by redesignating items 148.52 and 148.54 as items 148.55 and 148.57, respectively;

(H) by inserting in numerical sequence the following new items and the superior heading thereto, with such heading at the same level of indentation as the article description for item 148.50:

	"Stuffed:		
148.51	Placed packed in containers each holding not more than 0.3 gallon, for a quantity entered in any calendar year not to exceed 2,700 metric tons.	15¢ per gal.	30¢ per gal.
148.53	Other	30¢ per gal.	30¢ per gal.";

(I) by striking out item 148.56 and inserting in lieu thereof in numerical sequence the following new items and superior heading thereto, with such heading at the same level of indentation as the superior heading to items 148.55 and 148.57 (as redesignated by subparagraph (G)):

	"Otherwise prepared or preserved:		
148.58	Green in color and in containers each holding not more than 5 gallons, for a quantity entered in any calendar year not to exceed 550 metric tons.	2.5¢ per lb.	5¢ per lb.
148.59	Other	5¢ per lb....	5¢ per lb.".

(5) Capers.—Subpart B of part 11 of such schedule 1 is amended by striking out "16% ad val." in each of the items 161.06 and 161.08 and inserting "8% ad val.".

(6) Paprika.—Subpart B of part 11 of such schedule 1 is amended by striking out "2¢ per lb." in item 161.71 and inserting "1.35¢ per lb.".

(7) Cider.—Subpart C of part 12 of such schedule 1 is amended by striking out "3¢ per gal." in item 167.15 and inserting "1.5¢ per gal.".

(8) Olive Oil.—Subpart B of part 14 of such schedule 1 is amended—

(A) by striking out "3.8¢ per lb. on contents and container" in item 176.29 and inserting "2.28¢ per lb. on contents and container."; and

(B) by striking out "2.6¢ per lb." in item 176.30 and inserting "1.56¢ per lb.".

SEC. 119. REPORTS ON NEGOTIATIONS TO ELIMINATE WINE TRADE BARRIERS.

Before the close of the 13-month period beginning on the date of the enactment of this Act, the President shall update each report that the President submitted to the Committee on Ways and Means and the Committee on Finance under section 905(b) of the Wine Equity and Export Expansion Act of 1984 (19 U.S.C. 2804) and submit the updated report to both of such committees. Each updated report shall contain, with respect to the major wine trading country concerned—

(1) a description of each tariff or nontariff barrier to (or other distortion of) trade in United States wine of that country with respect to which the United States Trade Representative has carried out consultations since the report required under such section 905(b) was submitted;

(2) the status of the consultations described under paragraph (1); and

(3) information, explanations, and recommendations of the kind referred to in paragraph (1) (C), (D), and (E) of such section 905(b) that are based on developments (including the taking of relevant actions, if any, of a kind not contemplated at the time of the enactment of such 1984 Act) since

the submission of the report required under such section.

CHAPTER 2—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO FOREIGN TRADE PRACTICES

SEC. 121. ACTION REQUIRED IN RESPONSE TO DETERMINATIONS.

Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended as follows:

(1) Subsection (a) is amended—

(A) by redesignating paragraph (2) as paragraph (5);

(B) by striking out paragraph (1) and inserting the following:

"(1) Mandatory action.—

"(A) By the trade representative.—If the United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative') after an investigation under section 302 determines that—

"(i) the rights of the United States under any trade agreement are being denied; or

"(ii) an act, policy, or practice of a foreign country—

"(I) violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement, or

"(II) is unjustifiable and burdens or restricts United States commerce (including commerce between the United States and another foreign country);

the Trade Representative, subject to the specific direction, if any, of the President, shall, subject to subparagraph (B), take action under subsection (b) or (c), or both, and shall take all other appropriate and feasible action within his power, to enforce such rights or to obtain the elimination of such act, policy, or practice.

"(B) Exception.—The Trade Representative is not required to take action under subparagraph (A) in any case in which—

"(i) the Contracting Parties to the General Agreement on Tariffs and Trade (hereinafter in this title referred to as the 'GATT') have determined, or a panel of experts has reported to the Contracting Parties, that—

"(I) the rights of the United States under a trade agreement are not being denied, or

"(II) the act, policy, or practice is not a violation of, or inconsistent with, the rights of the United States, or does not deny, nullify, or impair benefits to the United States under any trade agreement; or

"(ii) the Trade Representative finds that—

"(I) the foreign country is taking satisfactory measures to grant the rights of the United States under a trade agreement,

"(II) the foreign country has agreed to eliminate or phase out the act, policy, or practice, or has agreed to an imminent solution to the burden or restriction on United States commerce that is satisfactory to the Trade Representative,

"(III) it is impossible for the foreign country to achieve the results described in subclause (I) or (II), as appropriate, but the foreign country agrees to provide to the United States compensatory trade benefits that are satisfactory to the Trade Representative, or

"(IV) such action is not in the national economic interest of the United States because it would result in United States economic interests being more adversely affected if action were taken under this subclause than if not, and he complies with the reporting requirement under subparagraph (E).

"(C) Export targeting.—

"(i) In general.—If the Trade Representative determines after an investigation under section 302 that export targeting by a foreign country exists and is a significant burden or restriction on United States commerce, the Trade Representative, subject to the specific direction, if any, of the President, shall, subject to clause (ii)—

"(I) take action under subsection (b) or (c), or both, to obtain the elimination of the export targeting;

"(II) enter into an agreement under which the foreign country provides an imminent solution to the significant burden or restriction on United States commerce, or provides compensatory trade benefits satisfactory to the Trade Representative; or

"(III) take any combination of actions under subclauses (I) and (II).

The action under this subparagraph shall, to the extent possible, reflect the full benefit level of the export targeting to the beneficiary over the period during which it has an effect.

"(ii) Exception.—The Trade Representative is not required to take action under clause (i) if the Trade Representative—

"(I) finds that such action is not in the national economic interest of the United States by reason of the cause described in subparagraph (B)(ii)(IV); and

"(II) complies with the reporting requirement under subparagraph (E).

"(iii) Additional actions.—In addition to taking action under clause (i), the Trade Representative, subject to the specific direction, if any, of the President, may take administrative actions, and, if necessary, propose legislation, to implement any other action by the United States that would restore or improve the international competitive position of the industry affected by the export targeting.

"(iv) Private sector advice.—If the Trade Representative does not take action under clause (i) on the basis of the exception provided for under clause (ii), the Trade Representative shall promptly appoint a panel of experts to advise on measures to promote the competitiveness of the industry affected by the export targeting. The panel shall consist of individuals from the private sector (including individuals who represent management and labor in the industry) who, by education or experience, are qualified to serve on the panel. The panel shall submit to the Trade Representative a statement of its advice and recommendations regarding the industry within 6 months after the date on which the panel is first convened. The Trade Representative shall promptly thereafter submit the statement, together with any recommendation he may have regarding the statement, to Congress.

"(D) Equivalency of value.—Any action taken—

"(i) under subparagraph (A) to eliminate an act, policy, or practice; or

"(ii) under subparagraph (C) to eliminate export targeting;

shall be devised so as to affect goods or services of the foreign country involved in an amount that is equivalent in value to the burden or restriction being imposed by that country on United States commerce.

"(E) Report to congress.—The Trade Representative shall promptly report in writing to Congress with respect to each action taken (or the reasons why no action was taken) under this paragraph—

"(i) to enforce the rights of the United States or to eliminate the acts, policies, and practices described in subparagraph (A); or

"(ii) to eliminate export targeting under subparagraph (C).

"(2) Discretionary action.—

"(A) In general.—If the Trade Representative determines after an investigation under section 302, that an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce (including commerce between the United States and another foreign country); the Trade Representative, if he determines that action by the United States is appropriate and subject to the specific direction, if any, of the President, shall take all appropriate and feasible action within his power to obtain the elimination of that act, policy, or practice.

"(B) Export targeting.—If the Trade Representative determines after an investigation under section 302 that export targeting by a foreign country exists and threatens to be a significant burden or restriction on United States commerce, the Trade Representative, if he determines that action by the United States is appropriate and subject to the specific direction, if any, of the President, shall take all appropriate and feasible action to obtain the elimination of the export targeting."; and

(C) by amending paragraph (5) (as redesignated by paragraph (1)) to read as follows:

"(5) Scope of action.—In exercising authority under this section with respect to any goods or sector, the Trade Representative—

"(A) may act on a nondiscriminatory basis or solely against the foreign country involved; but

"(B) shall give preference—

"(i) to taking action with respect to the goods or sector involved in the act, policy, or practice identified under paragraph (1) or (2), or

"(ii) if the provision of compensatory trade benefits to the United States is under negotiation, to seeking compensatory benefits with respect to the same goods or sector.".

(2) Subsection (b) is amended—

(A) by striking out the matter appearing before paragraph (1) and inserting the following:

"(b) Other Action.—

"(1) In general.—For purposes of carrying out paragraphs (1) and (2) of subsection (a), the Trade Representative is authorized to—";

(B) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(C) by striking out the period at the end of subparagraph (B) and inserting "; and"; and

(D) by inserting after subparagraph (B) the following:

"(C) withdraw or refrain from proclaiming under title V—

"(i) the designation of such foreign country as a beneficiary developing country; or

"(ii) the designation of any product of such foreign country as an eligible article.

"(2) Factors affecting use of import restrictions.—In applying paragraph (1), the Trade Representative shall—

"(A) give preference to the imposition of duties over the imposition of other import restrictions;

"(B) if an import restriction other than a duty is imposed, consider substituting, on an incremental basis, an equivalent duty for such other import restriction; and

"(C) before determining to take action to restrict imports, take into account the likely impact that such action will have on United States agricultural exports.".

(3) Subsection (c) is amended—

(A) by striking out "President may—" in paragraph (1) and inserting "Trade Representative is authorized to—";

(B) by striking out "President" in paragraph (1)(A) and inserting "he";

(C) by amending paragraph (2)(B) to read as follows:

"(B) a determination to initiate an investigation is made by the Trade Representative under section 302(c)."; and

(D) by striking out "President" in paragraph (3) and inserting "Trade Representative,".

(4) Subsection (d) is amended to read as follows:

"(d) Procedures.—

"(1) Action after trade representative decisions.—

"(A) In general.—Unless subparagraph (B) applies, the Trade Representative, subject to the specific direction, if any, of the President, within 30 days after making a decision under section 304 or 308(b) to take action under subsection (a)(1) (A) or (C) or (2) shall implement the action.

"(B) Delay in implementing action.—The Trade Representative may delay, by not more than 90 days, the implementation of an action under subsection (b) or (c), or both—

"(i) if either—

"(I) in the case of an investigation initiated under section 302(b), the petitioner requests a delay, or

"(II) in the case of an investigation initiated under section 302(c), a delay is requested by the domestic industry that would benefit from the action; or

"(ii) the Trade Representative determines that substantial progress is being made, or that a delay is necessary or desirable, to obtain United States rights or a satisfactory solution with respect to the act, policy, or practice, or export targeting concerned.

"(2) Notice.—The Trade Representative shall promptly cause notice to be published in the Federal Register of—

"(A) each decision to be implemented under paragraph (1)(A);

"(B) each delay decided upon under subparagraph (1)(B);

"(C) the reasons for the decision or delay; and

"(D) if the decision is to impose an import restriction, the likely impact, if any, of the restriction on United States agricultural exports.".

(5) Subsection (e) is amended—

(A) by striking out "For purposes of this section—" and inserting "For purposes of this chapter—";

(B) by amending paragraph (3) to read as follows:

"(3) Unreasonable.—

"(A) In general.—The term 'unreasonable' means any act, policy, or practice which, while not necessarily in violation of or inconsistent with the international legal rights of the United States, is otherwise deemed to be unfair and inequitable. In determining whether an act, policy, or practice is unreasonable, reciprocal opportunities in the United States for foreign nationals and firms shall be taken into account, to the extent appropriate. The term includes, but is not limited to, any act, policy, or practice that—

"(i) subject to section 304(a)(2), with respect to workers—

"(I) denies the right of association,

"(II) denies the right to organize and bargain collectively,

"(III) permits any form of forced or compulsory labor,

"(IV) fails to provide a minimum age for the employment of children, and

"(V) taking into account a country's level of economic development, fails to provide standards for minimum wages, hours of work, and occupational safety and health; or

"(ii) denies fair and equitable—

"(I) market opportunities, including the toleration by a government of systematic anticompetitive activities by private firms or among private firms in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods to purchasing by such firms,

"(II) opportunities for the establishment of an enterprise, or

"(III) provision of adequate and effective protection of intellectual property rights."; and

(C) by adding at the end thereof the following new paragraphs:

"(7) Foreign country.—The term 'foreign country' includes any foreign instrumentality.

"(8) Export targeting.—The term 'export targeting' means any government plan or scheme consisting of a combination of coordinated actions, whether carried out severally or jointly, that are bestowed on a specific enterprise, industry, or group thereof the effect of which is to assist the enterprise, industry, or group to become more competitive in the export of a class or kind of merchandise.

"(9) Interested persons.—For purposes of sections 301(d)(1), 302(b)(2)(B), 304(b)(1), and 307(b), the term 'interested persons' includes, but is not limited to, domestic firms and workers, representatives of consumer interests, and United States product exporters that may be affected.".

SEC. 122. INVESTIGATORY PROCEDURES.

(a) Obtaining Information.—Section 302 of the Trade Act of 1974 (19 U.S.C. 2412) is further amended by adding at the end thereof the following new subsection:

"(d) Obtaining Information.—

"(1) In general.—With respect to any investigation initiated under subsection (b)(2), the Trade Representative shall direct to the foreign countries relevant to the investigation such inquiries as the Trade Representative considers appropriate for the purpose of obtaining information relevant to the decisions required under section 304(a).

"(2) Verification and use of best information otherwise available.—The Trade Representative may, as to any information furnished in response to an inquiry under paragraph (1), request that the foreign country furnishing such information provide such documentation, or permit such verification, of the information as the Trade Representative considers appropriate. With respect to any information requested in an inquiry under paragraph (1) which is either—

"(A) not furnished in a timely manner;

"(B) is furnished in incomplete or inadequate form; or

"(C) is not documented or verified to the extent considered sufficient by the Trade Representative;

the Trade Representative may disregard all or any part of such information, and instead use the best information otherwise available for purposes of making the determinations and recommendations required under section 304(a).".

(b) Conforming Amendments.—Section 302 is further amended—

(1) by amending subsection (a)(1) to read as follows:

"(1) In general.—Any interested person may file a petition with the Trade Representative requesting that action be taken under section 301 and setting forth the allegations in support of the request."; and

(2) by striking out "advise the President concerning the exercise of the President's authority" in subsection (c)(1) and inserting "determine whether the matter is actionable".

SEC. 123. CONSULTATION UPON INITIATION OF INVESTIGATIONS.

Section 303 of the Trade Act of 1974 (19 U.S.C. 2413) is amended—

(1) by amending the second sentence of subsection (a) to read as follows: "If the case involves a trade agreement and a mutually acceptable resolution is not reached before the earlier of—

"(A) the close of the consultation period, if any, specified in the trade agreement; or

"(B) the 150th day after the day on which consultation was commenced;

the Trade Representative shall promptly request proceedings on the matter under the formal dispute settlement procedures provided under such agreement."; and

(2) by inserting ", after consulting with the petitioner," after "may" in subsection (b)(1)(A).

SEC. 124. ACTION DECISIONS BY TRADE REPRESENTATIVE.

Section 304 of the Trade Act of 1974 (19 U.S.C. 2414) is amended as follows:

(1) Subsection (a) is amended—

(A) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5);

(B) by amending that portion of paragraph (1) that precedes subparagraph (A) to read as follows:

"(a) Decisions.—

"(1) In general.—On the basis of the investigation under section 302 and the consultations (and the proceedings, if applicable) under section 303 and subject to subsection (b), the Trade Representative shall determine whether—

"(A) the rights to which the United States is entitled under any trade agreement are being denied, or

"(B) any act, policy, or practice described in section 301(a) exists;

and if the determination is affirmative, shall decide, as the case may be what action, if any, he should take under section 301(a)(1)(A) or (C) or (2).

"(2) Special rule for determinations involving worker rights.—The Trade Representative may determine an act, policy, or practice described in section 301(e)(3)(A)(i) not to be unreasonable if the Trade Representative finds that the foreign country concerned has taken, or is taking, steps that demonstrate a significant and measurable overall advancement to afford throughout the country (including any designated zone within the country) the rights and other standards described in subclauses (I) through (V) of such section.

"(3) Time for making decisions.—The Trade Representative shall make the decision required under paragraph (1) not later than—";

(C) by amending paragraph (3) (as redesignated by subparagraph (B))—

(i) by inserting "exclusively" after "alleges" in subparagraph (B);

(ii) by inserting ", or 18 months after the date of the investigation initiation, whichever first occurs" before the semicolon in subparagraph (C), and

(iii) by inserting at the end thereof the following: "The Trade Representative shall make a determination under section 301(a)(1)(C) or (2)(B), as the case may be, regarding whether export targeting exists and is, or threatens to be, a significant burden or restriction on United States commerce within 6 months after the investigation regarding the alleged targeting is initiated under section 302. The Trade Representative may consult with appropriate Federal agencies before making such a determination."; and

(D) by striking out "paragraph (1)" each place it appears in paragraphs (4) and (5) (as redesignated by subparagraph (A)) and inserting "paragraph (3)".

(2) Subsection (b) is amended—

(A) by amending that portion of subsection (b) that appears before paragraph (1) to read as follows:

"(b) Consultation Before Decision.—Before deciding upon an action to be taken by him under section 301(a)(1)(A) or (C) or (2) with respect to the treatment of any product or service of a foreign country which is the subject of a petition under section 302, the Trade Representative, unless he determines that expeditious action is required—";

(B) by redesignating paragraph (1) as subparagraph (A) and amending such subparagraph to read as follows:

"(A) shall provide opportunity (after giving not less than 30 days notice thereof) for the presentation of views by interested persons, and such opportunity shall include a public hearing, if requested by any interested person;",

(C) by redesignating paragraphs (2) and (3) as subparagraphs (C) and (D), respectively;

(D) by inserting after subparagraph (A) (as so redesignated) the following new paragraph:

"(B) shall, if export targeting is involved, consult with representatives of the United States industry and workers affected by the targeting, and with other interested persons, with respect to the nature of the appropriate remedial action, including possible measures to enhance the international competitiveness of that industry;"; and

(E) by striking out "paragraph (1) and (2)" in the last sentence and inserting "subparagraphs (A), (B), and (C)".

(4) The side heading to such section is amended to read as follows:

"SEC. 304. DECISIONS BY THE TRADE REPRESENTATIVE.".

SEC. 125. MODIFICATION AND TERMINATION OF ACTIONS; MONITORING OF FOREIGN COMPLIANCE.

Chapter 1 of title III of the Trade Act of 1974 is further amended by adding at the end thereof the following new sections:

"SEC. 307. MODIFICATION AND TERMINATION OF ACTIONS.

"(a) In General.—The Trade Representative may modify or terminate an action taken by him under section 301 if—

"(1) the Contracting Parties to the GATT have determined, or a panel of experts has reported to the Contracting Parties, that—

"(A) the action violates, or is inconsistent with, the international obligations of the United States, or

"(B) the foreign act, policy, or practice to which the action responds—

"(i) is not a violation of a trade agreement, or

"(ii) is not inconsistent with the provisions of, or otherwise does not otherwise deny, nullify, or impair benefits to the United States under, any trade agreement; or

"(2) the Trade Representative determines that—

"(A) the foreign act, policy, or practice has been eliminated or is being phased out in a manner satisfactory to him, or

"(B) the action is not effective or its continuation is not in the national economic interest.

"(b) Biennial Review and Assessment.—The Trade Representative shall, on a biennial basis, review and assess the results and commercial effects of each action taken under section 301. On the basis of such review, the Trade Representative shall decide whether the modification or termination of any prior action taken by him under section 301(a)(1)(A) or (C) or (2) is appropriate. During the review, the Trade Representative shall consult with the petitioner, if any, representatives of the domestic industry concerned, and shall provide opportunity for the presentation of views by other interested persons affected by the action under review concerning its effectiveness and whether any modification or termination of the action is indicated.

"(c) Notice; Report to Congress.—The Trade Representative shall promptly cause notice to be published in the Federal Register of, and report in writing to Congress with respect to, any modification or termination of an action that is implemented under subsection (a) and the reasons therefor.

"SEC. 308. MONITORING OF FOREIGN COMPLIANCE.

"(a) In General.—The Trade Representative shall monitor the implementation of each measure undertaken, or agreement of a kind described in section 301(a)(1)(B)(ii)(I), (II), or (III) or (C)(i)(II) that is entered into under section 301(a)(1) or (2), by a foreign country—

"(1) to enforce the rights of the United States under any trade agreement;

"(2) to eliminate any act, policy, or practice described in section 301(a)(1)(A)(ii) or (2)(A); or

"(3) to eliminate export targeting.

"(b) Further Action.—If, on the basis of the monitoring carried out under subsection (a), the Trade Representative considers that a foreign country is not satisfactorily implementing a measure or agreement referred to in subsection (a), the Trade Representative shall decide what further action he shall take under section 301(a)(1). For purposes of section 301, any such decision shall be treated as a decision made under section 304(a)(1).

"(c) Consultations.—Before making any decision or recommendation under subsection (b), the Trade Representative shall—

"(1) consult with the petitioner, if any, involved in the initial investigation under this chapter and with representatives of the domestic industry concerned; and

"(2) provide an opportunity for the presentation of views by interested persons.".

SEC. 126. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES WITH THE UNITED STATES.

(a) In General.—Chapter 1 of title III of the Trade Act of 1974 is amended by adding at the end thereof the following:

"Subchapter B—Special Provisions Regarding Trade Deficits

"SEC. 311. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES.

"(a) Determination of Excessive Trade Surplus Countries.—

"(1) Determinations.—The United States International Trade Commission (hereinafter referred to as the 'Commission'), on the basis of the best available trade data, shall—

"(A) determine whether each major exporting country is an excessive trade surplus country for each year occurring within the period beginning on January 1, 1987, and ending December 31, 1990; and

"(B) determine if the percentage obtained by dividing—

"(i) the deficit of the United States, if any, in the merchandise balance of trade between the United States and the rest of the world during each of such years, by

"(ii) the gross national product of the United States for such year,

is less than 1.5 percent.

"(2) Reports.—The Commission shall make the determinations required under paragraph (1), and prepare and submit to the Trade Representative a report thereon, by April 1 of the year after the year with respect to which the determinations apply; except that the determinations for 1986 must be made, and the report submitted, by August 1, 1987.

"(3) Publication in federal register.—Each report submitted to the Trade Representative under paragraph (2) shall be published in the Federal Register.

"(4) Suspension of application of section.—For any year for which the Commission reports that the percentage referred to in paragraph (1)(B) is less than 1.5 percent—

"(A) no determinations are required under subsection (b)(1) for that year; and

"(B) no actions may be taken under subsection (e) during that year.

"(b) Designation of Excessive and Unwarranted Trade Surplus Countries.—

"(1) Determinations.—The Trade Representative shall, during the 15-day period beginning on the day after the day on which a report is submitted under subsection (a)(2), determine whether each major exporting country identified as an excessive trade surplus country in the report maintained, during the year to which the report applies, a pattern of act, policies, or practices that—

"(A) are unjustifiable, unreasonable, or discriminatory; and

"(B) have an adverse effect on United States commerce and contribute to the excessive trade surplus of that country.

"(2) Factors.—In making determinations under paragraph (1), the Trade Representative shall take into account—

"(A) information submitted under section 181;

"(B) the decisions, if any, for action made under section 304 with respect to that country;

"(C) countervailing duty and antidumping duty actions taken under section 303 and title VII of the Tariff Act of 1930 with respect to merchandise of that country;

"(D) adverse determinations under the GATT relating to that country; and

"(E) any other relevant information pertaining to the trade practices or policies of that country, including, but not limited to, the existence of discriminatory government procurement, excessive government regulation designed to discriminate against imported products, governmental tolerance of extensive dumping in foreign markets, export subsidy and targeting policies, excessive tariff barriers, and any other illegal trade barrier.

"(3) Designation.—If not designated as an excessive and unwarranted trade surplus country for the preceding year, a major exporting country with respect to which affirmative determinations are made under subsection (a)(1) and paragraph (1) for the same year shall, on the last day of the 15-day period referred to in paragraph (1), be designated as an excessive and unwarranted trade surplus country for such same year and such designation shall remain in effect until terminated.

"(4) Termination of designations.—The designation of a major exporting country as an excessive and unwarranted trade surplus country shall terminate if a negative determination is made by the Commission under subsection (a)(1) with respect to any year, or by the Trade Representative under paragraph (1) with respect to any year. The termination shall apply for the year in which either of such negative determinations is made and shall continue in effect until affirmative determinations, if any, regarding that country are made under subsection (a)(1) and paragraph (1) with respect to any subsequent year.

"(5) List.—The Trade Representative shall publish in the Federal Register, by the 10th day after the last day of the 15-day period referred to in paragraph (1), a list of all major exporting countries the designations of which as excessive and unwarranted trade surplus countries have not been terminated.

"(c) Negotiations.—

"(1) In general.—During the 180-day period after the 15-day period referred to in subsection (b)(1), the Trade Representative shall enter into negotiations with each foreign country that was designated as an excessive and unwarranted trade surplus country on the last day of that 15-day period under subsection (b)(2) for the purpose of entering into a bilateral trading arrangement providing for—

"(A) the substantial reduction of any unjustifiable, unreasonable, or discriminatory acts, policies, or practices of the foreign country that were determined under subsection (b)(1); or

"(B) the substantial reduction of the adverse effect which such acts, policies, and practices have on United States commerce.

"(2) Factors.—In deciding whether the terms of an arrangement will achieve the substantial reduction requirement under paragraph (1), the Trade Representative shall, to the extent possible, estimate the commercial value of the practices referred to in paragraph (1)(A) and must be satisfied that the terms will allow United States firms a realistic opportunity to improve their share of trade with that country by an amount equal to that value.

"(3) Extension.—If the Trade Representative considers that further negotiations with a foreign country are necessary to reach an arrangement under paragraph (1), the Trade Representative may extend the 180-day period referred to in paragraph (1) by not more than an additional 60 days.

"(d) Action by the United States Trade Representative.—

"(1) In general.—If the Trade Representative is unable to enter into a bilateral arrangement under subsection (c) with an excessive and unwarranted trade surplus country to achieve the objectives set forth in paragraph (1) of that subsection, the Trade Representative, subject to the specific direction, if any, of the President, shall after the close of the 180-day negotiating period (or the last day of that period as extended under subsection (c)(3)), take any of the actions specified in section 301(b) that he considers necessary or appropriate with regard to each unjustifiable, unreasonable, or discriminatory act, policy, or practice of the country that was determined under subsection (b)(1) or became apparent during the negotiating period. Any action taken under this subsection shall be devised so as to affect goods or services of such country in an amount that is equivalent in value to the burden or restriction being imposed by the country on United States commerce.

"(2) Modification and termination.—The Trade Representative may modify or terminate any action taken under paragraph (1). Section 307 applies to modifications and terminations made under paragraph (1) in the same manner and the same extent as it applies to actions taken under section 301.

"(e) Waiver.—

"(1) In general.—Subject to paragraph (2), the Trade Representative, subject to the specific direction, if any, of the President, may waive the taking of any action under subsection (d) with respect to one or more of the acts, policies, or practices of a foreign country if he considers that the taking of any such action with respect to—

"(A) any unjustifiable act, policy, or practice would result in the national economic interest of the United States being more affected, to a significantly adverse extent, than if such action were not taken; or

"(B) any unreasonable or discriminatory act, policy, or practice would result in the national economic interest of the United States being more adversely affected than if such action were not taken.

"(2) Conditions affecting waivers.—

"(A) Congressional notification.—No waiver under paragraph (1) with respect to any excessive and unwarranted trade surplus country shall have force and effect unless the Trade Representative submits to the Congress within 10 days after the close of the negotiating period under subsection (d) a document stating his intention to implement such waiver.

"(B) Congressional disapproval.—No waiver under paragraph (1) with respect to any excessive and unwarranted trade surplus country shall have force and effect if a joint resolution described in section 152(a)(1)(C) is enacted within the 60-day period beginning on the date on which the document referred to in subparagraph (A) regarding the waiver is submitted to Congress.

"(f) Currency Manipulation.—

"(1) In general.—The Secretary of the Treasury shall determine if any foreign country that is designated as an excessive surplus country is maintaining its currency at an artificially low level that does not reflect the country's competitive strength in international trade.

"(2) Negotiations.—The Secretary of the Treasury shall initiate negotiations with the government of each foreign country with respect to which an affirmative determination is made under paragraph (1) for the purpose of entering into an agreement under which realistic realignments of that country's currency will be ensured.

"(3) Action if negotiations unsuccessful.—If the government of a foreign country refuses to negotiate, or to enter into an agreement described in paragraph (2), the President may direct the Secretary of the Treasury to impose an exchange rate equalization tariff on the products of such country that are imported into the United States.

"(g) Rounding of Trade Statistics.—For purposes of this section, any trade statistic or limitation shall—

"(1) be rounded off to the nearest billion dollars; and

"(2) shall be adjusted to reflect the fact that certain products of the United States may not, under law, be exported.

"(h) CPI Adjustment.—For each year after 1986, the Trade Representative shall adjust the dollar limitation set forth in subsection (i)(2) and (5) to reflect the percentage increase or decrease in the Consumer Price Index, published by the Bureau of Labor Statistics of the Department of Labor, for the preceding year.

"(i) Definitions.—For purposes of this section—

"(1) The term 'excessive trade surplus country' means any major exporting country which has—

"(A) a bilateral export percentage for the year that exceeds 175 percent;

"(B) a bilateral trade surplus for the year; and

"(C) a global trade surplus for the year.

For purposes of subparagraph (C), a global trade surplus exists if the aggregate value of all merchandise exported from the country during the year exceeds the aggregate value of all merchandise imported into the country during the year.

"(2) A foreign country is a major exporting country for a year if the aggregate value of the merchandise trade between such foreign country and the United States during such year is more than $7,000,000,000.

"(3) The term 'foreign country' includes any instrumentality of a foreign country.

"(4) The term 'bilateral export percentage' means, with respect to any foreign country for any year, the percentage determined by dividing—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year; by

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year.

"(5) The term 'bilateral trade surplus' means, with respect to any foreign country for any year, an excess of—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year; over

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year;

if such excess is at least $3,000,000,000.

"(6) The term 'nonpetroleum product' means any merchandise other than merchandise classified to division 33 of the Standard International Trade Classification (revision II) published by the United Nations.

"(7) The term 'value' means—

"(A) with respect to merchandise imported into the United States, the customs valuation under the Tariff Act of 1930 of those imports, plus all freight, insurance, and other charges incurred regarding the importation (excluding United States tariffs and import excise taxes), and

"(B) with respect to merchandise imported into a foreign country, the transaction prices of such imports plus the freight, insurance, and other charges determined by the Secretary of the Treasury that are incurred in placing the exports alongside the carriers at the United States ports of export.

"(8) The term 'entered' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

"(9) The term 'entry' includes any withdrawal from warehouse for consumption.

"(10) The term 'best trade data available' means—

"(A) with regard to data on the international trade of the United States, official trade information, including the estimates required under section 181, of the United States Government, and

"(B) with regard to data on the international trade of any other country, data that the Commission determines is the most reliable data available for the period under consideration, and may include estimates if the actual data required by this section, or the forms of the data required by this section, are not directly available.

"(11) Any article that is grown, produced, or manufactured in a country is a product of such country.

"(12) Any reference to a year in this section shall be treated as a reference to a calendar year.

"(j) TERMINATION OF EFFECT OF SECTION.—Neither this section nor any action taken, or agreement entered into, under the authority of this section shall have force and effect after December 31, 1990.".

(b) CONFORMING AMENDMENTS.—Section 152(a)(1) of the Trade Act of 1974 (19 U.S.C. 2192(a)(1)) is amended—

(1) by striking out "and" at the end of subparagraph (A);

(2) by striking out the period at the end of subparagraph (B) and inserting "; and "; and

(3) by adding after subparagraph (B) the following:

"(C) a joint resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the waiver (under section 311 of the Trade Act of 1974) described in the document transmitted to Congress on   .', the blank space being filled with the appropriate date.".

SEC. 127. CONFORMING AMENDMENTS AND EFFECTIVE DATE.

(a) CONFORMING AMENDMENTS.—Title III of the Trade Act of 1974 is further amended—

(1) by amending the table of contents by—

(A) inserting before the entry for section 301 the following:

"SUBCHAPTER A—General Provisions",

(B) by amending the entry for section 304 to read as follows:

"Sec. 304. Decisions by the Trade Representative.", and

(C) by adding at the end of the entries for title III the following:

"Sec. 307. Modification and termination of actions.

"Sec. 308. Monitoring of foreign compliance.

"SUBCHAPTER B—Special Provisions Regarding Trade Deficits

"Sec. 311. Mandatory negotiations and action regarding foreign countries having excessive and unwarranted trade surpluses.";

(2) by striking out "Initiation of" in the entry for section 302 in the table of contents;

(3) by amending section 305—

(A) by striking out "merchandise" in subsection (a)(1) and inserting "goods, services, investment, or intellectual property rights", and

(B) by striking out "an interested party" in subsection (b) and inserting "a person";

(4) Section 306(3) is amended by striking out "and the actions taken," and all that follows thereafter and inserting "the actions taken, or the reasons for no action, by the President under section 301, and the commercial effects of actions taken under such section.".

(5) by striking out "or instrumentality" each place it appears.

(b) EFFECTIVE DATE.—

(1) Unless otherwise provided in paragraphs (2) and (3), this chapter and the amendments made by it take effect on the date of the enactment of this Act.

(2) The amendments made by sections 121 and 122 apply to—

(A) petitions filed, and investigations initiated on his own motion by the United States Trade Representative, under section 302 of the Trade Act of 1974 on or after the date of the enactment of this Act; and

(B) petitions filed, and investigations self-initiated by date of enactment if by that date no decision had been made under section 304 regarding the petition or investigation.

SEC. 128. SENSE OF CONGRESS REGARDING THE EXPEDITIOUS DISPOSITION OF 301 CASES RELATING TO UNFAIR FOREIGN AGRICULTURAL EXPORT PRACTICES.

It is the sense of Congress that the United States Trade Representative should take all necessary or appropriate action to conclude, as soon as possible, all pending cases under section 301 of the Trade Act of 1974 that involve unfair foreign agricultural export practices, including export subsidies and differential export taxes.

Subtitle C—Relief From Injury Caused by Import Competition

CHAPTER 1—INDUSTRY RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

SEC. 131. IMPORT RELIEF.

(a) IN GENERAL.—Chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251-2253) is amended to read as follows:

"CHAPTER 1—IMPORT RELIEF

"SEC. 201. PETITIONS FOR RELIEF.

"(a) IN GENERAL.—

"(1) A petition for eligibility for import relief for the purpose of enhancing the long-term competitiveness, or otherwise facilitating the orderly adjustment to import competition, of a domestic industry may be filed with the Commission by an entity, including a trade association, firm, certified or recognized union, or group of workers, which is representative of the industry.

"(2) A petition filed under paragraph (1)—

"(A) shall include a statement describing the specific purposes for which import relief is being sought, which may include such objectives as facilitating the orderly transfer of resources to alternative uses and other means of adjustment to new conditions of competition;

"(B) if critical circumstances are alleged to exist, shall include information supporting that allegation; and

"(C) if injury caused by imports of a perishable agricultural product is alleged, may request, subject to section 202(b)(2), emergency relief under section 202(c).

"(3) Whenever a petition is filed under paragraph (1), the Commission shall promptly transmit copies of the petition to the Office of the United States Trade Representative and other Federal agencies directly concerned.

"(b) STATEMENT OF PROPOSED ADJUSTMENT MEASURES.—

"(1) A petitioner under subsection (a) (and any other member of the domestic industry that wishes to join with the petitioner) may submit to the Commission and the Trade Representative, either with the petition or at any time within 120 days after the date of filing of the petition, a statement which should include, to the extent practicable, the following:

"(A) An assessment of the current problems affecting the ability of the domestic industry to compete with imports.

"(B) Recommendations regarding the types of actions that both workers and firms within the industry could undertake, during a period when import relief is provided under this chapter—

"(i) to improve the ability of the industry to compete on its own after such relief terminates; or

"(ii) if long-term competitiveness is not the primary objective, to facilitate orderly adjustment to increased import competition.

"(C) Recommendations regarding the types of actions that Federal agencies could take to assist the efforts of the domestic industry either to enhance its competitiveness or to adjust to import competition.

"(D) An explanation regarding how import relief will assist the industry in enhancing competitiveness or achieving adjustment.

"(2)(A) Before submitting a statement under paragraph (1), the petitioner may consult with the Trade Representative, the officers and employees of other Federal agencies considered appropriate by the Trade Representative, and members of the domestic industry, for purposes of evaluating the adequacy of the recommendations being considered for inclusion in the statement in relation to various forms of import relief that are authorized under this chapter.

"(B) A request for consultation under subparagraph (A) must be made to the Trade Representative. Upon receiving such a request, the Trade Representative shall consult with the petitioner and provide such assistance, including publication of appropriate notice in the Federal Register, as may be practicable in obtaining other participants in the consultation. No consultation may occur under subparagraph (A) unless the Trade Representative, or his delegate, is in attendance.

"SEC. 202. EMERGENCY RELIEF FROM INJURY CAUSED BY IMPORTS OF PERISHABLE AGRICULTURAL PRODUCTS.

"(a) MONITORING OF IMPORTS.—

"(1) An entity representing a domestic industry that—

"(A) produces a perishable agricultural product that is like or directly competitive with an imported perishable agricultural product; and

"(B) has reason to believe that such perishable agricultural product is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the industry;

may file a request with the Trade Representative for the monitoring of such imports under paragraph (2). Within 21 days after receiving the request, the Trade Representative shall determine if—

"(A) the imported product is a perishable agricultural product; and

"(B) there is a reasonable indication that the domestic industry is vulnerable to serious injury or the threat thereof as a result of such increased imports (either actual or relative to domestic production).

"(2) If the determinations under paragraph (1) (A) and (B) are affirmative, the Trade Representative shall request, under section 332(g) of the Tariff Act of 1930, the Commission to monitor and investigate the imports concerned for a period not to exceed 2 years. The monitoring and investigation shall include the collection and analysis of information that would expedite an investigation under section 203.

"(b) Requests for Emergency Relief.—

"(1) If a petition is filed under section 201(a) that alleges injury from imports of a product that is, on the date of filing, subject to monitoring and investigation by the Commission under subsection (a), the petitioner may also request that emergency relief be provided under subsection (c) with respect to such imports.

"(2) A petition containing a request for emergency relief may not be filed under section 201(a) before the 90th day after the date on which the Commission commenced the monitoring and investigation of the imports concerned under subsection (a).

"(c) Determination and Action on Requests for Emergency Relief.—

"(1) If emergency relief is requested under subsection (b), the Commission shall promptly make an investigation to determine, on the basis of available information, whether—

"(A) increased imports (either actual or relative to domestic production) of the perishable agricultural product are a substantial cause of serious injury, or the threat thereof, to the domestic industry producing a like or directly competitive perishable product;

"(B) the serious injury is likely to be difficult to repair by reason of perishability of the like or directly competitive agricultural product; and

"(C) the serious injury cannot be timely prevented through investigation and action under sections 203 and 204.

"(2)(A) If the Commission finds that the criteria described in paragraph (1) have been met, the Commission shall find that amount of any increase in, or imposition of, any duty or import restriction on such product which is necessary to prevent or remedy such injury.

"(B) In recommending import relief, the Commission shall give preference to an increase in or the imposition of a duty on imports, if such relief is feasible and would prevent or remedy such injury.

"(3) The Commission shall report its determination under paragraph (1) and finding under paragraph (2) to the Trade Representative at the earliest practicable time, but not later than the 21st day after the day on which the petition is filed under section 201(a).

"(4) After receiving a report from the Commission containing an affirmative finding under paragraph (1), the Trade Representative shall provide emergency relief for the domestic industry unless he determines that provision of emergency relief is not in the national economic interest. The Trade Representative shall decide whether or not to provide emergency relief within 7 days after the day on which the report is received.

"(5) If the Trade Representative decides to provide emergency relief under this section, he shall, after taking into account the finding of the Commission under paragraph (2)—

"(A) order import relief in the form and amount he determines necessary to prevent the serious injury or threat thereof; or

"(B) order—

"(i) the suspension of liquidation of all imported articles subject to a determination under paragraph (4) that are entered, or withdrawn from the warehouse for consumption, after the date of the determination,

"(ii) the posting of a cash deposit, bond, or other security, in such amount as he considers appropriate, for the entry or withdrawal of articles to which the suspension of liquidation applies, or

"(iii) action under both clauses (i) and (ii).

"(d) Termination of Emergency Relief.—

"(1) Any emergency relief provided under subsection (c) with respect to imported articles may not remain in effect after the date on which—

"(A) the Commission reports under section 203(g) that it did not find serious injury, or the threat thereof, to the domestic industry;

"(B) the denial of import relief for the industry under section 204 becomes final;

"(C) import relief for the industry first takes effect under section 204; or

"(D) the Trade Representative terminates the emergency relief because changed circumstances indicates that such action is no longer warranted.

"(2) If emergency relief is terminated under paragraph (1)—

"(A) any suspension of liquidation ordered under subsection (c)(5)(B) shall promptly be terminated;

"(B) any bond or security shall promptly be released; and

"(C) any cash deposit shall promptly be refunded.

"(3) If import relief is granted under section 204 in the form of—

"(A) an increase in, or imposition of, duties, such increase or imposition shall apply to articles with respect to which liquidation was suspended under subsection (c)(5)(B); or

"(B) the imposition of a quantitative restriction, the articles with respect to which liquidation was suspended under subsection (c)(5)(B) shall be counted against such restriction.

"(e) Definition of Perishable Agricultural Product.—For purposes of this section, a perishable agricultural product is any agricultural article, including livestock, regarding which the Trade Representative considers action under this section to be appropriate after taking into account—

"(1) whether the article has—

"(A) a short shelf life,

"(B) a short growing season, or

"(C) a short marketing period,

"(2) whether the article is treated as a perishable product under any other Federal law or regulation; and

"(3) any other factor considered appropriate by the Trade Representative.

The presence or absence of any factor which the Trade Representative is required to take into account under paragraph (1), (2), or (3) is not necessarily dispositive of whether an article is a perishable agricultural product.

"SEC. 203. INVESTIGATIONS AND DETERMINATIONS BY COMMISSION.

"(a) In General.—Upon—

"(1) the filing of a petition under section 201(a);

"(2) the request of the President or the Trade Representative;

"(3) the resolution of either the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate; or

"(4) its own motion;

the Commission shall promptly make an investigation to determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

"(b) Critical Circumstances.—If a petition alleges that critical circumstances exist, the Commission shall determine, at the same time when the determination under subsection (a) is made, whether such circumstances do exist.

"(c) Economic Factors.—

"(1) In making determinations under subsection (a), the Commission shall take into account all economic factors which it considers relevant, including (but not limited to)—

"(A) with respect to serious injury—

"(i) the significant idling of productive facilities in the domestic industry (which includes the closing of plants or the under-utilization of production capacity),

"(ii) the inability of a significant number of firms to carry out domestic production operations at a reasonable level of profit, and

"(iii) significant unemployment or underemployment within the domestic industry;

"(B) with respect to threat of serious injury—

"(i) a decline in sales,

"(ii) a decrease in market share,

"(iii) a higher and growing inventory (whether maintained by domestic producers, importers, wholesalers, or retailers),

"(iv) a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry,

"(v) the inability of producers in the domestic industry to generate adequate capital to finance the modernization of their domestic plants and equipment, and

"(vi) the extent to which the United States market is the focal point for the diversion of exports of the article concerned by reason of restraints on exports of such article to or on imports of such article into third country markets; and

"(C) with respect to substantial cause, an increase in imports (either actual or relative to domestic production) and a decline in the proportion of the domestic market supplied by domestic producers.

"(2) For purposes of this subsection, the term 'substantial cause' means a cause which is important and not less than any other cause.

"(3) In applying this subsection, the Commission shall consider the condition of the domestic industry over the course of the relevant business cycle, but may not aggregate the causes of declining demand associated with a recession or economic downturn in the United States economy into a single cause of serious injury or threat of injury.

"(4) The presence or absence of any factor which the Commission is required to evaluate in subparagraphs (A) and (B) of paragraph (1) is not necessarily dispositive of whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry.

"(5) In the case of an investigation involving imports of a seasonable agricultural article, the Commission may find that increased imports of such article are a substantial cause of serious injury or threat thereof to the domestic industry producing an article like or directly competitive with the imported article if such increased imports are largely entered during a specific period or season of the year and are largely impacting only those domestic producers harvesting or marketing the like or directly competitive article during that period or season of the year.

"(d) DETERMINATION OF DOMESTIC INDUSTRY.—

"(1) For purposes of subsection (a), in determining the domestic industry producing an article like or directly competitive with an imported article, the Commission—

"(A) shall, to the extent information is available—

"(i) in the case of a domestic producer which also imports, treat as part of such domestic industry only its domestic production, and

"(ii) in the case of a domestic producer which produces more than one article, treat as part of such domestic industry only that portion or subdivision of the producer which produces the like or directly competitive article; and

"(B) may, in the case of one or more domestic producers which produce a like or directly competitive article in a major geographic area of the United States and whose production facilities in such area for such article constitute a substantial portion of the domestic industry in the United States and primarily serve the market in such area, and where the imports are concentrated in such area, threat as such domestic industry only that segment of the production located in such area.

"(2) The term 'domestic industry' includes producers located in the United States insular possession.

"(e) TREATMENT OF GEOGRAPHICALLY ISOLATED MARKETS.—In making determinations under subsection (a), the Commission may, in appropriate circumstances, disregard quantities of the article imported into a geographically isolated market. A geographically isolated market is a market in which—

"(1) the producers located within the market have not supplied demand in that market to any substantial degree in the most recent representative period, and there is no reasonable likelihood that they will do so in the future;

"(2) the producers have made no significant effort, as measured by capital investments in plant and equipment, or in distribution and marketing, within a reasonably recent period, to meet demand in the market, and there is no reasonable likelihood that they will do so in the future; and

"(3) producers located outside the market have not historically met demand within the market at prices reasonably equivalent to prices prevailing elsewhere in the United States because of transportation, insurance, or other costs which would be incurred to ship the product to, or sell the product in, the market.

"(f) OTHER MATTERS PERTAINING TO INVESTIGATIONS.—In the course of any investigation under subsection (a), the Commission shall—

"(1) seek information (on a confidential basis, to the extent appropriate) on actions being taken, or planned to be taken, or both, by firms and workers in the industry to enhance competitiveness or adjust to import competition;

"(2) investigate any factor which in its judgment may be contributing to increased imports of the article under investigation, and, whenever in the course of its investigation the Commission has reason to believe that the increased imports are attributable in part to circumstances which come within the purview of subtitles A and B of title VII or section 337 of the Tariff Act of 1930, or other remedial provisions of law, the Commission shall promptly notify the appropriate agency so that such action may be taken as is otherwise authorized by such provisions of law; and

"(3) after reasonable notice, hold public hearings and afford interested parties an opportunity to be present, to present evidence, and to be heard at such hearings.

"(g) IMPORT INJURY DETERMINATIONS BY COMMISSION.—

"(1) Within 120 days after commencing an investigation under subsection (a) with respect to a domestic industry, the Commission shall—

"(A) determine whether increased imports are a substantial cause of serious injury, or the threat thereof, to the industry; and

"(B) if the determination under subparagraph (A) is affirmative and the petition alleged critical circumstances, determine if critical circumstances exist.

"(2)(A) If the Commission determines under paragraph (1)(B) that critical circumstances exist, the Commission—

"(i) shall direct the Commissioner of Customs to order the suspension of the liquidation of all articles subject to the determination that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of notice of the order in the Federal Register; and

"(ii) may direct the Commissioner of Customs to order the posting of a cash deposit, bond, or other security, in such amount as he considers appropriate, for the entry of articles to which the suspension of liquidation applies.

"(B) The Commission shall immediately notify the Trade Representative of a determination made under subparagraph (B). Within 7 days after the day on which such notification is received, the Trade Representative, shall terminate the action taken by the Commission if he considers such action not to be in the national economic interest.

"(C) The Trade Representative shall terminate a suspension of liquidation ordered under subparagraph (A)(i), and release any bond or other security, and refund any cash deposit, required under subparagraph (A)(ii), if—

"(i) a denial of import relief for the industry concerned under section 204 becomes final; or

"(ii) import relief in a form other than an increase in, or the imposition of, duties is provided under section 204.

"(D) If import relief is granted under section 204 in the form of—

"(i) an increase in, or imposition of, duties, such increase or imposition shall apply to articles with respect to which liquidation was suspended under subparagraph (A)(i); or

"(ii) the imposition of a quantitative restriction, the articles with respect to which liquidation was suspended under subparagraph (A)(i) shall be counted against such restriction.

"(h) IMPORT RELIEF DETERMINATIONS BY COMMISSION.—

"(1) Within 60 days after making a determination under subsection (g)(1)(A) that serious injury, or the threat thereof, to a domestic industry exists, the Commission shall determine the form and amount of import relief that would be the most effective—

"(A) in preventing or remedying the serious injury or threat thereof; and

"(B) in facilitating the efforts by the domestic industry to enhance its long-term competitiveness or to adjust to import competition.

If the Commission recommends under subparagraph (A) the imposition of a quantitative restriction on imports, the Commission shall recommend the administration of such a restriction through the public auction of import licenses unless the Commission determines that the use of such an auction would have undesirable economic results.

"(2) In determining the form and amount of import relief under paragraph (1), the Commission shall consider the following factors:

"(A) The extent to which import relief, if implemented in conjunction with existing or proposed actions by the domestic industry that are—

"(i) specified in the statement of proposed adjustment measures, if any, submitted under section 201(b); or

"(ii) revealed to the Commission under subsection (f)(1);

are likely to enhance the long-term competitiveness, or otherwise facilitate the adjustment to import competition, of the domestic industry.

"(B) The current competitive position of the domestic industry in the United States and world markets.

"(C) The trends in conditions of competition in the United States and world markets that are likely to continue.

"(D) The role of the particular industry in the national economy, including its importance to United States national economic security.

"(i) REPORT BY COMMISSION.—

"(1) The Commission shall report to the Trade Representative its findings, and the basis therefor, with respect to each investigation undertaken under subsection (a). The report shall be made at the earliest practicable time, but not later than 180 days after the date on which the petition is filed, or resolution is received, or the motion is adopted, as the case may be.

"(2) The Commission shall include in the report required under paragraph (1) the following:

"(A) The determination made under subsection (g)(1)(A).

"(B) If the determination under subsection (g)(1)(A) is affirmative, the import relief determination made under subsection (h)(1).

"(C) Any dissenting or separate views by members of the Commission regarding the determinations.

"(D) A detailed statement regarding how the factors listed in subsection (h)(2) were applied in determining the form and amount of import relief.

"(E) An estimate of—

"(i) the effects (on the basis of either costs or benefits, or both) of the import relief on—

"(I) consumers of the imported product and consumers of the product generally, and

"(II) on other sectors of the United States economy, and

"(ii) the economic or social costs or benefits to taxpayers, communities, and workers which would likely result if import relief were or were not provided.

"(F) Information, if any, obtained by the Commission under subsection (f)(1) regarding actions or proposed actions by the domestic industry.

"(3) The Commission, after submitting a report to the Trade Representative under paragraph (1), shall promptly make it available to the public (with the exception of the confidential information obtained under subsection (f)(1) and any other information which the Commission determines to be confidential) and cause a summary thereof to be published in the Federal Register.

"(4) Except for good cause determined by the Commission to exist, no investigation for the purposes of this section shall be made with respect to the same subject matter as a previous investigation under this chapter, unless 1 year has elapsed since the Commission made its report to the President or the Trade Representative as the case may be of the results of such previous investigation.

"(j) NOTIFICATION EFFECTING AUTOMATIC CERTIFICATON OF ELIGIBILITY TO APPLY FOR ADJUSTMENT ALLOWANCES.—Within 48 hours after the Commission finds with respect to any article the serious injury, or the threat thereof, described in subsection (a) to a domestic industry, it shall notify the Secretary of Labor and the Secretary of Commerce (for purposes of effecting automatic certification of eligibility to apply for adjustment assistance under section 222(b) or 251(c)(2), as the case may be) of the identity of—

"(1) the domestic industry;

"(2) the firms and subdivisions, to the extent known, within such industry; and

"(3) the articles produced by such industry that are like or directly competitive to the imported articles that caused such injury or threat.

"SEC. 204. ACTION BY TRADE REPRESENTATIVE AFTER DETERMINATION OF IMPORT INJURY.

"(a) DETERMINATIONS REGARDING RELIEF.—

"(1) After receiving a report containing an affirmative finding under section 203(i) regarding a domestic industry and taking into account the matters specified in paragraph (3), the Trade Representative shall decide either—

"(A) to provide import relief to the extent that, and for such time (not to exceed 5 years) as, he determines necessary to prevent or remedy the serious injury, or the threat thereof, to the industry and to enhance the long-term competitiveness or otherwise facilitate the orderly adjustment to import competition of the industry; or

"(B) not to provide import relief because—

"(i) the provision of any import relief would threaten the national security of the United States; or

"(ii) the economic costs of providing any import relief are so great that they outweigh the economic and social benefits of providing import relief.

"(2) In addition to, or in lieu of, the forms of import relief specified in section 206(a)(3), the Trade Representative may initiate negotiations with the foreign governments concerned to address the underlying cause of the increase in imports, or otherwise to alleviate the serious injury or threat thereof to the domestic industry. If the Trade Representative decides to initiate negotiations in lieu of providing any other form of import relief, such decision shall be treated, for purposes of subsection (b)(1), as a decision to provide relief that differs from the import relief determined by the Commission. In the document required to be submitted under subsection (b)(1), the Trade Representative shall state the period of time in which he will undertake such negotiations. If at, or any time before, the close of such period of time (if Congress does not implement under subsection (b)(5) the import relief recommended by the Commission) the Trade Representative reports to Congress that the negotiations have not been successful, the Trade Representative is authorized to provide import relief under subsection (a) to the domestic industry concerned. For purposes of exercising such authority, the report of the Commission containing the affirmative finding under section 203(i) regarding the industry shall be treated as having been received by the Trade Representative on the day the negative report regarding the negotiations is made to Congress.

"(3) For purposes of making decisions under paragraph (1), the Trade Representative shall give particular weight to the estimate of costs and benefits included in the report of the Commission under section 203(i)(2)(E) and shall take into account, in addition to such other factors as he considers relevant—

"(A) information and advice from the Secretary of Labor on the extent to which workers in the industry will benefit from adjustment assistance under chapter 2 and other manpower programs;

"(B) information and advice from the Secretary of Commerce on the extent to which firms in the industry will benefit from adjustment assistance under chapter 3;

"(C) the factors set forth in subparagraphs (A) through (D) of section 203(h)(2);

"(D) the effect of import relief on consumers (including the price and availability of the imported article and the like or directly competitive article produced in the United States) and on competition in the domestic markets for such articles;

"(E) the likely effect of the import relief on the agricultural exports of the United States;

"(F) the effect of import relief on the international economic interests of the United States;

"(G) the impact on United States industries and firms as a consequence of any possible modification of duties or other import restrictions which may result from international obligations with respect to compensation;

"(H) the geographic concentration of imported articles marketed in the United States and presence, if any, of geographically isolated markets for such articles;

"(I) the extent to which the United States market is the focal point for exports of such article by reason of restraints on exports of such article, to, or on imports of such article into, third country markets;

"(J) the economic and social costs which would be incurred by taxpayers, communities, and workers, if import relief were or were not provided; and

"(K) if a seasonal agricultural product is involved, the seasonal nature of the imports.

"(4) The Trade Representative shall make the decision under paragraph (1) within 30 days (60 days if the Trade Representative considers the matter extraordinarily complicated) after receiving a report from the Commission containing an affirmative finding under section 204 (or a finding under section 204 which he considers to be an affirmative finding, by reason of section 330(d) of the Tariff Act of 1930); except that if a supplemental report is requested under paragraph (5), the Trade Representative shall make the decision under paragraph (1) within 30 days after the supplemental report is received.

"(5) The Trade Representative may, within 15 days after the date on which he receives an affirmative finding of the Commission under section 204 with respect to a domestic industry, request additional information from the Commission. The Commission shall, as soon as practicable but in no event more than 30 days after the date on which it receives the Trade Representative's request, furnish additional information with respect to the industry in a supplemental report.

"(b) REPORTS TO CONGRESS.—

"(1) On the day the Trade Representative decides to provide import relief under subsection (a) to a domestic industry, the Trade Representative shall transmit to Congress a document describing that relief. If the import relief to be provided differs from the import relief determined by the Commission under section 203(h)(1), the Trade Representative shall state the reasons in detail for the difference.

"(2) On the day on which the Trade Representative decides not to provide import relief under subsection (a)(1)(B) to a domestic industry, the Trade Representative shall transmit to Congress a document that sets forth—

"(A) in detail, the reasons for the decision; and

"(B) what other actions, if any, are being taken to help the industry to overcome the serious injury or threat thereof and the workers to find productive employment.

"(3) The document required to be transmitted to Congress under paragraph (1) or (2) shall specify how the Trade Representative applied—

"(A) the estimates of costs and benefits included in the report of the Commission under section 203(i)(2)(E); and

"(B) the factors set forth in subsection (a)(3)(A) through (I);

with respect to the decision under such paragraph.

"(4) On the day on which the Trade Representative implements any import relief under section 205 not reported under paragraph (1), he shall transmit to Congress a document setting forth the action he is taking and the reasons therefor.

"(5) If the Trade Representative reports under paragraph (1) or (2) that the import relief being provided differs from the import relief determined by the Commission, or that import relief will not be provided to the domestic industry, the import relief determined by the Commission under section 203(h)(1) shall take effect (as provided in subsection (c)(2)) upon enactment of a joint resolution described in section 152(a)(1)(A) within the 90-day period beginning on the date on which the document referred to in paragraph (1) or (2) is transmitted to the Congress.

"(c) TIME FOR TAKING EFFECT OF RELIEF.—

"(1) Except as provided in paragraphs (1) and (2), the Trade Representative shall order (or otherwise implement) import relief provided under this chapter to take effect within 15 days after the date on which the Trade Representative decides to provide the relief under section 204(a).

"(2) If the contingency set forth in subsection (b)(5) occurs, the Trade Representative shall, within 30 days after the date of the enactment of the joint resolution referred to in such subsection, order (or otherwise implement) the import relief that was determined by the Commission under section 203(h)(1).

"(3) If the Trade Representative announces on the date on which the decision is made under section 204(a) his intention to negotiate one or more orderly marketing or other agreements, the import relief shall be implemented and take effect within 90 days after such date.

"(d) ORDERLY MARKETING AND OTHER AGREEMENTS.—

"(1) If the Trade Representative provides import relief other than through orderly marketing or other agreements, he may, after such relief takes effect, negotiate orderly marketing or other agreements with foreign countries, and may, after such agreements take effect, suspend or terminate, in whole or in part, any import relief previously provided.

"(2) If the Trade Representative negotiates an orderly marketing or other agreement and the agreement does not continue to be effective, he may, consistent with the limitations contained in section 205, provide any other import relief.

"(e) TREATMENT OF CERTAIN SUSPENSIONS OF DUTY.—

"(1) The suspension of—

"(A) item 806.30 or 807.00 of the Tariff Schedules of the United States with respect to an article; and

"(B) the designation of any article as an eligible article for purposes of title V;

shall be treated as an increase in duty under section 206(a)(3).

"(2) No order providing for a suspension referred to in paragraph (1) with respect to any article may be made by the Trade Representative, nor may any such suspension be determined by the Commission under section 203(h)(1), unless the Commission determines in the course of its investigation under section 203 that the serious injury, or threat thereof, substantially caused by imports to the domestic industry producing a like or directly competitive article results from, as the case may be—

"(A) the application of item 806.30 or item 807.00; or

"(B) the designation of the article as an eligible article for the purposes of title V.

"(f) REGULATIONS.—

"(1) The Trade Representative shall by regulation provide for the efficient and fair administration of any import relief provided under this chapter.

"(2) In order to carry out an orderly marketing or other agreements concluded to carry out this chapter, the Trade Representative may prescribe regulations governing the entry or withdrawal from warehouse of articles covered by such agreement. In addition, in order to carry out any orderly marketing agreement concluded under this chapter with one or more countries accounting for a major part of United States imports of the article covered by such agreements, including imports into a major geographic area of the United States, the Trade Representative may issue regulations governing the entry or withdrawal from warehouse of like articles which are the product of countries not parties to such agreement.

"(3) Regulations prescribed under this subsection shall, to the extent practicable and consistent with efficient and fair administration, insure against inequitable sharing of imports by a relatively small number of the larger importers.

"SEC. 205. EXTENSION, MODIFICATION, AND TERMINATION OF IMPORT RELIEF.

"(a) EXTENSION, MODIFICATION, AND TERMINATION.—Any import relief provided under this chapter—

"(1) shall, unless extended under paragraph (3), terminate no later than the close of the 5th anniversary of the day on which import relief with respect to the article in question first took effect under section 204;

"(2) if provided for a period of more than 3 years, shall, to the extent feasible, be phased down during the period of such relief, with the first reduction of relief taking effect no later than the close of the 3rd anniversary of the day on which such relief first took effect;

"(3) may be extended by the Trade Representative at a level of relief no greater than the level in effect immediately before such extension, for one period of not more than 3 years if the Trade Representative determines, after taking into account the advice received from the Commission under subsection (b) and after taking into account the matters referred to in section 204(a)(3), that such extension is in the national interest; and

"(4) shall be terminated by the Trade Representative if he determines, after taking into account the advice received from the Commission under subsection (b) and after seeking advice of the Secretary of Commerce and the Secretary of Labor (and the Secretary of Agriculture if an agricultural product is involved), that such reduction or termination is in the national interest.

"(b) REGULAR COMMISSION REVIEW.—

"(1) So long as any import relief remains in effect, the Commission shall keep under review developments with respect to the industry concerned (including the progress and specific efforts made by the firms in the industry concerned to enhance competitiveness or adjust to import competition). The Commission shall submit to the Congress and the Trade Representative, and make available to the public, an annual report on the review undertaken under this paragraph while the import relief is in effect.

"(2) Upon request of the Trade Representative or upon its own motion, the Commission shall advise the Trade Representative of its judgment as to the probable economic effect on the industry concerned of the extension, reduction, or termination of the import relief.

"(3) Upon petition on behalf of the industry concerned, filed with the Commission not earlier than the date which is 9 months, and not later than the date which is 6 months, before the day any import relief provided under this chapter is to terminate by reason of the expiration of the initial period therefor, the Commission shall advise the Trade Representative of its judgment as to the probable economic effect on such industry of such termination.

"(4) In advising the Trade Representative under paragraph (2) or (3) as to the probable economic effect on the industry concerned, the Commission shall take into account all economic factors which it considers relevant, including the matters referred to in section 204(a)(3) and the progress and specific efforts made by the industry concerned to enhance competitiveness or to adjust to import competition.

"(5) Advice by the Commission under paragraph (2) or (3) shall be given on the basis of an investigation during the course of which the Commission shall hold a hearing at which interested persons shall be given a reasonable opportunity to be present, to produce evidence, and to be heard.

"(c) SPECIAL COMMISSION REVIEW.—

"(1) The Commission—

"(A) at the request of the Trade Representative shall; and

"(B) at the request of any interested party, or on its own motion, may;

undertake a review to determine whether a modification of the form or amount of any import relief provided under this chapter would be appropriate—

"(i) to compensate for changes in currency exchange rates;

"(ii) to prevent or respond to attempts to circumvent the import relief;

"(iii) to ensure the effectiveness of the import relief in providing adequate opportunity for facilitating competitiveness or adjustment;

"(iv) to account for changed circumstances in the domestic economy; or

"(v) to account for actions taken or not taken by the domestic industry to become more competitive or to adjust.

During any review undertaken under this paragraph, the Commission shall provide opportunity for the presentation of views by interested persons.

"(2) As promptly as feasible, but not later than the 90th day after commencing a review under paragraph (1), the Commission shall submit to the Trade Representative each import relief modification, and a detailed statement of the reasons therefor, that it determines under paragraph (1) to be appropriate. Within 21 days after receiving the proposed modification and statement, the Trade Representative shall decide whether to order or implement the proposed modification or any part thereof.

For purposes of the preceding sentence, a proposed modification of the Commission shall be treated by the Trade Representative as an affirmative determination of the Commission under section 203(i) and the provisions of section 204 apply to a proposed modification in the same manner and to the same extent as to such an affirmative determination.

"SEC. 206. DEFINITIONS; MISCELLANEOUS PROVISIONS.

"(a) DEFINITIONS.—For purposes of this chapter:

"(1) The term 'Commission' means the United States International Trade Commission.

"(2) Critical circumstances exist if a substantial increase (absolutely or relatively) in the quantity of an article being imported into the United States over a relatively short period of time has led to circumstances in which a delay in the taking effect of import relief would cause harm that would significantly impair the effectiveness of such relief.

"(3)(A) The term 'import relief' means one or more of the following actions with respect to an imported article:

"(i) Subject to subparagraph (B), the ordering of an increase in, or the imposition of, any duty on the article.

"(ii) Subject to subparagraph (B), the ordering of a tariff-rate quota on the article.

"(iii) The ordering of a modification of, or the imposition of, any quantitative restriction on the importation into the United States of the article.

"(iv) The negotiation, conclusion, and carrying out of orderly marketing agreements with foreign countries limiting the export from foreign countries or the importation into the United States of the article.

"(B) No order issued to implement import relief described in clause (i) or (ii) of subparagraph (A) shall be made increasing a rate of duty to (or imposing) a rate which is more than 50 percent ad valorem above the rate (if any) existing at the time of the order.

"(C) The import relief specified in clauses (iii) and (iv) of subparagraph (A) may not be provided to any industry at the same time.

"(4) The term 'Trade Representative' means the United States Trade Representative.

"(b) ARTICLES TO WHICH CHAPTER NOT APPLICABLE.—No investigation may be made under section 203 with respect to an article which has received import relief under this chapter unless 2 years have elapsed since the last day on which such import relief was provided with respect to that article.

"(c) OTHER PROVISIONS.—

"(1) Actions by the Trade Representative under this chapter may be taken without regard to the provisions of section 126(a) of this Act but only after consideration of the relation of such actions to the international obligations of the United States.

"(2) If the Commission treats as the domestic industry production located in a major geographic area of the United States under section 203(d)(1)(B), then the Trade Representative shall take into account the geographic concentration of domestic production and of imports in that area in providing import relief, if any, which may include actions authorized under paragraph (1)."

(b) CONFORMING AMENDMENTS.—

(1) TRADE ACT OF 1974.—The Trade Act of 1974 is amended as follows:

(A) section 127(b) (19 U.S.C. 2137(b)) is amended by striking out "203" and inserting "204".

(B) Sections 224 and 264 (19 U.S.C. 2274 and 2354) are each amended—

(i) by striking out "201" in subsection (a) and inserting "203";

(ii) by striking out "201" in subsection (b) and inserting "203(i)"; and

such section 264 is amended by striking out "201(b)" in subsection (c) and inserting "203(g)".

(C) Section 406 (19 U.S.C. 2436) is amended—

(i) by striking out "201(a)(1)" in subsection (a)(1) and subsection (d) and inserting "201(a)";

(ii) by striking out "subsections (a)(2), (b)(3), and (c) of section 201" in subsection (a)(2) and inserting "sections 201(b) and 203(d) and (e)(3)";

(iii) by amending subsection (b)—

(I) by striking out "sections 202 and 203" each place it appears and inserting "section 204", and

(II) by striking out "201(b)" and inserting "203(a)"; and

(iv) by striking out "202 and 203" in subsection (c) and inserting "204".

(2) CARIBBEAN BASIN ECONOMIC RECOVERY ACT.—Section 213 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703) is amended—

(A) by amending subsection (e)(1)—

(i) by striking out "President may by proclamation" and inserting "United States Trade Representative", and

(ii) by striking out "proclaimed pursuant to section 203" and inserting "provided under chapter 1 of title II";

(B) by striking out "President under section 201(d)(1)" in subsection (e)(2) and inserting "United States Trade Representative under section 204";

(C) by striking out "(a) and (c) of section 203" in subsection (e)(3) and inserting "chapter 1 of title II";

(D) by amending subsection (e)(4)—

(i) by striking out "proclamation" and inserting "import relief",

(ii) by striking out "made under subsections (a) and (c) of section 203" and inserting "provided under chapter 1 of title II"; and

(iii) by striking out "201(b)" each place it appears and inserting 203";

(E) by amending subsection (e)(5)—

(i) by striking out "proclamation issued pursuant to section 203" and inserting "import relief provided under chapter 1 of title II", and

(ii) by striking out "subsections (h) and (i) of section 203" and inserting "section 205";

(F) by amending subsection (f) (2) and (3) by striking out "President" each place it appears and inserting "United States Trade Representative;

(G) by amending subsection (f)(4)—

(i) by amending subparagraph (A) by striking out "proclamation" and inserting "provision", and by striking out "202(a)(1)" and inserting "204", and

(ii) by striking out "the President makes a determination pursuant to section 203(b)(2)" in subparagraph (B) and inserting "the United States Trade Representative makes a determination under section 204(a)(1)(B)".

(3) TRADE AND TARIFF ACT OF 1984.—

(A) Section 307(b)(4) of the Tariff and Trade Act of 1984 (19 U.S.C. 2114d(4)) is amended by striking out "actions taken under 203" and inserting "import relief provided under chapter 1 of title II.

(B) Title IV of the Tariff and Trade Act of 1984 is amended—

(i) by amending section 403—

(I) by striking out "President under section 201(d)(1)" in subsection (b) and inserting "United States Trade Representative under section 203",

(II) by striking out "subsections (a) and (c) of section 203" in subsections (c) and (d) and inserting "chapter 1 of title II",

(III) by striking out "201(b)" in subsection (d) and inserting "203(g)", and

(IV) by striking out "subsections (h) and (i) of section 203" in subsection (e)(2) and inserting "section 205"; and

(ii) by amending section 404—

(I) by striking out "President" each place it appears therein and inserting "United States Trade Representative";

(II) by striking out "proclamation of import relief under section 202(a)(1)" and inserting "provision of import relief under chapter 1 of title II", and

(III) by striking out "President makes a determination under section 203(b)(2)" and inserting "United States Trade Representative makes a decision under section 204(a)".

(4) TARIFF ACT OF 1930.—Section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)) is amended—

(A) by amending paragraph (1)—

(i) by striking out "201" and inserting "203", and

(ii) by striking out "(b)(1)" and inserting "(a)";

(B) by amending paragraph (2)—

(i) by striking out "President" each place it appears and inserting "United States Trade Representative",

(ii) by striking out "201" the first place it appears and inserting "203",

(iii) by striking out "201(d)(1)" and inserting "203(g)",

(iv) by striking out "202 and 203" each place it appears and inserting "203 and 204", and

(v) by striking out "203(b)" in subparagraph (B) and inserting "204(a)"; and

(C) by striking out "203(c)(1)" in paragraph (4) and inserting "206(a)(4)".

(5) TABLE OF CONTENTS.—The entry for such chapter 1 in the table of contents to the Trade Act of 1974 is amended to read as follows:

"CHAPTER 1—IMPORT RELIEF

"Sec. 201. Petitions for relief.
"Sec. 202. Emergency relief from injury caused by imports of perishable agricultural products.
"Sec. 203. Investigations and determinations by Commission.
"Sec. 204. Action by Trade Representative after determination of import injury.
"Sec. 205. Extension, modification, and termination of import relief.
"Sec. 206. Definitions; miscellaneous provisions

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on the date of the enactment of this Act and shall apply with respect to petitions filed under chapter 1 of title II of the Trade Act of 1974 on or after that date. Any petition filed under section 201 of such chapter before such date of enactment, and with respect to which the United States International Trade Commission did not make a finding before such date with respect to serious injury or the threat thereof, may be withdrawn and refiled, without prejudice, by the petitioner.

CHAPTER 2—INDUSTRY RELIEF FROM MARKET DISRUPTION CAUSED BY IMPORTS FROM NONMARKET ECONOMY COUNTRIES

SEC. 135. MARKET DISRUPTION.

(a) AMENDMENTS.—Section 406 of the Trade Act of 1974 (19 U.S.C. 2436) is amended—

(1) by striking out "President" each place it appears in paragraphs (3) and (4) of subsection (a), and in subsections (b), (c), and (d), and inserting "United States Trade Representative";

(2) by striking out "Communist country" each place it appears therein and inserting "nonmarket economy country"; and

(3) by amending subsection (e) to read as follows:

"(e) For purposes of this section, the term 'nonmarket economy country' means any country in which economic activity, as a whole, is generally determined through central government planning rather than being dependent on market forces."; and

(4) by adding at the end thereof the following new subsections:

"(f)(1) For purposes of this section, market disruption exists within a domestic industry whenever an article is being imported into the United States in such increased quantities (either absolutely or relatively) as to be an important cause of material injury or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

"(2) In making its determination under paragraph (1), the Commission shall consider, among other factors—

"(A) the volume of imports of the merchandise which is the subject of the investigation;

"(B) the effect of imports of the merchandise on prices in the United States for like or directly competitive articles;

"(C) the impact of imports of such merchandise on domestic producers of like or directly competitive articles; and

"(D) evidence of disruptive pricing practices, or other efforts to unfairly manage trade patterns.

"(3) For purposes of paragraph (2)—

"(A) In evaluating the volume of imports of merchandise, the Commission shall consider whether the increase in the volume of imports of the merchandise, either in absolute terms or relative to production or consumption in the United States, is significant.

"(B) In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether—

"(i) there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States, and

"(ii) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

"(C) In examining the impact on the affected industry, the Commission shall evaluate all relevant economic factors which have a bearing on the state of the industry, including, but not limited to—

"(i) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity.

"(ii) factors affecting domestic prices, and

"(iii) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment.

"(4) In making its determination under paragraph (1), the Commission shall, where appropriate, cumulate imports from 2 or more nonmarket economy countries subject to investigation under this section.

"(g) The Commission may recommend, in addition to other relief available under this section, a variable tariff that is equivalent to the average of—

"(1) the average price at which United States producers of merchandise that is like or similar to the article under investigation sell, or offer to sell, the merchandise in arms length transactions; and

"(2) the average price at which imported merchandise that is like or similar to the article under investigation is sold, or offered for sale, in the United States in arms length transactions.

"(h) The Trade Representative may deny import relief with respect to imports from a nonmarket economy country only if the provision of such relief would have a serious negative impact on the domestic economy.".

(b) EFFECTIVE DATE.—

(1) Except as provided in paragraph (2), the amendments made by subsection (a) apply with respect to petitions filed under section 406(a) of the Trade Act of 1974 on or after the date of the enactment of this Act.

(2) If there is in effect, on such date of enactment, any bilateral agreement between the United States and any nonmarket economy country containing obligations of the United States with which the amendments made by subsection (a) conflict, the amendments made by subsection (a) (except those made by paragraphs (1) and (2) of such subsection) shall apply with respect to petitions regarding imports from that country that are filed under section 406(a) of the Trade Act of 1974 on or after the date after such date of enactment on which such obligations under the bilateral agreement terminate.

CHAPTER 3—TRADE ADJUSTMENT ASSISTANCE

SEC. 141. TRADE READJUSTMENT ALLOWANCES.

(a) TO SUPPLEMENT REEMPLOYMENT WAGES.—Section 232 of the Trade Act of 1974 (19 U.S.C. 2292) is amended—

(1) by striking out "Subject to subsections (b) and (c)," in subsection (a) and inserting "Except as provided in subsection (d), and subject to subsections (b) and (c),"; and

(2) by adding at the end thereof the following new subsection:

"(d)(1) If an adversely affected worker accepts full-time employment (hereinafter referred to in this subsection as 'reemployment') at a weekly wage that is less than his average weekly wage in adversely affected employment and the worker has met the requirements of section 231(a)(1) and (2), the worker may elect to receive trade readjustment allowances (in the form of supplemental wage allowances) under this subsection with respect to any week during which the worker performs services in such reemployment job for scheduled hours of work in each such week. Upon making such an election, the adversely affected worker is not eligible for trade readjustment allowances under the other provisions of this part.

"(2) A supplement wage allowance shall be payable for any week of reemployment without regard to whether the worker is also receiving, or is entitled to, unemployment insurance with respect to such week.

"(3) The supplemental wage allowance payable to an adversely affected worker under this subsection with respect to any week in which services are performed in such a reemployment job shall be an amount that—

"(A) is equal to the difference between—

"(i) the weekly wage received for such week, and

"(ii) an amount equal to 80 percent of his average weekly wage in adversely affected employment (as determined for purposes of section 247(6)); but

"(B) does not exceed 50 percent of the weekly amount of trade readjustment allowance for the worker (as determined for purposes of subsection (a)).".

(b) DURATION OF ALLOWANCES.—Section 233(a) of the Trade Act of 1974 (19 U.S.C. 2293) is amended—

(1) by striking out "(1) The" and inserting "(1) Except as otherwise provided in this section, the";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(3) by inserting after paragraph (1) the following:

"(2) The maximum amount of supplemental wage allowances payable to a reemployed worker under section 232(d) with respect to the period covered by any certification shall in lieu of the maximum amount of trade readjustment allowance specified in paragraph (1) be the amount that is the product of 52 multiplied by the maximum weekly amount as determined under section 232(d)(2)(B), but such product shall be reduced by such maximum weekly amount multiplied by the number of weeks preceding the first week of work in the reemployment job with respect to which the worker was entitled to or paid a trade readjustment allowance."; and

(4) by amending paragraph (4) (as redesignated by paragraph (2) of this subsection) by striking out "under this chapter" and inserting "under section 231(a)".

SEC. 142. TRAINING FOR WORKERS.

(a) TRAINING PROGRAM ENROLLMENT A PREREQUISITE FOR ELIGIBILITY FOR TRADE READJUSTMENT ALLOWANCES.—Section 231 of the Trade Act of 1974 (19 U.S.C. 2291) is amended as follows:

(1) Subsection (a) is amended—

(A) by amending paragraph (5)—

(i) by amending that portion that precedes subparagraph (A) to read as follows: "(5) Such worker, if not subject to paragraph (6)—"; and

(ii) by adding at the end thereof the following flush sentence:

"The Secretary shall waive the application of subparagraph (A) in the case of any worker if the Secretary determines that no acceptable job search program is reasonably available for the worker."; and

(B) by adding at the end thereof the following new paragraph:

"(6) Such worker, unless exempt from this paragraph under subsection (e), has no reasonable prospect of being reemployed by the firm or subdivision from which the worker was totally separated and—

"(A) is enrolled in a training program approved by the Secretary under section 236(a); or

"(B) has, after the date on which the worker first became totally separated or partially separated from the adversely affected employment, completed a training program approved by the Secretary under section 236(a).".

(2) The following new subsections are added at the end thereof:

"(d) If the Secretary determines that—

"(1) an adversely affected worker—

"(A) is not enrolled in a training program as required under subsection (a)(6)(A), or

"(B) has ceased to participate in a training program approved by the Secretary under section 236(a) before completing the program; and

"(2) there is no justifiable cause for such failure to enroll or cessation;

no trade readjustment allowance may be paid to the adversely affected worker under this part on or after the date of such determination until the worker enrolls or resumes participation in a training program approved under section 236(a).

"(e) If the Secretary determines that it is not feasible or appropriate to approve a training program under section 236(a) for an adversely affected worker, the Secretary shall exempt the worker from subsection (a)(6).".

(b) ENTITLEMENT TO TRAINING; PAYMENT BY VOUCHER.—Section 236 of the Trade Act of 1974 (19 U.S.C. 2296) is amended as follows:

(1) Subsection (a) is amended—

(A) by striking out "(to the extent appropriated funds are available)" and all that follows down to "Insofar as possible," in paragraph (1) and inserting the following: "approve such training for the worker and the worker shall be entitled to have payment of the costs of such training (but not to exceed $4,000 with respect to any single certification and any one adversely affected worker) paid by the Secretary. The Secretary shall prescribe regulations that set forth the criteria under subparagraphs (A) through (E) that will be used as the basis for making determinations under this subsection.";

(B) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively;

(C) by inserting after paragraph (1) of subsection (a) the following new paragraph:

"(2) The Secretary shall pay the costs of training provided under paragraph (1) under a voucher system. If the costs of the training provided to a worker under paragraph (1) is less than $4,000, then a relocation allowance granted to the worker under section 238 may be paid, in whole or part, through the voucher system, but the aggregate payment under the voucher system of any such allowance together with the payment for training under paragraph (1) may not exceed the $4,000 limitation in that paragraph."; and

(D) by amending paragraph (5) (as so redesignated) by—

(i) striking out "and" in subparagraph (C),

(ii) redesignating subparagraph (D) as subparagraph (E), and

(iii) by inserting after subparagraph (C) the following:

"(D) a program of remedial education, and".

(2) Subsection (c) is repealed.

(3) Subsections (d), (e), and (f) are redesignated as subsections (c), (d), and (e), respectively.

(4) That part of subsection (c) (as so redesignated) that precedes paragraph (1) is amended to read as follows:

"(d) Notwithstanding any provision of subsection (a)(1), the Secretary shall pay the costs of on-the-job training of an adversely affected worker under subsection (a)(1) in 12 equal monthly installments, but the Secretary may pay such costs only if—".

(c) CONFORMING AMENDMENTS.—

(1) Section 233(b) of the Trade Act of 1974 (19 U.S.C. 2293(b)) is amended by striking out "if the adversely affected worker who would receive such allowance did" and inserting "in the case of an adversely affected worker who was exempted from the training requirement in section 231(a)(6) if the worker does".

(2) Section 239(a) of the Trade Act of 1974 (19 U.S.C. 2311(a)) is amended by striking out "and (4)" and inserting: "(4) will determine exemptions under section 231(e), and (5)".

SEC. 143. COOPERATING STATE AGENCY FUNCTIONS.

Section 239(f) of the Trade Act of 1974 (19 U.S.C. 2311(f)) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (3) and (4);

(2) by inserting before "to apply" in paragraph (3) (as so redesignated) the following: ", as appropriate, to enroll in a job search program or";

(3) by striking out "within 60 days" in paragraph (4) (as so redesignated) and inserting "as soon as practicable"; and

(4) by inserting before paragraph (3) (as so redesignated) the following:

"(1) advise each worker who applies for unemployment insurance of the benefits under this chapter and the procedures and deadlines for applying for such benefits,

"(2) facilitate the early filing of petitions under section 221 for workers who the agency considers likely to be eligible for benefits under this chapter,".

SEC. 144. SUPPLEMENTAL WORKER TRAINING PROGRAMS.

(a) IN GENERAL.—Title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended—

(1) by redesignating chapter 5 as chapter 6; and

(2) by inserting after chapter 4 the following new chapter:

"CHAPTER 5—SUPPLEMENTAL WORKER TRAINING

"SEC. 276. FINANCIAL ASSISTANCE FOR TRAINING PROGRAMS.

"(a) The Secretary of Commerce (hereinafter referred to in this chapter as the 'Secretary') may provide financial assistance in the form of grants and loans under this chapter to support, in whole or in part, training programs administered by educational institutions (whether public or private) and by firms for workers eligible for training under chapter 2.

"(b) Loans and grants made by the Secretary under this chapter shall be subject to such terms and conditions as the Secretary considers necessary to protect the interests of the United States, including the restrictions applicable to direct loans provided for in section 255 (b) and (c) and the following conditions:

"(1) The aggregate amount of loans made with respect to any one training program under this chapter and outstanding at any time may not exceed $1,000,000.

"(2) The aggregate amount of grants made under this chapter and outstanding at any time may not exceed $1,000,000.

"SEC. 277. ELIGIBLE TRAINING PROGRAMS.

"(a) Except as provided in subsection (b), the Secretary may not provide financial assistance under this chapter with regard to a training program unless the Secretary determines, after consultation with the Secretary of Labor, that the program will provide training that would meet the standards for approval under section 236(a)(1)(D).

"(b) The Secretary may exempt from subsection (a) any training program if the Secretary considers the program to contain innovative training methods that merit testing. Not more than 30 percent of the monies available in any fiscal year for the carrying out of this chapter may be expended on training programs subject to this subsection.

"SEC. 278. FINANCING.

"(a) There is established in the Treasury of the United States the Supplemental Training Fund (hereinafter in this section referred to as the 'fund') which shall be available, as provided for in advance in appropriation Acts, for the provision of financial assistance under this chapter. The fund shall consist of—

"(1) appropriations to the fund under subsection (b); and

"(2) payments of principal and interest, and other receipts, received by the Secretary in the administration of this chapter.

"(b) There are appropriated from time-to-time to the fund all monies in the account in the Treasury into which are deposited repayments and other receipts under section 257(c) other than such monies as are necessary for the carrying out of the administrative functions associated with the operation of the financial assistance program authorized under chapter 3.".

SEC. 145. AUTOMATIC CERTIFICATION OF ELIGIBILITY TO APPLY FOR ADJUSTMENT ASSISTANCE.

(a) CERTIFICATION OF WORKERS.—Section 222 of the Trade Act of 1974 (19 U.S.C. 2273) is amended—

(1) by striking out "The Secretary" and inserting "(a) Except as provided in subsection (b), the Secretary"; and

(2) by adding at the end thereof the following:

"(b) The Secretary shall treat any group of workers in a firm or subdivision that is—

"(1) within a domestic industry with respect to which the Secretary receives a notification under section 203(j); and

"(2) produces articles that are like or directly competitive with the articles identified in such notification;

as having met the requirements for certification under subsection (a) if the petition for certification is filed within 3 years after the date such notification is received. A certification of eligibility to apply for adjustment assistance shall be issued under section 223 specifically identifying each group of workers who qualify for certification under this subsection.".

(b) CERTIFICATION OF FIRMS.—Section 251(c) of the Trade Act of 1974 (19 U.S.C. 2341(a)) is amended—

(1) by redesignating subparagraphs (A) and (B) of paragraph (2) as clauses (i) and (ii), respectively;

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(3) by striking out "paragraph (3)" in the last sentence and inserting "subparagraph (C)";

(4) by striking out "The Secretary" and inserting "(1) Except as provided in paragraph (2), the Secretary"; and

(5) by inserting at the end thereof the following:

"(2) The Secretary shall treat any firm that is—

"(A) within a domestic industry with respect to which the Secretary receives a notification under section 203(j); and

"(B) produces articles that are like or directly competitive with the articles identified in such notification;

as having met the requirements for certification under paragraph (1) if the petition for certification is filed within 3 years after the date such notification is received.".

SEC. 146. ADJUSTMENT ASSISTANCE TRUST FUND.

(a) Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended to read as follows:

"SEC. 245. ADJUSTMENT ASSISTANCE TRUST FUND.

"(a) There is established in the Treasury of the United States a trust fund to be known as the Adjustment Assistance Trust Fund (hereinafter in this section referred to as the 'Trust Fund').

"(b) The Trust Fund shall consist of monies—

"(1) transferred under subsection (c);

"(2) deposited under subsection (d); and

"(3) appropriated pursuant to subsection (f).

"(c) The Secretary of the Treasury shall transfer, at least quarterly, to the Trust Fund out of the general fund of the Treasury of the United States amounts determined by the Secretary of the Treasury to be equivalent to the amounts received into the general fund that are attributable to—

"(1) the imposition of duties as import relief under chapter 1 of this title or as an action under section 301(a); and

"(2) the public auctioning of import licenses under section 1102 of the Trade Agreements Act of 1979 (19 U.S.C. 2581).

"(d) With respect to each fiscal year in which duties are imposed under section 245A, the Secretary of the Treasury shall deposit into the Trust Fund all duties collected under that section with respect to that year.

"(e) Amounts in the Trust Fund shall only be available—

"(1) to carry out part 1 and section 236, including administrative expenses; and

"(2) to the extent provided for in advance by appropriation Acts, to carry out—

"(A) chapters 2 (except part 1 and section 236) and 3 of this title, including administrative expenses, and

"(B) any community assistance program provided for under Federal law with respect to communities in which a substantial number of workers or firms, or both, are certified as eligible to apply for adjustment assistance under chapter 2 or 3.

"(f) There are authorized to be appropriated to the Trust Fund such sums as may be necessary to supplement the monies otherwise accruing to the Trust Fund to carry out the provisions referred to in subsection (e).

"(g) Any amount remaining in the Trust Fund at the close of a fiscal year not needed for current operations shall be deposited into the general fund of the Treasury as miscellaneous receipts.".

SEC. 147. IMPOSITION OF SMALL UNIFORM DUTY ON ALL IMPORTS.

(a) IN GENERAL.—Subchapter C of part III of chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2311 et seq.) is amended by inserting after section 245 the following new section:

"SEC. 245A. IMPOSITION OF DUTIES TO FUND WORKER ADJUSTMENT ASSISTANCE PROGRAM.

"(a)(1) The President shall undertake negotiations necessary to achieve changes in the General Agreement on Tariffs and Trade that would allow any country to impose a small uniform duty on all imports to such country for the purpose of using the revenue from such duty to fund any program which assists worker adjustment to import competition.

"(2) On the first day after the date of enactment of this section on which the General Agreement on Tariffs and Trade allows any country to impose a duty described in paragraph (1), the President shall submit to the Congress a written statement certifying that the General Agreement on Tariffs and Trade allows such a duty.

"(b) With respect to each fiscal year occurring after the fiscal year in which the statement referred to in subsection (a)(3) is submitted to Congress, there is imposed, subject to subsection (d) and in addition to any other duty imposed by law, a duty on all articles entered, or withdrawn from warehouse, for consumption in the customs territory of the United States during such fiscal year.

"(c) The rate of the duty imposed under subsection (b) during a fiscal year shall be a uniform ad valorem rate, proclaimed by the President at least 30 days before the beginning of such year, sufficient to provide the funding necessary to carry out the provisions of this chapter during such year.

"(d)(1) Except as otherwise provided in this subsection, duty-free treatment provided with respect to any article under any other provision of law shall not prevent the imposition of duty with respect to such article by subsection (b).

"(2) No duty may be imposed under subsection (b) with respect to—

"(A) any article that is accorded duty-free treatment under schedule 8 of the Tariff Schedules of the United States (other than an article provided for in item 870.40, 870.45, 870.50, 870.55, or 870.60 of such Schedule); or

"(B) any article which has a value of less than $1,000.".

SEC. 148. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) EFFECTIVE DATES.—

(1) Except as provided in paragraph (2), the amendments made by this chapter take effect after the date of the enactment of this Act.

(2) The amendments made by sections 141 and 142 apply with respect to workers covered by petitions filed under section 221 of the Trade Act of 1974 on or after such date of enactment.

(b) CONFORMING AMENDMENTS.—The table of contents to the Trade Act of 1974 is amended—

(1) by striking out the entry for section 245 and inserting the following:

"Sec. 245. Adjustment assistance trust fund.
"Sec. 245A. Imposition of duties to fund worker adjustment assistance program.";

(2) by redesignating chapter 5 of title II thereof as chapter 6; and

(3) by inserting after the entries for chapter 4 of such title the following:

"CHAPTER 5—SUPPLEMENTAL WORKER TRAINING

"Sec. 276. Financial assistance for training programs.
"Sec. 277. Eligible training programs.
"Sec. 278. Financing.".

Subtitle D—Relief From Injury Caused by Subsidies and Dumping

SEC. 151. REFERENCE TO THE TARIFF ACT OF 1930.

Unless otherwise provided, whenever in this chapter an amendment or repeal is expressed in terms of an amendment to, or repeal of, a title, subtitle, section, subsection, or other provision, the reference shall be considered to be made to a title, subtitle, section, subsection, or other provision of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.).

SEC. 152. PROCESSED AGRICULTURAL PRODUCTS.

(a) DEFINITION OF INDUSTRY PRODUCING PROCESSED AGRICULTURAL PRODUCTS.—Section 771(4) (19 U.S.C. 1677(4)) is amended by adding at the end thereof the following new subparagraph:

"(E) INDUSTRY PRODUCING PROCESSED AGRICULTURAL PRODUCTS.—

"(i) IN GENERAL.—In an investigation involving a processed agricultural product produced from any raw agricultural product, the producers or growers of the raw agricultural product may be considered part of the industry producing the processed product if—

"(I) the processed agricultural product is produced from the raw agricultural product through a single continuous line of production; and

"(II) there is a substantial coincidence of economic interest between the producers or growers of the raw agricultural product and the processors of the processed agricultural product based upon relevant economic factors, which may, in the discretion of the Commission, include price, added market value, or other economic interrelationships (regardless of whether such coincidence of economic interest is based upon any legal relationship).

"(ii) PROCESSING.—For the purposes of this subparagraph, the processed agricultural product shall be considered to be processed from a raw agricultural product through a single continuous line of production if—

"(I) the raw agricultural product is substantially or completely devoted to the production of the processed agricultural product; and

"(II) the processed agricultural product is produced substantially or completely from the raw product.

"(iii) RELEVANT ECONOMIC FACTORS.—For purposes of clause (i)(II), in addition to such other factors it considers relevant to the question of coincidence of economic interest, the Commission shall—

"(I) if price is taken into account, consider the degree of correlation between the price of the raw agricultural product and the price of the processed agricultural product; and

"(II) if added market value is taken into account, consider whether the value of the raw agricultural product constitutes a significant percentage of the value of the processed agricultural product.

"(iv) RAW AGRICULTURAL PRODUCT.—For purposes of this subparagraph, the term 'raw agricultural product' means any farm or fishery product.".

(b) MATERIAL INJURY.—Section 771(7)(F) (19 U.S.C. 1677(7)(F)) is amended—

(1) by striking out "and" at the end of subclause (VII);

(2) by striking out the period at the end of subclause (VIII) and inserting ", and"; and

(3) by adding at the end thereof the following:

"(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission with respect to either the raw agricultural product or the processed agricultural product (but not both).".

(c) INTERESTED PARTIES.—Section 771(9) (19 U.S.C. 1677(9)) is amended—

(1) by striking out "and" at the end of subparagraph (E);

(2) by striking out the period at the end of subparagraph (F) and inserting in lieu thereof ", and"; and

(3) by adding at the end thereof the following new subparagraph:

"(G) in any investigation under this title involving an industry engaged in producing a processed agricultural product, as defined in paragraph (4)(E), a coalition or trade association which is representative of either—

"(i) processors, or

"(ii) processors and producers or growers.".

(d) CONFORMING AMENDMENTS.—

(1) Sections 702(b)(1) and 732(b)(1) (19 U.S.C. 1671a(b)(1) and 1673(a)(b)(1)) are each amended by striking out "subparagraph (C), (D), (E), or (F) of section 771(9)" each place it appears and inserting in lieu thereof "subparagraph (C), (D), (E), (F), or (G) of section 771(9)".

(2) Subsections (g)(2) and (h)(1) of sections 704 and 734 (19 U.S.C. 1671c; 1673c) are each amended by striking out "subparagraph (C), (D), (E), and (F)" and inserting in lieu thereof "subparagraph (C), (D), (E), (F), or (G)".

(3) Section 514 (19 U.S.C. 1514) is amended by striking out "as defined in section 771(9)(C), (D), (E), and (F) of this Act".

(4) Subsection (a) of section 516 (19 U.S.C. 1516(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Any producer of a raw agricultural product who is considered under section 771(4)(E) to be part of the industry producing a processed agricultural product of the same class or kind as the designated imported merchandise shall, for purposes of this section, be treated as an interested party producing such processed agricultural product.".

SEC. 153. DEFINITION OF DOMESTIC SUBSIDY.

Section 771(5) (19 U.S.C. 1677(5)) is amended to read as follows:

"(5) SUBSIDY.—

"(A) IN GENERAL.—The term 'subsidy' has the same meaning as the term 'bounty or grant' as that term is used in section 303 of this Act, and includes, but is not limited to, the following:

“(i) Any export subsidy described in Annex A to the Agreement (relating to illustrative list of export subsidies).

“(ii) The following domestic subsidies, if provided or required by government action to a specific enterprise or industry, or group of enterprises or industries, whether publicly or privately owned and whether paid or bestowed directly or indirectly on the manufacture, production, or export of any class or kind of merchandise:

“(I) The provision of capital, loans or loan guarantees on terms inconsistent with commercial considerations.

“(II) The provision of goods or services at preferential rates.

“(III) The grant of funds or forgiveness of debt to cover operating losses sustained by a specific industry.

“(IV) The assumption of any costs or expenses of manufacture, production, and distribution.

“(B) SPECIAL RULE.—In applying subparagraph (A), the administering authority, in each investigation, shall determine whether the benefits under the bounty, grant, or subsidy are actually paid to or bestowed on a specific enterprise or industry, or group of enterprises or industries. A nominal general availability, under the terms of the law or rule establishing a bounty, grant, or subsidy, of the benefits thereunder is not cause for determining that the bounty, grant, or subsidy cannot be, or has not been, paid to or bestowed on a specific enterprise or industry, or group thereof.

“(C) DETERMINATION OF PREFERENTIAL RATES.—For purposes of determining under subparagraph (A)(ii)(II) whether the rate at which goods or services are provided is preferential, the administering authority shall compare such rate with the following:

“(i) The freely-available and market-determined rate at which such or similar goods or services are provided within the country.

“(ii) If a rate cannot be determined under clause (i), an appropriate rate applicable to external transactions regarding such or similar goods or services, including, but not limited to—

“(I) the rate (if different from the rate subject to investigation) at which the government provides such or similar goods or services for export;

“(II) the world market rate if any, for such or similar goods or services; or

“(III) the freely available and market-determined rate at which such or similar goods or services are provided within another country that has a market for the goods or service that is similar to the market of the country subject to the investigation.

“(iii) If a rate cannot be determined under clause (ii), a rate determined by the administering authority, on the basis of the best information available to it, that reflects—

“(I) the cost of producing the goods or providing the services; and

“(II) a reasonable profit for such production or provision,”.

SEC. 154. DEFINITION OF MATERIAL INJURY AND THREAT OF MATERIAL INJURY.

Section 771(7) (19 U.S.C. 1677(7)) is amended—

(1) by amending subparagraph (B) to read as follows:

“(B) VOLUME AND CONSEQUENT IMPACT.—In making its determinations under sections 703(a), 705(b), 733(a), and 735(b), the Commission, in each case—

“(i) shall consider—

“(I) the volume of imports of the merchandise which is the subject of the investigation,

“(II) the effect of imports of that merchandise on prices in the United States for like products, and

“(III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States; and

“(ii) may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

In the notification required under section 705(d) or 735(d), as the case may be, the Commission shall explain its analysis of each factor considered under clause (i), and identify each factor considered under clause (ii) and explain in full its relevance to the determination.”;

(2) by amending subparagraph (C)—

(A) by amending the side heading to read as follows: “(C) EVALUATION OF RELEVANT FACTORS.—”,

(B) by striking out “price undercutting” and inserting “price underselling” in clause (ii),

(C) by amending clause (iii)—

(i) by amending that part that precedes subclause (I) to read as follows:

“(iii) IMPACT ON AFFECTED DOMESTIC INDUSTRY.—In examining the impact required to be considered under subparagraph (B)(iii), the Commission shall evaluate all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to—”, and

(ii) by adding at the end thereof the following flush sentence:

“The Commission shall evaluate all relevant economic factors within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”,

(C) by amending clause (iv) to read as follows:

“(iv) CUMULATION.—For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and price effects of imports from two or more countries if such imports compete with each other, and with like products of the domestic industry, in the United States market, and if such imports—

“(I) are subject to any investigation under section 303, 701, or 731;

“(II) are subject to any final order or suspension agreement resulting from an investigation under section 303, 701, or 731; or

“(III) were entered before any quantitative restraint was imposed, if such restraint was the basis on which a petition filed under section 303, 701, or 731 was withdrawn after the administering authority made an affirmative preliminary determination on the petition.

Subclauses (II) and (III) apply only if the order, agreement, or restraint concerned came into effect within the 12-month period ending on the date the investigation with respect to which this clause is being applied is initiated.”, and

(D) by adding at the end thereof the following:

“(v) EXCLUSION OF NEGLIGIBLE IMPORTS FROM CUMULATION.—The Commission is not required to apply clause (iv) or subparagraph (F)(iii) in any case in which the Commission determines that imports of the merchandise subject to investigation are negligible and have no discernable adverse impact on the domestic industry. For purposes of making such a determination, the Commission shall evaluate all relevant economic factors regarding the imports, but not limited to, whether—

“(I) the volume and market share of the imports are negligible;

“(II) sales transactions involving the imports are isolated and sporadic; and

“(III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.”;

(3) by amending subparagraph (E) to read as follows:

“(E) SPECIAL RULES.—For purposes of this paragraph—

“(i) STANDARD OF DETERMINATION.—The presence or absence of any factor which the Commission is required to evaluate under subparagraph (C) or (D) shall not necessarily give decisive guidance with respect to the determination by the Commission of material injury.

“(ii) GEOGRAPHICALLY ISOLATED MARKETS.—In determining whether material injury, the threat of material injury, or the material retardation of the establishment of an industry exists, the Commission may consider whether imports of the merchandise which is the subject of the investigation have historically supplied a substantial proportion of demand in a geographically isolated market, and, in appropriate circumstances, may disregard imports the merchandise into such a geographically isolated market in making its determination. A geographically isolated market is one in which—

“(I) producers located within such market have not supplied demand in that market to any substantial degree in the most recent representative period, and there is no reasonable likelihood that they will do so in the future;

“(II) producers have made no significant effort as measured by capital investment in plant and equipment, or in distribution and marketing, within a reasonably recent period, to meet demand in that market, and there is no reasonable likelihood that they will do so in the future; and

“(III) producers located outside the area have historically not met demand within the region at prices reasonably equivalent to prices prevailing elsewhere in the United States because of transportation, insurance, or other costs which would be incurred to ship the product to or market the product in the geographically isolated market.”; and

(4) by amending subparagraph (F) (as amended by section 152(b))—

(A) by inserting the following before the comma at the end of clause (i)(I): “provided by a foreign country and effects likely to be caused by the subsidy”,

(B) by striking out “and” at the end of clause (i)(VIII),

(C) by striking out the period at the end of clause (i)(IX) and inserting in lieu thereof “, and”, and

(D) by adding at the end of clause (i) the following new subclause:

“(X) the extent to which the United States is a focal point for exports of the merchandise by reason of restraints on exports of the merchandise to, or on imports of the merchandise into, third country markets.”, and

(E) by adding at the end thereof the following new clauses:

“(iii) CUMULATION.—To the extent practicable and subject to paragraph (C)(v), for purposes of clause (i) (III) and (IV), the Commission shall cumulatively assess the volume and price effects of imports from two or more countries if such imports—

"(I) compete with each other, and with like products of the domestic industry, in the United States market; and

"(II) are subject to any investigation under section 303, 701, or 731.

"(iv) Effect of dumping in third-country markets.—In investigations under subtitle B, the Commission shall consider whether dumping in third country markets, as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation, suggests a threat of material injury to the domestic industry. In the course of its investigation, the Commission shall request information from the foreign manufacturer, exporter, or United States importer concerning this issue. If the foreign manufacturer, exporter, or United States importer does not provide specific and convincing information to establish that there is no threat of injury to the United States industry, then the Commission may draw adverse inferences. For purposes of this clause, the term 'GATT member market' means any country which is a signatory to The Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade (relating to antidumping measures), and the European Community shall be treated as being one country.".

SEC. 155. PREVENTION OF CIRCUMVENTION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

Section 771 (19 U.S.C. 1677) is further amended by adding at the end thereof the following new paragraph:

"(18) Prevention of circumvention of findings and orders.—

"(A) Definition.—As used in this paragraph, the term 'order or finding' means—

"(i) a countervailing duty order issued under section 303 or 706;

"(ii) an antidumping duty order issued under section 736; or

"(iii) a finding issued under the Antidumping Act, 1921.

"(B) Dumping or subsidization of merchandise completed or assembled in the United States.—If a product which is within the class or kind of merchandise covered by an order or finding is completed or assembled in the United States with parts or components imported from the country covered by such order or finding; the order or finding shall apply to those parts or components used in the completion or assembly of the merchandise in the United States, if—

"(i) substantially all the parts and components are imported from the country covered by the order or finding;

"(ii) the value added in the United States is small in relation to the total value of the merchandise entered into the commerce of the United States; and

"(iii) the parts or components were produced or exported by a company related to the company performing the completion or assembly in the United States.

"(C) Dumping or subsidization of merchandise completed or assembled in third countries.—If the administering authority decides such action to be appropriate to prevent significant evasion of an order or finding, the administering authority may include in the order or finding merchandise of the class or kind covered by the order or finding that is completed or assembled in a third country before importation into the United States if—

"(i) substantially all the parts and components are imported from a country covered by the order or finding;

"(ii) the value added in the third country is small in relation to the total value of the merchandise imported into the United States; and

"(iii) the parts or components were produced or exported by a company related to the company performing the completion or assembly in the third country.

"(D) Minor alterations of merchandise.—The class or kind of merchandise subject to an order or finding shall presumptively include articles altered in form or appearance in minor respects (including raw agricultural products that have undergone minor processing), and whether or not included in the same tariff classification after such alteration, if such alteration does not result in a change in the class or kind of the merchandise, and unless the administering authority determines that it would be unnecessary to consider the altered merchandise within the scope of the order or finding.".

SEC. 156. DIVERSIONARY INPUT DUMPING.

(a) In General.—Section 771 of the Tariff Act of 1930 (19 U.S.C. 1677) is further amended by adding at the end thereof the following new paragraph:

"(19) Diversionary input dumping.—Diversionary input dumping occurs when any material or component—

"(A) which is incorporated into the merchandise under investigation; and

"(B) with respect to which, either—

"(i) during the 6-year period occurring before the date on which the investigation referred to in subparagraph (A) was commenced—

"(I) an antidumping duty order was issued under section 736;

"(II) an investigation was suspended under section 734; or

"(III) a review occurred under section 751; or

"(ii) an agreement, arrangement, or understanding containing quantitative limitations, restrictions, or other terms relating to the importation into the United States of such material or component on which an investigation termination under section 734 was based was entered into or undertaken after a preliminary determination was made during the 6-year period referred to in clause (i) by the United States and a country;

is purchased by the manufacturer or producer of such merchandise at a price that is less than the input value of such material or component determined under section 773(e)(4).".

(b) Investigation of Diversionary Input Dumping.—

(1) Section 732 (19 U.S.C. 1673a) is amended by adding at the end thereof the following new subsection:

"(e) Investigation of Diversionary Input Dumping.—The administering authority shall investigate whether diversionary input dumping is occurring whenever—

"(1) the administering authority has reasonable grounds to believe or suspect that diversionary input dumping is occurring;

"(2) a material or component described in clause (ii) of section 771(18)(A) is routinely used as a major material or component in manufacturing or producing the merchandise under investigation such that it has a significant effect on the cost of manufacturing the merchandise; and

"(3) official government statistics or other reliable, generally accepted trade statistics indicate that subsequent to the issuance of an antidumping duty order under section 736 or the entry into force of an international agreement or arrangement relating to the importation into the United States of the material or component, the following changes have occurred, as measured by quantity or market share—

"(A) shipments to the United States of the material or component have decreased absolutely or the rate of increase of such shipments has decreased, and

"(B) shipments to the United States of the merchandise under investigation have increased.".

(2) Section 733(b) (19 U.S.C. 1673b(b)) is amended by adding at the end thereof the following new paragraph:

"(3) Diversionary input dumping.—If, before making a preliminary determination under paragraph (1) or (2), the administering authority determines that there is reason to believe or suspect that diversionary input dumping is occurring, the period of time within which a preliminary determination must be made under paragraph (1) or (2) shall be extended to 190 days (240 days in cases declared extraordinarily complicated under subsection (c)) after the date on which the petition is filed under section 732(b) or the date on which the investigation is initiated under section 732(a).".

(3) Section 735(a) (19 U.S.C. 1673d(a)) is amended by adding at the end thereof the following new paragraph:

"(4) Diversionary input dumping.—If, after making a preliminary determination under section 733(b), the administering authority determines that there is reason to believe or suspect that diversionary input dumping is occurring, the period of time within which a final determination must be made under paragraph (1) shall be extended to 105 days (165 days if paragraph (2) applies) after the date on which the preliminary determination was made under section 733(b).".

(c) Determination of Input Value.—

(1) Section 773(a) (19 U.S.C. 1677b(a)) is amended by adding at the end thereof the following:

"(5) Diversionary input dumping.—Notwithstanding paragraph (1), if the administering authority determines that diversionary input dumping is occurring with respect to the merchandise under investigation, the foreign market value of such merchandise shall be the constructed value of such merchandise determined under subsection (e).".

(2) Section 773(e) (19 U.S.C. 1677b(e)) is amended by adding at the end thereof the following new paragraph:

"(4) Diversionary input dumping.—

"(A) In general.—If the administering authority determines that diversionary input dumping is occurring, the constructed value of the merchandise subject to investigation that is otherwise calculated under this subsection shall be increased by an amount equal to the excess of—

"(i) the input value of the material or component determined under subparagraph (B), over

"(ii) the price at which the manufacturer or producer of the merchandise under investigation purchased the material or component.

"(B) Determination of input value of materials and components.—

"(i) In general.—For purposes of this paragraph, and subject to clause (ii), the input value of any material or component involved in diversionary input dumping is the value of the material or component determined by the administering authority on the basis of—

"(I) if section 771(19)(B)(i) applies to the material or component, the foreign market value determined under the appropriate proceeding referred to in such section; or

"(II) if section 771(19)(B)(ii) applies to the material or component, the foreign market value calculated for purposes of the preliminary affirmative determination concerned or a value determined on the basis of reliable information presented by parties during the investigation or otherwise available to the Commission.

"(ii) ADJUSTMENT.—If the administering authority has reason to believe that the value determined under clause (i) does not accurately reflect the competitive benefit that the material or component gives to the manufacturer or producer of the merchandise subject to investigation, the administering authority may appropriately adjust the value to reflect the value of that benefit.".

SEC. 157. APPLICATION OF COUNTERVAILING DUTY LAWS TO NON-MARKET ECONOMY COUNTRIES.

(a) TITLE VII AMENDMENT.—Section 701 (19 U.S.C. 1671) is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (b) the following:

"(c) TREATMENT OF NON-MARKET ECONOMY COUNTRIES.—The provisions of this subtitle apply with respect to any non-market economy country (as defined in section 406(e) of the Trade Act of 1974) to the extent that the administering authority can reasonably identify, and determine the amount of, a subsidy provided by that country.".

(b) SECTION 303 AMENDMENTS.—Section 303(a) of the Tariff Act of 1930 (19 U.S.C. 1303(a)) is amended—

(1) by adding at the end thereof the following:

"(3) The provisions of this section apply with respect to any non-market economy country (as defined in section 406(e) of the Trade Act of 1974) to the extent that the administering authority (as defined in section 777(1)) can reasonably identify, and determine the amount of, a grant or bounty provided by that country."; and

(2) by striking out "(as defined in section 777(1))" in subsection (b).

SEC. 158. ACCESS TO INFORMATION.

Section 777 (19 U.S.C. 1677f) is amended—

(1) by amending subsection (b)(1)(B)(ii) to read as follows:

"(ii) a statement to the administering authority that the business proprietary information is of a type that should not be released under administrative protective order, or a statement to the Commission that information should not be released under administrative protective order.";

(2) by amending subsection (c)(1)—

(A) by amending subparagraph (A) to read as follows:

"(A) IN GENERAL.—Upon receipt of an application (before or after receipt of the information requested) which describes in general terms the information requested and sets forth the reasons for the request, the administering authority or the Commission may make all business proprietary information presented to, or obtained by it, during a proceeding (except privileged information, classified information, and information of a type which the administering authority or the Commission determines should not be released under administrative protective order) available under a protective order described in subparagraph (B), regardless of when the information is submitted during a proceeding."; and

(B) by adding at the end thereof the following new subparagraphs:

"(C) TIME LIMITATION.—The administering authority shall determine whether to make information available under this paragraph not later than 14 days (or 21 days if the statements described in subsection (b)(1)(B)(ii) are submitted with such information) after the date on which an application for disclosure is submitted under subparagraph (A); except that the administering authority may extend the 14-day or 21-day limitation, as the case may be, by not more than 10 additional days if the information is unusually voluminous or complex. If the determination is affirmative, business proprietary information already submitted to the administering authority shall be made available, subject to the terms and conditions of the protective order, on the date such determination occurs. Business proprietary information submitted to the administering authority after such determination shall be served as required by subsection (d).

"(D) FAILURE TO DISCLOSE.—If a person submitting information refuses to disclose business proprietary information which the administering authority determines should be released under a protective order described in subparagraph (B), the administering authority shall return the information, and any nonconfidential summary thereof, to the person submitting it and shall not consider them.

"(E) DIVERSIONARY INPUT DUMPING PROCEEDINGS.—In investigations of diversionary input dumping, the administering authority may release under administrative protective order, in accordance with this subsection, any information designated as business proprietary information by the person submitting it, whether or not submitted in the same proceeding, except that information submitted before the effective date of section 771(19) shall not be released under administrative protective order without the consent of the party without submitting it."; and

(3) by adding at the end thereof the following new subsections:

"(d) SERVICE.—Any party submitting business proprietary information to the administering authority during a proceeding shall, at the same time, serve the information upon all other parties to the proceeding, if the information is covered by a protective order. The administering authority shall not accept any such information that is not accompanied by a certificate of service and a copy of the protective order version of the document containing the information. Business proprietary information shall only be served upon parties that are subject to protective order; however, a nonconfidential summary thereof shall be served upon all other parties.

"(e) TIMELY SUBMISSIONS.—Information shall be submitted to the administering authority during the course of a proceeding on a timely basis and shall be subject to comment by other parties within such reasonable time as the administering authority shall provide. If information is submitted without an adequate opportunity for other parties to comment thereon, the administering authority shall return the information to the party submitting it and shall not consider it.".

SEC. 159. DRAWBACK TREATMENT.

(a) IN GENERAL.—Section 779 (19 U.S.C. 1677h) is amended by striking out "shall be treated as any other customs duties." and inserting "shall not be treated as being regular customs duties.".

(b) CONFORMING AMENDMENTS.—

(1) The section heading for such section 779 is amended by striking out "**DRAWBACKS**" and inserting "**DRAWBACK TREATMENT**".

(2) The table of contents for title VII is amended by striking out "Drawbacks." in the entry for section 779 and inserting "Drawback treatment.".

SEC. 160. APPLICATION OF COUNTERVAILING AND ANTIDUMPING DUTIES TO GOVERNMENTAL IMPORTATIONS.

(a) IN GENERAL.—Subtitle D (19 U.S.C. 1677 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 780. APPLICATION OF TITLE TO GOVERNMENTAL IMPORTATIONS.

"Merchandise imported by, or for the use of, an agency of the United States Government is not exempt from the provisions of this title.".

(b) CONFORMING AMENDMENT.—The table of contents for title VII is amended by adding at the end thereof the following:

"Sec. 780. Application of title to governmental importations.".

SEC. 161. CERTIFICATION OF SUBMISSIONS IN COUNTERVAILING AND ANTIDUMPING PROCEEDINGS.

Section 776 (19 U.S.C. 1677e) is amended—

(1) by redesignating subsections (a) and (b) as subsections (b) and (c), respectively;

(2) by amending the sideheading to subsection (b) (as so redesignated) to read as follows: "(b) VERIFICATION.—"; and

(3) by inserting before such subsection (b) the following:

"(a) CERTIFICATION OF SUBMISSIONS.—Any person providing factual information to the administering authority or the Commission in connection with a proceeding under this title on behalf of the petitioner or any other interested party shall certify that such information is accurate and complete to the best of that person's knowledge.".

SEC. 162. EXPLANATION OF SIGNIFICANT DEVIATIONS FROM ADMINISTRATIVE PRECEDENT.

(a) FINAL DETERMINATIONS.—Sections 705(d) and 735(d) (19 U.S.C. 1671d(d)) and 1673d(d)) are each amended by adding at the end thereof the following new sentence: "If there is any significant deviation from established administrative precedent in the determination of the administering authority, the notification required of the administrative authority under the preceding sentence shall contain an explanation of the deviation.".

(b) ADMINISTRATIVE REVIEW.—Section 751 (19 U.S.C. 1675) is amended by adding at the end thereof the following new subsection:

"(f) DEVIATION FROM ADMINISTRATIVE PRECEDENT.—If there is any significant deviation from established administrative precedent in any determination made by the administering authority under this section, the notice required to be published under this section with respect to the determination shall contain an explanation of the deviation.".

SEC. 163. CORRECTION OF MINISTERIAL ERRORS.

(a) FINAL DETERMINATIONS.—Sections 705 and 735 (19 U.S.C. 1671d and 1673d) are each amended by adding at the end thereof the following new subsection:

"(e) Correction of Ministerial Errors.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term 'ministerial error' includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.".

(b) Administrative Review.—Section 751 (19 U.S.C. 1675) is amended by adding at the end thereof the following new subsection:

"(g) Correction of Ministerial Errors.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term 'ministerial error' includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.".

SEC. 164. DOWNSTREAM PRODUCT MONITORING.

(a) In General.—Subtitle D (19 U.S.C. 1677 et seq.) is amended by adding at the end thereof the following:

"SEC. 781. DOWNSTREAM PRODUCT MONITORING.

"(a) Definitions.—As used in this section—

"(1) The term 'component part' means an imported article that—

"(A) during the 5-year period before the date on which a petition is filed under subsection (b) has been subject to—

"(i) an order issued under this title imposing a countervailing duty or antidumping duty of 15 percent ad valorem or higher, or

"(ii) an agreement entered into under section 704 or 734 after a preliminary affirmative determination under section 703(b) or 733(b)(1) was made involving an estimated net subsidy or net dumping margin of 15 percent ad valorem or higher; and

"(B) because of its inherent characteristics is routinely used as a major part, component, assembly, subassembly, or material in other manufactured articles.

"(2) The term 'downstream product' means any imported manufactured article into which is incorporated any component part.

"(b) Petition Requesting Monitoring.—

"(1) In general.—A domestic producer of an article that is like a component part or a downstream product may petition the administering authority to designate a downstream product for monitoring under subsection (c). The petition shall specify—

"(A) the downstream product;

"(B) the component product incorporated into such downstream product; and

"(C) reasons for suspecting the likely diversion, as a result of the imposition of antidumping or countervailing duties, of exports of the component part to the United States into increased production and exportation to the United States of such downstream product.

"(2) Action on petitions.—Within 14 days after receiving a petition, the administering authority shall determine whether there is a reasonable likelihood that imports into the United States of the downstream product will increase as an indirect result of any diversion with respect to component parts. In making such a determination, the administering authority may, if appropriate, take into account such factors as—

"(A) the value of the component part in relation to the value of the downstream product;

"(B) the extent to which the component part has been substantially transformed as a result of its incorporation into the downstream product; and

"(C) the relationship between the producers of component parts and producers of downstream products.

"(3) Publication of determination.—The administering authority shall publish notice of each determination under paragraph (2) in the Federal Register.

"(4) Determinations not subject to judicial review.—A determination by the administering authority under paragraph (2) is not subject to judicial review.

"(c) ITC Monitoring.—

"(1) Notice to itc.—The administering authority shall immediately inform the Commission of an affirmative determination under subsection (b)(2) regarding a downstream product.

"(2) Monitoring.—The Commission shall immediately commence the monitoring of the volume of trade in downstream products regarding which notice is received under paragraph (1). If the Commission finds that imports of a downstream product being monitored increased during any calendar quarter by 5 percent or more over the preceding quarter, the Commission shall analyze that increase in the context of overall economic conditions in that product sector.

"(3) Reports.—The Commission shall make quarterly reports to the administering authority regarding the monitoring and analyses undertaken under paragraph (2). The Commission shall make the reports available to the public.

"(d) Action on Basis of Monitoring Reports.—The administering authority shall review the information in the reports prepared by the Commission under subsection (c) and—

"(1) consider the information in determining whether to initiate an investigation under section 702(a) or 732(a) regarding any downstream product; and

"(2) request the Commission to cease monitoring any downstream product if the information indicates that imports into the United States are not increasing and there is no reasonable likelihood of diversion with respect to component parts.".

(b) Conforming Amendment.—The table of contents for title VII is amended by adding at the end of the following:

"Sec. 781. Downstream product monitoring.".

SEC. 165. MULTIPLE OFFENDERS.

(a) Definitions.—As used in this section:

(1) The term "Act" means the Tariff Act of 1930.

(2) The term "antidumping action" means—

(A) an antidumping duty order published under section 736 of the Act; or

(B) a suspension agreement entered into under section 734 of the Act, but only if a final dumping margin is assessed.

(3) The term "Commission" means the United States International Trade Commission.

(4) The term "eligible domestic entity" means—

(A) a manufacturer or producer in the United States; or

(B) a certified union or recognized union or group of workers which is representative of an industry in the United States;

that produces a product that is—

(i) like or directly competitive with merchandise that is subject to an antidumping order; or

(ii) is similar enough to such merchandise as to be considered for inclusion with such merchandise in a product monitoring category established under this section.

(5) The term "first offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under an antidumping action with respect to a product included in a product monitoring category.

(6) The term "multiple offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under 3 or more antidumping actions imposed within any period of 10 consecutive 12-month periods with respect to one or more products included in a product monitoring category.

(7) The term "second offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under 2 antidumping actions imposed within any period of 10 consecutive 12-month periods with respect to one or more products included in a product monitoring category.

(8) The term "Secretary" means the Secretary of Commerce.

(9) The term "TSUS" means the Tariff Schedules of the United States (19 U.S.C. 1202).

(b) Establishment of Product Monitoring Category.—

(1) An eligible domestic equity may file a petition with the Secretary requesting that a product monitoring category be established.

(2) A petition submitted under paragraph (1) shall include such information as the Secretary considers necessary or appropriate, including, but not limited to—

(A) the specification of a general category of products based on the products produced by each of the foreign manufacturers for which a dumping margin was determined with respect to the antidumping action on which the petition is based;

(B) the specification, by TSUS item numbers or other appropriate classification, of each kind of product within the general category specified under subparagraph (A) that the petitioner wishes included or excluded from the requested product monitoring category, and the reasons for requesting inclusion or exclusion; and

(C) the specification of any kind of product not specified under subparagraph (B) that the petitioner wishes included in the requested category.

(3) Upon receiving a petition under paragraph (1), the Secretary shall—

(A) verify the antidumping action on which the petition is based;

(B) upon verification, determine if the petitioner is an eligible domestic entity; and

(C) if an eligible domestic entity, promptly submit a copy of the petition to the Commission and direct the Commission to establish a product monitoring category with respect to the product to which the antidumping action applies.

(c) Action by Commission.—

(1) After being directed by the Secretary under subsection (b)(3)(C), the Commission shall—

(A) publish notice in the Federal Register that the request has been received; and

(B) provide opportunity for the presentation of views regarding the establishment of the requested product monitoring category, including a public hearing if requested by any interested person.

(2) Within 90 days after receiving such a request, the Commission, after taking into account the information in the petition, the views received under paragraph (1)(B), and any other factor it considers relevant, shall establish a product monitoring category, using the appropriate TSUS item classifications, consisting of similar articles that are manufactured or produced by similar processes and that have similar uses.

(3) Upon petition by an interested person, or upon its own motion, the Commission may, after providing opportunity for the presentation of views by other interested persons, modify a product monitoring category to the extent considered necessary or appropriate.

(d) Action After Establishment of Product Monitoring Categories With Respect to First Offenders.—

(1) After a product monitoring category is established, any eligible domestic entity may request the Secretary to monitor the importation into the United States of any product that—

(A) is included in that category; and

(B) is produced by any first offender with respect to that category.

(2) After receiving a request under paragraph (1) regarding an imported article produced by a first offender, the Secretary shall decide whether there is a reasonable likelihood that sales at less than fair value in the United States of such product may occur. If the decision of the Secretary is affirmative, the Secretary shall monitor the importation into the United States of such product.

(3) If the monitoring implemented under paragraph (2) results in information indicating a reasonable likelihood that the imported product is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to the product under section 732(a) of the Act, unless a substantial proportion of the domestic manufacturers or producers of the like or directly competitive product request that such investigation not be initiated.

(e) Action After Establishment of Product Monitoring Categories With Respect to Second Offenders.—

(1) After a product monitoring category is established, the Secretary shall monitor the importation into the United States of all products within that category that are produced by each second offender with respect to that category.

(2) If the monitoring implemented under paragraph (1) results in information indicating a reasonable likelihood that one or more of such products is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to each of such products under section 732(a) of the Act.

(f) Action After Establishment of Product Monitoring Categories With Respect to Multiple Offenders.—

(1) After a product monitoring category is established, the Secretary shall monitor the importation into the United States of all products in that category, and products that are in any related product category, that are produced by each multiple offender with respect to that category.

(2) If the monitoring implemented under paragraph (1) results in evidence that one or more of such products is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to each of such products under section 732(a) of the Act.

(g) Special Rules Relating to Investigations Initiated Under This Section.—In applying the provisions of subtitle B of title VII of the Act with respect to an investigation that is initiated as required under paragraph (1)—

(1) the Secretary and the Commission shall expedite the proceedings under sections 733 and 735 of the Act to the maximum extent possible;

(2) critical circumstances shall be presumed to exist for purposes of sections 733(e) and 735(a)(3) of the Act; and

(3) the Commission, in making its determinations regarding whether or not material injury or the threat thereof to the domestic industry exists, shall take into account any effect on the industry that may have been caused by a previous dumping by the first, second, or multiple offender, as the case may be, involved in the investigation.

(h) Treatment of Prior Offenses.—Any foreign manufacturer or producer for which a final dumping margin was determined under one or more antidumping actions imposed after January 1, 1980, and before the date of the enactment of this Act with respect to one or more products in a product monitoring category established under subsection (b) shall be treated as a second offender under this section if, within the 10-year period beginning on the date of the enactment of this Act, a dumping margin for that manufacturer or producer is determined under an antidumping action with respect to a product in the same category.

SEC. 166. CIVIL ACTIONS FOR RECOVERY OF DAMAGES.

Section 801 of the Act of September 8, 1916 (39 Stat. 198; 15 U.S.C. 72) is amended—

(1) by striking out "That it shall be unlawful for" in the first undesignated paragraph of such section and inserting "(a) For purposes of this section, an 'unfair competitive act' exists if";

(2) by striking out "to import, sell or cause" in subsection (a) (as so designated by paragraph (1)) and inserting "imports, sells or causes";

(3) by striking out the second undesignated paragraph;

(4) by striking out "Any person injured in his business or property by reason of any violation of, or combination or conspiracy to violate, this section," in the third undesignated paragraph and inserting "(b) Any person that is injured in his business or property by reason of the commission of, or the combination or conspiracy to commit, an unfair competitive act"; and

(5) by amending the fourth undesignated paragraph to read as follows:

"(c) For purposes of this section:

"(1) The provisions of subsections (a) and (b) may not be construed to deprive the proper State courts of jurisdiction in actions for damages under the section.

"(2) The term 'actual market value' means foreign market value as determined under section 773 of the Tariff Act of 1930.

"(3) If—

"(A) the person against whom a suit is brought under subsection (b) is, or has been, a multiple offender within the meaning of subsection (a)(6) of section 165 of the Trade and International Economic Policy Act of 1987 with respect to a product monitoring category established under that section; and

"(B) the articles involved in the alleged unfair competitive act under the suit are included within the same product monitoring category;

then there is a rebuttable presumption that an act committed by the foreign manufacturer under subsection (a) was committed with intent of destroying or injuring an industry in the United States. With respect to any suit brought under this section in which such a rebuttable presumption applies, recovery shall be limited to the actual damages sustained and the cost of the suit, including a reasonable attorney's fee".

SEC. 167. COMPENSATION AWARDS.

(a) Definitions.—As used in this section:

(1) The term "Act" means the Tariff Act of 1930.

(2) The term "affected domestic producer" means any manufacturer or producer within the domestic industry with respect to which an affirmative injury determination was made in connection with an antidumping order.

(3) The term "antidumping action" has the same meaning that is given such term in section 165(a)(2).

(4) The term "Commission" means the United States International Trade Commission.

(5) The term "dumped merchandise" means merchandise with respect to which an antidumping duty is imposed under an antidumping order.

(6) The term "dumping period" means the period of time during which foreign merchandise subject to an antidumping order was sold, or offered for sale, in the United States at less than fair value and applied by the Commission for purposes of making a determination under section 735(b) with respect to the domestic industry that produced a like or directly competitive product.

(b) Application Procedures.—The Commission shall prescribe procedures governing when and the form and manner in which affected domestic producers may apply to the Commission for compensation under this section.

(c) Compensation Determination.—

(1) Upon receiving a timely application under subsection (b), the Commission shall determine if the applicant—

(A) is an affected domestic producer; and

(B) suffered economic injury during the dumping period as a result of the sale, or offer for sale, in the United States of the dumped merchandise.

(2) If the Commission makes affirmative determinations under paragraph (1)(A) and (B), it shall—

(A) determine the monetary value of the economic injury that was suffered by the applicant; and

(B) issue to the applicant a compensation award stating the amount of money which is payable to the applicant from the appropriate special compensation account established under subsection (d).

(d) Special Compensation Accounts.—

(1) On the date an antidumping order takes effect, the Secretary shall establish in the Treasury of the United States a special compensation account with respect to that order.

(2) The Secretary shall deposit into a special compensation account all antidumping duties that are collected under the anti-

dumping order with respect to which the account was established.

(3) The monies in a special compensation account shall be available, to the extent provided for in advance in appropriation Acts, for the payment of compensation awards issued under subsection (c)(2) in conjunction with the antidumping order with respect to which the account was established.

(4) The Secretary shall by regulation prescribe the time and manner in which payment of compensation awards from special compensation accounts will be made. If the amount of compensation award claims made at any time exceed the amount of monies in the special compensation account, the Secretary shall make pro rata payments of the claims. After all compensation awards have been paid from a special compensation account, the Secretary shall terminate the account, and any monies remaining therein deposited into the general fund as miscellaneous receipts.

(5) Upon the termination of a special compensation account, all antidumping duties collected under the antidumping order with respect to which the account was established shall be deposited into the general fund of the Treasury as miscellaneous receipts.

SEC. 168. INJURY TEST FOR CERTAIN MERCHANDISE SUBJECT TO A COUNTERVAILING DUTY ORDER UNDER SECTION 303.

Section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) is amended by adding at the end of subsection (a) the following new paragraphs:

"(4)(A) The administering authority shall notify the Commission whenever the international obligations of the United States, as determined by the United States Trade Representative, require a determination of injury to the domestic industry with respect to merchandise covered by a countervailing duty order issued under this section for which there was no determination of injury by the Commission. Within 180 days after the date of such notice (hereinafter in this paragraph referred to as the 'injury requirement notice', the Commission shall make a determination of whether—

"(i) an industry in the United States—

"(I) would be materially injured, or

"(II) would be threatened with material injury, or

"(ii) the establishment of an industry in the United States would be materially retarded,

by reason of imports of the duty-free merchandise subject to the outstanding countervailing duty order if the outstanding order were revoked. This determination shall have the same force and effect as a final determination under section 705(b) and shall be communicated to the administering authority and published by the Commission in the Federal Register.

"(B) Pending receipt of the Commission's determination under subparagraph (A), the liquidation of all entries covered by the order and which are entered or withdrawn from warehouse for consumption on or after the date of the injury requirement notice shall be suspended, and the outstanding order, including any requirement for cash deposits, shall remain in effect. Pending receipt of the Commission's determination under subparagraph (A), the administering authority shall also suspend, as of the date of the injury requirement notice, the conduct of any administrative review of the outstanding order under section 751 which covers, in whole or in part, merchandise entered or withdrawn from warehouse for consumption on or after such date.

"(C)(i) Upon being notified of an affirmative determination under subparagraph (A) by the Commission, the administering authority shall, as appropriate, liquidate entries of merchandise the liquidation of which was suspended under subparagraph (B) in accordance with section 751 and continue suspension of liquidation and the collection of estimated duties required to be deposited. The countervailing duty order shall remain in effect until revoked, in whole or in part, under section 751(c).

"(ii) Upon being notified of a negative determination under subparagraph (A) by the Commission, the administering authority shall revoke the countervailing duty order then in effect, publish notice of the revocation in the Federal Register, and refund, without payment of interest, any estimated countervailing duties collected during the period of suspension of liquidation under subparagraph (B). Revocation of the order shall only apply with respect to entries of merchandise which are entered, or withdrawn from warehouse, for consumption on or after the date of the injury requirement notice.

"(5) If, during the pendency of an investigation under this section, the administering authority notifies the Commission that the international obligations of the United States require a determination of injury under subsection (a)(2) with respect to such imports, then—

"(A) if the administering authority has not yet made a preliminary determination under this section, the Commission shall commence an investigation of injury as if it had been informed by the administering authority at the time specified in section 702(d) that a countervailing duty investigation was being instituted and the administering authority may extend the time for its preliminary determination to an appropriate period not to exceed 45 days, but in no event shall such a determination be made before an affirmative determination by the Commission under section 703(a); and

"(B) if the administering authority has made a preliminary determination under this section, but not a final determination, as to whether a grant or bounty is being paid or bestowed, the Commission shall thereafter commence an investigation as if the preliminary determination by the administering authority was made on the effective date of the injury requirement. The administering authority may extend the time for its final determination an appropriate period not to exceed 120 days. The Commission shall make its preliminary determination under this paragraph not later than 45 days after the date on which it receives notification from the administering authority that the international obligations of the United States require an injury determination and its final determination under this paragraph not later than 120 days after being so informed by the administering authority, but in no event shall the Commission's final determination be made before the final determination by the administering authority under section 303 of the Act. Pending receipt of the Commission's final determination under this paragraph, any suspension of liquidation of entries and collection of determination of estimated duties ordered by the preliminary determination of the administering authority under this section, shall remain in effect.".

SEC. 169. STUDIES.

(a) Study of Market Orientation of China.—The Secretary of Commerce shall undertake a study regarding the new market orientation of the People's Republic of China. The study shall address, but not be limited to—

(1) the effect of the new orientation on Chinese market policies and price structure, and the relationship between domestic Chinese prices and world prices;

(2) the extent to which United States trade law practices can accommodate the increased market orientation of the Chinese economy; and

(3) the possible need for changes in United States antidumping laws as they apply to foreign countries, such as China, which are in transition to a more market-oriented economy.

The Secretary of Commerce shall submit to the Congress within 1 year after the date of the enactment of this Act a report on the study required under this section.

(b) Subsidies Code Commitments.—Within 90 days after the date of the enactment of this Act, the United States Trade Representative shall initiate a review of all bilateral subsidy commitments that have been entered into by foreign governments with the United States. The review shall include—

(1) an evaluation of the extent to which the commitments have been complied with;

(2) with respect to those commitments found under paragraph (1) not to have been complied with, an estimate regarding when compliance is likely; and

(3) recommendations regarding how compliance can be improved.

The United States Trade Representative shall complete the review required under this subsection, and submit a report thereon to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate within 180 days after the date of the enactment of this Act.

Subtitle E—Intellectual Property Rights

SEC. 171. CONGRESSIONAL FINDINGS AND PURPOSES.

(a) Findings.—The Congress finds that—

(1) international protection of intellectual property rights is vital to the international competitiveness of United States persons that rely on protection of intellectual property rights;

(2) United States persons that rely on protection of intellectual property rights are among the most advanced and competitive in the world;

(3) the existing protection under section 337 of the Tariff Act of 1930 against unfair trade practices is cumbersome and costly and has not provided United States owners of intellectual property rights with adequate protection against foreign companies violating such rights; and

(4) foreign barriers, and the absence of adequate and effective protection of United States intellectual property rights, seriously impede the ability of the United States persons that rely on protection of intellectual property rights to operate overseas, thereby harming the economic interests of the United States.

(b) Purposes.—The purpose of this chapter are—

(1) to amend section 337 of the Tariff Act of 1930 to make it a more effective remedy for the protection of United States intellectual property rights; and

(2) to provide for the development, with appropriate consultations, of an overall strategy to ensure adequate and effective international protection for United States persons that rely on protection of intellectual property rights.

SEC. 172. PROTECTION UNDER THE TARIFF ACT OF 1930.

(a) IN GENERAL.—Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a)(1) Subject to paragraph (2), the following are unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provision of law, as provided in this section:

"(A) Unfair methods of competition and unfair acts in the importation of articles (other than articles provided for in subparagraphs (B), (C), and (D)) into the United States, or in the sale of such articles by the owner, importer, consignee, or agent of either, the threat or effect of which is—

"(i) to destroy or substantially injure an industry in the United States;

"(ii) to prevent the establishment of such an industry; or

"(iii) to restrain or monopolize trade and commerce in the United States.

"(B) The importation into the United States, or the sale by the owner, importer, consignee, or agent of either, of articles that—

"(i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17, United States Code; or

"(ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent.

"(C) The importation into the United States, or the sale by the owner, importer, consignee, or agent of either, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.

"(D) The importation, or the sale by the owner, importer, consignee, or agent of either, of a semiconductor chip product in a manner that constitutes infringement of a mask work registered under chapter 9 of title 17, United States Code.

"(2) Subparagraphs (B), (C), and (D) of paragraph (1) apply only if an industry in the United States, relating to the articles protected by the patent, copyright, trademark, or mask work concerned, exists or is in the process of being established.

"(3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent, copyright, trademark, or mask work concerned—

"(A) significant investment in plant and equipment;

"(B) significant employment of labor or capital; or

"(C) substantial investment in its exploitation, including engineering, research and development, or licensing.".

(2) Subsection (c) is amended by inserting before the period in the first sentence the following: ", except that the Commission may, by issuing a consent order or on the basis of a settlement agreement, terminate any such investigation, in whole or in part, without making such a determination".

(3) Subsection (e) is amended—

(A) by striking out "If" in the first sentence and inserting "(1) If"; and

(B) by adding at the end thereof the following new paragraphs:

"(2) A complainant may petition the Commission for the issuance of an order under this subsection. The Commission shall make a determination with regard to such petition by no later than the 90th day after the date on which the Commission's notice of investigation is published in the Federal Register. The Commission may extend the 90-day period for an additional 60 days in a case it designates as a more complicated case. The Commission shall publish in the Federal Register its reasons why it designated the case as being more complicated. The Commission may require the petitioner to post a bond as a prerequisite to the issuance of an order under this subsection. If the Commission later determines that the respondent has not violated the provisions of this section, the bond may be forfeited to the respondent. The Commission shall by rule prescribe the terms and conditions under which bonds may be forfeited to respondents under this paragraph.

"(3) The Commission may grant preliminary relief under this subsection or subsection (f) with respect to a violation involving a registered trademark, copyright, or mask work or a patent, to the same extent as preliminary injunctions and temporary restraining orders may be granted under the Federal Rules of Civil Procedure.".

(4) Subsection (f) is amended—

(A) by striking out "In lieu of" in paragraph (1) and inserting "In addition to, or in lieu of,"; and

(B) by inserting "twice" after "of $10,000 or".

(5) Such section is further amended—

(A) by striking out "President" each place it appears in subsection (g) and inserting "United States Trade Representative";

(B) by redesignating subsections (g), (h), (i), and (j) as subsections (i), (j), (k), and (l), respectively; and

(C) by inserting after subsection (f) the following new subsection:

"(g)(1) If—

"(A) a complaint is filed against a person under this section;

"(B) the complaint and a notice of investigation are served on the person;

"(C) the person fails to respond to the complaint and notice or otherwise fails to appear to answer the complaint and notice;

"(D) the person fails to show good cause why the person should not be found in default; and

"(E) the complainant seeks relief limited solely to that person;

the Commission shall presume the facts alleged in the complaint to be true and shall, upon request, issue an exclusion from entry or a cease and desist order, or both, limited to that person unless, after considering the effect of such exclusion or order upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, the Commission finds that such exclusion or order should not be issued.

"(2) A general exclusion from entry of the articles concerned, regardless of the source or importer of the article, may be issued if—

"(A) no person appeared to contest an investigation concerning a violation of the provisions of this section, and

"(B) such a violation is established by substantial, reliable, and probative evidence.

"(h) The Commission may by rule prescribe sanctions for abuse of discovery and abuse of process to the extent authorized by Rule 11 and Rule 37 of the Federal Rules of Civil Procedure.".

(6) Subsection (j) (as redesignated by paragraph (4)(A) of this section) is amended—

(A) by inserting "(1)" before the first sentence; and

(B) by adding at the end the following:

"(2) If any person who has previously been found by the Commission to be in violation of this section petitions the Commission for a determination that the petitioner is no longer in violation of this section or for a modification or rescission of an exclusion from entry or order under subsection (d), (e), (f), or (g)—

"(A) the burden of proof in any proceeding before the Commission regarding such petition shall be on the petitioner; and

"(B) relief may be granted by the Commission with respect to such petition—

"(i) on the basis of new evidence or evidence that could not have been presented at the prior proceeding, or

"(ii) on grounds which would permit relief from a judgment or order under the Federal Rules of Civil Procedure.".

(7) Subsection (k) (as redesignated by paragraph (4)(A) of this section) is amended—

(A) by striking out "claims of United States letters patent" in the first sentence and inserting "proceeding under subsection (a)(1) (B), (C), or (D)"; and

(B) by striking out "a patent owner" in the second sentence and inserting "an owner of the patent, copyright, registered trademark, or mask work".

(8) Such section is further amended by adding at the end the following:

"(m)(1) Information submitted to the Commission or exchanged among the parties in connection with proceedings under this section which is designated as confidential by the person submitting it may not be disclosed (except under a protective order issued under regulations of the Commission which authorizes limited disclosure of such information) to any person (other than a person described in paragraph (2)) without the consent of the person submitting it.

"(2) Notwithstanding the prohibition contained in paragraph (1), information referred to in that paragraph may be disclosed to—

"(A) an officer or employee of the Commission who is directly concerned with carrying out the investigation in connection with which the information is submitted,

"(B) an officer or employee of the United States Government who is directly involved in the review under subsection (h), or

"(C) an officer or employee of the United States Customs Service who is directly involved in administering an exclusion from entry under this section resulting from the investigation in connection with which the information is submitted.".

(b) TECHNICAL AMENDMENTS.—Section 337 (as amended by subsection (a)), is further amended—

(1) by amending subsection (c)—

(A) by striking out "or (f)" and inserting "(f), or (g)", and

(B) by striking out "and (f)" and inserting "(f), and (g)";

(2) by striking out "or (f)" each place it appears in subsection (i) and inserting "(f), or (g)";

(3) by striking out "(g)" in subsection (j) and inserting "(i)"; and

(4) by striking out "or (f)" in subsection (k) and inserting "(f), or (g)".

(c) CONFORMING AMENDMENT.—The Act entitled "An Act to limit the importation of products made, produced, processed, or mined under process covered by unexpired valid United States patents, and for other purposes", approved July 2, 1940 (54 Stat. 724, 19 U.S.C. 1337a) is repealed.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), the amendments made by this chapter shall apply with respect to findings made by the United States International Trade Commission under section 337 of the Tariff Act of 1930 on or after the date of the enactment of this Act.

(2) INVESTIGATIONS.—In the case of any investigation under section 337 of the Tariff Act of 1930 which must be completed by the International Trade Commission within 6 months after the date of the enactment of this Act, the Commission may, upon determining and declaring that the investigation is complicated, take up to an additional 3 months beyond the original statutory deadline to complete the investigation.

SEC. 173. ACTION AGAINST COUNTRIES THAT DENY ADEQUATE AND EFFECTIVE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

(a) IDENTIFICATION OF PRIORITY FOREIGN COUNTRIES.—

(1) Within 30 days after the annual report is issued under section 181(b) of the Trade Act of 1974, the United States Trade Representative (hereinafter in this section referred to as the "Trade Representative") shall identify those foreign countries and instrumentalities (hereinafter referred to as "priority foreign countries")—

(A) that have the most egregious acts, policies, or practices that deny adequate and effective protection of intellectual property rights;

(B) whose acts, policies, or practices that deny adequate and effective protection of intellectual property rights have the greatest adverse impact in their own markets, or in other international markets, for the affected United States items; and

(C) that have not entered into good faith negotiations, or are not making significant progress in bilateral or multilateral negotiations, to provide adequate and effective protection of intellectual property rights.

(2) For purposes of identifying priority foreign countries under paragraph (1), the Trade Representative shall—

(A) consult with the Register of Copyrights, the Commissioner of Patents and Trademarks, other appropriate officers of the United States Government; and

(B) take into account information from such sources as may be available to him or submitted to him by interested persons, including information contained in reports submitted under section 181(b) of the Trade Act of 1974 and petitions submitted under section 301 of that Act.

(3) The Trade Representative may at any time—

(A) revoke the identification of any priority foreign country made under paragraph (1); or

(B) identify as a priority foreign country under paragraph (1) any foreign country not previously so identified;

if information available to the Trade Representative indicates that such action is appropriate.

(4) The Trade Representative shall publish in the Federal Register a list of priority foreign countries identified under this section and shall make such revisions to the list as may be required by reason of action under paragraph (3).

(b) ACTION UNDER TITLE III OF THE 1974 ACT.—

(1) After a foreign country is identified as a priority foreign country under subsection (a), the Trade Representative, subject to paragraph (2), shall promptly initiate an investigation under section 302 of the Trade Act of 1974 with respect to any act, policy, or practice of that country that—

(A) was the basis for such identification; and

(B) is not at the time the subject of any investigation or action under chapter I of title III of such Act.

(2) The Trade Representative shall, from time to time, consult with the Register of Copyrights, the Commissioner of Patents and Trademarks, and other appropriate officers of the United States Government, during investigations initiated in accordance with paragraph (1).

(3) The Trade Representative shall not initiate an investigation under paragraph (1) with respect to an act, policy, or practice of a priority foreign country if the Trade Representative determines that the undertaking of the investigation would be detrimental to United States national economic interests. In any case in which an investigation is not initiated by reason of this section, the Trade Representative shall promptly submit to the Congress a written report setting forth, in detail, the reasons for the determination and specifying the United States economic interests that would be adversely affected.

(c) APPLICATION OF TITLE III PROVISIONS.—In applying chapter 1 of title III of the Trade Act of 1974 to any investigation initiated under this section, a determination and decision by the Trade Representative under section 304(a) on what action, if any, to take must be made within 6 months after the date of the initiation of the investigation, except that the Trade Representative may extend such 6-month period by not more than an additional 6 months if the Trade Representative determines that—

(A) complex or complicated issues are involved that require additional time;

(B) the priority foreign country is making substantial progress in drafting or implementing legislative or administrative measures that will provide adequate and effective protection of intellectual property rights; or

(C) the priority foreign country is undertaking enforcement measures to provide adequate and effective protection of intellectual property rights.

Subtitle F—Organization and Functions of Trade Agencies

CHAPTER 1—OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

SEC. 181. FUNCTIONS.

(a) IN GENERAL.—Section 141(c) of the Trade Act of 1974 (19 U.S.C. 2171(c)) is amended—

(1) by amending paragraph (1) to read as follows:

"(c)(1) The United States Trade Representative shall—

"(A) have primary responsibility for developing, and for coordinating the implementation of, United States international trade policy, including commodity matters, and, to the extent they are related to international trade policy, direct investment matters;

"(B) serve as the principal advisor to the President on international trade policy and shall advise the President on the impact of other policies of the United States Government on international trade;

"(C) have lead responsibility for the conduct of, and shall be the chief representative of the United States for, international trade negotiations in which the United States participates;

"(D) issue and coordinate policy guidance to departments and agencies on basic issues of policy and interpretation arising in the exercise of international trade functions, to the extent necessary to assure the coordination of international trade policy and consistent with any other law;

"(E) act as the principal spokesman of the President on international trade;

"(F) report directly to the President and the Congress regarding, and be responsible to the President and the Congress for the administration of, trade agreements programs;

"(G) advise the President and Congress with respect to nontariff barriers to international trade, international commodity agreements, and other matters which are related to the trade agreements programs;

"(H) be responsible for making reports to Congress with respect to matters referred to in subparagraphs (C) and (F);

"(I) be chairman of the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962, and shall consult with and be advised by such organization in the performance of his functions; and

"(J) in addition to those functions that are delegated to the United States Trade Representative as of the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, be responsible for such other functions as the President may direct.";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(3) by inserting after paragraph (1) the following:

"(2) It is the sense of Congress that the United States Trade Representative should—

"(A) be the senior representative on any body that the President may establish for the purpose of providing to the President advice on overall economic policies in which international trade matters predominate; and

"(B) be included as a participant in all economic summit and other international meetings at which international trade is a major topic.".

(b) OFFICE OF UNFAIR TRADE PRACTICES.—Such section 141 is further amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f)(1) There is established in the Office an Office of Unfair Trade Practices (hereinafter in this subsection referred to as the 'Practices Office').

"(2) The functions of the Practices Office are as follows:

"(A) The coordination of the application of interagency resources to specific unfair trade practice cases.

"(B) The preparation of the annual report on foreign trade barriers required under section 181(b).

"(C) The identification, and referral to the appropriate administering authority for consideration with respect to action, of each act, policy, or practice in the report required under section 181(b), or otherwise known to the Office on the basis of other available information, that may be an unfair trade practice that either—

"(i) is considered to be inconsistent with the provisions of any trade agreement and has a significant adverse impact on United States commerce; or

"(ii) has a significant adverse impact on domestic firms or industries that are either too small or financially weak to initiate proceedings under the trade laws.

"(D) The submission of an annual report to the Committee on Ways and Means and the Committee on Finance describing each referral made to an administering authority under subparagraph (C) and any action taken on the referral.

"(E) The identification of practices having a significant adverse impact on United States commerce that the attainment of United States negotiating objective would eliminate.

"(F) The identification, on a biennial basis, of those United States Government policies and practices that, if engaged in by a foreign government, might constitute unfair trade practices under United States law.

"(3) In performing its functions under paragraph (2) the Practices Office shall be assisted by an interagency unfair trade practices advisory committee composed of the Trade Representative, who shall chair the committee, and senior representatives of the following agencies, appointed by the respective heads of those agencies:

"(A) The Bureau of Economics and Business Affairs of the Department of State.

"(B) The United States and Foreign Commercial Services of the Department of Commerce.

"(C) The International Trade Administration (other than the United States and Foreign Commercial Service) of the Department of Commerce.

"(D) The Foreign Agricultural Service of the Department of Agriculture.".

"(4) For purposes of this subsection, the term 'unfair trade practice' means any act, policy, or practice that—

"(A) may be a subsidy with respect to which countervailing duties may be imposed under subtitle A of title VII;

"(B) may result in the sale or likely sale of foreign merchandise with respect to which antidumping duties may be imposed under subtitle B of title VII;

"(C) may be either an unfair method of competition, or an unfair act in the importation of articles into the United States, that is unlawful under section 337; or

"(D) may be an act, policy, or practice of a kind with respect to which action may be taken under title III of the Trade Act of 1974.".

(c) Interagency Trade Organization.—

(1) Section 242 of the Trade Expansion Act of 1962 (19 U.S.C. 1872) is amended as follows:

(A) Subsection (a) is amended to read as follows:

"(a)(1) The President shall establish an interagency organization.

"(2) The functions of the organization are—

"(A) to assist, and make recommendations to, the President in carrying out the functions vested in him by the trade laws and to advise the Trade Representative in carrying out the functions set forth in section 141 of the Trade Act of 1974;

"(B) to assist the President, and advise the Trade Representative, with respect to the development and implementation of the international trade policy objectives of the United States; and

"(C) to advise the President and the Trade Representative with respect to the relationship between the international trade policy objectives of the United States and other major policy areas which may significantly affect the overall international trade policy and trade competitiveness of the United States.

"(3) The interagency organization shall be composed of the following:

"(A) The Trade Representative, who shall be chairperson.

"(B) The Secretary of Commerce.

"(C) The Secretary of State.

"(D) The Secretary of the Treasury.

"(E) The Secretary of Agriculture.

"(F) The Secretary of Labor.

The Trade Representative may invite representatives from other agencies, as appropriate, to attend particular meetings if subject matters of specific functional interest to such agencies are under consideration. It shall meet at such times and with respect to such matters as the President or the Chairman shall direct.".

(B) Subsection (b) is amended by adding at the end thereof the following:

"In carrying out its functions under this subsection, the organization shall take into account the advice of the congressional advisers and private sector advisory committees, as well as that of any committee or other body established to advise the department, agency, or office which a member of the organization heads.".

(2) It is the sense of Congress that the interagency organization established under subsection (a) should be the principal interagency forum within the executive branch on international trade policy matters.

SEC. 182. FUNCTIONS OF THE UNITED STATES TRADE REPRESENTATIVE IN ADMINISTERING GSP.

Title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.) is amended—

(1) by striking out "President" each place it appears and inserting "United States Trade Representative";

(2) By amending subsection (a) of section 502—

(A) by striking out "with respect to which there is in effect an Executive order or Presidential Proclamation" in paragraph (1) and inserting "which is designated",

(B) by striking out "of the United States designating such country" in paragraph (1),

(C) by striking out the parenthetical clause in paragraph (2), and

(D) by striking out "by Executive order or Presidential Proclamation" in paragraph (3).

(3) by amending subsection (a) of section 503—

(A) by amending the second sentence to read as follows: "Before any such list is furnished to the Commission, there shall be in effect a designation of beneficiary developing countries under section 502."; and

(B) by striking out "by Executive order or Presidential proclamation" in the last sentence; and

(4) by amending subsection (b) of section 504 by striking out "issues an Executive order or Presidential proclamation revoking" in the last sentence and inserting "revokes".

SEC. 183. REPORT BY UNITED STATES TRADE REPRESENTATIVE UNDER SECTION 181.

Section 181 of the Trade Act of 1974 (19 U.S.C. 2241) is amended as follows:

(1) Subsection (a)(1) is amended—

(A) by striking out "and" at the end of subparagraph (A);

(B) by redesignating subparagraph (B) as subparagraph (C);

(C) by inserting "or (B)" after "(A)" in subparagraph (C) (as so redesignated); and

(D) by inserting after subparagraph (A) the following new subparagraph:

"(B) identify and analyze any other significant act, policy, or practice not identified under subparagraph (A) that may constitute an element of export targeting as defined in section 301(e)(8); and".

(2) Subsection (b)(1) is amended by striking out "Committee on Ways and Means" and inserting "appropriate committees".

CHAPTER 2—UNITED STATES INTERNATIONAL TRADE COMMISSION

SEC. 185. ANNUAL REPORTS ON SECTORAL COMPETITIVENESS; IMPORT MONITORING.

Section 332 of the Tariff Act of 1930 (19 U.S.C. 1332) is amended by adding at the end thereof the following:

"(h) Annual Reports on Sectoral Competitiveness.—(1) The Commission shall conduct studies, on an annual basis, regarding—

"(A) the conditions of competition between the United States and global markets with respect to key sectors of the United States economy;

"(B) the implications of such conditions of competition for the national economic security; and

"(C) the extent to which recent actions by the United States under the trade laws have affected the competitiveness of the sectors.

"(2) The purpose of the studies required under paragraph (1) is to provide to Congress and to appropriate officials of the United States Government useful analyses and information to assist in anticipating sectoral trade problems within the national economy and in formulating policies to avoid or remedy such problems.

"(3) In deciding which sectors of the national economy to study, the Commission shall—

"(A) consult with the appropriate committees of the Congress and with the United States Trade Representative; and

"(B) take in account—

"(i) the extent to which the sector involves a critical technology;

"(ii) the extent to which the sector contributes to the industrial base of an economy;

"(iii) the extent to which the sector contributes to the health or condition of other sectors;

"(iv) the role of the sector in the domestic economy generally;

"(v) the potential role of the sector in global markets over the next decade; and

"(vi) any other relevant factor.

"(4) The Commission shall submit reports containing the results of the studies conducted under this subsection to the Congress and to the United States Trade Representative as soon as practicable after the close of the year to which the studies pertain.

"(i) Monitoring of Imports.—The Commission shall, beginning on the date of the enactment of this section, monitor imports into the United States for the purposes of identifying, ranking, and providing analysis with respect to, those classes or kinds of imported merchandise that may pose potential significant problems from import competition for United States industries, based on such factors as changes in net trade balances of the articles concerned and evidence of increasing import penetration of the domestic market. The Commission shall submit to the Committees referred to in subsection (g) a quarterly report regarding the monitoring required under this subsection.".

SEC. 186. TRADE REMEDY ASSISTANCE OFFICE.

Section 339 of the Tariff Act of 1930 (19 U.S.C. 1339) is amended—

(1) by amending subsection (a)—

(A) by striking out "a Trade" and inserting "a separate office to be known as the Trade", and

(B) by striking out ", upon request, concerning—" and inserting "upon request and shall, to the extent feasible, provide assistance and advice to interested parties concerning—"; and

(2) by amending subsection (b) to read as follows:

"(b) The Trade Remedy Assistance Office, in coordination with each agency responsible for administering a trade law, shall provide technical and legal assistance and advice to eligible small businesses to enable them—

"(1) to prepare and file petitions and applications (other than those which, in the opinion of the Office, are frivolous); and

"(2) to seek to obtain the remedies and benefits available under the trade laws, including any administrative review or administrative appeal thereunder.".

SEC. 187. TREATMENT OF CONFIDENTIAL INFORMATION BY COMMISSION.

The first sentence of section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) is amended by striking out ", and shall report to Congress" and inserting ". However, the Commission may not release information which the Commission considers to be confidential business information unless the party submitting the confidential business information had notice, at the time of submission, that such information would be released by the Commission, or such party subsequently consents to the release of the information. The Commission shall report to Congress.".

SEC. 188. TREATMENT OF COMMISSION UNDER PAPERWORK REDUCTION ACT.

Section 330 of the Tariff Act of 1930 (19 U.S.C. 1330) is amended by adding at the end thereof the following new subsection:

"(f) The Commission shall be considered to be an independent regulatory agency for purposes of chapter 35 of title 44, United States Code.".

Subtitle G—Miscellaneous Trade Law Provisions

SEC. 191. IMPORTS AFFECTING NATIONAL SECURITY.

(a) AMENDMENT TO TEA OF 1962.—Section 232(b) of the Trade Expansion Act of 1962 (19 U.S.C. 1862(b)) is amended—

(1) by inserting "(1)" before "Upon request";

(2) by amending the third sentence by striking out "one year" and inserting "270 days";

(3) by striking out the last sentence; and

(4) by adding at the end thereof the following:

"(2) If the Secretary finds under paragraph (1) that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall advise the President of that finding in the report required under paragraph (1). Within 90 days after receiving the report, the President shall—

"(A) determine whether he concurs with the advice of the Secretary;

"(B) if he concurs, determine the nature and duration of the action that, in his judgment, must be taken to adjust the imports of the article and its derivatives so that such imports will not threaten to impair the national security; and

"(C) report in writing to the Congress the reasons for the determination under subparagraph (A), or under both subparagraphs (A) and (B), as the case may be.

"(3) If the President determines under paragraph (2)(B) to take action to adjust imports of an article and its derivatives, the President shall implement that action no later than the 15th day after the day on which he determines to take action under paragraph (2)(B).".

(b) APPLICATION OF AMENDMENTS.—

(1) The amendments made by subsection (a) apply with respect to investigations that are requested or applied for, or initiated by the Secretary of Commerce on his own motion, under section 232(b) of the Trade Expansion Act of 1962 on or after the date of the enactment of this Act.

(2) The amendment made by subsection (a) that requires the President to take action within 90 days after receiving a report from the Secretary of Commerce under such section 232(b) applies to advice submitted by the Secretary with respect to investigations that were applied for under such section on or after April 1, 1987.

(c) ENFORCEMENT OF MACHINE TOOL IMPORT ARRANGEMENTS.—The Secretary of Commerce is authorized to request the Secretary of the Treasury to carry out such actions as may be necessary or appropriate to ensure the attainment of the objectives of the machine tool decision of the President on May 20, 1986, and to enforce any quantitative limitation, restriction, or exporting nations and contained in related bilateral arrangements. Such actions may include, but are not limited to, requirements that valid export licenses or other documentation issued by a foreign government be presented as a condition for the entry into the United States of assembled and unassembled machine tool products. For purposes of this subsection, the term "related bilateral arrangement" means any arrangement, agreement, or understanding entered into or undertaken, or previously entered into or undertaken, by the United States and any foreign country or customs union containing such quantitative limitations, restrictions, or other terms relating to the importation into, or exportation to, the United States of categories of assembled and unassembled machine tool products as may be necessary to implement such machine tool decision of May 20, 1986.

SEC. 192. GENERALIZED SYSTEM OF PREFERENCES.

(a) TREATMENT OF WATCHES.—Section 503(c)(1)(B) of the Trade Act of 1974 (19 U.S.C. 2463(c)(1)(B)) is amended to read as follows:

"(B) watches, except those watches the United States Trade Representative specifically determines, after public notice and comment, will not cause material injury to watch manufacturing and assembly operations in the United States or the United States insular possessions,".

(b) REALLOCATION OF CERTAIN BENEFITS.—Section 504(c)(3) of the Trade Act of 1974 (19 U.S.C. 2464(c)(3)) is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively;

(2) by inserting after subparagraph (B) the following new paragraph:

"(C)(i) Not earlier than January 4, 1987, the President shall waive the application of this subsection with respect to any eligible article of any beneficiary developing country that—

"(I) qualifies for waiver under subparagraphs (A) and (B);

"(II) is determined by the President to have difficulty servicing the debt it owes to foreign or multilateral sources; and

"(III) has not less than 20 percent of the debt that it owes to foreign or multilateral sources held by any combination of United States banks, the International Monetary Fund, and the World Bank.

"(ii) The aggregate value of articles to which waivers made under clause (i) may apply for any calendar year may not exceed the aggregate value of the articles with respect to which countries, on the basis of exports during the preceding calendar year, are no longer treated under this subsection as beneficiary developing countries.

"(iii) The President shall allocate the aggregate value waived under clause (i) for any calendar year among beneficiary developing countries referred to in that clause. In deciding which, if any, of such countries and which eligible articles to include in an allocation, the President shall give great weight to—

"(I) the amount of foreign and multilateral debt of each such country, relative to the gross national product of that country;

"(II) the estimated percentage of export earnings that each country would be required to devote to servicing foreign and multilateral debt under existing contracts;

"(III) the trade surplus that each country holds with the United States, relative to that country's level of debt outstanding to foreign or multilateral sources; and

"(IV) the extent to which each country is undertaking good faith efforts to meet its debt obligations."; and

(3) by striking out "subparagraph (A)" in subparagraph (E)(i) and (ii) (as redesignated under paragraph (1)) and inserting "subparagraphs (A) and (C)".

SEC. 193. CARIBBEAN BASIN INITIATIVE.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the Caribbean Basin Economic Recovery Act should be preserved;

(2) to the extent that the Congress imposes changes that are intended to improve the competitive environment for United States industries and workers, such changes should not unduly affect the unilateral duty-free trade system available to the beneficiary countries designated under such Act;

(3) generic changes in the trade laws of the United States should not discriminate against imports from designated beneficiary countries in relation to imports from other United States trading partners; and

(4) it is in the economic and security interest of the United States to maintain the commitment in such Act to the countries of the Western Hemisphere.

(b) AMENDMENT TO ACT.—Section 212(e) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701 et seq.) is amended to read as follows:

"(e) The President may, after complying with the requirements of subsection (a)(2)—

"(1) withdraw or suspend the designation of any country as a beneficiary country; or

"(2) withdraw, suspend, or limit the application of duty free treatment under this subtitle to any article of any country;

if, after such designation, he determines that as a result of changed circumstances such country would be barred from designation as a beneficiary country under subsection (b).".

SEC. 194. EXTENSION OF INTERNATIONAL COFFEE AGREEMENT ACT OF 1980.

(a) Extension.—Section 2 of the International Coffee Agreement Act of 1980 (19 U.S.C. 1356k) is amended by striking out "October 1, 1986" and inserting "October 1, 1989".

(b) Effective Date.—The amendment made by subsection (a) shall take effect January 1, 1987.

SEC. 195. STEEL IMPORTS.

Section 805 of the Steel Import Stabilization Act is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) Any steel product that is manufactured in a country that is not party to a bilateral arrangement from steel which was melted and poured in a country that is party to a bilateral arrangement (hereinafter in this subsection referred to as an 'arrangement country') may be treated for purposes of the quantitative restrictions and related terms under that arrangement as if it were a product of the arrangement country.

"(2) The Secretary of Commerce, after consultation with the United States Trade Representative, may direct the Secretary of the Treasury to implement such procedures as may be necessary or appropriate to carry out the purpose of paragraph (1).".

SEC. 196. COAL EXPORTS TO JAPAN.

It is the sense of Congress that—

(1) the objectives of the November 1983 Joint Policy Statement on Energy Cooperation, as it relates to United States exports of coal to Japan, have not been achieved;

(2) the President should seek to establish reciprocity with Japan with respect to metallurgical coal exports and steel product imports and should encourage increased purchases by Japan of United States steam coal;

(3) to that end the President should direct the United States Trade Representative to negotiate an agreement with Japan under which Japan will import United States metallurgical coal on a market share basis equivalent to Japan's market share of steel products that are exported to the United States; and

(4) the President should report to the Congress by November 1, 1988, regarding the results of the outcome of any negotiation undertaken in response to this section.

SEC. 197. USE OF UNITED STATES VESSELS TO TRANSPORT IMPORTED AUTOMOBILES.

(a) Congressional Findings.—The Congress finds that—

(1) millions of automobiles manufactured in foreign countries are imported into the United States each year, and those imports contribute substantially to the United States deficit in merchandise trade;

(2) unfair, restrictive, or discriminatory practices of exporting countries, and commercial interests of those countries engaged in the marine transportation of foreign automobiles to the United States, have practically precluded United States-flag vessels owned and operated by citizens of the United States and manned by United States seamen from participating in such transportation, with further adverse effects on the balance of trade in goods and services of the United States;

(3) United States-flag automobile-carrying vessels are competitive with foreign flag vessels, and it has recently been demonstrated, in a few instances at least, that, when the foreign unfair, restrictive, or discriminatory practices are removed or suspended, agreements can readily be negotiated with foreign automobile manufacturers and exporters for the ocean transportation in United States-flag vessels of the automobiles they import into the United States.

(b) Presidential Action.—The President shall take appropriate and feasible steps within his power, including the full exercise of all rights of the United States under international treaties, to negotiate trade agreements with each foreign country from which 50,000 or more automobiles are imported into the United States each year that will eliminate unfair, restrictive, or discriminatory practices in the marine transportation of such import.

(c) Report.—Within 180 days after the date of the enactment of this Act and semiannually thereafter the President shall report to the Congress on the progress of the negotiations carried out under subsection (b).

SEC. 198. PURCHASES OF UNITED STATES-MADE AUTOMOTIVE PARTS BY JAPAN.

(a) Findings.—The Congress finds that—

(1) the United States merchandise trade deficit reached the unprecedented level of $170,000,000,000 in 1986;

(2) the United States trade deficit with Japan, which reached $59,000,000,000 in 1986, accounted for approximately one-third of the total deficit;

(3) approximately one-half of the United States trade deficit with Japan was in motor vehicles and equipment;

(4) Japanese automobile firms based in Japan produced 7,800,000 passenger cars in 1986 and exported 2,300,000 cars to the United States, United States exports of auto parts to Japan were only about $300,000,000 in 1986;

(5) United States automotive parts producers meet increasingly rigorous requirements for quality, just-in-time supply, and competitive pricing in the United States market; and

(6) the market-oriented sector specific (MOSS) talks on auto parts are aimed at overcoming substantial market access barriers and increasing the access of United States auto parts producers to the original and replacement parts market represented by Japanese automobiles produced in Japan, the United States, and third countries.

(b) Sense of Congress.—The Congress—

(1) strongly supports efforts being made by United States negotiators to expand significantly the opportunities for United States automotive parts producers to supply original and replacement parts for Japanese automobiles, wherever those automobiles may be produced; and

(2) determines that success of the MOSS talks will be measured by a significant increase in sales by United States auto parts companies to Japanese vehicle companies and the initiation of long-term sourcing relationships between such companies.

(c) Report on Outcome.—The United States Trade Representative and the Secretary of Commerce shall report to Congress at the conclusion of the MOSS talks on the outcome of the talks and on any agreements reached with Japan with respect to purchases by Japanese firms of United States automotive parts.

TITLE II—INTERNATIONAL TRADE IN TELECOMMUNICATIONS PRODUCTS AND SERVICES

SEC. 201. SHORT TITLE.

This title may be cited as the "Telecommunications Trade Act of 1987".

SEC. 202. FINDINGS AND PURPOSES.

(a) Findings.—The Congress finds that—

(1) rapid growth in the world market for telecommunications products and services will continue for several decades;

(2) the United States can improve prospects for—

(A) the growth of—

(i) United States exports of telecommunications products and services, and

(ii) export-related employment and consumer services in the United States, and

(B) the continuance of the technological leadership of the United States,

by undertaking a program to achieve an open world market for trade in telecommunications products, services, and investment;

(3) most foreign markets for telecommunications products, services, and investment are characterized by extensive government intervention (including restrictive import practices and discriminatory procurement practices) which adversely affect United States exports of telecommunications products and services and United States investment in telecommunications;

(4) unfair and discriminatory trade practices in foreign countries have resulted in, and continue to threaten, the loss of jobs in the United States telecommunications industry;

(5) the open nature of the United States telecommunications market, accruing from the liberalization and restructuring of such market, has resulted, and will continue to result, in a dramatic increase in imports of telecommunications products and a growing imbalance in competitive opportunities for trade in telecommunications; and

(6) unless this imbalance is corrected through the achievement of fully competitive market opportunities for United States telecommunications products and services in foreign markets, the United States should avoid granting continued open access to the telecommunications products and services, and other products and services, of such foreign countries in the United States market.

(b) Purposes.—The purposes of this title are—

(1) to foster the economic and technological growth of and employment in the United States telecommunications industry and to secure a high quality telecommunications network for the benefit of the people of the United States;

(2) to ensure that countries which have made commitments to open telecommunications trade fully abide by those commitments; and

(3) to achieve a more open world trading system for telecommunications products and services through negotiation and achievement of fully competitive market opportunities for United States telecommunications exporters and their subsidiaries in those markets in which barriers exist to free international trade.

SEC. 203. NEGOTIATING OBJECTIVES.

(a) Primary Objectives.—The primary negotiating objectives of the United States under this title regarding telecommunications products and services are to provide for—

(1) the nondiscriminatory procurement of telecommunications products and related services by foreign entities that provide local exchange telecommunications services which are owned, regulated, or controlled by foreign governments;

(2) assurances that any requirement for the registration of telecommunications

products, which are to be located on customer premises, for the purposes of—

(A) attachment to a telecommunications network in a foreign country, and

(B) the marketing of the products in a foreign country,

be limited to the certification by the manufacturer that the products meet the standards established by the foreign country for preventing harm to the network or network personnel;

(3) transparency of, and open participation in, the standards-setting processes used in foreign countries with respect to telecommunications products;

(4) the ability to have telecommunications products, which are to be located on customer premises, approved and registered by type, and, if appropriate, the establishment of procedures between the United States and foreign countries for the mutual recognition of type approvals;

(5) access to the basic telecommunications network in foreign countries on reasonable and nondiscriminatory terms and conditions (including non-discriminatory prices) for the provision of value-added services by United States suppliers; and

(6) monitoring and effective dispute settlement provisions regarding matters referred to in paragraphs (1) through (5).

(b) SECONDARY OBJECTIVES.—The secondary negotiating objectives of the United States under this title regarding telecommunications products and services are to obtain—

(1) national treatment for telecommunications products and services that are provided by United States firms;

(2) most-favored-nation treatment for such products and services;

(3) nondiscriminatory procurement policies with respect to such products and services and the inclusion under the Agreement on Government Procurement of the procurement (by sale or lease by government-owned or controlled entities) of all telecommunications products and services;

(4) the reduction or elimination of customs duties on telecommunications products;

(5) the elimination of subsidies, dumping, violations of intellectual property rights, and other unfair trade practices that distort international trade in telecommunications products and services;

(6) the elimination of investment barriers that restrict the establishment of foreign-owned business entities which market such products and services; and

(7) monitoring and dispute settlement mechanisms to facilitate compliance with telecommunications trade agreements.

SEC. 204. INVESTIGATIONS OF FOREIGN TELECOMMUNICATIONS TRADE BARRIERS.

(a) REQUIRED INITIAL INVESTIGATIONS.—

(1) The United States Trade Representative (hereinafter in this title referred to as the "Trade Representative"), in consultation with the Secretary of Commerce and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C 1872), shall undertake an investigation with respect to each foreign country for the purposes of—

(A) identifying and analyzing those acts, policies, and practices in the markets of that foreign country that deny fully competitive market opportunities to telecommunications products and services of United States firms; and

(B) establishing, on the basis of the analysis under subparagraph (A) and after taking into consideration—

(i) the needs of the affected United States industries,

(ii) the competitiveness of United States industries in domestic and world markets,

(iii) the progress being made to expand market opportunities under existing agreements or ongoing negotiations, and

(iv) the availability of appropriate incentives and effective remedies,

the specific primary and secondary negotiating objectives specified in section 203 that should be pursued in negotiations under section 205 in order to obtain fully competitive market opportunities in that foreign country for telecommunications products and services of United States firms.

(2) The Trade Representative may exclude any foreign country from the investigations required to be conducted under paragraph (1) if the Trade Representative determines that the potential market in that country for United States telecommunications products and services is not substantial.

(3) The Trade Representative shall complete each investigation required to be undertaken under paragraph (1) by no later than the 180th day after the date of the enactment of this Act.

(b) OTHER INVESTIGATIONS.—If at any time after the investigations required under subsection (a) are completed the Trade Representative—

(1) on his own motion, considers that there is reason to believe that any act, policy, or practice in the market of a foreign country is such as to deny fully competitive market opportunities to telecommunications products or services of United States firms; or

(2) accepts a petition filed by an interested party alleging that any act, policy, or practice described in paragraph (1) exists;

the Trade Representative may undertake an investigation with respect to the foreign country concerned for the purposes described in subparagraphs (A) and (B) of subsection (a)(1). An investigation undertaken under this subsection shall be completed within 180 days after the date on which the Trade Representative commences the investigation under paragraph (1) or the petition is filed under paragraph (2).

(c) REVIEW OF MARKETS OF COUNTRIES INITIALLY EXCLUDED FROM INVESTIGATION.—The Trade Representative shall—

(1) at least annually, review the potential market for United States telecommunications products and services in countries that were excluded from investigation under subsection (a) and with respect to which no investigation has been initiated under subsection (b); and

(2) if he considers any such country to have a market for United States telecommunications products and services which is substantial, undertake, and complete within 180 days, an investigation for the purposes described in subparagraphs (A) and (B) of subsection (a)(1) regarding that country.

(d) REPORT TO CONGRESS.—The Trade Representative shall submit to the Congress a report on the investigations undertaken under subsections (a), (b), and (c). Each report shall be submitted within 30 days after the investigation is completed.

SEC. 205. ACTION BY THE PRESIDENT IN RESPONSE TO INVESTIGATIONS BY TRADE REPRESENTATIVE.

(a) IN GENERAL.—After—

(1) all investigations required under section 204(a) are completed (and in no case later than the 180th day after the date of the enactment of this Act); and

(2) each investigation undertaken under section 204(b) or (c) is completed;

the President shall enter into negotiations with the foreign country or countries subject to investigation for the purpose of entering into bilateral or multilateral trade agreements, as appropriate, under section 208 which achieve the specific primary and secondary negotiating objectives that were established under section 204(a)(1)(B) with regard to such countries.

(b) ACTIONS TO BE TAKEN IF NO AGREEMENT OBTAINED.—

(1) If the President is unable during the negotiating period to enter into a trade agreement or agreements under section 208 with a foreign country which achieve the specific primary and secondary negotiating objectives established for that country under section 204(a)(1)(B), the President, by no later than the close of the negotiating period—

(A) shall take whatever actions are authorized under paragraph (3) that are necessary and appropriate to achieve the purposes of the primary objectives not covered by agreement; and

(B) may take whatever actions are authorized under paragraph (3) that are necessary to achieve the secondary objectives not covered by agreement.

(2) In taking action under paragraph (1)(A) and (B), the President shall first take those actions which most directly affect trade in telecommunications products and services with the country concerned.

(3) The President is authorized to take any of the following actions under paragraph (1)(A) and (B):

(A) Terminate, withdraw, or suspend any portion of any trade agreement entered into under—

(i) the Trade Act of 1974;

(ii) section 201 of the Trade Expansion Act of 1962; or

(iii) section 350 of the Tariff Act of 1930;

with respect to any duty or import restriction imposed by the United States on any telecommunications product.

(B) Take any action described in section 301 of the Trade Act of 1974.

(C) Prohibit the Federal Government from purchasing specified telecommunications products.

(D) Increase domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) for purchases by the Federal Government of specified telecommunications products.

(E) Suspend any waiver of domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) which may have been extended pursuant to the Trade Agreements Act of 1979 with respect to telecommunications products or any other products.

(F) Order the appropriate Federal officials to deny Federal funds or Federal credits for purchases of specified telecommunications products of any specified foreign country.

(G) Suspend, in whole or in part, benefits accorded articles from specified foreign countries under title V of the Trade Act of 1974 (19 U.S.C. 2461, et seq.).

(4) Notwithstanding section 125 of the Trade Act of 1974 and any other provision of law, if any portion of a trade agreement described in paragraph (3)(A) is terminated, withdrawn, or suspended under paragraph (1) with respect to any duty imposed by the United States, the rate of such duty determined by the President up to the rate pro-

vided for in rate column number 2 of the Tariff Schedules of the United States shall apply to such products after the date on which such termination, withdrawal, or suspension takes effect.

(5) No action taken under paragraph (1) shall affect any binding obligations under any written contract entered into before the date of the enactment of this Act, to which any citizen or national of the United States is a party.

(6) Any action the President decides to take under subparagraph (3) of this subsection shall be treated as an action necessary to implement a trade agreement for the purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974.

(c) NEGOTIATING PERIOD.—

(1) For purposes of subsection (b), the term "negotiating period" means—

(A) with respect to a foreign country investigated under section 204(a), the 18-month period beginning on the date of the enactment of this Act; and

(B) with respect to a foreign country investigated under section 204 (b) or (c), the 12-month period beginning on the date the investigation was completed.

(2) The negotiating period with respect to a foreign country may be extended by not more than two 12-month periods. An extension of the negotiating period shall take effect if (and only if)—

(A) the President, not less than 90 days before the negotiating period expires (or if extended previously, before the first extension period expires), submits to the House of Representatives and the Senate—

(i) a draft of a negotiating period extension bill, and

(ii) a statement that—

(I) substantial progress is being made in negotiations with the foreign country concerned, and

(II) further negotiations are necessary to reach an agreement which meets the specific primary and secondary negotiating objectives established under section 204(a)(1)(B) with regard to that country; and

(B) before the expiration of the negotiating period (or the first extension thereof), a negotiating period extension bill is enacted into law.

(3) For purposes of this subsection, the term "negotiating period extension bill" means a bill of either House of Congress the matter after the enacting clause of which is as follows: "That the Congress approves the extension for 12 months of the negotiating period with   that was requested by the President on   .", the first blank space being filled with the name of the foreign country concerned, and the second blank space being filled with the date on which the submissions to Congress under paragraph (2)(A) regarding the extension were made.

(4) On the day on which submissions to Congress under paragraph (2)(A) regarding an extension are made, the negotiating period extension bill submitted by the President shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a trade agreement is submitted, the implementing bill shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. Such bills shall be referred by the Presiding Officer of the respective Houses to the Committee on Ways and Means and the Committee on Finance.

(5) Subsections (d) through (g) of section 151 of the Trade Act of 1974 apply to any agreement period extension bill. Any reference in such subsections to an implementing bill shall be treated as a reference to a negotiating period extension bill.

(d) MODIFICATION AND TERMINATION AUTHORITY.—The President may modify or terminate any action taken under subsection (b) if, and only if, the foreign country concerned enters into a trade agreement under section 208 which achieves the specific negotiating objective regarding which such action was taken.

(e) REPORT.—The President shall promptly inform the appropriate committees of the House and Senate of any action taken under subsection (b) or of the modification or termination of any such action under subsection (d).

SEC. 206. REVIEW OF TRADE AGREEMENT IMPLEMENTATION BY TRADE REPRESENTATIVE.

(a) DEFINITION.—For purposes of this section, the term "trade agreement" means—

(1) a trade agreement entered into under section 208 that is in force with respect to the United States; and

(2) a trade agreement regarding telecommunications products or services that was in force with respect to the United States on the date of the enactment of this Act.

(b) PERIODIC REVIEW.—

(1) The Trade Representative shall review each trade agreement to determine whether any act, policy, or practice of the foreign country—

(A) is not in compliance with the terms of the agreement; or

(B) otherwise denies, within the context of the terms of the trade agreement, to telecommunications products and services of United States firms fully competitive market opportunities in that foreign country.

(2) The Trade Representative shall carry out the reviews required under paragraph (1)—

(A) with respect to each trade agreement described in subsection (a)(1), within 6 months after the agreement enters into force with respect to the United States, and annually thereafter; and

(B) with respect to each trade agreement described in subsection (a)(2), within 18 months after the date of the enactment of this Act, and annually thereafter.

(c) REVIEW FACTORS.—

(1) In undertaking reviews under subsection (a), the Trade Representative shall consider any evidence of actual patterns of trade (including United States exports of telecommunications products to a foreign country and sales and services related to those products) that do not reflect patterns of trade which would reasonably be anticipated to flow from the concessions or commitments of such country based on the international competitive position and export potential of such products and services.

(2) The Trade Representative shall consult with the United States International Trade Commission in regard to the actual patterns of trade described in paragraph (1).

(d) ACTION IN RESPONSE TO AFFIRMATIVE DETERMINATION.—If the Trade Representative makes an affirmative determination under subsection (b) with respect to any act, policy, or practice of a foreign country, the Trade Representative shall take whatever action authorized under paragraph (e) that is necessary—

(1) to offset fully such act, policy, or practice, and

(2) to restore the balance of concessions in telecommunications products and services trade between the United States and such foreign country;

except that the Trade Representative may not take any action under subsection (e) on the basis of a review under subsection (b) regarding a trade agreement described in subsection (a)(2) before the President takes action under section 205(b)(3) with respect to any country.

(e) AUTHORIZED ACTIONS.—

(1) The Trade Representative is authorized to take the following actions under subsection (d):

(A) Terminate, withdraw, or suspend any portion of any trade agreement entered into under—

(i) the Trade Act of 1974,

(ii) section 201 of the Trade Expansion Act of 1962, or

(iii) section 350 of the Tariff Act of 1930,

with respect to any duty or import restriction imposed by the United States on any telecommunications product.

(B) Take any action under section 301 of the Trade Act of 1974.

(2) Actions described in paragraph (1) may be taken under subsection (d) with respect to other than telecommunications products and services only if—

(A) the Trade Representative has taken all feasible actions described in subparagraphs (A) and (B) of paragraph (1) with respect to telecommunications products and services; and

(B) the applicable objectives established in section 204(a)(1)(B) have not been achieved.

(3) Notwithstanding section 125 of the Trade Act of 1974 and any other provision of law, if any portion of a trade agreement is terminated, withdrawn, or suspended under paragraph (1)(A) with respect to any duty imposed by the United States on any product, the rate of such duty determined by the United States Trade Representative up to the rate provided for in rate column number 2 of the Tariff Schedules of the United States shall apply to such products after the date on which such termination, withdrawal, or suspension takes effect.

(4) Any action the Trade Representative decides to take under paragraph (1) shall be treated as necessary to implement a trade agreement for the purposes of section 151 and subsections (c), (d), (e), (f) and (g) of section 102 of the Trade Act of 1974.

(f) ACTIONS NOT TO AFFECT CERTAIN CONTRACTUAL OBLIGATIONS.—No action taken under this section shall affect any binding obligations under any written contract entered into before the date of the enactment of this Act, to which any citizen or national of the United States is a party.

(g) MODIFICATION AND TERMINATION AUTHORITY.—The Trade Representative may modify or terminate any action taken under subsection (e) if, and only if, he determines that the foreign country has taken appropriate remedial action regarding the act, policy, or practice concerned.

(h) REPORT.—The Trade Representative shall promptly inform the appropriate committees of the House and Senate of any actions taken under subsection (c) or of the modification or termination of any such action under subsection (g).

SEC. 207. CONSULTATIONS.

(a) ADVICE FROM DEPARTMENTS AND AGENCIES.—For purposes of determining appropriate action under section 205(b) or 206(d), the President and the Trade Representative shall consult with the Secretary of Commerce and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872).

(b) ADVICE FROM THE PRIVATE SECTOR.—The—

(1) Trade Representative, in conducting investigations and establishing negotiating objectives under section 204, and for purposes of determining appropriate action under section 206(d); and

(2) President, for purposes of determining appropriate action under section 205(b);

shall provide the opportunity for presentation of views by any interested party, including appropriate committees established under section 135 of the Trade Act of 1974.

(c) CONSULTATIONS WITH CONGRESS AND OFFICIAL ADVISORS.—For purposes of conducting negotiations under section 205(a), the President shall keep appropriate committees of the Congress, as well as appropriate committees established pursuant to section 135 of the Trade Act of 1974, currently informed with respect to—

(1) the negotiating priorities and objectives for each country involved;

(2) the assessment of negotiating prospects, both bilateral and multilateral; and

(3) any United States concessions which might be included in negotiations to achieve the objectives described in section 205.

SEC. 208. GENERAL TRADE AGREEMENT AUTHORITY.

(a) IN GENERAL.—During the 42-month period beginning on the date of enactment of this Act, the President may enter into trade agreements, for purposes of achieving the primary and secondary negotiating objectives established under section 204(a)(1)(B), with foreign countries. The trade agreements may provide for—

(1) the harmonization, reduction, or elimination of—

(A) duties, or

(B) restrictions on, barriers to, or other distortions of international trade, or

(2) the prohibition of, or limitations on the imposition of—

(A) duties, or

(B) restrictions on, barriers to, or other distortions of international trade.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102 OF THE TRADE ACT OF 1974.—

(1) For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) (other than a trade agreement provided for under paragraph (2)) shall be treated as a trade agreement entered into under section 102 of the Trade Act of 1974.

(2) The President may by proclamation implement any trade agreement entered into under subsection (a) that provides solely for unilateral concessions by a foreign country to the United States.

(c) APPLICATION OF AGREEMENT BENEFITS.—Notwithstanding any other provision of law, any agreement entered into under this section may provide that the benefits and obligations of such agreement—

(1) apply solely to the parties to the agreement, or

(2) not apply uniformly to all parties to such agreement.

SEC. 209. COMPENSATION AUTHORITY.

(a) IN GENERAL.—If—

(1) the President takes action under section 205(b); or

(2) the Trade Representative takes action under section 206(d); and

(3) such action is found to be inconsistent with the international obligations of the United States, including the obligations under the General Agreement on Tariffs and Trade;

the President may enter into trade agreements with the foreign country concerned for the purpose of granting new concessions as compensation for such action in order to maintain the general level of reciprocal and mutually advantageous concessions.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102 OF THE TRADE ACT OF 1974.—For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) shall be treated as a trade agreement entered into under section 102 of the Trade Act of 1974.

SEC. 210. DEFINITION OF TELECOMMUNICATIONS PRODUCT.

For purposes of this title, the term "telecommunications product" means any paging alerting device provided for in item 685.70 of the Tariff Schedules of the United States (19 U.S.C. 1202), as in effect on November 14, 1985, and any article that is classified under the following item numbers of such Schedules:

684.57
684.58
684.59
684.65
684.66
684.67
684.80
685.16
685.24
685.25
685.28
685.30
685.32
685.34
685.48
688.17
688.41
707.90

SEC. 211. INTERNATIONAL OBLIGATIONS.

Nothing in this title may be construed to require the President and the United States Congress to act in a manner inconsistent with the legal obligations of the United States, including the General Agreement on Tariffs and Trade.

SEC. 212. FEDERAL COMMUNICATIONS COMMISSION.

(a) CLARIFICATION OF FACTORS FCC REQUIRED TO CONSIDER.—The Communications Act of 1934 is amended by adding at the end of title II (relating to common carriers) the following new section:

"CONSIDERATION OF INTERNATIONAL TRADE FACTORS

"SEC. 225. The Congress finds that international telecommunications trade has significant impact with regard to telecommunications policymaking in the United States. It is therefore the policy of the United States that the Commission, in order to fulfill its duties and obligation to make decisions on the basis of the public interest, convenience, and necessity under this title should, in making its determinations, take into account, where appropriate, the impact of international trade on the ability of the United States telecommunications industry to be competitive in the international marketplace and on the ability of the American public to obtain, on a continuing basis, quality services and equipment. Whenever the Commission makes determinations or takes actions which take into account the impact of international trade, it shall consult with the United States Trade Representative and other appropriate officials of the executive branch. The Commission should avoid taking actions which would conflict with or otherwise interfere with separate trade actions, including negotiations, which the United States Trade Representative or other trade-related agencies are taking.".

(b) REPORT TO CONGRESS.—On or before November 1, 1987, the Federal Communications Commission (hereafter referred to in this section as the "Commission") shall report to the Congress its findings and conclusions based on the Notice of Inquiry and Proposed Rulemaking, CC Docket No. 86-494, adopted on December 23, 1986. If further rulemaking action is considered appropriate based on such inquiry, the Commission shall commence a rulemaking based on such findings and conclusions not later than December 1, 1987.

(c) TELECOMMUNICATIONS COMPETITIVENESS IN THE UNITED STATES.—

(1)(A) The Secretary of Commerce, acting with the Federal Communications Commission and the National Telecommunications and Information Administration, shall conduct a study of the competitiveness of the United States domestic telecommunications industry and the effects of foreign telecommunications policies and practices thereon in order to assist the Congress and the President in determining what actions might be necessary to preserve the competitiveness of the American telecommunications industry.

(B) The study provided for by subparagraph (A) shall be carried out within available appropriations.

(2)(A) Within 45 days of the date of the enactment of this Act, the Secretary of Commerce and the Chairman of the Federal Communications Commission, or their designees, shall begin consultation and coordination on the study under paragraph (1)(A).

(B) The Commission shall provide notice and reasonable opportunity for the public comment within 90 days of the date of the enactment of this Act.

(3) The Commission shall, within 120 days of the date of the issuance of public notice of the study, transmit to the Congress and the President a copy of the findings and recommendations. Such findings and recommendations shall be referred to the appropriate committees of the House of Representatives and the Senate.

TITLE III—EXPORT ENHANCEMENT

SEC. 301. SHORT TITLE.

This title may be cited as the "Export Enhancement Act of 1987".

SEC. 302. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress makes the following findings:

(1) While a free and open world trading system has contributed substantially to world growth and prosperity in the 20th century, current macroeconomic policies and trade imbalances seriously threaten that system.

(2) The world trading system cannot be sustained unless the United States and its trading partners implement balanced growth policies.

(3) World economic growth requires both a financial system which fosters and supports stable exchange rates and the coordination of macroeconomic policies among industrialized countries.

(4) The United States trade deficit in 1986 of $169,800,000,000 threatens the long-term economic well-being of the United States.

(5) The unchecked bilateral trade imbalances between the United States and its trading partners could jeopardize the political, strategic, and economic relationships of the United States with other countries, relationships which are vital to world stability and peace.

(6) In order to provide more balanced and sustainable economic growth in the United States and abroad, the United States must lower its trade deficit by implementing macroeconomic and trade policies which facilitate and expand export opportunities.

(7) Since 1981, manufactured exports have stagnated and agricultural exports have fallen by almost 40 percent. The trade deficit has grown from $40 billion to almost $170 billion. Between 1981 and 1983 alone, the United States lost 2 million jobs, more than 1 million of which were in manufacturing.

(8) The significant decline in recent years in the volume and value of agricultural exports makes the development and implementation of an effective United States agricultural trade policy imperative.

(9) The indebtedness of third world countries not only poses risks for the United States financial system, but has affected jobs and exports as well. Exports to third world countries in 1985 were $11 billion below the level of exports in 1981. Falling exports to third world countries have cost the United States hundreds of thousands of jobs.

(10) In spite of the continuing need to expand exports, current Federal Government export promotion and facilitation programs are not sufficient to meet the challenge of competition from other countries for world markets.

(11) United States and Foreign Commercial Service Officers are often accorded insufficient status abroad, and are frequently diverted from their primary duty of promoting United States exports in order to perform export licensing duties.

(12) The activities of the Overseas Private Investment Corporation and the Trade and Development Program serve important United States development assistance and international economic objectives.

(13) Inadequate protection of and enforcement procedures for United States intellectual property interests abroad have resulted in the counterfeiting of United States trademarks and the piracy of United States copyrights, patents, and mask works, acts which violate basic international principles of fair trade, cause trade distortions due to lost sales by countries whose companies have developed the counterfeited or pirated goods, pose health and safety threats to consumers, and have caused a loss of United States jobs.

(b) PURPOSES.—The purposes of this title are—

(1) to promote world growth as a means of improving the standard of living in the United States and abroad;

(2) to broaden overseas markets for United States exports;

(3) to emphasize the importance for United States exports of establishing a stable and competitive dollar;

(4) to increase United States exports by—

(A) strengthening the United States and Foreign Commercial Services;

(B) streamlining export controls for national security purposes; and

(C) improving the operation of the United States mixed credit program; and

(5) restoring the markets for United States exports in developing countries by—

(A) committing the United States to world growth;

(B) broadening the authority of the Overseas Private Investment Corporation to help increase economic activity in developing countries; and

(C) enhancing the resources of the Trade and Development Program.

Subtitle A—Export Promotion

SEC. 311. UNITED STATES AND FOREIGN COMMERCIAL SERVICE.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Commerce shall establish, within the International Trade Administration, the United States and Foreign Commercial Service. The Secretary shall, to the greatest extent practicable, transfer to the Commercial Service the functions of the United States and Foreign Commercial Services.

(2) ASSISTANT SECRETARY OF COMMERCE AND DIRECTOR GENERAL.—The head of the Commercial Service shall be the Assistant Secretary of Commerce and Director General of the Commercial Service, who shall be appointed by the President, by and with the advice and consent of the Senate.

(3) COORDINATION WITH FOREIGN POLICY OBJECTIVES.—The Secretary shall take the necessary steps to ensure that the activities of the Commercial Service are carried out in a manner consistent with United States foreign policy objectives, and the Secretary shall consult regularly with the Secretary of State in order to comply with this paragraph.

(4) AUTHORITY OF CHIEF OF MISSION.—All activities of the Commercial Service shall be subject to section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

(b) STATEMENT OF PURPOSE.—The Commercial Service shall place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small businesses and medium-sized businesses, by carrying out activities such as—

(1) identifying United States businesses with the potential to export goods and services and providing such businesses with advice and information on establishing export businesses;

(2) providing United States exporters with information on economic conditions, market opportunities, and the legal and regulatory environment within foreign countries;

(3) providing United States exporters with information and advice on the necessary adaptation of product design and marketing strategy to meet the differing cultural and technical requirements of foreign countries;

(4) providing United States exporters with actual leads and an introduction to contacts within foreign countries;

(5) assisting United States exporters in locating reliable sources of business services in foreign countries;

(6) assisting United States exporters in their dealings with foreign governments and enterprises owned by foreign governments; and

(7) assisting the coordination of the efforts of State and local agencies and private organizations which seek to promote United States business interests abroad so as to maximize their effectiveness and minimize the duplication of efforts.

(c) OFFICES.—

(1) IN GENERAL.—The Commercial Service shall consist of a headquarters office, district offices located in major United States cities, and foreign offices located in major foreign cities.

(2) HEADQUARTERS.—The headquarters of the Commercial Service shall provide such managerial, administrative, research, and other services as the Secretary considers necessary to carry out the purposes of the Commercial Service.

(3) DISTRICT OFFICES.—The Secretary shall establish district offices of the Commercial Service in any United States city in a region in which the Secretary determines that there is a need for Federal Government export assistance.

(4) FOREIGN OFFICES.—(A) The Secretary may, after consultation with the Secretary of State, establish foreign offices of the Commercial Service. These offices shall be located in foreign cities in regions in which the Secretary determines there are significant business opportunities for United States exporters.

(B) The Secretary may, in consultation with the Secretary of State, assign to the foreign offices Commercial Officers and such other personnel as the Secretary considers necessary. In employing Commercial Officers and such other personnel, the Secretary shall use the Foreign Service personnel system in accordance with the Foreign Service Act of 1980. The Secretary shall designate a Commercial Officer as head of each foreign office.

(C) Upon the request of the Secretary, the Secretary of State shall attach the Commercial Officers and other employees of each foreign office to the diplomatic mission of the United States in the country in which that foreign office is located, and shall obtain for them diplomatic privileges and immunities equivalent to those enjoyed by Foreign Service personnel of comparable rank and salary.

(D) For purposes of official representation, the senior Commercial Officer in each country shall be considered to be the senior commercial representative of the United States in that country, and the United States chief of mission in that country shall accord that officer all privileges and responsibilities appropriate to the position of senior commercial representative of other countries.

(E) The Secretary of State is authorized, upon the request of the Secretary, to provide office space, equipment, facilities, and such other administrative and clerical services as may be required for the operation of the foreign offices. The Secretary is authorized to reimburse or advance funds to the Secretary of State for such services.

(F) The authority of the Secretary under this paragraph shall be subject to section 103 of the Diplomatic Security Act (22 U.S.C. 4802).

(d) RANK OF COMMERCIAL OFFICERS IN FOREIGN MISSIONS.—

(1) MINISTER-COUNSELOR.—Notwithstanding any other provision of law, upon the request of the Secretary, the Secretary of State shall accord the diplomatic title of Minister-Counselor to the senior Commercial Officer assigned to any United States mission abroad. The number of Commercial Service officers accorded such diplomatic title at any time may not exceed eight.

(2) CONSUL GENERAL.—In any United States consulate in which a vacancy occurs in the position of Consul General, the Secretary of State, in consultation with the Secretary, shall consider filling that vacancy with a Commercial Officer if the primary functions of the consulate are of a commercial nature and if there are significant business opportunities for United States exporters in the region in which the consulate is located.

(e) Report by the President.—Within 1 year after the date of the enactment of this Act, the President shall submit a report to the Congress containing an evaluation of existing export promotion services of the Department of Commerce, recommendations for improving those services, and proposals for new export promotion services.

(f) Information Dissemination.—In order to carry out subsection (b)(7), to lessen the cost of distribution of information produced by the Commercial Service, and to make that information more readily available, the Secretary should establish a system for distributing that information in those areas where no district offices of the Commercial Service are located. Distributors of the information should be State export promotion agencies or private export and trade promotion associations. The distribution system should be consistent with cost recovery objectives of the Department of Commerce.

(g) Audits.—The Inspector General of the Department of Commerce shall perform periodic audits of the operations of the Commercial Service, but at least once every 3 years. The Inspector General shall report to the Congress the results of each such audit. In addition to an overview of the activities and effectiveness of Commercial Service operations, the audit shall include—

(1) an evaluation of the current placement of domestic personnel and recommendations for transferring personnel among district offices;

(2) an evaluation of the current placement of foreign-based personnel and recommendations for transferring such personnel in response to newly emerging business opportunities for United States exporters; and

(3) an evaluation of the personnel system and its management, including the recruitment, assignment, promotion, and performance appraisal of personnel, the use of limited appointees, and the "time-in-class" system.

(h) Report by the Secretary.—Not later than January 1, 1988, the Secretary shall submit a report to the Congress on the feasibility and desirability, the progress to date, the present status, and the 5-year outlook, of the comprehensive integration of the functions and personnel of the foreign and domestic export promotion operations within the International Trade Administration of the Department of Commerce.

(i) Pay of Assistant Secretary and Director General.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.".

(j) Definitions.—For purposes of this section—

(1) the term "Secretary" means the Secretary of Commerce;

(2) the term "Commercial Service" means the United States and Foreign Commercial Service;

(3) the term "United States exporter" means—

(A) a United States citizen;

(B) a corporation, partnership, or other association created under the laws of the United States or of any State; or

(C) a foreign corporation, partnership, or other association, more than 95 percent of which is owned by persons described in subparagraphs (A) and (B)

that exports, or seeks to export, goods or services produced in the United States;

(4) the term "small business" means any small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632);

(5) the term "State" means any of the several States, the District of Columbia, or any commonwealth, territory, or possession of the United States; and

(6) the term "United States" means the several States, the District of Columbia, and any commonwealth, territory, or possession of the United States.

SEC. 312. DIPLOMATIC MISSIONS.

(a) In General.—(1) The Secretary of State and the Secretary of Commerce shall periodically review the current number of personnel assigned to United States diplomatic missions outside the United States to determine whether an adequate number of such personnel are engaged in economic or commercial duties to assist United States exporters and businesses doing business outside the United States. Whenever the Secretary of State and the Secretary of Commerce determine such number to be insufficient, they shall take such steps as may be necessary to increase the number of such personnel by adjustment of resources and personnel and other appropriate measures.

(2) The Secretary of State and the Secretary of Commerce should extend the length of assignment required of personnel described in paragraph (1) in order to ensure greater continuity in promoting United States exports.

(b) Reports.—Each chief of a United States diplomatic mission to a country which is an important United States trading partner and which has significant potential for United States export sales shall, not later than 1 year after the date of the enactment of this Act, and not later than the end of every 1-year period thereafter, prepare and transmit to the President and to the Congress a report describing—

(1) the strategy used by such mission to expand United States exports; and

(2) the efforts of such mission to assist United States industries in expanding export sales and in improving their market position relative to other foreign competitors.

SEC. 313. COMMERCIAL SERVICE OFFICERS AND DEVELOPMENT BANKS.

(a) Appointment.—The Secretary of Commerce, in consultation with the Secretary of the Treasury, shall appoint an officer of the United States and Foreign Commercial Service to serve, on a full-time or part-time basis, with each of the United States Executive Directors of the multilateral development banks in which the United States participates.

(b) Duties of Officers.—It shall be the duty of each officer appointed under subsection (a) to assist the United States Executive Director with respect to whom such officer is appointed—

(1) in promoting opportunities for exports of goods and services from the United States;

(2) in taking actions to assure that United States businesses are fully informed of bidding opportunities in countries receiving loans from the respective banks; and

(3) in taking actions to assure that United States businesses can focus on projects in which they have a particular interest or competitive advantage and to permit them to complete and have an equal opportunity in submitting timely and conforming bidding documents.

(c) Functions of Executive Directors.—The Secretary of the Treasury shall instruct the United States Executive Director of each multilateral development bank to carry out the functions described in paragraphs (1) through (3) of subsection (b).

SEC. 314. MARKET DEVELOPMENT COOPERATOR PROGRAM AND TRADE SHOWS.

(a) Authority.—Title II of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051 and following) is amended—

(1) by redesignating sections 202 and 203 as sections 204 and 205, respectively; and

(2) by inserting after section 201 the following:

"SEC. 202. MARKET DEVELOPMENT COOPERATOR PROGRAM.

"(a) Authority To Establish Program.—In order to—

"(1) identify foreign market opportunities,

"(2) introduce new products and processes (but not allocate markets, establish prices, or otherwise engage directly in the production, distribution, or marketing of goods or services),

"(3) eliminate trade and technical barriers, and

"(4) improve economic and trade relations between the United States and other countries,

the Secretary of Commerce is authorized to establish a Market Development Cooperator Program. The purpose of the program is to develop, maintain, and expand foreign markets for nonagricultural goods and services produced in the United States.

"(b) Implementation of the Program.—The Secretary of Commerce shall carry out the Market Development Cooperator Program by entering into contracts with—

"(1) nonprofit industry organizations,

"(2) trade associations,

"(3) State departments of trade and their regional associations, including centers for international trade development, and

"(4) private industry firms or groups of firms in cases where no entity described in paragraph (1), (2), or (3) represents that industry,

(in this section referred to as 'cooperators') to engage in activities in order to carry out the purposes set forth in paragraphs (1) through (4) of subsection (a). The costs of activities under such a contract shall be shared equitably among the Department of Commerce, the cooperator involved, and, whenever appropriate, foreign businesses. The Department of Commerce shall undertake to support direct costs of activities under such a contract, and the cooperator shall undertake to support indirect costs of such activities. Activities under such a contract shall be carried out by the cooperator with the approval and assistance of the Secretary.

"(c) Cooperator Partnership Program.—(1)(A) As part of the program established under subsection (a), the Secretary of Commerce shall establish a partnership program with cooperators under which a cooperator may detail individuals, subject to the approval of the Secretary, to the United States and Foreign Commercial Service for a period of not less than 1 year or more than 2 years to supplement the Commercial Service.

"(B) Any individual detailed to the United States and Foreign Commercial Service under this subsection shall be responsible for such duties as the Secretary may prescribe in order to carry out the purposes set forth in paragraphs (1) through (4) of subsection (a).

"(C) Individuals detailed to the United States and Foreign Commercial Service under this subsection shall not be considered to be employees of the United States for the purposes of any law administered by the Office of Personnel Management, except that the Secretary of State may determine the applicability to such individuals of section 2(f) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2669(f)) and of any other law administered by the Secretary of State concerning the detail of such individuals abroad.

"(2) In order to qualify for the program established under this subsection, individuals shall have demonstrated expertise in the international business arena in at least 2 of the following areas: marketing, market research, and computer data bases.

"(3)(A) The cooperator who details an individual to the United States and Foreign Commercial Service under this subsection shall be responsible for that individual's salary and related expenses, including health care, life insurance, and other noncash benefits, if any, normally paid by such cooperator.

"(B) The Secretary of Commerce shall pay transportation and housing costs for each individual participating in the program established under this subsection.

"(d) BUDGET ACT.—Contracts may be entered into under this section in a fiscal year only to such extent or in such amounts as are provided in appropriations Acts.

"SEC. 203. TRADE SHOWS.

"(a) AUTHORITY OF THE SECRETARY OF COMMERCE.—In order to facilitate exporting by United States businesses, the Secretary of Commerce shall provide assistance for trade shows in the United States which bring together representatives of United States businesses seeking to export goods or services produced in the United States and representatives of foreign companies or governments seeking to buy such goods or services from these United States businesses.

"(b) RECIPIENTS OF ASSISTANCE.—Assistance under subsection (a) may be provided to—

"(1) nonprofit industry organizations,

"(2) trade associations,

"(3) foreign trade zones, and

"(4) private industry firms or groups of firms in cases where no entity described in paragraph (1), (2), or (3) represents that industry,

to provide the services necessary to operate trade shows described in subsection (a).

"(c) ASSISTANCE TO SMALL BUSINESSES.—In providing assistance under this section, the Secretary of Commerce shall, in consultation with the Administrator of the Small Business Administration, make special efforts to facilitate participation by small businesses and companies new to export.

"(d) USES OF ASSISTANCE.—Funds appropriated to carry out this section shall be used to—

"(1) identify potential participants for trade show organizers,

"(2) provide information on trade shows to potential participants,

"(3) supply language services for participants, and

"(4) provide information on trade shows to small businesses and companies new to export.

"(e) DEFINITIONS.—As used in this section—

"(1) the term 'United States business' means—

"(A) a United States citizen;

"(B) a corporation, partnership, or other association created under the laws of the United States or of any State (including the District of Columbia or any commonwealth, territory, or possession of the United States); or

"(C) a foreign corporation, partnership, or other association, more than 95 percent of which is owned by persons described in subparagraphs (A) and (B); and

"(2) the term 'small business' means any small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632).".

(b) DEFINITION OF EXPORT PROMOTION PROGRAM.—Section 201(d) of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051(d)) is amended—

(1) in paragraph (3) by striking "and";

(2) in paragraph (4) by striking the period and inserting a semicolon; and

(3) by adding at the end the following:

"(5) the Market Development Cooperator Program established under section 202; and

"(6) the assistance for trade shows which is authorized by section 203.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 204 of the Export Administration Amendments Act of 1985 (as redesignated by subsection (a)(1) of this section) is amended to read as follows:

"SEC. 204. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to the Department of Commerce to carry out export promotion programs—

"(1) $123,922,000 for the fiscal year 1987; and

"(2) $129,922,000 for the fiscal year 1988, of which $6,000,000 shall be available only for the Market Development Cooperator Program established under section 202 and for the assistance for trade shows which is authorized by section 203.".

SEC. 315. ESTABLISHMENT OF UNITED STATES AND FOREIGN COMMERCIAL SERVICE PACIFIC RIM INITIATIVE.

(a) ESTABLISHMENT OF PILOT PROGRAM.—The Secretary of Commerce shall establish a pilot program in the United States and Foreign Commercial Service to encourage the export of United States goods and services to Japan, South Korea, and Taiwan. Such program shall provide that, in addition to any other duty, the United States and Foreign Commercial Service shall—

(1) identify United States goods and services which are not being exported to the markets of Japan, South Korea, and Taiwan but which could be exported to these markets under competitive market conditions;

(2) identify and notify United States persons who sell or provide such goods or services of potential opportunities identified under paragraph (1);

(3) present a list of the goods and services identified under paragraph (1), together with a list of any impediments to the export of such goods and services, to authorities in Japan, South Korea, and Taiwan, as appropriate, with a view toward liberalizing markets to such goods and services;

(4) develop semiannual goals for the number of goods and services to be identified under paragraph (1);

(5) facilitate the entrance of United States persons identified and notified under paragraph (2) into such markets; and

(6) monitor and evaluate the results of efforts to increase the sale of goods and services in such markets.

(b) REPORTS TO CONGRESS.—The Secretary of Commerce shall submit to the Congress semiannual reports on the progress of the program established under subsection (a). Such reports shall include—

(1) the goods and services proposed for liberalization;

(2) the results of any liberalization toward United States goods and services; and

(3) to the extent practicable, the increase in United States commercial sales in the markets identified under subsection (a)(1).

(c) DEFINITION.—As used in this section, the term "United States person" means—

(1) a United States citizen; or

(2) a corporation, partnership, or other association created under the laws of the United States or of any State (including the District of Columbia or any commonwealth, territory, or possession of the United States).

SEC. 316. COMMERCIAL PERSONNEL AT THE AMERICAN INSTITUTE OF TAIWAN.

Section 6 of the Taiwan Relations Act (22 U.S.C. 3305) is amended by adding at the end the following:

"(d) The Institute shall employ personnel to perform duties similar to that performed by personnel of the United States and Foreign Commercial Service. The number of individuals employed under this subsection shall be commensurate with the number of United States personnel of the Commercial Service who are permanently assigned to the United States diplomatic mission to South Korea.".

SEC. 317. PRINTING AT OVERSEAS LOCATIONS.

(a) EXCEPTION TO PRINTING BY GOVERNMENT PRINTING OFFICE.—Section 501 of title 44, United States Code, is amended by striking "All" and inserting "Except as otherwise expressly provided by law, all".

(b) PRINTING IN CONJUNCTION WITH EXPORT PROMOTION PROGRAMS.—Section 201 of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051) is amended by adding at the end the following:

"(e) PRINTING OUTSIDE THE UNITED STATES.—(1) In carrying out any export promotion program, and consistent with other applicable law, the Secretary of Commerce may authorize—

"(A) the printing, distribution, and sale of documents outside the contiguous United States, if the Secretary finds that the implementation of such export promotion program would be more efficient; and

"(B) the acceptance of private notices and advertisements in connection with the printing and distribution of such documents.

"(2) Any fees received by the Secretary pursuant to paragraph (1) shall be deposited in a separate account or accounts which may be used to defray directly the costs incurred in conducting activities authorized by paragraph (1) or to repay or make advances to appropriations or other funds available for such activities.".

SEC. 318. AGRICULTURAL TRADE POLICY.

(a) STATEMENT OF POLICY.—It is the policy of the United States—

(1) to provide, through all possible means, agricultural commodities and the products thereof for export at competitive prices, with full assurance of quality and reliability of supply;

(2) to support the principle of free trade and the promotion of fair trade in agricultural commodities and the products thereof;

(3) to support fully the negotiating objectives set forth in section 111(b) of this Act to eliminate or reduce substantially constraints to fair and open trade in agricultural commodities and the products thereof;

(4) to utilize fully statutory authority to counter aggressively unfair foreign trade practices and to use all other available means, including export restitution, export bonus programs, and, if necessary, restric-

tions on United States imports of foreign agricultural commodities and the products thereof, in order to encourage fair and more open trade; and

(5) to provide for increased representation of United States agricultural trade interests in the formulation of national fiscal and monetary policy affecting trade.

(b) Local Currencies Under P.L. 480.—

(1) Wood and wood products.—Section 104(b)(1) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b)(1)) is amended in the first sentence by inserting "(including wood and wood products of the United States)" after "agricultural commodities".

(2) Construction of housing and shelter.—Section 108(i) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1708(i)) is amended—

(A) in paragraph (1) by striking "and";

(B) in paragraph (2) by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(3) the terms 'private sector development activity' and 'private enterprise investment' include the construction of low- and medium-income housing and shelter."

(3) Nonemergency programs under title II of P.L. 480.—The first sentence of section 206 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726) is amended by inserting after "extraordinary relief requirements," the following: "or for nonemergency programs conducted by nonprofit voluntary agencies or cooperatives,".

(4) Uses of foreign currencies under title II.—Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(A) in subsection (a), by inserting "or cooperative" after "agency";

(B) in subsection (b), by striking out "5 percent" and inserting in lieu thereof "10 percent"; and

(C) by adding at the end the following:

"(c) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit voluntary agency or cooperative may be used to—

"(1) transport, store, or distribute agricultural commodities, to ensure that such commodities reach their final users in usable condition or otherwise enhance the effectiveness of the use of commodities donated under this title; and

"(2) implement income generation, community development, health, nutrition, cooperative development, or agricultural programs, or other developmental activities.".

(c) Short and Intermediate Export Credit.—

(1) Short-term credit.—Section 1125(b) of the Food Security Act of 1985 (7 U.S.C. 1736t(b)) is amended by inserting ", including wood and processed wood products" after "agricultural commodities and the products thereof".

(2) Intermediate export credit.—Section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) is amended in the second sentence by inserting before the period the following: ", except that, for purposes of this sentence, the term 'agricultural commodities' includes wood and processed wood products".

(d) Market Development Activities.—In order to improve the market development activities of the United States Department of Agriculture, the following shall apply:

(1) In order to provide enhanced trade policy and international economic information, the Secretary of Agriculture is authorized to expand the number of agricultural counselors, attaches, assistant attaches, and other diplomatic representatives of the Department of Agriculture overseas. The Secretary of Agriculture shall, to the maximum extent possible, assign agricultural marketing specialists or agricultural trade officers in overseas posts that offer short- or long-term market potential for United States agricultural commodities or products thereof and that are not served by an Agricultural Trade Office, agricultural trade officer, or agricultural marketing specialist.

(2) The Secretary of Agriculture shall assist departments of agriculture of the States in supporting the export efforts of private companies. Such assistance shall include the stationing of marketing specialists in States or regions as a part of the normal rotation of these specialists between Washington, D.C. and overseas locations.

(e) Rank of Foreign Agricultural Service Officers in Foreign Missions.—Notwithstanding any other provision of law, the Secretary of State shall, upon the request of the Secretary of Agriculture, accord the diplomatic title of Minister-Counselor to the senior Foreign Agricultural Service Officer assigned to any United States mission abroad. The number of Foreign Agricultural Service officers accorded such diplomatic title at any time may not exceed eight.

SEC. 319. JOINT DEVELOPMENT ASSISTANCE AGREEMENTS WITH CERTAIN TRADING PARTNERS.

(a) Development of Plan.—With respect to any country that has a substantial positive trade balance with the United States, the Secretary of Agriculture, in consultation with the Secretary of State and (through the Secretary of State) representatives of the other country, may develop an appropriate plan (taking into consideration the agricultural economy of such country, the nature and extent of such country's programs to assist developing countries, and other relevant factors) under which that country would purchase United States agricultural commodities or products for use in development activities in developing countries. The Secretary of Agriculture shall submit each such plan to the President as soon as it is completed.

(b) Agreement.—The President may enter into an agreement with any country that has a positive trade balance with the United States under which that country would purchase United States agricultural commodities or products for use in agreed-on development activities in developing countries.

SEC. 320. FOOD AID AND MARKET DEVELOPMENT.

(a) Policy Statement.—It is the policy of the United States to use food aid and agriculturally-related foreign economic assistance programs more effectively to develop markets for United States agricultural commodities and products.

(b) Requirements.—The President (or, as appropriate, the Secretary of Agriculture) shall encourage the recipient country under food assistance agreements entered into under any program administered by the Secretary to agree to give preference to United States food and food products in its future food purchases.

SEC. 321. FINDINGS AND SENSE OF CONGRESS WITH RESPECT TO THE EUROPEAN COMMUNITY.

(a) Findings.—The Congress finds that—

(1) the European Community has proposed to establish a tariff on the importation of vegetable and marine fats and oils; and

(2) the imposition of such a tariff would have a negative impact on United States exports of oil seeds and products and would be inconsistent with the European Community's obligations under the General Agreement on Tariffs and Trade.

(b) Sense of Congress.—It is the sense of the Congress that—

(1) the President should firmly oppose actions by the European Community to establish a tariff on the importation of vegetable and marine fats and oils; and

(2) the President should take strong and immediate countermeasures should such a tariff be implemented.

SEC. 322. EXPORT-IMPORT BANK.

(a) Findings.—The Congress makes the following findings:

(1) The actual level of support provided by the Export-Import Bank to United States exporters has decreased significantly since 1980, including a reduction from $5,400,000,000 in direct loans in fiscal year 1981 to $577,400,000 in direct loans in fiscal year 1986.

(2) The value of nonagricultural United States exports supported by the Export-Import Bank, in relation to all such exports, has also declined consistently during the last 5 years, from approximately 13 percent in 1980 to approximately 5 percent in 1986.

(3) The level of official financing provided by the governments of other industrialized countries to their exporters is typically from 25 to 40 percent of the nonagricultural exports from those countries.

(4) The programs of the Export-Import Bank, especially the direct loan program, enable United States exporters to compete in world markets on the basis of quality, price, and service, and are often crucial to the success of export endeavors. Export-Import Bank programs are particularly important for high technology products and large scale projects that are very capital intensive or that require longer terms.

(b) Statement of Policy.—It is the sense of the Congress that the availability of adequate and flexible financing provided by the United States Government for United States exports contributes to the maintenance and expansion of United States exports and at the same time can serve to reverse the trend toward overseas production.

SEC. 323. COUNTRY REPORTS ON ECONOMIC POLICY AND TRADE PRACTICES.

The Secretary of State shall, not later than January 31 of each year, prepare and transmit to the Committee on Foreign Affairs and the Committee on Ways and Means of the House of Representatives, to the Committee on Foreign Relations and the Committee on Finance of the Senate, and to other appropriate committees of the Congress, a detailed report regarding the economic policy and trade practices of each country with which the United States has an economic or trade relationship. The Secretary may direct the appropriate officers of the Department of State who are serving overseas, in consultation with appropriate officers or employees of other departments and agencies of the United States, including the Department of Agriculture and the Department of Commerce, to coordinate the preparation of such information in a country as is necessary to prepare the report under this section. The report shall identify and describe, with respect to each country—

(1) the macroeconomic policies of the country and their impact on the overall growth in demand for United States exports;

(2) the impact of macroeconomic and other policies on the exchange rate of the

country and the resulting impact on price competitiveness of United States exports;

(3) any change in structural policies (including tax incentives, regulations governing financial institutions, production standards, and patterns of industrial ownership) that may affect the country's growth rate and its demand for United States exports;

(4) the management of the country's external debt and its implications for trade with the United States;

(5) acts, policies, and practices that constitute significant barriers to United States exports or foreign direct investment in that country by United States persons, as identified under section 181(a)(1) of the Trade Act of 1974 (19 U.S.C. 2241(a)(1));

(6) acts, policies, and practices that provide direct or indirect government support for exports from that country, including exports by small businesses;

(7) the extent to which the country's laws and enforcement of those laws afford adequate protection to United States intellectual property, including patents, trademarks, copyrights, and mask works; and

(8) the country's laws and enforcement of those laws with respect to internationally recognized worker rights (as defined in section 502(a)(4) of the Trade Act of 1974), the conditions of worker rights in any sector which produces goods and in which United States capital is invested, the extent of such investment, and the extent to which the goods produced under these conditions are imported into the United States.

SEC. 324. EXPORT PROMOTION DATA SYSTEM.

(a) FINDINGS.—The Congress finds that—

(1) accurate, timely, and properly organized data and other information are essential for the promotion of international trade;

(2) the Federal Government is an appropriate institution for reporting needed data and other information it collects in its promotion of international trade;

(3) States have greatly expanded their programs to promote international trade and have become an integral part of the trade expansion effort of the United States; and

(4) as part of the Federal-State partnership, the Federal Government and State governments should share with each other and the private sector, in an open and timely manner, data and other information they collect relating to international trade.

(b) EXPORT PROMOTION DATA SYSTEM.—

(1) DEFINITIONS.—For purposes of this subsection—

(A) the term "Secretary" means the Secretary of Commerce;

(B) the term "Department" means the Department of Commerce; and

(C) the term "System" means the export promotion data system developed under paragraph (2).

(2) PURPOSES OF THE SYSTEM.—The Secretary shall develop and maintain an export promotion data system which—

(A) includes information on those foreign industrial sectors and markets which are perceived to be of the greatest interest to United States exporters, including private export associations and groups, and to State agencies that promote exports;

(B) includes such information as is collected through—

(i) the trade promotion and facilitation activities of the International Trade Administration of the Department; and

(ii) the activities of other Federal Government agencies, State agencies, and private entities;

(C) organizes information into the form which is most useful to United States exporters, including private export associations and groups, and to State agencies that promote exports;

(D) provides for the confidentiality of proprietary business information; and

(E) consistent with other provisions of law, disseminates, upon request and for a reasonable fee, information in the System in a timely manner to United States exporters, including private export associations and groups, and to State agencies that promote exports.

(3) COOPERATION WITH OTHER FEDERAL AGENCIES.—The Secretary shall determine which Federal Government agencies described in paragraph (2)(C)(ii) generate information which should be included in the System. The President shall direct those agencies to provide the System with access to such information. These agencies shall, in the case of information stored electronically, provide the System with the necessary interfacing between their respective data processing systems.

(4) DESIGN OF THE SYSTEM.—The System shall be designed to use the most effective means to monitor, organize, and disseminate in a timely manner, information on—

(A) United States exports of goods and services by State of origin, port of departure, and importing country;

(B) United States imports of goods and services by country of origin;

(C) specific business opportunities and contacts in foreign countries;

(D) characteristics of specific industrial sectors within foreign countries with high export potential, such as—

(i) size of the market;

(ii) distribution of products;

(iii) competition;

(iv) significant applicable laws, regulations, specifications, and standards;

(v) appropriate government officials; and

(vi) trade associations and other contact points; and

(E) foreign countries generally, such as—

(i) general economic conditions;

(ii) common business practices;

(iii) significant tariff and trade barriers; and

(iv) other significant laws and regulations regarding imports and licensing.

(5) DELIVERY.—(A) The Secretary shall devise a procedure for disseminating the information in the System that—

(i) provides useful information to the maximum number of users;

(ii) allows the System to recover a reasonable portion of its operating costs; and

(iii) minimizes competition between the Department and private sector information dissemination services.

(B) In establishing the procedure under subparagraph (A), the Secretary shall consider methods of disseminating information in the System which include—

(i) providing direct or indirect on-line access to all or part of the System's data banks; and

(ii) contracting with private sector information dissemination services to provide on-line access to all or part of the information in the System.

(C) The Secretary may establish a schedule of fees for users or distributors of the information in the System. Such fees shall be consistent with fees charged for similar services in the private sector.

(D) Within 180 days after the date of the enactment of this Act, the Secretary shall submit to the Congress a plan for the delivery procedure required by subparagraph (A).

(6) EXCLUSIONS FROM THE SYSTEM.—The System shall not include any information—

(A) which is collected in connection with any investigation; or

(B) the disclosure of which is prohibited by any provision of law.

(7) CONSULTATIONS.—The Secretary shall consult with representatives of the private sector, including export associations and groups, and with State agencies that promote exports, regarding the ongoing development of the System.

(8) IMPLEMENTATION.—The Secretary shall, upon the submission under paragraph (5)(D) of the plan for the delivery procedure required by paragraph (5)(A), begin operation of the portions of the System described in paragraph (2)(B)(i). Within 1 year after the date of the enactment of this Act, the Secretary shall begin operation of the portion of the System described in paragraph (2)(B)(ii).

(9) REPORTS TO CONGRESS.—The Secretary shall report to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, within 1 year after the date of the enactment of this Act, on the implementation of this section. Such report shall include comments on the implementation of the System which are provided by the private sector, including export associations and groups, and by State agencies that promote exports.

SEC. 325. PRESHIPMENT INSPECTION REGULATION PROGRAM.

(a) FINDINGS.—The Congress finds that—

(1) preshipment inspection of goods can help facilitate trade by expediting customs clearance in the country of destination;

(2) there have been substantial complaints with respect to preshipment inspection, specifically regarding delays in shipment, increases in the cost of export transactions, price inspection, and request for confidential business information;

(3) preshipment inspection authority is currently unregulated and, if abused, can constitute an unreasonable restraint on trade;

(4) preshipment inspections of the financial terms of export transactions should not be employed in such a manner as to impose inappropriate controls on international prices;

(5) preshipment inspection requirements as imposed by importing countries should not be applied in such a manner as to discriminate against and burden or restrain United States trade;

(6) capital flight from developing countries is a significant contributor to their external debt burden, which is posing a serious threat to their economic stability and preventing a return to economic growth and development;

(7) preshipment inspection can facilitate trade by minimizing opportunities for capital flight, fraud, tax evasion, and inappropriate price discrimination by preventing fraudulent and abusive overinvoicing and underinvoicing; and

(8) the interests of all parties concerned would be enhanced by competition among preshipment companies.

(b) PURPOSE.—It is the purpose of this section to establish a regulatory program to ensure that preshipment inspection companies fulfill a useful role in facilitating trade, and to prevent activities which are inconsistent with the operation of free and open markets within the United States.

(c) Policy.—It shall be the policy of the United States to ensure that preshipment inspection requirements are a useful means of facilitating trade, and are not used as an instrument to restrict international commerce and business.

(d) Definitions.—For purposes of this section—

(1) the term "preshipment inspection activity" means any activity which is carried out in the United States on behalf of a governmental entity of a foreign country and which involves, as a governmentally imposed condition on the importing of goods into that foreign country or of receipt of payment for those goods from that foreign country—

(A) a physical inspection of those goods before the goods leave the United States;

(B) an inspection of the export value of the goods, including the financial terms of the export transaction; or

(C) any inspections of those goods which are normally carried out by the customs officials of the importing country;

(2) the term "inspection company" means any person that conducts preshipment inspection activities for compensation; and

(3) the term "Secretary" means the Secretary of Commerce.

(e) Certification of Preshipment Inspection Companies.—(1) A person may carry out preshipment inspection activities only if—

(A) the person is an inspection company holding a valid certification issued by the Secretary under this section; and

(B) the preshipment inspection activities are permitted under subsection (f).

(2) An inspection company may apply to the Secretary for a certification under this section. Such application shall be in such form and contain such information as the Secretary may specify by regulation.

(3) The Secretary shall issue or deny certification within 90 days after receipt of each application by an inspection company under paragraph (2), and such certification, if granted, shall be valid for such period of time as the Secretary shall specify.

(4) The Secretary shall establish the appropriate criteria for issuing a certification under this section.

(5) Each application for certification by an inspection company shall contain the following information, which shall be made available for public inspection at the Department of Commerce:

(A) The name of the inspection company, the names of its officers, owners, and affiliates, and the addresses of the company headquarters and all of its offices in the United States.

(B) A description of any other businesses of the company and its affiliates, other than preshipment inspection activities.

(C) The purpose of the company's proposed activities.

(D) The foreign governmental entities for which the company is to act as an agent.

(E) The activities which the company will undertake on behalf of any such foreign governmental entity.

(F) A description of controls the company intends to implement in order to ensure the protection of proprietary information.

(G) Copies of each statute, decree, or other regulation under the authority of which the company is conducting its activities within the United States.

(H) Any other information which the Secretary determines would be useful in monitoring the activities of the inspection company.

(6) Any inspection company to which a certification is issued under this section shall thereafter provide to the Secretary any additional information necessary to ensure the accuracy of the information submitted under paragraph (5).

(f) Allowable Preshipment Inspection Activities.—An inspection company issued a certification under this section may conduct the following preshipment inspection activities:

(1) Classification and valuation for customs purposes.

(2) Inspections for quantity and quality of goods.

(3) Inspection for health, safety, technical, and other standards as determined by the Secretary.

(4) Inspection of the value and financial terms of an export transaction for purposes of preventing customs fraud, capital flight, tax evasions, and unreasonable price discrimination.

(5) Other activities as determined by the Secretary.

(g) Activities Not Permitted.—An inspection company issued a certification under this section may not do the following:

(1) Engage in preshipment activities that would be discriminatory against and burdensome on, or restrictive of, United States commerce.

(2) Provide to importing countries price information supplied by exporters on specific export transactions, other than information that is required or customarily provided for letters of credit or other forms of payment, or for customs, import licensing, or foreign exchange control purposes. Prices for goods exported from the United States may not be compared to prices for goods exported from other countries of supply except for internationally quoted commodities.

(3) Perform quantity and quality inspections in a manner that is more extensive or intrusive than inspections performed in accordance with customary international inspection standards.

(4) Carry out any activity which the Secretary determines to be inconsistent with the purposes of this section and which the Secretary determines would place an unreasonable burden on United States exporters.

(h) Regulations.—(1) The Secretary shall prescribe such regulations as are necessary to carry out this section. Such regulations shall provide that—

(A) the preshipment activities of inspection companies shall not unreasonably interfere with the conduct of international business;

(B) preshipment inspection activities shall be conducted, and appropriate documentation shall be issued, in a timely and convenient manner so as to avoid any substantial delays to United States exporters;

(C) United States exporters subject to preshipment inspection activities as a condition of exporting goods shall be furnished with all information and instructions necessary to ensure compliance with the laws of the importing country that are administered by the inspection company, including a statement of the exporter's rights and of prohibited practices; and

(D) in the event that an inspection company decides that goods subject to preshipment inspection activities are not in compliance with the laws of the importing country, the inspection company shall provide a written explanation of the basis for noncompliance, and shall arrange with the United States exporter involved for a timely reinspection in order to ensure minimal delays to the exporter.

(2) Regulations under this subsection shall be issued and take effect not later than 6 months after the date of the enactment of this Act.

(i) Civil Penalties.—(1) The Secretary (and officers and employees of the Department of Commerce specifically designated by the Secretary) may impose a civil penalty of not more than $10,000 for each knowing violation of this section or any regulation or order issued under this section.

(2) The Secretary may suspend or revoke the certification of an inspection company that engages in a course of conduct in persistent violation of this section or any regulation or order issued under this section.

(3) Any sanction imposed under this subsection may be imposed only after notice and an opportunity for an agency hearing on the record in accordance with sections 554 through 557 of title 5, United States Code.

(4) The Secretary may by regulation provide standards for establishing levels of civil penalty provided in this subsection based upon the seriousness of the violation.

(j) Appeals.—(1) The Secretary shall establish appropriate procedures for any United States exporter to appeal to the Secretary any determination by an inspection company that would prevent a United States exporter from making a shipment or receiving payment for a shipment, or to file a complaint concerning the conduct of an inspection company. Such procedures shall provide an opportunity for both the inspection company and the exporter to present views, and shall protect the confidentiality of all parties.

(2) When appropriate in connection with an appeal under paragraph (1), the Secretary shall attempt to resolve the differences between the exporter and the inspection company involved.

(k) Multilateral and Bilateral Consultations.—(1) The President shall instruct the United States representatives to all relevant multilateral international economic fora, to promote the United States policy on preshipment inspection activities, as set forth in this section.

(2) The President shall promote the United States policy on preshipment inspection activities where appropriate in any bilateral consultation with a United States trading partner.

SEC. 326. REPORT ON EXPORT TRADING COMPANIES.

The Export Trading Company Act of 1982 (15 U.S.C. 4001 et seq.) is amended by inserting after section 104 the following new section:

"SEC. 105. REPORT ON EXPORT TRADING COMPANIES.

"Not later than one year after the date of the enactment of this section and annually thereafter, the Secretary of Commerce shall submit a report to the Congress on the activities of the Department of Commerce to promote and encourage the formation of export trade associations and export trading companies. The report shall include a survey of the activities of export management companies and export trade associations, as well as an analysis of the operating experiences of those export trading companies established pursuant to this Act. The report shall not contain any information subject to the protections from disclosure provided in this Act.".

Subtitle B—Export Controls

SEC. 331. OIL EXPORTS.

(a) To Noncontiguous Countries.—Section 7(d)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2406(d)(1)) (hereafter in this subtitle referred to as "the Act") is amended to read as follows: "(1) No domestically produced crude oil may be exported from the United States, subject to paragraph (2) of this subsection. The prohibition contained in the preceding sentence shall not apply to—

"(A) crude oil which is exported to an adjacent foreign country to be refined and consumed in that country; except that, in the case of any such export to an adjacent foreign country of any domestically produced crude oil transported by pipeline over rights-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1652), such export must be made in exchange for the same quantity of crude oil being exported from that country to the United States, and such exchange must result through convenience or increased efficiency of transportation in lower prices for consumers of petroleum products in the United States, or

"(B) crude oil which is temporarily exported for convenience or increased efficiency of transportation across parts of an adjacent foreign country and reenters the United States.".

(b) Exports of Products of Export Refineries.—Section 7(d) of the Act (50 U.S.C. App. 2406(d)) is amended by adding at the end the following:

"(5)(A) The provisions of paragraphs (1) through (4) of this subsection shall apply to the export of any refined petroleum product, or partially refined petroleum product, which is produced by an export refinery to the same extent as the provisions of paragraphs (1) through (4) of this subsection apply to the export of domestically produced crude oil.

"(B) For purposes of this paragraph—

"(i) the term 'refined petroleum product' means gasoline, kerosene, distillates, propane or butane gas, diesel fuel, and residual fuel oil;

"(ii) the term 'partially refined petroleum product' means a mixture of hydrocarbons which existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities, and which has been processed through a crude oil distillation tower, including topped crude oil and other unfinished oils, but excluding any refined petroleum product; and

"(iii) the term 'export refinery' means, with respect to a proposed export, any crude oil refinery within the continental United States or Alaska which, were it to make the proposed export, would have exported more than 33 percent of all refined petroleum products and partially refined petroleum products produced by that refinery—

"(I) during the 1-year period ending on the day of such proposed export, in the case of a refinery that has been in commercial operation for 1 year or more, or

"(II) during the period in which it has been in commercial operation, in the case of a refinery that has been in commercial operation for less than 1 year.

"(C) Within 180 days after the date of the enactment of this paragraph, the Secretary shall issue such regulations as may be necessary to carry out this paragraph.".

(c) Technical Amendment.—Section 28 of the Outer Continental Shelf Lands Act (43 U.S.C. 1354) is amended by striking "1969" each place it appears and inserting "1979".

SEC. 332. NATIONAL SECURITY CONTROLS.

(a) Multiple License Authority.—Section 4(a)(2) of the Act (50 U.S.C. App. 2403(a)(2)) is amended—

(1) in subparagraph (A) by striking the period at the end of the first sentence and inserting ", except that the Secretary may establish a type of distribution license appropriate for consignees in the People's Republic of China."; and

(2) in subparagraph (B) in the first sentence by inserting "(except the People's Republic of China)" after "controlled countries".

(b) Domestic Sales to Commercial Entities of Controlled Countries.—Section 5(a)(1) of the Act (50 U.S.C. App. 2404(a)(1)) is amended by inserting after the second sentence the following: "For purposes of the preceding sentence, the term 'affiliates' includes both governmental entities and commercial entities that are controlled in fact by controlled countries.".

(c) Authority for Reexports.—Section 5(a) of the Act (50 U.S.C. App. 2404(a)) is amended by adding at the end the following:

"(4) No authority or permission to reexport any goods or technology subject to the jurisdiction of the United States may be required under this section—

"(A) to any country which maintains export controls on such goods or technology cooperatively with the United States pursuant to the agreement of the group known as the Coordinating Committee or pursuant to an agreement described in subsection (k) of this section, except that the Secretary may require authority or permission to reexport—

"(i) such goods or technology to such end users as the Secretary may specify by regulation, and

"(ii) such specific extraordinarily sophisticated goods or technology as the Secretary may specify by regulation, or

"(B) from any country when the goods or technology to be reexported are incorporated in other goods and do not constitute more than 25 percent of the value of the goods in which they are incorporated.".

(d) Exports to Countries Other Than Controlled Countries.—(1) Section 5(b) of the Act (50 U.S.C. App. 2404(b)) is amended by striking paragraph (2) and inserting the following:

"(2) No authority or permission to export may be required under this section for the export to any country other than a controlled country of any goods or technology which, if exported to the People's Republic of China on March 1, 1987, would require only notification of the participating governments of the group known as the Coordinating Committee, except that the Secretary may require authority or permission to export goods or technology described in this paragraph—

"(A) to such end users as the Secretary may specify by regulation; or

"(B) to any country which poses significant risks of diversion, as specified by the Secretary.

"(3)(A) Except as provided in subparagraph (B), no authority or permission to export may be required under this section for the export of goods or technology to a country which maintains export controls on such goods or technology cooperatively with the United States pursuant to the agreement of the group known as the Coordinating Committee or pursuant to an agreement described in subsection (k) of this section.

"(B)(i) The Secretary may require authority or permission to export to a country referred to in subparagraph (A) such specific extraordinarily sophisticated goods or technology as the Secretary may specify by regulation.

"(ii) The Secretary may require authority or permission to export goods or technology, which are otherwise eligible for export under subparagraph (A), to such end users as the Secretary may specify by regulation.

"(iii) The Secretary may require authority or permission to export goods or technology to a country referred to in subparagraph (A) if the Secretary, in consultation with the Secretary of State, determines that such country is engaging in a pattern and practice of noncompliance with the Coordinating Committee agreement or other applicable agreement.

"(4) The Secretary may require any person exporting any goods or technology under the provisions of paragraph (2) or (3) to notify the Department of Commerce of those exports.".

(2) The amendment made by paragraph (1) shall take effect 6 months after the date of the enactment of this Act.

(e) List Reviews; Regulations.—

(1) Control list.—(A) Section 5(c)(2) of the Act (50 U.S.C. App. 2404(c)(2)) is amended by striking the last sentence and inserting the following: "If the Secretary and the Secretary of Defense are unable to concur on such items, as determined by the Secretary, the Secretary of Defense may refer the matter to the President for resolution within 20 days after the Secretary's determination. The Secretary of Defense shall notify the Secretary of any such referral. The President shall notify the Secretary of his determination with respect to the inclusion of such items on the list not later than 20 days after such referral. Failure of the Secretary of Defense to notify the President or the Secretary, or failure of the President to notify the Secretary, in accordance with this paragraph, shall be deemed by the Secretary to constitute concurrence in the implementation of the actions proposed by the Secretary regarding the inclusion of such items on the list.".

(B) Section 5(c)(3) of the Act is amended to read as follows:

"(3) The Secretary shall conduct partial reviews of the list established pursuant to this subsection at least once each calendar quarter in order to carry out the policy set forth in section 3(2)(A) of this Act and the provisions of this section, and shall promptly make such revisions of the list as may be necessary after each such review. Before beginning each quarterly review, the Secretary shall publish notice of that review in the Federal Register. The Secretary shall provide a 30-day period during each review for comment and the submission of data, with or without oral presentation, by interested Government agencies and other affected or potentially affected parties. After consultation with appropriate Government agencies, the Secretary shall make a determination of any revisions in the list within 30 days after the end of the review period. The concurrence or approval of any other department or agency is not required before any such revision is made. The Secretary shall publish in the Federal Register any revisions in the list, with an explanation of the reasons for the revisions. The Secretary shall further assess, as part of each review, the availability from sources outside the United States of goods and technology comparable to those subject to export controls imposed under this section. All goods and technology on the list shall be reviewed at least once each year. The provisions of this paragraph apply to revisions of the list which consist of removing items from the list or making changes in categories of, or other specifications in, items on the list.".

(2) LIST OF MILITARILY CRITICAL TECHNOLOGIES.—Section 5(d)(5) of the Act (50 U.S.C. App. 2404(d)(5)) is amended in the first sentence by striking "at least annually" and inserting "on an ongoing basis".

(3) TECHNICAL ADVISORY COMMITTEES.—(A) Section 5(c) of the Act is amended by adding at the end the following:

"(4) The appropriate technical advisory committee appointed under subsection (h) of this section shall be consulted by the Secretary with respect to changes, pursuant to paragraph (2) or (3), in the list established pursuant to this subsection, and such technical advisory committee may submit recommendations to the Secretary with respect to such changes. If such recommendations are submitted, such technical advisory committee shall be formally represented in that portion of the process involved in making such changes which relates to its recommendations. The Secretary shall consider the recommendations of the technical advisory committee and shall report to the committee the disposition of its recommendations and the reasons why they were accepted, modified, or rejected.".

(B) Section 5(h)(2) of the Act is amended—

(i) by redesignating clause (E) as clause (F); and

(ii) by striking clause (D) and inserting the following: "(D) revisions of the control list, including proposed revisions of multilateral controls in which the United States participates, (E) the issuance of regulations, and".

(C) Section 15(b) of the Act (50 U.S.C. App. 2414(b)) is amended in the third sentence—

(i) by striking "and such other" and inserting "such other"; and

(ii) by inserting after "appropriate" the following: ", and the appropriate technical advisory committee".

(f) CONTROL LIST REDUCTION.—

(1) REDUCTIONS BY THE SECRETARY.—Section 5(c) of the Act (50 U.S.C. App. 2404(c)) (as amended by subsection (e) of this section) is further amended by adding at the end the following:

"(5)(A) The Secretary, in consultation with the Secretary of Defense, shall, on the basis of subsections (f), (g), and (m) of this section, identify those goods and technology subject to export controls under this section which are no longer significant to the military potential of any controlled country. On the basis of the goods and technology so identified, the Secretary should seek, to the maximum extent feasible, to reduce by approximately 40 percent (taking into account those goods and technology described in subparagraph (B)), within 3 years after the date of the enactment of this paragraph, the number of all goods and technology subject to export controls under this section as of such date of enactment.

"(B) Not later than 6 months after the date of the enactment of this paragraph, the following shall no longer be subject to export controls under this section:

"(i) All goods or technology which, if exported to controlled countries on March 1, 1987, would require only notification of the participating governments of the Coordinating Committee.

"(ii) All medical instruments and equipment, subject to the exception set forth in subsection (m) of this section.

In addition, those goods should no longer be subject to export controls under this section which are so widely available to the general public in retail outlets that the export controls on those goods are rendered ineffective in achieving their purpose.

"(C) The Secretary shall submit to the Congress annually a report setting forth the goods and technology from which export controls have been removed under this paragraph.".

(2) ELIMINATION OF UNILATERAL CONTROLS.—Section 5(c) of the Act (as amended by paragraph (1) of this subsection) is further amended by adding at the end the following:

"(6)(A) Notwithstanding subsection (f) or (h)(6) of this section, any export control imposed under this section which is maintained unilaterally by the United States shall expire 6 months after the date of the enactment of this paragraph, or 6 months after the export control is imposed, whichever date is later, except for controls on those goods or technology—

"(i) for which a determination of the Secretary that there is no foreign availability has been made under subsection (f) or (h)(6) of this section and is in effect, or

"(ii) with respect to which the President is actively pursuing negotiations with other countries to achieve multilateral export controls on those goods or technology.

"(B) Export controls on goods or technology described in clause (i) or (ii) of subparagraph (A) may be renewed—

"(i) in the case of goods or technology described in clause (i) of subparagraph (A), for periods of not more than 6 months each, and

"(ii) in the case of goods or technology described in clause (ii) of subparagraph (A), for 1 period of not more than 6 months,

if, before each renewal, the President submits to the Congress a report setting forth all the controls being renewed and stating the specific reasons for such renewal.".

(g) REVIEW OF GOODS AND TECHNOLOGY ELIGIBLE FOR DISTRIBUTION LICENSE.—Section 5(e)(4) of the Act (50 U.S.C. 2404(e)(4)) is amended—

(1) by inserting "(A)" after "(4)"; and

(2) by adding at the end the following:

"(B) In any case in which the Secretary receives a request which—

"(i) is to revise the qualification requirements or minimum thresholds with respect to the eligibility of goods for export or reexport under a distribution license, and

"(ii) is made by an exporter of such goods, representatives of an industry which produces such goods, or a technical advisory committee established under subsection (h) of this section,

the Secretary, after consulting with other appropriate Government agencies and technical advisory committees established under subsection (h) of this section, shall determine whether to make such revision, or some other appropriate revision, in such qualification requirements or minimum thresholds. In making this determination, the Secretary shall take into account the availability of the goods to countries to which exports are controlled under this section from sources outside the United States. The Secretary shall make a determination on a request made under this subparagraph within 90 days after the date on which the request is filed. If the Secretary's determination pursuant to such a request is to make a revision, such revision shall be implemented within 120 days after the date on which the request is filed and shall be published in the Federal Register.".

(h) TRADE SHOWS.—Section 5(e) of the Act (50 U.S.C. App. 2404(e)) is amended by adding at the end the following:

"(6) CERTAIN EXPORTS FOR TRADE SHOWS.—Upon application, the Secretary shall issue a license for the export to the People's Republic of China of any good subject to export controls under this section, without regard to the technical specifications of the good, for the purpose of demonstration or exhibition at a trade show if—

"(A) the United States exporter retains title to and control of the good during the entire period in which the good is in the People's Republic of China; and

"(B) the exporter removes the good from the People's Republic of China no later than at the conclusion of the trade show.".

(i) FOREIGN AVAILABILITY.—

(1) FOREIGN AVAILABILITY DETERMINATIONS.—Section 5(f)(3) of Act (50 U.S.C. App. 2404(f)(3)) is amended by inserting after the second sentence the following:

"In a case in which an allegation is received from an export license applicant, the Secretary shall, within 30 days after receipt of the allegation, publish notice of such receipt in the Federal Register. Within 120 days after receipt of the allegation, the Secretary shall determine whether the foreign availability exists, and shall so notify the applicant. If the Secretary has determined that the foreign availability exists, the Secretary shall, upon making such determination, submit the determination for review to other departments and agencies as the Secretary considers appropriate. The Secretary's determination of foreign availability does not require the concurrence or approval of any official, department, or agency to which such a determination is submitted. Within 60 days following such submission, the Secretary shall respond in writing to the applicant and publish in the Federal Register, that—

"(A) the foreign availability does exist and—

"(i) the requirement of a validated license has been removed,

"(ii) the President has determined that export controls under this section must be maintained notwithstanding the foreign availability and the applicable steps are being taken under paragraph (4), or

"(iii) the foreign availability determination has been submitted to a multilateral review process in accordance with the agreement of the Coordinating Committee for a period of not more than 120 days after the determination of foreign availability is made; or

"(B) the foreign availability does not exist.

In any case in which the publication is not made within the time period specified in the preceding sentence, the Secretary may not thereafter require a license for the export of the goods or technology with respect to which the foreign availability allegation was made and, except in the case of foreign availability described in subparagraph (A)(ii) or (B), in no case may a license for such export be required after the end of the 8-month period beginning on the date on which the allegation is received.".

(2) AVAILABILITY IN PARTICULAR COUNTRIES.—Section 5(f)(4) of the Act (50 U.S.C. 2404(f)(4)) is amended by adding at the end the following: "In any case in which an agreement is reached with a country pursuant to negotiations under this paragraph to eliminate or prevent foreign availability of goods or technology, then the Secretary may not, after such agreement is reached, require a validated license for the export of such goods or technology to that country.".

(3) FOREIGN AVAILABILITY TO OTHER THAN CONTROLLED COUNTRIES.—Section 5(f) of the Act is amended—

(A) by striking paragraph (7);

(B) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively; and

(C) by inserting after paragraph (4) the following:

"(5)(A) The Secretary shall review, on a continuing basis, the availability to countries, other than controlled countries, from sources outside the United States, of any goods or technology the export of which requires a validated license under this section. In any case in which the Secretary finds that any such goods or technology from foreign sources are of similar quality and are available to a country other than a controlled country without effective restrictions, the Secretary shall designate such goods or technology as eligible for export to such country under this paragraph.

"(B) In the case of goods or technology designated under subparagraph (A), then 20 working days after the date of formal filing with the Secretary of an individual validated license application for the export of those goods or technology to an eligible country, a license for the transaction specified in the application shall become valid and effective and the goods or technology are authorized for export pursuant to such license unless the license has been denied by the Secretary on account of an inappropriate end user. The Secretary may extend the 20-day period provided in the preceding sentence for an additional period of 15 days if the Secretary requires additional time to consider the application and so notifies the applicant.

"(C) The Secretary may make a foreign availability determination under subparagraph (A) on the Secretary's own initiative, upon receipt of an allegation from an export license applicant that such availability exists, or upon the submission of a certification by a technical advisory committee of appropriate jurisdiction that such availability exists. Upon receipt of such an allegation or certification, the Secretary shall publish notice of such allegation or certification in the Federal Register and shall make the foreign availability determination within 30 days after such receipt and publish the determination in the Federal Register. In the case of the failure of the Secretary to make and publish such determination within that 30-day period, the goods or technology involved shall be deemed to be designated as eligible for export to the country or countries involved, for purposes of subparagraph (B).

"(D) The provisions of paragraphs (1), (2), (3), and (4) do not apply with respect to determinations of foreign availability under this paragraph.".

(4) SHARING OF INFORMATION ON FOREIGN AVAILABILITY.—Section 5(f)(7) of the Act (as redesignated by paragraph (3)(B) of this subsection) is amended to read as follows:

"(7) Each department or agency of the United States, including any intelligence agency, and all contractors with any such department or agency, shall, upon the request of the Secretary and consistent with the protection of intelligence sources and methods, furnish information to the Office of Foreign Availability concerning foreign availability of goods and technology subject to export controls under this Act. Each such department or agency shall allow the Office of Foreign Availability direct access to any laboratory or other facility within such department or agency for the purpose of collecting such information.".

(5) GOODS OR TECHNOLOGY AFFECTED BY DETERMINATIONS.—Section 5(f) of the Act (as amended by paragraph (3)(B) of this subsection) is amended by adding at the end the following:

"(8) In any case in which Secretary may not, pursuant to paragraph (1), (3), or (4) of this subsection or paragraph (6) of subsection (h) of this section, require a validated license for the export of goods or technology, then the Secretary may not require a validated license for the export of any similar goods or technology whose function, technological approach, performance thresholds, and other attributes that form the basis for export controls under this section do not exceed the technical parameters of the goods or technology from which the validated license requirement is removed under the applicable paragraph.".

(6) TECHNICAL ADVISORY COMMITTEE DETERMINATIONS.—Section 5(h)(6) of the Act (50 U.S.C. App. 2404(h)(6)) is amended by adding at the end the following: "In any case in which an agreement is reached with a country pursuant to negotiations under this paragraph to eliminate foreign availability of goods or technology, then the Secretary may not, after such agreement is reached, require a validated license for the export of such goods or technology to that country.".

(7) TECHNICAL AMENDMENT.—Section 14(a)(8) of the Act (50 U.S.C. 2413(a)(8)) is amended by striking "5(f)(5)" and inserting "5(f)(6)".

(j) DEFINITION OF AVAILABILITY.—Section 5 of the Act (50 U.S.C. App. 2404) is amended by adding at the end the following:

"(r) AVAILABILITY DEFINED.—For purposes of subsections (d), (f), and (h) of this section, the term 'available in fact to controlled countries' includes production or availability of any goods or technology in any country—

"(1) from which the goods or technology is not restricted for export to any controlled country; or

"(2) in which such export restrictions are determined by the Secretary to be ineffective.

For purposes of paragraph (2), the mere inclusion of goods or technology on a list of goods or technology subject to bilateral or multilateral national security export controls shall not, in and of itself, constitute credible evidence that a country provides an effective means of controlling the export of such goods or technology to controlled countries.".

(k) ADDITIONAL AUTHORIZATION OF APPROPRIATIONS.—Section 18(b) of the Act (50 U.S.C. App. 2417(b)) is amended—

(1) in paragraph (1)—

(A) by striking "for each of the fiscal years 1987 and 1988" and inserting "for the fiscal year 1987";

(B) by striking "for each such year" each place it appears; and

(C) by striking "and" after the semicolon;

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

"(2) $38,935,000 for the fiscal year 1988, of which $12,746,000 shall be available only for enforcement, $5,000,000 shall be available only for foreign availability assessments under subsections (f) and (h)(6) of section 5, and $21,189,000 shall be available for all other activities under this Act; and".

(l) NEGOTIATIONS WITH COCOM.—

(1) NEGOTIATING OBJECTIVES.—Section 5(i) of the Act (50 U.S.C. App. 2404(i)) is amended—

(A) by striking "The President" and inserting "Recognizing the ineffectiveness of unilateral controls and the importance of uniform enforcement measures to the effectiveness of multilateral controls, the President"; and

(B) by adding at the end the following:

"(10) Agreement to enhance cooperation among members of the Committee in obtaining the agreement of governments outside the Committee to restrict the export of goods and technology on the International Control List, to establish an ongoing mechanism in the Committee to coordinate planning and implementation of export control measures related to such agreements, and to remove items from the International Control List if such items continue to be available to controlled countries or if the control of the items no longer serves the common strategic objectives of the members of the Committee.

"(11) Agreement to expand the categories and levels of goods and technology that are eligible for export to the People's Republic of China, to the extent consistent with the national security interests of the United States and the other participating governments.".

(2) INDUSTRY REPRESENTATIVE TO COCOM.—(A) Section 5(i) of the Act is amended by adding at the end the following:

"For purposes of reviews of the list referred to in paragraph (1), the President shall include as advisors to the United States delegation to the Coordinating Committee representatives of industry who are knowledgeable with respect to the items being reviewed.".

(B) EFFECTIVE DATE.—(i) Subject to clause (ii), the amendment made by subparagraph (A) shall take effect 3 months after the date of the enactment of this Act.

(ii) The amendment made by subparagraph (A) shall not take effect if the President, before the end of the 3-month period referred to in clause (i), certifies to the Congress that the United States has obtained the agreement of all the governments participating in the Coordinating Committee to exclude industry representatives from negotiations of the Coordinating Committee.

(m) GOODS CONTAINING MICROPROCESSORS OR CERTAIN OTHER PARTS OR COMPONENTS.—Section 5(m) of the Act (50 U.S.C. 2404(m)) is amended to read as follows:

"(m) GOODS CONTAINING CERTAIN PARTS AND COMPONENTS.—Export controls may not be imposed under this section on a good solely on the basis that the good contains parts or components subject to export controls under this section if such parts or components—

"(1) are essential to the functioning of the good, and

"(2) are customarily included in sales of the good, unless the good itself, if exported, would by virtue of the functional characteristics of the good as a whole make a significant contribution to the military potential of a controlled country which would prove detrimental to the national security of the United States.".

(n) Review of Licenses.—Section 10(g) of the Act (50 U.S.C. App. 2409(g)) is amended—

(1) in paragraphs (1) and (2) by striking "country to which exports are controlled for national security purposes" and inserting "controlled country";

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "particular country" and inserting "controlled country involved"; and

(ii) by striking "any other country;" and inserting "any other controlled country; or";

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B);

(C) by inserting after the third sentence the following:

"At the same time that the Secretary of Defense submits any recommendation to the President under subparagraph (A), the Secretary of Defense shall notify the Secretary of such recommendation."; and

(D) by adding at the end the following: "If the Secretary of Defense does not, within the time period specified in this paragraph, make a recommendation specified in subparagraph (A) or (B) or a notification to the Secretary of a recommendation under subparagraph (A), then the Secretary shall approve or disapprove the proposed export without such recommendation."; and

(3) by striking paragraph (4) and inserting the following:

"(4) Except as provided in this subsection, no request to export goods or technology pursuant to this Act may be required to be referred to the Secretary of Defense.".

SEC. 333. EXPORT LICENSE FEES.

Section 4 of the Act (50 U.S.C. App. 2403) is amended by adding at the end the following:

"(g) Fees.—No fee may be charged in connection with the submission or processing of an export license application.".

SEC. 334. VIOLATIONS.

Section 11(h) of the Act (50 U.S.C. App. 2410(h)) is amended—

(1) in the first sentence—

(A) by inserting "(1)" before "No"; and

(B) by inserting after "violation of" the following: "this Act (or any regulation, license, or order issued under this Act), any regulation, license, or order issued under the International Emergency Economic Powers Act,"; and

(2) by adding at the end the following:

"(2) The Secretary may exercise the authority under paragraph (1) with respect to any person related, through affiliation, ownership, or control, to any person convicted of any violation of law set forth in paragraph (1), upon a showing of such relationship with the convicted party, and after notice and an opportunity for a hearing.".

SEC. 335. ENFORCEMENT.

Section 12(a)(2)(B) of the Act (50 U.S.C. App. 2411(a)(2)(B)) is amended by adding at the end the following: "The Customs Service may not seize or detain for more than 10 days any shipment of goods or technology which the Secretary has determined is eligible for export under a general license under section 4(a)(3).".

SEC. 336. ISSUANCE OF TEMPORARY DENIAL ORDERS.

Section 13(d)(1) of the Act (50 U.S.C. App. 2412(d)(1)) is amended in the second sentence by striking "60" each place it appears and inserting "180".

SEC. 337. WESTERN REGIONAL OFFICE.

(a) Establishment and Functions.—Section 15 of the Act (50 U.S.C. App. 2414) is amended by adding at the end the following:

"(d) Western Regional Office.—(1) The Secretary shall establish and maintain a western regional office which shall have the following authority and shall perform the following functions:

"(A) To issue validated licenses under section 4(a)(1) for the export of goods from the United States, the export of which—

"(i) is controlled under this Act only for national security purposes;

"(ii) is not subject to referral to any other department or agency pursuant to section 10(d); and

"(iii) is not subject to any multilateral review process to which section 10(h) applies.

"(B) To render written advisory opinions with respect to proposed exports of goods or technology from the United States in such cases as may be prescribed by the Secretary.

"(C) To provide assistance to United States exporters and prospective United States exporters in complying with this Act and the regulations issued under this Act, including maintaining, for sale or distribution, an adequate supply of all standard application forms, supporting documents, and copies of the regulations issued by the Secretary.

"(D) To promptly forward to the Department of Commerce any application for a validated export license which does not meet the requirements set forth in subparagraph (A) but which otherwise appears to be complete and capable of processing. In any such case, the western regional office shall issue an application number to the applicant.

"(2) In addition to amounts authorized by section 18, there are authorized to be appropriated to the Department of Commerce to carry out the purposes of this subsection such sums as may be necessary for the fiscal year 1988.".

(b) Annual Report.—Section 14 of the Act (50 U.S.C. App. 2413) is amended by adding at the end the following:

"(f) Report on Western Regional Office.—The Secretary shall include in each annual report a detailed description and analysis of the activities of the western regional office established pursuant to section 15(d), including—

"(1) a listing of the number of applications for validated export licenses filed with the western regional office in each month and the disposition of those licenses; and

"(2) a description in reasonable detail of activities conducted under section 15(d)(1)(C).".

SEC. 338. MONITORING OF WOOD EXPORTS.

The Secretary of Commerce shall, for a period of 2 years beginning on the date of the enactment of this Act, monitor exports of processed and unprocessed wood to all countries of the Pacific Rim. The Secretary shall include the results of such monitoring in monthly reports setting forth, with respect to each item monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. The Secretary shall transmit such reports to the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Finance, and Urban Affairs of the Senate.

SEC. 339. EXPORT ADMINISTRATION REFORM COMMISSION.

(a) Establishment.—The President shall, not later than 60 days after the date of the enactment of this Act, appoint an Export Administration Reform Commission (hereafter in this section referred to as the "Commission").

(b) Duties of the Commission.—The Commission shall—

(1) examine the adequacy of the current export administration system in safeguarding United States national security while maintaining United States international economic competitiveness and Western technological preeminence;

(2) determine the best means of minimizing the disruption of United States trading interests while preventing Western technology from enhancing the development of Soviet military capabilities;

(3) identify those goods and technologies which are likely to make crucial differences in military capabilities, and identify which of those goods and technologies the Soviet Union already possesses;

(4) establish criteria by which to judge the feasibility of export controls and apply such criteria to the commodity control list in order to eliminate ineffective controls;

(5) devise appropriate and effective alternative means of controlling exports;

(6) recommend improvements for a more efficient domestic and international export licensing system;

(7) develop proposals to improve United States and multilateral assessments of foreign availability of goods and technology subject to export controls;

(8) review the effectiveness of the Congress in overseeing export administration; and

(9) develop a feasible strategy for regulating the transfer of technical data.

The Commission shall hold public hearings in order to receive comments and recommendations on the options developed under paragraphs (1) through (9).

(c) Membership.—The Commission shall be composed of 24 members who shall be appointed as follows from among individuals in private life who by virtue of their experience and expertise are knowledgeable in relevant scientific, business, or legal matters and who, at the time of their appointment, are not elected or appointed officers or employees in the executive, legislative, or judicial branch of the Government:

(1) 12 individuals appointed by the President.

(2) 3 individuals appointed by the Speaker of the House of Representatives, and 3 individuals appointed by the minority leader of the House of Representatives.

(3) 3 individuals appointed by the majority leader of the Senate, and 3 individuals appointed by the minority leader of the Senate.

(d) Reports and Termination.—(1) The Commission shall prepare and submit to the President and the Congress, not later than 1 year after the Commission is appointed, a report which contains a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislative or regulatory reforms as it considers appropriate.

(2) The Commission shall terminate upon the submission of its report under paragraph (1).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 340. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—The Congress makes the following findings:

(1) The use of unilateral export controls undermines the effectiveness of the multilateral export control system and undermines the competitiveness of United States industries.

(2) Unilateral reexport controls impede progress toward a cooperative and unified system of controls among the allies of the United States and decrease United States industrial competitiveness.

(3) An adequate national security export control system requires constant monitoring and periodic modification as conditions warrant to maintain the proper balance between the promotion of national economic vitality and the protection of military security.

(4) A harmonized multilateral export control system requires the cooperation of countries participating in the Coordinating Committee and other countries in order to control technology flowing to countries of the Soviet Bloc while simultaneously reducing impediments to West-West trade.

(5) The ineffective implementation of current foreign availability provisions places United States industries at a competitive disadvantage.

(6) Inherent in maintaining national security is the need for a strong industrial base in the United States.

(b) DECLARATION OF POLICY.—It is the policy of the United States—

(1) in maintaining export controls, to keep clearly separate national security and foreign policy export controls;

(2) to respect the sovereignty and rights of allies and friendly countries, and to rely on their cooperative efforts and commitments whenever possible;

(3) to maintain export control lists that are technically sound, narrowly focused, and coordinated multilaterally; and

(4) to adequately balance the need to maintain United States technological strength, economic vigor, and allied unity.

(c) AMENDMENTS TO THE ACT.—Section 3 of the Act (50 U.S.C. App. 2402) is amended—

(1) in paragraph (1) by inserting after "export control policy" the following: ", to minimize delays and unnecessary regulatory burdens in administering export controls,"; and

(2) in paragraph (2) by inserting after "economy of the United States" the following: "(including the impact on the competitiveness and the long-term health of the industrial base of the United States)".

Subtitle C—Debt, Development, and World Growth

SEC. 341. INTERNATIONAL NEGOTIATIONS.

(a) MULTILATERAL NEGOTIATIONS.—The President and the Secretary of the Treasury shall take the necessary steps to continue ongoing negotiations with West Germany, the United Kingdom, France, and Japan, as well as to initiate negotiations with other countries through appropriate multilateral organizations, including the Organization for Economic Cooperation and Development, the United Nations, and the International Monetary Fund, in order to—

(1) coordinate macroeconomic policies of the major industrial countries so as to promote stable exchange rates and growth patterns;

(2) achieve expansionist economic policies and agreements which have the specific purpose of increasing the size of the market for exports from the United States and developing countries;

(3) promote growth-oriented economic policies in both developed and developing countries;

(4) encourage both developed and developing countries to base growth on a balance of foreign and domestic demand and to discourage excessive reliance by those countries on exports for growth; and

(5) advise the trading partners of the United States that the United States is prepared to retaliate against countries, in an equivalent manner, in cases involving unfair trade practices.

(b) INTERNATIONAL ECONOMIC OR TRADE DISCUSSIONS.—

(1) DECLARATION OF THE UNITED STATES OBJECTIVE.—The Congress hereby declares that a key objective of the United States in its participation in economic summits and international meetings on economics or trade is to obtain the agreement of the participants in any such summit or meeting to adopt growth-oriented national economic policies and to take such actions as may be necessary to increase the size of the market for exports from the United States and developing countries.

(2) EXECUTIVE ACTIONS.—The President and the Secretaries of the Treasury and State shall seek to place discussions with respect to the objective described in paragraph (1) on the agenda of any economic summit or international economic meeting to which the United States is a party and shall report to the Congress on any success they may have had in achieving such agreement at any such meeting.

SEC. 342. TRADE LIBERALIZATION IN DEVELOPING COUNTRIES.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that increases in the development of, and the achievement of prosperity for, developing countries and the recovery of the economic strength of the United States and the other industrialized countries can only be assured if world trade is expanded and market access for all countries is increased.

(b) DECLARATION OF POLICY.—The Congress declares it to be the policy of the United States that any foreign assistance provided by the United States to developing countries shall be consistent with and supportive of long-term trade liberalization in those countries.

SEC. 343. OVERSEAS PRIVATE INVESTMENT CORPORATION.

(a) REAFFIRMATION OF SUPPORT FOR OPIC.—The Congress reaffirms its support for the Overseas Private Investment Corporation as a United States Government agency serving important development assistance goals. In order to enhance the Corporation's ability to meet these goals, the Overseas Private Investment Corporation should increase its loan guaranty and direct investment programs.

(b) INCREASE IN GUARANTIES AND DIRECT INVESTMENTS.—

(1) LOAN GUARANTIES.—Section 235(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)) is amended—

(A) in paragraph (2) by striking $750,000,000" and inserting "$1,000,000,000";

(B) by redesignating paragraph (5) as paragraph (6); and

(C) by inserting after paragraph (4) the following:

"(5) Subject to paragraphs (2), (3), and (4), the Corporation shall issue guaranties under section 234(b) having an aggregate contingent liability with respect to principal of not less than $200,000,000 in each fiscal year, to the extent that there are eligible projects which meet the Corporation's criteria for such guaranties.".

(2) DIRECT INVESTMENT.—Section 235(b) of the Foreign Assistance Act of 1961 is amended—

(A) by striking the comma after "Act of 1981" and inserting a period; and

(B) by striking "and the Corporation shall use" and all that follows through "funding" and inserting the following:

"The Corporation shall make loans under section 234(c) in an aggregate amount of not less than $25,000,000 in each fiscal year, to the extent that there are eligible projects which meet the Corporation's criteria for such loans".

(c) INCREASE IN STAFF.—In order to enable the Overseas Private Investment Corporation to carry out the provisions of subsections (a) and (b) of section 235 of the Foreign Assistance Act of 1961 in a manner which is consistent with title IV of chapter 2 of part I of that Act, beginning with the fiscal year 1988, the Corporation's administrative budget and full-time equivalent employee levels shall be not less than 110 percent of the levels at which the Corporation operated in the fiscal year 1984.

SEC. 344. TRADE AND DEVELOPMENT PROGRAM.

(a) REAFFIRMATION OF SUPPORT FOR TRADE AND DEVELOPMENT PROGRAM.—The Congress reaffirms its support for the Trade and Development Program, and believes that the Program's ability to support high priority development projects in developing countries would be enhanced by an increase in the funds authorized for the Program as well as by a clarification of the Program's status as a separate component of the International Development Cooperation Agency.

(b) AUTHORIZATION AND USES OF FUNDS; ESTABLISHMENT AS SEPARATE AGENCY.—

(1) ADDITIONAL USES OF FUNDS.—Section 661(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(a)) is amended by inserting after the first sentence the following: "Funds under this section may be used to provide support for project planning, development, management, and procurement for both bilateral and multilateral projects, including training activities undertaken in connection with a project, for the purpose of promoting the use of United States exports in such projects.".

(2) ESTABLISHMENT AS A SEPARATE AGENCY.—Section 661 of that Act is amended—

(A) by redesignating subsection (b) as subsection (c); and

(B) by inserting after subsection (a) the following:

"(b)(1) The purposes of this section shall be carried out by the Trade and Development Program, which shall be a separate component agency of the International Development Cooperation Agency. The Trade and Development Program shall not be an agency within the Agency for International Development or any other component agency of the International Development Cooperation Agency.

"(2) There shall be at the head of the Trade and Development Program a Director. Any individual appointed as the Director on or after January 1, 1989, shall be appointed by the President, by and with the advice and consent of the Senate.

"(3) The Trade and Development Program should serve as the primary Federal agency to provide information to persons in the private sector concerning trade development and export promotion related to bilateral development projects. The Trade and Development Program shall cooperate with the Office of International Major Projects of the Department of Commerce in providing information to persons in the private sector concerning trade development and export promotion related to multilateral development projects. Other Federal departments and agencies shall cooperate with the Trade and Development Program in order for the Program to more effectively provide informational services in accordance with this paragraph.

"(4) The Director of the Trade and Development Program shall, not later than December 31 of each year, submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the activities of the Trade and Development Program in the preceding fiscal year.".

(3) FUNDING LEVELS.—In addition to funds otherwise available to the President for purposes of section 661 of the Foreign Assistance Act of 1961—

(A) not less than $10,000,000 for fiscal year 1988 shall be made available for such purposes from amounts available to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 for such fiscal year; and

(B) not less than $11,000,000 for fiscal year 1989 shall be made available for such purposes from amounts available to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 for such fiscal year.

(c) AUTHORITIES UNDER THE TRADE DEVELOPMENT AND ENHANCEMENT ACT OF 1983.—

(1) TRANSFER OF FUNCTIONS FROM AID TO TDP.—(A) Section 644 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635q) is amended—

(i) in subsection (a)(2) by striking "Agency for International Development" and inserting "Trade and Development Program";

(ii) in subsection (a)(3)(A)—

(I) by striking "offered by the Agency for International Development" and inserting "made available under section 645(d) of this Act"; and

(II) by striking "Agency for International Development" and inserting "Trade and Development Program"; and

(iii) in subsection (d)—

(I) by striking "offered by the Agency for International Development" and inserting "made available under section 645(d) of this Act"; and

(II) by striking "subsections (c) and (d) of section 645" and inserting "section 645(c)".

(B) Section 645 of that Act (12 U.S.C. 635r) is amended—

(i) in the section heading by striking "IN THE AGENCY FOR INTERNATIONAL DEVELOPMENT" and inserting "ADMINISTERED BY THE TRADE AND DEVELOPMENT PROGRAM";

(ii) in subsection (a)—

(I) by striking "Administrator of the Agency for International Development shall establish within the Agency" and inserting "Director of the Trade and Development Program shall carry out";

(II) in paragraph (1) by striking "offered by the Agency for International Development" and inserting "made available under subsection (d)";

(III) in paragraph (1) by striking "Agency for International Development" and inserting "Trade and Development Program";

(IV) in paragraph (2) by striking "offered by the Agency for International Development" and inserting "made available under subsection (d)"; and

(V) in paragraph (2) by striking "Agency for International Development" and inserting "Trade and Development Program";

(iii) in subsection (c)—

(I) in paragraph (1) by striking "of the Agency for International Development"; and

(II) in paragraph (2) by striking "Administrator of the Agency for International Development" and inserting "Director of the Trade and Development Program"; and

(iv) by amending subsection (d) to read as follows:

"(d) Funds available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, as agreed upon by the Secretary of State, the Administrator of the Agency for International Development, and the Director of the Trade and Development Program, may be used to carry out this section and section 644 (as provided in that section). Such funds may be used to finance a tied aid credit activity in any country eligible for tied aid credits under this Act.".

(2) FUNCTIONS OF NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL POLICIES.—Section 646 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635s) is amended—

(A) in subsection (a)(2) by striking "without the unanimous consent of the members of the National Advisory Council on International Monetary and Financial Policies" and inserting "unless a majority of the members of the National Advisory Council on International Monetary and Financial Policies approve the financing"; and

(B) by adding at the end the following:

"(b) The Trade and Development Program shall be represented at any meetings of the National Advisory Council on International Monetary and Financial Policies for discussion of tied aid credit matters, and the representative of the Trade and Development Program at any such meeting shall have the right to vote on any decisions of the Advisory Council relating to tied aid credit matters.".

(d) ADMINISTRATIVE PROVISIONS.—

(1) PAY OF DIRECTOR OF TDP.—Section 5314 of title 5, United States Code, is amended by adding at the end the following:

"Director, Trade and Development Program.".

(2) TRANSITION PROVISIONS.—(A) The Administrator of the Agency for International Development shall transfer to the Director of the Trade and Development Program all records, contracts, applications, and any other documents or information in connection with the functions transferred by virtue of the amendments made by subsection (c)(1).

(B) All determinations, regulations, and contracts—

(i) which have been issued, made, granted, or allowed to become effective by the President, the Agency for International Development, or by a court of competent jurisdiction, in the performance of the functions transferred by virtue of the amendments made by subsection (c)(1), and

(ii) which are in effect at the time this section takes effect,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with the law by the President, the Director of the Trade and Development Program, or other authorized official, by a court of competent jurisdiction, or by operation of law.

(C)(i) The amendments made by subsection (c)(1) shall not affect any proceedings, including notices of proposed rulemaking, or any application for any financial assistance, which is pending on the effective date of this section before the Agency for International Development in the exercise of functions transferred by virtue of the amendments made by subsection (c)(1). Such proceedings and applications, to the extent that they relate to functions so transferred, shall be continued.

(ii) Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this section had not been enacted. Orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Director of the Trade and Development Program or other authorized official, by a court of competent jurisdiction, or by operation of law.

(iii) Nothing in this subparagraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(iv) The Director of the Trade and Development Program is authorized to issue regulations providing for the orderly transfer of proceedings continued under this subparagraph to the Trade and Development Program.

(D) With respect to any function transferred by virtue of the amendments made by subsection (c)(1) and exercised on or after the effective date of this section, reference in any other Federal law to the Agency for International Development or any officer shall be deemed to refer to the Trade and Development Program or other official to which such function is so transferred.

(3) EFFECTIVE DATE.—This section and the amendments made by this section take effect on October 1, 1987.

SEC. 345. COUNTERTRADE.

(a) FINDING.—The Congress finds that developing countries are relying increasingly on countertrade as a means of sustaining imports as well as foreign markets in the short-term, and as a means of developing new export industries and exploiting underdeveloped natural resources in the long-term.

(b) ESTABLISHMENT OF INTERAGENCY GROUP.—The President shall establish an interagency group on countertrade, to be composed of such Government departments and agencies as the President considers appropriate. The Secretary of Commerce shall be the chairman of the interagency group. The interagency group shall review United States policy on countertrade and shall make recommendations to the President and the Congress on the use of countertrade as a mechanism for enhancing bilateral United States foreign economic assistance programs and on expanding the information available on countertrade, including information on export opportunities.

(c) LIST OF COUNTRIES RELATING TO COUNTERTRADE.—The Secretary of Commerce shall establish and maintain a list, by country, of the laws, policies, and regulations of each country relating to countertrade, and of any particular goods or services that have been designated by such country for countertrade transactions.

SEC. 346. LIMITATION ON PROCUREMENT IN FOREIGN ASSISTANCE PROGRAMS.

Section 604(g)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2354(g)(1)) is amended to read as follows:

"(g)(1) Notwithstanding subsection (a), none of the funds authorized to be appropriated or made available for obligation or expenditure under this Act may be made available for the procurement of goods and services from any advanced developing or industrialized country which has attained a competitive capability in international markets for such goods or services, unless United States goods and services are not competitive in the market where the goods and services are to be used. The restriction contained in this paragraph shall not apply to the use of funds under section 636(a)(3) of this Act.".

Subtitle D—Protection of United States Business Interests Abroad

SEC. 351. PROTECTION OF UNITED STATES INTELLECTUAL PROPERTY.

It is the sense of the Congress that—

(1) the Secretary of State, the United States Trade Representative, and the relevant United States Ambassadors should engage in immediate discussions with the appropriate countries to reduce instances of piracy of copyrights, patents, and mask works and counterfeiting of trademarks, to obtain adherence to existing international conventions for the protection of copyrights, patents, and trademarks, to work toward the development of an international convention for mask works, to gain the participation and support of those countries in the development of international intellectual property codes in future multilateral trade negotiations, and to achieve the objectives described in this paragraph without creating barriers to legitimate trade;

(2) the United States should seek to incorporate in international intellectual property codes the following enforcement mechanisms:

(A) civil remedies under domestic intellectual property laws;

(B) civil remedies under domestic trade laws; and

(C) other appropriate consultation and dispute settlement procedures;

(3) the United States should seek the involvement of the United States business community in intellectual property negotiations;

(4) the Secretary of State should urge international technical organizations, such as the World Intellectual Property Organization, to provide expertise and cooperate fully in developing effective standards, in the General Agreement on Tariffs and Trade, for the international protection of intellectual property rights;

(5) the President should take immediate and forceful action against those countries which are not prepared to commit formally to immediate improvements in their protection of United States intellectual property; and

(6) development assistance programs administered by the Agency for International Development, especially the reimbursable development program, should, in cooperation with the Copyright Office and the Patent and Trademark Office, include technical training for officials responsible for the protection of patents, copyrights, trademarks, and mask works in those countries that receive such development assistance.

Subtitle E—Miscellaneous Provisions

SEC. 361. TRADING WITH THE ENEMY ACT.

(a) TERMINATION OF OFFICE OF ALIEN PROPERTY.—(1) The Trading with the Enemy Act is amended by striking subsections (b) through (e) of section 39 (50 U.S.C. App. 39) and inserting the following new subsection:

"(b) The Attorney General shall cover into the Treasury, to the credit of miscellaneous receipts, all sums from property vested in or transferred to the Attorney General under this Act—

"(1) which the Attorney General receives after the date of the enactment of the Export Enhancement Act of 1987, or

"(2) which the Attorney General received before that date and which, as of that date, the Attorney General had not covered into the Treasury for deposit in the War Claims Fund, other than any such sums which the Attorney General determines in his or her discretion are the subject matter of any judicial action or proceeding.".

(2) Subsection (f) of such section is amended—

(A) by striking "(f)" and inserting "(c)"; and

(B) by striking "through (d)" and inserting "and (b)".

(b) REMOVAL OF REPORTING REQUIREMENT.—Section 6 of such Act (50 U.S.C. App. 6) is amended in the next to the last sentence by striking ": *Provided further,*" and all that follows through the end of the section and inserting a period.

SEC. 362. LIMITATION ON EXERCISE OF EMERGENCY AUTHORITIES.

(a) TRADING WITH THE ENEMY ACT.—Section 5(b) of the Trading With the Enemy Act (50 U.S.C. App. 5(b)) is amended by adding at the end the following new paragraph:

"(4) The authority granted to the President in this subsection does not include the authority to regulate or prohibit, directly or indirectly, the importation from any country, or the exportation to any country, whether commercial or otherwise, of publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, or other informational materials, which are not otherwise controlled for export under section 5 of the Export Administration Act of 1979 or with respect to which no acts are prohibited by chapter 37 of title 18, United States Code.".

(b) INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT.—Section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)) is amended—

(1) in paragraph (1) by striking "or" after the semicolon;

(2) in paragraph (2) by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(3) the importation from any country, or the exportation to any country, whether commercial or otherwise, of publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, or other informational materials, which are not otherwise controlled for export under section 5 of the Export Administration Act of 1979 or with respect to which no acts are prohibited by chapter 37 of title 18, United States Code.".

SEC. 363. RELATIONS WITH MEXICO.

(a) FINDINGS.—The Congress finds that—

(1) Mexico and the continued stability of its governing structure are of vital importance to the national interests of the United States;

(2) while the economic, cultural, and historical ties between Mexico and the United States are both varied and strong, foreign relations between the governments of these countries continue to be carried out on an ad hoc basis and in a crisis-to-crisis context;

(3) legislative and administrative policies often have unintended adverse or contradictory results in the two countries;

(4) there are a large number of bilateral issues now confronting the two countries which transcend normal diplomatic processes; and

(5) in order to improve relations with Mexico, the United States Government must take actions, conducted in the spirit of mutual respect and cooperation, which prioritize its foreign and economic policies toward Mexico.

(b) UNITED STATES-MEXICO INTERAGENCY COMMISSION.—(1)(A) The President shall establish an interagency group to be known as the "United States-Mexico Bilateral Commission" (hereafter in this subsection referred to as the "Commission").

(B) Membership on the Commission shall be composed of the Secretary of State, the Secretary of the Treasury, the Attorney General, the Secretary of Commerce, and the United States Trade Representative.

(C) The Chairman of the Commission shall be the Secretary of State (or a delegate of the Secretary).

(D)(i) The members of the Commission shall (not later than 3 months after the date of the enactment of this Act) execute a written memorandum of understanding which includes the goal of the Commission. The goal of the Commission shall be—

(I) to serve as a formal mechanism by which economic relations between the United States and Mexico are conducted in a comprehensive manner which allows input from any concerned agency of the United States; and

(II) to provide a channel of communication between the Government of the United States and the Government of Mexico pertaining to economic relations.

(ii) Not later than 6 months after the execution of the memorandum of understanding, each member of the Commission shall present to the Commission a review of all United States-Mexico issues which affect that member's agency. Each presentation shall include an assessment of, as well as recommendations for, action by that member.

(2) Not later than 12 months after the date of the enactment of this Act and every 12 months thereafter, the Chairman of the Commission shall report to the Congress on the activities of the Commission. Each such report shall include the specific projects, issues, and agency actions taken to achieve the goal of the Commission which occurred in the 12-month period preceding the submission of the report as well as proposed projects, issues, and agency actions.

(3) The Commission shall endeavor to meet semiannually with representatives of Mexico in order to carry out the goal of the Commission.

(c) BILATERAL SUMMIT ON ECONOMIC RELATIONS.—(1) It is the sense of the Congress that, consistent with the goal of strengthening political and commercial relations between the United States and Mexico, a bilateral summit on economic relations, as they pertain to trade and commerce, between these two countries should be held. The objectives of the summit should include—

(A) a discussion of the question of Mexico as a contracting party to the General Agreement on Tariffs and Trade;

(B) a discussion of the pending graduation from the Generalized System of Preferences of those Mexican products currently covered under such System;

(C) the promotion of direct investment in Mexico by United States businesses;

(D) the resolution of problems related to United States fishing rights within the territorial waters of Mexico;

(E) a discussion of the possibility of eventually establishing a free-trade zone along both sides of the United States-Mexico border;

(F) promotion of the development of industry along the United States-Mexico border regions in order to encourage increased employment opportunities;

(G) a discussion of the policies related to the development of the petroleum industry and alternative energy sources in the United States and Mexico;

(H) a discussion of the issues related to pollution arising from sources within the United States or Mexico which affects the other country, including water pollution, air pollution, soil pollution, and sewage treatment;

(I) a discussion on the development and coordination of border crossings between the United States and Mexico;

(J) a review and evaluation of all joint research and development projects currently being conducted between the United States and Mexico at both private and public levels, including projects in the areas of business, health, technology, and public policy;

(K) a discussion of mutual problems and concerns that confront both the United States and Mexico in the development of a comprehensive national policy regarding immigration;

(L) a discussion of mutual problems and concerns that confront both the United States and Mexico on the issues of external debt and foreign investment;

(M) the resolution of problems related to the trucking and transportation of products between the United States and Mexico, including a discussion of the construction of international bridges as a means to help alleviate these trucking and transportation problems; and

(N) the resolution of problems related to the trucking and transportation of products between the United States and Central American countries through Mexican territory, including a discussion to encourage the Government of Mexico to accede to existing international custom conventions on international in-transit shipments.

Discussions under subparagraph (N) may be conducted in concert with the nations of the region where the transiting shipments described in that subparagraph originate, including discussions with respect to the institution of appropriate and cooperative steps to make sealed-truck, no-inspection transit administratively acceptable to the Government of Mexico and other transited countries.

(2) The President is urged to enter into negotiations with representatives of the Government of Mexico for the purpose of commencing talks between the United States and Mexico in order to achieve the objectives described in paragraph (1).

SEC. 364. BUDGET ACT.

Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this title shall be effective for any fiscal year only to the extent or in such amounts as are provided in appropriation Acts.

TITLE IV—INTERNATIONAL FINANCIAL AND TRADE POLICY

Subtitle A—Competitive Exchange Rate Act of 1987

SEC. 401. SHORT TITLE.

This subtitle may be cited as the "Competitive Exchange Rate Act of 1987".

SEC. 402. FINDINGS AND PURPOSES.

(a) Findings.—The Congress hereby finds that—

(1) the continuing United States merchandise trade deficit, which reached $170,000,000,000 in 1986, jeopardizes the competitive position of many United States industries;

(2) the agriculture and basic manufacturing sectors of the economy and even the best firms in the high technology industry and service sector are losing markets to foreign competitors which, once lost, are not easily regained;

(3) an important factor contributing to our current trade crisis has been the United States dollar, the rise in which over earlier years contributed substantially to our current trade deficit;

(4) the United States has gone from being a net creditor nation to being a net debtor nation and is rapidly continuing to go further into debt;

(5) a sudden and severe drop in the dollar would reignite inflation and increase interest rates;

(6) fundamental misalignments and erratic fluctuations in exchange rates frustrate business and government planning;

(7) a relatively stable exchange rate for the dollar at competitive levels is desirable and should be encouraged;

(8) coordinated intervention which is reinforced by changes in domestic economic policy can, under appropriate circumstances, shift exchange rates in desirable directions;

(9) the policies of major trade competitors that tie their currencies to the United States dollar continue to create serious competitive problems for United States industries;

(10) the actual exchange rate of the dollar cannot be brought into alignment with its competitive exchange rate unless—

(A) the Federal budget deficit is reduced;

(B) some modification is made in the existing international exchange rate system; and

(C) the macroeconomic policies of the major industrialized nations are well coordinated;

(11) under appropriate circumstances, it would be useful to supplement the efforts described in paragraph (10) with appropriate strategic intervention by the United States in foreign exchange markets as part of a coordinated international strategic intervention effort involving the other major industrialized countries;

(12) the Secretary of the Treasury and the Board of Governors of the Federal Reserve System should, when appropriate—

(A) cooperate with the other major industrialized countries in the international currency markets; and

(B) use appropriate strategic intervention to the extent required to achieve and maintain the exchange rate of the dollar at a level that reflects international competitive relationships;

(13) the Secretary of the Treasury has major responsibility within the executive branch for—

(A) formulating domestic economic policy;

(B) representing the United States in international economic negotiations regarding exchange rates and coordination of domestic economic policies; and

(C) intervening on behalf of the United States in currency markets; and

(14) developments such as the September 22, 1985, meeting of the United States, Japan, West Germany, France, and the United Kingdom (commonly known as the Group of Five) and the February 1987, meeting of the major industrialized countries are promising examples of the viability of international negotiations and coordination in regard to exchange rate issues and should be encouraged.

(b) Purposes.—The purposes of this subtitle are—

(1) to encourage the President to seek to confer and negotiate with other countries to recommend proposals to modify the exchange rate system so as to obtain—

(A) better coordination of macroeconomic policies; and

(B) greater stability in trade and current account balances and in the exchange rates of the dollar and other currencies;

(2) to encourage internationally coordinated strategic intervention in currency markets, when appropriate, in order to adjust the exchange rates of the dollar and other currencies so as to ensure that American industry is competitive in world markets; and

(3) to increase the accountability of the President for the impact of exchange rates on trade competitiveness.

SEC. 403. INTERNATIONAL NEGOTIATIONS ON EXCHANGE RATE REFORM.

(a) Policy.—A priority of the United States in international economic negotiations shall be the achievement of a competitive exchange rate for the dollar.

(b) International Negotiations on Exchange Rates.—The President shall seek to confer and negotiate with other countries on the exchange rate system, either through a newly created mechanism or an existing mechanism such as the International Monetary Fund or the Organization for Economic Cooperation and Development—

(1) to review the functioning of the existing international exchange rate system;

(2) to develop a program for modification of that system to provide for long-term exchange rate stability and an agenda for implementing such program; and

(3) to recommend proposals to achieve—

(A) better coordination of macroeconomic policies of the major industrialized nations; and

(B) greater stability in trade and current account balances and in the exchange rates of the dollar and other currencies.

(c) Bilateral Negotiations.—When the actual exchange rate of a major trade competitor is depressed below its competitive exchange rate through any formal or informal tie of its currency to the United States dollar, the President shall take action to initiate bilateral negotiations on an expedited basis for the purpose of ensuring that such competitor regularly and promptly adjusts the rate of exchange between its currency and the United States dollar to accurately reflect international competitive relationships.

SEC. 404. CURRENCY INTERVENTION.

(a) Purchases and Sales of Foreign Currency.—The Secretary, in consultation with the Chairman of the Board, shall, as appropriate, purchase and sell foreign currencies at such times as any such purchase or sale would be most effective and in such amounts as will not expose the Treasury to unacceptable losses—

(1) to offset speculative movements of the actual exchange rate of the dollar away from its competitive exchange rate; or

(2) to assist the gradual movement of the actual exchange rate of the dollar toward its competitive exchange rate.

(b) International Coordination.—Purchases and sales under subsection (a) shall be coordinated with other countries to the extent possible.

SEC. 405. REPORTING REQUIREMENTS.

(a) Reports Required.—In furtherance of the purposes of this subtitle, the Secretary, after consultation with the Chairman of the Board, shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, within 30 days of the enactment of this subtitle and on April 20 and September 20 of each year thereafter, independent written reports.

(b) Contents of Report.—Each report submitted under subsection (a) shall contain—

(1) an assessment of exchange rate market developments and the relationship between the United States dollar and the currencies of our major trade competitors;

(2) an evaluation of the conditions responsible for the existing conditions in the exchange rate market;

(3) an assessment of the impact of the exchange rate of the United States dollar on—

(A) the ability of the United States to maintain a sustainable balance in its current account and merchandise trade account;

(B) production, employment, and the international competitive performance of United States manufacturing, agricultural, and mining industries; and

(C) potential increases in inflation and interest rates as a result of a severe decline in the dollar;

(4) recommendations for changing United States economic policy in order to attain an appropriate and sustainable balance in the current account, together with an assessment of the costs and benefits which would accompany any such change;

(5) any recommendation for changes in United States policies which was made by the International Monetary Fund on the occasion of the most recent consultation requested by such Fund under article IV of the Fund's Articles of Agreement, together with an explanation of how the Secretary has implemented or plans to implement any such recommendations or why it is economically sound to ignore any such recommendation;

(6) a report on any progress made by the Secretary and any other officer or employee of the United States (in the United States or abroad) in any effort undertaken to—

(A) adjust the actual exchange rate of the dollar toward a value more consistent with a sustainable balance in the United States current account, including the effect of any intervention in foreign exchange markets on such actual exchange rate;

(B) achieve modifications of the international exchange rate system to reduce instability and disequilibrium in exchange rates; and

(C) negotiate with major trade competitors under section 403(c);

(7) a statement of the objectives and plans of the Secretary with respect to—

(A) the pursuit of domestic economic policies which are consistent with the achievement of an appropriate and sustainable current account balance;

(B) the policy on intervention in foreign exchange markets;

(C) any negotiations with other countries on any reform in the international exchange rate system; and

(D) any negotiations with major trade competitors under section 403(c),

including any obstacles that would delay any progress with regard to any such objective or plan;

(8) an assessment of the overall effectiveness of currency intervention undertaken to adjust the actual exchange rate of the dollar; and

(9) a detailed statement of the reasons for any lack of progress regarding international negotiations on modifications of the exchange rate system.

(c) Country-by-Country Analysis To Be Included in Report.—Each report under subsection (a) shall also contain an analysis of—

(1) the extent to which the actual exchange rate of the currency of each major trade competitor of the United States differs from a value consistent with underlying international competitive relationships; and

(2) any trend or policy which affects any such exchange rate or the international capital flows between or among any such countries and the United States.

(d) Federal Reserve Report.—The Board of Governors of the Federal Reserve System may, as it deems appropriate, submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate independent reports on any of the issues described in subsection (b) or (c).

(e) Consultation With Congress.—The Secretary shall consult with the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the report after the report has been received by the respective committees. After receiving such report and consulting with the Secretary, each such Committee shall submit to its respective body a report containing its views and recommendations with respect to the Secretary's intended policies.

SEC. 406. REPORT ON CAPITAL FLOWS.

The Secretary, after consultation with the Chairman of the Board, shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate annual statistical reports on international capital flows and the impact of such flows on exchange rates and trade flows.

SEC. 407. CONGRESSIONAL RECOGNITION OF THE RECOMMENDATIONS OF THE INTERNATIONAL MONETARY FUND.

Upon completion of any consultation with the United States requested by the International Monetary Fund under article IV of the Fund's Articles of Agreement, the Secretary shall transmit to the Congress—

(1) all official United States documents submitted to the Fund in the course of that consultation; and

(2) all official Fund documents arising from that consultation.

SEC. 408. DEFINITIONS.

For purposes of this subtitle—

(1) Secretary.—The term "Secretary" means the Secretary of the Treasury.

(2) Board.—The term "Board" means the Board of Governors of the Federal Reserve System.

(3) Competitive exchange rate.—The term "competitive exchange rate" means the set of exchange rates that would be consistent with an appropriate and sustainable balance in the current account, as determined by the Secretary based on an appropriate methodology that takes into account the appropriate factors which provide the most opportune prospect for economic growth.

(4) Major trade competitor.—The term "major trade competitor" means Japan, West Germany, Canada, Italy, France, the Republic of Korea, Taiwan, Singapore, and any other country with which the United States has substantial bilateral trade competition or bilateral capital flows.

Subtitle B—Third World Debt Management Act

CHAPTER 1—SHORT TITLE; FINDINGS; PURPOSES; AND DEFINITIONS

SEC. 411. SHORT TITLE.

This subtitle may be cited as the "Third World Debt Management Act".

SEC. 412. FINDINGS.

The Congress hereby finds the following:

(1) The international debt crisis threatens the safety and soundness of the international financial system, the international trading system, and the economic development of the debtor countries.

(2) Over the past 5 years, the debt service requirements and the virtual cessation of new voluntary commercial bank lending to heavily indebted developing countries have resulted in massive net transfers of capital from such countries to creditor banks.

(3) While heavily indebted developing countries have enacted austerity programs, substantially reducing their consumption, these programs have contributed to negative economic growth, declining standards of living, and increased political instability in many emerging democracies.

(4) The austerity programs enacted by the debtor countries have adversely affected the trading position of the United States.

(5) The austerity policies enacted by the debtor countries have resulted in commodity gluts and price deflation within the international trading system, thus increasing instability within the international financial system.

(6) In order for the United States trade deficit to decline, substantial growth must occur on an international scale, particularly in the developing countries.

(7) Current policies and existing mechanisms for resolving the debt crisis have failed to produce adequate new capital flows in part because of the constraints imposed by the old debt.

(8) A resolution of the current international debt problem will require—

(A) an increase in the flow of private capital in both debt and equity form, to the developing countries; and

(B) an increase in the role played by the public sector and the commercial financial institutions in providing assistance to the developing countries and in managing the international debt situation.

(9) The World Bank, the International Monetary Fund and the regional multilateral development banks are appropriate institutions to help coordinate the international efforts to resolve the current developing country debt situation, but to succeed, the multilateral financial institutions will—

(A) require additional resources;

(B) need to develop more innovative lending practices; and

(C) need to continue to have the political support of the United States.

SEC. 413. PURPOSES.

The purposes of this subtitle are as follows:

(1) Alleviate the current international debt crisis in order to make the debt situation of developing countries more manageable and permit the resumption of sustained growth in those countries.

(2) Expand the world trading system and raise the level of exports from the United States to the developing countries in order to reduce the United States trade deficit and foster economic expansion and an increase in the standard of living throughout the world.

(3) Increase the stability of the world financial system and ensure the safety and soundness of United States depository institutions.

(4) Provide a clear statement of support for a United States debt initiative for the heavily indebted developing countries, including an expanded role for the World Bank, other multilateral development banks, and the International Monetary Fund in resolving the current debt crisis and achieving sustained growth and development for the developing nations.

(5) Provide explicit directions to the President and the Secretary of the Treasury about the initiatives which should be undertaken by the United States to resolve the international debt crisis and achieve the twin goals of enhancing the stability of the world financial system and expanding world trade and development.

SEC. 414. DEFINITIONS.

For purposes of this subtitle—

(1) MULTILATERAL DEVELOPMENT BANK.—The term "multilateral development bank" means the International Bank for Reconstruction and Development, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank.

(2) WORLD BANK.—The term "World Bank" means the International Bank for Reconstruction and Development.

(3) STRUCTURAL ADJUSTMENT LENDING.—The term "structural adjustment lending" means lending for broad macroeconomic stability and in support of structural economic reforms, including lending for trade liberalization, mobilization of domestic and foreign capital, and institutional reform to expand the private sector.

(4) TRADE LIBERALIZATION.—The term "trade liberalization" means the reduction of tariff and nontariff barriers to imports and the reduction of barriers to foreign direct and portfolio investment.

CHAPTER 2—INTERNATIONAL DEBT MANAGEMENT AND ECONOMIC GROWTH

SEC. 421. LIMITED PURPOSE SPECIAL DRAWING RIGHTS FOR THE POOREST HEAVILY INDEBTED COUNTRIES.

(a) STUDY REQUIRED.—

(1) IN GENERAL.—The Secretary of the Treasury, in consultation with the directors and staff of the International Monetary Fund and such other interested parties as the Secretary may determine to be appropriate, shall conduct a study of the feasibility and the efficacy of reducing the international debt of the poorest of the heavily indebted countries through a one-time allocation by the International Monetary Fund of limited purpose Special Drawing Rights to such countries in accordance with a plan which provides that—

(A) the allocation be made without regard to the quota established for any such country under the Articles of Agreement of the Fund;

(B) limited purpose Special Drawing Rights be used only to repay official debt of any such country;

(C) the allocation of limited purpose Special Drawing Rights to any such country not be treated as an allocation on which such country must pay interest to the Fund; and

(D) the use of limited purpose Special Drawing Rights by any such country to repay official debt shall be treated as an allocation of regular Special Drawing Rights to the creditor.

(2) ADDITIONAL FACTORS TO BE STUDIED.—The study required under paragraph (1) shall include the following:

(A) To the extent the creation and allocation of the limited purpose Special Drawing Rights described in paragraph (1) would require an amendment of the Articles of Agreement of the International Monetary Fund, an assessment of the period of time within which such amendment could be ratified by the member nations, based on discussions with the major members of the Fund.

(B) An assessment of other means for achieving the objectives of principal and interest reduction on official debt of the poorest heavily indebted countries through the use of Special Drawing Rights.

(C) A comparative evaluation of proposals of other members of the International Monetary Fund, the directors and staff of the Fund, and other interested parties.

(D) An analysis of the effect the implementation of the provisions in paragraph (1) would have on bilateral and multilateral lenders, the international monetary system, and such other provisions of this Act as may be appropriate.

(E) A comparative analysis of the available alternatives identified under subparagraph (B) or (C).

(b) REPORT REQUIRED.—Before the end of the 3-month period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate containing the findings and conclusions of the Secretary pursuant to the study required under subsection (a), together with—

(1) the recommendation of the Secretary as to which, of all the alternatives for providing relief for the poorest of the heavily indebted countries which were assessed in connection with such study, represents the best available option; and

(2) recommendations for such legislation and administrative action as the Secretary determines to be necessary and appropriate to implement such option.

SEC. 422. PROVISIONS RELATING TO THE REGULATION OF DEPOSITORY INSTITUTIONS.

(a) REGULATORY OBJECTIVES.—It is the sense of the Congress that regulations prescribed by Federal banking regulatory agencies which affect the international assets of United States commercial banks should grant the widest possible latitude to the banks for negotiating principal and interest reductions with respect to obligations of heavily indebted sovereign borrowers.

(b) FLEXIBILITY IN DEBT RESTRUCTURING.—It is the intent of the Congress that, in applying generally accepted accounting standards, Federal agencies which regulate and oversee the operations of depository institutions (within the meaning given to such term by clauses (i) through (vi) of section 19(b)(1)(A) of the Federal Reserve Act) apply to such institutions maximum flexibility in determining the asset value of restructured loans to heavily indebted sovereign borrowers and in accounting for the effects of such restructuring prospectively.

(c) RECAPITALIZATION.—It is the intent of the Congress that Federal agencies which regulate and oversee the operations of depository institutions (within the meaning given to such term by clauses (i) through (vi) of section 19(b)(1)(A) of the Federal Reserve Act) should require depository institutions with substantial amounts of loans to heavily indebted sovereign borrowers to seek, as appropriate, expanded recapitalization through equity financing to ensure that prudent institutional capital-to-total asset ratios are established and maintained.

(d) RESERVES FOR LOAN LOSSES.—It is the intent of the Congress that Federal agencies which regulate and oversee the operations of depository institutions (within the meaning given to such term by clauses (i) through (vi) of section 19(b)(1)(A) of the Federal Reserve Act) should seek to ensure that appropriate levels of reserves be established by depository institutions engaged in substantial lending to heavily indebted sovereign borrowers in accordance with both the credit and country risks associated with such lending.

(e) REGULATORY STUDY.—

(1) STUDY REQUIRED.—The Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation shall each conduct a study to determine the extent of any regulatory obstacle to negotiated reductions in the debt service obligations associated with sovereign debt.

(2) SPECIFIC FACTORS TO BE STUDIED.—The study required under paragraph (1) shall include the following:

(A) An analysis of regulatory obstacles to negotiated interest reduction.

(B) An analysis of regulatory obstacles to the sale of loans at discount.

(C) An analysis of regulatory and accounting obstacles to the amortization of loan losses.

(D) An analysis of the statutory and regulatory changes which would be required to allow banks to sell some sovereign debt at a discount without decreasing the asset value of other loans to the same borrower, to the extent that—

(i) the borrower receives the full benefit of any discount recognized on such sale; and

(ii) the quality of any other outstanding loan of such borrower is enhanced by the sale.

(E) An analysis of—

(i) the manner in which and the extent to which other member nations of the Organization for Economic Cooperation and Development engage in country risk analysis with respect to loans to heavily indebted sovereign borrowers; and

(ii) the extent to which statutory or regulatory provisions or prevailing banking practices in such countries require banks in such countries to allocate specific amounts to reserves against losses on loans to heavily indebted sovereign borrowers on the basis of such country risk analysis or on any other country-by-country basis.

(F) An analysis of—

(i) the prevailing banking practices in the United States with respect to allocations to reserves against losses on loans to heavily indebted sovereign borrowers and the basis on which any such allocation is made; and

(ii) the extent to which the prevailing banking practices in the United States would warrant a statutory or regulatory requirement, including any amendment to the International Lending Supervision Act of 1983 which may be necessary for such purpose, that domestic banks make specific allocations to reserves against losses on loans to heavily indebted sovereign borrowers on the basis of country risk analysis or on such other country-by-country basis as may be determined to be appropriate.

(G) An analysis of the profitability of sovereign lending to developing countries during the 10-year period beginning on January 1, 1976, as determined from the reports of condition, financial statements, and such other reports which the Secretary determines to be appropriate of the 9 largest banking organizations in the United States in terms of total financial assets, including the amount of, and the percentage of, the total net profits of each such banking organization which were derived from transactions with debtor countries, taking into account all income of each such banking organization which was derived, directly or indirectly, from interest, rescheduling fees, and other related fees, costs, or expenses paid by any debtor country to such banking organization in connection with sovereign debt.

(H) An analysis of the actions taken by less developed countries during the period referred to in subparagraph (G) which resulted in the assumption of liability by such countries for loans originally made by such banking organizations to private borrowers in such countries, the aggregate amount of loans which became sovereign debt (with respect to each such country), and the extent to which the assumption of liability for private loans by such countries was a condition imposed by any such banking organization for entering into a rescheduling agreement with such country with respect to any other sovereign debt.

(I) An estimate of the impact the legislative recommendations contained in the report required under paragraph (3) would have had on the profitability of the banking organizations described in subparagraph (G) if such recommendations had been in effect during the period referred to in such subparagraph.

(3) Report required.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation shall each transmit a report to the Congress containing the findings and conclusions of each such agency with respect to the study required under paragraph (1), together with any recommendations concerning legislation which such agency determines to be necessary or appropriate to remove regulatory obstacles to negotiated reductions in the debt service obligations associated with sovereign debt.

(4) Definitions.—For purposes of paragraph (2)(G)—

(A) Banking organization.—The term "banking organization" means a bank holding company (within the meaning given to such term by section 2(a)(1) of the Bank Holding Company Act of 1956) or an insured bank (within the meaning given to such term by section 3(h) of the Federal Deposit Insurance Act).

(B) Total financial assets.—The term "total financial assets" means the total consolidated financial assets of any banking organization as determined by the Secretary of the Treasury.

SEC. 423. NEGOTIATIONS TO ESTABLISH AN INTERNATIONAL DEBT MANAGEMENT AUTHORITY TO ADDRESS SOVEREIGN DEBT.

(a) Negotiations Required.—The Secretary of the Treasury shall initiate negotiations with industrialized countries and such developing countries as the Secretary may determine to be appropriate to propose the establishment of a multilateral financial intermediary, which would be authorized to—

(1) purchase sovereign debt of less developed countries from private creditors;

(2) enter into negotiations with the debtor countries for the purpose of restructuring the debt in order to—

(A) ease the current debt service burden on the debtor countries; and

(B) provide additional opportunities for economic growth in both debtor and industrialized countries;

(3) assist the creditor banks in the voluntary disposition of their Third World loan portfolio; and

(4) encourage Germany, Japan, and other trade surplus nations to increase their investments in the debtor countries.

(b) Specific Proposals.—In any negotiations initiated under subsection (a), the Secretary should include the following specific proposals:

(1) The participating countries agree to the establishment of an international debt management authority which would be authorized to purchase sovereign debt of less developed countries at an appropriate discount.

(2) The participating countries agree that the authority be authorized to negotiate with the debtor country whose sovereign debt the authority has purchased for purposes of achieving an agreement for retiring or restructuring such debt. These negotiations might include—

(A) allowing the repurchase of the debt by the debtor country at the price paid under paragraph (1);

(B) allowing the debtor country to swap equity assets for the debt;

(C) allowing the authority to repackage the debt instruments into securities; and

(D) allowing the authority to hold the renegotiated debt as the creditor of the borrowing country.

(3) The participating countries agree that, in conjunction with negotiations referred to in subsection (a), that any assistance for restructuring or retiring developing country debt be made contingent upon—

(A) conditions within such countries ensuring a minimization of capital flight; and

(B) the submission of an economic management plan, including the development, where appropriate, of a minimum wage standard, by the debtor country which is acceptable to the international debt management authority, consistent with sustained economic growth, and calculated to enable the debtor country to meet its restructured debt obligations.

(4) The participating countries agree that the authority be authorized to—

(A) issue debentures, bonds, or other obligations for the purchases of debt instruments described in paragraph (1);

(B) invest the funds obtained by the authority through the sale of any debt instruments, equity assets, or securities under paragraph (2) in such securities or other obligations as the participating countries may prescribe, including obligations of the Treasury of the United States and the governments of other participating countries, which shall be held by the authority as security to assure the repayment of the obligations issued under subparagraph (A); and

(C) use any amount earned on investments described in subparagraph (B) to pay the interest or other financing costs incurred on, or in connection with, the obligations issued under subparagraph (A).

(5) The participating countries agree that the management of the authority will be under a governing board composed of such members as the participating countries may provide in such agreement.

(6) The participating countries agree to make such changes in the regulations and procedures applicable to the banks of each such country and the sovereign debt held by such banks as may be necessary to facilitate the operation of the international debt management authority.

(c) Interim Reports.—At the end of the 3-month period beginning on the date of the enactment of this Act and every 3 months thereafter, the Secretary of the Treasury shall submit a report on the progress being made in negotiations described in subsection (a) to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate.

(d) Final Report.—Upon the conclusion of negotiations described in subsection (a), the Secretary shall submit a report containing a detailed description of the agreement of the participating countries to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate, together with such recommendations for enabling legislation which the Secretary may determine to be necessary or appropriate for the implementation of the agreement.

(e) Insurance Fund.—The Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System shall jointly submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate on the feasibility of the creation of an insurance fund—

(1) which would be financed through transaction fees imposed on the acquisitions of commercial debt by the international debt management authority;

(2) the assets of which would be invested by the authority to provide capital to insure against any ultimate default by debtor countries on such restructured or securitized obligations of any such country as may be sold to new investors through the intermediary action of the authority.

SEC. 424. ACTION BY MULTILATERAL INSTITUTIONS.

(a) Collateral Study of International Debt Management Authority.—In order to potentially facilitate the rapid creation of the international debt management authority described in section 423, the Secretary shall direct—

(1) the United States Executive Director of the International Bank for Reconstruction and Development to—

(A) determine the amount of, and alternative methods by which, liquid assets controlled by such Bank and not currently committed to any loan program which, subject to action by its Board of Governors, could be pledged as collateral to obtain financing for the activities of the authority described in section 423; and

(B) report the results of such determination to the Secretary before the end of the 60-day period beginning on the date of the enactment of this Act; and

(2) the United States Executive Director of the International Monetary Fund to—

(A) determine the amount of, and alternative methods by which, gold stock of the Fund which, subject to action by its Board of Governors, could be pledged as collateral to obtain financing for the activities of the authority described in section 423; and

(B) report the results of such determination to the Secretary before the end of the 60-day period beginning on the date of the enactment of this Act.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the need for capitalization will be reduced given the role of the intermediary as market facilitator.

(c) FAIR ACCESS OF UNITED STATES FIRMS TO MDB PROCUREMENT.—The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development banks—

(1) to take actions to assure that United States firms are fully informed of bidding opportunities in countries receiving loans from the respective banks;

(2) to take actions to assure that United States firms can focus on projects in which they have a particular interest or competitive advantage and to permit them to compete and have an equal opportunity in submitting timely and conforming bidding documents;

(3) to thoroughly investigate any complaints from United States bidders about the awarding of multilateral development bank procurement contracts to ensure that all multilateral development bank contract procedures and rules are observed and that United States firms are treated fairly; and

(4) to promote opportunities for exports of goods and services from the United States.

(d) APPOINTMENT OF FOREIGN COMMERCIAL OFFICERS.—

(1) APPOINTMENT.—The Secretary of the Treasury, in conjunction with the Secretary of Commerce, shall appoint a foreign commercial officer to serve with each of the United States Executive Directors of multilateral development banks.

(2) DUTIES OF OFFICERS.—It shall be the duty of each foreign commercial officer to assist the United States Executive Director with respect to whom such officer has been appointed in carrying out the duties of such Executive Director described in subsection (c).

SEC. 425. REDUCING CAPITAL FLIGHT.

(a) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) past and continuing transfers of capital from developing countries pose a problem of great importance for which a solution must be found before the international debt crisis can be resolved and economic growth in developing countries can be enhanced and sustained; and

(2) the United States Executive Director of the International Bank for Reconstruction and Development should—

(A) initiate discussions with other directors of the Bank for the purpose of developing policy proposals for both developed countries and developing countries, respectively, which, if implemented, would reduce the level of capital transfers from the developing countries by enhancing incentives to invest in developing countries and thereby reduce the impact of such capital flight on the economies of such countries; and

(B) report any such proposal which is applicable with respect to the United States to the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System.

(b) INSTRUCTIONS TO UNITED STATES EXECUTIVE DIRECTORS OF MULTILATERAL DEVELOPMENT BANKS.—The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development banks to initiate discussions with other directors of their respective banks and to propose that each such bank increase lending for the purpose of reforming the financial sectors of indebted developing countries with particular emphasis on increases in loans for activities which would have the effect of enlarging the capital markets and encouraging domestic savings in those countries.

SEC. 426. STUDY AND REPORT ON CERTAIN INTERNATIONAL MONETARY FUND ACTIVITIES.

(a) STUDY REQUIRED.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to conduct a study on—

(1) the impact the Fund's economic adjustment programs have on the political stability of less developed country democracies;

(2) the role the Fund intends to play in resolving the less developed country debt crisis; and

(3) the implementation of policies described in section 49 of the Bretton Woods Agreements Act.

(b) SPECIFIC FACTORS TO BE STUDIED.—The study required under subsection (a) shall include the following:

(1) An analysis of any action the International Monetary Fund has taken to secure adequate financing for less developed countries through commercial banks and international financial institutions.

(2) An assessment of the Fund's handling of the less developed country debt crisis with particular emphasis on the Fund's standby program with major debtor countries, including an analysis of the Fund's role in the new policy framework established jointly by the Fund and the International Bank for Reconstruction and Development.

(3) In connection with the consideration of the effects the Fund's economic adjustment programs have on less developed country democracies, an analysis of the effect, including any negative effect, such programs have on any such country's ability to—

(A) create jobs;

(B) promote an equitable distribution of income;

(C) satisfy basic human needs and provide social assistance programs for all its citizens, particularly the economically disadvantaged; and

(D) promote democratic principles and ideals as well as political stability.

(c) CONSULTATION WITH OTHER EXECUTIVE DIRECTORS.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to consult with other directors of the Fund, especially directors from less developed country democracies, and such other experts and consultants with specific knowledge of the Fund and its programs as the director may determine to be appropriate in conducting the study required under subsection (a).

(d) REPORT REQUIRED.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate containing the findings and conclusions of the United States Executive Director of the International Monetary Fund pursuant to the study required under subsection (a).

SEC. 427. STRUCTURAL ADJUSTMENT LENDING.

(a) DIRECTIONS TO UNITED STATES EXECUTIVE DIRECTOR OF THE WORLD BANK.—In order to promote the economic policy adjustments which are needed to assist developing countries, the Secretary of the Treasury shall instruct the United States Executive Director of the World Bank to initiate discussions with other directors of the bank and to propose that—

(1) appropriate action be taken by the bank to ensure that the aims of structural adjustment lending can be achieved;

(2) the conditionality of structural adjustment lending include innovative requirements designed to minimize any adverse impact of such lending on the lowest income groups in the developing countries, including evaluation and action to remove legal and regulatory barriers to credit for microenterprises; and

(3) appropriate action be taken by the bank to ensure that structural adjustment lending is consistent with or promotes environmentally sound and responsible development practices that lead to sustainable long-term management of the natural resources of these countries.

(b) SMALL-SCALE CREDIT.—The Secretary of the Treasury shall instruct the United States Executive Director of the World Bank or, if the Secretary determines such action to be appropriate, with the United States Executive Directors of each of the other multilateral banks to enter into negotiations with the other directors of the respective bank and to propose mechanisms, including coordination with and innovative use of indigenous nongovernmental organizations and private financial institutions as intermediaries, for purposes of making small-scale credit available to lower income groups in developing countries which have had no access to such credit.

(c) REPORT BY THE SECRETARY OF THE TREASURY.—

(1) REPORT REQUIRED.—The Secretary of the Treasury shall, before the end of the 1-year period beginning on the date of the enactment of this subtitle and in conjunction with and consultation with the United States Executive Director of the World Bank, prepare and submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate on the effectiveness of increased reliance on structural adjustment lending as a means of achieving economic reforms.

(2) CONTENTS OF REPORT.—The report prepared under paragraph (1) shall include—

(A) information about the extent to which structural adjustment lending has increased domestic savings rates, liberalized trade, encouraged direct investment in developing countries, and reduced capital flight; and

(B) economic and demographic data on the impact of structural adjustment lending on various income groups within the recipient countries, particularly the impact of such lending on the provision of resources to meet the basic human needs of the lowest income groups, including the need for adequate nutrition and basic health care.

SEC. 428. EQUAL ACCESS TO GOVERNMENT DEBT INSTRUMENTS REQUIRED.

(a) Findings.—The Congress hereby finds the following:

(1) United States companies can successfully compete in foreign markets if they are given fair access to foreign markets.

(2) A trade surplus in services could offset the deficit in manufactured goods and help lower the overall trade deficit significantly.

(3) In a recent offering of 20-year Japanese Government bonds, 11 United States firms were excluded entirely from the primary underwriting syndicate and were allocated a combined total of less than 1 percent of the offering by members of the primary syndicate.

(4) In contrast to the barriers faced by United States firms in Japan, Japanese firms have enjoyed access to United States markets on the same exact terms as United States firms.

(5) United States firms seeking to compete in Japan face a variety of discriminatory barriers which effectively preclude such firms from fairly competing for Japanese business, including—

(A) limitations on membership on the Tokyo Stock Exchange;

(B) high fixed commission rates (ranging as high as 80 percent) which must be paid to members of the exchange by nonmembers for executing trades;

(C) arbitrarily applied employment requirements for opening branch offices; and

(D) long delays in processing applications and granting approvals for licenses to operate.

(b) Designation of Certain Persons as Primary Dealers Prohibited.—The Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York may not designate, and may not permit the continuation of any prior designation of, any person of a foreign country as a primary dealer in government debt instruments if such foreign country does not allow, or ceases to allow, United States companies equal access in the acquisition of government debt instruments issued by such country.

(c) Definitions.—For purposes of subsection (b)—

(1) Person of a foreign country.—A person is a person of a foreign country if such person, or any other person which owns or controls (directly or indirectly) such person, is a resident of a foreign country, is organized under the laws of a foreign country, or has its principal place of business in a foreign country.

(2) Equal Access.—A country allows United States companies equal access in the acquisition of government debt instruments issued by such country if such companies may act in a capacity which—

(A) allows the companies to gain access to such instruments upon original issue; and

(B) is substantially equivalent to a designation as primary dealer in government debt instruments by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York.

(d) Effective Date.—This section shall take effect at the end of the 6-month period beginning on the date of the enactment of this Act.

CHAPTER 3—ENSURING THE STABILITY OF THE INTERNATIONAL FINANCIAL SYSTEM

SEC. 431. PRIVATE CAPITAL SOURCES FOR DEVELOPING NATIONS.

(a) Study Required.—The Secretary of the Treasury, working in conjunction with—

(1) the Chairman of the Board of Governors of the Federal Reserve System;

(2) the Comptroller of the Currency;

(3) accountants, lawyers, bankers, and consultants with special knowledge of international finance; and

(4) representatives of the governments and central banks of Japan, West Germany, France, the United Kingdom, Italy, Canada, and Switzerland,

shall explore the changes in the structure of United States capital markets and the regulation of private financial institutions which would be necessary in order to bring about a lasting resolution of the international debt crisis in a manner which is consistent with both increased growth in debtor nations and increased stability of the United States financial system.

(b) Topics To Be Included in Study.—The study conducted by the Secretary of the Treasury shall include an analysis of the following proposals:

(1) Statutory or regulatory changes which may be appropriate to encourage the growth of a secondary market in developing country debt.

(2) Payment of a portion of the debt service obligations of developing countries in local currencies.

(3) Analysis of the effect debt relief would have on market valuation of stocks of commercial banks and the stability of the financial system.

(4) Evaluation of changes which would be required in the tax laws of the United States to encourage commercial banks to engage in less developed country debt forgiveness.

(5) Feasibility of establishing a national debt discount facility and analysis of sources of funds for the capitalization and operation of such facility.

(6) Examination of the regulatory, tax, and accounting environment which has encouraged greater recognition of loan losses by banks located in other countries.

(7) Evaluation of any potential role for the Bank for International Settlements in resolving the debt crisis.

(8) Feasibility of achieving, in an efficient and effective manner, an expansion of the secondary market for less developed country debt and further reductions in commercial bank holdings of such debt by encouraging commercial banks which hold such debt to repackage or pool the debt instruments (with respect to such debt) and sell, to private investors—

(A) the repackaged obligations or participation shares in such obligations; or

(B) securities or participation shares collateralized by any such pooled obligations.

(9) Evaluation of any other options which would have the effect of increasing the utilization of domestic and international capital markets in addition to the commercial banks to provide capital for developing nations.

(10) Evaluation of the market for debt-equity swaps in the major less developed debtor countries.

(c) Report to Congress.—The Secretary of the Treasury, in conjunction with the Chairman of the Board of Governors of the Federal Reserve System and the Comptroller of the Currency, shall prepare and submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate before the end of the 6-month period beginning on the date of the enactment of this subtitle on the advisability of implementing any of the proposals analyzed in the study conducted pursuant to subsection (a) together with any recommendation of such Secretary for legislation which the Congress should consider.

SEC. 432. MOBILIZATION OF PRIVATE CAPITAL.

(a) Multilateral Development Bank Action.—The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development banks to initiate discussions with other directors of their respective banks and to propose that—

(1) greater use of cofinancing be made by each such bank to encourage increased commercial bank participation in lending by such bank; and

(2) steps be taken to make credits available to satisfy the capital needs of private, income-generating, small businesses or microenterprises owned by the very poorest individuals in the developing countries.

(b) Increase in the Role of the World Bank and the IMF as Intermediaries.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development and the United States Executive Director of the International Monetary Fund to initiate discussions with other directors of the Bank or Fund, as the case may be, and to propose that steps be taken to increase the role of the Bank and the Fund, respectively, as an intermediary and coordinator in generating new capital and creating new capital instruments, particularly drawing on world securities and capital markets, for the benefit of developing countries.

SEC. 433. MORE FLEXIBLE PROCEDURES FOR RESCHEDULING OF DEBT SERVICE PAYMENTS FOR LESS DEVELOPED COUNTRIES.

(a) Purpose.—The purpose of this section is to make all banking institutions aware of existing options which such institutions may utilize in rescheduling debt service on debts of less developed countries, including the advance of additional funds, debt forgiveness, interest reduction or forgiveness, debt-equity swaps, or any combination of the preceding options.

(b) Establishment of Guidelines Required.—After the parties to any negotiations relating to the rescheduling of any commercial debt of any eligible country which involves the provision of new financial resources to such country have determined the amount of appropriate debt relief for such country with respect to such debt (for the period for which such rescheduling is applicable), the Secretary of the Treasury and each appropriate Federal banking agency shall jointly—

(1) establish guidelines that allow banking institutions which—

(A) have outstanding loans to the eligible country; and

(B) decide to participate in the rescheduling of debt,

to provide such institution's negotiated share of the amount of debt relief determined pursuant to such negotiations through any existing options available to banking institutions, including the options described in subsection (c); and

(2) establish guidelines for determining the amount of debt relief which such banking institution can provide under each option described in subsection (c) in order to provide its negotiated share of debt relief.

(c) Options Available Under Rescheduling Procedures.—The options referred to in subsection (b) with respect to providing debt relief are as follows:

(1) Advance of additional funds.—A banking institution may provide its negotiated share of debt relief through an advance of additional funds.

(2) Debt forgiveness.—A banking institution may provide its negotiated share of debt relief by recognizing as loss, and not requiring the repayment of, an amount of principal on any loan or loan participation (which is subject to rescheduling).

(3) Interest reduction or forgiveness.—A banking institution may provide its negotiated share of debt relief by reducing or forgiving entirely the payment of interest on any loan or loan participation (which is subject to rescheduling).

(4) Debt-equity swaps.—A banking institution may provide its negotiated share of debt relief through the sale of, or a commitment to sell, any loan (which is subject to rescheduling) at a discount to a third party interested in redeeming such loan in the local currency of the debtor country in exchange for equity assets in such country.

(5) Any combination of available options.—A banking institution may provide its negotiated share of debt relief through any combination of available options, including the options described in paragraphs (1) through (4), to the extent the total amount of debt relief which is realized through the exercise of such combination of options is equal to the amount of such institution's negotiated share of debt relief.

(d) Definitions.—For purposes of this section—

(1) Appropriate federal banking agency.—The term "appropriate Federal banking agency" has the meaning given to such term in section 903(1) of the International Lending Supervisory Act of 1983.

(2) Banking institution.—The term "banking institution" has the meaning given to such term in section 903(2) of the International Lending Supervisory Act of 1983.

(3) Debt relief.—The term "debt relief" means any reduction in debt service on a loan that is achieved through—

(A) an advance of additional funds; or

(B) a reduction in the amount the debtor is otherwise obligated to pay under the terms of the loan.

(4) Eligible country.—The term "eligible country" means a heavily indebted, less developed country.

CHAPTER 4—MULTILATERAL INVESTMENT GUARANTEE AGENCY

SEC. 436. SHORT TITLE.

This chapter may be cited as the "Multilateral Investment Guarantee Agency Act".

SEC. 437. ACCEPTANCE OF MEMBERSHIP.

The President is hereby authorized to accept membership for the United States in the Multilateral Investment Guarantee Agency (hereinafter in this chapter referred to as the "Agency") provided for by the Convention Establishing the Multilateral Investment Guarantee Agency (hereinafter in this chapter referred to as the "Convention") deposited in the archives of the International Bank for Reconstruction and Development (hereinafter in this chapter referred to as the "Bank").

SEC. 438. GOVERNOR AND ALTERNATE GOVERNOR.

The Governor and Alternate Governor of the Bank, appointed under section 3 of the Bretton Woods Agreements Act, shall serve as Governor and Alternate Governor, respectively, of the Agency.

SEC. 439. APPLICABILITY OF BRETTON WOODS AGREEMENTS ACT.

The provisions of section 4 of the Bretton Woods Agreements Act shall apply with respect to the Agency to the same extent as such provisions apply to the Bank and the International Monetary Fund. Reports with respect to the Agency under paragraphs (5) and (6) of section 4(b) of such Act shall be included in the reports made pursuant to such paragraphs after the date the United States accepts membership in the Agency.

SEC. 440. RESTRICTIONS.

Unless authorized by law, neither the President nor any person or agency shall, on behalf of the United States—

(1) subscribe to additional shares of stock of the Agency;

(2) vote for or agree to any amendment of the Convention which increases the obligations of the United States, or which changes the purpose or functions of the Agency; or

(3) make a loan or provide other financing to the Agency.

SEC. 441. FEDERAL RESERVE BANKS AS DEPOSITARIES.

Any Federal Reserve bank which is requested to do so by the Agency shall act as its depositary or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

SEC. 442. SUBSCRIPTION OF STOCK.

(a) Authorization of Subscription.—The Secretary of the Treasury is authorized to subscribe on behalf of the United States to 20,519 shares of the capital stock of the Agency, except that the subscription shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(b) Authorization of Appropriation.—In order to pay for the United States subscription authorized in subsection (a), there are authorized to be appropriated, without fiscal year limitation, $222,015,580, for payment by the Secretary of the Treasury.

(c) Dividends.—Any payment of dividends made to the United States by the Agency shall be deposited into the Treasury as a miscellaneous receipt.

SEC. 443. JURISDICTION OF UNITED STATES COURTS AND ENFORCEMENT OF ARBITRAL AWARDS.

(a) Venue.—For the purposes of any civil action which may be brought within the United States, its territories or possessions, or the Commonwealth of Puerto Rico, by or against the Agency in accordance with the Convention (including an action brought to enforce an arbitral award against the Agency), the Agency shall be deemed to be an inhabitant of the Federal judicial district in which—

(1) its principal office within the United States is located; or

(2) its agent appointed for the purpose of accepting service or notice of service is located.

(b) Jurisdiction.—Any action described in subsection (a) to which the agency is a party shall be deemed to arise under the laws of the United States. The district courts of the United States, including the courts enumerated in section 460 of title 28, United States Code, shall have original jurisdiction of any such action.

(c) Removal.—Whenever the Agency is a defendant in any action in a State court, it may at any time before the trial thereof remove the action into the appropriate district court of the United States in the manner provided in section 1446 of title 28, United States Code.

SEC. 444. FORCE AND EFFECT OF CONVENTION.

Articles 43 through 48 of the Convention shall have full force and effect in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, upon the entry into force of the Convention for the United States.

SEC. 445. FULL FAITH AND CREDIT FOR ARBITRAL AWARDS; JURISDICTION.

(a) In General.—Any award of an arbitral tribunal resolving a dispute arising under Article 57 or Article 58 of the Convention shall create a right arising under a treaty of the United States. The pecuniary obligations imposed by such an award shall be enforced and shall be given the same full faith and credit as if the award were a final judgment of a court of general jurisdiction of one of the several States. The provisions of title 9, United States Code, shall not apply to enforcement of awards rendered pursuant to the Convention.

(b) Jurisdiction.—The district courts of the United States (including the courts enumerated in section 460 of title 28, United States Code) shall have exclusive jurisdiction over actions and proceedings under subsection (a), regardless of the amount in controversy.

CHAPTER 5—INTER-AMERICAN DEVELOPMENT BANK

SEC. 446. MERGER OF INTER-REGIONAL AND ORDINARY CAPITAL.

The Inter-American Development Bank Act (22 U.S.C. 283) is amended by adding at the end thereof the following new section:

"Sec. 32. The United States Governor of the Inter-American Development Bank is hereby authorized to agree to and to accept the amendments to the Articles of Agreement in the proposed resolution entitled 'Merger of Inter-regional and Ordinary Capital Resources'.".

SEC. 447. WAIVER OF COUNTRY PROGRAM LIMITATIONS UNDER NEW REPLENISHMENT AGREEMENT UNDER CERTAIN CONDITIONS.

The Secretary of the Treasury shall instruct the United States Executive Director of the Inter-American Development Bank to initiate discussions with other directors of such bank and to propose that a provision be included in any replenishment agreement which is negotiated after the date of enactment of this subtitle which would allow the directors of such bank to waive any country program limitation contained in such replenishment agreement if the directors determine that—

(1) the waiver would not deprive any other country of any resources which are available under such agreement for such country; and

(2) the country for which the waiver would be made has—

(A) a need for the resources which the waiver would make available; and

(B) the capacity to absorb such additional resources.

Subtitle C—Competitive Trading Practices

SEC. 451. AMENDMENTS TO TRADE AND DEVELOPMENT ENHANCEMENT ACT OF 1983.

(a) Functions of National Advisory Council on International Monetary and Financial Policies.—Section 646(a)(2) of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635s(a)(2)) is amended by striking out "without the unanimous consent of the members of the National Advisory Council on International Monetary and Financial Policies" and inserting in lieu thereof "unless a majority of the members of the National Advisory Council on International Monetary and Financial Policies approve the financing".

(b) REPORT TO CONGRESS AND TERMINATION OF ACT.—The Trade and Development Enhancement Act of 1983 is amended by adding at the end the following new sections:

"SEC. 648. REPORT TO CONGRESS.

"The President shall transmit to the Congress, on a semiannual basis, a report setting forth the activities carried out under sections 644 and 645. Each such report shall include—

"(1) information on applications used by the Export-Import Bank and the Agency for International Development for making assistance available under sections 644 and 645;

"(2) information on the disposition of such applications;

"(3) an identification of the foreign governments whose behavior the President is trying to influence by the use of such assistance, and an explanation of why the assistance involved is deemed likely to influence that behavior;

"(4) evidence that clearly demonstrates that assistance under sections 644 and 645 has been used for the purposes of this Act;

"(5) information on any progress that has been made in negotiations on agreements within the Organization for Economic Cooperation and Development to limit the use of tied aid credits;

"(6) information on the extent to which tied aid credits are being used at the time of such report by major trading countries within such Organization, the terms of any such credits, and the market sectors with respect to which such credits are being used; and

"(7) information on the extent to which assistance under this Act has been effective—

"(A) in discouraging the use of tied aid credits for commercial purposes by other countries; and

"(B) in helping to protect United States exporters from unfair and predacious official export competition.

"SEC. 649. TERMINATION OF AUTHORITIES.

"The authorities contained in this Act shall cease to be effective at the end of the 90-day period beginning on the date the President transmits to the Congress the President's certification that a majority of the members of the National Advisory Council on International and Monetary Financial Policies have determined that—

"(1) the United States has reached an agreement with the governments of the other member countries of the Organization for Economic Cooperation and Development which ends abuse of tied aid credits in pursuit of national commercial benefits; and

"(2) those governments are honoring the terms of that agreement.".

(c) FUNDING BY THE AGENCY FOR INTERNATIONAL DEVELOPMENT.—Section 645(d) of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635r(d)) is amended by striking out "allocated for Commodity Import Programs".

SEC. 452. PROVISIONS RELATING TO EXPORT-IMPORT BANK.

(a) FINDINGS.—The Congress hereby finds that—

(1) the debt position of many developing countries has placed serious limitations on the ability of these countries to import;

(2) commercial banks have largely withdrawn from financing exports, shutting out American exporters from already shrinking less developed country markets;

(3) the changing nature of international transactions means that United States exporters require financing in riskier markets and on transactions which are smaller and more difficult to put together and close;

(4) given these changes, it is important for the Export-Import Bank of the United States to increase its ability to assume a broader range of explicitly-defined country and transaction risks and to encourage the private sector to do the same; and

(5) at the same time, it is important that the Export-Import Bank maintain its ability to operate efficiently and in a fiscally responsible fashion.

(b) PURPOSE.—It is the purpose of this section to require the Export-Import Bank of the United States to identify changes in policy and specific changes in financing programs administered by the Bank that would facilitate additional financing of United States exports to debt-burdened developing countries as part of an overall debt management strategy.

(c) REPORT REQUIRED.—(1) Before the end of the 90-day period beginning on the date of the enactment of this Act, the President and Chairman of the Export-Import Bank of the United States shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a written report which contains the following:

(A) An assessment of the effectiveness of recent program changes in increasing United States exports to developing countries;

(B) An identification of additional specific policy and program changes which—

(i) would enable the Bank to increase the financing of United States exports to developing countries; and

(ii) would encourage greater private sector participation in such financing efforts;

(C) An assessment of the viability and cost of the programs identified in subparagraph (B).

(2) The report required under paragraph (1) shall specifically assess the viability of—

(A) setting up a separate class of programs for the major debt burdened countries through which these countries or United States exports to these countries would receive preferential treatment;

(B) introducing a less stringent standard of repayment in regard to debt burdened countries; and

(C) expanding the guarantee authority of the Export-Import Bank in order to allow the Bank to assume part of the exposure of commercial banks to debtor countries as part of a program to provide Export-Import Bank guarantees for new loans in support of United States exports.

Subtitle D—Council on Industrial Competitiveness Act

SEC. 461. SHORT TITLE.

This subtitle may be cited as the "Council on Industrial Competitiveness Act".

SEC. 462. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress hereby finds that—

(1) the preeminence of the United States in international trade and competition is seriously threatened and the insulation of United States domestic markets from international competition is at an end;

(2) the United States has been slow to accept and adapt to the reality of a highly competitive global marketplace and to regard the economic development of competing countries as a challenge and an opportunity for its own economic growth;

(3) some major consequences of this failure to adapt are unnecessary plant closings, high unemployment, a deterioration in the quality of jobs available for American workers and a sharp decline in the level of exports of agricultural commodities;

(4) to be successful in the world arena, the United States must address the erosion of the comparative advantage of its basic industries in a number of areas, including innovation, investment, and productivity;

(5) efforts to reverse the decline of American industry have been hindered by a number of factors, including—

(A) a long-term decline in relative productivity growth;

(B) insufficient capital investment in the revitalization of basic industries and in the commercialization and diffusion of new technologies;

(C) a lack of adequate capital to invest in smaller, innovative firms;

(D) insufficient investment in civilian research and development in comparison with our major competitors;

(E) a series of systemic inefficiencies in the management and organization of business, including adversarial labor-management relations and short-term time horizons; and

(F) a serious erosion in the institutional support for production, including a lack of high quality domestic and international economic data needed to—

(i) reveal sectoral strengths and weaknesses;

(ii) identify potential new markets and future trends; and

(iii) provide necessary information regarding the industrial strategies of our foreign competitors;

(6) helping to support the competitiveness of United States industries is a proper and necessary role for government, working with the private sector;

(7) at present, industrial policy in the United States is composed of a variety of Government programs, subsidies, and regulatory oversight functions which often are not coordinated, cohesive, or consistent;

(8) while our economy benefits when business, labor, government, academia, and public interest groups work together cooperatively, there exists no effective, high-level forum for developing a consensus on economic policies;

(9) the decline in United States industrial competitiveness endangers the economic stability of the Nation;

(10) such decline also endangers the ability of the United States to maintain the defense industrial base which is necessary to the national security of the United States;

(11) progress on the issue of competitiveness requires a recognition that the world is moving rapidly toward the creation of an integrated and interdependent economy, a world economy in which the policies of one nation have a major impact on other nations;

(12) effective management of such an integrated world economy requires a significant increase in multilateral solutions to

such issues as trade, tax, investment, and the distribution of world markets and world production;

(13) effective participation by the United States in this process has been inhibited by the lack of specific mechanisms—

(A) to identify the problems of particular industries and sectors; and

(B) to develop specific solutions to those sectoral problems within the broader range of national economic policies;

(14) such lack of specific mechanisms has been particularly harmful to those labor intensive industries which must compete with very low wages paid in foreign countries;

(15) it is now imperative that Government, business, labor, academia, and public interest groups act together to develop and coordinate long-range strategies for helping to assure the international competitiveness of United States industries; and

(16) such strategies should be balanced by—

(A) encouraging the development of emerging industries which can provide substantial economic growth and employment; and

(B) directing resources into the revitalization of mature and supporting industries.

(b) PURPOSE.—It is the purpose of this subtitle—

(1) to develop recommendations for long-range strategies for promoting the international competitiveness of United States industries; and

(2) to establish the Council on Industrial Competitiveness which will—

(A) gather and analyze information regarding the competitiveness of United States industries and business and trade policy;

(B) create an institutional forum where national leaders with experience and background in business, labor, government, academia, and public interest activities will—

(i) identify economic problems inhibiting the competitiveness of United States agriculture, business, and industry;

(ii) develop long-term strategies to address such problems; and

(iii) create a broad consensus in support of such strategies; and

(C) make recommendations on issues crucial to the development of coordinated agricultural, business, industrial, and trade strategies.

SEC. 463. COUNCIL ESTABLISHED.

There is established in the Executive Office of the President an advisory committee to be known as the Council on Industrial Competitiveness.

SEC. 464. DUTIES OF THE COUNCIL.

The duties of the Council are—

(1) to develop and promote, in cooperation with appropriate Federal agencies and other organizations, policies which enhance the productivity and international competitiveness of United States industries;

(2) upon the request of the President, to review private sector requests for governmental assistance or relief and to recommend, as a condition of such assistance or relief, those actions of the private sector which will help ensure that the applicant involved, by receiving the assistance or relief, will become internationally competitive in the future;

(3) to cooperate with appropriate Federal agencies and other organizations that have lead responsibility for export promotion to identify current foreign markets for United States goods and services, to identify future market opportunities and trends in foreign markets, and to develop appropriate strategies for the penetration of such markets by United States agricultural producers, businesses, and industries;

(4) to collect and analyze relevant domestic and international data from appropriate Federal agencies and other organizations concerning current and future economic trends and market opportunities;

(5) to prepare and publish reports containing the recommendations of the Council with respect to trade and international competitiveness opportunities;

(6) to create forums where national leaders with experience and background in business, labor, academia, public interest activities, and Government will—

(A) identify national economic problems;

(B) develop recommendations to address such problems; and

(C) create a broad consensus in support of such recommendations;

(7) to annually report to the President and the Congress—

(A) on the state of the national economy;

(B) on the status of major sectors of the national economy; and

(C) on the effect of existing Government policies on agriculture, business, and industry;

(8) to provide policy recommendations and guidance to the Congress, the President, the Council of Economic Advisers, and the Federal departments and agencies regarding specific issues concerning agricultural, business, and industrial strategies; and

(9) to evaluate existing Government policies and business practices in terms of the competitive impact of such policies and practices.

SEC. 465. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Council shall be composed of 16 members appointed by the President, after consideration of such recommendations as may be submitted by the Speaker of the House of Representatives and the Majority Leader of the Senate, from among individuals who are specially qualified to serve on the Council by virtue of their education, training, or experience and their broad understanding of the United States economy and the United States position in the world economy.

(2) REPRESENTATION ON COUNCIL.—Of the members appointed under paragraph (1)—

(A) 4 members shall be appointed from among national leaders with experience and background in agriculture, business, or industry, including at least one individual selected from the small business community;

(B) 4 members shall be appointed from among national leaders with experience and background in the labor community;

(C) 4 members shall be appointed from among national leaders with experience and background in the academic community or who have been active in public interest activities; and

(D) 4 members shall be appointed from among the heads of Federal departments or agencies and representatives of State or local governments.

(3) INITIAL APPOINTMENT OF MEMBERS.—The President shall appoint all the initial members of the Council before the end of the 60-day period beginning on the date of the enactment of this Act.

(b) VACANCIES.—

(1) A vacancy in the Council shall be filled in the same manner in which the original appointment was made.

(2) Any member appointed to fill a vacancy occurring before the expiration of the term for which such member's predecessor was appointed shall be appointed only for the remainder of such term.

(3) A member may serve after the expiration of such member's term until such member's successor has taken office.

(c) REMOVAL.—Members of the Council may be removed by the President only for malfeasance in office.

(d) TERMS.—

(1) LENGTH OF TERM.—All members described in subparagraphs (A), (B), (C), or (D) of subsection (a)(2) shall serve terms which correspond to the term of office of the President who appointed such members.

(2) MAXIMUM NUMBER OF TERMS.—No member may serve more than two consecutive terms.

(e) BASIC PAY.—

(1) APPOINTMENTS FROM PRIVATE SECTOR.—Each member of the Council who is not otherwise in the service of the Government of the United States or any State or local government—

(A) shall receive a sum not to exceed an amount equivalent to the compensation paid at level II of the Executive Schedule, pursuant to section 5313 of title 5, United States Code, prorated on a daily basis for each day spent in the work of the Council; and

(B) shall be paid actual travel expenses, and per diem in lieu of subsistence expenses when away from his usual place of residence, in accordance with section 5703 of such title.

(2) APPOINTMENTS FROM PUBLIC SECTOR.—Each member of the Council who is otherwise in the service of the Government of the United States or any State or local government shall serve without compensation in addition to that received for such other service, but while engaged in the work of the Council shall be paid actual travel expenses, and per diem in lieu of subsistence expenses when away from his usual place of residence, in accordance with subchapter 1 of chapter 57 of title 5, United States Code.

(f) QUORUM.—

(1) IN GENERAL.—Nine members of the Council constitute a quorum, except that a lesser number may hold hearings if such action is approved by a two-thirds vote of the entire Council.

(2) INITIAL ORGANIZATION.—The Council shall not commence its duties until all the members described in subparagraphs (A), (B), or (C) of subsection (a)(2) have been appointed and have qualified.

(g) CHAIRPERSON.—The Council shall elect, by a two-thirds vote of the entire Council, a Chairperson from among the members described in subparagraphs (A), (B), or (C) of subsection (a)(2).

(h) MEETINGS.—The Council shall meet at the call of the Chairperson or a majority of its members, except that the Council shall meet not less than six times during each calendar year.

(i) POLICY ACTIONS.—Except as provided in subsection (h), no action establishing policy shall be taken by the Council unless approved by two-thirds of the entire membership of the Council.

(j) AGENTS, ETC., OF FOREIGN COUNTRIES INELIGIBLE FOR APPOINTMENT OR SERVICE AS MEMBERS.—

(1) PROHIBITION ON APPOINTMENT.—An individual may not be appointed as a member of the Council if, at any time within the 1-year period ending on the date on which any such appointment would otherwise be effective, such individual has acted as an agent or attorney for, or performed any other professional service for or on behalf

of, the government of any foreign country, any agency or instrumentality of the government of a foreign country, or any foreign political party.

(2) Prohibition on Continued Service After Appointment.—If, after an individual is appointed as a member of the Council, such individual acts or performs in any manner or capacity described in paragraph (1), such individual shall cease to be a member of the Council as of the date such individual acts or performs in such manner or capacity.

(3) Prohibition on Employment as Foreign Agent After Service.—

(A) In General.—No former member of the Council appointed under subsection (a)(2)(D), Executive Director, or member of professional staff of the Council may, within 1 year of the termination of such service or employment, act as an agent or attorney for, or perform any other professional service for or on behalf of, the government of any foreign country, any agency or instrumentality of the government of a foreign country, any corporation controlled by a foreign government, or any foreign political party in any particular matter that was actually pending within the area of responsibility of such member, Executive Director, or employee during the 1-year period ending on the date of termination of such service or employment.

(B) Enforcement.—Any person who violates subparagraph (A) shall be subject to a civil penalty not to exceed the greater of $250,000 or the amount of compensation received for the prohibited conduct. The Attorney General may bring an action to recover a penalty under this subparagraph in an appropriate district court of the United States against any such person. Any such violation shall be established by a preponderance of evidence.

SEC. 466. EXECUTIVE DIRECTOR AND STAFF; EXPERTS AND CONSULTANTS.

(a) Executive Director.—

(1) Appointment.—The principal administrative officer of the Council shall be an Executive Director, who shall be appointed by the Council and who shall be paid at a rate not to exceed the rate of basic pay payable for level V of the Executive Schedule.

(2) Full-time Service.—The Executive Director shall serve full-time.

(b) Staff.—Within the limitations of the Council's appropriations, the Executive Director may appoint such personnel as the Executive Director considers appropriate, subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) Experts and Consultants.—The Council may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay for GS-16 of the General Schedule.

(e) Staff of Federal Agencies.—Upon request of the Council, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Council to assist the Council in carrying out its duties under this subtitle.

SEC. 467. POWERS OF THE COUNCIL.

(a) Hearings and Sessions.—The Council may, for the purpose of carrying out the provisions of this subtitle, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Council considers appropriate.

(b) Powers of Members and Agents.—If so authorized by the Council, any member or agent of the Council may take any action which the Council is authorized to take under this section.

(c) Obtaining Official Data.—

(1)(A) The Council may secure directly from any department or agency of the United States information necessary to enable the Council to carry out the provisions of this subtitle.

(B) Upon request of the Chairman of the Council, the head of such department or agency shall furnish such information to the Council.

(2) In any case in which the Council receives any information from a department or agency of the United States, the Council shall not disclose such information to the public unless such department or agency is authorized to disclose such information pursuant to Federal law.

(d) Mails.—The Council may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(e) Administrative Support Services.—The Administrator of General Services shall provide to the Council, on a reimbursable basis, such administrative support services as the Council may request.

SEC. 468. REPORTS.

(a) Initial Report.—Not later than 180 days after the initial members are appointed to the Council, the Council shall submit a report to both Houses of the Congress and the President containing recommendations of the Council for changes in any Federal policy necessary to implement effective trade and competitive strategies.

(b) Annual Report.—

(1) The Council shall annually prepare and submit to the President and to each House of the Congress a report setting forth—

(A) the major agricultural, business, and industrial development priorities of the United States;

(B) the policies needed to meet such priorities; and

(C) a summary of existing Government policies affecting industries.

(2) Such report shall contain a statement of the findings and conclusions of the Council during the previous fiscal year, together with any recommendations of the Council for such legislative or administrative actions as the Council considers appropriate.

SEC. 469. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for fiscal year 1988 not to exceed $5,000,000 to carry out the provisions of this subtitle.

SEC. 470. DEFINITIONS.

For purposes of this subtitle—

(1) the term "Council" means the Council on Industrial Competitiveness established under section 463;

(2) the term "member" means a member of the Council on Industrial Competitiveness; and

(3) the term "United States" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, American Samoa, and any other territory or possession of the United States.

SEC. 471. REVIEW AND EVALUATION OF TRADE NEGOTIATION CAPABILITIES.

(a) Purpose.—The purpose of this section is to provide for an assessment of the adequacy of our current system of appointing and hiring personnel for trade negotiation positions in the United States Government.

(b) Study.—In addition to the duties established under section 464, the Council shall evaluate the system for appointing United States trade negotiators and filling other positions within the United States Government which are related to trade negotiations. The study shall include the following:

(1) The identification of positions within the United States Government involving trade negotiations.

(2) The tenure of individuals holding such positions.

(3) The salary level of individuals holding such positions.

(4) The duration of varying types and levels of trade negotiations.

(5) The positions of employment, and the salary level for such positions, obtained by individuals immediately after leaving Government service in any position described in paragraph (1).

(6) The percentage of turnovers of individuals in positions described in paragraph (1) which are directly related to changes in Administration leadership.

(7) Professional advancement opportunities for United States trade negotiators within the United States Government.

(8) Recommendations on establishing a minimum tenure of service for individuals in positions within the United States Government which are related to or involve trade negotiations.

(9) Recommendations on tying promotions and salary to length of service.

(10) Recommendations on establishing a separate professional trade corps to strengthen the capabilities of United States negotiators in long-term trade disputes.

(11) Recommendations on the need to upgrade personnel in trade related positions.

(c) Report.—The Council shall submit a report to the President and to each House of the Congress before the end of the period described in section 468(a). The report shall contain the findings and conclusions of the Council pursuant to the study under subsection (b) and such recommendations for legislation and administrative action as the Council may determine to be appropriate.

Subtitle E—Export Trading Company Amendments

SEC. 476. SHORT TITLE.

This subtitle may be cited as the "Export Trading Company Amendments of 1987".

SEC. 477. EXPORT TRADING COMPANY AMENDMENTS.

(a) Procedures Applicable to Determination of Classification as Export Trading Company.—Section 4(c)(14) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(14)) is amended by inserting after subparagraph (F) the following new subparagraphs:

"(G) Determination of Applicability of Classification.—For purposes of determining whether an export trading company is operated principally for the purposes described in subparagraph (F)(i)—

"(i) the operations of such company during the 2-year period beginning on the date such company commences operations shall not be taken into account in making any such determination;

"(ii) not less than 4 consecutive years of operations of such company (not including any portion of the period referred to in clause (i)) shall be taken into account in making any such determination; and "(iii) fees derived from the facilitation, outside the United States, of trade services shall be treated as revenue derived from exporting or facilitating exports to the extent—

"(I) the fees so derived are remitted to the United States; and

"(II) the aggregate amount of such fees in any year does not exceed one-half the amount of revenue actually derived from export operations or the facilitation of export services.

"(H) FACILITATION OF TRADE SERVICES.—For purposes of subparagraph (G)(iii), the term 'facilitation of trade services' means arranging for, but not performing, any trade service which would be an export trade service (under subparagraph (F)(ii)) but for the fact that such service was not provided in order to facilitate the export of any good or service produced in the United States.".

(b) LEVERAGE.—Section 4(c)(14)(A) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(14)(A)) is amended by redesignating clauses (v) and (vi) as clauses (vi) and (vii), respectively, and by inserting after clause (iv) the following new clause:

"(v) LEVERAGE.—The Board may not disapprove any proposed investment solely on the basis of the anticipated or proposed asset-to-equity ratio of the export trading company with respect to which such investment is proposed, unless the anticipated or proposed annual average asset-to-equity ratio is greater than 15-to-1.".

(c) INVENTORY.—Section 4(c)(14)(A)) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(14)) is amended by inserting after subparagraph (H) (as added by subsection (a) of this section) the following new subparagraph:

"(I) INVENTORY.—

"(i) NO GENERAL LIMITATION.—The Board may not prescribe by regulation any maximum dollar amount limitation on the value of goods which an export trading company may maintain in inventory at any time.

"(ii) SPECIFIC LIMITATION BY ORDER.—Notwithstanding clause (i), the Board may issue an order establishing a maximum dollar amount limitation on the value of goods which a particular export trading company may maintain in inventory at any time (after such company has been operating for a reasonable period of time) if the Board finds that, under the facts and circumstances, such limitation is necessary to prevent risks that would affect the financial or managerial resources of an investor bank holding company to an extent which would be likely to have a materially adverse effect on the safety and soundness of any subsidiary bank of such bank holding company.".

Education and Labor Committee Amendment

TITLE V—EDUCATION AND TRAINING FOR AMERICAN COMPETITIVENESS

SEC. 501. SHORT TITLE.

This title may be cited as the "Education and Training for American Competitiveness Act of 1987".

SEC. 502. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the relationship between a strong and vibrant educational system and a healthy national economy is inseparable in an era in which economic growth is dependent on technology and is imperiled by increased foreign competition;

(2) our Nation's once undisputed pre-eminence in international commerce is facing unprecedented challenges from competitor nations who have given priority to the relationship between education and economic growth in areas such as high technology industries;

(3) our standing in the international marketplace is being further eroded by the presence in the workforce of millions of Americans who are functionally or technologically illiterate or who lack the mathematics, science, foreign language, or vocational skills needed to adapt to the structural changes occurring in the global economy;

(4) our competitive position is also being eroded by declines in the number of students taking advanced courses in mathematics, science, and foreign languages and by the lack of modern technical and laboratory equipment in our educational institutions;

(5) restoring our competitiveness and enhancing our productivity will require that all workers possess basic educational skills and that many others possess highly specific skills in mathematics, science, foreign languages, and vocational areas; and

(6) our Nation must recognize the substantial impact that an investment in human capital will have on increasing productivity.

(b) PURPOSES.—It is therefore the purpose of this Act to establish programs designed—

(1) to enhance ongoing efforts in elementary and secondary education;

(2) to improve our productivity and competitive position by investing in human capital;

(3) to assist out-of-school youth and adults who are functionally illiterate in obtaining the basic skills needed for them to become productive workers in a competitive economy;

(4) to help educational institutions prepare those engaged in work relating to mathematics, science, and foreign languages by improving and expanding instruction in those areas and by modernizing laboratory and technical equipment;

(5) to enhance the skills of workers affected, or about to be affected, by economic change, in order to prevent dislocation within existing industries and to strengthen emerging domestic industries; and

(6) to accomplish such purposes without impairing the availability of funds to carry out existing programs that address the needs of dislocated workers, such as previously authorized education programs.

Subtitle A—Education for American Competitiveness

SEC. 505. DEFINITIONS.

As used in this subtitle—

(1) The term "institution of higher education" has the same meaning given that term by section 1201(a) of the Higher Education Act of 1965.

(2) The terms "local educational agency" and "State educational agency" have the same meaning given such terms under section 198 of the Elementary and Secondary Education Act of 1965.

(3) The term "Secretary" means the Secretary of Education.

(4) The term "State" means any of the several States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

SEC. 506. GENERAL PROVISIONS.

(a) GRANT REQUIREMENTS.—The Secretary shall ensure, with respect to grants provided under this subtitle, that—

(1) services assisted by funds received under such grants shall be made available to historically underrepresented and underserved populations of students, including females, minorities, handicapped individuals, individuals with limited English proficiency, and migrant students;

(2) the terms "training" and "instruction" are interpreted to include training and instruction through telecommunications technologies, including the full range of current and new technologies that can be used for educational purposes, such as television broadcasts, closed circuit television systems, cable television, satellite transmissions, computers, VHS, laser discs, and audio by discs, tapes, or broadcast, and such other video and telecommunications technologies that alone or in combination can assist in teaching and learning; and

(3) where appropriate, programs funded under this subtitle shall be coordinated with other federally funded education and training programs.

(b) ADDITIONAL ELIGIBLE INSTITUTIONS.—For purposes of any program authorized by this subtitle, institutions eligible to participate shall include any accredited proprietary institution providing a program of less than six months duration that is otherwise eligible to participate in any program under this subtitle.

CHAPTER 1—LITERACY PROGRAMS

SEC. 511. WORKPLACE LITERACY PARTNERSHIPS GRANTS.

(a) ESTABLISHMENT OF GRANT PROGRAM.—The Adult Education Act (20 U.S.C. 1201 et seq.) is amended by inserting after section 315 the following new section:

"BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY

"SEC. 316. (a) GRANTS TO STATES.—(1) The Secretary may make grants to States which have State plans approved by the Secretary under section 306 to pay the Federal share of the cost of adult education programs which teach literacy skills needed in the workplace through partnerships between—

"(A) business, industry, or labor organizations, or private industry councils; and

"(B) State educational agencies, local educational agencies, institutions of higher education, or schools (including employment and training agencies or community-based organizations).

"(2) Grants under paragraph (1) may be used—

"(A) to fund 90 percent of the cost of programs which meet the requirements of subsection (b);

"(B) for administrative costs incurred by State educational agencies and local educational agencies in establishing programs funded under subparagraph (A); and

"(C) for costs incurred by State educational agencies in obtaining evaluations described in paragraph (3)(A)(iii).

"(3) A State shall be eligible to receive its allotment under subsection (e) if it—

"(A) includes in a State plan submitted to the Secretary under section 306 a description of—

"(i) the requirements for State approval of funding of a program;

"(ii) the procedures under which applications for such funding may be submitted; and

"(iii) the method by which the State shall obtain annual third-party evaluation of student achievement in, and overall effectiveness of services provided by, all programs which receive funding out of a grant made to the State under this section; and

"(B) satisfies the requirements of section 306(a).

"(b) PROGRAM REQUIREMENTS.—Programs funded under subsection (a)(2)(A) shall be designed to improve the productivity of the workforce of a State through improvement of literacy skills needed in the workplace by—

"(1) providing adult literacy and other basic skills services and activities;

"(2) providing adult secondary education services and activities which may lead to the completion of a high school diploma or its equivalent;

"(3) meeting the literacy needs of adults with limited English proficiency;

"(4) upgrading or updating basic skills of adult workers in accordance with changes in workplace requirements, technology, products, or processes;

"(5) improving the competency of adult workers in speaking, listening, reasoning, and problem solving; or

"(6) providing education counseling, transportation, and nonworking hours child care services to adult workers while they participate in a program funded under subsection (a)(2)(A).

"(c) PROGRAM APPLICATIONS.—An application to receive funding for a program out of a grant made to a State under subsection (a)(1) shall—

"(1) be submitted jointly by—

"(A) a business, industry, or labor organization, or private industry council; and

"(B) a State educational agency, local educational agency, institution of higher education, or school (including an employment and training agency or community-based organization).

"(2) set forth the respective roles of each member of the partnership; and

"(3) be submitted to the State educational agency in the time and manner and contain such additional information as such agency may require, including evidence of the applicant's experience in providing literacy services to working adults.

"(d) DIRECT GRANTS.—If a State is not eligible for a grant under subsection (a) the Secretary shall use the State's allotment under subsection (e)(2) to make direct grants to applicants in that State who are qualified to teach literacy skills needed in the workplace.

"(e) STATE ALLOTMENTS.—(1) The Federal share of expenditures for programs in a State funded under subsection (a)(2)(A) shall be paid from a State's allotment under this subsection.

"(2) From the sum appropriated for each fiscal year under subsection (f), the Secretary shall allot—

"(A) $25,000 to each of American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands; and

"(B) to each remaining State an amount which bears the same ratio to the remainder of such sum as—

"(i) the number of adults in the State who do not have a certificate of graduation from a school providing secondary education (or its equivalent) and who are not currently required to be enrolled in schools in the State, bears to

"(ii) the number of such adults in all States.

"(3) At the end of each fiscal year the portion of any State's allotment for that fiscal year which—

"(A) exceeds 10 percent of the total allotment for the State under paragraph (2) for the fiscal year; and

"(B) remains unobligated;

shall be reallocated among the other States in the same proportion as each State's allocation for such fiscal year under paragraph (2).

"(f) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of making grants under this section, there are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"(2) Amounts appropriated under this subsection shall remain available until expended.".

(b) DEFINITIONS.—Section 303 of the the Adult Education Act (20 U.S.C. 1201 et seq.) is amended by adding at the end the following new subsections:

"(k) The term 'community-based organization' has the meaning given such term in section 4(5) of the Job Training Partnership Act (21 U.S.C. 1501 et seq.).

"(l) The term 'private industry council' means the private industry council established under section 102 of the Job Training Partnership Act (21 U.S.C. 1501 et seq).".

SEC. 512. ENGLISH LITERACY GRANTS.

(a) ESTABLISHMENT OF GRANT PROGRAM.—The Adult Education Act (20 U.S.C. 1201 et seq.) is amended by inserting after section 316 (as added by section 511) the following new section:

"ENGLISH LITERACY PROGRAM GRANTS

"SEC. 317. (a) GRANTS TO STATES.—(1) The Secretary may make grants to States which have State plans approved by the Secretary under section 306 for the establishment, operation, and improvement of English literacy programs for individuals of limited English proficiency. Such grants may provide for support services for program participants, including child care and transportation costs.

"(2) A State shall be eligible to receive a grant under paragraph (1) if the State includes in a State plan submitted to the Secretary under section 306 a description of—

"(A) the number of individuals of limited English proficiency in the State who need or could benefit from programs assisted under this chapter;

"(B) the activities which would be undertaken under the grant and the manner in which such activities will promote English literacy and enable individuals in the State to participate fully in national life;

"(C) how the activities described in subparagraph (B) will serve individuals of limited English proficiency, including the qualifications and training of personnel who will participate in the proposed activities;

"(D) the resources necessary to develop and operate the proposed activities and the resources to be provided by the State; and

"(E) the specific goals of the proposed activities and how achievement of these goals will be measured.

"(3) Grants under this section shall be available for not more than three years. The Secretary may terminate a grant only if the Secretary determines that—

"(A) the State has not made substantial progress in achieving the specific educational goals set out in the application; or

"(B) there is no longer a need in the State for the activities funded by the grant.

"(b) SET-ASIDE FOR COMMUNITY-BASED ORGANIZATIONS.—A State that is awarded a grant under subsection (a) shall use not less than 50 percent of funds awarded under the grant to fund programs operated by community-based organizations with the demonstrated capability to administer English proficiency programs.

"(c) REPORT.—A State that is awarded a grant under subsection (a) shall submit to the Secretary a report describing the activities funded under the grant for each fiscal year covered by the grant.

"(d) DEMONSTRATION PROGRAM.—The Secretary, subject to the availability of funds appropriated pursuant to this section, shall directly, and through grants and contracts with public and private nonprofit agencies, institutions, and organizations, carry out a program through the Adult Education Division—

"(1) to develop innovative approaches and methods of literacy education for individuals of limited English proficiency utilizing new instructional methods and technologies; and

"(2) to establish a national clearinghouse on literacy education for individuals of limited English proficiency to collect and disseminate information concerning effective approaches or methods, including coordination with manpower training and other education programs.

"(e) EVALUATION AND AUDIT.—The Secretary shall evaluate the effectiveness of programs conducted under this section. Programs funded under this section shall be audited annually.

"(f) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the purposes of this section the sum of $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"(2) Funds appropriated pursuant to this section shall remain available until expended.

"(3) Not more than 10 percent of funds available under this section shall be used to carry out the purposes of subsection (d).".

(b) DEFINITIONS.—Section 303 of the Adult Education Act (20 U.S.C. 1201 et seq.) (as amended by section 511) is amended by adding at the end the following new subsections:

"(m) The term 'individual of limited English proficiency' means an adult or out-of-school youth who has limited ability in speaking, reading, writing, or understanding the English language and—

"(1) whose native language is a language other than English; or

"(2) who lives in a family or community environment where a language other than English is the dominant language.

"(n) The term 'out-of-school youth' means an individual who is under sixteen years of age and beyond the age of compulsory school attendance under State law who has not completed high school or the equivalent.

"(o) The term 'English literacy program' means a program of instruction designed to help limited English proficient adults, out-of-school youths, or both achieve full competence in the English language.

"(p) The term 'community-based organization' means a private nonprofit organization which is representative of a community or significant segments of a community and which provides education, vocational education, job training, or internship services and programs and includes neighborhood groups and organizations, community action agencies, community development corporations, union-related organizations, employer-related organizations, tribal governments, and organizations serving Native Alaskans and Indians.".

SEC. 513. COORDINATION OF LITERACY PROGRAMS.

(a) FEDERAL LITERACY OFFICE.—

(1) ESTABLISHMENT.—The Secretary shall establish in the Department of Education an office to be known as the Federal Literacy Coordination Office.

(2) FUNCTIONS.—The Federal Literacy Coordination Office shall—

(A) coordinate Federal literacy programs, including grant programs administered under this chapter and other grant programs funded under the Adult Education Act (20 U.S.C. 1201 et seq.); and

(B) provide information and guidance to States with respect to the establishment of State and local volunteer programs relating to literacy.

(b) GRANTS TO STATES.—

(1) IN GENERAL.—The Secretary may make grants to States for purposes of establishing State and local offices for coordination of literacy programs, including all programs funded under the Adult Education Act (20 U.S.C. 1201 et seq.).

(2) STATE PLANS.—A State shall be eligible for a grant under paragraph (1) if it submits a State plan to the Secretary and the Secretary approves such plan. The Secretary may not approve a State plan unless it provides for—

(A) designation of area offices for coordination of literacy programs, distributed throughout the State so that persons in all areas of the State have access to literacy programs;

(B) training of personnel who will operate the area offices;

(C) determination of curricula and materials for literacy programs;

(D) oversight of area offices;

(E) technical assistance to area offices;

(F) programs to recruit volunteers and participants;

(G) coordination of the programs described in paragraph (F) with existing literacy programs; and

(H) allocation of funds to area offices.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out this section $2,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

CHAPTER 2—SCIENCE AND MATHEMATICS ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

SEC. 515. DEPARTMENT OF EDUCATION PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Title III of the Education for Economic Security Act (20 U.S.C. 3981 et seq.) is amended—

(1) by inserting after the title heading the following:

"PART A—HIGHER EDUCATION PARTNERSHIPS"; and

(2) by adding at the end the following new part:

"PART B—ELEMENTARY AND SECONDARY EDUCATION PARTNERSHIPS

"PURPOSE

"SEC. 321. It is the purpose of this chapter to supplement State and local resources to—

"(1) improve the quality of instruction in the fields of mathematics and science in elementary and secondary schools;

"(2) furnish additional resources and support for the acquisition of equipment, and instructional and reference materials and improvement of laboratory facilities in elementary and secondary schools; and

"(3) encourage partnerships in science and mathematics education between the business community, museums, libraries, professional mathematics and scientific associations, private nonprofit organizations, appropriate State agencies and elementary and secondary schools.

"PROGRAMS AUTHORIZED

"SEC. 322. (a) GRANTS.—The Secretary may make grants to States to pay the Federal share of the cost of the programs described in section 324.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out this chapter $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"AMENDMENT TO STATE APPLICATION

"SEC. 323. (a) APPLICATION.—A State shall be eligible to receive a grant under this chapter if—

"(1) the State submits to the Secretary as part of its application under section 209 such information and assurances as the Secretary may require at such time as the Secretary shall establish; and

"(2) the Secretary approves such application.

"(b) APPLICATION REQUIREMENTS.—The Secretary shall require each application to include—

"(1) a description of the State's procedures relating to the use of funds from grants received under this chapter, including the approval process for local applications;

"(2) an assurance that not more than 1 percent of the amount received shall be used for administrative expenses;

"(3) an assurance that the State will, to the extent possible, assist local school districts in economically depressed areas to obtain matching funds from business concerns.

"ELIGIBLE PROGRAMS

"SEC. 324. (a) IN GENERAL.—A State may use funds from grants received in any fiscal year under this chapter for elementary and secondary programs described in this section. The State educational agency shall administer such funds, which shall be awarded to such programs on a competitive basis.

"(b) USE OF FUNDS.—Funds from grants received under this chapter may be used for the following:

"(1) IMPROVEMENT OF ELEMENTARY AND SECONDARY RESOURCES.—Such funds may be used for acquisition of equipment, instructional and reference materials, and partnership in education programs designed to—

"(A) improve instruction in mathematics and science education at the elementary and secondary level;

"(B) improve laboratory facilities, classroom and library resources in elementary and secondary mathematics and science education; and

"(C) attract matching dollars and in kind contributions of equipment, learning resources or shared time from business concerns, libraries, museums, nonprofit private organizations, professional mathematics and scientific associations, and appropriate State agencies.

"(2) ADVANCED PLACEMENT PROGRAMS.—(A) Such funds may be used for advanced placement programs operated by local educational agencies that are designed to allow qualified secondary students to attend college preparatory schools, colleges, or universities on a part-time or full-time basis with respect to science and mathematics instruction.

"(B) A local educational agency that receives funds from a grant under this chapter for an advanced placement program described in subparagraph (A) shall allocate to such program a percentage of funds received from the State on a per student basis according to—

"(i) the number of students participating in the program; and

"(ii) the instruction time such students receive under the program.

"LOCAL APPLICATIONS

"SEC. 325. (a) ELIGIBILITY.—An applicant that desires to receive a grant under this chapter shall submit an application to the State educational agency, at such time, and in such manner, as the State may require. Such application may take the form of an amendment to an assessment submitted by the local educational agency under section 210, if appropriate.

"(b) REQUIREMENTS FOR APPLICATION.—The State shall require each application to include—

"(1) a description of the activities for which assistance under this part is sought;

"(2) assurances that not more than 5 percent of the amount received by the applicant in any fiscal year shall be expended on administrative expenses;

"(3) if the funds are to be used for improvement of elementary and secondary resources as described in subsection (b)(1)—

"(A) an estimate of the amount to be spent on equipment, facilities improvement, library resources, and classroom instructional material;

"(B) an estimate of the number of elementary and secondary students who will be aided by activities and expenditures under the grant;

"(C) assurances that—

"(i) except as provided in subsection (c), a minimum of 25 percent of the funds for each project will be supplied by business concerns within the community;

"(ii) no stipend shall be paid directly to employees of a profitmaking business concern;

"(iii) provision shall be made for the equitable participation in the project of children who are enrolled in private elementary and secondary schools; and

"(iv) consideration will be given to programs and activities designed to meet the needs of educationally disadvantaged and other traditionally underserved populations; and

"(4) if the funds are to be used for advanced placement programs as described in subsection (b)(2), a commitment as to the percentage of funds received from the State on a per student basis that shall be used by the local educational agency to defray costs of the advanced placement program.

"(c) WAIVER.—The State may waive or reduce the amount of matching funds required under subsection (b)(3)(C)(i) if the State determines that—

"(1) substantial need exists in the area served by the applicant for a grant under this part; and

"(2) the required amount of matching funds cannot be made available.

"(d) JOINT APPLICATIONS.—A regional consortium of applicants in two or more local school districts may file a joint application under subsection (a).

"SUBMISSION OF APPLICATIONS

"SEC. 326. An applicant within a State that desires to receive a grant under this chapter shall submit an application prepared in accordance with section 325 to the State educational agency for approval. Each application with respect to funds for improvement of elementary and secondary resources under section 324(b)(1) shall be submitted jointly by the local educational agency and each business concern or other party that is to participate in the activities for which assistance is sought.

"APPROVAL OF APPLICATIONS

"SEC. 327. (a) CRITERIA.—The State shall establish criteria for approval of applications under this section. Such criteria shall include—

"(1) consideration of the local district's need for, and inability to locally provide for, the activities, equipment, library and instructional materials requested;

"(2) the number and nature of elementary and secondary students who will benefit from the planned program;

"(3) the expressed level of financial and in-kind commitment from other parties to the program.

"(b) APPROVAL PROCEDURES.—The State shall adopt approval procedures designed to ensure that grants are equitably distributed among—

"(1) rural, urban, and suburban areas; and

"(2) small, medium, and large local educational agencies.

"COMPUTATION OF GRANT AMOUNTS

"SEC. 328. (a) PAYMENTS TO GRANTEES.—

"(1) PAYMENT BY STATE.—The State shall pay to the extent of amounts received by it from the Secretary under this chapter, to each applicant having an application approved under section 327, the Federal share of the cost of the program described in the application.

"(2) AMOUNT.—(A) Except as provided in subparagraph (B), the Federal share for each fiscal year shall be 75 percent.

"(B) In the case of an applicant that receives a waiver under section 325(c), the Federal share for each fiscal year may be as much as 100 percent.

"(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this chapter may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

"(b) PAYMENTS TO STATES.—

"(1) IN GENERAL.—Except as provided in subsection (c), each State shall receive under this chapter the greater of—

"(A) an amount equal to its share of funds appropriated under chapter 1 of the Education Consolidation and Improvement Act; or

"(B) $225,000.

"(2) LIMITATION.—A State may not use more than 5 percent of funds received by it under this chapter for administrative costs.

"(c) REDUCTION FOR INSUFFICIENT FUNDING.—If sums appropriated to carry out this part are not sufficient to permit the Secretary to pay in full the grants which States may receive under subsection (b), the amount of such grants shall be ratably reduced.".

(b) CONFORMING AMENDMENTS.—

(1) TITLE HEADING.—The title heading of such title is amended to read as follows:

"TITLE III—PARTNERSHIPS IN EDUCATION FOR MATHEMATICS, SCIENCE, AND ENGINEERING".

(2) REFERENCES.—Part A of such title (as redesignated by subsection (a)) is amended by striking out "title" each place such term appears and inserting in lieu thereof "part".

CHAPTER 3—ELEMENTARY AND SECONDARY FOREIGN LANGUAGE PROGRAMS

SEC. 521. PROGRAMS AUTHORIZED.

(a) GRANTS TO STATES.—From the amount reserved for purposes of this section under section 524B(b)(1), the Secretary shall make grants to States for which applications are approved under subsection (c) for purposes of making grants to local educational agencies for purposes of operating model programs designed to commence or improve and expand foreign language study for students residing within their jurisdictions.

(b) COMPUTATION OF GRANT AMOUNTS.—

(1) IN GENERAL.—A State for which an application is approved under subsection (c) shall receive an amount equal to the sum of—

(A) $50,000; and

(B) the product of—

(i) $0.04; and

(ii) the population of the State (as determined in accordance with the most recent decennial census).

(2) RENEWAL.—The amount described in paragraph (1) shall be made available to the State for two additional years after the first fiscal year during which the State receives a grant under this chapter if the Secretary determines that the funds made available to the State during the first year of funding were used in the manner required under the State's approved application.

(3) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which a State may receive under this subsection, the amount of such grants shall be ratably reduced.

(c) APPLICATIONS.—

(1) IN GENERAL.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

(2) RESTRICTIONS.—The Secretary may not approve an application unless the application—

(A) contains a description of model programs designed by local education agencies, and representing a variety of alternative and innovative approaches to foreign language instruction, which were selected by the State educational agency for funding under this section;

(B) provides assurances that all children aged five through seventeen who reside within the school district of the local educational agency shall be eligible to participate in any model program funded under this section (without regard to whether such children attend schools operated by such agency);

(C) provides assurances that, if the application of the State educational agency is approved, each model program described in the application shall have available to it sufficient funds from State and local sources, in addition to any funds under this section to ensure that the program is carried out as described in the application; and

(D) provides that the local educational agency will provide standard evaluations of pupils' proficiency at appropriate intervals in the program, and provide such evaluations to the State education agency.

SEC. 522. PROGRAMS FOR EXCEPTIONAL SECONDARY STUDENTS.

(a) GRANTS TO INSTITUTIONS OF HIGHER EDUCATION.—

(1) IN GENERAL.—From the amount reserved for purposes of this section under section 524B(b)(2), the Secretary shall make grants to an institution of higher education (or a consortium of such institutions) in each Federal region whose application is approved under subsection (b) for the purposes of providing assistance for intensive language training in summer institutes for exceptional secondary school students, who show ability in their development of foreign language skills.

(2) COMPUTATION OF AMOUNT.—An institution or consortium for which an application is approved under subsection (b) shall receive an amount equal to not more than the sum of

(A) the product of—

(i) $3,000; and

(ii) the number of students enrolled in such institute, not to exceed 150; and

(b) $500 for each student enrolled in such institute, which shall be paid to each such student as a stipend.

(3) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which institutions of higher education may receive under paragraph (2), the amount of such grants shall be ratably reduced.

(b) APPLICATION.—

(1) IN GENERAL.—Any institution of higher education or consortium of such institutions desiring to receive the grant for its region shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

(2) RESTRICTIONS.—The Secretary may not approve an application unless the application—

(A) contains a description of the proposed program of intensive instruction at the institute;

(B) provides adequate assurance that students from any Federal region who wish to participate will be selected on the basis of—

(i) aptitude in that language, as determined by appropriate testing and verified by their teachers; and

(ii) motivation;

(3) provides assurances that the institution of higher education will seek to enroll at least eighty qualified students in the institute; and

(4) provides assurances that the program of intensive instruction will be developed and operated in close cooperation with secondary school teachers and administrators.

(c) ENCOURAGEMENT OF DIVERSITY.—The Secretary shall encourage, to the extent possible, diversity in the languages taught in institutes during any summer within the United States, and shall consider the need to fund programs involving languages of critical importance to the Nation.

(d) BASIS OF AWARDS.—Awards under this section shall be made to institutes (or consortia) on the basis of excellence of the program proposed in the application, taking into consideration such elements as library resources, faculty achievement, and language learning facilities.

(e) ALLOWABLE USES OF FUNDS.—Funds available to institutes under this section may be used to cover costs associated with enrollment in an institute, including tuition, fees, administration, and living expenses.

SEC. 523. GRANTS FOR PROGRAMS OF STUDY ABROAD FOR ADVANCED SECONDARY FOREIGN LANGUAGE STUDENTS.

(a) GRANTS TO STATES—From the amount reserved under section 524B(b)(3) for purposes of this section, the Secretary shall make grants to States for which applications are approved under subsection (c), for the purposes of providing assistance to enable advanced secondary foreign language students in their junior or senior year of high school to develop their language skills and their knowledge of foreign cultures and societies through study abroad in the following areas:

(1) Latin America for the study of Spanish or Portuguese.

(2) The Middle East for the study of major languages of that region.

(3) Japan for the study of Japanese.

(4) The People's Republic of China or the Republic of China for the study of Chinese.

(5) The Democratic Republic of Korea for the study of Korean.

(6) The Union of Soviet Socialist Republics for the study of Russian and other major languages of that region.

(7) Africa for the study of major languages of that region.

(8) South Asia for the study of Hindi and other major languages of that region.

(b) Application.—

(1) In general.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. The Secretary may not approve an application unless the application—

(A) contains a description of the proposed program of study abroad;

(B) provides adequate assurance that those who wish to participate will be selected on the basis of demonstrated proficiency in the language, as shown by testing comparable to that conducted by the Foreign Service Institute of the Department of State; and

(C) demonstrates that the program will provide the opportunity to combine language study with the study of journalism, international business, finance, economic development, science, engineering, political science, international studies, or other related areas and is open to high school juniors and seniors demonstrating a significant interest in those areas who are otherwise qualified to participate in the program.

(2) Computation of amount.—A State whose application is approved under paragraph (1) shall be eligible to receive a grant in an amount not to exceed one-half the cost of providing the program.

(3) Allowable uses of funds.—Funds available for study abroad under this section may be used to cover costs associated with enrollment in a foreign educational institute, including tuition, fees, administration, and living expenses.

(c) Reduction for Insufficient Funding.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which States may receive under subsection (b), the amount of such grants shall be ratably reduced.

SEC. 524. GRANTS FOR ADVANCED PLACEMENT PROGRAMS.

(a) Grants to States.—From the amount reserved under section 524B(b)(4) for purposes of this section, the Secretary shall make grants to States for which applications are approved under subsection (c) for the purposes of providing assistance to advanced placement programs operated by local educational agencies that are designed to allow qualified secondary students to attend college preparatory schools, colleges, or universities on a part-time or full-time basis with respect to foreign language instruction.

(b) Allocation of State Funds.—A local educational agency that receives funds from a grant under this section for an advanced placement program described in subsection (a) shall allocate to such program a percentage of funds received from the State on a per student basis according to—

(1) the number of students participating in the program; and

(2) the instruction time such students receive under the program.

(c) Applications.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. The Secretary may not approve an application unless the application includes—

(1) a description of the proposed program; and

(2) a commitment as to the percentage of funds received from the State on a per student basis that shall be used by the local educational agency to defray costs of the advanced placement program.

SEC. 524A. LIMITATION.

The Secretary may not make grants or enter into contracts under this chapter except to such extent, or in such amounts, as may be provided in appropriation Acts.

SEC. 524B. AUTHORIZATION OF APPROPRIATIONS.

(a) In General.—There are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this chapter.

(b) Reservation of Amounts.—Of amounts made available for any fiscal year under subsection (a)—

(1) 86 percent shall be available only for purposes of carrying out section 521;

(2) 6 percent shall be available only for purposes of carrying out section 522;

(3) 4 percent shall be available only for purposes of carrying out section 523; and

(4) 4 percent shall be available only for purposes of carrying out section 524.

CHAPTER 4—BUSINESS-EDUCATION PARTNERSHIPS

SEC. 525. PURPOSE.

It is the purpose of this chapter to encourage the creation of alliances between public schools and the private sector in order to—

(1) apply the resources of the private and nonprofit sectors of the community to the needs of the elementary and secondary schools in that community;

(2) encourage business to work with educationally disadvantaged students and with gifted students;

(3) apply the resources of communities for the improvement of elementary and secondary education; and

(4) enrich the career awareness of secondary school students to exposures to the private sector and their work.

SEC. 526. PROGRAM AUTHORIZED.

(a) Grants to Eligible Alliances.—The Secretary may make grants to eligible alliances to pay the Federal share of the costs of the activities described in section 527.

(b) Authorization of Appropriations.—There are authorized to be appropriated $5,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this chapter.

SEC. 527. AUTHORIZED ACTIVITIES.

An eligible alliance may use payments received under this chapter in any fiscal year for—

(1) model cooperative programs designed to apply the resources of the private and nonprofit sectors of the community to the elementary and secondary schools of the local educational agency in that community;

(2) projects designed to encourage business concerns and other participants in the eligible alliance, to work with educationally disadvantaged students and with gifted students in the elementary and secondary schools of local educational agencies;

(3) projects designed to apply the resources of the community to the elementary and secondary schools of the local educational agency in that community to improve the education of students in such schools;

(4) projects designed to enrich the career awareness of secondary school students through exposure to officers and employees of business concerns and other agencies and organizations participating in the eligible alliance for education;

(5) projects for statewide activities designed to carry out the purpose of this chapter, including the development of model State statutes for the support of cooperative arrangements between the private sector and the elementary and secondary schools within the State;

(6) special training projects for staff designed to develop skills necessary to facilitate cooperative arrangements between the private and nonprofit sectors and the elementary and secondary schools of local educational agencies;

(7) academic internship programs, including where possible academic credit, involving activities designed to carry out the purpose of this chapter; and

(8) projects encouraging tutorial and volunteer work in the elementary and secondary schools of local education agencies by personnel assigned from business concerns and other participants in the eligible alliance.

SEC. 528. ALLIANCE FOR EDUCATION BOARD.

(a) Establishment.—

(1) In general.—There is established within the Department of Education an Alliance for Education Board.

(2) The Board shall be composed of 15 members as follows:

(A) Ten members shall be appointed by the President as follows:

(i) Two shall be appointed from among individuals who are representatives of business concerns.

(ii) Three shall be appointed from among individuals who are representatives of elementary and secondary school teachers and elementary and secondary school administrators.

(iii) Two shall be appointed from among chief State school officers.

(iv) Three shall be appointed from among members of the general public who by reason of experience or interest are qualified to serve on the Board.

(B) The Secretary of Education.

(C) The Secretary of Commerce.

(D) The Secretary of Labor.

(E) The Chairman of the National Endowment for the Arts.

(F) The Chairman of the National Endowment for the Humanities.

(3) Ex officio members.—The members of the Board listed in subparagraphs (B) through (F) shall be ex officio members of the Board.

(b) Duties of Board.—The Board shall establish general policies with respect to the functions of the Secretary under this chapter including—

(1) guidelines for the establishment and operation of an eligible alliance under this chapter;

(2) priorities for the approval of applications; and

(3) such other matters as the Secretary may prescribe.

(c) Designation of Chairman.—The Chairman of the Board shall be designated by the President from among the appointed members of the Board.

(d) Quorum.—Except as provided in subsection (e)(2), eight appointed members of the Board shall constitute a quorum.

(e) The Board shall meet at the call of the Chairman, except that—

(1) it shall meet not less than four times each year; and

(2) it shall meet whenever one-third of the appointed members request a meeting in writing, in which event seven of the appointed members shall constitute a quorum.

(f) Members of the Board who are not in the regular full-time employ of the United States shall receive, while engaged in the business of the Board, compensation for service at a rate to be fixed by the President. Such rate shall not exceed the rate specified at the time of such service for grade GS-18 set forth in section 5332 of title 5, United States Code, including traveltime. While engaged in the business of the Board away from their homes or regular places of business, members of the Board may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed in Government service.

SEC. 529. APPLICATION.

(a) In General.—An eligible alliance which desires to receive a grant under this chapter shall submit an application to the Secretary, at such time, in such manner, and accompanied by such additional information as the Secretary may reasonably require. Each such application shall—

(1) describe the activities for which assistance under this chapter is sought;

(2) provide evidence that the eligible alliance meets the general guidelines established by the Board pursuant to section 531(b)(1);

(3) provide assurances that the eligible alliance will pay the non-Federal share of the activities for which assistance is sought from non-Federal sources;

(4) provide assurances that the eligible alliance will take such steps as may be available to it to continue the activities for which the eligible alliance is making application after the period for which assistance is sought; and

(5) provide such additional assurances as the Secretary determines to be essential to ensure compliance with the requirements of this chapter.

(b) Joint Application.—A consortium of eligible alliances may file a joint application under the provisions of subsection (a) of this section.

SEC. 530. APPROVAL OF APPLICATION.

(a) In General.—The Secretary shall approve applications in accordance with the general policies and guidelines established by the Board under section 528(b).

(b) Restriction.—The Secretary may not approve an application if the State educational agency for the State in which the institution is located, or, in the case of a consortium of institutions, in which any institution in the consortium is located, notifies the Secretary that the application is inconsistent with State plans for elementary and secondary education in the State.

SEC. 530A. COMPUTATION OF GRANT AMOUNTS.

(a) Computation.—

(1) In general.—The Secretary shall pay to each eligible alliance having an application approved under section 530 the Federal share of the cost of the activities described in the application.

(2) Federal share.—The Federal share shall be—

(A) 90 percent for the first year for which an eligible alliance receives assistance under this chapter;

(B) 75 percent for the second such year;

(C) 50 percent for the third such year; and

(D) 33⅓ percent for the fourth such year.

(3) Non-federal share.—The non-Federal share of payments under this chapter may be in cash or in kind fairly evaluated, including planned equipment or services.

(b) Restriction.—The total amount of funds paid under this chapter during any fiscal year to eligible alliances in any single State may not be greater than the greater of—

(1) an amount equal to 15 percent of the funds appropriated under this chapter for that fiscal year; or

(2) $1,000,000.

SEC. 530B. EVALUATION AND DISSEMINATION.

(a) Annual Evaluation.—The Secretary shall conduct an annual evaluation of grants made under this chapter to determine—

(1) the type of activities assisted under this chapter;

(2) the impact upon the educational characteristics of the elementary and secondary schools from activities assisted under this chapter;

(3) the extent to which activities assisted under this chapter have improved or expanded the nature of support for elementary and secondary education in the community or in the State; and

(4) a list of specific activities assisted under this chapter which show promise as model programs to carry out the purpose of this chapter.

(b) Dissemination of Information.—The Secretary shall disseminate to State and local educational agencies and other participants in the eligible alliance program information relating to the activities assisted under this chapter.

SEC. 530C. DEFINITIONS.

As used in this chapter—

(1) The term "Board" means the Alliance for Education Board established pursuant to section 528.

(2) The term "elementary school" has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965.

(3) The term "eligible alliance" means a local educational agency and business concerns, nonprofit private organizations, institutions of higher education, museums, libraries, educational television stations, and if the State agrees to participate, appropriate State agencies.

(4) The term "secondary school" has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965.

CHAPTER 5—EDUCATIONAL TELECOMMUNICATIONS

SEC. 531. NATIONAL EDUCATIONAL TELECOMMUNICATIONS DEMONSTRATION PROGRAM.

(a) Program Authority.—

(1) Grants to public agencies and nonprofit corporations.—The Secretary of Education may provide grant assistance to public agencies and nonprofit corporations to pay the Federal share of the costs of the design, development, and construction, including renovation, of nine model, regional advanced educational telecommunications network and technology resource centers. Such centers shall enable private and public postsecondary educational institutions, elementary and secondary school systems, libraries, and other institutions in the region to share educational resources and improve and expand instruction in mathematics, science, foreign languages, vocational education, continuing education, and basic and remedial educational skills.

(2) Selection of locations.—In selecting locations for the resource centers, the Secretary shall provide for an equitable geographic distribution of such centers, and shall recognize the need for such centers in sparsely populated areas.

(b) Matching Requirement.—Financial assistance made available under this section shall be matched equally by State funds and funds from other sources.

(c) Separate Authorization.—There are authorized to be appropriated $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this section. Funds appropriated pursuant to this section shall remain available until expended.

CHAPTER 6—TECHNICAL EDUCATION PROGRAMS

SEC. 535. REPLICATION MODELS FOR TECHNICAL EDUCATION PROGRAMS DESIGNED TO IMPROVE THE QUALITY OF EDUCATION FOR AMERICA'S TECHNICALLY TRAINED WORKFORCE.

(a) Under Funds Appropriated for the National Diffusion Network.—The National Diffusion Network established under section 583(c) of the Education Consolidation and Improvement Act of 1981 (20 U.S.C. 3851), in addition to its duties under such Act—

(1) shall gather, organize, and disseminate information on innovative programs at institutions of postsecondary education and secondary schools designed to—

(A) enhance the development of technical skills needed to improve the competitiveness of American industry;

(B) encourage the development of higher skills among individuals facing or likely to face job dislocation;

(C) encourage the acquisition of basic literacy skills among youth as well as adults; or

(D) involve the business community in the planning and offering of employment opportunities to the trained workforce;

(2) shall gather, organize, and disseminate information on consultative and collaborative efforts by elementary education, secondary education, postsecondary education, business, labor, local, State and Federal governments designed to—

(A) improve the efficiency, productivity, and competitiveness of American business; or

(B) enhance the international competitiveness of American business (such as international trade education and foreign language training for business);

(3) in carrying out the activities described in paragraphs (1) and (2), shall produce a catalog of exemplary consultative and collaborative efforts which have the highest probability of being replicated; and

(4) may provide technical assistance to any institution or entity to facilitate the gathering of information for replication models.

CHAPTER 7—TRANSFER OF EDUCATION AND TRAINING SOFTWARE

SEC. 541. FINDINGS AND PURPOSE.

(a) Findings.—The Congress finds that—

(1) Federal agencies, particularly the Department of Defense, have made extensive

investments of public funds in the development of knowledge and education and training software;

(2) much knowledge and education and training software is directly useful and transferable to the public and private sector or could be transferable after conversion;

(3) the transfer of education and training software to the public and private sector could properly augment existing Federal programs for the education of existing and new industrial workers or the retraining of workers whose jobs have been disrupted because of technological developments, foreign trade, and changes in consumer requirements; and

(4) the transfer of knowledge and education and training software to the public and private sector would be especially beneficial to business concerns which lack the knowledge or resources to develop such software independently.

(b) PURPOSE.—Therefore, it is the purpose of this chapter to facilitate the transfer of knowledge and education and training software from Federal agencies to the public and private sector including State and local education agencies, and educational institutions, in order to support the education, training, and retraining of our workforce.

SEC. 542. ESTABLISHMENT OF OFFICE OF EDUCATION SOFTWARE TRANSFER.

(a) ESTABLISHMENT.—There is established in the Office of Educational Research and Improvement of the Department of Education an Office of Education Software Transfer (hereinafter in this chapter referred to as the "Office").

(b) DIRECTOR.—The Office shall be headed by a Director, who shall be appointed by the Secretary of Education. The Director shall be compensated at the rate provided for GS-16 of the General Schedule under section 5332 of title 5, United States Code.

(c) PERSONNEL.—To carry out this chapter, the Director shall appoint not less than 15 individuals in accordance with the civil service laws, and may compensate such individuals in accordance with the General Schedule under section 5332 of title 5, United States Code.

(d) FUNCTIONS OF THE OFFICE.—

(1) CLEARINGHOUSE.—(A) The Director shall maintain a current and comprehensive clearinghouse of all knowledge and education and training software developed or scheduled for development by or under the supervision of Federal agencies. The clearinghouse shall include, with respect to each item of education and training software listed—

(i) a complete description of such software, including the purpose, content, intended academic level or competency level, date of development, imbedded learning and instructional strategies, and mode of presentation of such software;

(ii) a description of each type of computer hardware which is compatible with such software and of any other equipment required to use such software;

(iii) a specification of any patent, copyright, or proprietary interest affecting the copying, conversion, or transfer of such software; and

(iv) information with respect to any conversion or transfer of such software pursuant to this chapter.

(B) In establishing and maintaining the clearinghouse required by this subsection, the Director shall—

(i) consult with and utilize fully the resources of all Federal agencies engaged in the collection and dissemination of knowledge and information concerning education software; and

(ii) request the participation and cooperation of entities in the legislative and judicial branches of Government.

(2) DISSEMINATION REQUIRED.—(A) The Director shall disseminate widely and on a regular basis the information required by paragraph (1)(A) and any revisions to such information in order to enable all potential public interest and commercial users of education and training software to receive ample notice that Federal agencies have developed such knowledge or software, or have scheduled such knowledge or software for development. In carrying out the preceding sentence, the Director shall—

(i) utilize all interagency and intergovernmental communication mechanisms, including State educational agencies, regional educational laboratories, and the National Center for Research in Vocational Education; and

(ii) encourage the participation of independent private sector organizations, including organizations representing State and local education agencies, educational institutions, technical and professional organizations, and trade associations.

(B) The Director shall develop and distribute, in conjunction with the dissemination of the information required under paragraph (1)(A), detailed instructions and procedures for securing copies, including such rights thereto as may be required, of education and training software listed and guidelines for cooperative agreements between commercial users and public interest users under paragraph (4)(B).

(3) CONSULTATION AND ASSISTANCE; PUBLIC INTEREST USER.—The Director shall advise, consult, and may provide grants to a public interest user of an education and training software listed in the clearinghouse required under paragraph (1)(A) and shall assist such user in securing the transfer of such software from the Federal agency which developed such software. In providing such assistance, the Director shall encourage such public interest user to obtain such software by working with the education and training software transfer officer of such agency. If an agency has not established procedures for the transfer of education and training software, the Director shall negotiate the transfer of such software upon application by such user.

(4) CONSULTATION; COMMERCIAL USER.—(A) The Director shall advise and consult with any prospective commercial user of an education and training software listed in the clearinghouse required under paragraph (1)(A). The Director may sell or lease such training software, including exclusive or nonexclusive rights in copyrights or patents pertaining thereto, to a commercial user for a price or fee which reflects a reasonable return to the Government.

(B) The Director may waive purchase prices or lease fees for a commercial user of training software, may negotiate reduced purchase prices or lease fees for such commercial user, or may negotiate exclusive sale or lease agreements or other terms favorable to such commercial user if such commercial user agrees to enter into a cooperative agreement with a public interest user or a group of public interest users in accordance with this section. Under the preceding sentence, the Director may not waive such prices or fees, negotiate reduced prices or fees, or negotiate exclusive agreements or favorable terms for a commercial user unless such cooperative agreement—

(i) provides for the conversion of the education and training software by the commercial user in order to meet the specific needs of the public interest user or group of public interest users;

(ii) provides that such conversion will be performed without charge to the public interest user or group of users; and

(iii) is acceptable to the Director.

(C) In negotiating terms for the sale or lease of education and training software pursuant to paragraph (2), the Director shall give preferential consideration to cooperative agreements which—

(i) will result in enhancing the employment potential and potential earnings of the maximum number of individuals;

(ii) encourage and promote multiple uses of education and training software converted pursuant to this section by users with similar education needs; and

(iii) provide beneficial uses of education and training software for businesses.

(D) Any education and training software converted pursuant to paragraph (2) shall be listed in the clearinghouse required by subsection (a) and shall be available for transfer to any other public interest user.

(5) STUDY REQUIRED.—The Director shall study the effectiveness of transfers and conversions of education and training software pursuant to this chapter, and shall analyze national needs for methods to convert education and training software which are in addition to the method provided in paragraph (2).

(6) REPORT.—(A) The Director shall submit to the Congress a report that—

(i) describes the study and analysis conducted as required by paragraph (5); and

(ii) contains recommendations of the Director concerning whether the public interest is served through the program of grants to public interest users to support conversion of education and training software.

(B) The Director shall submit the report required by subparagraph (A) before the expiration of the two-year period beginning on the date of enactment of this Act.

(e) REGULATIONS.—In carrying out this chapter, the Director may—

(1) promulgate such rules, regulations, procedures, and forms as may be necessary to carry out the functions of the Office, and delegate authority for the performance of any function to any officer or employee of the Office under the direction and supervision of the Director;

(2) utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal agencies and of State, local, and private agencies and instrumentalities, with or without reimbursement therefor;

(3) enter into agreements with other Federal agencies as may be appropriate;

(4) accept voluntary and uncompensated services, without regard to the provisions of section 1342 of title 31, United States Code; and

(5) request such information, data, and reports from any Federal agency as the Director may from time to time require and as may be produced consistent with other law.

SEC. 543. COORDINATION WITH FEDERAL AGENCIES.

(a) USE OF FEDERAL PROGRAMS.—In carrying out this chapter, the Director shall utilize, to the fullest possible extent, all existing Federal programs to promote the identification, conversion, and transfer of knowledge and education and training software in accordance with this chapter.

(b) Education and Training Software Transfer Officer.—The head of each Federal agency which develops knowledge for or uses education and training software shall designate, from the officers and employees of the agency, an education and training software transfer officer. The education and training software transfer officer of an agency shall—

(1) supply information to the Office of Education Software Transfer for inclusion in the clearinghouse;

(2) receive and process inquiries and requests from prospective users of knowledge and education and training software employed by such agency;

(3) promote direct contact between prospective users of knowledge and education and training software and personnel of the agency;

(4) facilitate the prompt transfer for knowledge and education and training software to public interest users; and

(5) refer requests for education and training software from commercial users to the Office of Training Software Transfer for the negotiation of the purchase or lease of such software.

(c) Cooperation of Federal Agencies.—

(1) In general.—All Federal agencies shall cooperate with the Director in the implementation of this chapter. If the head of a Federal agency finds that such agency is unable to cooperate with the Director for reasons of national security, or for any other reason, such agency head shall report such finding to the Secretary. The Secretary shall report to the Congress by July 1 of each year all such findings received by the Secretary during the preceding 12-month period.

(2) Availability of federal services, equipment, personnel, and facilities.—Upon request of the Director, the head of each Federal agency shall promptly make the services, equipment, personnel, facilities, and information of the agency (including suggestions, estimates, and statistics) available to the Office to the greatest extent practicable.

(d) Equity Rule.—In carrying out the purposes of this chapter, the Director shall consider special equity concerns, including psychological, physiological, sociological, and socioeconomic factors, which could prevent some persons from benefiting from new technological developments, and shall, to the extent possible, ensure that such persons benefit from software transfer activities under this chapter.

SEC. 544. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $1,000,000 for fiscal year 1988, and such sums as may be necessary for each of fiscal years 1989 through 1993.

SEC. 545. DEFINITIONS.

As used in this chapter:

(1) The term "commercial user" means any individual, corporation, partnership, or other legal entity which operates for profit and which uses or intends to use the education and training software of a Federal agency.

(2) The term "conversion" means the process whereby education software is modified and revised to meet the needs of a public interest user or a commercial user.

(3) The term "Director" means the Director of the Office of Education Software Transfer established pursuant to section 542.

(4) The term "Federal agency" has the meaning given to the term "agency" in section 551(1) of title 5, United States Code.

(5) The term "Office" means the Office of Education Software Transfer established pursuant to section 542.

(6) The term "private industry council" means a private industry council established under section 102 of the Job Training Partnership Act.

(7) The term "community-based organizations" has the same meaning as in section 504(5) of the Job Training Partnership Act.

(8) The term "public interest user" means any nonprofit entity which—

(A) provides job training, vocational education or other educational services, including public school systems, vocational schools, private preparatory schools, colleges, universities, community colleges, private industry councils, community-based organizations, and State and local education agencies; and

(B) uses or intends to use the knowledge or education and training software of a Federal agency.

(9) The term "education and training software" means computer software which is developed by a Federal agency to educate and train employees of the agency and which may be transferred to or converted for use by a public interest user or a commercial user and includes software for computer based instructional systems, interactive video disc systems, microcomputer education devices, audiovisual devices, and programmed learning kits, and associated manuals and devices if such manuals and devices are integrally related to a software program.

(10) The term "transfer" means the process whereby education and training software is made available to a public interest user or a commercial user for the education and training of those in the workforce with or without the conversion of such software.

CHAPTER 8—INSTRUCTIONAL PROGRAMS IN TECHNOLOGY EDUCATION

SEC. 546. PURPOSE.

It is the purpose of this chapter to assist educational agencies and institutions in developing a technologically literate population through instructional programs in technology education.

SEC. 547. TECHNOLOGY EDUCATION DEMONSTRATION PROGRAM.

(a) Establishment.—Subject to the availability of funds for purposes of this chapter, the Secretary of Education shall establish a program of grants to local educational agencies, State educational agencies, consortia of public and private agencies, organizations and institutions, and institutions of higher education to establish not more than ten demonstration programs in technology education for secondary schools.

(b) Allowable Uses of Grant Funds.—Funds made available under this chapter may be used to develop a model demonstration program for technology education with the following components:

(1) Educational course content based on—

(A) an organized set of concepts, processes, and systems that is uniquely technological; and

(B) fundamental knowledge about the development of technology and its effect on people, the environment, and culture.

(2) Instructional content drawn from introduction to technology education courses in one or more of the following areas—

(A) communication—efficiently using resources to transfer information to extend human potential;

(B) construction—efficiently using resources to build structures on a site;

(C) manufacturing—efficiently using resources to extract and convert raw or recycled materials into industrial and consumer goods; and

(D) transportation—efficiently using resources to obtain time and place utility and to attain and maintain direct physical contact and exchange among individuals and societal units through the movement of materials, goods, and people.

(3) Assisting students in developing insight, understanding, and application of technological concepts, processes, and systems.

(4) Educating students in the safe and efficient utilization of tools, materials, machines, processes, and technical concepts.

(5) Developing student skills, creative abilities, confidence, and individual potential in utilizing technology.

(6) Developing student problem solving and decision making abilities involving human and material resources, processes, and technological systems.

(7) Preparing students for lifelong learning in a technological society.

(8) Activity oriented laboratory instruction which reinforces abstract concepts with concrete experiences.

(9) An institute of the purpose of developing teacher capability in the area of technology education.

(10) Research and development of curriculum materials for use in technology education programs.

(11) Multidisciplinary teacher workshops for the interfacing of mathematics, science, and technology education.

(12) Statewide implementation plan for disseminating exemplary materials and practices.

(13) Optional employment of a curriculum specialist to provide technical assistance for the program.

(14) A combined emphasis on "know-how" and "ability-to-do" in carrying out technological work.

(c) Limitation on Federal Assistance.—Federal assistance to any program or project under this chapter shall not exceed 65 percent of the cost of such program in any fiscal year. Not less than 10 percent of the cost of such program shall be in the form of private sector contributions. Non-Federal contributions may be in cash or in kind, fairly evaluated, including facilities, overhead, personnel, and equipment.

SEC. 548. APPLICATIONS FOR GRANTS.

(a) In General.—A local educational agency, State educational agency, consortium of public and private agencies, organizations, and institutions, or institution of higher education which desires to receive a grant under this chapter shall submit an application to the Secretary. Applications shall be submitted at such time, in such form, and containing such information as the Secretary shall prescribe. An application shall include—

(1) a description of a demonstration program designed to carry out the purpose described in section 546;

(2) an estimate of the cost for the establishment and operation of the program;

(3) a description of policies and procedures for the program that will ensure adequate evaluation of the activities intended to be carried out under the application;

(4) assurances that Federal funds made available under this chapter will be so used as to supplement and, to the extent practi-

cable, increase the amount of State and local funds that would in the absence of such Federal funds be made available for the uses specified in this chapter, and in no case supplant such State or local funds;

(5) a provision for making such reports, in such form and containing such information, as the Secretary may require; and

(6) a description of the manner in which programs under this chapter will be coordinated, to the extent practicable, with programs under the Job Training Partnership Act, the Carl D. Perkins Vocational Education Act, and other Acts related to the purposes of this chapter.

(b) GEOGRAPHIC DISTRIBUTION.—In making grants under this chapter, the Secretary shall consider the equitable geographic distribution of such grants.

SEC. 549. NATIONAL DISSEMINATION OF INFORMATION.

The Secretary shall disseminate the results of the programs and projects assisted under this chapter in a manner designed to improve the training of teachers, other instructional personnel, counselors, and administrators.

SEC. 550. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $2,000,000 for fiscal year 1988, and such sums as may be necessary for fiscal years 1989 through 1993 for purposes of carrying out this chapter.

SEC. 550A. DEFINITION.

As used in this chapter, the term "technology education" means a comprehensive educational process designed to develop a population that is knowledgeable about technology, its evolution, systems, techniques, utilization in industry and other fields, and social and cultural significance.

CHAPTER 9—VOCATIONAL EDUCATION PROGRAMS

SEC. 551. ADULT TRAINING, RETRAINING, AND EMPLOYMENT DEVELOPMENT.

Part C of title III of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2371 et seq.) is amended to read as follows:

"PART C—ADULT TRAINING, RETRAINING, AND EMPLOYMENT DEVELOPMENT

"FINDINGS AND PURPOSE

"SEC. 321. (a) FINDINGS.—The Congress finds that—

"(1) technological change, international competition, and the demographics of the Nation's workforce have resulted in increases in the numbers of experienced adult workers who are unemployed, who have been dislocated, or who require training, retraining, or upgrading of skills,

"(2) the individuals who are entering and reentering the labor market are less educated, trained, or skilled and are disproportionately employed in low-wage occupations and require additional training, and

"(3) these needs can be met by education and training programs, especially vocational programs, that are responsive to the needs of individuals and the demands of the labor market.

"(b) PURPOSE.—It is the purpose of this part to (1) provide financial assistance to States to enable them to expand and improve vocational education programs designed to meet current needs for training, retraining, and employment development of adults who have completed or left high school and are preparing to enter or have entered the labor market, in order to equip adults with the competencies and skills required for productive employment, and (2) to ensure that programs are available which are relevant to the labor market needs and accessible to all segments of the population.

"AUTHORIZATION OF GRANTS AND USES OF FUNDS

"SEC. 322. (a) GRANTS TO STATES.—The Secretary shall make grants in proportion to the amount received under section 101 to States for programs, services, and activities authorized by this part.

"(b) STATE ADMINISTRATION.—(1) Grants to States under this part shall be made to the board established under section 111 to serve as the grant recipient and catalyst to public-private training partnerships.

"(2)(A) Such board shall make awards on the basis of application from educational institutions (e.g. community colleges, vocational schools, service providers under the Job Training Partnership Act (29 U.S.C. 49 et seq.), four-year colleges, universities, and community based organizations) which link up with one or more private companies in order to train people for jobs in high growth fields.

"(B) The board shall establish criteria for application, application content and criteria, and procedures for the awarding of grants under this section.

"(3) Business must be actively involved in the planning, designing, operating, and monitoring of the education and training programs so that they will meet their needs.

"(4) Training can include entry level training, employee upgrading, retraining, and customized training.

"(5) Grants shall not be awarded for more than fifty percent of the costs. The remainder must come from the private sector in either cash or related equipment and services which would be at least equivalent to the Federal grant portion.

"(c) ELIGIBLE PROGRAMS.—Programs eligible for funding by the State, and designed cooperatively between education institutions and one or more businesses, may include—

"(1) institutional and worksite programs tailored to meet the needs of an industry or group of industries for skilled workers, technicians or managers, or to assist their existing workforce to adjust to changes in technology or work requirements;

"(2) quick-start, customized training for workers in new and expanding industries, or for workers for placement in jobs that are difficult to fill because of a shortage of workers with the requisite skills;

"(3) shared programs between educational institutions and businesses, where a work experience is provided by the business subsequent to the classroom training to reinforce the classroom or workshop training;

"(4) cooperative education programs with public and private sector employers and economic development agencies, including seminars in institutional or worksite settings, designed to improve management and increase productivity;

"(5) entrepreneurship training programs which assist individuals in the establishment, management, and operation of small business enterprises;

"(6) recruitment, job search assistance, counseling, remedial services, and information and outreach programs designed to encourage and assist males and females to take advantage of vocational education programs and services, with particular attention to reaching women, older workers, individuals with limited English proficiency, the handicapped, and the disadvantaged; and

"(7) related instruction for apprentices in apprenticeship training programs.

"(d) REQUIREMENTS.—In making grants under this part, the Secretary shall require each State, in its State plan (or an amendment to such plan), to assure that programs—

"(1) are designed with the active participation of the State council established pursuant to section 112;

"(2) make maximum effective use of existing institutions, are planned to avoid duplication of programs or institutional capabilities, and to the fullest extent practicable are designed to strengthen institutional capacity to meet the education and training needs addressed by this part;

"(3) assure the active participation by public and private sector employers and public and private agencies working with programs of employment and training and economic development; and

"(4) where appropriate, involve coordination with programs under the Rehabilitation Act of 1973 and the Education of the Handicapped Act.

"COORDINATION WITH THE JOB TRAINING PARTNERSHIP ACT

"SEC. 323. (a) REQUIREMENTS FOR INCLUSION IN STATE PLAN.—Each State receiving grants under this part shall include in the State plan methods and procedures for coordinating vocational education programs, services, and activities funded under this part to provide programs of assistance for dislocated workers funded under title III of the Job Training Partnership Act.

"(b) CONSULTATION WITH STATE JOB TRAINING COORDINATING COUNCIL.—(1) The State board shall consult with the State job training coordinating council (established under section 122 of the Job Training Partnership Act) in order that programs assisted under this part may be taken into account by such council in formulating recommendations to the Governor for the Governor's coordination and special services plan required by section 121 of such Act.

"(2) The State board shall also adopt such procedures as it considers necessary to encourage coordination between eligible recipients receiving funds under this part and the appropriate administrative entity established under the Job Training Partnership Act in the conduct of their respective programs, in order to achieve the most effective use of all Federal funds through programs that complement and supplement each other, and, to the extent feasible, provide an ongoing and integrated program of training and services for workers in need of such assistance.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 324. There are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this part.".

SEC. 552. AUTHORIZATION OF ADDITIONAL USES OF VOCATIONAL EDUCATION FUNDS.

Section 251(a) of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2341) is amended—

(1) by striking out "and" at the end of paragraph (23);

(2) by striking out the period at the end of paragraph (24) and inserting in lieu thereof "; and"; and

(3) by adding at the end the following new paragraphs:

"(25) pre-employment skills training; and

"(26) school-to-work transition programs.".

SEC. 553. EDUCATION FOR EMPLOYMENT DEMONSTRATION PROGRAM.

From the sums available to the Secretary for national programs under the Carl D. Perkins Vocational Education Act, the Secretary shall conduct a demonstration program with secondary school students designed to provide participating students with the skills needed for employment or further education by forming partnerships with business and industry for purpose of incorporating into school curriculums—

(1) practical applications of academic subjects;

(2) career exploration;

(3) instruction relating to job seeking skills, career choices, and use of information relating to the labor market; and

(4) a school monitored work experience program, designed to equip each high school graduate with a resumé as well as a diploma.

SEC. 554. EXTENSION OF INDUSTRY-EDUCATION PARTNERSHIPS FOR HIGH TECHNOLOGY TRAINING.

Section 3(b)(5) of the Carl D. Perkins Vocational Education Act is amended by—

(1) striking out "and" the first place such term appears and inserting in lieu thereof a comma; and

(2) striking out "through 1989" and inserting in lieu thereof "and 1987, $50,000,000 for fiscal year 1988, and such sums as may be necessary for fiscal year 1989".

SEC. 555. DEMONSTRATION PROGRAM FOR TECHNOLOGICAL LITERACY.

(a) Establishment.—The Secretary shall establish demonstration programs in vocational training centers and community colleges for purposes of providing modular training in basic skills with the objective of rendering participants technologically literate. Such programs shall—

(1) stress techniques and methods that offer basic remedial skills in conjunction with training in automation literacy, robotics, computer-aided design, and other areas of computer-integrated manufacturing technology; and

(2) be designed to foster flexibility and assist workers in meeting the challenge of a changing workplace.

(b) Authorization of Appropriations.—There are authorized to be appropriated $2,000,000 for fiscal year 1988 and such sums as may be necessary for fiscal year 1989 for purposes of carrying out this section. Amounts appropriated pursuant to this subsection shall remain available until expended.

CHAPTER 10—ACCESS DEMONSTRATION PROGRAMS

SEC. 561. PURPOSE.

It is the purpose of this chapter to support training programs for secondary school personnel, including guidance counselors, in order to increase the opportunities of secondary school students in rural sections of the Nation for continued education.

SEC. 562. PROGRAM AUTHORIZED.

(a) Grants to Educational Research Laboratories.—The Secretary may make grants to educational research laboratories to support the development of training programs for secondary school personnel, including guidance counselors.

(b) Authorization of Appropriations.—There are authorized to be appropriated $5,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1991 for purposes of carrying out this chapter.

SEC. 563. APPLICATIONS.

(a) Submission of Applications.—A regional educational laboratory that wishes to develop and operate a program described in section 562(a) shall submit an application to the Secretary.

(b) Review of Applications.—Each application submitted under subsection (a) shall be reviewed by peers, including educators and researchers, to determine the quality of the proposed program and its relationship to the demonstrated needs of the region to be served.

(c) Solicitation of Alternative Proposals.—If, based upon a review under subsection (b), the Secretary determines that a proposed program would not best serve the needs of the students of the region to be served, the Secretary may solicit proposals from other educational institutions and organizations located in the region.

(d) Content of Applications.—Each application for assistance under this section shall—

(1) contain assurances that—

(A) the laboratory shall provide technical assistance to appropriate educational agencies; and

(B) information developed as a result of the laboratory's research and development activities, including new educational methods, practices, techniques, and products, will be appropriately disseminated;

(C) all rural students in all States within the region will have access to and information about the access program;

(2) contain a description of—

(A) the rural secondary school population within the region served by the laboratory, including estimates of the number of high school graduates who—

(i) attend institutions of higher education, including an estimate of the number who attend out-of-state institutions;

(ii) attend trade schools;

(iii) enter military service;

(B) services available within each of the States in the region that exist to provide secondary school students with information and training relating to higher education and self-employment; and

(C) activities provided—

(i) to train designated school personnel to advise and establish community partnership programs; and

(ii) to provide technical assistance; and

(3) demonstrate that—

(A) the laboratory and its board of directors has engaged in sufficient study and analysis to ensure that the services to be offered by the proposed program will increase the number of secondary school students entering institutions of higher education and increase their awareness of and opportunities for financial assistance;

(B) State and local educational agencies were involved in planning the proposed programs and that services available from such agencies are incorporated into the proposed program; and

(C) the program will probably be funded by State or other sources after the expiration of funding under this chapter.

(e) Report.—

(1) Program effect.—The Office of Educational Research and Improvement shall submit a report to the Congress on the effect of programs funded under this chapter, including recommendations of the regional laboratories.

(2) The report required by paragraph (1) shall be submitted not later than November 30, 1988.

SEC. 564. DEFINITION.

In this chapter, the term "regional educational laboratory" means a regional educational laboratory supported by the Secretary under section 405(d)(4)(A)(i) of the General Education Provisions Act (20 U.S.C. 1221e(d)(4)(A)(i)).

CHAPTER 11—POSTSECONDARY EDUCATION PROGRAMS

SEC. 571. COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM.

Title VII of the Higher Education Act of 1965 is amended by adding at the end thereof the following new part:

"Part I—College and University Research Facilities and Instrumentation Modernization Program

"PROGRAM AUTHORITY

"Sec. 791. (a) Purpose.—It is the purpose of this section to help revitalize college and university academic research programs by assisting colleges and universities, and consortia thereof, through capital investments in modernizing their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities.

"(b) Financial Assistance Program Authorized.—The Secretary of Education shall, from the sums available to carry out this section in any fiscal year, establish and carry out a College and University Research Facilities and Instrumentation Modernization Program that will provide assistance for the replacement, renovation, or modernization of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation.

"(c) Program Requirements.—The College and University Research Facilities and Instrumentation Modernization Program shall be carried out through projects which involve the replacement, renovation, or modernization of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, and consortia thereof, in accordance with regulations prescribed by the Secretary of Education. In establishing these regulations and making the award considerations, the Secretary shall consult with the Director of the National Science Foundation and shall seek to obtain the Director's recommendations regarding final proposal funding. The preceding sentence shall not be construed as granting the National Science Foundation final authority over funding, or the right to delay funding of acceptable projects.

"(d) Matching Requirement.—Any participating college or university, or any consortia thereof, must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

"(e) Priority for Mathematics and Science.—With respect to research equipment and instrumentation, the Secretary shall give priority to proposals for upgrading, renovating, or replacing outmoded equipment and instrumentation used in instruction and research in mathematics and the sciences, including engineering sciences.

"(f) Selection Criteria.—The criteria for making an award to any college or university under this part, shall include—

"(1) the quality of the research and training to be carried out in the facility or facilities involved;

"(2) the congruence of the institution's research activities with the future research needs of the Nation;

"(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs; and

"(4) an analysis of the age and condition of existing research facilities and equipment.

"(g) Equalization Set-Aside for Certain Types of Institutions.—(1) At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than $10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

"(2) Of the amounts appropriated under this section, at least 10 percent of the funds shall be reserved for institutions serving a substantial number of minority and disadvantaged undergraduate and graduate students.

"(h) Consultations for Rulemaking.—In prescribing regulations and conducting the program under this section, the Secretary of Education shall consult with other agencies of the Federal Government concerned with research, including the National Science Foundation, the Department of Health and Human Services, the National Aeronautics and Space Administration, the Department of Energy, the Department of Agriculture, and the Department of Defense.

"(i) Authorization of Appropriations.—There are authorized to be appropriated $85,000,000 for fiscal year 1988 and such sums as may be necessary for each of the succeeding fiscal years to carry out this section.".

SEC. 572. AGRICULTURE, STRATEGIC METALS, MINERALS, AND FORESTRY COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM.

Title VII of the Higher Education Act of 1965 is amended by adding new part J:

"Part J—Agriculture, Strategic Metals, Minerals, and Forestry College and University Research Facilities and Instrumentation Modernization Program

"PROGRAM AUTHORITY

"Sec. 795. (a) Purpose.—It is the purpose of this section to help revitalize college and university academic research programs that specialize in agricultural, strategic metals and minerals, energy and forestry and wood products research by assisting colleges and universities in modernizing their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities for agricultural, strategic metals, minerals, energy, and forestry research.

"(b) Financial Assistance Authorized.—The Secretary of Education shall, from the sums available to carry out this section in any fiscal year, establish and carry out a new College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy and forestry that will provide assistance for the replacement or modernization of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation.

"(c) Program Requirements.—The College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy and forestry shall be carried out through projects which involve the replacement or modernization of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, in accordance with regulations prescribed by the Secretary of Education. The Secretary shall consult with the Secretaries of Agriculture, Interior, and Energy and shall obtain their recommendations regarding final proposal funding should they wish to provide such. In no case should this language be construed as granting these Secretaries final authority over funding or the right to hold up funding of acceptable projects.

"(d) Matching Requirements.—Any participating college or university must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

"(e) Selection Criteria.—The criteria for making an award to any college or university under this part, shall include—

"(1) the quality of the research and training to be carried out in the facility or facilities involved;

"(2) the congruence of the institution's research activities to be supported with funds awarded under this part with the future research needs of the Nation; especially as they relate to improving the Nation's trade and competitiveness position.

"(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs, especially as those needs are related to improving the Nation's trade and competitiveness position; and

"(4) an analysis of the age and condition of existing research facilities and equipment.

"(f) Set-Aside.—At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than $10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

"(g) Consultations for Rulemaking.—In prescribing regulations and conducting the program under this section, the Secretary of Education shall consult with other agencies of the Federal Government concerned with research, including the Departments of Energy, Agriculture, and Interior.

"(h) Authorization of Appropriations.—There are authorized to be appropriated $20,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to carry out this section.".

SEC. 573. GRADUATE TRAINING TO ENHANCE THE NATION'S COMPETITIVENESS.

Section 971 of the Higher Education Act of 1965 is amended—

(1) by striking out "for part A or D of this title" in subsection (g) and inserting "pursuant to subsections (a) and (d) of this section"; and

(2) by adding at the end thereof the following new subsection:

"(h) Additional Authorizations.—For purposes of encouraging increased participation in graduate research training—

"(1) there are authorized to be appropriated an additional $5,000,000 for fiscal year 1988 to carry out part A, and such additional sums as may be necessary for each of the three succeeding fiscal years;

"(2) there are authorized to be appropriated an additional $4,000,000 for fiscal year 1988 to carry out part B, and such additional sums as may be necessary for each of the three succeeding fiscal years; and

"(3) there are authorized to be appropriated an additional $5,000,000 for fiscal year 1988 to carry out part D, and such additional sums as may be necessary for each of the three succeeding fiscal years.".

SEC. 574. FOREIGN TECHNICAL AND SCIENTIFIC PERIODICALS.

Section 607 of the Higher Education Act of 1965 is amended by adding at the end thereof the following new subsection:

"(e)(1) There are authorized to be appropriated $1,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to provide assistance for the acquisition of, and provision of access to foreign technical and scientific periodicals.

"(2) From amounts appropriated pursuant to paragraph (1), the Secretary of Education shall provide for the acquisition, translation, and dissemination of technical and scientific periodicals published outside the United States. The Secretary shall disseminate translated periodicals acquired under this subsection to libraries, businesses, professional societies, and postsecondary education institutions.

"(3) In carrying out the provisions of this subsection, the Secretary shall select periodicals published outside the United States which the Secretary, after consultation with other departments and agencies of the Federal Government and with businesses and professional societies, determines may be of value to departments and agencies of the Federal Government, to businesses, and to researchers in the United States.".

SEC. 575. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT.

Section 1047 of title X of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"(c) Additional Authorization.—In addition, there are authorized to be appropriated $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years for the purpose of funding new activities, consistent with the purposes of sections 1021 and 1031, which are specifically aimed at increasing the participation of minority students in scientific and engineering research careers. In awarding funds appropriated under this subsection the Secretary shall not limit the awards on the basis of any criteria listed in section 1022(b) of this title.".

SEC. 575A. TECHNOLOGY TRANSFER CENTERS.

Title XII of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"TECHNOLOGY TRANSFER CENTERS

"Sec. 1211. (a)(1) There are authorized to be appropriated $25,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to develop, construct, and operate regional technology transfer centers. The Secretary of Education shall establish such regional centers—

"(A) to promote the study and development of programs and depositories necessary to further the transfer of technology relevant to a respective region's economy;

"(B) to assist in developing incubator facilities to encourage new economic initiatives;

"(C) to provide technical assistance linking university expertise and private sector resources to solve technical, marketing, and manufacturing problems associated with technology-transfer and start-up businesses; and

"(D) to ensure consideration of the economic development needs of rural as well as urban areas within the region.

"(2) In carrying out the requirements of this section, regional technology-transfer centers are authorized—

"(A) to build on or, where needed, develop telecommunications systems to link the centers and their affiliates with industrial users;

"(B) to build on or develop necessary computer networks and data bases; and

"(C) to utilize or help develop regional and national libraries.

"(b) Financial assistance for the establishment of each center shall be awarded competitively. Preexisting centers may be awarded such financial assistance.

"(c) Each regional center established shall be operated by an appropriately qualified college or university within the region, or a consortium of such schools within the region, and such center shall, where deemed necessary, establish one or more affiliate centers at colleges and universities based in other States within the region.

"(d) In establishing such centers, the institutions applying shall show in their application—

"(1) how the center will facilitate the economy of the region;

"(2) that the center's mission is compatible with the economic development plans of States in the region; and

"(3) that appropriate consultation with the relevant State agencies concerned with economic development has taken place.

"(e) Such center also may be operated by a college or university in consortia with other existing campus based research entities, including agricultural research facilities, mining and minerals research facilities, and forestry, wood-products research facilities, and with other State and local agencies, with nonprofit agencies, and interstate higher education organizations, and where appropriate, for-profit agencies. The Secretary, through regulation, shall determine a mechanism for assessing the percentage of operating costs paid by other members of a technology transfer consortium arrangements.

"(f) Each such center shall establish a Board to advise the center on policy. Such board shall be—

"(1) representative of the States involved in the region; and

"(2) consist of representatives for urban areas, rural areas, ethnic concerns, business, labor, and education.

"(g) Funding for each center will be for five-year periods, with recompetition to occur before the end of the funding cycle. Grantees, for the fourth and fifth year of the first funding cycle, and thereafter, upon refunding for subsequent years, must match Federal funds from non-Federal dollars on a 50-50 basis.

"(h) Funding for affiliate centers authorized in subsection (c) shall be provided by the regional center and the college or university operating the affiliate center, with funding levels to be reached by the two entities in a scope-of-work agreement negotiated between the two entities. Should the affiliate center wish, its operations and funding support can be a consortia, as specified in subsection (e).

"(i) The Secretary, after consultation with the Departments of Agriculture, Energy, Commerce, and Interior shall publish, for public comment, a proposed list of priorities for the establishment of regional technology transfer centers and shall propose the regional composition of such centers, keeping in mind that satellite and telecommunications technology enables regions to contain noncontiguous States. The Secretary shall publish the final list of regions and priorities along with the public's comments.".

SEC. 575B. NATIONAL ADVISORY COUNCIL ON INSTRUCTIONAL TECHNOLOGY.

Title V of the Higher Education Act of 1965 is amended by adding at the end thereof the following new part:

"PART F—NATIONAL ADVISORY COUNCIL ON INSTRUCTIONAL TECHNOLOGY

"COUNCIL ESTABLISHMENT AND FUNCTIONS

"SEC. 581. (a) To provide for the future development of instructional technology as a resource for rural and urban schools, there is established a National Advisory Council on Instructional Technology within the Department of Education. Members of the Council shall be appointed by the Secretary and shall include—

"(1) representatives of leading institutions of higher education in the field of instructional technology;

"(2) representatives of the nine Federal regional educational laboratories;

"(3) representatives of the regional technology-transfer centers authorized in this Act, especially those with expected telecommunications facilities, rural, urban, and State education officers, members of the educational software and hardware industries, national organizations for teachers; and

"(4) others the Secretary may determine will make a positive contribution to the Council.

"(b) There are authorized to be appropriated $300,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years, to provide for the necessary expenses of the Council, such as staff, travel, and operating expenses.

"(c) The purpose of the Council shall be to establish guidelines and an agenda for the development of educational telecommunications technology software to satellite down-link equipment for rural and urban schools. The primary goal of the guidelines shall be to avoid replication of existing programming. The Council shall also establish criteria for the quality of programming made available to rural and urban schools. The Council shall develop, as part of the national guidelines, a basis for interstate cooperation on accreditation of programming for use in rural schools, since programming transcends State boundaries.

"(d) The agenda to be established by the Council will outline the needs and methods for developing programming relative to the needs of rural and urban schools systems.".

SEC. 575C. LIBRARY TECHNOLOGY ENHANCEMENT.

Section 201(b) of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"(5) There are authorized to be appropriated to carry out the purposes of part D an additional $5,000,000 for fiscal year 1988 and such additional sums as may be necessary for each of the three succeeding fiscal years. Activities supported by funds appropriated pursuant to this paragraph shall be activities that will enable libraries to participate more fully in the initiative funded under the Education and Training for American Competitiveness Act of 1987.".

CHAPTER 12—RETRAINING FOR AMERICAN COMPETITIVENESS

SEC. 576. GRANTS FOR MIDCAREER TEACHER TRAINING PROGRAMS.

(a) GRANTS.—From funds made available under this chapter, the Secretary shall make grants to institutions of higher education for purposes of establishing and operating programs to provide midcareer teacher training to individuals who—

(1) hold a baccalaureate or advanced degree in an education-related field of study, particularly mathematics, science, or a foreign language and have job experience in such field; or

(2) hold a baccalaureate or advanced degree and were formerly employed in an occupation in which they developed expertise in an education-related field, including mathematics, science, or a foreign language.

(b) COMPETITIVE SELECTION.—(1) The Secretary shall award the grants described in subsection (a) on the basis of competitive selection among qualifying applications. Institutions selected as recipients shall be awarded—

(A) an initial planning grant for use during the first two fiscal years after selection;

(B) for those institutions demonstrating successful performance with the planning grant, a renewal grant for use during not more than two additional years after the expiration of the planning grant; and

(C) for those institutions demonstrating successful performance with a planning grant and a renewal grant, continuation grants for not more than $50,000 per year.

(2) A continuation grant may not be awarded to an institution under paragraph (1)(C) unless such institution agrees to provide funding to the program for which the grant is received—

(A) for the first year for which a continuation grant is received, in an amount equal to 33⅓ percent of the amount of the continuation grant; and

(B) for each succeeding year for which a continuation grant is received, in an amount equal to 50 percent of the amount of the continuation grant.

(c) REVIEW OF APPLICATIONS.—Applications for grants under this chapter shall be reviewed by a panel of experts in teacher training appointed by the Secretary.

(d) GEOGRAPHIC DISTRIBUTION REQUIREMENT.— The Secretary shall, to the extent of available funds, select at least one applicant from each region served by the Department of Education from which there is a qualified applicant.

(e) EVALUATION REQUIREMENTS.—The Secretary shall evaluate applications for grants under this chapter on the basis of the ability of the applicant institution to establish and maintain a program of midcareer teacher training as described in subsection (a). Such a program shall meet the following requirements:

(1) The admission process for the program shall be designed to ensure that individuals who are admitted to the program possess the current subject matter knowledge needed and the characteristics that would make them likely to succeed as classroom teachers.

(2) A clear set of program goals and expectations shall be communicated to participants in the program.

(3) The program curriculum shall be designed to provide participants who successfully complete the program with the skills and credentials needed to teach in specific

subject areas as well as a realistic perspective on the educational process.

(4) The program shall be developed with the cooperation and assistance of the local business community.

(5) The program shall be operated under a cooperative agreement between the institution and one or more State or local educational agencies.

(6) The program shall be designed and operated with the active participation of qualified classroom teachers and will include an in-service training component and follow-up assistance.

SEC. 577. AMOUNT OF GRANTS.

(a) Initial Planning Grant.—An initial planning grant to an institution of higher education under this chapter shall not exceed $100,000 for the two-year period of the grant.

(b) Renewal Grant.—A renewal grant to an institution of higher education under this chapter shall not exceed $50,000 for each of the two years for which it is awarded.

SEC. 578. REPORTS AND INFORMATION.

(a) In General.—Each institution of higher education that receives a grant under this chapter shall submit to the Secretary such reports and other information on the program for which the grant is awarded as the Secretary deems necessary.

(b) Dissemination of Information to Other Institutions.—The Secretary shall disseminate information received under subsection (a) to other institutions of higher education for the purpose of promoting greater use of midcareer teacher training programs without direct Federal financial assistance.

SEC. 579. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $4,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years.

CHAPTER 13—POSTSECONDARY EDUCATION PROGRAMS TO IMPROVE INSTRUCTION IN MATHEMATICS, SCIENCE, AND FOREIGN LANGUAGE

SEC. 581. PROGRAMS AUTHORIZED.

From the funds available to carry out this chapter, the Secretary shall make grants in accordance with the requirements of this chapter to institutions of higher education—

(1) to establish and operate a summer institute or workshop under section 584;

(2) to acquire special equipment or operate a workshop under section 585;

(3) to establish and operate educational partnership programs under section 586; or

(4) to perform a combination of the activities referred to in paragraphs (1), (2), and (3).

SEC. 582. SELECTION OF GRANT RECIPIENTS.

(a) Competitive Selection.—The Secretary shall award grants under this chapter competitively, on the basis of the quality of the proposal contained in the institution's application under section 583.

(b) Limitations on Awards.—In making awards under subsection (a), the Secretary shall ensure that—

(1) one-half of the funds awarded will be used for activities under sections 584 and 586, and one-half for activities under section 585;

(2) there is an equitable geographic distribution of the funds awarded under this chapter; and

(3) the award to any institution or consortium of institutions is not less than $100,000 or more than $500,000 for any fiscal year.

SEC. 583. APPLICATIONS.

An institution of higher education or consortium of such institutions that desires to obtain a grant under this chapter shall submit an application to the Secretary that contains—

(1) a description of the activities that will be performed in accordance with section 584, 585, or 586 (or any combination thereof) with funds made available under this chapter;

(2) assurances that the institution will obtain from donors, or otherwise provide from non-Federal sources, not less than one-half of the costs of the programs conducted with funds made available under this chapter, unless the Secretary, in accordance with regulations, waives such matching requirement;

(3) a description of the resources available to meet the requirements of paragraph (2); and

(4) such other information and assurances as the Secretary may require by regulation.

SEC. 584. SUMMER INSTITUTES AND WORKSHOPS.

(a) Use of Funds.—Funds made available by grant under this chapter may be used—

(1) for summer institutes that provide for intensive training in foreign languages and cultures critical to the national economy—

(A) for secondary and postsecondary school students;

(B) for language teachers and faculty to improve language proficiency and pedagogical techniques;

(C) to individuals to develop proficiency in technical areas and professional terminology, to enable such individuals to transact international business in foreign languages; and

(D) for American international business persons, on a cost reimbursement basis, to improve their effectiveness in doing business abroad;

(2) for intensive workshops for preservice and in-service math and science teachers and faculty to demonstrate the most recent developments in science, technology, and mathematics and their application to improve our economic development, particularly as related to businesses and industries engaged in substantial export or foreign trade activities; and

(3) for stipends for individuals described in subparagraph (A) and (B) of paragraph (1) while attending institutes conducted under such paragraph.

(b) Study Abroad.—An institution of higher education using funds to provide the training described in subsection (a)(1) is authorized and encouraged to provide such training in a foreign country and to use the resources provided by such country to comply with the requirements of section 583(2).

(c) Workshop Planning.—An institution of higher education using funds to provide the workshops described in subsection (a)(2) is authorized and encouraged to involve units of State and local government, labor, business, and industry in the planning for such workshops.

SEC. 585. ACQUISITION AND USE OF EQUIPMENT.

Funds made available by a grant under this chapter may be used—

(1) for the purchase of laboratory and other special equipment suitable for use in providing undergraduate classroom instruction in mathematics or science, or both; and

(2) for workshops for secondary and vocational school teachers and postsecondary institution faculty on the use of such equipment.

SEC. 586. EDUCATIONAL PARTNERSHIP PROGRAMS.

(a) Use of Funds.—Funds made available pursuant to this chapter may be used for costs associated with establishment and operation of educational partnerships between institutions of higher education and local educational agencies to provide advanced instruction to students in the areas of mathematics, science, and computer technology.

(b) Specifically Permitted Uses.—Permissible uses of funds under this section include—

(1) costs associated with entering into resource sharing with government, private business, industry, and institutions;

(2) stipends or salary supplements for university and college faculty and staff involved in the educational partnership program under this subtitle;

(3) development of curriculum that provides superior preparation in any one or more of the areas of mathematics, science, and technology;

(4) acquisition of textbooks, materials, and supplies to be utilized in instructional programs to be used under this subtitle; and

(5) additional transportation costs for students as a result of their participation in the educational partnership program under this subtitle.

(c) Use for General Overhead Prohibited.—Funds made available pursuant to a grant under this section may not be used in connection with the general overhead costs of the applicant.

SEC. 587. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years.

Subtitle B—Worker Readjustment

SEC. 591. AMENDMENT TO TITLE III OF THE JOB TRAINING PARTNERSHIP ACT.

Title III of the Job Training Partnership Act is amended to read as follows:

"TITLE III—WORKER READJUSTMENT

"Part A—General Provisions

"SHORT TITLE

"Sec. 301. This title may be cited as the 'Worker Readjustment Act'.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 302. (a) There are authorized to be appropriated to carry out this title $980,000,000 for fiscal year 1988 and such sums as may be necessary for each succeeding fiscal year.

"(b) Appropriations for any fiscal year may provide that amounts shall remain available for obligation during the succeeding fiscal year.

"(c) From the amounts appropriated pursuant to subsection (a)—

"(1) 30 percent shall be available to carry out parts B and C;

"(2) 50 percent shall be available to carry out part D; and

"(3) 20 percent shall be available to carry out part E.

"DEFINITIONS

"Sec. 303. (a)(1) For purposes of this title, the term 'eligible dislocated workers' means individuals who—

"(A) have been terminated or laid off or who have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

"(B) have been terminated or have received a notice of termination of employment, as a result of any permanent closure of or any substantial layoff at a plant, facility, or enterprise;

"(C) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including older individuals who may have substantial barriers to employment by reason of age; or

"(D) were self-employed (including farmers and ranchers) and are unemployed as a result of general economic conditions in the community in which they reside or because of natural disasters, subject to regulations prescribed by the Secretary.

"(2) Only eligible individuals described in paragraph (1) of this subsection are authorized to receive services under this title. Such services may not be denied on the basis of the residence of the individual.

"(b) For the purposes of this title—

"(1) The term 'basic readjustment services' means those services and activities specified in section 333.

"(2) The term 'dislocation event' means a plant closing, a mass layoff, or other layoffs of a permanent nature in which workers are not subject to recall or are otherwise unlikely to return to their previous positions. Such an event may include natural disasters which result, or are likely to result, in permanent loss of employment for workers. A 'dislocation event' may also be the cessation, or the process of cessation, of self-employment with resulting loss of livelihood in operation of a business enterprise, including farming and ranching.

"(3) The term 'early readjustment assistance' means those basic readjustment services provided before, during, and immediately after a dislocation event. Such services ordinarily include one or more of the following: assessment of educational needs and abilities, and vocational interests and aptitudes; determination of occupational skills; provision of labor market information; counseling; job development; job search assistance; and job placement assistance.

"(4) The term 'grant recipient' means the Governor.

"(5) The term 'joint labor-management committees' means committees voluntarily established to respond to actual or prospective worker dislocation, which ordinarily include (but are not limited to) the following—

"(A) shared and equal participation by workers and management;

"(B) shared financial participation between the company and the State, using funds provided under this title, in paying for the operating expenses of the committee;

"(C) a chairperson, to oversee and guide the activities of the committee, (i) who shall be jointly selected by the labor and management members of the committee, (ii) who is not employed by or under contract with labor or management at the site, and (iii) who shall provide advice and leadership to the committee and prepare a report on its activities;

"(D) the ability to respond flexibly to the needs of affected workers by devising and implementing a strategy for assessing the employment and training needs of each dislocated worker and for obtaining the services and assistance necessary to meet those needs;

"(E) a formal agreement, terminable at will by the workers or the company management, and terminable for cause by the Governor; and

"(F) local job identification activities by the chairman and members of the committee on behalf of the affected workers.

"(6) The term 'local elected official' means the chief elected executive officer of a unit of general local government in a substate area.

"(7) The term 'recipient' means any entity receiving funds under this title.

"(8) The term 'retraining services' means those services and activities specified in section 345.

"(9) The term 'service provider' means a public agency, private nonprofit organization, or private-for-profit entity that delivers educational, training, or employment services.

"(10) The term 'substate area' means that geographic area in a State established pursuant to section 315.

"(11) The term 'substate grantee' means that agency or organization selected to administer programs pursuant to section 316.

"PART B—SERVICE DELIVERY SYSTEM AND BASIC PROGRAM REQUIREMENTS

"WORKER READJUSTMENT AGREEMENTS

"SEC. 311. (a) The Governor, as the grant recipient under this title, shall have responsibility for establishing systems and programs in accordance with the provisions of this title to assure that, to the maximum extent possible, eligible participants are provided with services which enable them to once again become productive members of the workforce.

"(b) No amounts appropriated for parts B, C, and D for any fiscal year may be allotted by the Secretary for programs established under such parts, except pursuant to a Worker Readjustment Agreement.

"(c) The Worker Readjustment Agreement required by subsection (b) shall provide for an assurance by the Governor that all systems and programs established and operated with amounts appropriated under this title will be established pursuant to and operated in accordance with the provisions of this title.

"(d) The Worker Readjustment Agreement shall be executed no later than four months preceding the program year for which funds are to be made available under this title. The Governor or the Secretary may at any time thereafter propose modifications to the Agreement, except that no modification of the Agreement shall be effective unless agreed to by both parties. The Agreement shall remain in effect until any mutually agreed upon termination date or until the Agreement is terminated by law or by the Secretary.

"STATE WORKER READJUSTMENT COUNCILS

"SEC. 312. (a)(1) The Governor of each State shall establish a State worker readjustment council in accordance with the requirements of this section. The council shall be composed equally of representatives of (A) labor, (B) management, and (C) public and private nonprofit organizations, agencies, or instrumentalities.

"(2) In selecting members for appointment to the council, the Governor shall—

"(A) first, give consideration to individuals who are members of the State job training coordinating council and are otherwise qualified for appointment; and

"(B) second, give consideration to individuals who are recommended by labor organizations, business, and other appropriate organizations, agencies, and instrumentalities, including units of general local government.

"(3) The Governor shall give consideration to suitable representation from urban and rural areas of the State in selecting the members of the Council.

"(b) A State worker readjustment council established under subsection (a) shall be responsible for—

"(1) providing advice to the Governor regarding (A) the designation of substate areas, and (B) the procedures to be established for selection of representatives within such areas under section 316(b);

"(2) developing and submitting to the Governor the plan required by section 313;

"(3) providing advice to the Governor regarding the method for distribution of funds received under part C, and any subsequent reallocations of such funds;

"(4) providing advice to the Governor regarding general guidelines for making funds available for use in substate areas under part D;

"(5) providing recommendations to the Governor with respect to acceptance of substate plans submitted to the Governor for approval under section 317; and

"(6) providing advice to the Governor regarding performance standards.

"STATE PLANS

"SEC. 313. (a) In order to obtain funds under this title for any fiscal year, the Governor of the State shall submit to the Secretary an annual plan for carrying out its responsibilities under this title. Such plan shall contain performance standards, which shall include incentives to provide training of greater duration for those who require it, consistent with section 106(g).

"(b) Such plan shall contain assurances that—

"(1) services will be provided only to eligible dislocated workers, and that services in any substate area will not be denied solely on the basis of the residence of workers;

"(2) allowable services, as determined to be necessary by the Governor, will be available in all substate areas;

"(3) substate areas and substate grantees will be designated in accordance with sections 315 and 316;

"(4) the State worker readjustment council will perform the functions required under section 312; and

"(5) funds will be allocated and reallocated among substate areas for programs authorized in parts B and C in accordance with sections 332(d), 336, and 342(f).

"(c) Such plan shall also contain a description of the methods which will be employed—

"(1) to provide planning instructions, guidance, and other appropriate information in a timely manner, designed to provide for the effective and efficient management of resources and programs;

"(2) to provide appropriate technical assistance;

"(3) to provide monitoring, assessment, and evaluation of the program by such State;

"(4) to provide the rapid response capability in accordance with section 314;

"(5) to provide substate reporting requirements in accordance with section 323, and to review and analyze such reports;

"(6) to provide advice to substate grantees on activities related to identifying and providing services to dislocated workers;

"(7) to work with employers and labor organizations in promoting labor-management cooperation in achieving the goals of this title;

"(8) to promote the coordination of programs authorized under this title with other appropriate and complementary State programs, including those providing economic development, education, training, and social services; and

"(9) to the maximum extent practicable, to coordinate services provided under this title with other programs under this Act and the Carl D. Perkins Vocational Education Act and with public employment service operations.

"STATE SERVICES AND ACTIVITIES

"SEC. 314. (a) Each State shall—

"(1) designate an identifiable State dislocated worker unit or office, with the capability to respond rapidly, on site, to mass dislocation events throughout the State in order to assess the need for, and initially provide, early readjustment assistance; and

"(2) ensure the capability to respond to dislocation events in sparsely populated areas in accordance with subsection (c).

"(b)(1) The dislocated worker unit required by subsection (a)(1) shall include specialists who have the responsibility to—

"(A) establish on-site contact with employer and employee representatives within a short period of time (preferably 48 hours or less) after becoming aware of a current or projected dislocation event in order to provide information and access to available public programs; and

"(B) promote the formation of labor-management committees, including authority to—

"(i) immediately assist in the establishment of the labor-management committee, including providing immediate financial assistance to cover the start-up costs of the committee;

"(ii) provide a list of individuals from which the chairperson of the committee may be selected;

"(iii) serve as resource persons providing the committee with technical advice as well as information on sources of assistance, and act as liaison to other public and private services and programs; and

"(iv) facilitate the selection of worker representatives in the event no union is present;

"(C) obtain information related to—

"(i) economic dislocation (including potential closings or layoffs); and

"(ii) all available resources within the State for displaced workers,

which information shall be made available on a regular basis to the Governor and the council to assist in providing an adequate information base for effective program management, review, and evaluation;

"(D) provide or obtain appropriate financial and technical advice and liaison with economic development agencies and other organizations to assist in efforts to avert worker dislocations; and

"(E) disseminate information throughout the State on the availability of services and activities carried out by the dislocated worker unit or office.

"(2) Where, prior to the date of enactment of this Act, a local entity has a demonstrated capacity to provide the capability described in this subsection, the Governor may delegate the responsibilities described in this subsection to such entity.

"(c) Each State shall ensure the capability to respond to dislocation events where other forms of rapid response as provided in subsection (b) are otherwise inappropriate, especially in sparsely populated substate areas. Such capability shall supplement, and be coordinated with, ongoing basic readjustment and retraining efforts in such substate areas and with State services and activities as described in section 314. Such capability may include (but is not limited to)—

"(1) development and delivery of widespread outreach mechanisms;

"(2) provision of financial evaluation and counseling (where appropriate) to assist in determining eligibility for services and the type of services needed;

"(3) initial assessment and referral for further basic adjustment and training services to be provided through the substate grantee; and

"(4) assistance to substate grantees in the establishment of regional centers for the purpose of providing such outreach, assessment, and early readjustment assistance.

"(d) Each State shall be responsible for coordinating the unemployment compensation system and worker readjustment programs within such State. Such coordination shall include—

"(1) criteria for early identification of those having the most difficulty in finding employment;

"(2) mechanisms for referring individuals to readjustment services early in the unemployment compensation benefit period;

"(3) procedures to assure that, when eligibility for unemployment compensation is determined, beneficiaries are informed that the availability of or priority for further benefits (as described in section 344(c)(1)) will be based upon early enrollment for retraining services (as described in such section 344(c)(1)); and

"(4) measures taken to ensure compliance with section 318, relating to the receipt of unemployment compensation while participating in programs under this title.

"DESIGNATION OF SUBSTATE AREAS

"SEC. 315. (a) The Governor of each State participating in programs established under parts C and D shall, after receiving any recommendations from the State worker readjustment council, designate substate areas for the State.

"(b) Each service delivery area within a State shall be included within a substate area and no service delivery area shall be divided among two or more substate areas.

"(c) In making designations of substate areas, the Governor shall consider—

"(1) the availability of services throughout the State;

"(2) the capability to coordinate the delivery of services with other human services and economic development programs; and

"(3) the geographic boundaries of labor market areas within the State.

"(d) Subject to subsections (a), (b), and (c), the Governor—

"(1) shall designate as a substate area any single service delivery area that has a population of 200,000 or more;

"(2) shall designate as a substate area any two or more contiguous service delivery areas—

"(A) that in the aggregate have a population of 200,000 or more;

"(B) that request such designation; and

"(3) shall designate any concentrated employment program grantee for a rural area described in section 101(a)(4)(A)(iii) of this Act.

"(e) The Governor may deny a request for designation under subsection (d)(2) if the Governor determines that such designation would not be consistent with the effective delivery of services to eligible dislocated workers in various labor market areas (including urban and rural areas) within the State, or would not otherwise be appropriate to carry out the purposes of this title.

"(f) The designations made under this section may not be revised more than once each two years, in accordance with the requirements of this section.

"SUBSTATE GRANTEES

"SEC. 316. (a) A substate grantee shall be designated for each substate area. Such grantee shall be responsible for arranging for the provision, within such substate area, of activities specified in parts C and D pursuant to an agreement with the Governor and in accordance with the substate plan provided for in section 317. The substate grantee may provide such services directly or through contract, grant, or agreement with service providers.

"(b) A substate grantee shall be designated for each substate area in accordance with an agreement between the Governor, the local elected official or officials of such area, and the private industry council or councils of such area. Whenever a substate area is represented by more than one such official or council, the respective officials and councils shall each designate representatives, in accordance with procedures established by the Governor (after consultation with the State worker readjustment council), to negotiate such agreement. In the event agreement cannot be reached on the selection of a substate grantee, the Governor shall select the substate grantee.

"(c) Entities eligible for designation as substate grantees include:

"(1) private industry councils in the substate area;

"(2) service delivery area grant recipients or administrative entities;

"(3) private nonprofit organizations;

"(4) units of general local government in the substate area, or agencies thereof;

"(5) local offices of State agencies; and

"(6) other public agencies, such as community colleges.

"(d) The requirements of parts C and D of title I of this Act that apply to an administrative entity or a recipient of financial assistance under this Act shall also apply to substate grantees under this title.

"SUBSTATE PLAN

"SEC. 317. (a) No amounts appropriated for any fiscal year may be provided to a substate grantee unless the Governor (after considering the recommendations of the State worker readjustment council) has approved a substate plan submitted by the substate grantee describing the manner in which activities will be conducted within the substate area to implement parts C and D. Prior to the submission to the Governor, the plan shall be submitted for review and comment to the other parties to the agreement described in section 316(b).

"(b) The substate plan shall also contain a statement of—

"(1) the means for delivering services to eligible participants;

"(2) the means to be utilized to identify and select program participants;

"(3) the means for implementing the requirements of section 314(d);

"(4) the means for involving labor organizations where appropriate in the development and implementation of services;

"(5) the performance goals to be achieved consistent with the performance goals contained in the State plan pursuant to section 313;

"(6) the criteria to be applied in determining and verifying program eligibility;

"(7) procedures, consistent with section 107, for selecting service providers which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

"(8) a description of any rapid response capability carried out by the substate grantee;

"(9) a description of the methods by which the other parties referred to in subsection (a) of this section will be involved in activities such as—

"(A) providing policy guidance for and exercising oversight with respect to basic readjustment services and retraining services in the substate area in which they are located;

"(B) commenting, as appropriate, on approved programs under part E operating within the substate areas in which they are located;

"(C) working with employers and labor organizations in promoting labor-management cooperation in achieving the goals of this title; and

"(D) participating in the implementation of early adjustment assistance systems for the substate area in which they are located, including providing support for rapid response teams and assisting in the establishment of labor-management committees, as appropriate;

"(10) a description of training services to be provided, including—

"(A) procedures to assess participants' current education skill levels and occupational abilities;

"(B) procedures to assess participants' needs, including educational, training, employment, and social services;

"(11) the means whereby coordination with other appropriate programs and systems will be effected, particularly where such coordination is intended to provide access to the services of such other systems for program participants at no cost to the worker readjustment program; and

"(12) a detailed budget, as required by the State.

"APPROVED TRAINING

"SEC. 318. Participation by any individual in any of the programs authorized in this title shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

"PART C—BASIC READJUSTMENT SERVICES

"EXPENDITURES FOR BASIC PROGRAM

"SEC. 331. Governors and substate grantees are authorized to expend amounts made available under this part to their respective States or substate areas in accordance with the provisions of this part, the substate plan, and other applicable provisions contained in this title.

"ALLOTMENT OF FUNDS FOR BASIC SERVICES

"SEC. 332. (a)(1) Except as provided in paragraph (2), the Secretary shall allot amounts appropriated to carry out part B and this part for any fiscal year among the several States as follows:

"(A) One-third of such amount shall be allotted among the States on the basis of the relative number of unemployed individuals who reside in each State as compared to the total number of unemployed individuals in all the States.

"(B) One-third of such amount shall be allotted among the States on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all States. For purposes of this paragraph, the term 'excess number' means the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

"(C) One-third of such amount shall be allotted among the States on the basis of the relative number of individuals who have been unemployed for fifteen weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

"(2) As soon as satisfactory data are available under section 462(e) and, when available, under section 462(f) of this Act, the Secretary shall allot amounts appropriated to carry out part B and this part for any fiscal year to each State so that—

"(A) 25 percent of such amount shall be allotted on the basis of each of the factors described in subparagraphs (A), (B), and (C) of paragraph (1), respectively, for a total of 75 percent of the amount allotted; and

"(B) 25 percent of such amount shall be allotted among the States on the basis of the relative number of dislocated workers in such State in the most recent period for which satisfactory data are available under section 462(e) and, when available, under section 462(f) of this Act.

"(b) The Governor may retain an amount not to exceed 10 percent of the amount allotted to the State under this part, for overall State level administration, staff for the State worker readjustment council, technical assistance, coordination of the programs authorized in this title, and the conduct of rapid response activities.

"(c) The Governor may retain an additional amount not to exceed 10 percent of the amounts allotted to the State under this part, to be allotted at the discretion of the Governor for activities allowable under part B, C, or D (including services and activities carried out by the State dislocated worker unit).

"(d) The Governor shall allocate the remainder of the amount allotted to the State under this part to all substate areas for basic readjustment services authorized in this part, based on an allocation formula prescribed by the Governor. Such formula may be amended by the Governor not more than once each year. Such formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State's worker readjustment assistance needs. Such information may include (but is not limited to)—

"(1) insured unemployment data;

"(2) unemployment concentrations;

"(3) plant closing and mass layoff data;

"(4) declining industries data;

"(5) farmer-rancher economic hardship data; and

"(6) long-term unemployment data.

"ALLOWABLE BASIC READJUSTMENT SERVICES AND ACTIVITIES

"SEC. 333. Basic readjustment services and activities authorized under this part may include (but are not limited to)—

"(1) early readjustment assistance;

"(2) outreach and intake;

"(3) counseling (including financial counseling);

"(4) testing;

"(5) orientation;

"(6) assessment, including evaluation of educational attainment and participant interests and aptitudes;

"(7) determination of occupational skills;

"(8) development of individual readjustment plans for participants in programs under this title;

"(9) provision of future world-of-work and occupational information;

"(10) job placement assistance;

"(11) labor market information;

"(12) job clubs;

"(13) local job search;

"(14) job development;

"(15) self-directed job search; and

"(16) retraining services as authorized under section 345.

"SUPPORTIVE SERVICES AND BENEFITS

"SEC. 334. (a) Where it is determined by the substate grantee to be necessary to facilitate participation in the program authorized in this part, the substate grantee is authorized to provide appropriate supportive services to participants.

"(b) Availability of supportive services shall terminate no later than the 180th day after the participant has completed other services under this part.

"(c) Participants in basic readjustment assistance service activities under part C may be provided supportive services. Except as provided in subsection (d), such participants shall not be provided benefit payments under this title (but such participants may be provided unemployment compensation payments under any Federal or State program for which such participants are otherwise eligible).

"(d) Supportive services and benefits authorized by section 344 may be provided to part C participants receiving retraining services pursuant to section 333(16).

"COST LIMITATIONS

"SEC. 335. (a) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee may be expended for administrative costs for the program authorized under this part.

"(b) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee shall be expended by such substate grantee for the supportive services and benefits authorized under section 334.

"(c) Minimum and maximum cost limitations shall be applicable to the accrued expenditures for each program year.

"REALLOTMENT; REALLOCATION

"SEC. 336. (a) If the amount of an allotment against which no accrued costs have been incurred by the end of any program year exceeds 20 percent of such allotment, the amount of the excess may be reallotted by the Secretary. The Secretary may, in reallotting funds, deduct an amount from the current year allotment equal to the amount of prior year funds subject to the reallotment.

"(b) The Governor may reallocate part C basic grant funds among substate grantees within the State through voluntary transfers mutually agreed to by the Governor and the affected substate grantees, or whenever the Governor determines that minimum expenditure levels approved in substate plans will not be achieved prior to the end of each program year. The Governor shall establish and issue procedures for the reallocation of any funds prior to the reallocation of any funds under this subsection.

"PART D—WORKER READJUSTMENT TRAINING PROGRAM

"EXPENDITURES FOR WORKER READJUSTMENT TRAINING

"SEC. 341. Governors and substate grantees are authorized to expend amounts made available by the Secretary under this part to their respective States or substate areas in accordance with the provisions of this part, the substate plan, and other applicable provisions contained in this title.

"ALLOTMENT OF FUNDS

"SEC. 342. (a) The Secretary shall allot amounts appropriated to carry out this part in accordance with this section.

"(b) The Secretary shall for each program year establish an annual availability target for each State. Unless otherwise agreed upon by the Secretary and the Governor, the annual availability target for each State in each program year shall be in an amount equal to 1⅔ times the amount of the State's allotment under section 332(a).

"(c) The Secretary shall also establish for each program year a semiannual availability target for each State at 50 percent of that State's annual availability target.

"(d) At the end of each 6 months, the State's annual availability target shall be decreased by the Secretary in an amount equal to the difference between the State's reported semiannual expenditures and the State's semiannual availability target in effect for that 6 months, unless otherwise provided for in accordance with subsection (e). No change shall be made in the State's subsequent semiannual availability targets for the current program year unless otherwise provided for in accordance with subsection (e).

"(e) The Governor of any State may at any time request that the Secretary change that State's availability targets. Any such request shall be based on previous expenditure experience or demonstrated need, including recent economic developments. The Secretary is authorized to approve any such request, subject to the availability of funds therefor.

"(f) The Secretary shall establish procedures whereby the Governor of any State desiring to expend amounts made available under this part for purposes of part C may request the approval of the Secretary to do so. If the Secretary approves any such request, the amounts approved for the purposes of part C shall reduce the State's current availability targets, but shall not affect any allotments under section 332(a).

"(g) The Governor of each State (after considering the recommendations of the State worker readjustment council) shall establish appropriate procedures for making funds available for use in substate areas under this part.

"COST LIMITATIONS

"SEC. 343. (a) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee may be expended for administrative costs for the program authorized under this part.

"(b) No more than 30 percent of the funds expended under this part in any program year by any substate grantee shall be expended by such substate grantee for the supportive services and benefits authorized under section 344.

"(c) Minimum and maximum cost limitations shall be applicable to the accrued expenditures for each program year.

"SUPPORTIVE SERVICES AND BENEFITS

"SEC. 344. (a) Where it is determined by the substate grantee to be necessary to facilitate participation in the program authorized under this part, the substate grantee is authorized to provide appropriate supportive services to participants.

"(b) Availability of supportive services shall terminate no later than the 180th day after the participant has completed training or other services under this part.

"(c) Whenever it is determined by the substate grantee to be necessary to facilitate an individual's participation in the program authorized in this part, the substate grantee is authorized to provide the following benefits from funds under this part to participants:

"(1)(A) In accordance with procedures established by the State, any participant who enrolls for retraining services may be paid a weekly benefit (not to exceed the individual's average weekly amount of regular unemployment compensation payable under the State's unemployment compensation law) for any authorized period of retraining services subsequent to exhaustion of all compensation payable under any State or Federal unemployment compensation law.

"(B) Procedures established by the State for purposes of subparagraph (A) shall provide that—

"(i) in order to be eligible for such benefits, a participant who is unemployed as a result of any permanent closure of a plant, facility, or enterprise, or who has been terminated or permanently laid off from employment, shall be enrolled in retraining services no later than the end of the 10th week of the participant's regular unemployment compensation benefit period; and

"(ii) in providing such benefits to workers who are otherwise on layoff, priority shall be accorded to those who enroll for retraining services prior to the end of the 15th week of the participant's regular unemployment compensation benefit period.

"(2) Needs-based payments may be provided to participants not receiving benefit payments under paragraph (1) (particularly those who are not eligible for unemployment compensation payments under any State or Federal unemployment compensation law), as determined by the substate grantee.

"ALLOWABLE SERVICES AND ACTIVITIES

"SEC. 345. (a) Each substate grantee is authorized to provide training services under this part to eligible participants. Such services may include, but are not limited to:

"(1) classroom training;

"(2) occupational skill training;

"(3) on-the-job training;

"(4) out-of-area job search;

"(5) relocation;

"(6) basic and remedial education;

"(7) literacy and English for non-English speakers training;

"(8) entrepreneurial training; and

"(9) other appropriate training activities directly related to appropriate employment opportunities in the substate area.

"(b) No funds under this title shall be expended to provide public service employment or work experience.

"(c) Training programs for individuals may be supported for not more than 104 weeks using funds under this title.

"(d) Eligible readjustment training participants shall receive either retraining services, or a certificate of continuing eligibility.

"(e) To the maximum extent feasible, training services shall be provided through systems of individual certificates that permit participants to seek out and arrange their own training. Training opportunities identified with approved service providers shall, pursuant to the certificate, be arranged through a grant, contract, or otherwise between the substate grantee and the service provider identified in the certificate.

"(f) The substate grantee is authorized to issue to any eligible individual who has applied for the program authorized in this part a certificate of continuing eligibility. Such a certificate of continuing eligibility may be issued for periods not to exceed 104 weeks. No such certificate shall include any reference to any specific amount of funds. Any such certificate shall state that it is subject to the availability of funds at the time that any such training services are to be provided. Acceptance of such certificate shall not be deemed to be enrollment in training.

"(g) Any individual to whom a certificate of continuing eligibility has been issued under subsection (f) shall remain eligible for the program authorized under this part for the period specified in the certificate, notwithstanding section 303(a), and may utilize the certificate in order to receive the retraining services, subject to the limitations contained in the certificate.

"PART E—FEDERAL READJUSTMENT PROGRAMS

"PROGRAM AUTHORIZED

"SEC. 351. (a) The Secretary is authorized to expend amounts appropriated for this part for activities authorized in this part, subject to any other applicable provisions contained in this title.

"(b) In order to facilitate the conduct of the allowable activities under this part, the Secretary is authorized to make such grants and enter into such contracts or other agreements as the Secretary deems to be appropriate.

"(c) The Secretary shall annually establish criteria for the application for and disbursement of amounts appropriated for this part.

"ALLOWABLE ACTIVITIES

"SEC. 352. (a) Amounts appropriated for this part may be used to provide services of the type described in parts C and D in the following circumstances—

"(1) mass layoffs, including mass layoffs caused by natural disasters or Federal actions (such as relocations of Federal facilities) when the workers are not expected to return to their previous occupations;

"(2) industrywide projects (treating agriculture as an industry);

"(3) multistate projects;

"(4) special projects carried out through agreements with Indian tribal entities;

"(5) special projects to address national or regional concerns described in subsection (e); and

"(6) demonstration projects, including the projects described in subsections (f), (g), and (h).

"(b) Amounts appropriated for this part may also be used to provide services of the type described in parts C and D whenever the Secretary (with agreement of the Governor) determines that an emergency exists with respect to any particular distressed industry or any particularly distressed area to provide emergency financial assistance to dislocated workers. The Secretary may make arrangements for the immediate provision of such emergency financial assistance for these purposes with any necessary supportive documentation to be submitted at a date agreed to by the Governor and the Secretary.

"(c) Amounts available for this part may be used to provide staff training and technical assistance services to States, communities, businesses and labor organizations, and other entities involved in providing adjustment assistance to workers. Applications for technical assistance funds shall be submitted in accordance with procedures issued by the Secretary. Not more than 5 percent of the funds available for this part in any fiscal year shall be expended for the purpose of this subsection.

"(d) Amounts available for this part shall be used to provide training of staff, including specialists, providing rapid response services. Such training shall include instruction in proven methods of promoting, establishing, and assisting labor-management committees.

"(e) The Secretary is authorized to undertake special projects of national or regional concern. The Secretary may—

"(1) provide for such projects to extend over a period greater than one year in duration where circumstances warrant such a multiyear program; and

"(2) conduct an evaluation of the effectiveness and impact of such projects upon their completion.

"(f)(1) The Secretary may carry out demonstration programs in accordance with the provisions of this subsection. The Secretary is authorized to carry out the provisions of this subsection either directly or by way of contract or agreement. Whenever the Secretary directly conducts loan demonstration programs under this subsection, the Secretary shall, to the extent practicable, comply with the provisions of paragraph (3), relating to agreements.

"(2) The Secretary shall carry out the demonstration program under this subsection in communities in the country having the largest number of dislocated workers and shall give priority to communities with the highest concentrations of dislocated workers.

"(3) The Secretary shall enter into agreements or conduct directly demonstration programs in not more than 10 communities described in this section.

"(4) The Secretary may enter into an agreement with—

"(A) State dislocated workers units, or

"(B) State or local public agencies or nonprofit private organizations selected by the Secretary,

in order to carry out the demonstration program authorized by this subsection.

"(5) Each agreement entered into under this subsection may provide—

"(A) for the establishment and maintenance of a dislocated workers loan fund for the purpose of this subsection;

"(B) for the deposit in such fund of the funds made available pursuant to this subsection;

"(C) for the deposit in such fund of collections of principal and interest on direct loans made from deposited funds and any other earnings of such funds;

"(D) that any obligation acquired by such fund may be sold at the market price; and the interest on, and the proceeds from the sale or redemption of, any obligations held in such fund, shall be credited to and form a part of such fund;

"(E) that such direct loan funds shall be used only for—

"(i) loans to dislocated workers in accordance with the provisions of this subsection; and

"(ii) directly related administrative expenses;

"(F) that the repayment of loans will be made in accordance with a repayment schedule that is consistent with paragraph (9); and

"(G) for such other assurances and limitations, including the distribution of assets from the loan funds, established under this subsection at the completion or termination of the demonstration projects authorized by this subsection as the Secretary may reasonably prescribe.

"(6)(A) Loans from any workers loan fund established pursuant to an agreement established under this subsection shall be subject to such conditions, limitations, and requirements as the Secretary shall by regulation prescribe, and shall be made on such terms and conditions as the Secretary, in cooperation with the worker adjustment committee, rapid response team, or State agency, as the case may be, may prescribe.

"(B) The aggregate amount of all direct loans made from funds established pursuant to an agreement under this subsection to each dislocated worker may not exceed $5,000.

"(7) The interest rate on all loans made under this subsection shall be 2 percentage points below the long-term Treasury obligations.

"(8)(A) The loans made from loan funds established pursuant to such agreements may be used only for—

"(i) vocational and on-the-job training;

"(ii) basic education and literacy instruction;

"(iii) relocation expenses; and

"(iv) child care services.

"(B) The Secretary shall, for the purpose of subparagraph (A)(i), establish criteria for accrediting vocational training programs, including a requirement that any vocational training program qualifying under subparagraph (A) have a demonstrated ability to place participants successfully in jobs.

"(C) Not more than 25 percent of the aggregate amount of loans made to a single dislocated worker may be used for the activities described in clauses (iii) and (iv) of subparagraph (A) of this paragraph.

"(9) Loans under this subsection shall be made pursuant to agreements which—

"(A) require a repayment period which—

"(i) begins not earlier than 6 months after the completion of training for which the funds were sought or when the income of the dislocated worker is equal to or greater than ⅔ of the income level of the dislocated worker for the three-month period preceding the determination of dislocation, whichever is later; and

"(ii) is for a period not to exceed 10 years;

"(B) provide for deferments of principal and for interest accrual during such deferments;

"(C) provide such loan cancellation as is consistent with the purpose of this subsection; and

"(D) require the recipient to cooperate with evaluation studies conducted pursuant to paragraph (11).

"(10) The Secretary may prescribe such other terms for loans made pursuant to this subsection as the Secretary determines will carry out the provisions of this subsection.

"(11) The Secretary shall, based upon the projects assisted under this subsection and independent research, conduct or provide for an evaluation of the feasibility of the direct loan approach to achieving the objectives of this subsection. The Secretary shall consider—

"(A) the identity and characteristics of dislocated workers who take out direct loans;

"(B) the purposes for which the loans are used;

"(C) the employment obtained with the assistance provided under this subsection;

"(D) the compensation paid to such workers;

"(E) the repayments schedules; and

"(F) the attitudes of the participants in the program.

"(12) The evaluations required under paragraph (11) shall be conducted by at least 2 different public agencies or private nonprofit organizations.

"(13) The Secretary shall prepare and submit to the Congress a report of the evaluations required by this subsection not later than October 1, 1989, together with such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

"(g)(1) The Secretary may carry out public works employment demonstration programs in accordance with the provisions of this subsection. The Secretary is authorized to enter into such contracts with private industry councils as may be necessary to carry out the provisions of this subsection.

"(2) The Secretary may waive—

"(A) the testing requirement in paragraph (4)(B) for physically handicapped individuals and for individuals requiring special education; and

"(B) the requirement in section paragraph (5)(C) relating to a 32-hour workweek for unusual circumstances.

"(3)(A) The Secretary shall carry out the demonstration project under this subsection in cities and counties—

"(i) which are geographically diverse;

"(ii) which represent urban and rural areas; and

"(iii) for which the unemployment rate, for the 6 months before the determination under this subsection, exceeded the national average rate of unemployment by at least 2 percent.

"(B) The Secretary shall enter into agreements or conduct demonstration programs in not more than 10 cities or counties under this subsection.

"(4)(A) For the purpose of this subsection, an individual is eligible to participate in the demonstration project assisted under this subsection if the individual—

"(i) is an eligible dislocated worker, as defined in section 303(a), who has been unemployed for at least 15 weeks before the determination of employment under this paragraph;

"(ii) is an individual who has been unemployed or who has been without steady employment for a period of two years prior to such determination; or

"(iii) is an individual who is a recipient under a State plan approved under part A of title IV of the Social Security Act, relating to aid to families with dependent children for a period of at least 2 years.

"(B)(i) Each participant shall be tested for basic reading and writing competence by the private industry council prior to employment by a job project assisted under this subsection.

"(ii)(I) Each participant who fails to complete satisfactorily the basic competency tests required by clause (i) of this subparagraph (1) of this subsection shall be furnished counseling and instruction.

"(II) Each participant in a job project assisted under this subsection, shall, in order to continue such employment, have received a secondary school diploma or its equivalent, or maintain satisfactory progress toward such a diploma.

"(III) Each participant with limited English speaking ability may be furnished such instruction as the private industry council deems appropriate.

"(5)(A) Each private industry council participating in the demonstration program authorized by this subsection shall select job projects to be assisted under this subsection pursuant to guidelines established by the Secretary. Each such job project selected for assistance shall provide employment to eligible participants.

"(B) No project may be selected under this subsection if an objection to the project is filed by 2 representatives of the business community or by 2 representatives of labor organizations who are members of the private industry council. If there are not two members of a private industry council who are representatives of labor organizations then two representatives of labor organizations who are members of the State worker readjustment council may exercise the objection option authorized by this subsection for that private industry council.

"(C) Each eligible participant employed in a job project assisted under this subsection may not be employed on such project for more than 32 hours per week.

"(D) Not more than 10 percent of the total expenses of the demonstration project in each community may be used for transportation and equipment.

"(E) The private industry council shall select project managers on a project-by-project basis. Each such manager shall be paid the local prevailing wage.

"(6)(A) Each eligible participant who is employed in a job project assisted under this subsection shall receive wages equal to the higher of—

"(i) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938; or

"(ii) the amount which the eligible participant received in welfare benefits pursuant to the State plan approved under part A of title IV of the Social Security Act or in the form of unemployment compensation, if applicable, plus 10 percent of such amount.

"(B) Each eligible participant who is employed in projects assisted under this Act shall be furnished benefits and employment conditions comparable to the benefits and conditions provided to other employees employed in similar occupations by the same employer but no such participant shall be eligible for unemployment compensation during or on the basis of employment in such a project.

"(C) Each private industry council shall establish, for the area in which the demonstration is conducted, job clubs to assist eligible participants with the preparation of résumés, the development of interviewing techniques, and evaluation of individual job search activities.

"(7) In selecting projects pursuant to criteria established by the Secretary, each private industry council shall—

"(A) select projects, to the extent feasible, designed to develop skills which are marketable in the private sector in the community in which the project is conducted; and

"(B) select projects which show potential for assisting eligible participants who are employed in the project to find jobs in the private sector.

"(8)(A) The Secretary shall, either directly or by way of contract, evaluate the success of the employment demonstration program authorized by this subsection.

"(B) The evaluations required by subparagraph (A) of this paragraph shall be conducted by at least 2 different public agencies or private nonprofit organizations.

"(C) The Secretary shall prepare and submit to the Congress a report on the success of the employment demonstration program authorized by this subsection not later than October 1, 1989, together with such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

"(9) As used in this subsection—

"(A) The term 'participant' means an individual who is determined to be eligible under this subsection.

"(B) The term 'project' means an identifiable task or group of tasks which—

"(i) will be carried out by a public agency, a private nonprofit organization, or a private contractor,

"(ii) will meet the other requirements of this subsection,

"(iii) will result in a specific product or accomplishment, and

"(iv) would not otherwise be conducted with existing funds.

"(h)(1) The Secretary may, from the amount reserved pursuant to section 302(c)(3), carry out programs in accordance with the provisions of this subsection. The Secretary is authorized to enter into contracts or agreements with States to carry out the provisions of this subsection.

"(2) In carrying out the provisions of this subsection, the Secretary shall give priority to States most affected by adverse agricultural conditions as reflected by—

"(A) the decline in farm equity as measured by the percent change in farm equity between 1981 and the most recent year for which data is officially published by the United States Department of Agriculture, Economic Research Service; and

"(B) the percent change in the average debt to asset ratio of farms within a State between 1981 and the most recent year for which data is officially published by the United States Department of Agriculture, Economic Research Service.

"(3) The Secretary may enter into agreements with priority States for demonstrations of two or more years in duration, described in this subsection.

"(4) To be eligible for this subsection, a State must submit a plan to the Secretary describing how the State will utilize funds to meet the unique basic readjustment needs of eligible farmers, ranchers, farm workers, and other individuals eligible under this subsection. The plan shall include—

"(A) designation of the agency or agencies of State government which will implement the plan and the service delivery system which will be employed;

"(B) a description of the basic readjustment services to be provided;

"(C) a description of the classes of eligible recipients who will be served and an estimate of the numbers of such individuals expected to be served;

"(D) an explanation of how the service delivery system developed under this subsection will be coordinated with the service delivery system established under other titles or statutes to assist dislocated workers and with other programs that assist this target population; and

"(E) other information or assurances that the Secretary may require.

"(5) Individuals eligible to receive services under the State plan may include:

"(A) Individuals who can certify or demonstrate that the farm or ranch operations which provide their primary occupation have terminated or will terminate because of circumstances which may include one or more of the following events—

"(i) receipt of notice of foreclosure or intent to foreclose;

"(ii) failure of the farm to return a profit during the preceding 12 months;

"(iii) entry of the farmer into bankruptcy proceedings;

"(iv) failure or inability of the farmer to obtain operating capital necessary to continue operations;

"(v) failure or inability to make payments on loans secured by mortgages on agricultural real estate; or

"(vi) farmer's total debts exceed 70 percent of total assets.

"(B) Individuals who may reasonably be expected to leave farming or ranching as their primary occupation because of unfavorable debt to asset ratio as defined by the Department of Agriculture.

"(C) Individuals displaced from agriculture-related businesses and industries, including farm workers, who have been displaced or adversely affected by the declining agricultural economy.

"(D) Individuals and their immediate families who are attempting to continue farming or ranching, but whose ability to do so is threatened because of one or more factors listed in paragraph (5)(A).

"(6) Activities and services which may be provided under an approved plan may include the following—

"(A) assistance in the evaluation of financial condition and in the preparation of financial plans;

"(B) assistance in managing temporary crises, including psychological and mental health counseling;

"(C) vocational evaluation, including basic skills and literacy evaluation, counseling, and remediation;

"(D) credit and legal counseling, including farmer/lender mediation services;

"(E) job search assistance, including training in job seeking skills;

"(F) entrepreneurial training;

"(G) specific skill training, including on-the-job training and customized training in cooperation with potential employers; and

"(H) support services required to enable eligible individuals to participate in programs, including transportation, health care, dependent care, meals, temporary shelter, and other reasonable subsistence allowances; tuition, fees, books, and expenses associated with training, and up to one-half of wages paid to an eligible individual during on the job training.

"(7) Services provided under this subsection shall supplement services and activities provided under other titles and statutes established to assist dislocated workers and under other programs assisting this target population.

"(8) To the fullest extent feasible, States participating in this demonstration are encouraged to provide a comprehensive set of services to eligible individuals at a single site.

"PROPOSALS FOR FINANCIAL ASSISTANCE

"Sec. 353. (a) In addition to any financial assistance provided under section 352, the Secretary is authorized to provide services of the type described in parts C and D under proposals for financial assistance. Proposals for financial assistance under this part shall be submitted to the Secretary, who shall consult in a timely fashion with the Governor of the State in which the project described in the proposal is to operate.

"(b) With respect to multistate projects (other than projects established under section 352), the proposal shall be submitted by the Governor of one State and shall include the concurrence of the Governor or Governors of each of the other States in which the project is to operate.

"(c) Any proposal for financial assistance under this part shall contain evidence of review, or timely availability for review, by the local private industry council or councils when the project is to operate within one or more service delivery areas served by such council or councils. Multistate proposals, industry-wide proposals, projects with Indian tribal entities, and funds allotted by the Secretary under section 352(b) shall not be subject to this requirement.

"(d) Any proposal under this section which is intended to provide services to a substantial number of members of a labor organization shall be submitted only after consultation, or timely availability for consultation, with such labor organization. Any such proposal shall contain evidence of such consultation or availability.".

SEC. 592. JOB BANKS.

(a) AMENDMENT.—Title V of the Job Training Partnership Act is amended by adding at the end thereof the following new section:

"STATE JOB BANK SYSTEMS

"SEC. 505. (a)(1) The Secretary shall carry out the purposes of this section with sums appropriated pursuant to paragraph (2) for any fiscal year.

"(2) There are authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1988 and such sums as may be necessary for each succeeding fiscal year.

"(b) The Secretary shall make such sums available through the United States Employment Service for the development and implementation of job bank systems in each State. Such systems shall be designed to use computerized electronic data processing and telecommunications systems for such purposes as—

"(1) identifying job openings and referring jobseekers to job openings, with continual updating of such information;

"(2) providing information on occupational supply and demand; and

"(3) utilization of such systems by career information delivery systems (including career counseling programs in schools).

"(c) Wherever possible, computerized data systems developed with assistance under this section shall be capable of utilizing software compatible with other systems (including management information systems and unemployment insurance and other income maintenance programs) used in the administration of employment and training programs. In developing such systems, special consideration shall be given to the advice and recommendations of the State occupational information coordinating committees (established under section 422(b) of the Carl D. Perkins Vocational Education Act), and other users of such systems for the various purposes described in subsection (b) of this section.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 504 the following:

"Sec. 505. State job bank systems.".

SEC. 593. STUDIES.

(a) DATA ON DISPLACED FARMERS AND RANCHERS.—Section 462 of such Act is amended by adding at the end the following new subsection:

"(f)(1) The Secretary shall develop, in coordination with the Secretary of Agriculture, statistical data relating to permanent dislocation of farmers and ranchers due to farm and ranch failures. Among the data to be included are—

"(A) the number of such farm and ranch failures;

"(B) the number of farmers and ranchers displaced;

"(C) the location of the affected farms and ranches;

"(D) the types of farms and ranches involved; and

"(E) the identification of farm family members, including spouses, and farm workers working the equivalent of a full-time job on the farm who are dislocated by such farm and ranch failures.

"(2) The Secretary shall publish a report based upon such data as soon as practicable after the end of each calendar year. Such report shall include a comparison of data contained therein with data currently used by the Bureau of Labor Statistics in determining the Nation's annual employment and unemployment rates and an analysis of whether farmers and ranchers are being adequately counted in such employment statistics. Such report shall also include an analysis of alternative methods for reducing the adverse effects of displacements of farmers and ranchers, not only on the individual farmer or rancher, but on the surrounding community.".

(b) FAILURE TO PROVIDE INTERNATIONALLY RECOGNIZED WORKER RIGHTS.—(1) The Secretary of Labor shall conduct a study, in consultation with the Secretary of State, to identify the extent to which countries recognize and enforce, and the producers fail to comply with, internationally recognized worker rights. A report on the study conducted under this subsection shall be submitted to Congress biennially.

(2) There are authorized to be appropriated $5,000,000 for fiscal year 1988 and for each succeeding fiscal year, which shall be available to the Secretary of Labor for the purpose of entering into contractual or other appropriate agreements with the private sector for the purpose of monitoring activities, studies, and information gathering which will enable trade unions abroad to provide information and comments to international organizations and other bodies on their respective governments' compliance with internationally recognized worker rights.

(3) As used in this Act, the term "internationally recognized worker rights" includes—

(A) the right of association;

(B) the right to organize and bargain collectively;

(C) the right to be free from the use of any form of forced or compulsory labor;

(D) a minimum age for the employment of children; and

(E) acceptable conditions of work with respect to minimum wages, maximum hours of work, and occupational safety and health.

(c) ADDITIONAL STUDIES.—The National Commission for Employment Policy shall conduct research related to the provisions of this title. Such research shall include examinations of—

(1) the role of the employment services in implementing programs to enhance services provided under this title, and

(2) alternative techniques for managing production cutbacks without permanently reducing workforces.

A report on the research conducted under this subsection shall be submitted to the Congress not later than 18 months after the date of enactment of this Act.

SEC. 594. EFFECTIVE DATE.

This title shall take effect on October 1, 1987, or upon the date of enactment, whichever is later, except that the amendments to title III of the Job Training Partnership Act shall be effective with respect to appropriations for fiscal year 1988 and succeeding fiscal years.

TITLE VI—AGRICULTURAL TRADE

Subtitle A—Improvement of Agricultural Trade Policy and Market Development Activities

CHAPTER 1—DEPARTMENT OF AGRICULTURE OPERATIONS

SEC. 601. PURPOSE OF CHAPTER.

It is the purpose of this chapter to increase the effectiveness of the Department of Agriculture—

(1) in agricultural trade policy formulation and implementation; and

(2) in assisting United States agricultural producers to participate in international agricultural trade;

by strengthening the operations of the Department of Agriculture and related entities.

SEC. 602. REORGANIZATION EVALUATION.

The Secretary of Agriculture shall evaluate the reorganization proposal recommended by the National Commission on Agricultural Trade and Export Policy and other proposals to improve current management of international and trade activities of the Department of Agriculture. To assist the Secretary in the evaluation, the Secretary shall appoint a private sector advisory committee of not less than 4 members, who shall be appointed from among individuals representing farm and commodity organizations, market development cooperator organizations, and agribusiness. The Secretary shall report the findings of the evaluation to Congress, together with the views and recommendations of the private sector advisory committee, not later than April 30, 1988.

SEC. 603. AUTHORIZATION OF ADDITIONAL APPROPRIATIONS.

There are authorized to be appropriated for the Foreign Agricultural Service of the Department of Agriculture, in addition to any sums otherwise authorized to be appropriated by any provision of law other than this section, $22,500,000 for fiscal year 1987, $27,500,000 for fiscal year 1988, $32,500,000 for fiscal year 1989, and $32,500,000 for fiscal year 1990, of which—

(1) in each such fiscal year, $4,500,000 shall be for expansion of the agricultural attaché service;

(2) in each such fiscal year, $1,000,000 shall be for the expansion of international trade policy activities of the Foreign Agricultural Service;

(3) in each such fiscal year, $2,000,000 shall be for the enhancement of the Foreign Agricultural Service worldwide market information system; and

(4) $15,000,000 in fiscal year 1987, $20,000,000 in fiscal year 1988, $25,000,000 in fiscal year 1989, and $25,000,000 in fiscal 1990 shall be for expanded foreign market development.

SEC. 604. INCREASED AUTHORIZED PERSONNEL LEVEL.

(a) In General.—To ensure that the agricultural export programs of the United States are carried out in an effective manner, the authorized number of personnel for the Foreign Agricultural Service of the Department of Agriculture shall not be less than 900 full-time employees during each of the fiscal years 1987 through 1990.

(b) Sense of Congress.—It is the sense of Congress that the personnel ceiling provided for in subsection (a) will—

(1) permit the Foreign Agricultural Service to effectively carry out its current program and support activities, including programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and title XI of the Food Security Act of 1985 (P.L. 99-198; 99 Stat. 1465-1503); and

(2) provide resources for other activities of the Foreign Agricultural Service as authorized in this title.

SEC. 605. ESTABLISHMENT OF AN OFFICE TO MONITOR TRADE PRACTICES.

(a) Establishment Within the Department of Agriculture.—The Secretary of Agriculture shall establish an office within the Department of Agriculture to carry out the duties described in subsection (b) under the direction of the Under Secretary of Agriculture for International Affairs and Commodity Programs.

(b) Duties.—The office established under subsection (a) shall—

(1) continuously monitor and study trade practices carried out by other countries to promote the export of agricultural commodities and products;

(2) prepare every six months an analysis, by country and commodity or product, on quantitative import restrictions, trade barriers, and other policies and practices of foreign governments affecting exports of United States agricultural commodities and products and on any reductions in such restrictions, barriers, policies, and practices since the last report under this paragraph; and

(3) submit to the Secretary of Agriculture every six months a report of the information it has developed under this subsection.

(c) Submissions by the Secretary.—(1) Within 15 days after receiving a report under subsection (b), the Secretary of Agriculture shall submit such report to the committees listed in paragraph (2), together with information regarding the level of subsidies provided by other countries and the United States to promote the export of agricultural commodities and products.

(2) Items described under paragraph (1) shall be submitted to—

(A) the Committee on Agriculture, Nutrition, and Forestry, the Committee on Foreign Relations, and the Committee on Finance of the Senate; and

(B) the Committee on Agriculture, the Committee on Foreign Affairs, and the Committee on Ways and Means of the House of Representatives.

(3) In addition, the Secretary shall submit such report to the United States Trade Representative for use in preparing the analysis and estimate required by section 181(b)(1) of the Trade Act of 1974 (19 U.S.C. 2241(b)(1)).

SEC. 606. ESTABLISHMENT OF AN OFFICE TO PROVIDE ASSISTANCE TO VICTIMS OF UNFAIR TRADE PRACTICES.

(a) Establishment Within the Department of Agriculture.—The Secretary of Agriculture shall establish an office within the Department of Agriculture to carry out the duties described in subsection (b) under the direction of the Under Secretary of Agriculture for International Affairs and Commodity Programs.

(b) Duties.—The office established under subsection (a) shall take the following actions with respect to United States citizens and organizations damaged by unfair agricultural trade practices and policies:

(1) The Office shall provide to such persons such assistance as the Under Secretary determines appropriate in the development of cases before—

(A) the United States Trade Representative;

(B) the International Trade Commission;

(C) the United States Department of Commerce;

(D) the Court of International Trade; and

(E) any other similar agency.

(2) The Office shall provide and update information to such persons regarding the incidence and severity of such practices and policies.

(3) The Office shall inform such persons of any adverse effect on them caused by such practices and policies of which such persons are not aware.

(4)(A) The Office shall provide information relating to such unfair trade practices and the effects of such practices to the appropriate Federal agencies, together with a recommendation by the Secretary of Agriculture with regard to the need for action, if any, to address such unfair trade practices.

(B) On receipt of such information and recommendation, the appropriate Federal agencies shall consult with the Secretary of Agriculture with regard to what actions, if any, will be initiated and the reasons for such actions or for not taking any action.

(5) The Office shall coordinate its work with the activities of the Trade Remedy Assistance Office established under section 339 of the Tariff Act of 1930.

(c) Report.—The Secretary of Agriculture shall include, in the reports described in section 605(c), reports of the assistance provided under this section.

SEC. 607. LONG-TERM AGRICULTURAL TRADE STRATEGY REPORTS.

(a) Preparation; Matters To Be Included.—(1) The Secretary of Agriculture shall prepare annually, and the President shall submit together with the budget for each fiscal year, a Long-Term Agricultural Trade Strategy Report establishing recommended policy goals for United States agricultural trade and exports, and recommended levels of spending on international activities of the Department of Agriculture, for 1-year, 5-year, and 10-year periods, beginning on October 1 of such fiscal year. In preparing each such report, the Secretary shall consult with the United States Trade Representative to ensure that the report is coordinated with the annual national trade policy agenda for the fiscal year involved prepared under section 102 of this Act. Each such report shall include the following:

(A) Findings with respect to trends in the comparative position of the United States and other countries in the export of agricultural commodities and products, organized by major commodity group and including a comparative analysis of the cost of production of such commodities and products.

(B) Findings with respect to new developments in research conducted by other countries that may affect the competitiveness of United States agricultural commodities and products.

(C) Findings and recommendations with respect to the movement in nonmarket economies of United States agricultural commodities and products.

(D) As appropriate, the agricultural trade goals for each agricultural commodity and value-added product produced in the United States for the period involved, expressed in both physical volume and monetary value.

(E) Recommended Federal policy and programs to meet the agricultural trade goals.

(F) Recommended levels of Federal spending on international programs and activities of the Department of Agriculture to meet the agricultural trade goals.

(G) Recommended levels of Federal spending on programs and activities of agencies other than the Department of Agriculture to meet the agricultural trade goals.

(H) Recommended long-term strategies for growth in agricultural trade and exports—

(i) taking into account United States competitiveness, trade negotiations, and international monetary and exchange rate policies; and

(ii) including specific recommendations with respect to export enhancement programs (including credit programs and export payment-in-kind programs), market development activities, and foreign agricultural and economic development assistance activities needed to implement such strategies.

(2) Provisions of each Long-Term Agricultural Trade Strategy Report that relate to recommended levels of spending on international activities of the Department of Agriculture for the upcoming fiscal year shall be treated as the President's annual budget submission to Congress for such programs for such fiscal year, and shall be submitted in addition to the budget request for other programs of the Department of Agriculture for such fiscal year.

(3) The President shall include in each Long-Term Agricultural Trade Strategy Report recommendations for such changes in legislation governing international programs of the Department of Agriculture as are required to meet the long-term goals established in the report.

(b) Identification of Changes That May Affect Previous Reports.—The President, in each succeeding annual Long-Term Agricultural Trade Strategy Report after the first such report, shall identify any recommendations in such report that might modify the long-term policy contained in any previous such report.

SEC. 608. DEPARTMENT OF AGRICULTURE CONTRACT AUTHORITY FOR INDIVIDUALS ABROAD.

The Secretary of Agriculture may contract with individuals outside the United States for personal services to be performed outside the United States. Such individuals shall not be regarded as employees of the United States Government under any law, including any law administered by the Office of Personnel Management.

SEC. 609. COOPERATOR ORGANIZATIONS.

(a) Sense of Congress.—It is the sense of Congress that the foreign market development cooperator program of the Foreign Agricultural Service of the Department of Agriculture, and the activities of individual foreign market cooperator organizations, have been among the most successful and cost effective means to achieve the objective of expanded United States agricultural exports. Congress reaffirms its strong support of the program and of the cooperator organizations. The Administrator of the Foreign Agricultural Service and the private sector should work together to ensure that the program, and the activities of cooperator organizations, are expanded in the future.

(b) COMMODITIES FOR COOPERATOR ORGANIZATIONS.—(1) The Secretary of Agriculture may make available to cooperator organizations agricultural commodities owned by the Commodity Credit Corporation, for use by such cooperators in projects designed to expand markets for United States agricultural commodities and products.

(2) Commodities made available to cooperator organizations under this subsection shall be in addition to, and not in lieu of, funds appropriated for market development activities of such cooperator organizations.

(c) USE OF FUNDS AND COMMODITIES IN DEFENDING CERTAIN COUNTERVAILING DUTY ACTIONS.—Section 1124 of the Food Security Act of 1985 (7 U.S.C. 1736s) is amended by—

(1) in paragraph (1) of subsection (b), striking out "Funds" and inserting in lieu thereof "Except as provided in paragraph (3), funds"; and

(2) inserting after paragraph (2) of subsection (b) the following:

"(3) Funds or commodities made available for use under this section shall be used by the Secretary to assist organizations consisting of producers or processors of United States agricultural commodities, in such amounts as determined to represent reasonable expenses incurred by them, in defending countervailing duty actions instituted after January 1, 1986, in foreign countries to offset the benefits of the agricultural programs provided for under the Agricultural Act of 1949 or this Act. In no event may such assistance exceed $500,000 for the defense of any one countervailing duty action.".

SEC. 610. SENSE OF CONGRESS—LAND GRANT COLLEGES AND UNIVERSITIES.

It is the sense of Congress that—

(1) land grant colleges and universities (as defined in section 1404(10) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)) should encourage the study and career objective of international marketing of agricultural commodities and products;

(2) because marketing complements production, international agricultural marketing specialists are needed in a globally competitive world; and

(3) enhanced foreign marketing of United States agricultural commodities and products will help relieve stress in the rural economy.

CHAPTER 2—RESPONSIBILITIES OF THE SECRETARY OF AGRICULTURE AND RELATED PROVISIONS

SEC. 611. TECHNICAL ASSISTANCE IN TRADE NEGOTIATIONS.

The Secretary of Agriculture shall provide technical services to the United States Trade Representative on matters pertaining to agricultural trade and with respect to international negotiations on issues related to agricultural trade.

SEC. 612. REPORTING BY THE SECRETARY OF AGRICULTURE.

(a) REPORT ON EXPORT CREDIT AND OTHER TRADE ASSISTANCE.—Not later than December 31, 1987, the Secretary of Agriculture shall submit a report to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the use of authorities established under the Food for Peace Act of 1966 (7 U.S.C. 1707a et seq.), the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and the Commodity Credit Corporation Charter Act (7 U.S.C. 714 et seq.) to provide intermediate credit financing and other trade assistance for the establishment of facilities in importing countries to—

(1) improve the handling, marketing, processing, storage, and distribution of imported agricultural commodities and products;

(2) increase livestock production to enhance the demand for United States feed grains; and

(3) increase markets for United States livestock and livestock products.

(b) ANNUAL REPORTING ON CERTAIN PROGRAMS.—(1) The Secretary of Agriculture, after consultation with the Administrator of the Agency for International Development, shall report annually to Congress on the extent that food aid and agriculturally-related foreign economic assistance programs of the previous year, other than direct feeding or emergency food aid programs, that are administered by Federal agencies or by nongovernmental entities serve direct market development objectives for United States agricultural commodities and products.

(2) The programs referred to in paragraph (1) include—

(A) programs under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(B) programs under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) and the Food for Progress Act of 1985 (7 U.S.C. 1736o); and

(C) technical and economic assistance programs carried out by the United States Agency for International Development.

SEC. 613. STUDY OF CANADIAN WHEAT IMPORT LICENSING REQUIREMENTS.

(a) FINDINGS.—Congress finds that—

(1) Canadian importers of wheat or products containing a minimum of 25 percent wheat (except packaged wheat products for retail sale) from the United States must obtain import licenses from the Canadian Wheat Board;

(2) the Canadian Wheat Board requires such importers of United States wheat and wheat products to prove that the wheat or wheat products to be imported are not readily available in Canada before issuance of an import license, and therefore, for all practical purposes, such licenses are not granted by the Canadian Wheat Board;

(3) the licensing requirements of the Canadian Wheat Board's import licensing program result in a nontariff trade barrier on the importation of United States wheat and wheat products; and

(4) Canada is a member of the General Agreement on Tariffs and Trade and, under such agreement, member countries should eliminate import licensing programs that operate as nontariff trade barriers.

(b) STUDY.—To assess the effect of the Canadian Wheat Board's import licensing program referred to in subsection (a) on wheat producers, processors, and exporters in the United States, the Secretary of Agriculture shall conduct a study of the Canadian Wheat Board's import licensing program to determine—

(1) the nature and extent of the licensing requirements of the Canadian Wheat Board's import licensing program; and

(2) the estimated effect of the Canadian Wheat Board's import licensing program in reducing exports of United States wheat and wheat products to Canada.

(c) REPORT.—(1) Not later than 90 days after the date of enactment of this Act, the Secretary shall submit the results of the study conducted under subsection (b) to the United States Trade Representative.

(2) Not later than 90 days after the results of the study are submitted, as required under paragraph (1), the Secretary and the United States Trade Representative shall consult with the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate on the status of efforts by the Trade Representative to negotiate the elimination of such Canadian licensing requirements.

Subtitle B—Agricultural Export Enhancement

SEC. 621. SENSE OF CONGRESS—EXPORT ASSISTANCE PROGRAMS.

It is the sense of Congress that the Secretary of Agriculture should—

(1) allow more foreign countries to become eligible for the export enhancement program established under section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v);

(2) establish a system to reward foreign governments that eliminate trade barriers; and

(3) fully fund—

(A) the export enhancement program referred to in paragraph (1);

(B) the program, known as the Export Credit Guarantee Program (GSM-102), under which the Commodity Credit Corporation guarantees the repayment of credit extended on terms of up to 3 years in connection with the export sale of United States agricultural commodities and products;

(C) the program authorized by section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)), known as the Intermediate Export Credit Sales Program (GSM-103), under which the Commodity Credit Corporation finances export sales of United States agricultural commodities and products on credit terms of more than 3 years but not more than 10 years; and

(D) the targeted export assistance program established under section 1124 of the Food Security Act of 1985 (7 U.S.C. 1736s).

SEC. 622. EXPORT ENHANCEMENT PROGRAM UNDER SECTION 1127 OF THE FOOD SECURITY ACT OF 1985.

(a) PRIORITIES.—Subsection (b) of section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by—

(1) inserting immediately after paragraph (2) the following new paragraph:

"(3) may, to the extent that agricultural commodities and products thereof are to be provided to foreign purchasers during any fiscal year, give priority to all interested foreign purchasers who—

"(A) have traditionally purchased United States agricultural commodities and the products thereof; and

"(B) continue to purchase such commodities and the products thereof on an annual basis in quantities equal to the level of purchases in a previous representative period;"; and

(2) redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively.

(b) EXTENSION.—Subsection (i) of section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by—

(1) striking out "1988" and inserting in lieu thereof "1990"; and

(2) striking out "$1,500,000,000" and inserting in lieu thereof "$2,500,000,000".

(c) Valuation of Commodities Disbursed Under the Export Enhancement Program.—Section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by adding at the end thereof the following new subsection:

"(j) For the purpose of meeting the requirements of subsection (i), the value of commodities or products distributed under this section shall be determined by using the market value of such commodities or products at the time of distribution.".

SEC. 623. SENSE OF CONGRESS—IMPLEMENTATION OF SECTIONS 1129 AND 1167 OF THE FOOD SECURITY ACT OF 1985.

It is the sense of Congress in recognition of the importance of barter programs in expanding agricultural trade, that the Secretary of Agriculture should expedite the implementation of sections 1129 and 1167 of the Food Security Act of 1985 relating to the barter of agricultural commodities.

SEC. 624. EXTENSION OF BANKS FOR COOPERATIVES AUTHORITY TO FINANCE TRANSACTIONS OF COOPERATIVES.

Section 4.20 of the Farm Credit Act of 1971 (12 U.S.C. 2208) is amended by—

(1) in the first sentence—

(A) striking out "(1)"; and

(B) striking out ", and (2) section 3.7(b) authorizing the financing of certain domestic or foreign entities in connection with the import or export activities of cooperatives which are borrowers from the banks for cooperatives,"; and

(2) in the second sentence, striking out "either provision" and inserting in lieu thereof "such provisions".

SEC. 625. EXPORT SALES OF GOVERNMENT STOCKS AT SUBSIDIZED PRICES.

Section 1203 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736i) is amended by—

(1) in subsection (c), striking out "special standby export subsidy program" and inserting in lieu thereof "programs";

(2) striking out subsection (d) and redesignating subsection (c) as subsection (d); and

(3) inserting after subsection (b) the following new subsection:

"(c)(1) Notwithstanding any other provision of law, the Secretary shall take all feasible steps to cause the exportation, at competitive world prices, of basic agricultural commodities produced in the United States. To achieve such goal, the Secretary, if necessary, shall subsidize the price of exporting any basic agricultural commodity that the Secretary may acquire or has acquired under any price support loan program authorized by law. The aggregate value of any subsidy provided under this subsection with respect to such commodity shall not exceed the sum of—

"(A) the cost to the Government that would result from acquiring (under price support loan activities) but not selling such commodity, including the costs of transportation, storage, and maintenance of quality incurred in connection with retaining such commodity; and

"(B) the increase in tax revenue to the United States arising from the growth in the gross national product that would result from the export sale of such commodity, as estimated by the Secretary.

"(2) For purposes of paragraph (1), the term 'basic agricultural commodity' has the meaning given it in section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)).".

SEC. 626. SENSE OF CONGRESS—JAPANESE BEEF MARKET.

(a) Findings.—Congress finds that—

(1) Japanese trade barriers result in a continuous and increasingly unfavorable balance of trade for the United States;

(2) the United States maintains a relatively open and free trade policy for imports of Japanese goods and services;

(3) Japan maintains unreasonably low quotas on imports of United States beef that are not consistent with Japan's international obligations;

(4) in August 1984, Japan and the United States signed a 4-year beef agreement that provides for an annual increase of only 6,900 metric tons of Japanese beef imports, and includes a provision for the immediate and meaningful liberalization of the Japanese market for trade in beef from the United States;

(5) if the remaining import quotas were eliminated, the United States could supply a substantial portion of the Japanese beef market due to the strong comparative advantage of the United States in the production of beef;

(6) the United States cattle-raising industry has not been profitable since 1980;

(7) the current beef agreement with Japan expires on March 31, 1988, and negotiations for another agreement will begin this year; and

(8) even with the beef agreement, Japanese imports of United States beef fall considerably short of the market's free trade potential.

(b) Sense of Congress.—It is the sense of Congress that—

(1) the United States Trade Representative should enter into negotiations to gain substantially greater access for United States beef to the Japanese market;

(2) such negotiations, in addition to meaningful market access, should also address the high Japanese tariffs, the practices of the Japanese Livestock Industry Promotion Corporation, and the means through which imported beef is distributed in Japan; and

(3) by March 31, 1988, if Japan does not show clear evidence that it is engaging in meaningful liberalization in its market for United States beef, the appropriate United States Government officials should use all available and appropriate avenues, including retaliation, to encourage Japan to open its market to United States beef imports.

SEC. 627. SENSE OF CONGRESS—KOREA'S BEEF MARKET.

(a) Findings.—Congress finds that—

(1) the trade balance between the Republic of Korea and the United States was $7,600,000,000 in favor of Korea in 1986;

(2) the Republic of Korea has banned high quality beef imports since May 1985;

(3) this beef import ban is in contravention of Korea's General Agreement on Tariffs and Trade obligations and impairs United States rights under such agreement;

(4) Korea imposes an unreasonably high 20 percent ad valorem tariff on meat products;

(5) if the Korean import ban were removed, the United States could supply a significant portion of the Korean beef market; and

(6) the United States cattle-raising industry has not been profitable since 1980.

(b) Sense of Congress.—It is the sense of Congress that—

(1) the Republic of Korea should take immediate action to fulfill its obligations under the General Agreement on Tariffs and Trade and permit access to its market by United States beef producers;

(2) the United States Trade Representative should enter into negotiations to gain greater access to the Korean market for United States beef;

(3) such negotiations, in addition to greater market access, also should address the high tariffs set by the Republic of Korea and the means by which imported beef is distributed in Korea; and

(4) if the Republic of Korea does not immediately show clear evidence that it is engaging in meaningful liberalization in its market for United States beef, the appropriate United States Government officials should use all available and appropriate avenues, including retaliation, to encourage the Republic of Korea to open its market to United States beef imports.

Subtitle C—Agricultural Aid and Trade

CHAPTER 1—FINDINGS

SEC. 631. FINDINGS.

Congress finds that—

(1) United States agricultural exports have declined by more than 40 percent since 1981, from $43,800,000,000 in 1981 to $26,300,000,000 in 1986;

(2) the United States share of the world market for agricultural commodities and products has dropped by 28 percent during the last 5 years;

(3) for the first time in 15 years, the United States incurred monthly agricultural trade deficits in 1986;

(4) the loss of $1,000,000,000 in United States agricultural exports causes the loss of 35,000 agricultural jobs and the loss of 60,000 nonagricultural jobs;

(5) the loss of agricultural exports threatens family farms, and the economic well-being of rural United States;

(6) to reverse the decline of agricultural exports and improve prices for farmers and ranchers in the United States, it is necessary that all agricultural export programs of the United States be used in an expeditious manner, including programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(7) greater use should be made by the Secretary of Agriculture of the authorities established under the Food for Peace Act of 1966 (7 U.S.C. 1707a et seq.), the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and the Commodity Credit Corporation Charter Act (7 U.S.C. 714 et seq.) to provide intermediate credit financing and other assistance for the establishment of facilities in importing countries to—

(A) improve the handling, marketing, processing, storage, and distribution of imported agricultural commodities and products; and

(B) increase livestock production to enhance the demand for United States feed grains;

(8) food aid and export assistance programs stimulate economic activity in developing countries and, as incomes improve, diets improve and the demand for and ability to purchase food increases;

(9) private voluntary organizations and cooperatives are important and successful partners in our food aid and development programs; and

(10) in addition to meeting humanitarian needs, food aid used in sales and barter programs by private voluntary organizations and cooperatives—

(A) provide communities with health care, credit systems, and tools for development; and

(B) establish the infrastructure that is essential to the expansion of markets for United States agricultural commodities and products.

CHAPTER 2—AGRICULTURAL AID AND TRADE MISSIONS

SEC. 632. DEFINITIONS.

As used in this chapter:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Agency for International Development.

(2) ELIGIBLE COUNTRY.—The term "eligible country" means a country that is eligible under section 634.

(3) MISSION.—The term "mission" means an agricultural aid and trade mission established under section 633.

(4) UNITED STATES AGRICULTURAL AID AND TRADE PROGRAMS.—The term "United States agricultural aid and trade programs" includes—

(A) programs established under titles I and II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.);

(B) the program established under section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b));

(C) the agricultural export enhancement program established under section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v);

(D) the dairy export incentive program established under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a-14);

(E) the export credit guarantee program (GSM-102) established under section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(f));

(F) the intermediate export credit guarantee program (GSM-103) established under section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)); and

(G) other agricultural aid and trade programs authorized by the Food Security Act of 1985 (Public Law 99-198), by the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or by other applicable authorities.

SEC. 633. AGRICULTURAL AID AND TRADE MISSIONS.

(a) ESTABLISHMENT.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture, the Secretary of State, and the Administrator shall jointly establish agricultural aid and trade missions to eligible countries to encourage the countries to participate in United States agricultural aid and trade programs.

(b) COMPOSITION.—A mission to an eligible country shall be composed of—

(1) representatives of the Department of Agriculture, the Department of State, and the Agency for International Development, appointed by the Secretary of Agriculture, Secretary of State, and Administrator, respectively, and

(2) not less than 3, nor more than 6, representatives of market development cooperators, private voluntary organizations, and cooperatives, appointed jointly by the Secretary of Agriculture, Secretary of State, and Administrator,

who are knowledgeable about food aid and agricultural export programs, as well as the food needs, trade potential, and economy of the eligible country.

(c) TERMS.—The term of members of a mission shall terminate on submission of the report required under section 636.

(d) COMPENSATION AND TRAVEL EXPENSES.—A member of a mission shall serve without compensation, if not otherwise an officer or employee of the United States, except that a member, while away from home or regular place of business in the performance of services under this chapter, shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.

SEC. 634. REQUIRED AND ADDITIONAL MISSIONS; ELIGIBLE COUNTRIES.

(a) REQUIRED MISSIONS.—Missions shall be established and completed—

(1) not later than 6 months after the date of enactment of this Act, in 7 countries chosen in accordance with the criteria in subsection (c); and

(2) not later than 1 year after the date of enactment of this Act, in 8 additional countries chosen in accordance with such criteria.

(b) ADDITIONAL MISSIONS.—After the completion of the missions referred to in subsection (a), a mission may be established to any foreign country chosen in accordance with the criteria set forth in subsection (c).

(c) CRITERIA.—The Secretary of Agriculture and the Administrator jointly shall select foreign countries for missions under this section so that—

(1) each foreign country selected represents a range of per capita income levels in the low to middle levels;

(2) each such foreign country is eligible for one or more United States agricultural aid and trade programs;

(3) priority is given to foreign countries for which participation in United States aid and trade programs would be mutually advantageous, taking into account the potentials for—

(A) economic development for the foreign country; and

(B) increased trade opportunities for the United States through the establishment of markets for United States agricultural commodities and products; and

(4) each such foreign country is friendly to the United States.

SEC. 635. FUNCTIONS.

The members of a mission to an eligible country shall—

(1) meet with representatives of government agencies of the United States and the eligible country, as well as commodity boards, private enterprises, private voluntary organizations, and cooperatives that operate in the eligible country, to assist in planning the extent to which United States agricultural aid and trade programs could be used in a mutually beneficial manner to meet the food and economic needs of the country;

(2) provide technical expertise and information to representatives of government agencies of the United States in eligible countries and of the eligible country and private organizations, with respect to United States agricultural aid and trade programs and agricultural commodities and products and other assistance available to the eligible country under the programs; and

(3) assist in obtaining firm commitments for—

(A) proposals for food aid programs; and

(B) agreements for commodity sales under agricultural export programs.

SEC. 636. MISSION REPORTS.

Not later than 60 days after the completion of a mission under section 634, the mission shall submit to the President, the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Secretary of Agriculture, the Secretary of State, and the Administrator a report that contains the findings and recommendations of the mission in carrying out its responsibilities under this chapter.

SEC. 637. PROGRESS REPORTS.

During the 2-year period beginning 1 year after the date of enactment of this Act, the Secretary of Agriculture, the Secretary of State, and the Administrator shall jointly submit to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate, quarterly reports on progress made in implementing the recommendations of the missions reported under section 636, including the quantity and dollar value of United States agricultural commodities and products shipped to eligible countries and the specific development programs undertaken in accordance with this chapter.

SEC. 638. USE OF COMMODITY CREDIT CORPORATION.

The Secretary of Agriculture shall use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out this chapter.

CHAPTER 3—TITLE II OF PUBLIC LAW 480; SECTION 416 OF THE AGRICULTURAL ACT OF 1949; AND THE FOOD FOR PROGRESS PROGRAM.

SEC. 641. TITLE II—REPORTS ON SALES AND BARTER AND USE OF FOREIGN CURRENCY PROCEEDS.

Section 206 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726) is amended by—

(1) inserting "(a)" after the section designation; and

(2) adding at the end thereof the following new subsection:

"(b) Not later than February 15, 1988, and annually thereafter, the President shall report to Congress on sales and barter, and use of foreign currency proceeds, under this section and section 207 during the preceding fiscal year. Such report shall include information on—

"(1) the quantity of commodities furnished for such sale or barter;

"(2) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in the preceding fiscal year;

"(3) how such funds and services were used;

"(4) the amount of foreign currency proceeds that were used under agreements under this section and section 207 in the preceding fiscal year, and the percentage of the quantity of all commodities and products furnished under this section and section 207 in such fiscal year such use represented;

"(5) the President's best estimate of the amount of foreign currency proceeds that will be used, under agreements under this section and section 207, in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage that such estimated use represents of the quantity of all commodities and products that the President estimates will be furnished under this section and section 207 in each such fiscal year;

"(6) the effectiveness of such sales, barter, and use during the preceding fiscal year in facilitating the distribution of commodities and products under this section and section 207;

"(7) the extent to which such sales, barter, or uses—

"(A) displace or interfere with commercial sales of United States agricultural commodities and products that otherwise would be made;

"(B) affect usual marketings of the United States;

"(C) disrupt world prices of agricultural commodities or normal patterns of trade with friendly countries; or

"(D) discourage local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this title; and

"(8) the President's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under this section and section 207.".

SEC. 642. TITLE II—PERIODS FOR REVIEW AND COMMENT.

Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following:

"SEC. 208. (a) If a proposal to make agricultural commodities available under this title is submitted by a nonprofit voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make agricultural commodities available to a nonprofit voluntary agency or cooperative is submitted by the United States Government field mission, a response to that proposal shall be provided within 45 days following submission of the proposal. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

"(b) Not later than 30 days before the issuance of a final guideline to carry out this title, to the extent feasible, the President shall—

"(1) provide notice of the proposed guideline to nonprofit voluntary agencies and cooperatives that participate in programs under this title, and other interested persons, that the proposed guideline is available for review and comment;

"(2) make the proposed guideline available, on request, to the agencies, cooperatives, and others; and

"(3) take any comments received into consideration before the issuance of the final guideline.".

SEC. 643. SECTION 416—ELIGIBLE COMMODITIES.

(a) IN GENERAL.—Section 416(b)(2)(A) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(2)(A)) is amended by—

(1) striking out "grains," and inserting in lieu thereof "wheat, rice, feed grains,"; and

(2) inserting ", and the products thereof," after "price support operations".

(b) CONFORMING AMENDMENT.—Section 416(b)(10)(B)(i) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(10)(B)(i)) is amended by striking out "grains," and inserting in lieu thereof "wheat, rice, feed grains,".

SEC. 644. SECTION 416—AVAILABILITY OF COMMODITIES.

Section 416(b)(3) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(3)) is amended by adding at the end thereof the following:

"(D) If eligible commodities are made available under this subsection to a friendly country, the Secretary shall also provide an opportunity to nonprofit and voluntary agencies and cooperatives to obtain such commodities for food aid programs in that country.".

SEC. 645. SECTION 416—MULTIYEAR AGREEMENTS.

Section 416(b)(4) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(4)) is amended by adding at the end thereof the following: "In agreements with recipients of eligible commodities under this subsection (including nonprofit and voluntary agencies or cooperatives), subject to the availability of commodities each fiscal year, the Secretary is encouraged to approve multiyear agreements to make agricultural commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this subsection.".

SEC. 646. SECTION 416—FOREIGN CURRENCY USE AND ALLOCATION REQUIREMENTS.

(a) FOREIGN CURRENCY USES.—Clause (ii) of section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)(ii)) is amended to read as follows:

"(ii) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit and voluntary agency or cooperative may be used to—

"(I) transport, store, or distribute agricultural commodities, to ensure that such commodities reach their final users in usable condition or otherwise enhance the effectiveness of the use of commodities donated under this subsection; and

"(II) implement income generation, community development, health, nutrition, cooperative development, or agricultural programs, or other developmental activities.".

(b) ALLOCATION REQUIREMENTS.—Section 416(b)(7)(D)(iii) of such Act is amended by—

(1) striking out "5 percent" and inserting in lieu thereof "10 percent"; and

(2) inserting ", or the minimum tonnage required, whichever is greater," after "furnished".

SEC. 647. SECTION 416—PERIODS FOR REVIEW AND COMMENT.

Section 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)) is amended by adding at the end thereof the following:

"(C)(i) If a proposal to make eligible commodities available under this subsection is submitted by a nonprofit and voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make such commodities available to a nonprofit and voluntary agency or cooperative is submitted by the United States Government field mission, a response to that proposal shall be provided within 45 days following submission of the proposal. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

"(ii) Not later than 30 days before the issuance of a final guideline to carry out this subsection, to the extent feasible, the Secretary shall—

"(I) provide notice of the proposed guideline to nonprofit and voluntary agencies and cooperatives that participate in programs under this subsection, and other interested persons, that the proposed guideline is available for review and comment;

"(II) make the proposed guideline available, on request, to the agencies, cooperatives, and others; and

"(III) take any comments received into consideration before the issuance of the final guideline.".

SEC. 648. SECTION 416—MINIMUM QUANTITIES OF ELIGIBLE COMMODITIES.

(a) IN GENERAL.—Section 416(b)(10) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(10)) is amended by—

(1) in subparagraph (A), striking out "1986" and inserting in lieu thereof "1987"; and

(2) in subparagraph (B)—

(A) striking out "500,000" in clause (i) and inserting in lieu thereof "800,000"; and

(B) striking out "150,000" in clause (ii) and inserting in lieu thereof "200,000".

(b) APPROPRIATION REQUIREMENT.—If the increase in minimum metric tonnage provided by the amendments made in subsection (a) will result in additional budget outlays for a fiscal year, such increased tonnage may not be provided unless such additional outlays are provided for in advance in an appropriation Act.

SEC. 649. MULTIYEAR AGREEMENTS UNDER THE FOOD FOR PROGRESS PROGRAM.

Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by—

(1) redesignating subsection (k) as subsection (l); and

(2) inserting after subsection (j) the following new subsection:

"(k) In carrying out this section, subject to the availability of commodities, the President is encouraged to approve multiyear agreements to make commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this section.".

Subtitle D—Wood and Wood Products

SEC. 651. DEVELOPING MARKETS FOR WOOD AND WOOD PRODUCTS UNDER THE SHORT-TERM AND INTERMEDIATE-TERM EXPORT CREDIT PROGRAMS.

(a) SHORT-TERM EXPORT CREDIT.—Section 1125 of the Food Security Act of 1985 (7 U.S.C. 1736t) is amended by—

(1) in subsection (b), inserting ", including wood and processed wood products" after "agricultural commodities and the products thereof"; and

(2) adding at the end thereof the following:

"(d) For the purposes of this section, the term 'wood and processed wood products' includes, but is not limited to, logs, lumber (boards, timber, millwork, molding, flooring, and siding), veneer, panel products (plywood, particle board, and fiberboard), utility and telephone poles, other poles and posts, railroad ties, wood pulp, and wood chips.".

(b) INTERMEDIATE-TERM EXPORT CREDIT.—Section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) is amended by adding at the end thereof the following: "For purposes of this subparagraph, the term 'agricultural commodities' includes wood and processed wood products, as defined in section 1125(d) of the Food Security Act of 1985.".

SEC. 652. FOREST PRODUCTS COMPETITIVE MARKETING ACT OF 1987.

(a) SHORT TITLE.—This section may be cited as the "Forest Products Competitive Marketing Act of 1987".

(b) FINDINGS AND PURPOSES.—

(1) Congress finds that—

(A) the health and vitality of the domestic forest products industry is important to the well-being of the economy of the United States;

(B) the domestic forest products industry has a significant potential for expansion in both domestic and foreign markets;

(C) many small-sized to medium-sized forest products firms lack the tools that would enable them to meet the increasing challenge of foreign competition in domestic and foreign markets; and

(D) a new cooperative forest products marketing program will improve the competitiveness of the United States forest products industry.

(2) The purposes of this section are to—

(A) provide direct technical assistance to the United States forest products industry to improve marketing activities;

(B) provide cost-share grants to States to support State and regional forest products marketing programs; and

(C) target assistance to small-sized and medium-sized producers of solid wood and processed wood products, including pulp.

(c) PROGRAM AUTHORITY.—The Secretary of Agriculture shall establish a cooperative national forest products marketing program under Public Law 95-313, the Cooperative Forestry Assistance Act (16 U.S.C. 2101), to include providing—

(1) technical assistance to States, landowners, and small-sized to medium-sized forest products firms on ways to improve domestic and foreign markets for forest products;

(2) grants of financial assistance with matching requirements to the States to assist in State and regional forest products marketing efforts targeted to aid small-sized to medium-sized forest products firms and private, nonindustrial forest landowners. Grant agreements shall encourage the establishment of interstate cooperative agreements by the States for the purpose of promoting the development of domestic and foreign markets for forest products.

(d) LIMITATIONS.—(1) In carrying out the authority provided by this section, the Secretary of Agriculture shall cooperate with Federal departments and agencies to avoid the duplication of efforts and to increase program efficiency.

(2) The program authorized under this section shall be carried out within the United States and not be extended to Department of Agriculture activities in foreign countries.

(e) AUTHORIZATION FOR APPROPRIATIONS.—There are hereby authorized to be appropriated $5,000,000 for each of the fiscal years beginning October 1, 1988, and ending September 30, 1991, to carry out this section.

(f) PROGRAM REPORT.—The Secretary of Agriculture shall report to Congress annually on the activities taken under the marketing program established under this section. A final report including recommendations for program changes and the need and desirability of the reauthorization of this authority, and required levels of funding, shall be submitted to Congress not later than September 30, 1990.

SEC. 653. USE OF DEPARTMENT OF AGRICULTURE PROGRAMS.

The Secretary of Agriculture shall actively use Department of Agriculture commercial and concessional export credit programs for the export of wood and processed wood products.

Subtitle E—Miscellaneous Provisions Regarding International Agriculture and Related Programs

SEC. 661. ALLOCATION OF CERTAIN MILK.

(a) IN GENERAL.—Notwithstanding any other provision of law, milk produced by dairies—

(1) owned or controlled by foreign persons; and

(2) financed by or with the use of bonds the interest on which is exempt from Federal income tax under section 103 of the Internal Revenue Code of 1986;

shall be treated as other-source milk, and shall be allocated as milk received from producer-handlers for the purposes of classifying producer milk, under the milk marketing program under provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937. For the purposes of this section, the term "foreign person" has the meaning given such term under section 9(3) of the Agricultural Foreign Investment Disclosure Act of 1978 (7 U.S.C. 3508(3)).

(b) REGULATIONS.—The Secretary of Agriculture shall prescribe regulations to carry out this section.

(c) LIMITATION.—This section shall not apply with respect to any dairy that began operation before May 6, 1986.

SEC. 662. MILK PRICE SUPPORTS—EXCESS CASEIN IMPORTS.

(a) EXCESS CASEIN IMPORTS.—To the extent that imports of casein for the calendar year 1988 are expected to exceed the average annual level of imports of casein for the period 1981 through 1985, the Secretary of Agriculture shall reduce the estimated level of purchases of milk and the products of milk for calendar year 1988 calculated under section 201(d)(1)(D)(i) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(1)(D)(i)) by the milk equivalent poundage of such estimated 1988 increase in casein imports over the average import level. For the purposes of this subsection, unless there is a legally mandated reduction limiting calendar year 1988 imports of casein to a level that is less than the average of imports of casein for the period 1981 through 1985, estimated imports of casein for calendar year 1988 shall not be established at a level that is less than the actual imports of casein for calendar year 1986. The milk equivalent poundage of casein for purposes of this subsection shall be derived by application of a formula wherein one pound of casein is determined to the equivalent of 36.9 pounds of milk containing 3.67 percent milkfat.

(b) DAIRY EXPORT INCENTIVE PROGRAM.—Dairy products that will be sold directly from commercial stocks under the dairy export incentive program under section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) in calendar year 1988, as estimated by the Secretary of Agriculture, shall not be counted in estimating Commodity Credit Corporation purchases of milk and products of milk in calendar year 1988 under section 201(d)(1)(D)(i) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(1)(D)(i)).

SEC. 663. EXPORTED TOBACCO REPORT.

The Tobacco Adjustment Act of 1983 is amended by adding after section 213 (7 U.S.C. 511r) the following new section:

"EXPORTED TOBACCO REPORT

"SEC. 214. Notwithstanding any other provision of law:

"(1) Before the exportation of any tobacco or tobacco product from the United States, including re-exports or transshipments of tobacco and tobacco products and any tobacco or tobacco product having entered foreign trade zones in the United States, the exporter shall prepare a certified report and file a copy of such report with the Secretary of Agriculture.

"(2) Such certified report shall specify, by percent, weight, and type—

"(A) the quantity of tobacco, contained in such tobacco or tobacco product, that was grown in the United States; and

"(B) the quantity of foreign grown tobacco contained in such tobacco or tobacco product.

"(3) The Secretary shall use such report to verify—

"(A) tobacco stock reports;

"(B) estimates of United States produced or grown tobacco that is exported from the United States, for the purpose of determining tobacco poundage quotas under the Agricultural Adjustment Act of 1938; and

"(C) compliance with the requirements of the export credit programs of the Department of Agriculture.

"(4) The Secretary annually shall report to Congress, in the aggregate, the information contained in certified reports under this section and the information contained in end-user reports under section 213(f), as part of each report submitted under section 213(f).".

SEC. 664. INTERNATIONAL EFFORTS TO REDUCE GRAIN PRODUCTION.

(a) FINDINGS.—Congress finds that—

(1) worldwide production of grains has overwhelmed demand, resulting in excessive carryover stocks;

(2) individual countries cannot reduce their own production without detriment to their own farmers;

(3) it is to the advantage of the United States and other grain-producing countries to reduce production so stocks can be brought closer to demand levels; and

(4) it is the policy of the United States to keep supply and demand in relative balance in concert with other countries.

(b) DISCUSSIONS.—The Secretary of Agriculture, in coordination with the United States Trade Representative acting pursuant to the trade negotiating objective set out in section 111(b)(1)(C) of this Act, shall initiate discussions with other major grain-producing countries (including the members of the European Community, Canada, Australia, and Argentina) to reduce grain production multilaterally.

(c) REPORT TO CONGRESS.—The Secretary shall report to Congress on the progress of the discussions required under subsection (b), not later than March 1, 1988.

SEC. 665. SENSE OF CONGRESS—MINIMUM LEVEL OF FOOD ASSISTANCE.

(a) ANNUAL MINIMUM.—It is the sense of Congress that—

(1) the United States should maintain its historic proportion of food assistance constituting one-third of all United States foreign economic assistance; and

(2) accordingly, not less than one-third of the funds available each fiscal year for foreign economic assistance programs should be used to make United States food assistance available to foreign countries under the Agricultural Trade Development and Assistance Act of 1954 and section 416(b) of the Agricultural Act of 1949.

(b) DEFINITION.—For purposes of this section, the term "foreign economic assistance" includes—

(1) assistance under chapter 1 of part I of the Foreign Assistance Act of 1961, the Agricultural Trade Development and Assistance Act of 1954, section 416(b) of the Agricultural Act of 1949, or any other law authorizing economic assistance for foreign countries; and

(2) United States contributions to the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other multilateral development bank.

Subtitle F—Domestic Markets for Agricultural Commodities and Products

CHAPTER 1—ACTIONS AFFECTING IMPORTS; STUDIES AND PLANS

SEC. 671. MEAT FOOD PRODUCT LABELING.

Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended by—

(1) in paragraph (11), striking out "or" at the end thereof;

(2) in paragraph (12), striking out the period at the end and inserting in lieu thereof "; or"; and

(3) adding at the end thereof the following new paragraph:

"(13) if the labeling or other official mark on meat, as defined in regulations (9 CFR 301.2), or on the package containing meat fails to indicate the country of origin of such meat that is received, shipped, consigned, sold, or offered for sale (or fails to include the word 'imported' if there is more than one such country of origin).".

SEC. 672. AMENDMENTS TO THE MARKETING ORDER PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT.

(a) Quality Standards.—Section 8e of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608e-1), is amended by inserting after "*Provided,*" the following: "That the effective period for such prohibition may be established in advance of the date when such order is in effect if the Secretary finds that, to prevent circumvention of the declared policy of this Act, such earlier effective period is needed to prevent the importation into the United States of such commodity that would otherwise fail to meet grade, size, quality, or maturity requirements when the imported commodity is marketed during the period of time that regulations are in effect under the order: *Provided further,*".

(b) Paid Advertising for Florida-Grown Strawberries under Marketing Orders.—The first proviso of section 8c(6)(I) of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(6)(I)), is amended by striking out "or tomatoes," and inserting in lieu thereof "tomatoes, or Florida-grown strawberries,".

SEC. 673. IMPORT INVENTORY.

(a) Compilation and Report on Imports.—The Secretary of Agriculture, in consultation with the Secretary of Commerce, the International Trade Commission, the United States Trade Representative, and any other appropriate Federal agency, shall compile and report to the public statistics on the total value and quantity of imported raw and processed agricultural products.

(b) Compilation and Report on Consumption.—The Secretary shall compile and report to the public data on the total amount of production and consumption of domestically produced raw and processed agricultural products.

(c) Issuing of Data.—The reports required by this section shall be made in a format that correlates statistics for the quantity and value of imported agricultural products to the production and consumption of domestic agricultural products. The Secretary shall issue such reports on a quarterly basis.

SEC. 674. STUDY RELATING TO HONEY.

(a) Study.—The Secretary of Agriculture shall conduct a study to determine the effect of imported honey on United States honey producers, the availability of honey bee pollination within the United States, and whether there is reason to believe imports of honey tend to interfere with or render ineffective the honey price support program of the Department of Agriculture.

(b) Report.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate.

SEC. 675. ROSE STUDY, REPORT, AND FINDINGS.

(a) Study.—The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine the—

(1) effects of rose imports into the United States on the domestic rose-growing industry;

(2) effects that the European Community's tariff rate for imported roses has on world trade of roses; and

(3) extent to which foreign barriers to trade are impeding the marketing abroad of domestically produced roses.

(b) Report.—The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate.

(c) Findings.—If the Secretary determines, as a result of the study conducted under subsection (a), that the domestic rose industry is being adversely affected by the unfair trade practices of foreign competitors, the Secretary is urged to—

(1) use all available remedies, programs, and policies available to the Department of Agriculture to assist the domestic rose industry to maintain and enhance its ability to compete in the domestic and world market for roses, and

(2) recommend, if appropriate, to the Secretary of Commerce and the United States Trade Representative that they initiate antidumping investigations or countervailing duty investigations with respect to such practices.

SEC. 676. STUDY OF EFFECT OF SECTION 22 CHANGES.

The Secretary of Agriculture shall conduct a study to determine how and to what extent the reduction or elimination of quotas on the importation of certain dairy products imposed under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 624), as a result of negotiations on the General Agreement on Tariffs and Trade or a similar such negotiation or agreement, might adversely affect the administration of the Federal dairy price support program and cause injury to the United States dairy industry. The Secretary shall submit the study, when completed, to the United States Trade Representative, and the Committee on Ways and Means and the Committee on Agriculture of the House of Representatives and the Committee on Finance and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 677. IMPORTED MEAT AND POULTRY PRODUCTS.

(a) Report.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report to Congress—

(1) specifying the planned distribution, in fiscal years 1987 and 1988, of the resources of the Department of Agriculture available for sampling imported meat, poultry, and egg products to ensure compliance with the requirements of the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act that govern the level of residues of pesticides, drugs, and other products permitted in or on such products;

(2) describing current methods used by the Department to enforce the requirements of such Acts respecting the level of residues of pesticides, drugs, and other products permitted in or on such products;

(3) that responds to the audit report of the Inspector General of the Department of Agriculture, Number 38002—2—hy, dated January 14, 1987;

(4) providing a summary with respect to the importation of meat and poultry products during fiscal years 1986 and 1987 that specifies—

(A) the number of samples of each such product taken during each such fiscal year in carrying out the requirements described in paragraph (1); and

(B) for each violation of such requirements during each such fiscal year—

(i) the meat or poultry product with respect to which such violation occurred,

(ii) the residue in or on such product in violation of such requirements,

(iii) the country exporting such product,

(iv) the actions taken in response to such violations and the reasons for such actions, and

(v) the level of testing conducted by the countries exporting such products;

(5) a description of any research conducted by the Secretary to develop improved methods to detect residues subject to such requirements in or on meat and poultry products; and

(6) any recommendations the Secretary considers appropriate for legislation to add or modify penalties for violations of laws, regulations, and other enforcement requirements governing the level of residues that are permitted in or on imported meat and poultry products.

(b) Revision.—Not later than November 15, 1988, the Secretary of Agriculture shall revise, as necessary, the report prepared under subsection (a) and submit the revision to Congress.

CHAPTER 2—INVESTIGATIONS RELATING TO IMPORTS

SEC. 681. DETERMINING MATERIAL INTERFERENCE CAUSED BY IMPORTED TOBACCO.

Section 22(a) of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 624(a)), is amended by adding at the end thereof the following: "For purposes of any investigation conducted with respect to tobacco, or articles containing tobacco, imported into the United States, the Commission shall take into account, as if they are costs to the Government, contributions and assessments imposed under sections 106A and 106B of the Agricultural Act of 1949 on tobacco producers in determining whether such imported tobacco or articles materially interfere with the tobacco price support program carried out by the Department of Agriculture.".

SEC. 682. MEAT IMPORT ACT OF 1979—STUDY.

The Meat Import Act of 1979 (19 U.S.C. 2253 note) is amended by adding at the end thereof the following:

"(o) The Secretary of Agriculture shall conduct a study of trends with respect to the level of imports of lamb meat and the effect of such imports on domestic production of lamb meat. The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report specifying the results of such study not later than June 1, 1988, or 180 days after the effective date of this subsection, whichever occurs later.".

Subtitle G—Trade Policy Formulation and Implementation

SEC. 691. SENSE OF CONGRESS—INVESTIGATION OF CANADIAN IMPORT TRIBUNAL DECISION AFFECTING UNITED STATES CORN EXPORTS TO CANADA.

(a) Findings.—Congress finds that—

(1) the United States and Canada are signatories to the Agreement on Interpretation and Application of articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (hereinafter in this section referred to as the "Subsidies Code");

(2) the Subsidies Code provides that a countervailing duty cannot be imposed unless—

(A) there is injury within the meaning of article VI of the General Agreement on Tariffs and Trade, as interpreted by the Subsidies Code; and

(B) a causal link is established between the allegedly subsidized imports and the alleged injury;

(3) global production and stagnant demand have led to a major oversupply of corn and depressed worldwide prices for corn;

(4) the oversupply of corn cannot be attributed to the actions of the United States, which has since 1982 imposed major acreage reductions in an effort to control production;

(5) between 1982 and 1985, the United States idled 44,000,000 acres of corn acreage that would have produced 110,000,000 tons of corn;

(6) between 1982 and 1985, the United States, while acting to limit its production, has witnessed a decline in corn exports of 30,000,000 tons or nearly 50 percent;

(7) United States exports of corn to Canada peaked in the 1980-1981 marketing year, when United States corn exports to Canada totaled 1,363,500 tons and accounted for 22.5 percent of the Canadian market;

(8) United States exports of corn to Canada have been declining sharply since 1981, falling to 822,200 tons in the 1982-1983 marketing year, then declining to 225,900 tons in the 1983-1984 marketing year, and 300,000 tons in the 1985-1986 marketing year;

(9) the share of the Canadian corn market held by the United States has been steadily declining from 22.5 percent in the 1980-1981 marketing year to 11.22 percent in the 1982-1983 marketing year, 3.94 percent in the 1983-1984 marketing year, and 4.42 percent in the 1985-1986 marketing year;

(10) Canadian corn industry production has steadily expanded from 5,753,200 tons in the 1980-1981 marketing year to 7,393,400 tons in the 1985-1986 marketing year;

(11) Canadian corn exports rose from 180,300 tons in the 1976-1977 marketing year to a peak of 1,134,000 tons in the 1981-1982 marketing year, then dipped slightly before reaching 650,000 tons in the 1985-1986 marketing year;

(12) there appears to be no causal link between imports of corn from the United States and injury to the Canadian corn industry;

(13) the Canadian Import Tribunal has ruled that the Canadian corn industry has been injured by United States agricultural programs and has approved a tariff of 84.9 cents per bushel on United States exports of corn to Canada;

(14) the decision of the Canadian Import Tribunal appears to be arbitrary, capricious, and an abuse of discretion and to be inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade; and

(15) the President has broad authority under section 301 of the Trade Act of 1974 to retaliate against foreign acts, policies, or practices that are inconsistent with the provisions of any trade agreement to which the United States is a party or that are unjustifiable, discriminatory, or unreasonable and burden or restrict United States commerce, including authority to impose duties or other import restrictions on the products of such country, or to direct the Secretary of Commerce to initiate a countervailing duty investigation under section 701 of the Tariff Act of 1930.

(b) Sense of Congress.—It is the sense of Congress that the United States Trade Representative should—

(1) immediately initiate an investigation under section 302(c) of the Trade Act of 1974 to determine whether the ruling of the Canadian Import Tribunal described in subsection (a) is inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade; and

(2) if the United States Trade Representative determines that such ruling by the Canadian Import Tribunal is unjustifiable or inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade (within the meaning of section 301 of the Trade Act of 1974) make recommendations to the President regarding such investigation and appropriate action.

SEC. 692. SENSE OF CONGRESS—ACTION IN RESPONSE TO FOREIGN IMPORT RESTRICTIONS ON UNITED STATES CITRUS FRUITS AND BEEF PRODUCTS.

(a) Findings.—Congress finds that—

(1) trade partners of the United States are engaging in acts, policies, and practices, including the use of import quotas, that tend effectively to prohibit or unreasonably burden United States exports of—

(A) oranges, grapefruit, and other citrus fruits; and

(B) fresh, chilled, and frozen beef and other beef products; and

(2) such acts, policies, and practices deny access to such markets for United States producers of such exports, reduce agricultural exports and farm income, and contribute to the United States trade deficit and the Federal budget deficit.

(b) Sense of Congress.—It is the sense of Congress that if a country is found to engage, in violation of the General Agreement on Tariffs and Trade, in any such acts, policies, and practices against any such United States exports, the President should take steps, including the imposition of import fees and duties, that will result in the exclusion of the importation of similar or other products from such country found to be in violation of the General Agreement on Tariffs and Trade into the United States until such acts, policies, and practices are eliminated.

TITLE VII—FOREIGN CORRUPT PRACTICES ACT AMENDMENTS AND OTHER REQUIREMENTS.

SEC. 701. FOREIGN CORRUPT PRACTICES ACT AMENDMENTS.

(a) Prohibited Trade Practices by Issuers.—Section 30A of the Securities Exchange Act of 1934 (15 U.S.C. 78dd-1) is amended to read as follows:

"PROHIBITED FOREIGN TRADE PRACTICES BY ISSUERS

"Sec. 30A. (a) It shall be unlawful for any issuer which has a class of securities registered pursuant to section 12 of this title or which is required to file reports under section 15(d) of this title, or for any officer, director, employee, or agent of such issuer or any stockholder thereof acting on behalf of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

"(1) any foreign official for purposes of—

"(A) influencing any act or decision of such foreign official in his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government;

"(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

"(A) influencing any act or decision of such party, official, or candidate in its or his official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government; or

"(3) any person, while knowing or recklessly disregarding that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

"(A) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(b)(1) It shall be a defense to actions under subsection (a) that—

"(A) the payment was made for the purpose of expediting or securing the performance of a routine governmental action by a foreign official; or

"(B) the payment, gift, offer, or promise of anything of value that was made, was expressly permitted under a law or regulation of the government of the country involved.

"(2) For purposes of paragraph (1)(A), the term 'routine governmental action' means an action which is ordinarily and commonly performed by a foreign official and includes—

"(A) processing governmental papers, such as visas and work orders;

"(B) loading and unloading cargoes; and

"(C) scheduling inspections associated with contract performance,

and actions of a similar nature. 'Routine governmental action' does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(c) An issuer may not be held vicariously liable, either civilly or criminally, for a violation of subsection (a) by its employee or agent, who is not an officer or director, if—

"(1) such issuer has established procedures which can reasonably be expected to prevent and detect, insofar as practicable, any such violation by such employee or agent, and

"(2) the officer and employee of the issuer with supervisory responsibility for the conduct of the employee or agent used due diligence to prevent the commission of the offense by that employee or agent.

Such issuer shall have the burden of proving by a preponderance of the evidence that it meets the requirements set forth in paragraphs (1) and (2).

"(d) Not later than one year after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, the Attorney General, after consultation with the Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

"(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

"(2) general precautionary procedures which issuers may use on a voluntary basis to conform their conduct to the Department's present enforcement policy regarding the preceding provisions of this section.

The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

"(e)(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by issuers concerning conformance of their conduct with the Department's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, made in accordance with that procedure, issue an opinion in response to that request. The opinion of the Attorney General shall state whether or not certain specified prospective conduct would, for purposes of the Department's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by an issuer and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption of compliance may be rebutted by a preponderance of the evidence. In considering the presumption of compliance for purposes of this paragraph, a court shall weigh all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and that procedure shall be subject to the provisions of chapter 7 of that title.

"(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by an issuer under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of title 5, United States Code, and shall not be made publicly available, regardless of whether the Attorney General responds to such a request or the issuer withdraws such request before receiving a response.

"(3) Any issuer who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

"(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department's present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

"(f) For purposes of this section—

"(1) the term 'foreign official' means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, and any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality;

"(2) a person meets the 'knowing' standard for purposes of subsection (a)(3) if—

"(A) that person is aware or substantially certain, or

"(B) that person is aware of a high probability, which he or she consciously disregards in order to avoid awareness or substantial certainty, and does not have an actual belief to the contrary,

that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3);

"(3) a person meets the 'recklessly disregarding' standard of subsection (a)(3) if that person is aware of a substantial risk that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3), but disregards that risk; and

"(4) the term 'substantial risk' means a risk that is of such a nature and degree that to disregard it constitutes a substantial deviation from the standard of care that a reasonable person would exercise in such a situation.".

(b) VIOLATIONS.—Section 32(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78ff) is amended to read as follows:

"(c)(1)(A) Any issuer that—

"(i) violates section 30A(a)(1) or (2); or

"(ii) violates section 30A(a)(3) and meets the 'knowing' standards of that section (as defined by section 30A(f)(2)),

shall be fined not more than $2,000,000.

"(B) Any issuer that violates section 30A(a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

"(2)(A) Any officer or director of an issuer, or stockholder acting on behalf of such issuer, who—

"(i) willfully violates section 30A(a)(1) or (2); or

"(ii) willfully violates section 30A(a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(B) Any employee or agent of an issuer who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such issuer), and who—

"(i) willfully violates section 30A(a)(1) or (2); or

"(ii) willfully violates section 30A(a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(C) Any officer, director, employee, or agent of an issuer, or stockholder acting on behalf of such issuer, who violates section 30A(a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

"(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of an issuer, such fine may not be paid, directly or indirectly, by such issuer.".

(c) Prohibited Trade Practices by Domestic Concerns.—Section 104 of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. 78dd-2) is amended to read as follows:

"PROHIBITED FOREIGN TRADE PRACTICES BY DOMESTIC CONCERNS

"Sec. 104. (a) Prohibition.—It shall be unlawful for any domestic concern, other than an issuer which is subject to section 30A of the Securities Exchange Act of 1934, or for any officer, director, employee, or agent of such domestic concern or any stockholder thereof acting on behalf of such domestic concern, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

"(1) any foreign official for purposes of—

"(A) influencing any act or decision of such foreign official in his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government;

"(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

"(A) influencing any act or decision of such party, official, or candidate in its or his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government; or

"(3) any person, while knowing or recklessly disregarding that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

"(A) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(b) Defenses.—(1) It shall be a defense to actions under subsection (a) that—

"(A) the payment was made for the purpose of expediting or securing the performance of a routine governmental action by a foreign official; or

"(B) the payment, gift, offer, or promise of anything of value that was made was expressly permitted under any law or regulation of the government of the country involved.

"(2) For purposes of paragraph (1)(A), the term 'routine governmental action' means an action which is ordinarily and commonly performed by a foreign official and includes—

"(A) processing governmental papers, such as visas and work orders;

"(B) loading and unloading cargoes; and

"(C) scheduling inspections associated with contract performance,

and actions of a similar nature. 'Routine governmental action' does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(c) Due Diligence.—A domestic concern which is not an individual may not be held vicariously liable, either civilly or criminally, for a violation of subsection (a) by its employee or agent, who is not an officer or director, if—

"(1) such domestic concern has established procedures which can reasonably be expected to prevent and detect, insofar as practicable, any such violation by such employee or agent, and

"(2) the officer and employee of the domestic concern with supervisory responsibility for the conduct of the employee or agent used due diligence to prevent the commission of the offense by that employee or agent.

Such domestic concern shall have the burden of proving by a preponderance of the evidence that it meets the requirements set forth in paragraphs (1) and (2). The first sentence of this subsection shall be considered an affirmative defense to actions under subsection (a).

"(d) Guidelines by the Attorney General.—Not later than 6 months after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, the Attorney General, after consultation with the Securities and Exchange Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

"(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

"(2) general precautionary procedures which domestic concerns may use on a voluntary basis to conform their conduct to the Department's present enforcement policy regarding the preceding provisions of this section.

The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

"(e) Opinions of the Attorney General.—(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by domestic concerns concerning conformance of their conduct with the Department's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, made in accordance with that procedure, issue an opinion in response to that request. The opinion of the Attorney General shall state whether or not certain specified prospective conduct would, for purposes of the Department's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by a domestic concern and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption of compliance may be rebutted by a preponderance of the evidence. In considering the presumption of compliance for purposes of this paragraph, a court shall weigh all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and that procedure shall be subject to the provisions of chapter 7 of that title.

"(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by a domestic concern under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of title 5, United States Code, and shall not be made publicly available, regardless of whether the Attorney General responds to such a request or the domestic concern withdraws such request before receiving a response.

"(3) Any domestic concern who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

"(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department's present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

"(f) VIOLATIONS.—(1)(A) Any domestic concern that—

"(i) violates subsection (a) (1) or (2); or

"(ii) violates subsection (a)(3) and meets the 'knowing' standards of that subsection (as defined by subsection (h)(4)),

shall be fined not more than $2,000,000.

"(B) Any domestic concern that violates subsection (a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

"(2)(A) Any officer or director of a domestic concern, or stockholder acting on behalf of such domestic concern, who—

"(i) willfully violates subsection (a) (1) or (2); or

"(ii) willfully violates subsection (a)(3) and meets the 'knowing' standard of that subsection,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(B) Any employee or agent of a domestic concern who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such domestic concern), and who—

"(i) willfully violates subsection (a) (1) or (2); or

"(ii) willfully violates subsection (a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(C) Any officer, director, employee, or agent of a domestic concern, or stockholder acting on behalf of such domestic concern, who violates subsection (a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

"(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of a domestic concern, such fine may not be paid, directly or indirectly, by such domestic concern.

"(g) INJUNCTIONS.—Whenever it appears to the Attorney General that any domestic concern or officer, director, employee, agent, or stockholder thereof is engaged, or is about to engage, in any act or practice constituting a violation of subsection (a), the Attorney General may bring a civil action in an appropriate district court of the United States to enjoin such act or practice, and upon a proper showing a permanent or temporary injunction or a temporary restraining order shall be granted without bond.

"(h) DEFINITIONS.—As used in this section—

"(1) the term 'domestic concern' means—

"(A) any individual who is a citizen, national, or resident of the United States; and

"(B) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States;

"(2) the term 'foreign official' means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, and any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality;

"(3) the term 'interstate commerce' means trade, commerce, transportation, or communication among the several States, or between any foreign country and any State or between any State and any place or ship outside thereof, and such term includes the intrastate use of—

"(A) a telephone or other interstate means of communication, or

"(B) any other interstate instrumentality;

"(4) a person meets the 'knowing' standard for purposes of subsection (a)(3) if—

"(A) that person is aware or substantially certain, or

"(B) that person is aware of a high probability, which he or she consciously disregards in order to avoid awareness or substantial certainty, and does not have an actual belief to the contrary,

that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3);

"(5) a person meets the 'recklessly disregarding' standard of subsection (a)(3) if that person is aware of a substantial risk that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3), but disregards that risk; and

"(6) the term 'substantial risk' means a risk that is of such a nature and degree that to disregard it constitutes a substantial deviation from the standard of care that a reasonable person would exercise in such a situation.".

(d) INTERNATIONAL AGREEMENT.—

(1) NEGOTIATIONS.—It is the sense of the Congress that the President should pursue the negotiation of an international agreement, among the largest possible number of countries, to govern persons from those countries concerning acts prohibited with respect to issuers and domestic concerns by the amendments made by this section. Such international agreement should include a process by which problems and conflicts associated with such acts could be resolved.

(2) REPORT TO CONGRESS.—(A) Within 1 year after the date of the enactment of this Act, the President shall submit to the Congress a report on—

(i) the progress of the negotiations referred to in paragraph (1),

(ii) those steps which the executive branch and the Congress should consider taking in the event that these negotiations do not successfully eliminate the competitive disadvantage of United States businesses that results when persons from other countries commit the acts described in paragraph (1); and

(iii) possible actions that could be taken to promote cooperation by other countries in international efforts to prevent bribery of foreign officials, candidates, or parties in third countries.

(B) The President shall include in the report submitted under subparagraph (A)—

(i) any legislative recommendations necessary to give the President the authority to take appropriate action to carry out clauses (ii) and (iii) of subparagraph (A);

(ii) an analysis of the potential effect on the interests of the United States, including United States national security, when persons from other countries commit the acts described in paragraph (1); and

(iii) an assessment of the current and future role of private initiatives in curtailing such acts.

SEC. 702. FINANCIAL SERVICES STUDY.

(a) STUDY REQUIRED.—

(1) The Secretary of Commerce and the Secretary of the Treasury, in consultation and coordination with the United States Trade Representative and the Securities and Exchange Commission, shall conduct an investigation to determine—

(A) the foreign countries from which foreign financial services institutions have entered, directly or indirectly, into the business of providing financial services in the United States,

(B) the kinds of financial services which are being offered, and

(C) the extent to which United States financial services institutions are permitted to offer the same services in each of those foreign countries.

(2) The Secretary of Commerce and the Secretary of the Treasury shall each transmit a report on the results of the investigation under paragraph (1) within 120 days after the date of enactment of this Act to the President, the Congress, the United States Trade Representative, and the Securities and Exchange Commission.

(b) DEFINITIONS.—As used in this section—

(1) The term "foreign country" means a foreign country or a political subdivision, a dependent territory, or a possession of a foreign country, and includes an association of two or more foreign countries, political subdivisions, dependent territories, or possessions of foreign countries forming a customs union outside the United States.

(2) The term "foreign financial services institution" means—

(A) any legal entity the headquarters, or the primary control or operations, of which are located or based in a foreign country,

(B) any citizen or national of a foreign country, or

(C) any department, agency, or other government-operated or government-controlled organization of a foreign country,

that is directly or indirectly engaged, in whole or part, in business as a financial services institution.

(3) The term "United States financial services institution" mean a financial services institution—

(A) the headquarters, and the primary control and operations of which, are located in the United States, and

(B) that is not owned or controlled, directly or indirectly, by any company whose headquarters, or primary control or operations, are located outside the United States.

(4) The term "financial services institution" means—

(A) a broker, dealer, underwriter, clearing agency, transfer agent, or information processor with respect to securities, including government and municipal securities,

(B) an investment company, investment manager, investment adviser, indenture trustee, or any depository institution, insurance company, or other organization operating as a fiduciary, trustee, underwriter, or other financial service provider, and

(C) any other entity providing financial services.

SEC. 703. REGISTRATION OF FOREIGN-HELD INTERESTS IN UNITED STATES PROPERTY.

(a) INTERESTS ACQUIRED AFTER EFFECTIVE DATE.—Within—

(1) 30 days after a foreign person acquires, directly or through any subsidiary or affiliate—

(A) a significant interest in a United States property, or

(B) a controlling interest in a United States business enterprise; and

(2) 90 days after the end of each calendar year in which a foreign person acquires, directly or through any subsidiary or affiliate, a major portfolio interest in a United States business enterprise,

the foreign person shall register that interest with the Secretary.

(b) INTERESTS ACQUIRED BEFORE EFFECTIVE DATE.—Any foreign person who, on the effective date of this subsection, has acquired and continues to hold—

(1) a significant interest in a United States property,

(2) a controlling interest in a United States business enterprise, or

(3) a major portfolio interest in a United States business enterprise,

shall register that interest with the Secretary within 180 days after the date on which regulations are prescribed pursuant to subsection (j) of this section.

(c) CONTENTS OF REGISTRATION.—Each registration required under subsection (a) or (b) of this section shall be in such form and in accordance with such procedures as the Secretary may require by regulation and shall contain the following:

(1) The identity, address, legal nature, industry, and nationality of the foreign person.

(2) The date on which the foreign person acquired the interest.

(3) The relation of the foreign person to the United States property.

(4) The name, location, and industry of the United States property.

(5) The size of the interest acquired in the United States property and the price paid for the interest.

(6) Such other information as the Secretary may require by regulation in furtherance of the purposes of this Act.

(d) ADDITIONAL DISCLOSURE REQUIRED IN ACQUISITIONS OF CONTROLLING INTERESTS.—If the interest being registered under subsection (a) or (b) is a controlling interest in a United States business enterprise, the foreign person shall, by amendment to the registration within 180 days after acquiring such interest, provide the Secretary with the following additional current information:

(1) with respect to the foreign person, an English translation of any public financial disclosures filed in the home country of the foreign person;

(2) with respect to the United States business enterprise—

(A) a balance sheet and income statement, and a statement of sales, assets, operating income, changes in financial condition, and depreciation by industrial segment, prepared in accordance with generally accepted accounting procedures and accompanied by an auditor's statement and explanatory notes;

(B) the location of all facilities within the United States;

(C) the identity and nationality of the directors and executive officers, the compensation of the executive officers, and any related business transactions of any director; and

(D) a description of any significant civil litigation in which the business enterprise has been involved within the past year.

(e) ANNUAL REPORTS.—Within 90 days after the beginning of each calendar year, a foreign person who has registered an interest under this section during any preceding calendar year shall report to the Secretary any changes in the information required under subsections (c) and (d) that have occurred since the registration or previous report. The report shall be in such form and in accordance with such procedures as the Secretary may require by regulation.

(f) SUBSTITUTION OF OTHER DOCUMENTS.—

(1) IN GENERAL.—To the extent a foreign person has prepared other documents which contain information required under this section with respect to an interest required to be registered or reported under this section, then the foreign person may provide a copy of such other documents (or the relevant portion thereof) for the purpose of complying with the requirements of this section.

(2) INTERESTS IN UNITED STATES REPORTING COMPANIES.—With respect to any interest required to be registered or reported under this section which a foreign person acquires or holds solely through, or by virtue of acquiring or holding a significant or controlling interest in, a United States business enterprise which is an issuer whose securities are registered under the Securities Exchange Act of 1934 and which has filed the material required to be filed by such United States business enterprise pursuant to sections 12, 13, 14, and 15(d) of such Act, the foreign person may, in lieu of providing the information otherwise required under this section, provide the Secretary with a copy of the most recent annual and periodic reports, statements, and notices filed pursuant to such Act.

(g) CIVIL PENALTY.—Any foreign person who is late in registering an interest or reporting changes with respect to an interest in accordance with subsections (a) through (f) of this section shall be subject to a civil penalty of not more than $10,000 for each week the registration or report is late.

(h) CRIMINAL PENALTIES.—Any foreign person who willfully fails to register an interest or submit a report in accordance with subsections (a) through (f) of this section, or who willfully submits false or misleading information in the registration or report, shall be fined not more than $10,000, be imprisoned not more than 1 year, or both.

(i) INVESTIGATIVE ACTIONS.—The Secretary may undertake such investigative actions as the Secretary considers necessary to monitor compliance with this section. For the purposes of conducting such investigations the Secretary of Commerce shall have the same powers and authorities as the Federal Trade Commission under sections 9 and 10 of the Federal Trade Commission Act.

(j) REGULATIONS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall publish for notice and public comment regulations to carry out this section. The Secretary shall prescribe final regulations to carry out this section not later than 180 days after such date of enactment. Such regulations shall—

(1) establish forms and procedures for making such disclosures required by this section; and

(2) establish procedures for indexing, and providing public access to, the information disclosed under this section.

(k) REPORTS TO CONGRESS AND THE PRESIDENT.—The Secretary shall transmit in June of each year, beginning in 1989, a report to the President and to the Congress describing—

(1) the extent to which foreign persons hold significant or controlling interests in United States properties, the nationality of those foreign persons, the industries in which those interests are concentrated, and the social, economic, and other effects in the United States of such foreign interests;

(2) the effectiveness and efficiency of the registration and reporting requirements contained in this section in providing the information required under this section and the extent to which the information provides a comprehensive description of the presence of foreign capital in the United States economy;

(3) other Federal data collection activities that overlap with, duplicate, or complement the registration and reporting requirements established under this section and that could be consolidated or eliminated without compromising the quality of data collected; and

(4) in the case of the first annual report, the feasibility of establishing a system to track individual transactions representing other capital flows into the United States.

(l) INVENTORY OF FOREIGN-HELD INTERESTS.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall compile (and keep current) an inventory of interests registered or reported under this section and the information contained in such registrations or reports. The inventory shall be made available for public access and shall index the information for retrieval by—

(1) the name and nationality of any foreign person who registers or reports an interest under subsections (a) through (f) of this section and the standard industrial classification number or numbers (as issued by the Director of the Office of Management and Budget) of any such foreign person; and

(2) the name of the United States property in which any interest registered or reported under this section is held, the standard industrial classification number or numbers of any such United States property, and the State in which any such United States property is located.

(m) DEFINITIONS.—As used in this section:

(1) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

(2) UNITED STATES.—The term "United States", when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.

(3) UNITED STATES BUSINESS ENTERPRISE.—The term "United States business enterprise" means—

(A) any sole proprietorship, branch, partnership, associated group, association, estate, trust, corporation, or other organization organized under the laws of the United States or of a State or that has its principal place of business in the United States; and

(B) any two or more enterprises described in subparagraph (A) which are acting in concert.

(4) UNITED STATES PROPERTY.—The term "United States property" means—

(A) any United States business enterprise; and

(B) any real property located in the United States, including any minerals therein.

(5) Foreign person.—The term "foreign person" means—

(A) any individual who is not a citizen of the United States;

(B) any business enterprise that is organized under the laws of a foreign government or which has its principal place of business outside of the United States;

(C) any foreign government or any agency or instrumentality of a foreign government; and

(D) any two or more persons acting as a group for the purpose of acquiring or holding any interest referred to in subsection (a) or (b) of this section (and each foreign person in such group), if any foreign person or persons described in subparagraph (A), (B), or (C) of this paragraph hold an equity or ownership interest in such group of 25 percent or more, or the equivalent of such an interest.

(6) Significant interest.—The term "significant interest" means—

(A) any equity or ownership interest that exceeds 5 percent of the total equity or ownership interests in—

(i) a United States property that (I) has assets with a market value in excess of $5,000,000; or (II) had gross sales in the most recent fiscal year in excess of $10,000,000; or

(ii) any two or more United States properties if the properties in the aggregate (I) have assets with a market value in excess of $20,000,000; or (II) had gross sales in the most recent fiscal year in excess of $40,000,000; or

(B) any equity or ownership interest with a market value in excess of $10,000,000 in any real property located in the United States, including any minerals therein (regardless of the value of such property), excluding any interests which are determined in accordance with regulations prescribed by the Secretary to be transitory and temporary speculative holdings.

(7) Major portfolio interest.—The term "major portfolio interest" means any equity or ownership interest with a market value in excess of $50,000,000 in a United States business enterprise (regardless of the value of the assets or the gross sales of such business enterprise), excluding any interests which are determined in accordance with regulations prescribed by the Secretary to be transitory and temporary speculative holdings.

(8) Controlling interest.—The term "controlling interest" means an equity or ownership interest that exceeds 25 percent of the total equity or ownership interests in a business enterprise that—

(A) has assets with a market value in excess of $20,000,000; or

(B) has gross sales in the most recent fiscal year in excess of $20,000,000.

(9) Acquire; hold.—The terms "acquire" and "hold", when used with respect to an interest, refer to the acquisition or holding of that interest by the ultimate beneficial owner and do not refer to the acquisition or holding of that interest by a nominee or other financial intermediary on behalf of the ultimate beneficial owner.

(10) Equity or ownership interest.—The term "equity or ownership interest" shall not include—

(A) any note, bond, debenture, loan, obligation, or other evidence of indebtedness; any put, call, straddle, option, or privilege on any debt; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any debt; and

(B) any mineral interest other than an interest in fee simple absolute or a reversionary interest.

(11) State.—The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

(12) Branch.—The term "branch" means the operations or activities carried out by a person in a different location in its own name, rather than through a separately incorporated entity.

(n) Effective Dates.—

(1) In general.—Subject to paragraph (2), this section shall take effect 90 days after the date on which regulations are prescribed under subsection (j).

(2) Effective date for regulation requirement.—Subsection (j) of this section shall take effect on the date of the enactment of this Act.

SEC. 704. ENTRY PROCESSING FOR TEXTILES AND APPAREL.

The Congress determines that it is vital to the purposes of the Multi-Fiber Arrangement that bilateral limitations on shipments of textiles and apparel, and periodic adjustments to those limitations, be carried out on a timely basis in order to respond to the changing United States market for textiles and apparel. The Secretary of Commerce shall, within 90 days after the date of the enactment of this Act, institute procedures to expedite the interagency process for recommending and approving the issuance of notices requesting consultations and negotiations on such limitations and periodic adjustments.

TITLE VIII—TARIFF AND CUSTOMS PROVISIONS

Subtitle A—Permanent Changes in Tariff Treatment

SEC. 800. REFERENCE.

Whenever in this subtitle, subtitle B, or subtitle D an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, headnote, item, or other provision, the reference shall be considered to be made to a schedule, headnote, item, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

SEC. 801. CASEIN.

(a) Human Food and Animal Feed Use.—Subpart D of part 4 of schedule 1 is amended by striking out item 118.45 and inserting the following:

	"Casein, caseinates, and milk protein concentrate:			
118.50	Casein	Free		Free
118.55	Dried milk (described in items 115.45, 115.50, 115.55, and 118.05) which contains not over 5.5 percent by weight of butterfat and which is mixed with other ingredients, including but not limited to sugar, if such mixtures contain over 16 percent milk solids by weight, are capable of being further processed or mixed with similar or other ingredients and are not prepared for marketing to the retail consumers in the identical form and package in which imported	1.3¢ per lb..		5.5¢ per lb.
118.60	Other	0.2¢ per lb..		5.5¢ per lb.".

(b) Industrial Use.—Subpart B of part 13 of schedule 4 is amended by striking out items 493.12, 493.14, and 493.17 and the superior heading thereto.

SEC. 802. SALTED AND DRIED PLUMS.

Subpart B of part 9 of schedule 1 is amended—

(1) by amending the article description for item 149.26 to read as follows: "Dried, salted, or not salted but not otherwise further prepared or preserved"; and

(2) by striking out item 149.28 and inserting the following:

	"Otherwise prepared or preserved:			
149.30	Plums, soaked in brine and dried	2¢ per lb.		2¢ per lb.
149.31	Other	17.5% ad val..		35% ad val.".

SEC. 803. GRAPEFRUIT.

Subpart A of part 12 of schedule 1 is amended by—

(1) inserting after item 165.29 the following new items and the superior heading thereto, with the superior heading at the same indentation level as the superior heading "Orange" to items 165.27 and 165.29:

	"Grapefruit:			
165.31	Not concentrated and not made from a juice having a degree of concentration of 1.5 or more (as determined before correction to the nearest 0.5 degree)	20¢ per gal..		70¢ per gal.
165.34	Other	35¢ per gal..		70¢ per gal.";

and

(2) by redesignating items 165.32 and 165.36 as items 165.37 and 165.38, respectively.

SEC. 804. HATTERS' FUR.

Subpart D of part 15 of schedule 1 is amended—

(1) by amending item 186.20—

(A) by striking out "use, and carroted furskins" in the article description and inserting "use", and

(B) by striking out "15% ad val." in column 1 and inserting "Free"; and

(2) by inserting after item 186.20 the following new item:

"186.22	Carroted furskins	15% ad val.		35% ad val.".

SEC. 805. TARIFF TREATMENT OF CERTAIN TYPES OF PLYWOOD.

Headnote 1 of part 3 of schedule 2 is amended—

(1) in paragraph (b) by inserting immediately before the semicolon at the end thereof the following: "or any edge of which has been tongued, grooved, lapped, or otherwise worked";

(2) in paragraph (c) by inserting immediately before the semicolon at the end thereof the following: "or any edge of which has been tongued, grooved, lapped, or otherwise worked"; and

(3) in paragraph (e) by inserting before "chiefly" the following: "other than plywood, wood-veneer panels, or cellular panels,".

SEC. 806. WORK GLOVES.

The schedules are amended as follows:

(1) Headnote 5(a) of schedule 3 is amended by striking out "(except subpart A)" and inserting in lieu thereof "(except subparts A and C)".

(2) Headnote 1 of subpart C of part 1 of schedule 7 is amended by inserting immediately after subdivision (c) the following new subdivision:

"(d) gloves—

"(i) without fourchettes; and

"(ii) constructed of a textile fabric coated, filled, impregnated, or laminated, in whole or in part, with rubber or plastics and cut-and-sewn;

shall be regarded as gloves of textile materials.".

SEC. 807. BROADWOVEN FABRICS OF MAN-MADE FIBERS.

(a) AMENDMENT.—Subpart E of part 3 of schedule 3 is amended by striking out item 338.50 and inserting the following new items with the article description for item 338.60 at the same indentation level as the article description for item 338.40:

"338.60	Containing 85% or more by weight of continuous man-made fibers	2¢ per lb. + 17.9% ad val..		81% ad val.
	Other:			
338.70	Weighing not more than 5 oz. per square yard	2¢ per lb. + 17.9% ad val..		81% ad val.
338.80	Other	2¢ per lb. + 17.9% ad val..		81% ad val.".

(b) STAGING.—The rate of duty in column numbered 1 for each of items 338.60, 338.70, and 338.80 (as added by subsection (a)) shall be subject to all staged rate reductions for item 338.50 which were proclaimed by the President before the date on which the amendments made by subsection (a) take effect.

SEC. 808. SILICONE RESINS AND MATERIALS.

Part 4 of schedule 4 is amended—

(1) by amending subpart A—

(A) by striking out "provided for in part 1C" in headnote 1 and inserting ", other than silicones, provided for in part 1", and

(B) by amending headnote 2 to read as follows:

"2. (a) The term 'synthetic plastics materials' in this subpart—

"(i) embraces products formed by the condensation, polymerization, or copolymerization of organic chemicals and to which an antioxidant, color, dispersing agent, emulsifier, extender, filler, pesticide, plasticizer, or stabilizer may have been added; and

"(ii) includes silicones (including fluids, resins, elastomers, and copolymers) whether or not such materials are solid in the finished articles.

"(b) The products referred to in (a) contain as an essential ingredient an organic substance of high molecular weight; and, except as provided in (a)(ii) of this headnote, are capable, at some stage during processing into finished articles, of being molded or shaped by flow and are solid in the finished article. The term includes, but is not limited to, such products derived from esters of acrylic or methacrylic acid; vinyl acetate, vinyl chloride resins, polyvinyl alcohol, acetals, butyral, formal resins, polyvinyl ether and ester resins, and polyvinylidene chloride resins; urea and amino resins; polyethylene, polypropylene, and other polyalkene resins; siloxanes, silicones, and other organo-silicon resins; alkyd, acrylonitrile, allyl, and formaldehyde resins, and cellulosic plastics materials. These synthetic plastics materials may be in solid, semi-solid, or liquid condition such as flakes, powders, pellets, granules, solutions, emulsions, and other basic crude forms not further processed.",

(C) by inserting after item 445.54 the following new item with the article description at the same indentation level as the article description for item 445.54:

"445.55	Silicone resins and materials	3.7% ad val..		25% ad val.",

and

(D) by redesignating item 445.56 as item 445.60; and

(2) by amending headnote 2 to subpart B by adding at the end thereof the following:

"(c) For the purpose of the tariff schedules, the term 'rubber' does not include silicones.".

SEC. 809. CLASSIFICATION OF NAPHTHA AND MOTOR FUEL BLENDING STOCKS.

Part 10 of schedule 4 is amended—

(1) by amending headnote 1 by inserting "motor fuel blending stocks," immediately after "except";

(2) by amending headnote 2—

(A) by striking out "and" at the end of subdivision (a);

(B) by striking out the period at the end of subdivision (b) and inserting "; and"; and

(C) by adding at the end thereof the following:

"(c) 'Motor fuel blending stock' (item 475.27) means any product (except naphthas provided for in item 475.35) derived primarily from petroleum, shale oil, or natural gas, whether or not containing additives, to be used for direct blending in the manufacture of motor fuel.";

(3) by inserting in numerical sequence the following new item:

"475.27	Motor fuel blending stocks	1.25¢ per gal..		2.5¢ per gal.";

and

(4) by amending 475.30 by striking out "fuel)" and inserting "fuel or motor fuel blending stocks)".

SEC. 810. IRON OR STEEL SLABS.

Headnote 3(c) of subpart B of part 2 of schedule 6 is amended by striking out "and not over 6 inches".

SEC. 811. TELEVISION APPARATUS AND PARTS.

(a) PERMANENT TREATMENT.—The headnotes to part 5 of schedule 6 are amended—

(1) by amending headnote 3 by striking out "assembled," in subparagraph (a) and inserting "assembled in its cabinet,";

(2) by redesignating headnotes 4, 5, and 6 as headnotes 5, 6, and 7, respectively; and

(3) by inserting after headnote 3 the following new headnote:

"4. Picture tubes imported in combination with, or incorporated into, other articles are to be classified in items 687.35 through 687.44, inclusive, unless they are—

"(i) incorporated into complete television receivers, as defined in headnote 3;

"(ii) incorporated into fully assembled units such as word processors, ADP terminals, or similar articles;

"(iii) put up in kits containing all the parts necessary for assembly into complete television receivers, as defined in headnote 3; or

"(iv) put up in kits containing all the parts necessary for assembly into fully assembled units such as word processors, ADP terminals, or similar articles.".

(b) TEMPORARY TREATMENT.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"912.14	Television picture tubes which would be included in assemblies provided for in item 684.96 but for headnote 4 to part 5, and not provided in item 912.16 or 912.19	11% ad val..	No change	On or before 10/31/87";

"912.16	Television picture tubes, color, having a video display diagonal of less than 12 inches (provided for in item 687.35, part 5, schedule 6)	Free	No change	On or before 12/31/90";

and

"912.19	Television picture tubes, color, having a video diagonal of 30 inches and over (provided for in item 687.35, part 5, schedule 6)	Free	No change	On or before 9/30/88".

SEC. 812. LITHOTRIPTERS.

Item 709.15 is amended by inserting "other than extracorporeal shock wave lithotripters," before "and".

SEC. 813. URANIUM HEXAFLUORIDE (UF6).

(a) AMENDMENT.—Subpart C of part 2 of schedule 4 is amended by redesignating item 422.52 as item 422.54, and by inserting after item 422.50 the following new items and the superior heading thereto, with the superior heading at the same indentation level as the article description for item 422.50:

"Hexafluoride (UF_6):

422.51	If imported for use in reactors in the United States and a product of a country that requires that uranium mined in that country be converted or upgraded into uranium hexafluoride (UF_6) before export	$3 per lb.		$3. per lb.
422.53	Other	Free		Free."

(b) TERMINATION.—Items 422.51 and 422.53 (as added by subsection (a)) shall cease to have force and effect, and the President shall by proclamation eliminate such items, and the superior heading thereto, when the President finds that no foreign country requires the conversion or upgrading of uranium mined in that country into uranium hexafluoride (UF6) before export from that country.

SEC. 814. MARKING OF WATCHES AND WATCH COMPONENTS.

Headnote 4 of subpart E of part 2 of schedule 7 is amended to read as follows:

"4. Special Marking Requirements: Any movement or case provided for in this subpart, whether imported separately or attached to any article provided for in this subpart, shall not be permitted to be entered unless legibly and indelibly marked by cutting, die-sinking, engraving, stamping, or mold-marking (either indented or raised), as specified below:

"(a) Watch movements shall be marked on one or more of the bridges or top plates to show—

"(i) the name of the country of manufacture;

"(ii) the name of the manufacturer or purchaser; and

"(iii) in words, the number of jewels, if any, serving a mechanical purpose as frictional bearings.

"(b) Clock movements shall be marked on the most visible part of the front or back plate to show—

"(i) the name of the country of manufacture;

"(ii) the name of the manufacturer or purchaser; and

"(iii) the number of jewels, if any.

"(c) Watch cases shall be marked on the inside or outside of the back case, or, at the option of the manufacturer, bezels shall be marked, to show—

"(i) the name of the country of manufacture; and

"(ii) the name of the manufacturer or purchaser.

If the manufacturer chooses to mark the bezels, it shall be entitled to use an alphanumeric code to designate the name of the country of manufacture and the name of the manufacturer or purchaser, so long as each such code and its referent are not duplicative of any other code and referent and are subject to inspection by the public.

"(d) Clock cases provided for in this subpart shall be marked on the most visible part of the outside of the back to show the name of the country of manufacture.".

SEC. 815. IMPORTATION OF FURSKINS.

Headnote 4 to subpart B of part 5 of schedule 1 is repealed.

SEC. 816. EFFECTIVE DATES.

(a) IN GENERAL.—

(1) Except as provided in paragraph (2) and in subsection (b), the amendments made by this subtitle apply with respect to articles entered on or after the 15th day after the date of the enactment of this Act.

(2) Section 814 applies to articles entered on or after the 30th day after the date of the enactment of this Act.

(b) RETROACTIVE APPLICATION.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 180th day after the date of the enactment of this Act the entry of any article described in paragraph (2) shall be treated as provided in such paragraph.

(2) In the case of the application of any amendment made by sections 804 and 812 to any entry—

(A) after the applicable date and before the 15th day after the date of the enactment of this Act; and

(B) with respect to which there would have been no duty or a lower duty if the amendment made by such section applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on the 15th day after the date of the enactment of this Act.

(3) For purposes of subparagraph (A), the term "applicable date" means—

(A) in the case of item 812, December 31, 1982; and

(B) in the case of item 804, December 31, 1985.

(c) DEFINITIONS.—For purposes of this section—

(1) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(2) The term "entry" includes any withdrawal from warehouse.

Subtitle B—Temporary Changes in Tariff Treatment

SEC. 821. COLOR COUPLERS AND COUPLER INTERMEDIATES.

Subpart B of part 1 of the Appendix is amended—

(1) by inserting ", but excluding 6,7-dihydroxy-2- naphthalene sulfonic acid sodium salt provided for in item 403.57," after "schedule 4" and before the parenthesis in item 907.10; and

(2) by striking out "9/30/85" in each of items 907.10 and 907.12 and inserting in lieu thereof "12/31/90".

SEC. 822. POTASSIUM 4-SULFOBENZOATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.26	p-Sulfobenzoic acid, potassium salt (provided for in item 404.28, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 823. 2,2'-OXAMIDOBIS[ETHYL 3-(3,5-DI-TERT-BUTYL-4-HYDROXYPHENYL)PROPIONATE].

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"907.09	2,2'-Oxamidobis-[ethyl 3-(3,5-di-tert-butyl-4-hydroxy-phenyl)propionate] (provided for in item 405.34, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 824. DICYCLOHEXYLBENZOTHIAZYLSULFENAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.45	Dicyclohexylbenzothiazylsulfenamide (provided for in item 406.39, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 825. 2,4-DICHLORO-5-SULFAMOYLBENZOIC ACID.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.48	2,4-Dichloro-5-sulfamoylbenzoic acid (provided for in item 406.56, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 826. DERIVATIVES OF N-[4-(2-HYDROXY-3-PHENOXYPROPOXY)PHENYL]ACETAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.11	Mixtures containing derivatives of N-[4-(2-hydroxy-3-phenoxypropoxy)phenyl] acetamide (provided for in item 407.19, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 827. 1,2-DIMETHYL-3,5-DIPHENYLPYRAZOLIUM METHYL SULFATE (DIFENZOQUAT METHYL SULFATE).

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.24	1,2-Dimethyl-3,5-diphenylpyrazolium methyl sulfate (difenzoquat methyl sulfate) (provided for in item 408.19, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 828. DICOFOL.

Item 907.15 of the Appendix is amended to read as follows:

"907.15	1,1-Bis(4-chlorophenyl)-2,2,2-trichloroethanol (Dicofol) (provided for in item 408.28, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 829. CERTAIN KNITWEAR FABRICATED IN GUAM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.45	Sweaters that— (i) do not contain foreign materials in excess of the percentage of total value limitation contained in general headnote 3(a), and

	(ii) are assembled in Guam, exclusively by United States citizens, nationals, or resident aliens, by joining together (by completely sewing, looping, linking, or other means of attaching) at least 5 otherwise completed major knit-to-shape component parts of foreign origin, if entered before the aggregate quantity of sweaters described in (i) and (ii) that is entered during any 12-month period after October 31, 1985 exceeds the duty-free quantity for that period. The duty-free quantity— (I) for the 12-month period ending October 31, 1986 is 161,600 dozen; and (II) for any 12-month period thereafter is an amount equal to 101 percent of the duty-free quantity for the preceding 12-month period	Free		On or before 10/31/92".

SEC. 830. 3,7-BIS (DIMETHYLAMINO) PHENAZATHIONIUM CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.43	3,7-Bis(dimethylamino)-phenazathionium chloride (methylene blue) (provided for in item 409.74, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 831. 3,5-DINITRO-O-TOLUAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.42	3,5-Dinitro-o-toluamide (provided for in item 411.93, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 832. SECONDARY-BUTYL CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.55	Secondary-butyl chloride (provided for in item 429.47, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 833. CERTAIN NONBENZENOID VINYL ACETATE-VINYL CHLORIDE-ETHYLENE TERPOLYMERS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"907.83	Nonbenzenoid vinyl acetate-vinyl chloride-ethylene terpolymers, containing by weight less than 50 percent derivatives of vinyl acetate (provided for in item 445.48, part 4A, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 834. TUNGSTEN ORE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"910.95	Tungsten ore (provided for in item 601.54, part 1, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 835. CERTAIN STUFFED OR FILLED TOY FIGURES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.32	Stuffed or filled toy figures of animate objects (except dolls) not having a spring mechanism and not exceeding 25 inches in either length, width, or height (provided for in item 737.30 or 737.40, Part 5E, Schedule 7)	Free	No change	On or before 12/31/90".

SEC. 836. DUTY-FREE ENTRY OF PERSONAL EFFECTS AND EQUIPMENT OF PARTICIPANTS AND OFFICIALS INVOLVED IN THE 10TH PAN AMERICAN GAMES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"915.20	Personal effects of aliens who are participants in or officials of the Tenth Pan American Games, or who are accredited members of delegations thereto, or who are members of the immediate families of any of the foregoing persons, or who are their servants; equipment for use in connection with such games; and other related articles as prescribed in regulations issued by the Secretary of the Treasury	Free	Free	On or before 9/30/87".

SEC. 837. CARDING AND SPINNING MACHINES.

(a) IN GENERAL.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.03	Carding and spinning machines specially designed for wool, other than machines specially designed for the manufacture of combed wool (worsted) yarns (provided for in item 670.04, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

(b) PARTS.—The headnote to Subpart E of part 4 of schedule 6 is amended by striking out "item 912.04" each place it appears and inserting in lieu thereof "item 912.03 or 912.04".

SEC. 838. CERTAIN BICYCLE PARTS.

(a) IN GENERAL.—

(1) BICYCLE TIRES AND TUBES.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.01	Bicycle tires and tubes and rim strips, of rubber or plastics (provided for in items 732.42, 772.48 and 772.57, part 12C, schedule 7)	Free	No change	On or before 12/31/90".

(2) GENERATOR LIGHTING SETS.—Item 912.05 of the Appendix is amended by striking out "6/30/86" and inserting in lieu thereof "12/31/90".

(3) BICYCLE CHAINS.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.06	Bicycle chains (provided for in items 652.13 and 652.15, part 3F, schedule 6)	Free	No change	On or before 12/31/90".

(4) OTHER BICYCLE PARTS.—Item 912.10 of the Appendix is amended—

(A) by striking out "multiple free wheel sprockets" and inserting in lieu thereof "free wheel sprockets";

(B) by inserting "front and rear derailleurs, shift levers, cables and casings for derailleurs" immediately after "drum brakes";

(C) by inserting "and" after "frame lugs,";

(D) by striking out ", and parts of bicycles consisting of sets of steel tubing cut to exact length and each set having the number of tubes needed for the assembly (with other parts) into the frame and fork of one bicycle"; and

(E) by striking out "6/30/86" and inserting in lieu thereof "12/31/90".

(b) EXCEPTION TO CUSTOMS EXEMPTION APPLICABLE TO FOREIGN TRADE ZONES.—Section 3(b) of the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81c(b)), is amended by striking out "June 30, 1986" and inserting in lieu thereof "January 1, 1991".

SEC. 839. 1-(3-SULFOPROPYL)PYRIDINIUM HYDROXIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"906.46	1-(3-Sulfopropyl)pyridinium hydroxide (provided for in item 406.42, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 840. d-6-METHOXY-a-METHYL-2-NAPHTHALENACETIC ACID AND ITS SODIUM SALT.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.39	-6-Methoxy-α-methyl-2-naphthaleneacetic acid and its sodium salt (provided for in item 412.22, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 841. CERTAIN PESTICIDES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"907.26	Dinocap (provided for in item 408.16, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.27	Mixtures of 1,1-bis(4-chlorophenyl)-2,2,2-trichloroethanol (dicofol) and application adjuvants (provided for in item 408.36, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.28	Mixtures of mancozeb and dinocap (provided for in item 408.38, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.29	Dinocap (provided for in item 408.38, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 842. CHOLESTYRAMINE RESIN USP.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.30	Cross-linked polyvinylbenzyltrimethyl-ammonium chloride (cholestyramine resin USP) (provided for in item 412.70, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 843. 3-AMINO-3-METHYL-1-BUTYNE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.53	3-Amino-3-methyl-1-butyne (provided for in item 425.52, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 844. MANEB, ZINEB, MANCOZEB, AND METIRAM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.60	Maneb, zineb, mancozeb and metiram (provided for in item 432.15, part 2E, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 845. NICOTINE RESINS.

Item 907.63 is amended—

(1) by amending the article description to read as follows: "Nicotine resin complex put up in measured doses in chewing gum form (provided for in item 438.02, part 3B, schedule 4)"; and

(2) by striking out "12/31/87" and inserting "12/31/90".

SEC. 846. HOSIERY KNITTING MACHINES AND NEEDLES.

(a) IN GENERAL.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"912.28	Needles for knitting machines (provided for in items 670.58 and 670.62, part 4E, schedule 6)	Free	No change	On or before 12/31/90
"912.29	Hosiery knitting machines, single cylinder fine gauge and all double cylinder (provided for in items 670.16 and 670.18, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

(b) REPEAL.—Items 912.08 and 912.09 are repealed.

SEC. 847. SILK YARN.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.25	Yarns of silk (provided for in item 308.51, part 1D, schedule 3)	Free	No change	On or before 12/31/90".

SEC. 848. 3-ETHYLAMINO-p-CRESOL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.34	3-Ethylamino-p-cresol (provided for in item 404.96, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 849. CHLOR AMINO BASE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.07	4-Chloro-2,5-dimethoxyaniline (CAS No. 6358-64-1) (provided for in item 405.01, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 850. 2,2-BIS(4-CYANATOPHENYL).

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.44	2,2-Bis(4-cyanatophenyl (provided for in item 405.76, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 851. NITRO SULFON B.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.46	2-[(3-Nitrophenyl) sulfonyl] ethanol (CAS No. 41687-30-3) (provided for in item 406.00, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 852. PHENYLMETHYLAMINOPYRAZOLE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.47	Aminoethylphenylpyrazole (Phenylmethylaminopyrazole) (provided for in item 406.36, part 1B schedule 4)	Free	No change	On or before 12/31/90".

SEC. 853. TERFENADONE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.48	1-(4-(1,1-Dimethylethyl) phenyl-4-(hydroxydiphenylmethyl-1-piperidinyl)-1-butanone (provided for in item 405.42, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 854. FLUAZIFOP-P-BUTYL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.49	Butyl 2-[4-(5-trifluoromethyl-2-pryidinyloxy)phenoxy] propanoate (as provided for in item 405.23, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 855. BENZETHONIUM CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.52	Benzethonium chloride (provided for in item 408.32, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 856. MALONONITRILE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.54	Malononitrile (provided for in item 425.42, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 857. SETHOXYDIM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.36	*Mixtures of 2-[1-(Ethoxyimino)butyl]-5-[2-(ethylthio)propyl]-3-hydroxy-2-cyclohexen-1-one (Sethoxydim) and one or more organic solvents (provided for in item 407.19, part 1B, or item 430.20, part 2D of schedule 4)*	*Free*	*No change*	*On or before 12/31/90".*

SEC. 858. METALDEHYDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.61	Metaldehyde (provided for in item 427.58, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 859. MIXTURES OF CROSS-LINKED SODIUM POLYACRYLATE POLYMERS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.72	Absorbent chemical material of one or more cross-linked sodium polyacrylate polymers (provided for in item 430.20, part 2D, schedule 4)	Free	No change	On or before 10/31/87".

SEC. 860. CYCLOSPORINE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.78	Cyclosporine (provided for in item 439.30, part 3C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 861. PARALDEHYDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.57	Paraldehyde (provided for in item 439.50, part 3C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 862. GLASS INNERS FOR VACUUM FLASKS.

(a) AMENDMENT.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"909.35	Glass inners designed for vacuum flasks or for other vacuum vessels (however provided for in items 545.31, 545.34, 545.35, and 545.37, part 3C, schedule 5)	9% ad val.	3.6% ad val. (I) Free (A) (E).	55% ad val.	On or before 12/31/90"

(b) CONSEQUENTIAL AMENDMENT.—Whenever the rate of duty specified in the Special column in item 790.59 is lowered with respect to any country, rate of duty in the Special column of item 909.35 applicable to the same country shall be lowered to the same rate.

SEC. 863. CERTAIN OFFSET PRINTING PRESSES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"911.93	Offset printing presses of the sheet-fed type weighing 3,500 pounds or more (provided for in item 668.21, part 4D, schedule 6)	No change	10% ad val.	On or before 12/31/90".

SEC. 864. JACQUARD CARDS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.46	Jacquard cards (provided for in item 670.56, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 865. PARTS OF INDIRECT PROCESS ELECTROSTATIC COPYING MACHINES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.18	Parts of indirect process electrostatic copying machines, which machines reproduce the original image onto the copy material by electrostatic transference to and from an intermediate (provided for in item 676.56, part 4G, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 866. EXTRACORPOREAL SHOCK WAVE LITHOTRIPTERS IMPORTED BY NONPROFIT INSTITUTIONS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.24	Extracorporeal shock wave lithotripters imported by nonprofit hospitals and research or educational institutions (provided for in item 709.15 or 709.17, part 2, schedule 7)	Free	No change	On or before 12/31/87".

SEC. 867. CERTAIN PLASTIC SHEETING.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"915.10	Transparent plastic sheeting containing 30% or more of lead, by weight (provided for in item 774.55, part 12B, schedule 7)	Free	No change	On or after 12/31/90".

SEC. 868. DOLL WIG YARNS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.30	Grouped filaments and yarns, not textured, in continuous form, colored, of nylon or modacrylic, whether or not curled of not less than 20 denier per filament, to be used in the manufacture of wigs for dolls (provided for in item 309.32 and 309.33, part 1E, schedule 3, or item 389.62, part 7B, schedule 3)	Free	No change	On or before 12/31/90".

SEC. 869. EXTENSION OF CERTAIN EXISTING SUSPENSIONS.

Each of the following items is amended by striking out the date in the effective date column and inserting "12/31/90":

(1) Item 903.60 (relating to mixtures of mashed or macerated hot red peppers and salt).

(2) Item 903.65 (relating to cantaloupes).

(3) Items 905.10 and 905.11 (relating to certain wools).

(4) Items 906.10 and 906.12 (relating to needlecraft display models).

(5) Item 907.01 (relating to triphenyl phosphate).

(6) Item 907.13 (relating to menthol feedstocks).

(7) Item 907.14 (relating to isometric mixtures of ethylbiphenyl).

(8) Item 907.17 (relating to sulfapyridine).

(9) Item 911.25 (relating to synthetic rutile).

(10) Item 911.95 (relating to certain clock radios).

(11) Item 912.07 (relating to machines designed for heat-set, stretch texturing of continuous man-made fibers).

(12) Item 912.20 (relating to certain small toys).

(13) Items 912.30, 912.34, and 912.36 (relating to stuffed dolls, certain toy figures, and skins thereof).

(14) Item 912.45 (relating to umbrella frames).

(15) Items 903.70 and 903.80 (relating to crude feathers and down).

SEC. 870. EFFECTIVE DATES.

(a) IN GENERAL.—

(1) Except as provided in subsection (b), the amendments made by this subtitle apply with respect to articles entered on or after the 15th day after the date of the enactment of this Act.

(2) The amendment made by section 838(a)(1) applies with respect to articles entered after December 31, 1987.

(b) RETROACTIVE APPLICATION.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 180th day after the date of the enactment of this Act the entry of any article described in paragraph (2) or (3) shall be treated as provided in such paragraph.

(2)(A) In the case of the application of any amendment made by sections 821, 828, 829, 836, 838(a)(2) and (4), 845, 859, and 866 and by paragraphs (1) through (5), (7), (8), (10), (11), (12), (13), and (14) of section 869 to any entry—

(i) which was made after the applicable date and before the 15th day after the date of the enactment of this Act; and

(ii) with respect to which there would have been no duty if the amendment made by such section applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on the 15th day after the date of the enactment of this Act.

(B) For purposes of subparagraph (A), the term "applicable date" means—

(i) in the case of section 866, December 31, 1982;

(ii) in the case of section 845, November 14, 1984;

(iii) in the case of section 869(2), May 15, 1985;

(iv) in the case of section 869(1), (3), (4), and (7), June 30, 1985;

(v) in the case of section 859, July 1, 1985;

(vi) in the case of sections 821, 828, and 869(5), September 30, 1985;

(vii) in the case of section 829, October 31, 1985;

(viii) in the case of section 869, (8), (11), and (13), December 31, 1985;

(ix) in the case of section 836, May 31, 1986;

(x) in the case of section 838(a)(2) and (4), June 30, 1986; and

(xi) in the case of section 869(10), (12), and (14); December 31, 1986.

(3) In the case of any article—

(A) described in item 912.08 of the Tariff Schedules of the United States as in effect on September 30, 1985, that was entered on or after such date and before the date of the enactment of this Act, such entry shall be treated as having been made on September 30, 1985; or

(B) described in item 912.09 of such Schedules as in effect on June 30, 1985, that was entered on or after such date and before the date of the enactment of this Act, such entry shall be treated as having been made on June 30, 1985.

(c) Definitions.—For purposes of this section—

(1) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(2) The term "entry" includes any withdrawal from warehouse.

Subchapter C—Other Customs Provisions

SEC. 871. CUSTOMS BOND CANCELLATION STANDARDS.

Section 623(c) of the Tariff Act of 1930 (19 U.S.C. 1623(c)) is amended by adding at the end thereof the following new sentence: "In order to assure uniform, reasonable, and equitable decisions, the Secretary of the Treasury shall publish guidelines establishing standards for setting the terms and conditions for cancellation of bonds or charges thereunder.".

SEC. 872. SCOFFLAW PENALTIES FOR MULTIPLE CUSTOMS LAW OFFENDERS.

(a) Orders by Secretary of the Treasury.—

(1) The Secretary of the Treasury (hereinafter in this section referred to as the "Secretary") shall by order prohibit any person who is a multiple customs law offender from—

(A) introducing, or attempting to introduce, foreign goods into the customs territory of the United States; and

(B) engaging, or attempting to engage, any other person for the purpose of introducing, on behalf of the multiple customs law offender, foreign goods into such customs territory.

If the multiple customs law offender is a firm, corporation, or other legal entity, the order shall apply to all officers and principals of the entity. The order shall also apply to any employee or agent of the entity if that employee or agent was directly involved in the violations of the customs laws concerned.

(2) The prohibition contained in an order issued under paragraph (1) shall apply during the period which begins on the 60th day after the date on which the order is issued and ends on the third anniversary of that 60th day.

(b) Identification of Multiple Customs Law Offenders.—Each Federal agency shall notify the Secretary of all final convictions and assessments made incident to the enforcement of the customs laws under jurisdiction of that agency.

(c) Penalty.—Whoever violates, or knowingly aids or abets the violation of, an order issued by the Secretary under this section shall be fined not more than $250,000 or imprisoned not more than 10 years, or both.

(d) Rules.—The Secretary shall prescribe rules to carry out this section, including rules governing the procedures to be used in issuance of orders under subsection (a). Such rules shall also include a list of the customs laws.

(e) Definitions.—For purposes of this section:

(1) The term "multiple customs law offender" means a person that, during any period of 7 consecutive years occurring after the date of the enactment of this Act, was either convicted of, or assessed a civil penalty for, 3 separate violations of one or more customs laws finally determined to involve fraud or criminal culpability.

(2) The term "customs law" means any Federal law providing a criminal or civil penalty for an act, or failure to act, regarding the introduction of, or the attempt to introduce, foreign goods into the customs territory of the United States; including, but not limited to, sections 496 and 1001 (but only with respect to customs matters), and any section of chapter 27, of title 18, United States Code, and section 592 of the Tariff Act of 1930.

SEC. 873. IMPORT MARKING PROVISIONS.

(a) Increase in Penalty for Violations of Country-of-Origin Marking Requirements.—

(1) Section 304(h) of the Tariff Act of 1930 (19 U.S.C. 1304(h)) is amended to read as follows:

"(h) Penalties.—Any person who, with intent to conceal the information given thereby or contained therein, defaces, destroys, removes, alters, covers, obscures, or obliterates any mark required under the provisions of this Act shall—

"(1) upon conviction for the first violation of this subsection, be fined not more than $100,000, or imprisoned for not more than 1 year, or both; and

"(2) upon conviction for the second or any subsequent violation of this subsection, be fined not more than $250,000, or imprisoned for not more than 1 year, or both.".

(2)(A) The amendment made by paragraph (1) applies with respect to acts committed on or after the date of the enactment of this Act.

(B) The conviction of a person under section 304(h) of the Tariff Act of 1930 for an act committed before the date of the enactment of this Act shall be disregarded for purposes of applying paragraph (2) of such subsection (as added by the amendment made by paragraph (1) of this subsection.

(b) Marking of Containers of Imported Mushrooms.—Imported preserved mushrooms shall not be considered to be in compliance with section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) or any other law relating to the marking of imported articles unless the containers thereof indicate in English the country in which the mushrooms were grown.

SEC. 874. TECHNICAL PROVISION REGARDING CUSTOMS FORFEITURE.

Section 1152(b) of the Anti-Drug Abuse Act of 1986 (P.L. 99-570) is repealed and the amendment contained in such section shall be treated as not having been enacted.

SEC. 875. DRAWBACK REGARDING CERTAIN IMPORTATIONS OF RAW CANE SUGAR.

(a) In General.—For purposes of section 313 of the Tariff Act of 1930 (19 U.S.C. 1313), if the exported article is, or is manufactured or produced from, refined cane sugar drawback shall be allowed with respect to imported raw cane sugar that is entered, or withdrawn from warehouse, for consumption after October 31, 1977, and before April 1, 1985—

(1) without regard to the 3-year limitation on manufacture or production provided in subsection (b) of such section, and

(2) without regard to the 5-year limitation on exportation provided in subsection (i) of such section, if exportation occurs prior to October 1, 1991.

(b) Report.—The Secretary of Agriculture, in conjunction with the Commissioner of Customs, shall study and report back to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate by June 30, 1988, with respect to circumvention of the United States sugar quota through the importation of refined sugar in the form of blended products. The report shall address the severity of the problem, or lack thereof, and suggest concrete steps, as necessary, to prevent such circumvention.

SEC. 876. ENFORCEMENT OF THE RESTRICTIONS AGAINST IMPORTED PORNOGRAPHY.

(a) Amendment.—Section 305 of the Tariff Act of 1930 (19 U.S.C. 1305) is amended as follows:

(1) The second paragraph of subsection (a) is designated as subsection (b) and the following side heading, appropriately indented, is inserted before "Upon" at the beginning of the paragraph: "(b) Enforcement Procedures.—".

(2) The second sentence of subsection (b) (as redesignated by paragraph (1)) is amended to read as follows: "Upon the seizure of such book or matter, such customs officer shall transmit information thereof to the United States attorney of the district in which is situated either—

"(1) the office at which such seizure took place; or

"(2) the place to which such book or matter is addressed;

and the United States attorney shall institute proceedings in the district court for the forfeiture, confiscation, and destruction of the book or matter seized.".

(3) The following new subsections are added at the end thereof:

"(c) Notwithstanding the provisions of subsections (a) and (b), whenever a customs officer discovers any obscene material after such material has been imported or brought into the United States, or attempted to be imported or brought into the United States, he may refer the matter to the United States attorney for the institution of forfeiture proceedings under this section. Such proceedings shall begin no more than 30 days after the time the material is seized; except that no seizure or forfeiture shall be invalidated for delay if the claimant is responsible for extending the action beyond the allowable time limits or if proceedings are postponed pending the consideration of constitutional issues.

"(d) Upon motion of the United States, a court shall stay such civil forfeiture proceedings commenced under this section pending the completion of any related criminal matter.".

(b) Effective Date.—The amendments made by subsection (a) apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

SEC. 877. RELIEF OF CERTAIN PERSONS.

(a) W.M. Keck Observatory Project, Mauna Kea, Hawaii.—The Secretary of the Treasury is authorized and directed to admit free of duty the following articles for the use of the California Association for Research in Astronomy in the construction of the optical telescope for the W.M. Keck Observatory Project, Mauna Kea, Hawaii:

(1) The telescope structure.

(2) The observatory domes, produced by Brittain Steel, Ltd., of Vancouver, British Columbia, Canada.

(3) The primary mirror blanks, produced by the Schott Glassworks, Frankfurt, Federal Republic of Germany.

If the liquidation of the entry of any such article has become final, the entry shall be reliquidated and the appropriate refund of duty made.

(b) Rukert Marine Corporation of Baltimore, Maryland.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, the entries listed in subsection (b) shall be reliquidated without liability of the importer of record for antidumping duties; and if any such duty has been paid, either through liquidation or compromise under section 617 of the Tariff Act of 1930 (19 U.S.C. 1617), refund thereof shall be made.

(2) The entries referred to in paragraph (1) are as follows:

Entry Number	Date of Entry
144549	March 26, 1976
150297	April 27, 1976
152729	May 11, 1976
156068	May 26, 1976
161653	June 23, 1976
168759	July 30, 1976
173393	August 25, 1976
175173	September 3, 1976
178811	September 23, 1976
108842	November 18, 1976
113000	December 9, 1976
115229	December 21, 1976
120070	January 17, 1977
120908	January 20, 1977
121403	January 24, 1977
130005	March 10, 1977.

(c) Minemet, Inc., New York.—Notwithstanding any provision of the Tariff Act of 1930 or any other provision of the law to the contrary, the Secretary of the Treasury shall reliquidate, as free of duty under item 911.12 of the Appendix to the Tariff Schedules of the United States, as in effect at the time of entry, the entries numbered 00329493 (dated March 16, 1979), 00329494 (dated March 13, 1979), 00329495 (dated March 28, 1979), and 00330003 (dated March 21, 1979), made at New York, New York, and covering tubular tin products, if a certificate of actual use (remelt certificate) for the articles covered by the four entries is submitted to the United States Customs Service at the port of entry within 120 days from the date of enactment of this Act.

SEC. 878. CUSTOMS SERVICES AT PONTIAC/OAKLAND, MICHIGAN, AIRPORT.

Section 236 of the Trade and Tariff Act of 1984 (19 U.S.C. 58b) is amended—

(1) by striking out "and" at the end of subsection (a)(1);

(2) by redesignating paragraph (2) of subsection (a) as paragraph (3); and

(3) by inserting after paragraph (1) of subsection (a) the following new paragraph:

"(2) the airport located at Pontiac/Oakland, Michigan, and"; and

(4) by striking out "20" in subsection (c).

SEC. 879. IMPORTED NATIVE AMERICAN-STYLE JEWELRY.

Immediately after the date of enactment of this Act, the United States Customs Service shall implement the proposed rule published in the Federal Register on July 15, 1986, concerning the country-of-origin marking of imported Native American-style jewelry, unless such rule is implemented before that date.

Subtitle D—Implementation of Nairobi Protocol

SEC. 881. SHORT TITLE.

This subtitle may be cited as the "Educational, Scientific, and Cultural Materials Importation Act of 1987".

SEC. 882. PURPOSE.

The purpose of this subtitle is—

(1) to provide for the implementation by the United States of the Protocol (S. Treaty Doc. 97-2, 9; hereinafter referred to in this Act as the "Nairobi Protocol") to the Agreement on the Importation of Educational, Scientific, and Cultural Materials (17 UST (pt. 2) 1835; commonly known as the "Florence Agreement");

(2) to clarify or modify the duty-free treatment accorded under the Educational, Scientific, and Cultural Materials Importation Act of 1982 (Public Law 97-446, 96 Stat. 2346-2349; hereinafter referred to in this title as the "1982 Act"), the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Public Law 89-65, 80 Stat. 897 et seq.), and Public Law 89-634 (80 Stat. 879); and

(3) to continue the safeguard provisions concerning certain imported articles provided for in the 1982 Act.

SEC. 883. REFERENCE.

Whenever an amendment or repeal in this subtitle is expressed in terms of an amendment to, or repeal of, an item, headnote, or other provision, the reference shall be considered to be made to an item, headnote, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202; hereinafter in this subtitle referred to as the "TSUS").

SEC. 884. REPEAL OF 1982 ACT.

The 1982 Act is repealed.

SEC. 885. TREATMENT OF PRINTED MATTER AND CERTAIN OTHER ARTICLES.

(a) Items 270.45 and 270.50 are redesignated as 270.46 and 270.48, respectively.

(b) Part 5 of schedule 2 is amended as follows:

(1) The following new item is inserted in numerical sequence:

"270.90	Catalogs of films, recordings, or other visual and auditory material of an educational, scientific, or cultural character.	Free	Free".

(2) Items 273.45 through 273.55 and the superior heading thereto are stricken and the following new item is inserted in lieu thereof:

"273.52	Architectural, engineering, industrial, or commercial drawings and plans, whether originals or reproductions.	Free	Free".

(3)(A) The superior heading to items 274.50 through 274.70, inclusive, is amended by inserting "(including developed photographic film; photographic slides; transparencies; holograms for laser projection; and microfilm, microfiches and similar articles except those provided for in item 737.52)" after "Photographs".

(B) The following new items are inserted in numerical sequence under the superior heading "Printed not over 20 years at time of importation:", and before and at the same hierarchical level as "Lithographs on paper:":

"274.55	Loose illustrations, reproduction proofs or reproduction films used for the production of books.	Free	Free"
274.56	Articles provided for in items 270.05, 270.10, 270.25, 270.55, 270.63, 270.70, and 273.60 in the form of microfilm, microfiches, and similar film media.	Free	Free".

(C) Item 735.20 is stricken out and the following new items and superior heading thereto are inserted in lieu thereof:

	"Puzzles; game, sport, gymnastic, athletic, or playground equipment; all the foregoing, and parts thereof, not specially provided for:		
735.21	Crossword puzzle books, whether or not in the form of microfilm, microfiches, or similar film media.	Free	Free
735.24	Other	5.52% ad val.	40% ad val.".

(D) Item 737.52 is amended by inserting "(whether or not in the form of microfilm, microfiches, or similar film media)" after "Toy books".

(E) Item 830.00 is amended by inserting "; official government publications in the form of microfilm, microfiches, or similar film media" at the end of the article description thereof.

(F) Item 840.00 is amended by inserting ", whether or not in the form of microfilm, microfiches, or similar film media" after "documents".

SEC. 886. VISUAL AND AUDITORY MATERIAL.

(a) Headnote 1 of part 7 of schedule 8 is amended to read as follows:

"1. (a) No article shall be exempted from duty under item 870.30 unless either:

"(i) a Federal agency or agencies designated by the President determines that such article is visual or auditory material of an educational, scientific, or cultural character within the meaning of the Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific, or Cultural Character (17 UST (pt. 2) 1578; Beirut Agreement), or

"(ii) such article—

"(A) is imported by, or certified by the importer to be for the use of, any public or private institution or association approved as educational, scientific, or cultural by a Federal agency or agencies designated by the President for the purpose of duty-free admission pursuant to the Nairobi Protocol to the Florence Agreement, and

"(B) is certified by the importer to be visual or auditory material of an educational, scientific, or cultural character or to have been produced by the United Nations or any of its specialized agencies.

For purposes of subparagraph (i), whenever the President determines that there is or may be profitmaking exhibition or use of articles described in item 870.30 which interferes significantly (or threatens to interfere significantly) with domestic production of similar articles, he may prescribe regulations imposing restrictions on the entry under that item of such foreign articles to insure that they will be exhibited or used only for nonprofitmaking purposes.

"(b) For purposes of items 870.32 through 870.35, inclusive, no article shall be exempted from duty unless it meets the criteria set forth in subparagraphs (a)(ii) (A) and (B) of this headnote.".

(b) Item 870.30 is amended by inserting "(except toy models)" after "models", and by striking out "headnote 1" and inserting in lieu thereof "headnote 1(a)".

(c) The following new items and superior heading are inserted in numerical sequence in part 7 of schedule 8:

	"Articles determined to be visual or auditory materials in accordance with headnote 1 of this part:		
870.32	Holograms for laser projection; microfilm, microfiches, and similar articles.	Free	Free
870.33	Motion-picture films in any form on which pictures, or sound and pictures, have been recorded, whether or not developed	Free	Free
870.34	Sound recordings, combination sound and visual recordings, and magnetic recordings; video discs, video tapes, and similar articles.	Free	Free
870.35	Patterns and wall charts; globes; mock-ups or visualizations of abstract concepts such as molecular structures or mathematical formulae; materials for programmed instruction; and kits containing printed materials and audio materials and visual materials or any combination of two or more of the foregoing.	Free	Free".

SEC. 887. TOOLS FOR SCIENTIFIC INSTRUMENTS OR APPARATUS.

Part 4 of schedule 8 is amended by adding in numerical sequence the following new item:

"851.67	Tools specially designed to be used for the maintenance, checking, gauging or repair of scientific instruments or apparatus admitted under item 851.60.	Free	Free".

SEC. 888. ARTICLES FOR THE BLIND AND FOR OTHER HANDICAPPED PERSONS.

(a) Items 825.00, 826.10, and 826.20 are repealed.

(b) Part 7 of schedule 8 is amended—

(1) by adding the following new headnote after headnote 2:

"3. For the purposes of items 870.65, 870.66, and 870.67—

"(a) The term 'blind or other physically or mentally handicapped persons' includes any person suffering from a permanent or chronic physical or mental impairment which substantially limits one or more major life activities, such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

"(b) These items do not cover—

"(i) articles for acute or transient disability;

"(ii) spectacles, dentures, and cosmetic articles for individuals not substantially disabled;

"(iii) therapeutic and diagnostic articles; or

"(iv) medicine or drugs."; and

(2) by inserting, in numerical sequence, the following new items:

	"Articles specially designed or adapted for the use or benefit of the blind or other physically or mentally handicapped persons:		
	Articles for the blind:		
870.65	Books, music, and pamphlets, in raised print, used exclusively by or for them.	Free	Free
870.66	Braille tablets, cubarithms, and special apparatus, machines, presses, and types for their use or benefit exclusively.	Free	Free
870.67	Other	Free	Free".

SEC. 889. AUTHORITY TO LIMIT CERTAIN DUTY-FREE TREATMENT.

(a) AUTHORITY TO LIMIT.—

(1) The President may proclaim changes in the TSUS to narrow the scope of, place conditions upon, or otherwise eliminate the duty-free treatment accorded under sections 887 and 888 with respect to any type of article the duty-free treatment of which has significant adverse impact on a domestic industry (or portion thereof) manufacturing or producing a like or directly competitive article, and provided the effect of such change is not inconsistent with the provisions of the relevant annexes of the Florence Agreement or the Nairobi Protocol.

(2) If the President proclaims changes to the TSUS under paragraph (1), the rate of duty thereafter applicable to any article which is—

(A) affected by such action, and

(B) imported from any source,

shall be the rate determined and proclaimed by the President as the rate which would then be applicable to such article from such source if this title had not been enacted.

(b) RESTORATION OF TREATMENT.—If the President determines that any duty-free treatment which is no longer in effect because of action taken under subsection (a) could be restored, in whole or in part, without a resumption of significant adverse impact on a domestic industry or portion thereof, the President may proclaim changes to the TSUS to resume such duty-free treatment.

(c) OPPORTUNITY TO PRESENT VIEWS.—Before taking an action under subsection (a) or (b), the President shall afford an opportunity for interested Government agencies and private persons to present their views concerning the proposed action.

(d) CONTINUATION OF PROCEEDINGS UNDER 1982 ACT.—Any action in effect or any proceeding in progress under section 166 of the 1982 Act on the day that Act is repealed shall be considered as an action or proceeding, and shall be continued or resumed, under this section.

SEC. 890. AUTHORITY TO EXPAND CERTAIN DUTY-FREE TREATMENT ACCORDED UNDER SECTION 886.

(a) EXPANSION OF DUTY-FREE TREATMENT.—If the President determines such action to be in the interest of the United States, he may proclaim changes to the TSUS in order to remove or modify any condition or restriction imposed under headnote 1 of part 7 of schedule 8 (as amended by section 886), on the importation of articles provided for in items 870.30 through 870.35, inclusive (except as to articles entered under the terms of headnote 1(a)(i) of part 7 of schedule 8), in order to implement the provisions of annex C-1 of the Nairobi Protocol.

(b) EFFECTIVE DATE OF CHANGES.—Any change to the TSUS proclaimed under subsection (a) shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date on which the President proclaims such change.

SEC. 891. CHANGES TO TSUS TO IMPLEMENT FLORENCE AGREEMENT PROVISION.

(a) AMENDMENT OF ITEM 851.60.—Item 851.60 is amended by striking out "Instruments" and inserting in lieu thereof "Scientific instruments".

(b) HEADNOTE CHANGE.—Headnote 6 of part 4 of schedule 8 is amended—

(1) by amending subdivisions (a) and (b) to read as follows:

"6. (a) For purposes of item 851.60—

"(i) the term 'scientific instruments and apparatus' means scientific instruments and apparatus for deriving information from, or generating data necessary to, scientific experimentation by means of sensing, analyzing, measuring, classifying, recording, or similar operations; and

"(ii) the term 'scientific' means pertaining to the physical or life sciences and, under certain circumstances, to applied sciences. Such instruments and apparatus do not include materials or supplies, or ordinary equipment for use in building construction or maintenance or in supporting activities (such as administration or operating residential or dining facilities) of the institution seeking their entry under this item.

"(b) An institution desiring to enter an article under this item shall make an application therefor to the Secretary of Commerce, including therein (in addition to such other information as may be prescribed by regulation) a description of the article, the purposes for which the instrument or apparatus is intended to be used, the basis for the institution's belief that no instrument or apparatus of equivalent scientific value for such purposes is being manufactured in the United States (as to which the applicant shall have the burden of proof), and a statement that the institution either has already placed a bona fide order for such instrument or apparatus or has a firm intention to place an order therefor on or before the final day specified in paragraph (d) of this headnote. If the Secretary finds that the application is in accordance with pertinent regulations, he shall promptly forward copies thereof to the Secretary of Health and Human Services. If, at any time while its application is under consideration by the Secretary of Commerce or on appeal from a finding by him before the United States Court of Appeals for the Federal Circuit, the institution cancels an order for the instrument or apparatus covered by its application, or if it no longer has a firm intention to order such article, it shall promptly so notify the Secretary of Commerce or the Court, as the case may be.";

(2) by amending subdivision (c) by—

(A) striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services"; and

(B) by striking out, in the third sentence, "the Secretary of the Treasury and", and by striking out, in the last sentence, "the Treasury" and inserting in lieu thereof "Commerce";

(3) Subdivision (e) is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit"; and

(4) Subdivision (f) is amended to read as follows:

"(f) The Secretary of Commerce may prescribe regulations to carry out his functions under this headnote.".

SEC. 892. STATISTICAL INFORMATION.

In order to implement effectively the provisions of section 889, the Secretary of the Treasury, in conjunction with the Secretary of Commerce, shall take such actions as are necessary to obtain adequate statistical information with respect to articles to which amendments made by section 885 apply, in such detail and for such period as the Secretaries consider necessary.

SEC. 893. EFFECTIVE DATE.

This subtitle takes effect on, and the amendments to the TSUS made by it apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the latest of—

(1) the 15th day after the date of the enactment of this Act; or

(2) the 15th day after the deposit of the United States ratification of the Nairobi Protocol.

SEC. 894. RETROACTIVE APPLICATION.

Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 90th day after the effective date of this subtitle, in the application of the relevant provisions of this subtitle to the entry of any article—

(1) which was made on or after August 12, 1985, and before the effective date of this subtitle; and

(2) with respect to which there would have been no duty if the relevant provisions of this subtitle applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on or after the effective date of this subtitle.

TITLE IX—UNITED STATES TRADE AND COMPETITIVENESS PROVISIONS

SEC. 901. COMPETITIVENESS IMPACT STATEMENTS.

The head of each department and agency of the Federal Government shall include with any reports, statements of position, or recommendations made to the Congress regarding proposed legislation, a detailed statement of the impact of such legislation on—

(1) the international trade of the United States, and

(2) the ability of United States firms engaged in the manufacture, sale, distribution, or providing of goods or services to compete in foreign or domestic markets.

SEC. 902. NATIONAL TRADE DATA BANK.

(a) TRADE DATA FUNCTIONS.—

(1) The Secretary of Commerce shall—

(A) establish and maintain a National Trade Data Bank,

(B) provide for the analysis of information in the National Trade Data Bank,

(C) disseminate such information in a timely manner to business firms in the private sector that are engaged in export related activities, and

(D) coordinate the gathering and dissemination of commercial information relating to international trade by the Federal Government.

(2) The National Trade Data Bank which is required to be established under paragraph (1) may consist of economic and trade data collected by the Federal Government, including—

(A) information on each foreign country such as—

(i) the general economic conditions and demographics, and

(ii) common business practices,

(B) information on specific industrial sectors within each foreign country such as—

(i) size of the market,

(ii) distribution of products,

(iii) competition,

(iv) applicable laws, regulations, specifications, and standards,

(v) consultants,

(vi) appropriate government officials, and

(vii) trade associations,

(C) information on specific business opportunities in each foreign country,

(D) general import and export data for the United States and for each foreign country,

(E) industry specific import and export data for each foreign country,

(F) product and service specific import and export data for the United States,

(G) market penetration ratios for imports to the United States and country of origin for imports to the United States,

(H) rank ordered national destinations for exports of the United States,

(I) exchange rates of all foreign currencies,

(J) market research, including industry and demographic trends for each foreign country with lists of marketing contacts and lists of foreign firms,

(K) product and process patent, copyright, trademark, and mask work (within the meaning of section 901 of title 17, United States Code) information for each nation for at least the 2 most recent years,

(L) general labor market information,

(M) internationally comparable wage rates,

(N) foreign and domestic—

(i) unemployment rates,

(ii) availability of skilled and professional workers,

(iii) hiring and firing restrictions, and

(iv) labor productivity trends,

(O) comparative international tax rate information,

(P) export financing information, including the availability of funds for United States exporters and foreign competitors,

(Q) information concerning capital markets, interest rates, and the cost and availability of capital,

(R) National Input and Output Tables compiled by the Department of Commerce for the United States and other nations, and

(S) any other information that the Secretary of Commerce determines to be useful in carrying out the purposes of this section other than information which may be contained in the annual report on foreign trade barriers required to be prepared under section 181 of the Trade Act of 1974 or the report required under section 141 or 306 of such Act.

(3) The National Trade Data Bank which is required to be established under paragraph (1) shall—

(A) be designed to utilize state-of-the-art data processing and retrieval equipment in monitoring, organizing, analyzing, and disseminating the information described in paragraph (2),

(B) use the most effective and meaningful means of organizing and making such information available to—

(i) United States business firms,

(ii) United States workers,

(iii) United States industry associations,

(iv) United States agricultural interests,

(v) State and local economic development agencies, and

(vi) other interested United States persons who could benefit from such information, and

(C) be of such quality and in such form as to assist coordinated trade strategies for the United States.

(4) The National Trade Data Bank established pursuant to paragraph (1) shall—

(A) collect and disseminate—

(i) information on service sector economic activity that is at least as complete and timely as information on economic activity in the merchandise sector, and

(ii) a broad base of monthly information on the service sector of the economy, and

(B) provide—

(i) a new benchmark survey of unaffiliated service transactions, including—

(I) banking services,

(II) computer software services,

(III) brokerage services,

(IV) transportation services,

(V) travel services,

(VI) engineering services,

(VII) health services, and

(VIII) construction services, and

(ii) an index of leading indicators which includes measurement of service sector activity in direct proportion to the contribution of the service sector to the gross national product of the United States.

(5) The National Trade Data Bank established pursuant to paragraph (1) shall not include any information—

(A) which is collected by the Federal Government in connection with any investigation, and

(B) the disclosure of which to the public is prohibited under any other provision of law.

(6) In carrying out this section, the Secretary of Commerce shall consult with—

(A) advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155),

(B) other representatives of the private sector, and

(C) other departments and agencies of the Federal Government.

(7) The Secretary of Commerce shall (A) ensure that information systems created or developed pursuant to this subsection do not unnecessarily duplicate information systems available from other agencies of the Government or from the private sector, and (B) disseminate information in the manner most cost effective for the Government.

(b) COOPERATION.—

(1) Each Federal department and agency shall cooperate with the Secretary of Commerce by making information available for assimilation into the National Trade Data Bank.

(2) The Secretary of Commerce shall make information collected by the National Trade Data Bank available to appropriate Federal departments or agencies on a regular basis.

(c) REPORTS.—By no later than December 31 of each calendar year, the Secretary of Commerce shall submit a report to Congress—

(1) assessing the current quality, comprehensiveness, and public and private accessibility of trade data,

(2) describing actions taken pursuant to this section, particularly—

(A) actions taken during the 3-month period beginning on the date of enactment of this Act to provide the new benchmark survey described in subsection (a)(4)(B)(i), and

(B) action taken during the 1-year period beginning on the date of enactment of this Act to provide the information on services described in subparagraphs (A) and (B)(ii) of subsection (a)(4).

(3) describing actions planned to be taken pursuant to this section,

(4) recommending executive and legislative actions which would ensure that United States citizens and firms obtain access to the data banks of foreign countries that is similar to the access provided foreign citizens and firms to the National Trade Data Bank established pursuant to subsection (a)(1), and

(5) recommending other legislative actions which further the purposes of this section.

SEC. 903. COMPETITIVENESS DEVELOPMENT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Commerce (hereinafter in this section referred to as the "Secretary") shall establish, using existing personnel, in the Department of Commerce the Competitiveness Development Program. The Secretary, as part of the Program, shall, on a continuous basis—

(1) undertake an analysis of Federal, State, and local regulations of both foreign firms and United States firms and their actual or potential effect on interstate and foreign commerce, and

(2) undertake a comprehensive and continuing evaluation of the potential competitiveness of United States goods and services in markets within the United States (hereinafter in this section referred to as the "domestic markets"), based upon—

(A) an inventory of those domestic market conditions, opportunities, structures and factors which offer potential for growth and development, and

(B) an analysis of those factors which significantly affect the competitiveness of those domestic firms that have a high potential for growth, including applicable Federal and State policies and practices (particularly macroeconomic, regulatory, and sectorial policies) and the conditions in, and the structure of, the markets that supply, or distribute the products or services of, such firms.

(b) STRATEGIES AND POLICIES.—On the basis of the analyses and evaluation described in the subsection (a), the Secretary shall formulate strategies and policies designed to increase the competitiveness of United States industries in interstate and foreign commerce. The Secretary shall take such action as may be necessary or appropriate consistent with such powers as are granted to the Secretary under law to implement the competitiveness strategies and other recommendations developed under this section and section 904.

(c) REPORTS.—On an annual basis commencing with 1988, the Secretary shall prepare a report (which shall be submitted to Congress and to the President no later than 120 days after the close of the period covered by the report) containing—

(1) a summary of the analyses and evaluation described in subsection (a),

(2) a description of all strategies and policies developed pursuant to subsection (b) and recommendations for legislation, based on such analyses and information, designed to increase the international competitiveness of United States industries in interstate and foreign commerce,

(3) an evaluation of actual or foreseeable economic and technological developments, in the United States and abroad, which have affected or will affect the competitive position of United States industry or of particular United States industry sectors,

(4) an identification and description, with particularity, of actual or foreseeable economic and technological developments in the United States and abroad which—

(A) present significant opportunities for United States industries to compete in new geographical markets or product markets or to expand their position in established markets, or

(B) create a significant risk that United States industries will be unable to compete successfully in significant future markets, and

(5) a specification, with particularity, of the industry sectors affected by the developments described in paragraph (4).

(d) PROGRAM PRIORITIES.—In implementing the program described in subsection (a), the Secretary shall give priority to those product sectors in which the United States has significant economic and commercial interests. The Secretary shall consult with appropriate Federal agencies and private sector advisory groups in determining such priorities.

(e) COLLECTION.—The Secretary may collect such information, and seek the advice of such persons representing United States industries, labor, consumers, and members of the academic community, as the Secretary considers necessary to carry out this section.

SEC. 904. RELATED INITIATIVES TO SUPPORT THE PROGRAM OF ENHANCED COMPETITIVENESS.

In connection with the functions specified in section 903, the Secretary shall carry out the following actions in order to achieve the purposes of this section and section 903:

(1) ASSISTANCE REGARDING RESEARCH AND DEVELOPMENT.—After taking into account all relevant information obtained in carrying out section 903(a) (1) and (2), and other available appropriate data, regarding the research and development needs (including commercialization of research and development) of United States industries, the Secretary shall prepare, and thereafter periodically revise—

(A) an inventory of the research and development that (i) is relevant to the maintenance or expansion of the competitiveness of United States industry, and (ii) is being, or is planned to be, undertaken by United States producers, and

(B) a listing of those new areas of research and development not covered under subparagraph (A) that should be engaged in if such competitiveness is to be maintained or expanded.

(2) IMPROVEMENTS IN TRAINING AND EDUCATION.—On the basis of the most recent information derived under section 903, and from other available appropriate data regarding the labor needs of United States industries, the Secretary shall periodically consult with the Secretary of Labor, the Secretary of Education, and the heads of appropriate State agencies regarding actions that may be taken within their respective jurisdictions to improve the quality and availability of labor market information, training (including teacher training), retraining , and education, in those skills and disciplines which will be required by United States industries for purposes of maintaining or expanding their competitiveness.

(3) REDUCTION AND ELIMINATION OF REGULATORY AND BUREAUCRATIC OBSTACLES.—The Secretary shall undertake periodic consultation with appropriate Federal and State officials and representatives of United States industry and business for purposes of identifying those regulations, policies, and procedures that inhibit or delay the development, commercialization, or marketing of goods or services and shall, giving due consideration to the various purposes of such regulations, policies and procedures, make recommendations to the Congress, and to the appropriate Federal and State agencies, regarding those statutory and administrative changes that would, if implemented, eliminate or reduce such obstacles.

SEC. 905. NATIONAL SECURITY AND ESSENTIAL COMMERCE.

(a) INVESTIGATIONS BY SECRETARY OF COMMERCE.—Upon request of the head of any department or agency or upon the motion of the Secretary of Commerce (hereinafter in this section referred to as the "Secretary"), the Secretary shall immediately make an appropriate investigation to determine the effects on national security, essential commerce, and economic welfare of mergers, acquisitions, joint ventures, licensing, and takeovers by or with foreign persons which involve persons engaged in interstate commerce in the United States and of efforts by or with foreign persons to gain control of persons engaged in interstate commerce in the United States. In the course of the investigation, the Secretary shall seek information and advice from, and shall consult with, the Secretary of Defense and other appropriate officers of the United States. The Secretary shall, if it is appropriate and after reasonable notice, hold public hearings or otherwise afford interested parties an opportunity to present information and advice relevant to such investigation. The Secretary shall report—

(1) the findings of the investigation under this subsection with respect to the effect of the control of such persons by foreign persons upon the national security and essential commerce, and

(2) based on such findings, the recommendation of the Secretary for action or inaction under this section to the President within 45 days after beginning an investigation under this subsection.

If the Secretary finds that the control of such persons by foreign persons threatens to impair the national security and essential commerce, the Secretary shall so advise the President. The President shall take such action, and for such time, as the President deems appropriate to restrict, suspend, or prohibit any effort made by a foreign citizen to merge, acquire, take over, or otherwise gain control of a person engaged in interstate commerce in the United States so that such control will not threaten to impair the national security and essential commerce unless the President determines that such effort by foreign citizens do not threaten to impair the national security and essential commerce.

(b) DOMESTIC PRODUCTION FOR NATIONAL DEFENSE.—For the purposes of this section, the Secretary and the President shall, in the light of the requirements of national security and essential commerce and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense and essential commerce, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the control of such industries by foreign citizens as it affects such industries and the capacity of the United States to meet requirements of national security and essential commerce. In the administration of this section, the Secretary and the President shall further recognize the close relation of the economic welfare of the Nation to our national security and essential commerce, and shall take into consideration the impact of foreign control on the economic welfare of individual domestic industries, and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the control of such industries by foreign citizens shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security and essential commerce.

SEC. 906. UNREASONABLE PRACTICES.

Section 301(e)(3) of the Trade Act of 1974 (19 U.S.C. 2411(e)(5) is amended by inserting before the period "or denies access to foreign government-sponsored technology, research, or development".

SEC. 907. BILATERAL TRADE BETWEEN THE UNITED STATES AND MEXICO.

The Secretary of Commerce shall prepare and submit to the Congress, within 1 year after the date of the enactment of this Act, a report on bilateral trade issues between the United States and Mexico. In the report, the Secretary shall—

(1) identify and analyze the tariff and nontariff barriers that inhibit trade between the United States and Mexico,

(2) identify and analyze unilateral and bilateral actions that might be taken by the Governments of the United States and Mexico to reduce or eliminate such trade barriers, including, for example—

(A) the stimulation of joint investment and coproduction by United States and Mexico joint ventures in those areas in both countries that are adjacent to the international border and the provision of duty-free treatment to articles produced by such ventures, and

(B) the eventual establishment of a free trade area between the United States and Mexico, and

(3) identify and analyze the potential effects on bilateral trade of a United States-Mexico development bank the purpose of which would be to encourage and coordinate economic development between the two countries.

SEC. 908. INVESTIGATION OF CERTAIN BARRIERS PERTAINING TO TRADE AND SERVICES.

The United States Trade Representative shall, within 90 days of the date of the enactment of this Act, initiate an investigation under section 302 of the Trade Act of 1974 regarding the acts, policies, and practices of the Government of Japan and of entities which are owned, financed, or otherwise controlled by the Government of Japan with respect to barriers in Japan to the offering by United States persons of architectural, engineering, construction, and consulting services in such country.

SEC. 909. EFFECT OF IMPORTS ON CRUDE OIL PRODUCTION AND REFINING CAPACITY IN THE UNITED STATES.

The Secretary of Energy shall send to the Secretary of Commerce the results of the study conducted under section 3102 of the Omnibus Budget Reconciliation Act of 1986. Within 180 days of the receipt of the results of such study, the Secretary of Commerce shall report to the President and the Congress recommendations for actions which may be appropriate to address any impact of imports of crude oil and petroleum products on domestic crude oil exploration and production and the domestic petroleum refining capacity.

SEC. 910. IMPACT OF NATIONAL DEFENSE EXPENDITURES ON INTERNATIONAL COMPETITIVENESS.

(a) FINDINGS.—The Congress finds that the ability of United States industries to compete in world markets may be adversely affected by the following factors:

(1) The allocation of intellectual resources between the private and public sectors.

(2) The distribution of innovative research and development between commercial and noncommercial applications.

(3) The number of scientific advances which are ultimately commercialized.

(4) The cost of capital which is affected by many factors including the budget deficit and defense spending.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the President should evaluate the impact on United States competitiveness of—

(1) the defense spending by foreign countries, particularly Japan's expenditure of 1 percent of its gross national product for defense compared to the expenditure of the United States of 6 percent of its gross national product, and

(2) the other factors listed in subsection (a).

SEC. 911. DEVELOPMENT OF SEMICONDUCTOR MANUFACTURING TECHNOLOGY.

(a) AUTHORIZATION.—There is authorized to be appropriated $100,000,000 for each of the fiscal years 1988, 1989, 1990, 1991, and 1992 to enable the Secretary of Commerce, in order to preserve essential commerce, to make grants to a consortium of United States persons engaged in the manufacture in the United States of semiconductors to pay not more than one-half the cost of undertaking projects to stimulate the development of semiconductor manufacturing technology and its application in a variety of industries.

(b) GRANT AUTHORITY.—

(1) Not later than 60 days after the date of enactment of this Act, the Secretary of Commerce shall submit to the Congress a plan which will specify what consortium will be established to receive grants under subsection (a) and what will be the function of such consortium.

(2) No grant may be made under subsection (a) unless a law specifically authorizing such grants is enacted after the date of enactment of this Act.

(c) REPORTS.—The Secretary of Commerce shall report annually to the Congress on the activities undertaken under grants made under subsection (a).

SEC. 912. REPORTS ON COUNTERTRADE AND OFFSETS.

(a) GENERAL RULE.—Each United States person shall report to the Secretary of Commerce on each contract to export United States goods or services which was entered into by such person with a foreign person and which—

(1) involves at least $2,000,000,

(2) requires countertrade or offsets as a condition to such contract, and

(3) is entered into with the government of a foreign country or otherwise could not be entered into without the authorization or approval of a government other than the United States Government.

(b) REPORT CONTENT.—Each report required by subsection (a) shall identify—

(1) the United States and foreign persons involved in the contract reported on,

(2) the goods or services to be provided by the United States person under the contract,

(3) the countertrade or offset referred to in subsection (a)(2) which was imposed on the contract, and

(4) the government of the foreign country with which such contract was entered into or the requirement for government authorization or approval otherwise required before such contract could be entered into.

An identification of a countertrade or offset under paragraph (3) shall include (if a part of the countertrade or offset) the technology to be transferred, the goods or services to be purchased, the amount of goods or services to originate outside the United States, and the persons involved.

(c) DISCLOSURE.—

(1) In addition to the annual report on offsets and countertrade required to be submitted to the Congress by the President under section 309 of the Defense Production Act of 1950, the Secretary shall make an annual public report to the Congress by the time provided in such section 309 for reports under such section. Each report shall include—

(A) a summary of the transactions included in the reports filed with the Secretary,

(B) an analysis of such transactions, including an analysis of the levels of goods and services imported and exported under such transactions, the effect of such transactions on industries and employment in the United States, and such other factors as the Secretary determines are significant,

(C) an identification of the countries which impose countertrades or offsets described in subsection (a)(2) and an identification of the countertrades or offsets imposed, and

(D) the status of negotiations between the United States and other countries to remove such countertrades or offsets.

(2) Except as provided in paragraph (1), the public disclosure of information filed with the Secretary under subsection (a) shall be subject to section 552 of title 5, United States Code.

(d) REPORTING REQUIREMENTS.—Reports required by subsection (a) shall be filed—

(1) in accordance with regulations of the Secretary promulgated under subsection (e), and

(2) at such time as the Secretary may prescribe in such regulations but not less often than annually.

(e) REGULATIONS.—The Secretary shall promulgate regulations to implement this section not later than the expiration of 270 days after the date of the enactment of this Act.

(f) PENALTIES.—Any person who—

(1) fails to file, in accordance with subsection (d), a report required by subsection (a), or

(2) willfully files a report that includes an untrue statement of a material fact or omits

to state a material fact necessary to prevent the report from being false or misleading,

shall be subject to a civil penalty of $10,000 for each week during which such person takes the action described in paragraph (1) or (2).

(g) DEFINITIONS.—For purposes of this section:

(1) UNITED STATES PERSON.—The term "United States person" means any person which is organized under the laws of the United States or of a State or which has its principal place of business in the United States.

(2) FOREIGN PERSON.—The term "foreign person" means—

(A) any individual other than an individual who is a citizen only of the United States,

(B) any person, other than an individual or a government, that is organized under the laws of a foreign government or which has its principal place of business outside of the United States, and

(C) any foreign government or any agency or instrumentality of a foreign government.

(3) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

(4) COUNTERTRADE OR OFFSET.—The term "countertrade or offset" when used to describe a condition for an export contract entered into by a United States person means—

(A) a condition under which the United States person will transfer technology to a foreign person,

(B) a condition under which the United States person will, as a condition to the contract, purchase or arrange for the purchase of goods or services from a foreign person,

(C) a condition under which a percentage of the goods or services to be provided by the United States person will be produced outside the United States or be provided by foreign persons, or

(D) a condition under which the United States person will be required to make investments in a foreign country.

TITLE X—BUY AMERICAN ACT OF 1987

SEC. 1001. SHORT TITLE.

This title may be cited as the "Buy American Act of 1987".

SEC. 1002. AMENDMENTS TO THE BUY AMERICAN ACT.

Title III of the Act of March 3, 1933 (41 U.S.C. 10a-10d), is amended—

(1) by redesignating sections 4 and 5 as sections 5 and 6, respectively; and

(2) by inserting after section 3 the following new section:

"SEC. 4. (a) Subject to subsections (b) through (g) of this section and subsections (e) and (f) of section 305 of the Trade Agreements Act of 1979, a Federal agency shall not award any contract for the procurement of an article, material, or supply mined, produced, or manufactured in a foreign country whose government discriminates in awarding contracts against United States products or services, as identified by the President pursuant to section 305(d)(1) of the Trade Agreements Act of 1979.

"(b) The requirements of subsection (a) shall not apply if (1) the article, material, or supply in question has been assembled or manufactured in the United States, and (2) substantially all of the total cost (including components, indirect costs, research, development, and labor) of such article, material, or supply has been incurred in the United States.

"(c) The requirements of subsection (a) shall not apply in the case of a country which (1) is a signatory in good standing of the Agreement on Government Procurement and is not subject to a waiver revocation under section 305(e)(2) of the Trade Agreements Act of 1979, or (2) is not a signatory of such Agreement but is a least developed country (as that term is defined in section 308(6) of that Act).

"(d) The President or the head of a Federal agency may authorize the award of a contract or class of contracts for the procurement of an article, material, or supply mined, produced, or manufactured in countries described in subsection (a) of this section if the President or the head of the Federal agency—

"(1) determines that such action is necessary (A) in the public interest, or (B) to avoid the restriction of competition in a manner which would limit the procurement in question to, or would establish a preference for, the articles, materials, or supplies of a single manufacturer or supplier; and

"(2) notifies the Congress of such determination not less than 30 days prior to awarding the contract or the date of authorization of the award of a class of contracts.

"(e) In no event shall this section be used to deny the award of a contract or contracts when such denial would limit the procurement in question to, or would establish a preference for, the articles, materials, or supplies of a single manufacturer or supplier.

"(f) The authority of the head of a Federal agency under subsection (d) of this section may not be delegated.

"(g) The authority of the head of a Federal agency under subsection (d) shall not apply to procurements subject to memorandums of understanding entered into by the Department of Defense (or any agency thereof) and a representative of a foreign country (or agency or instrumentality thereof). In the case of any such procurements, the determinations and notice required by subsection (d) shall be made by the President or, if delegated, by the United States Trade Representative.".

SEC. 1003. CONSIDERATION OF COMPLIANCE WITH THE GOVERNMENT PROCUREMENT AGREEMENT IN EXTENDING BENEFITS.

Section 305 of the Trade Agreements Act of 1979 (19 U.S.C. 2515) is amended by adding at the end thereof the following:

"(d) ANNUAL REPORT ON FOREIGN COMPLIANCE.—

"(1) ANNUAL REPORT REQUIRED.—The President shall, no later than December 31, 1988, and annually thereafter, submit to the Congress a report on the extent to which foreign countries, whose products are acquired by the United States Government, discriminate against United States products or services in making government procurements. The President, in the annual report, shall identify the signatories to the Agreement which are not in compliance with the requirements of the Agreement. In addition, from the countries that are not signatories to the Agreement and are not least developed countries, the President shall identify the countries which discriminate in awarding contracts against United States products or services. In making these identifications, the President shall use the requirements of the Agreement as guidelines for evaluating whether the procurement practices of foreign governments are discriminatory.

"(2) CONTENTS OF ANNUAL REPORT.—The annual report required by this subsection shall include (but not be limited to) an evaluation of whether and to what extent countries that are signatories to the Agreement, and all other countries described in paragraph (1) of this subsection—

"(A) use single-tendering procedures for procurements covered by the Agreement that could have been conducted using open or selective procedures;

"(B) conduct what normally would have been one procurement as two or more procurements to bring the anticipated contract value below the Agreement's value threshold;

"(C) announce procurement opportunities covered by the Agreement with less than the required time interval for submitting bids;

"(D) divert procurements that meet the requirements of the Agreement from agencies covered by the Agreement to agencies not subject to the Agreement or to local or regional governments; and

"(E) use specifications in such a way as to limit the ability of United States suppliers to participate in procurements covered by the Agreement.

"(3) ADVICE FROM GOVERNMENT AGENCIES AND UNITED STATES BUSINESSES.—In developing the annual report required by this subsection, the President shall seek the advice of the Secretary of Commerce, the United States Trade Representative, and United States businesses in the United States and in countries that are signatories to the Agreement and in all other foreign countries whose products or services are acquired by the United States Government.

"(4) IMPACT OF NONCOMPLIANCE.—The President, in the annual report required by this subsection, shall take into account the relative impact of any noncompliance with the Agreement or other discrimination by nonsignatories on United States commerce and the extent to which such noncompliance or discrimination has impeded the ability of United States suppliers to participate in procurements covered by the Agreement on terms comparable to those available to suppliers of the country in question when seeking to sell goods under the Agreement to the United States Government.

"(5) IMPACT ON PROCUREMENT COSTS.—Such report shall also include an analysis of the impact on Government procurement costs that may occur as a consequence of any waiver revocations that may be required by subsection (e) of this section and any identifications or other actions taken pursuant to subsection (f) of this section.

"(e) USE OF DISPUTE SETTLEMENT PROCEDURES.—

"(1) INITIATION OF CONSULTATIONS.—The President shall, within 60 days, initiate consultations in accordance with the Agreement's dispute settlement procedures to correct problems with those signatories to the Agreement identified in the annual report (required by subsection (d) of this section) as not meeting the obligations of the Agreement.

"(2) WAIVER REVOCATION.—(A) Where a dispute settlement procedure initiated pursuant to this subsection with any signatory to the Agreement is not concluded within one year from its initiation, such signatory shall be considered as a signatory not in good standing of the Agreement. The President shall revoke the waiver of discriminatory purchasing requirements granted to that signatory pursuant to section 301(a) of this Act.

"(B) If the President determines that revoking such waiver would harm the public interest of the United States, the President may withhold the revocation of such waiver, but shall, while withholding such revocation, take other actions within his authority consistent—

"(i) with the criteria set forth in sections 2 and 3 of the Act of March 3, 1933 (41 U.S.C. 10a-10d), and

"(ii) with the requirements for full and open competition imposed by the amendments made by the Competition in Contracting Act (P.L. 98-369; 98 Stat. 1175),

to impose appropriate and equivalent limitations on Government procurement of products, services, and suppliers of that signatory.

"(C) The President shall not revoke or modify the waiver as to any procurement or class of procurements where such action would limit the procurement or class of procurements to, or would establish a preference for, the products or services of a single manufacturer or supplier.

"(D) The President, in taking any action under this subsection to limit procurements from foreign countries, shall seek the advice of executive agencies through the interagency trade organization (established under section 242 of the Trade Expansion Act of 1962) and the advice of United States businesses and other interested parties.

"(3) SETTLEMENT OF DISPUTES.—If, before the end of a year following the initiation of dispute settlement procedures, the other participant to the procedures—

"(A) eliminated the discrimination to the satisfaction of the President,

"(B) takes the action recommended as a result of the procedures to the satisfaction of the President, or

"(C) the procedures result in a determination requiring no action by the other participant,

the President shall take no action to limit government procurement from that participant.

"(4) REINSTATEMENT OF WAIVERS.—The President may reinstate a waiver of discriminatory purchasing requirements that was revoked (or modified) pursuant to paragraph (2) of this subsection at such time as—

"(A) the other participant has eliminated the discrimination to the satisfaction of the President;

"(B) the other participant has taken corrective action required as a result of the dispute settlement procedures to the satisfaction of the President; or

"(C) the procedures result in a determination requiring no action by the other participant.

"(f) DETERMINATION OF DISCRIMINATION BY A NONSIGNATORY COUNTRY.—If the President determines that an identification under subsection (d)(1) of a foreign country which is not a signatory to the Agreement and is not a least developed country would harm the public interest of the United States, the President shall identify the country as discriminatory but shall, notwithstanding section 4 of the Act of March 3, 1933, take other actions within his authority consistent—

"(1) with the criteria set forth in sections 2 and 3 of the Act of March 3, 1933 (41 U.S.C. 10a-10d), and

"(2) with the requirements for full and open competition imposed by the amendments made by the Competition in Contracting Act (Public Law 98-369; 98 Stat. 1175),

to impose appropriate and equivalent limitations on Government procurements of products, services, and suppliers of that country. The President shall not take any action where such action would limit the procurement or class of procurements to, or would establish a preference for, the products or services of a single manufacturer or supplier. The President, in taking any action under this subsection to limit procurements from foreign countries, shall seek the advice of executive agencies through the interagency trade organization (established under section 242 of the Trade Expansion Act of 1962) and the advice of United States businesses and other interested parties.

"(g) RENEGOTIATION TO SECURE FULL AND OPEN COMPETITION.—The President shall instruct the United States Trade Representative, in conducting renegotiations of the Agreement, to seek improvements in the Agreement that will secure full and open competition consistent with the requirements imposed by the amendments made by the Competition in Contracting Act (P.L. 98-369; 98 Stat. 1175).

"(h) GENERAL REPORT ON ACTIONS UNDER THIS SECTION.—

"(1) ADVICE TO CONGRESS.—The President shall, as necessary, advise the Congress and, by no later than December 31, 1993, submit to the Congress a general report on actions taken pursuant to subsections (d) and (f) of this section.

"(2) CONTENTS OF REPORT.—The general report required by this subsection shall include, but not be limited to, an evaluation of—

"(A) progress by all foreign countries (other than least developed countries) toward eliminating the practices outlined in subsection (d)(3) of this section; and

"(B) actions taken pursuant to subsections (e) and (f) of this section.".

SEC. 1004. CONFORMING AMENDMENTS.

(a) DEFINITION OF FEDERAL AGENCY.—The first section of the Act of March 3, 1933 (41 U.S.C. 10c), is amended—

(1) by striking out the period at the end of paragraph (b) and inserting a semicolon; and

(2) by adding at the end thereof the following:

"(c) The term 'Federal agency' has the meaning given such term by section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472).".

(b) AMENDMENTS TO SECTION 2.—Section 2 of such Act (41 U.S.C. 10a) is amended—

(1) by striking out "department or independent establishment" and inserting "Federal agency";

(2) by striking out "manufactured in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States," and inserting "assembled or manufactured in the United States"; and

(3) by inserting after the first sentence the following new sentence: "A manufactured article, material, or supply shall be considered to be manufactured or assembled in the United States only if substantially all of the total cost (including components, indirect costs, research, development, and labor) of such article, material, or supply has been incurred in the United States.".

(c) AMENDMENTS TO SECTION 3.—Section 3 of such Act (41 U.S.C. 10b) is amended—

(1) by striking out "manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States, except as provided in section 2 of this Act" in subsection (a) and inserting "manufactured or assembled in the United States (determined in accordance with the second sentence of section 2 of this Act), except as provided in the last sentence of such section";

(2) by striking out "department or independent establishment" in such subsection and inserting "Federal agency"; and

(3) by striking out "department, bureau, agency, or independent establishment" in subsection (b) and inserting "Federal agency".

(d) ADDITIONAL CONFORMING AMENDMENTS.—Section 633 of the Act of October 29, 1949 (41 U.S.C. 10d) is amended—

(1) by inserting "or assembled" after "manufactured"; and

(2) by striking out "department or independent establishment" and inserting "Federal agency".

TITLE XI—OCEAN TRANSPORTATION

Subtitle A—Ocean Transportation Practices

SEC. 1101. SHORT TITLE.

This subtitle may be cited as the "Ocean Transportation Practices Act of 1987".

SEC. 1102. DEFINITIONS.

In this subtitle:

(1) The term "class of goods" means goods as classified by a data classification system prescribed by regulation by the Commission.

(2) The term "Commission" means the Federal Maritime Commission.

(3) The term "conference" has the same meaning as in section 3 of the Shipping Act of 1984 (46 App. U.S.C. 1702).

(4) The term "documented vessel" means a vessel documented under chapter 121 of title 46, United States Code.

(5) The term "goods" means articles of any kind.

(6) The term "vessel of a foreign country" includes a vessel—

(A) documented under the laws of a foreign country.

(B) on which at least 4 citizens, at least one of whom is an officer, of the foreign country are employed; or

(C) effectively controlled by a citizen of the foreign country.

SEC. 1103. INVESTIGATION BY THE COMMISSION.

(a) The Commission shall investigate whether unfair practices used directly affect the ability of operators to engage in transportation in the foreign waterborne commerce of the United States—

(1) on the Commission's own initiative;

(2) on a complaint by—

(A) an operator of an affected documented vessel; or

(B) a representative of the crew of an affected documented vessel; or

(3) when, during a period of not more than 12 months (as determined by the Commission), at least 25 percent of any class of goods are transported by common carrier—

(A) from a foreign country to the United States by the vessels of the foreign country; or

(B) from the United States to a foreign country by the vessels of the foreign country.

(b) After beginning an investigation under subsection (a) of this section, the Commission may conduct a preliminary review, not to exceed 3 months. The Commission shall begin an adjudicatory proceeding under subsection (c) of this section if the Commission reasonably believes an unfair practice will be found. A determination not to proceed under subsection (c) must be acompanied by an order setting out the Commission's reasons.

(c) After notice and opportunity for a hearing, the Commission shall find an unfair practice when the acts, policies, or practices of a foreign country unreasonably impair the transportation of goods in the foreign commerce of the United States by documented vessels. In making the finding under this subsection, the Commission shall consider the market share of documented vessels in transporting the goods investigated. In addition, the Commission shall determine whether the acts, policies, and practices of the foreign country—

(1) permit restraint of trade in transportation services, including—

(A) unregulated common management between the shipper and carrier of goods;

(B) special arrangements between the government of the foreign country and the carriers or shippers of that country favoring the use of the vessels of that foreign country; and

(C) any other arrangement unreasonably favoring the vessels of the foreign country in the transport of goods in the foreign commerce of the United States;

(2) deny fair and equitable market opportunities for documented vessels by—

(A) being party to a cargo sharing or reservation agreement to which the United States is not a party;

(B) violating section 13(b)(5) of the Shipping Act of 1984 (46 App. U.S.C. 1712(b)(5)); or

(C) any other agreement or arrangement impairing the access of a documented vessel to the transportation of goods in the foreign commerce of the United States;

(3) deny internationally recognized seafarer's rights, including—

(A) a prohibition on the use of any form of forced or compulsory labor;

(B) a minimum age for the employment of children; and

(C) acceptable conditions, taking into account a country's level of economic development, of work with respect to minimum wages, hours of work, and occupational safety and health.

(d) Unless a foreign government or operator of a vessel of the foreign country, by a preponderance of the evidence, proves otherwise, an unfair practice is deemed to exist when market domination by vessels of the foreign country is found to exist under subsection (a)(3) of this section and—

(1) vessels of the foreign country transport at least 15 percent more of that class of goods being imported or exported than documented vessels; or

(2) a finding has been made under subsection (c)(1) or (2) of this section.

(e)(1) In an investigation or proceeding under this subtitle, the Commission may issue subpoenas to compel the attendance and testimony of witnesses and the production of records or other evidence.

(2) In an investigation or proceeding under this subtitle, a person not complying with a regulation, order, or subpoena is liable to the United States Government for a civil penalty of not more than $5,000 for each day the violation continues.

(3)(A) After notice and opportunity for a hearing, the Commission also may suspend any tariff of a foreign commerce common carrier, or that carrier's right to use a tariff of any conference of which the carrier is a member, when the carrier does not provide evidence required to be provided under a subpoena issued under this subsection in an investigation or proceeding under this subtitle.

(B) On notification by the Commission that a carrier has not provided evidence required to be provided under a subpena issued under this subsection in an investigation or proceeding under this subtitle, the Secretary of the department in which the Coast Guard is operating shall prohibit that carrier's vessels from entering the United States.

(C) The Commission shall submit immediately to the President an order issued under this paragraph. Within 10 days after receiving the order, the President may disapprove it if the President finds that disapproval is required for reasons of national defense or foreign policy of the United States. If not disapproved, the order of the Commission may be effective only after the end of the 10-day period.

(f) When the Commission makes a finding of an unfair practice under this section, the Commission shall calculate the benefit to the vessels of the foreign country (using the amount of goods in the class) attributable to the unfair practice.

(g) The Commission shall enter its finding under subsection (c) of this section within 6 months of initiating the proceeding. An unfair practice is deemed to exist if the Commission is unable to complete the proceeding within that time because the Commission cannot get the necessary witnesses or records from a foreign country.

(h) The Commission and any other agency of the United States Government having any information necessary to carry out this subtitle shall enter into a joint agreement providing for the sharing of that information.

SEC. 1104. NEGOTIATIONS.

(a) If the Commission finds an unfair practice under this subtitle, the Secretary of Transportation, in consultation with the Secretary of State and the Commission, shall enter into negotiations that makes goods unfairly transported available to vessels of all countries serving that trade by—

(1) removing the unfair practice; or

(2) reducing the level of transportation by vessels of the foreign country by the amount of the benefit those vessels derive from the unfair practice that the Commission has calculated under section 1103(f) of this subtitle.

(b) The Secretary of Transportation shall complete the negotiations within 180 days after the Commission finds an unfair practice. If the Secretary considers that further negotiations with a foreign country are necessary under subsection (a) of this section, the Secretary may extend the 180-day period by not more than 60 days.

SEC. 1105. PENALTIES.

(a) Unless the negotiations under section 1104 of this subtitle have been completed within the time period specified—

(1) the owner of the vessel of a foreign country is liable to the United States Government for a civil penalty equal to the value of the freight on the benefit the vessel derived from the unfair practice that the Commission has calculated under section 1103(f) of this subtitle from the date the finding was made under section 1103 of this subtitle; or

(2) the Commission may limit or prohibit specific operations of the owner or operator of vessels of a foreign country in the same manner and to the same extent that owners or operators of documented vessels are restricted in that foreign country.

(b) Subsection (a) of this section may be suspended—

(1) in any single case for not more than one year at a time if the President requests the suspension for reasons of national defense or foreign policy; or

(2) temporarily if the Commission finds that documented vessels are not available to transport a class of goods in the foreign commerce of the United States.

(c) Any action taken under this section shall be reported to Congress in writing within 60 days.

SEC. 1106. AUTHORIZATION OF APPROPRIATIONS.

(a) In fiscal year 1987, $5,000,000 are authorized to be appropriated to the Federal Maritime Commission to carry out this subtitle.

(b) Civil penalties collected under section 1105 of this subtitle shall be credited to the appropriation of the Federal Maritime Commission. The Commission may use the amounts credited under this subsection only to enforce this subtitle.

SEC. 1107. EFFECTIVE DATE.

Sections 1103(a)(3) and (d) of this subtitle are effective 6 months after the date of enactment of this subtitle.

Subtitle B—Mobile Trade Fairs

SEC. 1110. MOBILE TRADE FAIRS REAUTHORIZATION.

Section 212(B) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1122b) is amended—

(1) by striking out "Secretary of Commerce" each place it appears and inserting in lieu thereof "Secretary of Transportation", and

(2) in the first sentence of subsection (c), by striking out all after "beginning" and inserting in lieu thereof "October 1, 1987.".

TITLE XII—INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES

SEC. 1201. MAXIMUM PERIOD FOR TAKING ACTION WITH RESPECT TO COMPLAINTS.

Section 2(b)(2) of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b(b)(2)) is amended—

(1) in the third sentence by striking out "but in no event may" and all that follows through "180 days" and inserting in lieu thereof "but the aggregate period for taking action under this subsection may not exceed 90 days"; and

(2) by inserting after the third sentence the following new sentence: "However, if on the last day of such 90-day period, the Secretary finds that—

"(A) negotiations with the foreign government have progressed to a point that a satisfactory resolution of the complaint appears imminent;

"(B) no United States air carrier has been subject to economic injury by the foreign government or an instrumentality of the foreign government (including a foreign air carrier) as a result of the filing of the complaint; and

"(C) public interest requires additional time before the taking of action with respect to the complaint;

the Secretary may extend such 90-day period for not to exceed an additional 90 days.".

SEC. 1202. VIEWS OF THE DEPARTMENT OF COMMERCE AND OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Section 2(b) of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b(b)) is amended—

(1) by redesignating paragraph (3), and any references thereto, as paragraph (4);

(2) by striking out the last sentence of paragraph (2); and

(3) by inserting after paragraph (2) the following new paragraph:

"(3) In considering any complaint, or in any proceedings under its own initiative, under this subsection, the Secretary shall—

"(A) solicit the views of the Department of State, the Department of Commerce, and the Office of the United States Trade Representative; and

"(B) provide any affected air carrier or foreign air carrier with reasonable notice and such opportunity to file written evidence and agrument as is consistent with acting on the complaint within the time limits set forth in this subsection.".

SEC. 1203. REPORTING ON ACTIONS TAKEN WITH RESPECT TO COMPLAINTS.

Section 2 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b) is amended by adding at the end thereof the following new subsection:

"(e) Not later than the 30th day after taking action with respect to a complaint under this section, the Secretary of Transportation shall report to the Committee on Public Works and Transportation of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on actions that have been taken under this section with respect to the complaint.".

TITLE XIII—SMALL BUSINESS

SEC. 1301. SHORT TITLE.

This title may be cited as the "Small Business Trade Competitiveness and Innovation Act".

SEC. 1302. DECLARATION OF POLICY.

Section 2 of the Small Business Act (15 U.S.C. 631) is amended by adding the following new subsection (b) and redesignating subsections (b) through (e) as subsections (c) through (f), respectively:

"(b) It is the declared policy of the Congress that the Federal Government, through the Small Business Administration, acting in cooperation with the Department of Commerce and other relevant Federal agencies, should aid or assist small businesses, as defined under this Act, to improve their ability to compete in international markets by—

"(1) enhancing their ability to export;

"(2) facilitating technology transfers;

"(3) enhancing their ability to compete effectively and efficiently against imports; and

"(4) increasing the access of small businesses to long-term capital for the purchase of new plant and equipment used in the production of goods and services involved in international trade.".

SEC. 1303. CHANGES IN EXISTING SMALL BUSINESS ADMINISTRATION INTERNATIONAL TRADE OFFICE.

Section 22 of the Small Business Act (15 U.S.C. 649) is amended—

(1) by redesignating subsection (b) as subsection (c) and inserting the following new subsection (b):

"(b) The Office shall work in close cooperation with the Department of Commerce and other relevant Federal agencies, Small Business Development Centers engaged in export promotion efforts, regional and local Administration offices, the small business community, and relevant State and local export promotion programs to—

"(1) assist in developing a distribution network for existing trade promotion, trade finance, trade adjustment, and trade data collection programs through use of the Administration's regional and local offices and the Small Business Development Center network; and

"(2) assist in the aggressive marketing of these programs and the dissemination of marketing information, including computerized marketing data, to the small business community.";

(2) in subsection (c), as redesignated, by adding the following new paragraphs and redesignating the existing paragraphs (1) through (3) as paragraphs (6) through (8), respectively:

"(1) in cooperation with the Department of Commerce, other relevant agencies, regional and local Administration offices, the Small Business Development Center network, and State programs, develop a mechanism for (A) identifying sub-sectors of the small business community with strong export potential; (B) identifying areas of demand in foreign markets; (C) prescreening foreign buyers for commercial and credit purposes; and (D) assisting in increasing international marketing by disseminating relevant information regarding market leads, linking potential sellers and buyers, and catalyzing the information of joint ventures, where appropriate;

"(2) in cooperation with the Department of Commerce, actively assist small businesses in the development and formation of export trading companies, export management companies and research and development pools authorized under section 9 of this Act;

"(3) work in conjunction with other Federal agencies, regional and local offices of the Administration, the Small Business Development Center network, and the private sector to establish a pilot program which must include, but need not be limited to, the following:

"(A) the identification and publication of existing translation services, including such services available through colleges and universities participating in the Small Business Development Center Program;

"(B) the identification by name and language of each multilingual employee of the Administration in each Administration office and collection and publication of a list of such employees within each office;

"(C) the establishment of a full-time position for one Administration regional office of a translator fluent in a language to be designated by the Administration who—

"(i) shall be available to translate any document submitted by any small business through any Administration office or Small Business Development Center office;

"(ii) shall be available to accompany any trade mission to a country whose population speaks the selected language; and

"(iii) shall report within one year of selection for this duty to the Administrator and the Committees on Small Business of the House of Representatives and the Senate regarding the utility and necessity of creating a permanent function of this nature within the Administration;

"(4) work closely with the Department of Commerce to—

"(A) develop a mechanism for collecting, analyzing, and periodically updating relevant data regarding the small business share of United States exports and the nature of State exports (including the production of Gross State Product figures) and disseminating that data to the small business community;

"(B) make recommendations to the Secretary of Commerce regarding revision of the SIC code to encompass industries currently overlooked and to create SIC codes for export trading companies and export management companies;

"(C) improve the utility and accessibility of existing export promotion programs for small businesses; and

"(D) increase the accessibility of the Export Trading Company contact facilitating service;

"(5) make available to the small business community information regarding conferences on small business issues, including international conferences, sponsored by the public and private sector;"; and

(3) by adding after subsection (c), as redesignated, the following new subsections:

"(d) The Office shall work in cooperation with the Export-Import Bank of the United States, the Department of Commerce, other relevant Federal agencies, and the States to develop a program through which export specialists in the regional offices of the Administration, regional and local loan officers, and Small Business Development Center personnel can facilitate the access of small businesses to relevant export financing programs of the Export-Import Bank of the United States and to export and preexport financing programs available from the Administration. To accomplish this goal, the Office shall work in cooperation with the Export-Import Bank and the small business community, including small business trade associations, to—

"(1) aggressively market existing Administration export financing and preexport financing programs;

"(2) identify financing available under various Export-Import Bank programs, and aggressively market those programs to small businesses;

"(3) assist in the development of financial intermediaries and other multipliers and facilitate the access of those intermediaries to existing financing programs;

"(4) promote greater participation by private financial institutions, particularly those institutions already participating in loan programs under this Act, in export finance; and

"(5) provide for the participation of appropriate Administration personnel in training programs conducted by the Export-Import Bank.

"(e) The Office shall establish a Trade Assistance Division which shall—

"(1) work in cooperation with other Federal agencies to assist small businesses in initiating, preparing for, and participating in any proceedings relating to the administration of the United States trade laws;

"(2) assist small businesses in collecting appropriate data necessary to continue trade remedy proceedings; and

"(3) work with the Department of Commerce, the Office of the United States Trade Representative, and the International Trade Commission to facilitate access to trade remedy procedures for small businesses.

"(f) The Office shall report to the Committees on Small Business of the House of Representatives and the Senate on a semiannual basis as to its progress in implementing the requirements under this section.".

SEC. 1304. SPECIFIC REPORTS REQUIRED.

The Office of International Trade in cooperation, where appropriate, with the Division of Economic Research of the Office of Advocacy, and with other Federal agencies shall undertake studies regarding the following issues and shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title with specific recommendations on—

(1) the viability and cost of establishing an annual, competitive small business export incentive program similar to the Small Business Innovation Research Program and alternative methods of structuring such a program;

(2) methods of streamlining trade remedy proceedings to increase access for, and reduce expenses incurred by, smaller firms;

(3) methods of improving the current small business foreign sales corporation tax incentives and providing small businesses with greater benefits from this initiative;

(4) the effects of State tax systems on the international competitiveness and export potential of smaller firms and recommended policy changes;

(5) methods of ensuring greater representation of the perspective of the small business community in GATT negotiations, including the advisability of having a Small Business Advisor within the Office of the United States Trade Representative;

(6) the volume and dollar amount of goods and services, identified by type, imported by United States trading partners over the past ten years, with recommendations regarding methods of identifying potential export markets for United States small businesses; maintaining and disseminating current foreign market data; and devising a comprehensive export marketing strategy for United States small business goods and services; and

(7) a survey of major United States trading partners to identify the domestic policies, programs and incentives, and the private sector initiatives, which exist to encourage the formation and growth of small business.

SEC. 1305. EXPORT FINANCING PROVIDED BY THE ADMINISTRATION.

Section 7(a)(14) of the Small Business Act (15 U.S.C. 636(a)(14)) is amended to read as follows:

"(14)(A) The Administration under this subsection may provide extensions and revolving lines of credit for export purposes and for preexport financing to enable small business concerns, including small business export trading companies and small business export management companies, to develop foreign markets: *Provided, however,* That no such extension or revolving line of credit may be made for a period or periods exceeding three years. A bank or participating lending institution may establish the rate of interest on extensions and revolving lines of credit as may be legal and reasonable; and

"(B) When considering loan or guarantee applications, the Administration shall give weight to export-related benefits, including opening new markets for United States goods and services abroad and encouraging the involvement of small businesses, including agricultural concerns, in the export market.".

SEC. 1306. SMALL BUSINESS DEVELOPMENT CENTERS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 20 of the Small Business Act is amended by adding the following at the end of subsection (z): "There are hereby authorized to be appropriated to the Administration for fiscal year 1988, $5,000,000 to carry out the provisions of section 21(a)(6).";

(b) SBDC INFORMATION DISSEMINATION AND SERVICE DELIVERY.—Section 21 of the Small Business Act (15 U.S.C. 648) is amended—

(1) in subsection (a)(1), by inserting after "enterprises;" the following: "management and technical assistance regarding export promotion and technology transfer;";

(2) in subsection (a), by inserting the following new paragraph (2) and redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively:

"(2) The Small Business Development Centers shall work in close cooperation with the Administration's regional and local offices, the Department of Commerce, other appropriate Federal, State, and local agencies, and the small business community to serve as an active information dissemination and service delivery mechanism for existing trade promotion, trade finance, trade adjustment and trade data collection programs of particular utility for small businesses. Such Centers are encouraged to use funds provided under this Act to establish a toll-free telephone number to provide access for small businesses to the assistance provided for under this Act.";

(3) by adding at the end of such subsection the following new paragraph:

"(6) Any applicant which is funded by the Administration as a Small Business Development Center may apply for an additional grant to be used solely to assist—

"(A) with the development and enhancement of exports by small business concerns; and

"(B) to assist in technology transfer, as provided under subparagraphs (B) through (G) of subsection (c)(3). Applicants for such additional grants shall comply with all of the provisions of this section, including providing matching funds, except that funding under this paragraph shall be effective for any fiscal year to the extent provided in advance in appropriations Acts and shall be in addition to the dollar program limitations specified in paragraphs (4) and (5): *Provided,* That no recipient of funds under this paragraph shall receive a grant which would exceed its pro rata share of a $15,000,000 program based upon the populations to be served by the Small Business Development Center as compared to the total population of the United States, or $100,000, whichever is greater.";

(4) in subsection (c)(3), by striking subparagraph (B) and inserting the following new subparagraph (B):

"(B) assisting in technology transfer, research and development, including applied research, and coupling from existing sources to small businesses, including—

"(i) working to increase the access of small businesses to the capabilities of automated flexible manufacturing systems;

"(ii) working through existing networks and developing new networks for technology transfer that encourage partnership between the small business and academic communities to help commercialize university-based research and development and introduce university-based engineers and scientists to their counterparts in small technology-based firms; and

"(iii) exploring the viability of developing shared production facilities, under appropriate circumstances;";

(5) in subsection (c)(3), by adding the following new subparagraphs (C) through (F) and redesignating the existing subparagraphs (C) through (H) as subparagraphs (G) through (L), respectively:

"(C) in cooperation with the Department of Commerce and other relevant Federal agencies, actively assisting small businesses in exporting by identifying and developing potential export markets, facilitating export transactions, developing linkages between United States small business firms and prescreened foreign buyers, assisting small businesses to participate in international trade shows, assisting small businesses in obtaining export financing, and facilitating the development or reorientation of marketing and production strategies; where appropriate, the Small Business Development Center may work in cooperation with the State to establish a State international trade center for these purposes;

"(D) assisting small businesses in developing and implementing marketing and production strategies that will enable them to better compete within the domestic market;

"(E) developing a program in conjunction with the Export-Import Bank and local and regional Administration offices that will enable Small Business Development Centers to serve as a distribution network and service delivery mechanism for Bank financing programs, and otherwise identify and help to make available export financing to small businesses;

"(F) working closely with the small business community, small business consultants, State agencies, universities and other appropriate groups to make translation services more readily available to small business firms doing business, or attempting to develop business, in foreign markets;";

(6) in subsection (c), by adding the following new paragraphs:

"(5) In performing the services identified in paragraph (3), the Small Business Development Centers shall work in close cooperation with the Administration's regional and local offices, the local small business community, and appropriate State and local agencies.

"(6) The Deputy Associate Administrator of the Small Business Development Center Program shall develop and implement mechanisms for the sharing of information between Small Business Development Centers or between existing Small Business Development Centers and program applicants."; and

(7) by inserting the following new subsection (d) and redesignating subsections (d) through (k) as subsections (e) through (l), respectively:

"(d) Where appropriate, the Small Business Development Centers shall work in conjunction with the relevant State agency to develop a comprehensive plan for enhancing the export potential of small businesses located within the State. This plan may involve the cofunding and staffing of a State Office of International Trade within the State Small Business Development Center, using joint State and Federal funding, and any other appropriate measures directed at improving the export performance of small businesses within the State.".

SEC. 1307. CAPITAL FORMATION.

(a) LIMITATIONS.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) by striking "and" at the end of clause (i) of paragraph (2)(B) and by adding after clause (ii) the following new clauses:

"(iii) not less than 85 per centum of the financing outstanding at the time of disbursement if such financing is an industrial mortgage loan under paragraph (16) and is less than $1,176,470, and

"(iv) less than 85 per centum of the financing outstanding at the time of disbursement if such financing is an industrial mortgage loan under paragraph (16) and exceeds $1,176,470:";

(2) by amending paragraph (3) to read as follows:

"(3) No loan shall be made under this subsection—

"(A) if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established by this Act would exceed $500,000, except as provided in subparagraph (B);

"(B) if the total amount outstanding and committed (on a deferred basis) solely for the purposes provided in paragraph (16) to the borrower from the business loan and investment fund established by this Act would exceed $1,000,000, such amount to be in addition to any financing solely for working capital, supplies, or revolving lines of credit for export purposes up to a maximum of $500,000 as provided in subparagraph (A); and

"(C) if effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis if the amount would exceed $350,000.";

(3) by adding the following new paragraphs after paragraph (15):

"(16) The Administration may guarantee industrial mortgage loans under this paragraph to assist any small business concern, including start-ups, in the financing of the acquisition, construction, conversion or expansion of plant or equipment to be used in the United States in the production of goods and services involved in international trade: *Provided*, That such loans are secured by a first lien position or first mortgage on the property financed by such loans: *Provided further*, That the lender agrees to sell the loan in the secondary market as authorized in sections 5(f) and 5(g) of this Act within one hundred and eighty days of the date of disbursement.

"(17) The Administration shall authorize lending institutions in addition to banks to make loans authorized under this subsection."; and

(4) by redesignating the existing paragraph (16) as paragraph (18).

(b) REPORT.—The Administrator of the Small Business Administration shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title as to the viability of creating cooperative Federal-State guarantee programs, particularly for purposes of export financing, to encourage States to coinsure Federal loans, thus permitting the Federal Government to reduce its exposure.

SEC. 1308. SMALL BUSINESS INNOVATION RESEARCH.

The Administrator of the Small Business Administration shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title as to the advisability of amending the Small Business Innovation Research program to—

(1) increase each agency's share of research and development expenditures devoted to it by 0.25 per centum per year, until it is 3 per centum of the total extramural research and development funds, and targeting a portion of the increment at products with commercialization or export potential;

(2) make the Small Business Innovation Research Program permanent with a formal congressional review every ten years, beginning in 1993;

(3) allocate a modest but appropriate share of each agency's Small Business Innovation Research fund for administrative purposes for effective management, quality maintenance, and the elimination of program delays;

(4) determine annually that each agency is clearly in full compliance with the law and that Small Business Innovation Research Program funding is not being accompanied by parallel reductions in other small business programs; and

(5) create pooled solicitations once or twice a year of subjects submitted by agencies expending $20,000,000 to $100,000,000 in extramural research and development funds, to facilitate their involvement in the Small Business Innovation Research Program.

SEC. 1309. GLOBALIZATION OF PRODUCTION.

Within one year after the date of enactment of this title, the Administrator of the Small Business Administration shall submit a written report to the Committees on Small Business of the House of Representatives and the Senate, prepared by the Administration in cooperation with other relevant agencies, that would—

(1) analyze the effect of increased outsourcing and other shifts in production arrangements on small firms, particularly manufacturing firms, within the United States subcontractor tier;

(2) assess the impact of specific economic policies, including, but not limited to, procurement, tax and trade policies, in facilitating outsourcing and other internationalized production arrangements; and

(3) make recommendations as to changes in government policy that would improve the competitive position of small United States subcontractors, including recommendations as to incentives which could be provided to larger corporations to maximize their use of United States subcontractors and assist these subcontractors in changing production and marketing strategies and in obtaining new business in domestic and foreign markets.

SEC. 1310. NATIONAL CONFERENCE ON SMALL BUSINESS EXPORTS.

(a) CONFERENCE.—The Administration shall conduct a National Conference on Small Business Exports during 1988 in order to develop recommendations designed to stimulate exports from small companies. The Speaker of the House of Representatives (in consultation with the minority leader of the House) and the majority leader of the Senate (in consultation with the minority leader of the Senate) each shall appoint 15 percent of the delegates to the Conference.

(b) ASSISTANCE BY EXPERTS.—For the purpose of ascertaining facts and developing policy recommendations concerning the expansion of United States exports from small companies, the Conference shall bring together individuals who are experts in the fields of international trade and small business development and representatives of small businesses, associations, the labor community, academic institutions, and Federal, State, and local governments.

(c) RECOMMENDATIONS CONCERNING UTILITY OF INTERNATIONAL SUMMIT.—The Conference shall specifically consider the utility of, and make recommendations regarding, a subsequent International Summit on Small Business and Trade that would—

(1) help develop a consensus regarding international and national institutional and policy changes necessary to build an international small business sector capable of long-term growth;

(2) help establish linkages between United States small business owners and small business owners in foreign countries;

(3) enable United States small business owners to learn how others organize themselves for exporting;

(4) permit others to learn how United States small businesses operate in the United States economic environment;

(5) provide small business participants the opportunity to better understand the development of international trade policy; and

(6) foster greater consideration of small business concerns in the GATT.

SEC. 1311. PROMULGATION OF REGULATIONS.

Notwithstanding any law, rule, or regulation, the Small Business Administration shall promulgate final regulations to carry out the provisions of sections 1306 and 1307 within six months after the date of the enactment of this title.

SEC. 1312. EFFECTIVE DATE.

Sections 1306 and 1307 shall become effective on October 1, 1987.

TITLE XIV—PATENTED PROCESSES

SEC. 1401. SHORT TITLE.

This title may be cited as the "Process Patent Amendments Act of 1987".

SEC. 1402. RIGHTS OF OWNERS OF PATENTED PROCESSES.

Section 154 of title 35, United States Code, is amended by inserting after "United States", the following: "and, if the invention is a process, of the right to exclude others from using or selling throughout the United States, or importing into the United States, products made by that process".

SEC. 1403. INFRINGEMENT FOR IMPORTATION OR SALE.

Section 271 of title 35, United States Code, is amended by adding at the end the following new subsection:

"(g) Whoever without authority imports into the United States or sells or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

"(1) it is materially changed by subsequent processes; or

"(2) it becomes a minor or nonessential component of another product.".

SEC. 1404. DAMAGES FOR INFRINGEMENT.

(a) LIMITATIONS AND OTHER REMEDIES.—Section 287 of title 35, United States Code, is amended—

(1) in the section heading by striking "Limitation on damages" and inserting "Limitation on damages and other remedies";

(2) by inserting "(a)" before "Patentees"; and

(3) by adding at the end the following:

"(b)(1) An infringer under section 271(g) shall be subject to all the provisions of this title relating to damages and injunctions except to the extent those remedies are modified by this subsection or section 06 of the Process Patent Amendments Act of 1987. The modifications of remedies provided in this subsection shall not be available to any person who—

"(A) practiced the patented process;

"(B) owns or controls, or is owned or controlled by, the person who practiced the patented process; or

"(C) had knowledge before the infringement that a patented process was used to make the product the importation, use, or sale of which constitutes the infringement.

"(2) No remedies for infringement under section 271(g) of this title shall be available with respect to any product in the possession of, or in transit to, the infringer before the infringer had notice that the product was made by a process patented in the United States.

"(3) In an action brought for infringement under section 271(g), the court shall take into consideration the good faith and reasonable business practices demonstrated by the infringer and the need to restore the exclusive rights of the patentee.

"(4) For the purposes of this subsection, notice of infringement means actual knowledge, or receipt of notification, that a product was made by a patented process without authorization of the patentee. A notification shall constitute notice of infringement only if it is in writing and sets forth facts which are sufficient to establish that there is a substantial likelihood that the product was made by the infringing process. Filing an action for infringement shall constitute notice of infringement only if the pleadings or other papers filed in the action meet the requirements of a notification set forth in the preceding sentence. For the purposes of this subsection, a person who obtains a product made by a process patented in the United States in a quantity which is abnormally large in relation to the volume of business of such person or an efficient inventory level shall be rebuttably presumed to have actual knowledge that the product was made by such patented process.".

(b) Technical Amendment.—The item relating to section 287 of title 35, United States Code, in the table of sections for chapter 29 of such title is amended to read as follows:

"287. Limitations on damages and other remedies; marking and notice.".

SEC. 1405. PRESUMPTION IN CERTAIN INFRINGEMENT ACTIONS.

(a) Presumption That Product Made by Patented Process.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following:

"§295. Presumption: Product made by patented process

"In actions alleging infringement of a process patent based on the importation, sale, or use of a product which is made from a process patented in the United States, if the court finds—

"(1) that a substantial likelihood exists that the product was made by the patented process, and

"(2) that the claimant has made a reasonable effort to determine the process actually used in the production of the product and was unable so to determine,

the product shall be presumed to have been so made, and the burden of establishing that the product was not made by the process shall be on the party asserting that it was not so made.".

(b) Conforming Amendment.—The table of sections for chapter 29 of title 35, United States Code, is amended by adding after the item relating to section 294 the following:

"295. Presumption: Product made by patented process.".

SEC. 1406. EFFECTIVE DATE.

(a) In General.—The amendments made by this title shall apply only to products made or imported after the date of the enactment of this Act, but shall not abridge or affect the right of any person or any successor in business of such person to continue to use, sell, or import any specific product already in substantial and continuous sale or use by such person in the United States on January 1, 1987, or for which substantial preparation by such person for such sale or use was made before such date, to the extent equitable for the protection of commercial investments made or business commenced in the United States before such date.

(b) Retention of Other Remedies.—The amendments made by this title shall not deprive a patent owner of any remedies available under subsections (a) through (f) of section 271 of title 35, United States Code, under section 337 of the Tariff Act of 1930, or under any other provision of law.

SEC. 1407. REPORTS TO CONGRESS.

(a) Contents.—The Secretary of Commerce shall, not later than the end of each 1-year period described in subsection (b), report to the Congress on the effect of the amendments made by this title on the importation of ingredients to be used for manufacturing products in the United States in those domestic industries that submit complaints to the Department of Commerce, during that 1-year period, alleging that their legitimate sources of supply have been adversely affected by the amendments made by this title.

(b) When Submitted.—A report described in subsection (a) shall be submitted with respect to each of the five 1-year periods which occur successively beginning on the date of the enactment of this Act and ending five years after that date.

The CHAIRMAN. No amendments to the bill or to the said substitute are in order except the amendments specified in section 2 of House Report 100-67, by, and if offered by, the Members designated in said report, or their designees. The amendments shall be considered only in the order specified in House Report 100-67, are considered as having been read, are not subject to a demand for a division of the question, but each amendment shall be debatable as specified in House Report 100-67, equally divided and controlled by the proponent of the amendment and a Member opposed thereto.

AMENDMENT OFFERED BY MS. KAPTUR

Ms. KAPTUR. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Admendment offered by Ms. Kaptur Page 28, line 19, strike out "and".

Page 28, between lines 19 and 20 insert the following:

(3) international agreement regarding the principle that nondiscriminatory treatment (most-favored-nation treatment) and other mulitlateral trade benefits are not required to be extended by a country to any other country unless such other country permits reciprocal market access opportunities for foreign goods and services, and applies to foreign products, services, and business operations within its territory the same standards that are applied to domestic products, services, and operations; and

Ms. KAPTUR. Mr. Chairman, I ask unanimous consent to modify my amendment and I send the modification to the desk.

The CHAIRMAN. Will the gentlewoman please suspend for a moment?

Under the rule, the gentlewoman from Ohio [Ms. Kaptur] will be recognized for 15 minutes, and a Member opposed will be recognized for 15 minutes.

The Chair now recognizes the gentlewoman from Ohio [Ms. Kaptur].

MODIFICATION OF AMENDMENT OFFERED BY MS. KAPTUR

Ms. KAPTUR. Mr. Chairman, I am pleased to be the lead-off batter this morning on what I am sure will prove to be a most interesting day, and I hope that we hit a series of home runs here from beginning to end.

The CHAIRMAN. The Chair would inquire does the gentlewoman wish to modify her amendment.

Ms. KAPTUR. Yes, Mr. Chairman.

Mr. Chairman, I ask unanimous consent to modify my amendment and I send the modification to the desk.

The CHAIRMAN. The Clerk will report the modification.

Modification of amendment offered by Ms. Kaptur: Page 37, between lines 8 and 9 insert the following:

(15) Reciprocal Treatment.—The principal negotiating objective regarding reciprocal treatment is to obtain international agreement regarding the principle that nondiscriminatory treatment (most-favored-nation treatment) and other multilateral trade benefits are not required to be extended by a country to any other country unless such other country permits reciprocal market access opportunities for that country's goods and services.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Ohio?

Mr. SOLOMON. Mr. Chairman, I reserve the right to object.

Mr. Chairman, first of all, let me say that there is no one that I respect more in this Chamber than the gentlewoman who is in the well. This has nothing to do with her amendment. But I had an amendment before the Rules Committee which I was denied. Because there was too much confusion, they did not want to deal with all these modifications. That particular amendment was one of the most important amendments that could be attached to this trade bill.

The language in the trade bill rejects the Defense Department control over 15 Western countries, many of which are totally hostile to the United States of America, many of them, as a matter of fact three of them, who are the leading State-sponsored terrorist nations in this world. And I was denied that amendment before the Rules Committee.

I hate to object, but if we could not have the right to offer my amendment by unanimous consent to this bill and have an open debate on a critical measure that affects the national security of this country, then I am going to have to object.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. Continuing my reservation to object, Mr. Chairman, I yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman for yielding.

I can understand the gentleman's concern about not getting an amendment made in order. Many of us would like to have had amendments so that we could have debated the bill fully, but in that event we would probably be here until the 12th of never.

I think what concerns me about the proposed amendment to the amendment is that the amendment itself will be very harmful to our negotiating posture in the GATT. It will require us to raise a new issue in a way that will be in conflict with what other countries want to do and what our policy has been. If she is allowed unanimous consent, her perfecting amendment will take some of the sting out of her original amendment. It will make it sufficiently benign so that we will at least be able to go forward in our international negotiations.

I hope the gentleman will exercise some tolerance in that regard despite his disappointment. I think that the gentlewoman's amendment is one that is trying to pull us together on this matter, so that we can achieve an enactment, rather than to sunder us so that we are lead to failure or veto or both.

I hope the gentleman will consider that, and I thank him for yielding.

Mr. HUNTER. I thank my friend for yielding.

I share his disappointment with the rule in that I had offered an amendment that also was a national security issue and I have inspected his particular issue. It is of gravest concern to the Western world. We are going to be selling to our enemies the wherewithal to kill American and Israeli soldiers. Recently, it has been disclosed that Toshiba has been giving away, selling Western submarine technology secrets with their teams in Soviet shipyards. As a result, they have quieted their submarines. We are at a crisis situation, I think, with regard to a Soviet submarine capability vis-a-vis American capability.

I had an amendment that would have gotten Toshiba's attention at least, and that particular amendment was not ruled in order. And I think that one major subissue with trade is national security. The gentleman's amendment raised that issue. It should have been addressed in this bill. I share his disappointment.

I thank the gentleman for yielding.

Mr. SOLOMON. Continuing to reserve my right to object, I will not take much longer, but in answer to the statement of the gentleman from Minnesota, I had several amendments before the Rules Committee. Some of them were not of national significance, but in this particular amendment that we wanted to offer we had offered it in the Foreign Affairs Committee, it had lengthy debate there, it was one of the most important issues before that committee, and to be denied that before the rules of this House, when you look at the other amendments that are being offered here today, I just think it is not fair, it is not fair to the membership of this House, and it certainly is not fair to the American people and to the national security of this country.

Therefore, until we can have a little more talk perhaps off the floor I would object to the gentlewoman's unanimous consent request, and I apologize to her for doing it.

The CHAIRMAN. Objection is heard.

□ 1040

The gentlewoman from Ohio [Ms. KAPTUR] is recognized for 15 minutes in support of her original amendment.

Ms. KAPTUR. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Chairman, as the gentlewoman recognized, the Chair was willing to accept the modified version of this amendment. However, the objection that has been raised puts the chairman of the committee in a somewhat embarrassing position because now I feel that we are going to have to oppose the amendment.

It is something that I did not intend to do. I would like to make a suggestion to the gentlewoman that if she felt that she wanted to withdraw the amendment, maybe we could work something out at some future date.

I just wanted to give the gentlewoman the opportunity to recognize that.

Mr. FRENZEL. Mr. Chairman, will the gentlewoman yield?

Ms. KAPTUR. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I feel the same way the chairman does. I was prepared to accept the amendment with the modification. I am going to have to oppose it in the original form.

I would tell the gentlewoman that I would work with the chairman at later stages of development in the bill to integrate your feelings into this. I support his suggestion and it is, of course, arrogant of any of us to suggest that you would want to withdraw it, except that I think you might do better in the long run if you do.

Ms. KAPTUR. Mr. Chairman, if I could just say for the record, and also to the gentleman from New York [Mr. SOLOMON], who raised the original point of order here, that this was not a substantive change in the amendment. In fact, we had been working with the committee on these modifications to better place the amendment within the bill under principle negotiating objectives which ask for specific agreements, rather than the general objectives where it has originally been placed, and therefore, clarified its meaning by dropping some of the ambiguous language in the last sentence of the amendment.

I would certainly be interested in some of the gentleman's own proposals before the Committee on Rules. This was not a substantive change.

Mr. SOLOMON. Mr. Chairman, will the gentlewoman yield?

Ms. KAPTUR. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Chairman, I have been informed that we are in the Committee; we are not in the House. In order for me to receive unanimous consent to offer my amendment, we would have to be back in the House. For me to continue to object to your modification, I do not think would be right.

I am going to withdraw my reservation of objection to the gentlewoman's unanimous-consent request, but I would hope that something during the day, we might be able to have some conversation with the chairman of the Committee on Rules and others. I am sorry to delay the gentlewoman.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Does the gentlewoman from Ohio renew her unanimous-consent request for a modification of her amendment?

Ms. KAPTUR. Mr. Chairman, I renew my request and ask unanimous consent to modify my amendment as previously requested.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

The text of the amendment, as modified, is as follows:

Page 37, between lines 8 and 9 insert the following:

(15) RECIPROCAL TREATMENT.—The principal negotiating objective regarding reciprocal treatment is to obtain international agreement regarding the principle that nondiscriminatory treatment (most-favored-nation treatment) and other multilateral trade benefits are not required to be extended by a country to any other country unless such country permits reciprocal market access opportunities for that country's goods and services.

Ms. KAPTUR. Mr. Chairman, I am pleased to be, as I said earlier, the leadoff batter in what I hope will be a series of home-run hits during the day today.

I am offering the good neighbor reciprocal treatment amendment. It seeks to apply the golden rule to world trade. My amendment says to our trading partners, do unto others as you would have them do unto you.

Those nations not willing to afford U.S. firms substantially equivalent treatment in international trade would not be guaranteed most-favored-nation status or other such trade benefits, including national treatment.

One of the basic principles governing international trade is equal market access. Trade must be a two-way street. Trading partners should treat goods and services from other countries in a nondiscriminatory manner. This is a good principle. It is one of the fundamental commandments of trade law. However, today, countries that practice free trade are disadvantaged by this principle. If West Germany has lowered its tariff on electronics, for example, by our request, in return for us lowering the tariff on automobile parts, we must lower that tariff on auto parts across-the-board for every GATT signatory country, including Taiwan, South Korea, and Japan, countries which effectively keep our auto parts and many other goods out of their markets. These countries are not required to offer anything in return for the special status they are granted through most-favored-nation and other multilateral trade benefits such as national treatment. Therefore, it could be said that we are offering unilateral trade concessions to closed markets. We get nothing in return, as some of our trading partners, societies that are less open than ours, construct trade barriers using administrative guidance, market allocation, licensing agreements, and other forms of exclusionary business practices. Thus, what most often happens today in our international trading system, in spite of our sincere efforts to open other markets, is that the United States ends up being disadvantaged.

This amendment establishes a new negotiating objective, in essence a new commandment for international trade. It directs our negotiations to obtain an international agreement that nondiscriminatory treatment—most-favored-nation treatment—and other multilateral trade benefits, such as national treatment, are not required to be extended by a country to any other country unless such other country permits reciprocal market access opportunities for that country's goods and services. Thus, we would not be required to afford such special trade benefits to countries which do not provide substantially equivalent open markets to our goods and services.

This agreement will clarify the rules of the trade game before it is played, rather than assigning penalties after the game has been played unfairly. The scene for international trade has changed dramatically over the last 40 years, and the rules which we established then to govern trade must be reassessed. We must give the United States and other open market countries a reasonable expectation that other countries will open their markets if they are to be given an unconditional pass to our market. This new commandment of trade establishes this unconditional right to U.S. markets only if the United States gets equal treatment.

Mr. Chairman, today we'll be hearing a lot about fair trade, equal access, and level playing fields. I do not believe good fences make good neighbors in international trade. Some of our trading partners have been poor neighbors by taking advantage of our open markets. My amendment would not fence off America. It just requires other nations to open their gates.

Mr. Chairman, I yield to the gentleman from Illinois [Mr. ROSTENKOWSKI], and thank him for his sincere efforts to work with us in our efforts to get this amendment passed today.

Mr. ROSTENKOWSKI. Mr. Chairman, I have no objection to the gentlelady's amendment as modified. It merely seeks to assure international acceptance under GATT of what is already existing practice, namely, the application of new trade agreements on a conditional most-favored-nation basis. In fact, that is the manner in which the United States applied some of the major codes of the 1979 Tokyo round. We only gave the benefits of the Government Procurement Code and Subsidies Code, for example, to countries that committed themselves to the code obligations. So I have no difficulty with this minor amendment.

Ms. KAPTUR. Mr. Chairman, I yield to the gentleman from Florida [Mr. GIBBONS], who has been most helpful in working with us for these last several months.

Mr. GIBBONS. Mr. Chairman, I want to commend the gentlewoman from Ohio for the fine way in which she works with all of us to try to solve problems.

We are a problem-solving committee and a problem-solving Congress. She exhibits the best of that. I support her proposal. I think it, to some extent, legitimatizes and reinforces what we began in 1979, which was to say that after we finish our multilateral negotiations, we offer them out for everyone to join in, and if they choose not to join, then we choose not to grant them reciprocal treatment.

These are best signified by the codes that we developed in 1979, like the Subsidies Code and the Government Procurement Code and the International Aircraft Code. Those codes were, to some extent, optional with the nations of the world and those that signed on to those codes got special advantages for doing that.

□ 1050

It was a very much "Do unto others as you would have them do unto you." I think it is a good principle of international trade and I support the gentlewoman's amendment.

Ms. KAPTUR. Mr. Chairman, I thank the gentleman very much for his kind words and for all the hard work the gentleman has put in these last several months working with us. There could be no finer chair of the Trade Subcommittee than the gentleman from Florida [Mr. GIBBONS].

Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, I want to commend Congresswoman KAPTUR from Toledo, OH, for the effort that she has taken and made in this House to be the conscience of the House on trade and unfair trade practices.

You know, there was a time in America when our trade policies were respected by the people as much as the name Sears, Roebuck. Today the American people associate our trade policies more with Barnum and Bailey.

The problem is that the joke is on American workers and American families.

I have something here today that I would like to have the Members take a look at. I really would like to have the other side of the aisle take a look at this and our own side.

Mr. Chairman, this is the only part of the apparatus known as the phone in America that is now made in America, the telephone cord.

Mr. Chairman, I would just like to say this, that about a year and a half ago down there in Shreveport, LA, AT&T closed down a plant that hired 1,200 people, permanently laid them off, invested $30 million in Singapore, hired 1,500 people and they now make residential telephones that they send back to us.

Now, here is the problem, and Mr. Chairman, I am asking for your help. If they take the profits from the sales of those telephones and reinvest them in Singapore, they do not even pay taxes to Uncle Sam on those properties.

Now, I think it is time, we keep talking about GATT agreements, memorandums of understandings; I have a suggestion today in my little humble way, that Congress was elected to be the special interest lobby for the American people and if we have to, let us rewrite them and make sure that America is getting a fair share.

So, Mr. Chairman, I am going to ask for some tax repair. I hope you give some consideration to that little bill I have that will deal with that issue.

I would like to say to the gentlewoman from Ohio [Ms. Kaptur] if the gentlewoman keeps up the job she is doing, the people from Ohio are proud of the gentlewoman and I am proud to speak up on her behalf here today.

I thank the gentlewoman for the time.

Ms. KAPTUR. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Is there any Member opposed to the amendment?

Mr. FRENZEL. Mr. Chairman, I rise in opposition to the amendment, and I yield myself 2 minutes.

The CHAIRMAN. The gentleman from Minnesota [Mr. Frenzel] is recognized.

Mr. FRENZEL. Mr. Chairman, I spoke earlier and indicated how pleased I was that the gentlewoman had not tried to put her standards into statutory language prohibiting or demanding restrictions, but instead had asked that the United States make her point a negotiating objective.

In my judgment, her idea is not a very good negotiating objective, nor is this a good time to raise it. Nevertheless, the gentlewoman has been immensely accommodating in modifying her amendment in such a way that I believe it is a good deal less harmful.

First, I ought to say that direct sectoral reciprocity is something that everybody understands cannot be a part of any kind of trade arrangement. We do know that mutual trade, that generally reciprocal arrangements, are the basis for all our trade. I believe that is what the gentlewoman intends. I think we can work that into the language as the bill moves forward.

So I rise in technical disagreement with the gentlewoman's amendment. I will not, however, ask for a vote.

I do want to congratulate the gentlewoman for the spirit of cooperation which I see as beginning to draw the House closer together, to draw the administration more deeply into the process. The result will be that we will all come closer to getting what we want in the long run, a bill that can be signed and that the Congress can be proud of.

Ms. KAPTUR. Mr. Chairman, I thank the gentleman.

Mr. FRENZEL. Mr. Chairman, I have no further requests for time, and I yield back the balance of the time in opposition.

Ms. KAPTUR. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. Gaydos], the stellar leader of the steel caucus.

Mr. GAYDOS. Mr. Chairman, on behalf of the steel caucus and the executive committee, I wish to congratulate the gentlewoman from Ohio for her dedicated work on the caucus and also as now indicated by the substance of the amendment that she offers, I want the gentlewoman to know that the caucus is behind the amendment completely and the gentlewoman should be congratulated.

Ms. KAPTUR. Mr. Chairman, I thank the gentleman from Pennsylvania [Mr. Gaydos], and I thank the gentleman for the help of the steel caucus in drafting this amendment.

Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. Oberstar].

Mr. OBERSTAR. Mr. Chairman, I thank the gentlewoman for yielding this time.

The Kaptur amendment is a modest attempt to open foreign markets to U.S. goods. It is a market-opening amendment. It does not impose any restrictions, any manner of unfairness or burden at all. What it simply attempts to do is achieve that due process which was intended in the original GATT agreement. It will assure that due process will be followed for U.S. companies attempting to do business in foreign lands just as foreign companies are given due process in the United States.

Regrettably, our laws and our administrative process through the International Trade Commission and the International Trade Administration and other Government agencies tilt in favor of our competition, not in favor of U.S. companies. We have such a level playing field that we bend over backwards to accommodate our competition.

The amendment of the gentlewoman will give us that fair treatment and due process in other countries which we need and level the playing field as we properly should do in international trade.

Mr. Chairman, the Kaptur amendment should be adopted.

Ms. KAPTUR. Mr. Chairman, I yield our last minute to the gentleman form Texas [Mr. Bryant].

Mr. BRYANT. Mr. Chairman, I thank the gentlewoman for yielding this time.

I would just simply like to say that I have long advocated a policy in the area of trade that told our foreign competitors that they either let our products into their country or they get their products out of our country.

The gentlewoman has taken a great step forward in incorporating the notion of reciprocity as one of the chief negotiating objectives of our negotiators.

I think any time we are able to take a step forward toward recognition of reciprocity as an immutable principle of international trade, we have made progress.

I congratulate the gentlewoman from Ohio for doing so, and rise in strong support of her amendment.

Ms. KAPTUR. Mr. Chairman, I thank the gentleman, and urge support for the Kaptur amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment, as modified, offered by the gentlewoman from Ohio [Ms. Kaptur].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FIELDS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 398, noes 19, not voting 16, as follows:

[Roll No. 69]

AYES—398

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Aspin
Atkins
AuCoin
Badham
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bates
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilbray
Bilirakis
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Brennan
Brooks
Broomfield
Brown (CO)
Bruce
Bryant
Buechner
Bunning
Burton
Bustamante
Byron
Callahan
Campbell
Cardin
Carper
Carr
Chandler
Chapman
Chappell
Clarke
Clay
Clinger
Coats
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Crockett
Daniel
Darden
Daub
Davis (IL)
Davis (MI)
DeFazio
de la Garza
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Espy
Evans
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flake
Florio
Foglietta
Foley
Ford (MI)
Frank
Frost
Gallegly
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gordon
Gradison
Grandy
Grant
Gray (PA)
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hansen
Harris
Hastert
Hatcher
Hawkins
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Hochbrueckner
Holloway
Hopkins
Horton
Houghton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Inhofe
Ireland
Jacobs
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Konnyu
Kostmayer
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot

Lipinski
Livingston
Lloyd
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken, Thomas
Lukens, Donald
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCurdy
McDade
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
Meyers
Mfume
Mica
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moody
Moorhead
Morella
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Packard
Panetta
Parris
Pashayan
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickett
Pickle
Price (IL)
Price (NC)
Pursell
Quillen
Rahall
Rangel
Ravenel
Ray
Regula
Rhodes
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Saiki
Savage
Sawyer
Saxton
Schaefer
Scheuer
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Stratton
Studds
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Traficant
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weber
Weiss
Weldon
Wheat
Whittaker
Whitten
Williams
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)

NOES—19

Archer
Armey
Bliley
Cheney
Crane
Dannemeyer
DeLay
Dornan (CA)
Dreier
Frenzel
Gingrich
Green
Gregg
Kemp
Lungren
Mack
Michel
Oxley
Stump

NOT VOTING—16

Annunzio
Brown (CA)
Flippo
Ford (TN)
Gray (IL)
Hayes (IL)
Latta
Leath (TX)
Martinez
McCollum
McKinney
Porter
Schneider
Towns
Traxler
Young (FL)

□ 1110

Mr. GINGRICH changed his vote from "aye" to "no."

Mr. HAWKINS changed his vote from "no" to "aye."

So the amendment, as modified, was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. PEPPER

Mr. PEPPER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. PEPPER: On page 278, after line 23, add the following section:

SEC. 199. The USTR shall request that all relevant agencies prepare appropriate recommendations for improving the enforcement of restrictions on importation of articles from Cuba. Such recommendations should include, but not be limited to, appropriate measure to present indirect shipments or other means of circumvention. USTR shall, after considering such recommendations, report to the Congress, within 90 days after enactment, or any administrative measures or proposed legislation which it considers necessary and appropriate to enforce restrictions on imports from Cuba.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Chairman, I have a parliamentary inquiry.

Mr. CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ALEXANDER. Mr. Chairman, would the Chair state how the time will be divided on the amendment that has been read?

Mr. CHAIRMAN. The gentleman from Florida [Mr. PEPPER] will be entitled to 15 minutes and a Member in opposition will be entitled to 15 minutes.

Mr. ALEXANDER. Mr. Chairman, I am opposed to the amendment, and I would request that that time be assigned to me, if some Member of the committee is not opposed.

Mr. CHAIRMAN. The Chair will advise the gentleman from Arkansas if there is someone else on the committee who seeks time in opposition, the Chair would designate that person in opposition.

Does the gentleman from Minnesota [Mr. FRENZEL] seek time in opposition?

Mr. FRENZEL. Mr. Chairman, I am opposed to the amendment, and I also seek time in opposition.

Mr. CHAIRMAN. The gentleman from Minnesota [Mr. FRENZEL] will have 15 minutes in opposition.

□ 1120

Mr. CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. PEPPER] for 15 minutes.

Mr. PEPPER. Mr. Chairman, I rise in support of the amendment and I yield myself such time as I may consume.

Mr. Chairman, 25 years ago our Government imposed an embargo upon Cuba, a new Communist regime in our hemisphere. During the intervening period that embargo has not been. And one of the reasons for the fact that it has not been as effective as it should have been is that a lot of the nations of the world which are receiving aid from our country are doing business with Communist Cuba. For example, in 1985 Egypt, which received that year over a billion dollars of economic aid from our country, bought 186,000 metric tons of sugar from Cuba adding to the economic power of Castro's Communist Cuba to raise trouble in the western hemisphere and in other parts of the world which are fighting for liberty and human rights.

Another instance was the country of India.

In the year 1985, also, India, which that year received about $175 million in economic aid from our country, bought 108,000 metric tons of sugar from Cuba. Now we sell sugar, ourselves, but if they did not want to buy it from us, there are Caribbean countries that need that money, the Dominican Republic and many other Caribbean countries whom we try to help to provide better economic aid for them, they would have profited very greatly to have had that business from our friends to whom we give help.

We can hardly measure the danger that has been constituted to this country from the Russian military base that now exists in Cuba.

With some of my colleagues a few years ago I stopped over two or three days in Iceland. And while we were there we had an interview with our military authorities. Our military representatives told us from that vantage point there was a constant stream of Russian bombers and submarines going through those straits to Havana. Formerly, the Russian submarines in order to rest, had to go all the way back to somewhere in Russia. Now they come to Havana.

So what my amendment does, it does not propose anything specifically that we should do to tighten the embargo, but it simply authorizes the United States trade representatives to request of all the executive agencies in our Government that are knowledgeable in this matter to propose to the Congress regulations which would tighten the Cuban embargo. Initially I had proposed a specific amendment limiting the right of ships that stop and do business in Cuba to enjoy American ports and American trade. I decided that a better approach would be for us to call upon the executive agencies of the Government that are more skilled in this matter than I am to prepare and submit to the Congress any recommendations that they think appropriate that would tighten and make more effective the Cuban embargo. That is basically what my amendment does. I am not asking you to adopt anything specifically here today, but simply to authorize our trade representative to call upon the appropriate executive agencies to prepare and submit to the Congress such regulations as they would think, if adopted by the Congress, would more effectively tighten the Cuban blockade. That is what my amendment does. I think all of us know that the more hard currency that Cuba gets from abroad, the more money they have got to spend in trouble spots in the Western Hemisphere and in other parts of the world promoting communism.

□ 1130

So I think it is highly desirable that we tighten this embargo as effectively as we can and we are simply, by this amendment, asking our executive agencies to prepare and submit to the Congress recommendations that would have that effect. I hope this amendment will be adopted.

Mr. FRENZEL. Mr. Chairman, I rise in opposition to this amendment and I yield 2 minutes to the gentleman from New York [Mr. KEMP], the distinguished chairman of the Republican Conference.

Mr. KEMP. Mr. Chairman, I rise in strong support of the amendment of the gentleman from Florida.

This is, in my view, a reassertion of the principles of the Monroe Doctrine, which are so important to the security and the defense of the Caribbean, and, of course, our friends to the south.

I do not, generally speaking, believe in sanctions, but these are the types of sanctions that should not only be imposed against Cuba, but should be tightened, as the gentleman from Florida hopes to do. I think it is an important statement that the United States is making in terms of inhibiting the Cubans from earning the foreign exchange which they are using to subvert friendly democracies in Latin America and in Africa.

I would hope that our colleagues would vote unanimously in support of the amendment of the gentleman from Florida.

The amendment is a step in the right direction; I would hope that it is just the first in many that Congress will take against Castro's oppression at home and his aggression abroad.

In the spirit of the Pepper amendment, we also need to look at other ways to end economic support by the United States and its allies of the Castro regime. Congress needs to tighten up the Cuban Asset Control Regulations so that United States components of any products are not sent to another country and then reexported to Cuba. I would also strongly urge the President to bring up with Prime Minister Nakasone the matter of Japan's trade with Cuba, a volume of trade that now makes Japan Cuba's largest trading partner in the free world. It would very much serve the best interests of the free world and the Caribbean if Japan were to shift this trade to free market economies in the Caribbean Basin, which produce the same products.

In supporting UNITA, Congress has taken the right action against Soviet-Cuban aggression in Angola. But continued U.S. trade with the MPLA regime continues to subsidize the 35,000 troops Castro has stationed there. The time for an outright prohibition on our exports to Angola that aid the MPLA and of the import of Angolan goods into the United States is long overdue. The House Ways and Means Committee passed up an opportunity to strike a blow for freedom and against Castro's expansionist ambitions by defeating such an initiative just several weeks ago.

I again compliment Mr. PEPPER on his amendment, and I look forward to his leadership in continuing the fight for freedom in our own hemisphere, and on the African Continent.

Mr. FRENZEL. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. LAGOMARSINO], a member of the Committee on Foreign Affairs.

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Florida [Mr. PEPPER].

I commend the gentleman from Florida for his initiative to improve enforcement of trade restrictions against Cuba. The support of Castro's Communist government in Cuba for subversion in the Western Hemisphere and for Marxist regimes in Africa cannot be tolerated.

Castro has given no indication that he is willing to moderate his regime or to stop giving men and material for guerrilla wars in Central America or in other parts of the world. There is no reason for the United States to be financing Cuban subversion of our friends and allies by permitting goods from Cuba to enter the United States on vessels that have called on Cuban ports.

We must not permit evasion of our trade sanctions against Cuba by ships traveling from Cuba and later making stops in American ports. I believe we must tighten our trade sanctions against Cuba so there are no loopholes and this amendment by the gentleman from Florida is an important contribution. I urge my colleagues to give their strong support for this amendment.

Mr. FRENZEL. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. SHUMWAY].

Mr. SHUMWAY. Mr. Chairman, this is a very timely and thoughtful amendment that I am pleased to rise in support for. There can be no doubt in our minds that Fidel Castro has built one of the most repressive societies in the Western Hemisphere, including a very elaborate network of prisons and concentration camps.

In fact, I have a bill in, which many Members have cosponsored, including the distinguished gentleman from Florida, which would urge the Human Rights Commission of the United Nations to condemn the political atrocities that have been committed by Fidel Castro and his regime.

Today, that regime has one of the highest number of political prisoners on a per capita basis in the world.

I, therefore, am pleased to support the gentleman's amendment and I urge my colleagues to support that amendment which will enhance the enforcement of Cuban import restrictions.

I do not think that we should be in the business of importing from Cuba. We should not provide any support for Castro's morally and economically bankrupt regime. I am, therefore, very pleased to join the gentleman in urging the passage of this amendment.

Mr. PEPPER. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I merely rise to say that the Committee on Ways and Means supports this very important amendment and I want to commend the gentleman from Florida [Mr. PEPPER] for having the foresight to put it together.

We want to work him on this matter.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise today to oppose the amendment of the gentleman from Florida [Mr. PEPPER], which goes to the administration of a policy of economic embargo against the Republic of Cuba.

My purpose that I am seeking today is to raise the question of export trade embargoes as a tool of diplomacy, as an instrument of foreign policy. I ask the questions of my colleagues: What is accomplished by a trade embargo? Who is damaged by that embargo? The object of the embargo or the producers of our own country?

I think that I have an appreciation of the constituency of the gentleman from Florida. I have great admiration for the gentleman from Florida and strong personal affection for him. I feel that I understand and appreciate the gentleman's constituency in Florida. His constituents do not like or approve of the Government in Cuba.

I represent a group of constituents in Arkansas who do not approve of the Government of Cuba, but additionally, my people grow rice and other farm products that they wish to sell.

The economic conditions of Arkansas and the rural agricultural producing States are the worst they have been since the 1930's. We are piling up millions of bushels of wheat and rice on the ground and covering them with plastic.

Our Government will not permit us to sell these products to willing buyers in nations like the Republic of Cuba. I have here some data which shows that Cuba is an agricultural market that buys about $490 million a year in farm products. Let me mention a couple of them to you. Those from wheat-producing States: wheat, rice, and soybeans and feed grains, Cuba buys about $225 million a year. Dairy products: Almost $200 million a year. For those of you from cotton States: Cuba buys $52 million worth of cotton a year. And, tobacco, more than $11 million a year.

Now, who is damaged by our export trade embargo? Cuba? Or the American farmer? I suggest that we are losing about $500 million a year in markets that are potentially ours because of an archaic foreign policy, to embargo trade against Cuba, which is not effective. It does not change the Government of Cuba. And, it only damages our own people.

□ 1140

We are a Nation which last year experienced a trade balance deficit of $169.8 billion. We are buying almost $170 million a year in products more than we are selling. And, at the same time we are denying to our own producers markets which could potentially help offset that trade imbalance and help make our country whole again.

I ask my colleagues to review the effects of economic trade embargoes upon our own people, and to study those effects as to the instruments of foreign policy. Is it not time that the United States began trying to think of a rational policy that is in the best interests of our own people instead of adopting emotional responses to foreign regimes which are incompatible with ours?

Is it not time for us to take another look at the trade embargo as an instrument of foreign policy?

Mr. Chairman, I thank the gentleman for yielding time to me. I appreciate the small amount of time he has given me here today, and I hope the Members will oppose the amendment.

At this point, I would like to include in the RECORD a table providing volume and dollar-value information on Cuban imports of agriculture products.

CUBAN IMPORTS OF CERTAIN AGRICULTURAL PRODUCTS BY VOLUME AND U.S. DOLLAR VALUE

Volume figures from United Nations Food and Agriculture Organization.

"Price" represents seasonal average nominal price (in U.S. dollars) received by U.S. producers; source, Agriculture Statistics, 1985, U.S. Department of Agriculture, Economic Research Service. Final 1985 national price figures not available; 1985 prices represent average price received by Arkansas producers.

Volume conversions from Agriculture Statistics, 1985, USDA; "mt" equals metric tons, "bu" equals bushel, "cwt" equals hundredweight, "lb" equals pounds.

WHEAT AND WHEAT FLOUR

[1 mt=36.743 bu]

Year	Cub impts-mt	Cub impts-bu	Price/bu	Sales potential
1981	1,348,410	49,544,628.6	$3.66	$181,333,370.79
1982	1,268,190	46,597,041.7	3.55	165,419,498.03
1983	1,442,060	53,985,610.6	3.53	187,039,205.35
1984	1,481,630	54,589,846.1	3.37	183,967,781.32
1985	1,165,523	47,318,663.1	3.16	149,526,976.31

Average annual import tonnage—1,341,162.6 mt.
Average annual import value—$173,457,366.66.

RICE

[1 mt milled=28.219 cwt rough]

Year	Cub impts-mt (milled)	Cub impts-cwt (rough)	Price/cwt (rough)	Sales potential
1981	199,006	5,625,750.31	$9.05	$48,898,040.35
1982	200,949	5,670,579.83	8.11	45,988,402.42
1983	206,720	6,034,031.68	8.76	52,918,117.51
1984	184,014	5,192,691.07	8.11	42,112,724.58

Average annual import tonnage—197,672.25 mt.
Average annual import value—$47,479,321.21.

RAW SOYBEANS

[1 mt=36.743 bu]

Year	Cub impts-mt	Cub impts-bu	Price/bu	Sales potential
1981	1,297	47,675.67	$6.04	$286,961.05
1982	0	0.00	5.69	0.00
1983	17,557	587,341.15	7.81	4,587,237.11
1984	20,002	734,933.49	6.13	4,505,142.29
1985	15,500	569,516.50	5.10	2,904,534.15

Average annual import tonnage—10,671.5 mt.
Average annual import value—$2,456,774.92.

SOYBEAN MEAL AND CAKE

[1 mt soybean meal=46.6761 bu raw soybeans]

Year	Cub impts-mt (meal)	Cub impts-bu (raw beans)	Price/bu	Sales potential
1981	125,286	4,847,861.8	$6.04	$29,281,085.63
1982	158,999	7,421,453.2	5.69	42,018,068.82
1983	187,246	8,847,158.8	7.81	68,996,310.42
1984	237,584	11,326,408.5	6.13	69,430,884.23
1985	188,874	8,911,984.7	5.10	45,451,121.92

Average annual import tonnage—179,597 mt.
Average annual import value—$51,035,499.20.

CORN

[1 mt=31.495 bu]

Year	Cub impts-mt	Cub impts-bu	Price/bu	Sales potential
1981	123,517	3,890,167.9	$2.50	$9,325,419.79
1982	367,559	11,576,265.2	2.68	31,024,390.75
1983	402,404	12,673,714.2	3.25	38,908,571.08
1984	423,267	13,330,694.2	2.69	35,839,567.29

Average annual import tonnage—329,186.75 mt.
Average annual import value—$28,774,488.22.

OATS

[1 mt=68.894 bu]

Year	Cub impts-mt	Cub impts-bu	Price/bu	Sales potential
1981	10,286	708,643.68	$1.89	$1,339,339.56
1982	14,929	1,028,518.53	1.49	1,532,192.51
1983	13,348	919,597.11	1.67	1,535,727.17
1984	11,015	760,867.41	1.72	1,308,741.95

Average annual import tonnage—12,394.5 mt.
Average annual import value—$1,429,000.30.
Total, average annual import value, wheat, rice, soybeans and feed grains—$225,270,222.02.

DRY MILK

[1 mt dry milk=167.55 cwt milk]

Year	Cub impts-mt (dry milk)	Cub impts-cwt (milk)	Price/cwt (milk)	Sales potential
1981	42,977	7,160,796.35	$13.77	$15,786,319.07
1982	24,401	4,188,387.55	13.61	14,615,297.21
1983	32,665	5,476,020.75	13.58	75,364,361.78
1984	35,018	5,867,265.90	13.46	78,973,399.01

Average annual import tonnage—33,765.25 mt.
Average annual import value—$76,911,612.15.

CONDENSED MILK

[1 mt condensed milk=50.7 cwt milk]

Year	Cub impts-mt (cndnsd)	Cub impts-cwt (milk)	Price/cwt (milk)	Sales potential
1981	22,612	1,146,408.4	$13.77	$15,786,319.07
1982	21,378	1,073,864.6	13.61	14,615,297.21
1983	20,575	1,043,152.5	13.58	14,166,010.95
1984	20,565	1,042,645.5	13.46	14,034,004.43

Average annual import tonnage—21,282.5 mt.
Average annual import value—$14,650,407.91.

BUTTER

[1 mt butter=465.17 cwt milk]

Year	Cub Impts=mt (butter)	Cub impts=cwt (milk)	Price/cwt (milk)	Sales potential
1981	12,971	6,033,720.07	$13.77	$83,084,325.36
1982	14,995	5,975,227.15	13.61	71,332,831.51
1983	15,502	7,214,365.34	13.58	97,971,081.31
1984	17,000	7,907,890.00	13.46	106,640,199.40

Average annual import tonnage—15,117 mt.
Average annual import value—$89,757,109.39.

CHEESE AND CURD

[1 mt cheese=220.46 cwt milk]

Year	Cub Impts=mt (processed)	Cub impts=cwt (milk)	Price/cwt (milk)	Sales potential
1981	5,397	1,789,822.62	$13.77	$16,183,856.38
1982	5,204	1,147,273.84	13.61	15,614,396.24
1983	7,671	1,691,148.66	13.58	22,965,788.03
1984	6,219	1,371,040.74	13.46	18,434,209.36

Average annual import tonnage—6,122.75 mt.
Average annual import value—$18,299,562.50.
Total, average annual import value, dairy products—$199,618,691.95.

UNMANUFACTURED TOBACCO

[1 mt=2,204.62 lb]

Year	Cub Impts=mt	Cub impts=lbs	Price/lb	Sales potential
1981	4,114	9,109,846.68	$1.706	$15,541,398.43
1982	4,157	9,165,005.34	1.764	16,127,069.42
1983	2,744	6,049,455.28	1.746	10,562,348.92
1984	700	1,543,234.00	1.807	2,788,623.83

Average annual import tonnage—2,928.75 mt.
Average annual import value—$11,254,860.15.

COTTON

[1 mt=2,204.62 lb]

Year	Cub impts=mt	Cub Impts=lbs	Price/lb	Sales potential
1981	41,040	88,482,024.0	$0.543	$48,045,739.05
1982	39,394	86,848,800.2	0.594	51,588,187.37
1983	35,535	78,341,061.6	0.664	51,018,464.90
1984	46,720	102,000,046.4	0.587	59,874,027.28

Average annual import tonnage—40,684.75.
Average annual import value—$52,874,104.62.

RECAPITULATION

Commodity group	Average annual import value
Wheat, rice, soybeans & feed grains	$225,270,222.02
Dairy products	199,618,691.95
Tobacco	11,254,860.15
Cotton	52,874,104.62
Total, all	489,017,878.74

Mr. PEPPER. Mr. Chairman, I yield 2 minutes to my distinguished colleague, the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Chairman, I thank the gentleman for yielding this time to me.

I rise in support of the amendment, and I wish to say that it should not be to anybody's surprise that, before we had voting citizens of Cuban extraction who came here, as a matter of policy we have long since decided that an embargo on trade and other activities with respect to the Castro government of Cuba was a policy adopted by this government, and it might be worthwhile to consider a change in the policy as a matter of national interest but not to do it on the basis of a piecemeal approach with regard to trade.

So I think it is very much justified at this point, given the long history, 25 years now, of the relationships between these governments, to examine ways on the economic side to accomplish this.

That is all this amendment does. It just asks the USTR to consider the issue of how best to maintain the embargo we have. For example, one of the policies we had in the law some time ago, and we are going to have to revisit it, is that it just seemed foolish at the time to allow ships that were trading in Cuba to then come to United States ports and get the benefit of that trade. It was contrary to what our national policy was. That is the way it is with this business. You cannot have it both ways. It is important to trade if you have agricultural products to trade, obviously, but it is not important to do that if it violates our national policy.

So what we are really saying, if we vote against this amendment, is that we are advocating a change in the policy. I say that is not the way to do it. It ought not to be done here. It ought to be done as a matter of very careful consideration across the board in our country.

Mr. FRENZEL. Mr. Chairman, I yield 1 minute to another very distinguished member of the Committee on Foreign Affairs, the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Chairman, I thank my friend, the gentleman from Minnesota, for yielding time to me.

This is an excellent amendment, and I compliment our distinguished colleague, the gentleman from Florida [Mr. PEPPER], for taking the initiative and introducing this amendment. If we do not adopt this amendment, then this bill will truly be an "old dog"—all bark and no bite.

If we cannot say no to a police state such as Cuba, then all our attempts to send signals around the world will be meaningless; this Congress will truly look like one that has no resolve and no will. That is the wrong signal we want to send.

The gentleman from Florida [Mr. PEPPER] has offered an excellent amendment, and his example of Indian and Cuban sugar is right on target. I have followed that situation.

Mr. Chairman, for these reasons, I hope this amendment will pass with an overwhelming vote.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. ROTH. I have no time left.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. ROTH] has expired.

Mr. PEPPER. Mr. Chairman, I yield 2 minutes to my able colleague, the gentleman from Florida [Mr. SMITH].

Mr. SMITH of Florida. Mr. Chairman, I thank the gentleman for yielding this time to me.

I really would like to bring this debate into a little sharper focus.

As the chairman of the International Narcotics Task Force of the Foreign Affairs Committee, let me say that we have had occasion to review and to take testimony about countries in Central America and the Caribbean that deal in drugs, that transship drugs and traffic in drugs, et cetera. One of the problems we have seen over and over again is that there are significant allegations, with some proof attached, that many of the government officials in some of these countries are involved in trading with Cuba and have set up front companies that deal with Cuba, and they avoid and evade the blockade and embargo of the United States by importing into their own countries goods from Cuba. They use American dollars to pay the Cubans, and then they export from their own country to the United States those goods with small-labeled and relabeled packages.

The bottom line is that we are perpetuating, with our inability to get to the facts of the avoidance, the situation. It looks like, with somewhat of a lack of desire, we are perpetuating our inability to get to the avoidance by these people who are trying to evade the embargo. We are substantially endorsing what the Cubans and these other countries are doing by giving them the hard currency that we have been trying to deny them as a matter of diplomacy and foreign policy for a long time.

That should not be allowed to continue. The Cubans in turn use that hard currency, and no one has yet to show that that is not so. They use that hard currency to export their brand of communism around Central America. The bottom line is that when we have to go in and get mired in a problem like Nicaragua or Honduras or Costa Rica or El Salvador, it is partly because what we are not doing with reference to the problem of people evading the embargo of Cuba.

Mr. Chairman, let us do the right thing. Let us have a consistent foreign policy. This is a good amendment, and it should pass.

Mr. FRENZEL. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman, the vote on the Gephardt amendment may well decide the fate of H.R. 3, the omnibus trade bill. And according to the best vote counters in this Congress, that fate is still very much in doubt. We are at the midpoint in the process to enact a trade bill. We must decide now what kind of trade bill will pass this House.

Will we pass thoughtful, effective legislation that creates more trade, more jobs and greater competitive advantage for American exporters? Or will we pass a dangerously outdated bandwagon loaded with self-defeating protectionist trade barriers? The outcome of the vote on this amendment will tell the tale.

Its sponsors claim that this amendment is the return of a realistic, nononsense American trade policy. But is it realistic to assume that our trading partners will accept with complacency, these punitive sanctions and not retaliate with equally harsh sanctions of their own? Hardly. That is not realism. That is wishful thinking of the most dangerous kind. This amendment is the return of a failed American trade policy. If you liked Smoot-Hawley, you are going to love Gephardt.

Its supporters claim that this amendment is a fair and appropriate response to the unfair trading practices of countries like Japan, West Germany, and Brazil. But these supporters also admit that only 15 to 20 percent of our trade deficit is caused by unfair trading practices. Other, less biased sources put the figure at no more than 10 percent. Yet this amendment demands that our trading partners cut their surpluses by as much as 50 percent or face harshly punitive sanctions. Fair and appropriate? Hardly. This is simply blatant protectionism.

Supporters of this amendment claim that it will be good for the American economy. But as my colleague from New York, Congressman KEMP, so astutely points out, a tax by any other name—including tariff—is still a tax. And the tariff tax in this amendment is a doozy. This bill will levy a tax on every American consumer, hitting low-income consumers particularly hard.

Help for our economy like this, we don't need.

Let's talk reality. We already have in place laws and policies that deal with the real causes of our trade problems. We are beginning to see some improvements. Japanese exports are down and Japanese imports are up. We are dealing realistically and effectively with perhaps the single greatest cause of our trade problems—the massive Federal budget deficit. We are using no-nonsense policies to deal with the instances of unfair trading practices by other nation's. And there are a great many provisions in this bill that will help American exporters be more competitive. That is the real world.

Mr. Chairman, even if this amendment passes today, it probably will not survive the legislative process. That is the good news. The bad news is that a well-crafted bill will go down with this very bad amendment. We must not squander this opportunity to pass effective trade legislation. I urge my colleagues to vote "no" on the Gephardt amendment.

Mr. FRENZEL. Mr. Chairman, I yield myself my remaining 1 minute.

Mr. Chairman, when I rose in opposition to this amendment, I was obviously mistaken. The brilliance of the oratory has convinced me of the error of my ways. Therefore, I now suggest that the amendment should be adopted by unanimous voice vote.

Mr. Chairman, I yield back the balance of my time.

Mr. PEPPER. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I just want to add this word in response to those who would lift the Cuban embargo. When Cuba throws off the yoke of Soviet communism and dictatorship, when it adopts a constitution and it recognizes human rights and when it gives the people the free choice of their government, when it deserves to be a trading partner of the United States, then it will be time to consider the amendment of the embargo; but meanwhile let us make that embargo as effective as we can.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Florida [Mr. PEPPER].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. GREGG. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 394, noes 27, not voting 12, as follows:

[Roll No. 70]

AYES—394

Ackerman
Akaka
Anderson
Andrews
Anthony
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Badham
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bates
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilbray
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Brennan
Broomfield
Brown (CO)
Bruce
Buechner
Bunning
Burton
Bustamante
Byron
Callahan
Campbell
Cardin
Carper
Carr
Chandler
Chapman
Chappell
Cheney
Clarke
Clay
Clinger
Coats
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis (IL)
Davis (MI)
de la Garza
DeFazio
DeLay
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Donnelly
Dorgan (ND)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart
Edwards (OK)
Emerson
English
Erdreich
Espy
Evans
Fascell
Fawell
Feighan
Fields
Fish
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Frenzel
Frost
Gallegly
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Grandy
Grant
Gray (PA)
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hansen
Harris
Hastert
Hatcher
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Hochbrueckner
Holloway
Hopkins
Horton
Houghton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Inhofe
Ireland
Jacobs
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kasich
Kemp
Kennedy
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Konnyu
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Livingston
Lloyd
Lott
Lowery (CA)
Lujan
Luken, Thomas
Lukens, Donald
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCurdy
McDade
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
Meyers
Mfume
Mica
Michel
Miller (OH)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Morella
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (UT)
Oxley
Packard
Panetta
Parris
Pashayan
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickett
Pickle
Porter
Price (IL)
Price (NC)
Pursell
Quillen
Rahall
Rangel
Ravenel
Ray
Regula
Rhodes
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Saiki
Sawyer
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stenholm
Stokes
Stratton
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torricelli
Traficant
Traxler
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weber
Weldon
Wheat
Whittaker
Whitten
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yatron
Young (AK)
Young (FL)

NOES—27

Alexander
Beilenson
Boxer
Conyers
Crockett
Dellums
Dixon
Dymally
Edwards (CA)
Fazio
Frank
Hawkins
Kastenmeier
Kostmayer
Leland
Lowry (WA)
Miller (CA)
Morrison (CT)
Owens (NY)
Rodino
Savage
Stark
Studds
Torres
Weiss
Williams
Yates

NOT VOTING—12

Annunzio
Brooks
Brown (CA)
Bryant
Dornan (CA)
Ford (TN)
Gray (IL)
Hayes (IL)
McCollum
McKinney
Moody
Towns

□ 1200

The clerk announced the following pair:

On this vote:

Mr. Moody for, with Mr. Hayes of Illinois against.

Mr. STARK and Mr. RODINO changed their votes from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1210

AMENDMENT OFFERED BY MR. GEPHARDT

Mr. GEPHARDT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. GEPHARDT: Page 97, strike out line 3 and all that follows thereafter down through line 25 on page 110 and insert the following:

SEC. 126. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES WITH THE UNITED STATES.

(a) IN GENERAL.—Chapter 1 of title III of the Trade Act of 1974 is amended by adding at the end thereof the following:

"Subchapter B—Special Provisions Regarding Trade Deficits

"SEC. 311. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES.

"(a) DETERMINATION OF EXCESSIVE TRADE SURPLUS COUNTRIES.—

"(1) DETERMNINATIONS.—The United States International Trade Commission (hereinafter in this section referred to as the 'Commission'), on the basis of the best available trade data, shall—

"(A) determine whether each major exporting country is an excessive trade surplus country for each of the years 1986 through 1991, inclusive; and

"(B) determine if the percentage obtained by dividing—

"(i) the deficit of the United States, if any, in the merchandise balance of trade between the United States and the rest of the world during each of such years, by

"(ii) the gross national product of the United States for such year,

is 1.5 percent or greater.

"(2) REPORTS.—The Commission shall make the determinations required under paragraph (1), and prepare and submit to the Trade Representative a report thereon, by April 1 of the year after the year with respect to which the determinations apply; except that the determinations for 1986 must be made, and the report submitted, by November 15, 1987.

"(3) PUBLICATION IN FEDERAL REGISTER.—Each report submitted to the Trade Representative under paragraph (2) shall be published in the Federal Register.

"(4) SUSPENSION OF APPLICATION OF SECTION.—For any year for which the Commission reports that the percentage referred to in paragraph (1)(B) is less than 1.5 percent—

"(A) no determinations are required under subsection (b)(1) for that year; and

"(B) no action may be taken under subsection (e) during the year in which such report is made.

"(b) DESIGNATION OF EXCESSIVE AND UNWARRANTED TRADE SURPLUS COUNTRIES.—

"(1) DETERMINATIONS.—The Trade Representative shall, during the 15-day period beginning on the day after the day on which a report is submitted under subsection (a)(2), determine whether each major exporting country identified as an excessive trade surplus country in the report maintained, during the year to which the report applies, a pattern of unjustifiable, unreasonable, or discriminatory trade acts, policies, or practices that have a significant adverse effect on United States commerce and contribute to the excessive trade surplus of that country.

"(2) FACTORS.—In making determinations under paragraph (1), the Trade Representative shall take into account—

"(A) the report prepared, and information submitted under section 181;

"(B) the recommendations, if any, for action made under section 304 with respect to that country;

"(C) countervailing duty and antidumping duty actions taken under section 303 and title VII of the Tariff Act of 1930 with respect to merchandise of that country;

"(D) adverse determinations under the GATT relating to that country; and

"(E) any other relevant information pertaining to the trade practices or policies of that country, including, but not limited to, the existence of discriminatory government procurement, excessive government regulation designed to discriminate against imported products, governmental tolerance of extensive dumping in foreign markets, export subsidy and targeting policies, excessive tariff barriers, and any other unfair trade barrier.

"(3) Designation.—If not designated as an excessive and unwarranted trade surplus country for the preceding year, a major exporting country with respect to which affirmative determinations are made under subsection (a)(1) and paragraph (1) for the same year shall, on the last day of the 15-day period referred to in paragraph (1), be designated as an excessive and unwarranted trade surplus country for such same year and such designation shall remain in effect until terminated.

"(4) TERMINATION OF DESIGNATIONS.—The designation of a major exporting country as an excessive and unwarranted trade surplus country shall terminate if a negative determination is made by the Commission under subsection (a)(1) with respect to any year, or by the Trade Representative under paragraph (1) with respect to any year. The termination shall apply for the year after the year to which the determination applies and shall continue in effect until affirmative determinations, if any, regarding that country are made under subsection (a)(1) and paragraph (1) with respect to the same year.

"(5) LIST.—The Trade Representative shall publish in the Federal Register, by the 10th day after the last day of the 15-day period referred to in paragraph (1), a list of all major exporting countries the designations of which as excessive and unwarranted trade surplus countries have not been terminated.

"(c) NEGOTIATIONS.—

"(1) IN GENERAL.—During the 180-day period after the 15-day period referred to in subsection (b)(1), the Trade Representative shall enter into negotiations with each foreign country that was designated under subsection (b)(3) for the first time as an excessive and unwarranted trade surplus country on the last day of such 15-day period for the purpose of entering into bilateral trading arrangements providing for—

"(A) the elimination of the unjustifiable, unreasonable, or discriminatory acts, policies, and practices of the foreign country that were determined under subsection (b)(1); or

"(B) the elimination of the significant adverse effect which such acts, policies, and practices have on United States commerce.

"(2) QUANTITATIVE ANALYSES.—Not later than the 90th day after negotiations are commenced under paragraph (1), the Trade Representative shall estimate the commercial value of each act, policy, or practice determined under subsection (b)(1). Such estimates shall be made after—

"(A) providing opportunity for public comment (including a public hearing, if requested) regarding the commercial value of the acts, policies, and practices concerned and taking into account any such comment;

"(B) taking into account the report prepared, and information submitted, under section 181; and

"(C) consultation with the Committee on Ways and Means and the Committee on Finance.

A report containing such estimates shall be promptly submitted to the Committees referred to in subparagraph (C).

"(3) FACTORS.—In deciding whether the terms of an arrangement will achieve the result specified in subparagraph (A) or (B) of paragraph (1) with respect to any act, policy, or practice of the foreign country, the Trade Representative must be satisfied that the terms will allow United States firms to improve their trade with that country by an amount equal to the commercial value determined under paragraph (2) of the act, policy, or practice.

"(d) INITIAL ACTION BY THE UNITED STATES TRADE REPRESENTATIVE.—

"(1) IN GENERAL.—If the Trade Representative is unable to enter into a bilateral arrangement under subsection (c) with an excessive and unwarranted trade surplus country to achieve the objectives set forth in paragraph (1) of that subsection, the Trade Representative, subject to the specific direction, if any, of the President, shall, on a timely basis after the close of the 180-day negotiating period, take any of the actions specified in paragraph (2) that he considers appropriate with regard to each unjustifiable, unreasonably, or discriminatory act, policy, or practice of the country that was determined under subsection (b)(1) or became apparent during the negotiating period. Any action taken under this subsection shall be devised so as to affect goods and services of such country in an amount that is equivalent to the commercial value determined under subsection (c)(2) of the act, policy, or practice.

"(2) TYPE OF ACTIONS.—The actions which the President may take under paragraph (1) are as follows:

"(A) Suspend, withdraw, or prevent the application of benefits of trade agreement concessions to carry out any trade agreement with the excessive and unwarranted trade surplus country.

"(B) Direct customs officers to assess duties or impose other import restrictions on the products of that country for such time, in such an amount, and to such a degree as the President determines appropriate.

"(C) Take administrative action, and if necessary, propose legislation, to implement any other government action which would achieve the purposes of subsection (c)(1).

"(e) SURPLUS REDUCTION REQUIREMENTS FOR UNWARRANTED TRADE SURPLUS COUNTRIES.—

"(1) IN GENERAL.—Except as provided in paragraph (2) and subject to subsection (f), the following surplus reduction requirement applies to a foreign country for each year after the initial action year and before January 1, 1993, and the Trade Representative shall take such action under subsection (d)(2) as is necessary to achieve such requirement:

"(A) The bilateral trade surplus of the foreign country for the year after the initial action year may not exceed 90 percent of the bilateral trade surplus of that country for the year for which that country was first designated as an excessive and unwarranted trade surplus country under subsection (b)(3).

"(B) The bilateral trade surplus of the foreign country for any year occurring after the year to which subparagraph (A) applies may not exceed 90 percent of the bilateral trade surplus of that country for the preceding year that would have occurred if the surplus reduction requirement for the preceding year had been met.

"(2) Inapplication of surplus reduction requirements.—The surplus reduction requirement under paragraph (1) for any year shall not apply to a foreign country if that country is not designated as an excessive and unwarranted trade surplus country for that year; but the application of this paragraph with respect to any foreign country for any year shall be disregarded in determining the surplus reduction requirement for that country for any succeeding year.

"(f) Modification and Termination of Actions and Reduction and Waiver of Surplus Reduction Requirements.—

"(1) In general.—Subject to paragraph (2), the President may—

"(A) modify or terminate any action taken under subsection (d)(1); and

"(B) reduce or waive the surplus reduction requirement under subsection (e);

for any excessive and unwarranted trade surplus country for any year if the President—

"(i) considers that—

"(I) because of balance of payment difficulties (including debt repayments), the country cannot meet the requirement for that year without suffering significant economic harm; or

"(II) continuation of such action or implementation of the surplus reduction requirement would cause substantial harm to the national economic interest of the United States; and

"(ii) develops a plan of action for otherwise achieving the fundamental purposes of this section.

"(2) Conditions affecting modifications, terminations, reductions, and waivers.—

"(A) Congressional notification.—No modification, termination, reduction, or waiver under paragraph (1) for any year with respect to any excessive and unwarranted trade surplus country shall have force and effect unless the President submits to the Congress no later than the 5th day after the day on which he decides to make the modification or termination or grant the reduction or waiver, and before October 1 of the year in which the action or surplus reduction requirement applies, a document stating his intention to implement such a modification, termination, reduction, or waiver and containing the plan of action required under such paragraph for achieving the fundamental purposes of this section.

"(B) Congressional disapproval.—No modification, termination, reduction, or waiver under paragraph (1) for any year with respect to any excessive and unwarranted trade surplus country shall have force and effect if a joint resolution described in section 152(a)(1)(C) is enacted within the 60-day period beginning on the date on which the document referred to in subparagraph (A) regarding the modification, termination, reduction, or waiver is submitted to Congress.

"(g) Currency Manipulation.—

"(1) In general.—The Secretary of the Treasury shall determine if any foreign country that is designated as an excessive and unwarranted trade surplus country is maintaining its currency at an artificially low level that does not reflect the country's competitive strength in international trade.

"(2) Negotiations.—The Secretary of the Treasury shall initiate negotiations with the government of each foreign country with respect to which an affirmative determination is made under paragraph (1) for the purpose of entering into an agreement under which realistic realignments of that country's currency will be ensured.

"(3) Action if negotiations are unsuccessful.—If the government of a foreign country refuses to negotiate, or to negotiate in good faith, regarding an agreement described in paragraph (2), the Secretary of the Treasury may impose an exchange rate equalization tariff on the products of such country that are imported into the United States.

"(h) Rounding of Trade Statistics.—For purposes of this section, any trade statistic or limitation shall—

"(1) be rounded off to the nearest $100,000,000; and

"(2) be adjusted to reflect the fact that certain products of the United States may not, under law, be exported.

"(i) Administration.—

"(1) In general.—The President shall apply the actions taken under subsection (e) on such intra-annual bases as the President considered appropriate to achieve the purposes of this section.

"(2) Monitoring.—The Secretary of the Treasury and the Commission shall undertake such intra-annual monitoring and analysis of the imports to the United States of products of, and United States exports to, excessive and unwarranted trade surplus countries with respect to which trade arrangements entered into under subsection (c) and actions under subsections (d) and (e) are in force as may be necessary for purposes of evaluating the efficacy of the actions. The results of all such monitoring and analysis shall be immediately submitted to the President, the Trade Representative, the Committee on Ways and Means and the Committee on Finance.

"(3) CPI adjustment.—For each year after 1986, the Trade Representative shall adjust the dollar limitation set forth in subsection (i) (2) and (5) to reflect the percentage increase or decrease in the Consumer Price Index, published by the Bureau of Labor Statistics of the Department of Labor, for the preceding year.

"(j) Definitions.—For purposes of this section—

"(1) The term 'excessive trade surplus country' means any major exporting country which has—

"(A) a bilateral export percentage for the year that exceeds 175 percent;

"(B) a bilateral trade surplus for the year; and

"(C) a current account surplus for the year.

"(2) A foreign country is a major exporting country for a year if the aggregate value of the merchandise trade between such foreign country and the United States during such year is more than $7,000,000,000.

"(3) The term 'foreign country' includes any instrumentality of a foreign country.

"(4) The term 'bilateral export percentage' means, with respect to any foreign country for any year, the percentage determined by dividing—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year, by

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year.

"(5) The term 'bilateral trade surplus' means, with respect to any foreign country for any year, an excess of—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year; over

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year;

if such excess is at least $3,000,000,000.

"(6) The term 'initial action year' means, with respect to any foreign country, the year in which the 180-day negotiating period with that country under subsection (c)(1) ends.

"(7) The term 'nonpetroleum product' means any merchandise other than merchandise classified to division 33 of the Standard International Trade Classification (revision II) published by the United Nations.

"(8) The term 'value' means—

"(A) with respect to merchandise imported into the United States, the customs valuation under the Tariff Act of 1930 of those imports, plus all freight, insurance, and other charges incurred regarding the importation (excluding United States tariffs and import excise taxes), and

"(B) with respect to merchandise imported into a foreign country, the transaction prices of such imports plus the freight, insurance, and other charges determined by the Secretary of the Treasury that are incurred in placing the exports alongside the carriers at the United States ports of export.

"(9) The term 'entered' means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

"(10) The term 'entry' includes any withdrawal from warehouse.

"(11) The term 'best trade data available' means—

"(A) with regard to data on the international trade of the United States, official trade information, including the estimates required under section 181, of the United States Government, and

"(B) with regard to data on the international trade of any other country, data that the Commission determines is the most reliable data available for the period under consideration, and may include estimates if the actual data required by this section, or the forms of the data required by this section, are not directly available.

"(12) Any article that is grown, produced, or manufactured in a country is a product of such country.

"(13) Any reference to a year in this section shall be treated as a reference to a calendar year.".

(b) Conforming Amendments.—

(1) "Fast track" provision.—Section 152(a)(1) of the Trade Act of 1974 (19 U.S.C. 2192(a)(1)) is amended—

(A) by striking out "and" at the end of subparagraph (A);

(B) by striking out the period at the end of subparagraph (B) and inserting "; and "; and

(C) by adding after subparagraph (B) the following:

"(C) a joint resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the modification, termination, reduction, or waiver (under section 311 of the Trade Act of 1974) described in the document transmitted to Congress on ———.', the blank space being filled with the appropriate date.".

(2) 181 report.—Section 181(a)(1) of the Trade Act of 1974 (19 U.S.C. 2241(a)(1)) (as amended by section 183) is amended—

(A) by amending that part of subparagraph (A) that precedes clause (i) to read as follows:

"(A) identify and analyze each act, policy, or practice that constitutes a barrier to, or distortion of—"; and

(B) by inserting "quantitative" before "estimate" in subparagraph (C).

The CHAIRMAN. Under the rule, the gentleman from Missouri [Mr. GEPHARDT] will be recognized for 45 minutes and a Member opposed will be recognized for 45 minutes.

Does the gentleman from Illinois [Mr. ROSTENKOWSKI] wish to be recognized in opposition to the amendment?

Mr. ROSTENKOWSKI. Mr. Chairman, the gentleman from Illinois would like to reserve time.

The CHAIRMAN. Is the gentleman from Illinois opposed to the amendment?

Mr. ROSTENKOWSKI. Yes, Mr. Chairman, I am.

Mr. Chairman, I ask unanimous consent that in the 45 minutes allocated to the opposition 20 minutes be given to the ranking minority member of the Committee on Ways and Means, the gentleman from Tennessee [Mr. DUNCAN], and for him to control that time.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Chairman, as I understand it, the gentleman from Missouri [Mr. GEPHARDT] has 45 minutes, I have 25 minutes, and the gentleman from Tennessee [Mr. DUNCAN] has 20 minutes?

The CHAIRMAN. The gentleman is correct.

The Chair now recognizes the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Chairman, I yield myself 3½ minutes.

Mr. Chairman, I first want to thank the chairman of the Committee on Ways and Means, and the chairman of the Subcommittee on Trade for the consideration that they gave me in the committee and since we have left the committee in the bringing of this amendment to the floor. They have been fair-minded. They have been open to suggestions, and I think this is a question where reasonable minds and reasonable people can differ.

We are going to be presented with questions about what our trade policies should be for the rest of our lifetimes. We exist today in a world marketplace, and ever it shall be so.

With today's transportation and communications, what is now a 70-percent involvement of the American economy in a world marketplace will soon be 100 percent.

The question we will constantly be presented with is how should we try to get other countries to open their markets to arrange their economies and their marketplace so that we have ample access to their markets.

Reasonable people in the United States will differ on how that should be done. I want to very quickly try to point out the basic difference between the committee approach and the approach in the Gephardt-Brown amendment.

In both bills, we call for a determination of countries that have a huge surplus that is a result of a pattern of unfair trade practices. In that determination, both bills are exactly alike.

In both bills we call for a 6-month period of negotiations by the President with the countries that qualify as having huge surpluses as a result of a pattern of unfair trade practices, to see if they can be taken away, if we can get an agreement.

Under both bills, if there is no agreement or action, we have dollar-for-dollar retaliation. It is after 1 year of negotiation and action that we have differences, and the main difference is that under Gephardt-Brown, there is constant reevaluation and there is a standard of accountability.

Under the Ways and Means Committee bill, if there is an agreement, no more action; and if there is not agreement, we just continue with dollar-for-dollar retaliation under section 301 if there is not adherence to the agreement, and there is no further action.

So the real difference you are talking about today and what you have to decide in this amendment is whether or not you want a standard of accountability that we will ask the President to go back on.

The bottom line is pressure. How much pressure do you believe is necessary in order to get markets abroad to be open?

My belief is that we will not get change in behavior by the Japanese, the Taiwanese, the South Koreans, and many of the European nations who would qualify under this amendment if we do not apply pressure. Unless they understand that, unless they open their markets, there will be definitive action taken by the United States.

One last point, my amendment is flexible. If the President decides he does not want to use the 10-percent solution in order to get action, he can send a note to the Congress and say, I do not want to do so, or I want to reduce it to 5 percent or to 1 percent, and it takes a two-thirds vote of both Houses to override that decision.

The amendment is reasonable. It is flexible. It sets standards. It makes sense.

I urge Members to consider the amendment very closely.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself one minute.

Mr. Chairman, with regard to the explanation of the gentleman from Missouri [Mr. GEPHARDT] and the gentleman's point that there are no followup compliance procedures under the committee bill where a country enters into an agreement, I merely want to point out that we do require an annual review and determination.

We have general monitoring and compliance authority under the bill for all of section 301 agreements which would apply. However, I concede to the gentleman from Missouri that there is language in our bill which inadvertently seems to invalidate any such agreements after 1990.

That is not our intent, and we want these agreements to remain in effect; and if this amendment is defeated, I assure my colleagues that we will clarify the monitoring and compliance procedures in conference.

Mr. DUNCAN. Mr. Chairman, I yield myself such time as I may consume, and I rise in opposition to the Gephardt amendment.

Mr. Chairman, I would like to make just three points with respect to this amendment.

First, the action which it requires almost certainly would bring widespread retaliation from targeted nations, and our farmers and some of our industrial workers would pay a sacrificial price.

Second, incorporating this provision into the trade bill will force many of us, who sincerely want new and tougher trade legislation, to vote against the entire package.

Third, it has become increasingly apparent that all of our trading partners need to hear the United States speak with a united voice on trade, and this amendment could make that an impossible goal.

Therefore, I urge my colleagues to think beyond this one vote, and send the correct signal to the world marketplace.

Mr. GEPHARDT. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado [Mr. BROWN].

Mr. BROWN of Colorado. Mr. Chairman the Gephardt-Brown amendment offers the greatest opportunity we have had in recent years to increase exports. This is not a protectionist measure. It represents an opportunity to open up foreign markets.

One of the concerns we've heard is that this amendment somehow limits in an unfair or an excessive way presidential discretion. That is simply not the case.

The administration retains discretion to determine what an unfair trade practice is, in both the initial and the followup years. It retains discretion of deciding what a pattern of unjustifiable and unreasonable trade practices is. It retains discretion to determine the value of lost export opportunities caused by the pattern of unfair trade practices.

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The administration retains discretion to determine if an agreement signed by the country to end unfair trade practices is acceptable or not. The administration retains discretion to decide whether they waive the initial dollar-for-dollar action. The administration retains discretion to waive any or all of the 10-percent surplus reduction requirement. The administration retains discretion to decide whether they wait up to 6 months to exercise the waiver of the surplus reduction requirement. The administration retains discretion to formulate an alternative plan using any means to achieve market opening if waiver is exercised.

The simple fact is this is not deficient in providing discretion for the administration. It is an effective measure which uses the ability of the administration to implement discretionary action to open up trade markets.

Some of my friends in the agricultural sector have concerns about agricultural exports. Let me suggest as one who has earned their living selling agricultural products abroad, that is simply not accurate.

Japan in January sold beef at $3.38 a pound carcass weight while in the United States at the same time the price was 98 cents. Tripling the price is not fair trade. We have a tremendous opportunity to expand beef sales if Japan will eliminate its unfair trade practices.

Wheat sells for more than four times as much in Japan as the United States. The United States price was $114 a ton versus $525 a metric ton in Japan. Rice sells for more than ten times as much in Japan as it does in the United States. The fact is we have an enormous opportunity to expand export sales if Japan will eliminate its unfair trade practices. That is what this amendment is all about.

Do you use access to our markets to open up foreign markets? When American exporters find themselves facing unfair trade practices, do you turn your back on them? This is an amendment to open up markets to give Americans jobs and opportunity. If we do not take advantage of this type of opportunity to open up markets, we will have laid the groundwork for truly protectionist legislation. Let us take advantage of our opportunity now to move forward, to expand American exports, and to bring fairness back into trading.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 4 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, it is not easy for me to oppose my friend, Mr. GEPHARDT, in this, but I want to talk about the future of the United States.

I someday hope to be able to address Mr. GEPHARDT as "Mr. President" and I mean that respectfully, but I think this is the wrong policy. As our distinguished chairman has told you and will tell you again, we used as much of Gephardt in the committee bill as we thought was wise and sensible. After that we had to draw the line.

Whether we like it or not, we live by perceptions of what other people think of us and what they think of our laws. And I can tell you from actual experience that people around the world look upon the Gephardt proposal as being a proposal that sets up surpluses, in and of themselves, to be unfair practice, a practice that we should not be tolerating.

That will lead us into serious problems in the future when we will, as we certainly must and as we certainly—as certain as night follows day, after we run this series of deficits that we are now in, the dollar and the yen and the other currencies realign themselves, we are going to run some very large surpluses. We are going to have to as a matter of policy and as matter of survival run these surpluses. If we start off by saying that surpluses of themselves are bad, we have set a trap for America from which we can never recover.

Now, there is no economist worth his salt who will not tell you that when the currency finishes realigning itself—and I think there is going to be plenty more depreciation of the dollar and appreciation of the yen before it is over—that America will be highly competitive around the world. We unfortunately are not now but we will be and we certainly will deal with this reevaluation that is going on. History shows us that. And every sound bit of reasoning shows us that.

So if we set up surpluses as being a mistaken practice, we are going to have to live with that. And when we do, and when we start running these surpluses in America in the 1990's we are going to be caught in a position that we intractably cannot get out of, we will have burdened ourselves with a policy that will defeat us and make us a poorer nation.

That is a problem with Mr. GEPHARDT's amendment. And whether he admits that or not or whether he recognizes it or not, that is the perception that the world has gained of his amendment. And we must live in that perception that the world of what our law is and what we mean.

So I beg of you, follow the committee bill. It is a realistic and tough approach to a tough problem, but it does not go so far as to say that surpluses that we are going to run and will have to run and have run in the past, are, per se, bad. If we do that, we have trapped ourselves, we have set our own trap and we will walk into it in the 1990's.

Now, I foresee large trade surpluses for the United States in the 1990's for this reason: the budget deficit which has so haunted us will have been eliminated by the 1990's mainly because of what we have done in the Social Security System. Do all of you realize that we will be running surpluses in our overall budget in the billions of dollars in the 1990's mainly because we will be building up a huge surplus in the Social Security fund that will amount to some $13 trillion. And our budget deficits by that time will be wiped out. We will be in a great position to be very competitive, and we will have the world by the tail. And let us not get caught in a trap that we have set for ourselves.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. MURPHY].

Mr. MURPHY. Mr. Chairman, I rise in strong support of the Gephardt amendment.

Mr. Chairman, since 1981, over 13 million jobs have been lost because of unprecedented and uncontrolled trade deficits. In 1986 alone, 2.5 million American workers saw their jobs exported to countries that undermine international trade laws and ignore basic workers' rights. In my own district, statistical unemployment remains in double figures largely because imported steel has crippled America's steel and coal industries. Between 1980 and 1985, over 153,000 American steelworkers lost their jobs.

In fact, the United States is now the world's largest exporter of jobs as well as the largest debtor nation. Our protectionist trade rivals are winning the economic war for the future.

This rampant protectionism abroad requires a firm response. We cannot accept a global marketplace where we are free to buy but not to sell. In today's world marketplace this is too often the case, however, we are powerless to respond. There are no provisions in present U.S. trade law which mandate comprehensive negotiations or actions with regard to countries that maintain patterns of unjustifiable and unfair trade policies.

Consequently, our trade officials have had to rely almost exclusively on multilateral negotiations established by the General Agreement on Tariffs and Trade [GATT] to pursue our trade objectives. But while the GATT system was adequate when we ruled the economic roost and tariffs were the principal trade barriers, it has failed to provide a defense for nontariff barriers that predominate in the new world economy.

The steady decline in Japan's imports of United States coking coal provides a good example of the inadequacy of our present trade laws. In 1983, President Reagan and Japanese Prime Minister Nakasone concluded a joint policy statement on energy cooperation. The statement reflected Japan's commitment to increase its purchases of United States coking coal, which had peaked in 1982 at 24 million metric tons. since that time, however, Japan has steadily decreased its imports of United States coal and in 1987 is expected to purchase only 8 million metric tons. Over 4,000 coal miners lost their jobs because of this drop in coal exports alone. Meanwhile, the United States has sat idle, unable to respond, as our trade deficit with Japan has grown to over $50 billion.

The Gephardt amendment seeks to bring our trade policy into this new world of international trade. It targets foreign protectionist countries that use unfair and discriminatory trade priorities to build up large surpluses with us. Countries with an "excessive trade surplus," 75 percent of imports over export, would be identified by the International Trade Commission [ITC]. The USTR must then determine if that country has a pattern of unjustified, unreasonable, or discriminatory trade practices that have a significant impact on U.S. commerce. Only if these two essential conditions are met, does the Gephardt amendment apply. If both criteria do exist, the USTR and then the President are given 8 months to negotiate a reduction in the deficit. If the deficit slips below the 175 percent rate, or the country eliminates its unfair trade practices, there is no further action required. However, if a nation fails to meet these requirements, the President must reduce the bilateral deficit by 10 percent.

The emphasis on results is critical. American workers will no longer tolerate carrying the burden of a $170 billion trade deficit. American business will no longer tolerate paying the price of closed markets. And Congress must no longer tolerate a failed trade policy. The time to act is now. I urge the adoption of the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. WOLPE].

Mr. WOLPE. Mr. Speaker, I rise in strong support of the amendment offered by the gentleman from Missouri [Mr. GEPHARDT].

Mr. Speaker, there is an auto parts company based in my district, the Wohlert Corp., that is doing everything it possibly can to become more competitive, but is still losing the battle to win markets overseas. It has taken to heart the criticism and advice advanced over the years by policymakers and economists, instituting numerous changes to its corporate practice and philosophy. Emulating aspects of the Japanese management style, the Wohlert Corp. places supreme priority on product quality and employee involvement in all management decisions of the company. The company has since been able to save millions of dollars and reduce by substantial margins the cost and price of its products.

That Wohlert is a successful and competitive company is beyond dispute. It supplies some of the most eminent corporations in America such as Caterpillar, Rockwell International, Navistar, Clark Equipment, General Motors, and Chrysler Corp. Wohlert, I am certain, would jump at the opportunity to add to this list of companies names such as Honda, Mitsubishi, Toyota, Nissan, Mazda. The problem, however, is that as a United States auto parts supplier, unless this government acts more aggressively on unfair trade practices, the chances are very slim that Wohlert will be successful in its attempts to break into the Japanese market. In case you haven't heard by now, the United States auto parts industry isn't faring too well, like many of our other highly competitive industries, in gaining a share of the Japanese market.

I am really tired of telling my constituents that they have to become more competitive when I know that, in some instances, no matter how competitive they become, they won't be allowed to compete. In auto parts, as in construction, they must contend with Japanese business practices that effectively close out non-Japanese competitors, and in supercomputers, targeting by the Japanese Government. Unfortunately, this sad story doesn't end there. And the only way we will turn this situation around is if we pass a strong, fair, and tough trade bill that will ensure open markets abroad for U.S. industry.

Mr. Chairman, I have listened to many of my colleagues criticize the Gephardt amendment as unnecessary, too strong, even draconian. And it is to those Members that I want to relate the following story, which I believe underscores the importance and the valve of the Gephardt amendment.

Last year, the Executive Committee of the Northeast-Midwest Congressional Coalition invited U.S. Trade Representative Ambassador Clayton Yeutter to address the group. The first topic of conversation with Mr. Yeutter involved the textile bill. It has passed the House and was pending in the Senate. Mr. Yeutter began his conversation by emphasizing that he certainly hoped the Senate would not pass the textile bill; if it did, he warned, the President was certain to veto that bill and would work to sustain that veto.

Then he added a curious footnote. He said that notwithstanding his opposition to the bill, it was really a good thing that it passed the House. Why? Because House passage of the textile bill provided increased leverage for the American trade negotiators who were then involved in negotiations with the other textile producing nations in this world. I turned to Mr. Yeutter at that point and indicated that I agreed with this observation. I asked him: does it not also follow that our negotiating position would have been strengthened even further had the President not taken an ideological position, publicly indicating that under no conditions would the United States consider restraints on access to the American market, and instead had indicated that his position on the textile bill would be determined by the outcome of the negotiations? Mr. Yeutter had no response because there was no response possible.

Clearly, the only effective leverage we have in trade negotiations is the desire of our trading partners to gain access to our market. If we advertise in advance that they will have unfettered access to the American market, regardless of what barriers they erect to American goods, we will never see an end to unfair trade practices and the opening of markets so vital not only to the United States and to American workers, but to the entire international trading system.

Mr. Chairman, that is what the Gephardt amendment is all about. It seeks to open markets, not to close them. It seeks no more and no less than a fair trading system. I urge support for the Gephardt amendment.

Mr. DUNCAN. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. CRANE], the ranking member of the Trade Subcommittee of the Committee on Ways and Means.

Mr. CRANE. Mr. Chairman, it has been said that none are so blind as those who will not see, and none are so deaf as those who will not hear.

I come here to quote from sources to you some of the potential consequences and the potential injury that could be inflicted on the United States as well as major trading partners if this amendment is adopted.

We have heard about the discretionary aspect of this amendment. It has been implied that that makes it a harmless amendment. A loaded gun is also harmless until you squeeze the trigger.

There is a potential trigger in this legislation that could prove disastrous if ever pulled. The language of the amendment reads:

> The Trade Representative shall determine whether a pattern of unjustifiable, unreasonable or discriminatory trade acts, policies or practices contribute to the excessive trade surplus of a foreign trading partner.

□ 1230

The European Community in the European Community News that was published on April 2 made note of the fact that we have the biggest trade relationship of all with the European Community. In fact, it constitutes 60 percent of the trade with the industrialized nations of the West.

During the years 1984 through 1986, the United States ran a trade deficit with that community of $54 billion, but during the first 4 years of this decade, we enjoyed a trade surplus with that community of $63 billion.

In this economic report, they cite—and they say that this is not an exhaustive list by any matter of means—30 different trade violations engaged in by the United States on a routine basis. The fact of the matter is that we are the biggest dumpers in world markets. We exceed the dumping practices of the Japanese.

But they go on in this report to make this observation:

> The purpose of the report is to make it clear the trade practices which impede exports are not a problem faced only by U.S. exporters. Europeans face similar problems in the United States. Unilateral action outside the international trading rules against unfair trade practices abroad could easily be mirrored by equivalent action against U.S. exports.

They are telling it to us, and we ought to pay heed because we are guilty of the same kinds of sins the gentleman from Missouri is trying to attack in other trading partners' practices.

I submit to you that this is not the way to go about resolving our trade problems. A Washington Post editorial today came out critical of the amendment under consideration and they pointed out, and quite properly, the solution to our trade imbalances are not to go beating up on trading partners, rather to increase U.S. productivity, curb consumption in this country and get our budget in balance. "The Gephardt amendment," the Post concludes, "is dangerous because it's a flight from reality and responsibility."

I urge the rejection of the amendment.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama [Mr. FLIPPO].

Mr. FLIPPO. Mr. Chairman, I rise in support of the Gephardt-Brown amendment.

The Omnibus Trade bill now before the House is a prudent and fair response to the changing global marketplace. It provides the the global marketplace on an equal basis with all nations who want to trade freely and fairly with the United States. The Committee on Ways and Means under the able leadership of Chairman ROSTENKOWSKI has done an outstanding job in bringing this measure to the House floor.

The Gephardt-Brown amendment strengthens this bill. It is a necessary addition to the bill. The United States has been adrift in a sea of red ink for 7 years. For too many years the administration has sat on its hands while our trading partners have utilized every trick in the book to penetrate our domestic markets and erode our ability to compete overseas. They have been permitted to do so while protecting their own domestic markets from American companies and products.

The administration response to these trends has been one of benign neglect. The administration has failed to develop and implement a prudent and responsive trade policy. They have been reluctant to negotiate. In fact, they have only abandoned their policies of timidity when this House has moved forward with trade reform legislation. The burden of the failed policies of the administration have fallen on the working men and women of our country. Millions of jobs have disappeared. Millions of American workers have suffered a decline in their standard of living.

The Gephardt-Brown amendment is a necessary addition to the trade reform bill because it is results oriented. The enactment of this amendment will provide U.S. negotiators with a velvet hammer to pursue fair trade agreements that are in the best interest of both the United States and our trading partners.

We can no longer afford to allow other countries to freely sell their goods and services in our country while excluding our products from their markets. Thus far, we have been unsuccessful in persuading our trading partners to change their unfair tactics and policies. We have been unsuccessful because we do not have a credible remedy to employ against unfair trade practices or nations who fail to keep their commitments.

The Gephardt amendment is a responsible approach to strengthening the trade laws of our country. It is true reform because it is results of oriented. I urge my colleagues to vote "yes" on the pending amendment.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. FLORIO].

Mr. FLORIO. Mr. Chairman, I rise in support of the amendment.

We in the Congress have a critical choice to make. We must choose whether to take direct action to bring down our trade deficit; or whether to continue relying on the trade remedy process and prolonged negotiations to solve our trade problems.

For the past 40 years, our Nation has been the world's strongest supporter of free trade. Our answer to trade conflicts has always focused on negotiated settlements and the development of rules and procedures to address problems.

Quite frankly, free trade worked to the advantage of the United States following World War II. We were the free world's largest and only fully functioning industrial power with little competition in most world markets.

Those days are gone. Today, we are more important to the rest of the world for what we consume than for what we produce. The strength of most of the major economies in the world today is founded on restricting domestic consumption, maximizing investment and producing for sale in the United States—the world's largest and safest market.

Moreover, competition in world markets has never been so intense. State of the art manufacturing in many industrial sectors can be transplanted quickly and efficiently to virtually any area of the world.

If the marketplace was working as it should, this situation could not happen. The capital markets would adjust to devalue our currency and the importation of goods and services would decline sharply. But that has not happened.

Although our currency value has fallen, our trade deficit continues to grow larger. The U.S. trade deficit for the first 3 months of this year is running well ahead of last year's record-breaking level.

Clearly, market forces are not bringing our trade deficit down. Furthermore, negotiations have not worked either.

After more than 10 years of negotiating agreements that were supposed to open Japan's telecommunications market for United States firms, our companies do not have what could be called a good foothold in that market. With tariff and nontariff barriers now eliminated, United States telecommunications firms still face massive obstacles in Japan.

For 2 years, Motorola, a major United States manufacturer of mobile phones, has been trying to get access to the cellular phone market in Japan. During that time, six of Japan's mobile phone companies were found to be dumping their products in our market.

After extensive negotiations, Japan certified that Motorola's equipment met Japanese technical standards. Motorola then entered into a joint venture with a Japanese company to compete with Nippon Telegraph and Telephone whose telecommunications monopoly in Japan ended last year.

When Motorola and its Japanese partner tried to get a government license, however, they were surprised to find that Toyota Corp. and other major firms with close ties to the Government of Japan, had set up a firm to compete with Motorola and its partner. The Government of Japan all of a sudden developed serious concerns that its mobile phone market was not large enough for two competitors.

As a result Motorola and its partner were locked in a stalemate until recently, with the Japanese Government insisting that the two companies reach an agreement. At present, the Toyota led company has been allocated all of the desirable, urban areas of Japan, while Motorola and its partner have been allocated less populated areas.

Japan's treatment of Motorola stands in stark contrast to the treatment Japanese companies have come to expect from our Government. Toyota, Motorola's major competitor for Japan's car phone market, did not hesitate to ask our Government to establish a free trade zone around its new assembly plant in Kentucky so that it could import component parts from Japan on a duty-free basis.

No decision has yet been made on Toyota's request. I believe our Government must begin to condition approval like that being requested by Toyota on more favorable treatment of U.S. companies abroad.

Negotiations and agreements have not, and will not make these kinds of trade problems go away. We need the Gephardt amendment to force our

Government to confront the problem of the deficit itself.

Under the Gephardt approach, only those countries that have a pattern of excessive surpluses with us and are found to be engaging in unwarranted trade practices that contribute significantly to the excessive surplus, would even be identified for possible retaliation. Negotiations would first occur to determine if it is possible to reduce the deficit substantially through agreement. If negotiations fail, then and only then would the President be required to take action to bring the deficit down by 10 in each of the next 5 years.

This is not only a defensible approach, it is the only one that makes any sense. Our trading partners need to know with certainty what the consequences will be of continued excessive and unwarranted trade surpluses with us.

I urge my colleagues to vote for the Gephardt amendment.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. OLIN].

Mr. OLIN. Mr. Chairman, I rise in support of the committee bill and opposed to the Gephardt amendment.

I'm going to tell you why from my personal experience. I spent half of my 35-year career with General Electric in charge of an international industrial automation business. Over a long period of years that business grew profitably exporting more than half of its products to more than 60 countries throughout the world. It did it from plants in Erie, PA, and Salem, VA, with good old-fashion American labor and American wages. Both plants were unionized.

That business succeeded because it reinvested profits into technology and factory operations to keep the products up to date, the quality high and the cost competitive.

Over the years it learned what it took to have enough value in the eyes of foreign customers so they would be willing to accept our bids and give us a fair share of their markets.

When foreign competition came to this country we fought them in the marketplace. And we won. To this day, those plants continue to make substantial exports and there are no imports. Because those plants are run efficiently, they have a trade surplus with all the nations they sell to.

There are thousands of businesses like these two at GE that can and will wipe out the trade deficit if we don't make the mistake of setting out to teach the world that it's wrong to have a trade surplus.

Mr. Chairman, I have worked in international trade and I know the absolute necessity for flexibility in such negotiations. The highly mechanistic, standardized approach of penalties and retaliation included in the Gephardt amendment only invites retaliation and will be self-defeating. Just keeping books on the Gephardt mechanism will be enough to sink us. Of course we need to put pressure on other countries to remove barriers and unfair practices and the bill does that. But we don't need a trade war and the Gephardt amendment threatens that.

Let's pass the committee bill, get the President to sign it, continue to stay with sound basics in our trade relations. We're not going to get rid of the trade deficit by bludgeoning our partners.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Chairman, I rise in strong support of the Gephardt amendment. This is the heart and soul of the trade bill. It is not going to provoke a trade war; it is not going to provoke massive retaliation. It sends a messasge to the rest of the world and our trading partners that America wants an equal playing field, that we are not patsies anymore, that we want fair trade.

It tells our allies, the French, the German, the Japanese, the Korean, our friends, that we have supportive relationships in other areas such as defense, but that we need to do better in the trade area. The message is: You have to be fair to us and open your markets and stop unfair trading practices.

Recently in Japan, our Secretary, of Agriculture and our President's trade representative, were literally thrown out of the office of the Japanese Agriculture Minister of Japan, who not only did not want to negotiate about rice imports, he did not even want to talk. That is the attitude a lot of countries have toward American trade policies. They know we will not react; they know we have this free-trade market policy. And so they take advantage of us.

This amendment sends a clear message that we need a more equitable trading system in the world. We will do our share by reducing our deficit, by targeting our dollar, and by becoming more competitive. But as a start, let us send a powerful signal that the United States will not stand any more job losses for Americans, any more dead industries, and any more huge trade deficits.

Mr. Chairman, I believe that it is time to require mandatory negotiations with countries having excessive trade surpluses based on a pattern of unfair trade practices. The Gephardt amendment will not handcuff the United States but will provide for flexibility in addressing a serious problem—effectively dealing with countries that have excessive surpluses.

The Gephardt amendment would not restrict the President's powers, it would make his use of them more effective—excessive surpluses would be attacked where there was a pattern of unfair trade practices. For years foreign nations have been using unfair advantages to keep the United States out of many of their markets. The United States cannot expect foreign competitors to give up their unfair advantages voluntarily. Strong remedial actions are required. The Gephardt amendment is overdue, to move against foreign protectionism.

We need strong sanctions against trading partners who refuse to play by the rules. I strongly urge the adoption of the Gephardt amendment because it demands results and gives us the means to enforce them. Our choice is clear—we can either take the necessary steps to put the United States back in charge or lose control over our economic future.

Eighty percent of the computer chips are furnished by the Japanese.

The Japanese have seven of the largest banks in the world.

Nine out of ten American people say they feel we are losing our competitive edge.

We are importing as much foreign oil today as we did back in 1973.

We are importing more foreign uranium than we are producing in this country.

Our trade performing index in just 6 years has dropped 48 percent.

We are exporting a third less today than we were just 4 years ago.

Our national security is at stake and the standard of living for future generations. The time to act is long overdue. The Gephardt amendment will help us regain our position as primary competitors, innovators, and world leaders. Let's not lose this opportunity.

(By Dr. Pierre A. Rinfret)

UNCLE SUCKER: OUR FOREIGN TRADE POLICY

I was in Zermatt, Switzerland, over the Christmas 1986 holidays. One day when it was impossible to ski, I walked into a real estate agency and inquired about buying a small apartment that was for sale. The salesman informed me, "Americans are not allowed to buy property in Zermatt." Thanks a lot.

A professor from the University of Paris, currently resident at the Brookings Institutions in Washington, D.C., has taken the position that the U.S. federal deficit is responsible for world economic stagnation. He didn't point out that every advanced industrial country in the world is in the red and that the relative Japanese deficit parallels that of the U.S. Thanks a bunch.

The leader of the Labor Party in the United Kingdom takes the position that Margaret Thatcher is the lackey of the United States and that the U.K. should tell the U.S. to "drop dead." He forgets, forgot or doesn't care to know that, without U.S. assistance, the British would have lost the battle of the Falklands. We provided ammunition, gasoline, submarine protection, air reconnaissance, satellite observation, tactical assistance and diplomatic intervention. It's nice to be appreciated. Thanks a heap.

South Korea exports everything, including the kitchen sink, and then some to the United States. Our military forces (air, naval and ground) provide South Korea with protection from North Korea. We pay for it. They get it. They have a huge trade surplus with the United States. Their goods come into the U.S. under all kinds of preferential terms. They constantly devalue their currency against ours. We asked the South Koreans to stop devaluing the won (their currency), and, in fact, to let it go up in the market (which it would). In diplomatese, they told us to drop dead. I appreciate their cooperation, don't you?

The United States spends close to $300 billion a year on defense. We provide military protection to the free countries of the world. Among any of the advanced industrial countries, Japan spends the lowest percentage (1%) of gross national product on defense. We spend the highest proportion: 6%. We asked the Japanese to raise their defense spending above 1%. They agreed and we were elated. They raised their defense spending from 1.000% of their GNP to 1.004%. Don't you think that's a marvelous contribution and a heartfelt spirit of cooperation with the U.S.? What an insult! Thank you indeed.

STOP THE DOLLAR

The United States dollar climbed and climbed relative to every currency in the world in 1983 and 1984. The French howled that the rise in the dollar was killing France and Western Europe. Ditto for the U.K., Japan, West Germany, Switzerland, Italy, Denmark, Sweden, Holland, Belgium, Norway, Spain, Brazil, Mexico—and the others. "Stop the dollar," the rest of the world demanded.

In February 1985 the major central banks began to force down the value of the dollar. In September 1985 the G-5 "group of five," consisting of the U.S., Japan, France, West Germany and the U.K., decided that the dollar was overvalued. By the end of 1986 the dollar's value had collapsed by about 35% against the currencies of those countries.

Don't you think it's wonderful that our "friends" in Washington, D.C., cooperate so beautifully with Japan, France, West Germany and the U.K. to knock down the international value of the dollar? You have to admit that Mr. Paul Volcker, chairman of the Federal Reserve, and Mr. James Baker, the illustrious secretary of the treasury, sure know how to protect the United States!

A funny thing happened on the way to the devaluation of the dollar. When the dollar was strong, our trade deficit was small and easily manageable. As the dollar's value went down, the trade deficit went up. Hey, that's not supposed to happen! The theory of this sad and misinformed (to say nothing of economically illiterate) administration was the imports would go down and our relatively small deficit would narrow. But the deficit went up and up, through the roof. A surprise to the administration. Gee whiz, their theory didn't work!

I'll tell you what I would do. I would take the position that what's good for the goose is good for the gander. Quid pro quo. We can't ship cars to Japan? Okay, Japan can't ship cars to the U.S. We can't export chickens to France? Okay, France can't export wine to the U.S. We can't buy property in Switzerland? Okay, the Swiss can't buy property in the U.S.

With a trade deficit of $170 billion, even the dumbest of the dumb know that something is wrong; our foreign trade policy is out of whack. Washington has made a mess of it. The foreign trade policy of the federal government, of this incompetent, economically illiterate administration, has been and is a disaster. We need a return to fundamentals. What's good for the foreigner is good for us. Tit for tat.

HOW THE GEPHARDT AMENDMENT WORKS

STEP ONE

Countries with huge bilateral trade surpluses are placed on a list of "excessive surplus countries"—countries which export 75% more to the U.S. than they import.

STEP TWO

USTR examines the trading practices of each excessive surplus country to determine whether that country has a pattern of unfair trade practices which has a significant adverse effect on U.S. trade—unwarranted trade surplus countries.

STEP THREE

A six month negotiating period begins with excessive and unwarranted surplus countries.

Successful negotiation

USTR will reevaluate on a yearly basis whether that country has eliminated its unfair trading practices. If so, no further action is required.

Unsuccessful negotiation

The U.S. will retaliate dollar-for-dollar against the value of the unfair trading practices which that country maintains. (Same as Ways & Means bill.)

STEP FOUR

A yearly reevaluation of the practices of that country would occur to determine whether it has in fact eliminated unfair trading practices and whether an excess surplus remains.

STEP FIVE

If that country fails to eliminate its unfair trading practices and still has a huge surplus, it would be faced with a bilateral surplus reduction requirement of 10% for each of four years.

MARKET ACCESS AMENDMENT

When H.R. 3, the Comprehensive Trade Bill, comes to the floor at the end of April, an amendment will be introduced by Dick Gephardt to substantially strengthen the bill's existing provision aimed at eliminating the protectionist policies some of our trading partners now use to build up huge surpluses with us.

Now that attention has focused on this amendment, people in business, farming, and labor are studying for themselves the approach which the amendment proposes. They find that the amendment is neither protectionist, nor does it tie the Administration's hands: instead, it gives the Administration a tool to use in opening foreign markets to U.S. exports.

They find that the amendment allows the President to waive action if it's not in the U.S. national interest, and that it applies to only those countries which have a systematic pattern of unfair and discriminatory trade practices.

Most of them like what they see. Each day, more and more firms and groups are calling to indicate their support for our progressive approach. A preliminary list of these supporters is listed on the reverse of this letter.

On the business side, the list of firms supporting the Gephardt market access amendment begins with Fortune 500 companies like Chrysler, Motorola, Allied-Signal, Eaton, Ford Motor, Colt Industries, Collins and Aikman, LTV, and PPG Industries, and goes all the way to the U.S. Business and Industrial Council, which represents 1,500 American firms.

On the farm side, supporters include such influential groups as the American Agricultural Movement, the League of Rural Voters, the National Farmers Union, and the National Farmers Organization.

Among labor groups, the amendment has the full and active backing of the AFL-CIO and its 94 constituent unions, including the UAW.

This broad support shows that every region of our country and every sector of our economy is threatened by the rising tide of unfair foreign competition. Foreign protectionism is challenging our traditional industry and farming as well as the newer high tech and services sector. Not even our sectors of relative prosperity are immune.

Americans are up to the challenge of foreign competition, but they need us to assert our international rights aggressively. We can no longer accept the sacrifice of American farmers, workers, and manufacturers to an outmoded trade policy that threatens our national security, our future prosperity, and our self-image as a nation.

SUPPORT FOR THE GEPHARDT AMENDMENT

A.O. Smith Corporation, Aetna Industries, Allied Signal Corporation, American Agricultural Movement, Anchorswan Division, Harvard Industries, Armtek Corporation, Blackstone Corporation, Chrysler Corporation, Collins and Aikman, Colt Industries, Creative Industries Group, Dayco Products Company, Dearborn Fabricating and Engineering, Detroit Plastics and Molding.

Central Transport, Inc., Dollar Corporation, Eagle Picher Industries, Eaton Corporation, Electrology Corporation, Essex Specialty Products, Fawn Industries, Federal Mogul Corporation, Footwear Industries of America, Ford Motor Company, Gates Rubber Company, Gerson International Corp., Globe Industries.

ITM, Keeler Brass, Kelsey Hayes, Knusaga Corporation, Kuhlman Plastics Group, Lapeer Metal Products, League of Rural Voters, Lear Siegler, Lectron Products, LTV.

Michigan Precision Industries, Milliken Corporation, Molex, Inc., Motor and Equipment Manufacturers Association, Motorola, Inc., National Inter Group, Inc., National Industries, National Farmers Organization, National Consumers League, National Farmers Union, Oxford Speaker Co.

Parr Manufacturing, Plumley Companies, PPG Industries, Inc., Seton Corporation, Sheller Globe Corporation, Smith, Hinchman and Grylis, Standard Products, Teleflex, U.S. Business and Industrial Council, USX, Inc., Wabash Alloys Division, Walker Manufacturing.

CHRYSLER CORP.
April 15, 1987.

DEAR MEMBER OF CONGRESS: You will soon have to decide whether you support a results-oriented trade bill. I think Congress should pass a trade bill which ensures that our trade deficit with our adversarial trading partners is steadily reduced.

I support the approach embodied in the Gephardt amendment, as do many CEO's with whom I have talked. If a country has built up a big trade surplus with us through trade-distorting practices, we have a right to demand that they cease those practices and undo their damage.

There has been much confusion about what the Gephardt amendment would and wouldn't do. I am attaching a summary sheet which shows how modest the amendment really is. It contains ample Presidential waiver authority, and its goals are realistic.

Under the Gephardt amendment, the bilateral deficit with Japan would only have to be reduced from $59 billion currently to about $39 billion by 1992. This is where it was in 1984. Of course, if they remove their trade barriers, the deficit reduction schedule would not be imposed.

Endless sector-by-sector negotiations have not moved the needle. The needed shift in the currencies has not reduced the trade deficit. If it does in the future, then we won't have a problem. But if the currency movement doesn't reduce the deficit, and if certain of our trading partners don't eliminate their practice of one-way trade, then the deficit reduction aspect of the provision would become operative.

A lower U.S. trade deficit means more U.S. production and GNP growth, more U.S. jobs, and a lower budget deficit. These are national goals we all share.

Sincerely,

Lee Iacocca.

Motorola Inc.,
April 21, 1987.

Hon. Jim Wright,
Speaker of the House, H-204, U.S. Capitol, Washington, DC.

Dear Congressman Wright: During the upcoming House debate on the trade bill, Congressman Richard Gephardt's market-opening proposal will be offered as an amendment. Congressman Gephardt is to be commended for his foresight in developing this proposal and for his steadfastness in seeking its adoption.

The proposal has been labeled by some as "protectionist," which it is not. It has been labeled by others as "free and fair trade," which it is. After many, many years of working with foreign businesses and foreign governments to provide and promote the sale of Motorola products internationally, I am convinced that the Gephardt proposal is the best short-term solution to our mounting trade deficit. We must also develop and implement a comprehensive, long-term strategy to deal with our serious competitiveness problems.

The proposal is the one vigorous, consistent, consequential pressure that can be the convincing motivator to move our major trading partners to provide market access to competitive U.S. companies. Its purpose is to open and free markets. It is the only tool that will do the job because it gives our trading partners persuasive reasons to effect fundamental change. Foreign leaderships will choose to buy more and thus sustain the process of selling openly rather than suffering the consequences.

I urge your support of Congressman Gephardt's proposal.

Sincerely,

Robert W. Galvin,
Chairman.

American Agriculture Movement, Inc.,
Washington, DC, April 15, 1987.

Dear Representative: When the House considers trade legislation later this month, we encourage you to stand up for America's farmers by carefully studying and supporting the "Gephardt market access amendment" to remove trade barriers to American exports.

American farmers have been hurt by the Administration's weak-kneed trade policies. While the decline in farm exports can be traced to a number of different factors, including the high dollar, low growth rates and the Latin debt crisis, we feel that unfair trade has played a significant role in limiting sales for U.S. farmers.

The Gephardt amendment requires our major trading partners who maintain large trade surpluses with us through the use of unfair trading practices to open their markets or reduce those surpluses. We believe they will respond to this initiative by increasing their purchases of American goods, particularly farm products.

Unfair trade hurts U.S. agriculture. The oilseed and grain problems with Europe are well known. What is less well known is that countries like Japan and South Korea—while important markets for U.S. commodities—severely limit or even prohibit imports of high-value products like beef and pork. And not too long ago, the Administration chose not to pursue action against a Japanese import ban on rice—even though this ban clearly violates the GATT.

The Administration has also failed to take effective action in the area of processed foods. Products like chocolates, jams, cheeses, milk products, fruits, juices, frozen poultry, canned and frozen and prepared foods are subjected to high tariffs, quotas or burdensome regulations. If American producers could process our food here and export it, our farmers and rural communities could make some desperately needed income.

The Committees have worked hard to address our trade problems and we are generally pleased with their efforts. Yet when it comes to opening markets, we believe it is past time for results-oriented legislation.

For too long some of our major trading partners have gotten by without doing their part to maintain a system of fair trade: we are tired of trade agreements that deliver less than promised and believe that U.S. agriculture will benefit if other countries reduce their barriers. The Gephardt amendment is needed to give trade the priority within the Administration that it deserves.

Again, we urge your support for the Gephardt trade amendment.

Sincerely,

David Senter,
American Agriculture Movement.
Helen Waller,
National Save the Family Farm Coalition.
Dixon Terry,
League of Rural Voters.

National Farmers Union,
Washington, DC, April 21, 1987.

Dear Representative: On behalf of the National Farmers Organization and the National Farmers Union, we urge you to support the Gephardt amendment to H.R. 3, the Trade and International Economic Policy Reform Act of 1987. The bill comes up for consideration before the full U.S. House of Representatives in the near future.

Our organizations believe that the tools the Gephardt amendment would give the President are needed to correct the massive trade deficits which are so damaging to the overall economic health of our nation and which have collateral impacts on U.S. farmers.

From the viewpoint of our organizations, the Gephardt amendment is a "fair trade" amendment rather than a "protectionist" amendment as some have tried to characterize it. We believe that the Gephardt amendment is a moderate response to foreign countries which have used unfair and discriminatory trade practices to build up large trading surpluses with the U.S. We further believe the Gephardt amendment grants the President sufficient latitude to ensure the interests of our members will not be harmed.

Some parties have raised the specter that American agriculture will be hurt by the Gephardt amendment in that other countries may reduce their imports of U.S. farm products in retaliation. We do not believe that would be the case and would hope such actions would not be taken. Certainly, retaliation of that kind would only exacerbate those nations' trade surpluses with us and lead to a further escalation of trade tensions. We cannot help but believe that fact will be noticed.

The Gephardt amendment may well prove an asset in expanding our exports of U.S. agricultural products. It should encourage other countries to reduce their trade surpluses with the U.S. by lowering their trade barriers and buying more U.S. farm products in order to meet the Gephardt amendment's requirements that they move to lower their trade surpluses with the U.S.

Sincerely,

Robert A. Denman,
Director of Washington Operations.
Charles L. Frazier,
Director, Washington office.

AFL-CIO,
Washington, DC, March 30, 1987.

Dear Representative: Last year, the House of Representatives passed H.R. 4800 by an overwhelming vote. The AFL-CIO enthusiastically supported this legislation. When the bill was introduced in the 100th Congress, as H.R. 3, it again had our support. H.R. 3 was referred to six committees. Those committees are now reviewing sections of H.R. 3 and making both modifications and improvements. They are in the final stages of developing legislation to address various aspects of our trade problems.

However, one provision in the Ways and Means section is seriously defective. This section deals with the issue of trade deficit reduction. The Ways and Means provision on trade deficit reduction goes little beyond present law and, therefore, does not adequately address the trade deficit issue which is the reason for the high priority given to trade legislation in the 100th Congress.

It is for this reason that we support an amendment by Representative Richard Gephardt that will address the issue of trade deficit reduction effectively but reasonably.

The AFL-CIO is aware that many people wish the President to have complete discretion in trade. Those who profit from the massive flood of imports will label the Gephardt approach as "protectionist". We ask you to look beyond mere labels because no one can deny the major impact trade deficits have had on key sectors of our economy such as manufacturing and agriculture. For example, an update of U.S. Department of Commerce data indicates that 2.5 million jobs were lost in 1986 because of our trade deficits alone. This carnage is not over.

We urge you to study the Gephardt amendment and support it when the House takes up H.R. 3 in late April.

Briefly, here is how the Gephardt amendment works: First, the International Trade Commission (ITC) would be required to determine which of our major trading partners has an "excessive trade surplus" with the United States (175% of imports over exports). Second, the USTR must then determine if that country has a pattern of unjustified, unreasonable or discriminatory trade practices that have significant impact on U.S. commerce. Only if these two essential conditions are met, does the Gephardt amendment kick in. If both conditions are met, the USTR and then the President are given a period of eight months to negotiate and effectuate a reduction in the deficit. If as a result, the deficit slips below the 175% rate, or the country eliminates its unfair trade practices, there is no further action required under the Gephardt amendment. However, if a nation fails to meet these requirements, the President in 1989 is required to take action to reduce the bilateral deficit by 10%.

It is important to remember that the Gephardt amendment does not inhibit other trade actions such as monetary negotiations, multilateral trade negotiations, etc. Indeed, if these efforts are effective and reduce the bilateral trade deficit, they too could avoid the implementation of the Gephardt sanctions.

Yes, the Gephardt amendment is sorely needed. This amendment is a "stick in the closet." It is a Congressionally-mandated response to the excessive trade deficit and requires action by the President to reduce those deficits. Such an approach is essential to have a Trade Reform Act of 1987 worthy of that name.

We urge your support of the Gephardt amendment.

Sincerely,

ROBERT M. MCGLOTTEN,
Director, Department of Legislation.

Mr. DUNCAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. KEMP].

Mr. KEMP. Mr. Chairman, the No. 1 need in America today, and in the world, is for more growth, more jobs and more trade, not a recession, not higher tariffs, nor a trade war. That is why I rise in strong opposition to the Gephardt amendment.

We often say on the floor of the House that those who forget history are doomed to repeat it. Here we have an amendment sponsored by the gentleman from Missouri which repeats one of the most tragic mistakes of history.

Nobody remembers Senator Smoot or Congressman Hawley, except that the Smoot-Hawley tariff bill helped pitch us into the Great Depression. Does the sponsor of this bill want to be remembered only for triggering a second Great Depression?

The Gephardt amendment says we ought to declare war on our allies over trade. Ironically, some of its sponsors favor one-sided accommodation with the Soviets. What a contrast with President Kennedy—who warned Congress against a trade war that would "split the west" and fulfill "Marxist predictions of 'capitalistic' empires warring over markets."

In 1930, Smoot-Hawley was met with immediate and massive retaliation by trading partners around the world. The result was mutual assured depression. From 1930 to 1932, we had a trade surplus, though it shrank. American exports fell by 55 percent, farm income fell by 60 percent, unemployment went up to 20 percent, and commodity prices fell by half, all in 2 years.

□ 1240

Farm products are still our biggest export. They would be hit first, but they are not the only ones. A trade war would mean a financial collapse. It would also hit the manufacturing Northeast as trade sanctions expanded.

When you corner the gentleman from Missouri about the disaster of protectionism, he says he is for free trade. Yet unlimited tariffs and quotas are the only stick in his closet. He says that we have got to have a gun behind our door and we could wave it.

I ask my colleagues, when you have a problem with your neighbor and you pull a gun, do you expect him to carry on a reasonable discussion? Does anyone seriously believe that our allies will lower their trade barriers if we raise our tariffs and quotas?

There is a better way. We need to make protectionism more costly. We need to liberalize our North American markets, we need to negotiate expanded trade arrangements not only in North America but throughout Latin America and throughout the Carribean and with any nation anywhere on Earth that wants to work with us to reduce trade imbalances and expand the world economy. We need to reduce the high interest rates which hurt farmers and energy, mining and manufacturing. We need monetary reform and a stable exchange rate so as to level the playing field and help make America more competitive.

Most of all, we need to boost our exports, not limit our imports by passing the Gramm-Kemp bill.

I do not think that this bill is any way to bring about a prosperous and expanding world economy. It will not help the Third World pay off its debt, and it will destroy jobs in the United States of America and raise the cost of living for all families and consumers.

Mr. Chairman, I ask the Members to vote down the Gephardt amendment and defeat the bill.

Mr. GEPHARDT. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN of Michigan. Mr. Chairman, let me offer a few clarifications right at the beginning.

The Gephardt-Brown amendment does not act against surpluses per se. There has to be a pattern of unfair trade practices.

We need more growth. We need it with equity. I strongly suggest that instead of hiding behind the ghost of Smoot-Hawley, Members on both sides of the aisle who oppose the Gephardt amendment look at the facts. We know about the rise in the trade imbalance. We know what has happened. Our deficit has been going down as shown on this chart, in other words up and up. It is a cliff, and there is a danger of our falling off the cliff.

It has been true not only in basic industries but in high technology manufacturers. Through 1985 we can see on the next chart the trend lines, and in 1986 the imports exceeded our exports. This is semiconductors. There is not time here to go into detail, but I ask the Members to spend a few minutes with this chart.

They say we have to be more aggressive overseas. That is what happened in the semiconductor industry. It says on this chart: U.S. companies' sales office opens. They said, well, let us try to solve it bilaterally in a sector-specific manner. We tried that, too, and it has not worked. What we see here is a straight line of exports, at the very bottom.

So in a word, what needs to be done? This amendment will strengthen the President's hands. It will not tie them. We do not seek a trade war but a fair battle. There is leverage in the Ways and Means Committee bill, but in order to have leverage there has to be a strong lever, and the Gephardt amendment provides a more effective, clear, definable lever.

This is not overkill. It is a remedy for underaction. What we need is a weapon against foreign protectionisms, and that is what the Gephardt amendment provides.

Mr. Chairman, let us vote this amendment in on the floor of the House today.

Mr. WILLIAMS. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. TORRICELLI].

Mr. TORRICELLI. Mr. Chairman, let me say to my colleagues that if the question in your minds is protectionism or free trade, you need to redefine your terms. Free trade as we have known it in the past is with us no longer, and it is not coming back. Protectionism in the classic sense is exactly what the Gephardt amendment will avoid. If this amendment protected one industry or required the sale of one American product at a noncompetitive price, I would not support it because it would give us a second-class economy.

Indeed the Gephardt amendment is different. It does exactly the opposite. It defines free trade, and for the first time it says, if you cannot get within 150 percent imbalance of trade and improve it by 10 percent per year, by definition you are not interested in free trade.

And is that not fair? In an economy of $4.5 trillion, if you cannot find something that is competitive, something that you want to buy, clearly you are not interested in free trade.

Now, some say that is an onerous burden, that a 150-percent imbalance is too much to ask. This country does not have one major trading partner that tolerates that imbalance with any other major trading partner. But that is our goal. That is what we seek, and they do not tolerate it.

Some say it would reduce trade. Indeed? Would it reduce trade? The only way for nations to have these imbalances, to continue with these enormous exports, is to increase their imports of American goods.

Some say, as the gentleman from New York [Mr. KEMP] just said, that it would invite retaliation. Really? Korea sends 40 percent of her imports to the United States for a $6 billion surplus. They are going to retaliate?

Mr. Chairman, I say to my friends that if we want to stop retaliation and seek free trade, we should vote for the Gephardt amendment. It is the only alternative.

Mr. DUNCAN. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. SCHULZE], a member of the committee.

Mr. SCHULZE. Mr. Chairman, I thank the gentleman for yielding time to me.

No Member in this Chamber has been tougher on trade over the years than I have, and I include in that the authors of this amendment.

Trade is now an emotional issue and consequently a political issue. Eight years ago in a small town in my district which had shortly before had a Bethlehem Steel facility close down, I gave a speech to the chamber of commerce, and in that speech I twisted the statistics a little bit and pointed out how our trade deficit was, how our unemployment was, and how all of our problems were due to our trade imbalance with Japan. I was astounded and amazed at the emotional reaction to that speech. I went too far. They were ready to start world war III right at that moment.

Trade is an emotional issue. We must be careful that we do not let that pendulum swing too far. The pendulum is swinging.

Six years ago in the Trade Subcommittee I offered an amendment to eliminate our funding to GATT. I did not want to eliminate the funding to GATT. I said to the other members of the Trade Subcommittee, some of whom are here today:

> Give me enough votes to fail by one vote. Let's send a message to GATT. Tell them to get off the dime, tell them to get moving. World trade is changing. Tell them to get active.

I could not get one other member of the subcommittee to vote with me on that issue. I could not send that message. If I offered that amendment today, I could not stop it; it would go through.

We have allowed trade to become an emotional issue. We are dead wrong if we think this is a free vote or an academic exercise. The Gephardt amendment is punitive beyond reason and would be a catalyst to economic warfare.

Before voting, let us reflect on the many wars which have been ignited largely by economic decisions, from the Russo-Turkish wars in the 17th century to World War II. Bad economic policies have led in the causes of war. We must learn from the past, not exemplify it.

Two weeks ago, at the Ways and Means Committee, in Brussels, at the headquarters of the European Community, the leader, Willy LeClerq, said to us in the discussion on trade, "If the Gephardt amendment passes, we will retaliate." He said, "We will retaliate."

Do we understand that? We are dealing with their national pride.

The bill of the committee chairman's goes right up to it, but it does not go over that line. This is not a free vote.

I want a strong trade bill. Do I want to send a message? You bet I do. Do I want to take that 2-by-4 and hit the mule between the eyes and get his attention? You are darned right I do. But let us not kill the mule or we are going to end up pulling the plow.

We can have the best of all worlds. We can let the Gephardt amendment fail by one or two votes, and we can send a message across the world that we are changing our attitude. We can say, "Open your markets."

Mr. Chairman, I ask the members to vote "no" on Gephardt.

□ 1250

Mr. WILLIAMS. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky [Mr. HUBBARD].

Mr. HUBBARD. Mr. Chairman, if we want to send a real message to our trading allies about ongoing unfairness to our country we will not defeat the Gephardt amendment by one or two votes—as suggested moments ago by the gentleman from Pennsylvania—but we will vote for and adopt the Gephardt amendment today.

We are proud that the majority of Americans are patient people with a lot of commonsense.

Too many times we spend a long time talking, debating, negotiating to try to solve a problem before we take action.

So it has been with our trade deficit, which is now a trade crisis.

Trying to be too nice and kind to our allies, we've watched Japan, South Korea, Canada, Taiwan, West Germany, and Italy in particular deny us equal access for our products.

So, our trade deficit has risen from $32 billion in 1981 to $170 billion in 1986.

Good old commonsense says it's time for effective action about our trade crisis. However, we're still hearing more rhetoric today, urging a postponement of action until a later time—and this from Members who claim to be "tough on trade."

Our voting for Congressman DICK GEPHARDT's amendment is the one vote today which will send a clear, consistent message to our trading partners that we are 100 percent serious about getting equal access abroad for our products.

Vote yes for the Gephardt amendment.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. LEVINE].

Mr. LEVINE of California. Mr. Chairman, it pains me to rise in opposition to the gentleman from Missouri's amendment. I have a great deal of admiration for my colleague's creative and inspirational leadership of the Democratic Caucus. He is one of the most effective and talented Members of this body. But I must nonetheless strongly oppose this amendment.

I share the frustration of my colleagues over the actions taken by some of our trading partners which limit us access to their markets. It is unreasonable to expect us to allow unfettered access to foreign goods if we are not given the same opportunity to sell our goods to foreign consumers.

Action is long overdue to reduce our massive trade deficit, which last year amounted to a record $170 billion. This outward hemorrhage of American dollars has, in only 6 years, transformed the United States from the world's largest creditor to the world's largest debtor nation. We now owe our creditors more than $400 billion. Many experts believe that that figure could swell to $1 trillion by the end of 1990.

However, the language contained in the gentleman from Missouri's amendment will not save us jobs, will not stop this outflow of American dollars, will not increase the competitiveness of our industry and it could do a great deal of harm to our economy and the world economy.

The underlying assumption of this amendment is that elimination of the unfair trade practices on the part of our trading partners will put an end to our massive trade deficit. That is just not the case.

One of the dangers of the Gephardt amendment is that its passage will delude Americans into the belief that our problems lie with others and can be solved by tough talk and retaliatory trade practices. Nothing could be further from the truth.

Foreign trade barriers make a relatively small contribution to our trade deficit. Studies have repeatedly shown that elimination of all trade barriers would reduce our trade deficit by only about $10 billion.

American business must shoulder its fair share of the blame for the erosion of our leadership position in world trade. Our trade deficit is not the result of unfair trading practices on the part of the Japanese Government. It is the result of American industry falling behind its foreign competition in the commercialization and production of new products and new technologies.

Similarly, the current administration's policies of high budget deficits and inadequate investment in critical areas like education, its strangulation of civilian research and development programs in order to funnel money to the Pentagon, have also damaged U.S. competitiveness. My colleagues on the other side of the aisle who are arguing against this amendment should take no solice in the fact that the decline of the United States occurred on their President's watch.

The most popular word I have heard with respect to this trade bill is "tough." It seems that trade has become the issue for Members of both parties to provide just how bullish and macho they are. I would like to inject a new word into the debate on this issue: cooperation.

Instead of rattling our sabres and erecting new trade and tariff barriers, which are going to cost American jobs and harm consumers, we should be working in a positive way with other nations to remove barriers and encourage greater movement in the world economy.

We live in a world fundamentally different from any we have known before. It is no longer possible or desirable to close our markets to foreign goods. The catch phrases and solutions of the past are no longer realistic in the world of the eighties.

Those who plead for adherence to the principles of "free trade" are deluding themselves just as surely as those who wish to return to the days of the fifties and sixties. There is no such thing as free trade. We now live in an era best described as one of "managed trade." The great challenge facing policymakers today is to manage as best as possible, not frustrate it or ignore it.

This amendment, which is contrary to international law, will increase unemployment in this country, increase costs to American consumers and taxpayers, and threatens to unravel the international economy on which our country and so many other nations are so dependent.

If Congress is really serious about dealing with the difficult and complex problems which are plaguing our economy we will work to pass legislation to deal with those problems and defeat this well intentioned, but counterproductive, amendment before us today.

We should instead begin to fashion policies to encourage greater investment in this country. We must increase our investment in education and our young people. We need to shift our investment in secretive and unproductive defense programs like the strategic defense initiative to the domestic economy and the Civilian Space Program. We need to increase our investment in the new processes and products which will make up the foundation of the economy of the nineties and beyond.

I urge my colleagues to join with me and support legislation to strengthen U.S. competitiveness in the world economy by making a commitment to investing in our future. If we are serious about preventing our decline to a second rate economic power we must begin now to encourage the changes in our economy which are so necessary and so long overdue.

Mr. DUNCAN. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska [Mr. DAUB].

Mr. DAUB. Mr. Chairman, this amendment entails a novel and bizarre approach to trade policy. In fact, it's so bizarre that it looks like it's really just a political creation and not a serious attempt to set trade policy.

The amendment tells other countries they must clean up after Congress' mess. Economists tell us that two-thirds of the trade deficit is because of our Federal budget deficit. DICK GEPHARDT himself said in the Ways and Means Committee that unfair trade practices account for only about 15 percent of our trade deficit.

Since the trade deficit is more a result of the congressional budget deficit than any unfair foreign trade practices, telling other countries to fix it is simply holding them responsible for congressional irresponsibility.

Mr. Chairman, this amendment is antifarmer. It paints a big bull's-eye on the farmer's forehead and gives our trade partners a perfect excuse to pull the trigger.

It is aimed at the four biggest customers of farmers. Together Japan, the European Community, Taiwan, and Korea bought over $14 billion from him—one-half of all farm exports last year.

Not only do the countries targeted under the amendment buy over one-half of all farm products, in today's oversupply situation, American farm products can be easily replaced by supplies from other countries.

A number of farm groups that I have worked with on this bill in the committee have written a letter to the House in strong opposition to this amendment. I offer this letter as a part of the record.

These groups see this amendment as a serious threat to their members' business. Is the sponsor of this amendment telling these respected farm groups that he knows their business better than they do?

Mr. Chairman, the Gephardt amendment is contrary to the national economic interest. After the retaliation against Japan on computer chips, which involved a relatively minor amount of tariffs, the stock market took one of the largest drops in history, the dollar plunged into further turmoil and interest rates went up.

The Gephardt amendment would greatly intensify retaliation on a host of products with a variety of our biggest trade partners all at the same time. If the economy reacted this nervously to $300 million in computer chip tariffs, what do you think financial markets will do when this monstrosity is enacted?

Finally, the amendment calls for strong actions 6 months after the unwarranted surpluses are identified. However, no action can be taken, oddly enough, until 1989. If the mechanism is sound, why wait until after the 1988 Presidential elections to begin using it? Why not set this time bomb off this year or early next year?

I think one reason is because the sponsors realize that if this trade bomb is ever used, its shrapnel will maim the American economy and every politician associated with it.

The strategy seems to be: pass something that looks tough now and find out how to disarm it later. It is not a serious attempt at trade policy, it's really a gimmick and a political hoax.

Everybody knows it won't go into effect. Let's vote it down.

Mr. Chairman, I include the following letter from the American Farm Bureau Federation:

AMERICAN FARM BUREAU FEDERATION,
Washington, DC, April 10, 1987.

Hon. HAROLD DAUB,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE DAUB: When the House considers H.R. 3, the omnibus trade legislation, it is expected that a major controversy will center around the so-called Gephardt Amendment, which mandates retaliation against nations with "excessive, unwarranted" trade surpluses. Efforts will likely be made to add the original version of the Gephardt Amendment as a floor amendment.

We believe this amendment would prove harmful to U.S. exporters if enacted into law, and we urge you to oppose it. In practice, the amendment primarily targets Japan, South Korea, Taiwan and West Germany. In FY 1986, these nations as a group purchased 32.4% of all U.S. agricultural exports—some $8.5 billion worth. The potential for disruption of this trade, and for even broader repercussions and retaliation should the trade dispute widen, is clear. This amendment will reduce farm exports, rather than increase them.

The Ways and Means Committee has made a good-faith effort to report a responsible trade bill. While we may have specific concerns about various provisions adopted by Ways and Means, we applaud the Committee's rejection of a purely retaliatory approach. Please vote against the Gephardt Amendment on the floor so that progress in crafting a responsible, export-oriented trade bill can go forward.

Sincerely,

American Farm Bureau Federation, American Soybean Association, Millers' National Federation, National Association of Wheat Growers, National Cattlemen's Association, National Corn Growers Association, National Council of Farmer Coops, National Grange, National Soybean Processors Association, United Fresh Fruit and Vegetable, USA Poultry and Egg Export Council.

Mr. WILLIAMS. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Chairman, I would not have supported this amendment 3 years ago, but I do today.

I do not believe that trade barriers are the major reasons for the squeeze on family income in this country in the last 6 years. I think the biggest reasons are irresponsible fiscal policy, ineffective currency management and an insufficient commitment to quality on the part of many American manufacturers. Most of our trade problems, I think, are made in America. But we cannot deny the fact that many of our trading partners have been running their economies in ways which impede world economic growth and block trade. They are simply not facing up to their responsibilities to manage the world economy as well as their own. It seems to me we have to react to demonstrate that they have that obligation.

We are not dealing here today with protectionism. This is a question of alternative approaches to free trade. Some people who believe in virtually unlimited military spending as a means of bringing the Soviets to the bargaining table seem to think that unilateral disarmament is the best approach to winning concessions in the field of trade. If nothing else, this amendment puts this body on record for a new era of toughness in American trade negotiations. That action is a necessary step toward turning the corner on family income, wages and balanced regional growth and expanding the world's economy.

Mr. Chairman, I urge support for the Gephardt amendment.

Mr. WILLIAMS. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR of Michigan. Mr. Chairman, I thank my friend, the gentleman from Montana, for yielding this time.

Mr. Chairman, over the last 5 years, the U.S. trade deficit has set one record after another. We have stood idly by in this Congress and in this country as factories have closed down and jobs have been lost.

The bleeding of American industry must stop. Trade barriers must end.

Behind the rhetoric of the trade debate, the fact remains that trade barriers are real and that their effects on the American economy and American industry are devastating. In fact, in the last 6 years over 2 million jobs have been lost due to declining exports.

The work ethic in my district and I am sure in most districts across this country runs deep. Our workers are ready to compete; but high tariffs, import quotas, closing of markets, and bureaucratic redtape are tying the hands of American industry and American workers.

We can no longer afford the appeasement policies of this administration. Last year we were tough on trade when the deficit was at $148 billion. Today it is $170 billion. We can afford to be no less tough.

The Gephardt amendment gives us the leverage we need to open world markets to American goods. It is the key to letting the world know that America means business.

Mr. WILLIAMS. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. DAVIS].

Mr. PURSELL. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Michigan. I yield to the gentleman from Michigan.

Mr. PURSELL. Mr. Chairman, to better understand the potential economic impact of the omnibus trade bill and its amendments on our country, I consulted two leading economists at the University of Michigan—Dr. Paul McCracken, and Edmund Ezra Day distinguished university professor emeritus of business administration economics and public policy, and Dr. Gardner Ackley, former chairman of the Council of Economic Advisers to President Lyndon Johnson.

Mr. Chairman, these respected economists had little good to say about the Gephardt amendment. In Dr. McCracken's view, it would be totally irresponsible of the U.S. Congress to pass the Gephardt amendment. To do so, in his opinion, would create an enormous backlash or problems for us internationally because it simply goes too far.

Dr. Ackley recognized that the clear purpose of the Ways and Means section of the trade bill, which includes a watered-down version of the Gephardt proposal, was to throttle foreign imports. Apart from the renewal of GATT authority, he found nothing in the Ways and Means bill he could support and doubted that more than a handful of economists would support its provisions.

Mr. Chairman, one sector of our economy which would feel the backlash of the Gephardt amendment is agriculture which comprises approximately 13 percent of all U.S. exports and which is one of the few areas of our economy which consistently shows a positive trade balance. With our farm-sector struggling, we need to expand agricultural exports. Yet the Gephardt amendment, if adopted, could reduce American agriculture exports by as much as 15 percent per year.

Mr. Chairman, the Gephardt amendment clearly goes too far and I urge Members to oppose it.

Mr. Chairman, I include the correspondence above referred to, as follows:

THE UNIVERSITY OF MICHIGAN,
Ann Arbor, MI, April 27, 1987.

Hon. CARL D. PURSELL,
Member of Congress, 361 West Eisenhower Parkway, Ann Arbor, MI.

DEAR CARL: I enjoyed seeing you the other night at the Business School dinner. I am sure that members of the Business School Faculty and their guests appreciated your attendance.

You sent me a set of materials on the trade bill recently reported by Ways and Means, and asked for my views. I am no expert on the details of trade legislation, and/or on particular proposals for amending it. But the clear purpose of this proposal is to throttle U.S. imports. It is strongly "protective" in almost every line.

I don't doubt that there are many individual cases and problems where imports appear to—and some that clearly do—create genuine hardship for particular U.S. producers. As a result firms lose profits, and some may go out of business. After all, many firms cannot meet the prices or the quality of their domestic competitors, too. We sympathize with such firms, but we do not normally subsidize their losses, or tax their competitors. I don't know why we should make an exception to this policy just because their competitors are abroad. We think that free and open domestic markets benefit all of us. Free and open international markets bring about essentially the same benefits as domestic ones.

Apart from the renewal of GATT authority, I don't find anything in the Ways and Means bill that I can support. Incidentally, I don't think you will find more than a handful of economists who would support the Ways and Means bill.

Sincerely,

GARDNER ACKLEY.

MEMORANDUM

(Phone Call From Paul McCracken of University of Michigan, April 24, 1987, 8:30 a.m.)

Congressman Pursell, "If I had to vote up or down on this legislation," McCracken said. "I would vote for the bill, but against the Gephardt Amendment. It would be totally irresponsible to the United States Congress to pass the Gephardt Amendment. To do so would create an enormous backlash of problems for us internationally because it simply goes too far."

Regarding the bill, Mr. McCracken mentioned how the management of future foreign policy is going to include an increased understanding of international economic policy [IEP]. He has reservations that the bill would weaken the President's authority over our IEP and suggests that Congress call upon the President for an annual IEP message.

This annual message would be the only report McCracken would require in the bill.

"This bill calls for too many reports," he said. "It should be limited to just the President's."

McCracken also mentioned how it is more dangerous than it looks to become locked into stabled rates as apparently suggested in the bill.

"The U.S. objective should be to maintain a pattern of exchange rates that permits an even balance in international competition," McCracken said.

□ 1300

Mr. DAVIS of Michigan. Mr. Chairman, I rise in support of the amendment by the gentleman from Missouri.

Mr. Chairman, Americans don't like to lose. Americans are fighters; Americans are competitiors; Americans like to win.

When it comes to foreign trade, we're getting our teeth kicked in. In my congressional district, two heavily import-impacted industries are represented: iron ore and copper mining. Both are hollow shells of what they once were, eaten away by subsidized, propped up foreign imports. For the past 3 years, I have invested more time and effort on matters related to these industries than any other issue; There is no other issue I can think of on which the return on investment has been so poor.

American industry and American workers are being subjected to economic assault from all sides and our country's reaction has been anemic. We've adopted a "welcome mat" trade policy. Unfortunately, we are the mat and the rest of the world is using us to clean their muddy shoes.

Its time for us to send a message. Its a message which, unfortunately, doesn't just need to be sent to our trading partners. Its a message which also needs to be heard down at the other end of Pennsylvania Avenue. Its time to start winning again on foreign trade. I urge adoption of this amendment.

For too long, U.S. trade policy has been to run the ball up the middle on fourth and long. Its time to start throwing a few bombs and this amendment is a good place to start.

Mr. DUNCAN. Mr. Chairman, may I inquire as to how much time remains on each side?

The CHAIRMAN. The gentleman from Tennessee [Mr. DUNCAN] has 9 minutes remaining, the gentleman from Illinois [Mr. ROSTENKOWSKI] has 16 minutes remaining, and the gentleman from Missouri [Mr. GEPHARDT] has 25 minutes remaining.

Mr. DUNCAN. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. CHANDLER].

(Mr. CHANDLER asked and was given permission to revise and extend his remarks.)

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. CHANDLER. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong opposition to the amendment offered by my colleague from Missouri, Mr. GEPHARDT.

We are all concerned about the enormous U.S. trade deficit, but this Congress is making a tragic mistake if its concerns and frustration translate into approval of bad legislation. The Gephardt amendment is very bad legislation.

While there are many reasons why the Gephardt amendment is dangerous and counterproductive, my greatest concern with it lies in the disasterous impact it will have on crucial agricultural exports.

Practically speaking, the Gephardt amendment targets Japan, Taiwan, South Korea, and West Germany for automatic trade deficit reduction.

In the last fiscal year, these nations purchased 32.4 percent of all U.S. agricultural exports, or 8.5 billion dollars' worth. Obviously, with this kind of exposure, American agriculture will make a very attractive and likely target for retaliation from these countries.

I am sure you all remember the disastrous consequences when the Chinese canceled $500 million in U.S. wheat purchases when we restricted $37 million in textile imports. With the Gephardt amendment, it will happen again, but on a far larger scale.

In my home State of Nebraska, 1 of every 3 farm acres is devoted to exports, thus it is hard to overemphasize the importance of overseas trade to farm and ranch income.

Moreover, economists estimate each 1 billion dollars' worth of farm exports creates agricultural jobs for as many as 35,000 workers.

An additional 60,000 nonfarm jobs are created with each $1 billion in farm export sales, proving that the entire economy has a stake in agricultural trade.

A $170 billion trade deficit is clearly dangerous, but it is caused primarily by the budget deficit and exchange rate factors. We should not try to fool the American public into believing the amendment before us will correct it.

I urge my colleagues to reject the Gephardt amendment. Our Nation's farmers should not have to bear the burden of Congress' frustration.

Mr. CHANDLER. Mr. Chairman, when I was a boy growing up, my father tried—with great patience—to teach me to use the right tools. You can do a lot of damage using a hammer to do the work of a wrench. I know, I tried and failed more than once.

Mr. Chairman, this amendment is a wrong tool for the job. And I'm afraid it could do a lot of damage.

Our current trade imbalance results from a number of factors, and you can't fix it with a hammer.

We are no longer the only major industrial power in the world.

Our competitors are beating us right here in the wealthiest market in the world—in our own economy.

But the most important factor is our unwillingness to get our fiscal affairs in order. Mr. Chairman, we have been mortgaging our children's future and their children's future for too long. The time has come to pay the piper.

As Hodding Carter III pointed out in the Wall Street Journal this past Thursday.

> Personal, corporate, state and national [debt] are at an all-time high and getting higher.
>
> America is on a consumption binge for which it is perfectly willing to have someone else, in some long-distance time, pay the bill.
>
> Productivity growth, outside the relatively healthy 20 percent of GNP attributed to manufacturing, has been declining. It fell from an anemic 1 percent in 1985 to an invisible 0.7 percent in 1986.
>
> Individual savings rates continue to fall and are now less than half the abysmal rate of 1980.
>
> None of these figures can be attributed to nefarious Japanese practices, unless some assume that Tokyo has no right to economic vitality.

Last Sunday's Washington Post reported that confidence in the U.S. dollar has dropped so much since the start of the year that foreigners are now shunning investments in the United States. Those investments are financing our borrowing.

Remember the 20/20 vision of the Carter years, 20 percent inflation and 20 percent interest rates? That's what lies ahead if we don't get our affairs in order.

We can't blame the Japanese for that. And we can't fix it with a hammer. All we can do with this amendment is shrink world trade.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I rise in support of the Ways and Means Committee bill and in opposition to the Gephardt amendment. Let us not reject the committee compromise passed by a vote of 34 to 2 that represents good bipartisan trade policy. The committee bill addresses many of the underlying causes of our trade problems, and aggressively targets unfair trading practices.

However, the Gephardt amendment, if adopted, moves the bill in the direction of protectionism by singling out countries simply because they maintain a surplus in their trade relationship with the United States. Those countries most likely to be targeted by this amendment are among the best customers for agricultural products. Adoption of the Gephardt amendment risks retaliation against our agricultural sales to those countries.

Second, the Gephardt amendment is bad trade policy that will come back to haunt us. We could set a precedent which could be used against us by countries with whom we may enjoy a trade surplus.

Finally, Mr. Chairman, let us not kid ourselves. This amendment will surely provoke a veto. That means that good legislation will go down with the bad. Let us pass a trade bill that we can be proud of and one that will become law. Let us defeat the Gephardt amendment.

Mr. WILLIAMS. Mr. Chairman, may I inquire as to the amount of time remaining to this side?

The CHAIRMAN. The gentleman from Montana [Mr. WILLIAMS] has 25 minutes remaining.

Mr. WILLIAMS. Mr. Chairman, I yield 1½ minutes to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, we have heard Members talk about the lessons of history in the context of this debate, but I think that everyone understands that there are no lessons of history for a $170 billion trade deficit. We have not had that kind of deficit in history.

We are choking on red ink in this country, and part of it is a trade deficit that is out of control. The question is, Are we going to do something about it?

Let me make this point: With or without the Gephardt amendment, this is a good trade bill. With the Gephardt amendment, it is a much better trade bill.

Someone said that it is antiagriculture. That is absolute nonsense. This bill attempts to pry open, with the Gephardt amendment, foreign markets, expand opportunities for our producers. This is proagriculture. That is why the National Farmers Union, the NFO, and American Ag support this amendment.

This book was put out by USTR. It contains 300 pages of foreign trade barriers to our producers when they try to export our goods overseas—300 pages. Walnuts, grapefruit, beef, movies, insurance—300 pages of barriers.

Do we have the nerve and the will to convince our trading partners that they must open their markets, they must get rid of these barriers? The answer is yes. Let us pass this bill and pass this amendment and expand our opportunity for world trade. Let us lead in the direction of free trade, and lead in the direction of lower deficits. That is what this debate is about.

This is a good trade bill. It will be made better by the Gephardt amendment. We are moving in the right direction, in my judgment, and 100 years from now when they talk about the lessons of history, they will look back on our actions and judge us favorably. Historians will ask: Did they do the right thing to solve a trade deficit? In my judgment people will say, "Yes, they weren't nervous. They had the nerve to stand up and do what was right to strike down these barriers. They had the forethought to support the Gephardt amendment."

Mr. WILLIAMS. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. KOLTER].

Mr. KOLTER. Mr. Chairman, I rise in total support of the Gephardt-Brown amendment.

Mr. Chairman, listening to the debate yesterday and today I am shocked to hear my colleagues argue against buying American and against protecting American jobs. I believe in America. Our past has been studded with glory and we need to work together to guarantee that our future will be one of supremacy. I am proud to be an original cosponsor of H.R. 3. Yet, I feel compelled to register one reservation I have about the original text of this historic legislation. I fear that, as written, H.R. 3 lacks the teeth necessary to take a significant bite out of the trade deficit which has wracked America these last few years.

The Gephardt amendment will give H.R. 3 the strength it needs to reduce the trade deficit without placing undue strain on the administration or our trading partners. Criticism has been leveled against the Gephardt amendment, calling it extreme and unyielding. This simply is not true. The initial step dictated by this amendment calls for negotiations between the administration and the surplus trading partner. During the alloted 6 months, the administration would seek an agreement which would eliminate trade barriers put in place by the surplus nation. In the event that these negotiations failed or were not complied with, the President would then be directed to impose sanctions. This amendment allows the President to use his discretion in determining what type of sanction to impose against unfair trading partners. Furthermore, this amendent permits the President to forgo leveling restrictions against foreign countries if he deems such action to be harmful to the U.S. economy. These conditions seem neither unreasonable nor unconditional. Rather, they strike me as fair, logical, and responsible.

Many of my colleagues share my dismay over the economic hardship caused by the trade deficit. Conservative estimates place the loss of American jobs due to the trade deficit at 1.2 million for the period from 1980 to 1984. The Fourth District in Pennsylvania used to be a bustling, expanding area. Steel production provided employment for thousands of people. Today, unemployment runs at 15.6 percent. This scenario is played out across the country. We need to get America back to work. We need to increase our manufacturing base. We need to guarantee fair trade.

The Gephardt amendment is evenhanded. It merely seeks to right wrongs perpetrated by foreign nations taking advantage of America's open markets. A Herculean effort is required to regain America's position as a trade surplus nation. I believe that we must pursue every available avenue to reach this goal. I do not advocate hasty actions or radical, unconditional measures. I do, however, support the Gephardt amendment.

Popular fashion has dictated labeling those in favor of the Gephardt amendment as "protectionist." I do not believe that that simple, negative term does justice to the intricacies of the situation. This amendment does protect America's interest. It also seeks to ensure that an equitable trade balance is struck between our partners and ourselves. The Gephardt amendment recognizes that we need to control the flow of goods from countries which do not share our concern for workers' rights, for fair pricing and for compliance with trade agreements. If you feel that it is extreme to work to create a level playing field, then the Gephardt amendment is indeed extreme. However, if you feel as I do that America deserves a fighting chance, vote with me in favor of the Gephardt amendment to give the trade bill the power it needs to shrink the trade deficit.

Mr. WILLIAMS. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, a TV preacher went on television and said that God appeared to him personally and asked him to run for President. He further said that he was against the Gephardt amendment, he was against my "Buy American" bill, and he is a free-trader.

I am here to announce today on the floor that the Lord appeared to me about a week ago and told me not to vote for that preacher.

Mr. KEMP was out here recently, and Mr. KEMP says, "Do you make friends by holding a gun to your neighbor's head?"

Mr. Chairman, there is a gun involved here, that is true. But that gun is bigger than the Empire State Building, and it is being held at the heads of American workers and American industry, and Congress has done nothing, and our administration is having conferences over in Mexico to teach Americans to use Mexican labor and Mexican tax advantages.

In November 1985, 35 percent of all new cars sold in this country were made overseas. Ford Motor Co. will not build a new transmission in America in the next 5 years. And Brazil subsidizes their industry.

Does this not sound like steel? In the next 10 years we will not have one blast furnace in America. What will we defend ourselves with, generals? Styrofoam?

This does not go far enough. If it were up to me, I would ship the EPA to Japan, I would send Malcolm Baldrige to Korea, and Clayton Yeutter to Taiwan. Let us pass this Gephardt amendment and let us let the world know that we are going to stand up for the home team today.

□ 1310

Mr. WILLIAMS. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. HERTEL].

Mr. HERTEL. Mr. Chairman, I hear opponents refer to starting a trade war. Let me tell my colleagues there is a trade war and we are losing it. The casualties are hundreds of thousands of American jobs and the harm and the pain that has been caused to millions of American family members. Emotional, yes.

If my colleagues talk to those unemployed people, those displaced workers, they will talk about how hard it is to keep their families going.

We hear people talk about retaliation. Do you know how many American cars were sold in Japan in 1986? Less than 2,000. What are they going to retaliate about?

I have heard opponents argue that this amendment is too tough, this amendment is too strong. I do not think that it can be. I say to you, do not be afraid to defend American jobs. Do not be afraid to take action for this American economy, and do not be afraid to work for and protect our American way of life.

Vote for the amendment and for America.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to perhaps discuss this in a reasonable fashion, if I may. Why do we have surpluses in this country, in this world today, in terms of international trade?

One reason, obviously, is unfair trade practices. There is no question that Japan and other Pacific Rim countries do have unfair trade practices in this world trade economy of ours.

At the same time, surpluses are generated not only because of unfair trade practices, but because of macroeconomic policies.

If you go back to 1981, you will find that the economic policies of this administration created a deficit finance spending binge which resulted in a lot of consumer purchases in the United States; and, at the same time, Japan and other countries were on a mercantilist economic approach.

The third reason we have surpluses is because of the exchange rate. In fact, most people now say because the dollar is weakening significantly, ultimately we are going to turn around this trade deficit of ours, so it is not just opening up unfair trade markets that cause surpluses. That is an inherent defect of the Gephardt amendment.

The Gephardt amendment tries to deal with surpluses. The President, the Congress, are trained negotiators and do not have control over the exchange rate. Certainly it is a combination of the Congress and the President and the American people in terms of macroeconomic policies of the United States.

So the Gephardt amendment really does not deal with the issue that we really can face head on. It tries to deal with surpluses, and that is frankly beyond the control of the Congress and the President.

What does the Rostenkowski measure do? It requires mandatory retaliation if in fact we cannot open up foreign markets. I cannot think of a measure more tough and strong in international trade than that particular provision.

About 2 years ago we passed the Gramm-Rudman amendment. That was an acknowledgment that we could not deal with their budget deficit. Fortunately, the Supreme Court bailed us out on Gramm-Rudman.

In terms of the Gephardt amendment, we would not have anyone bail us out, and I would have to say that the inherent problem with the Gephardt amendment is that we are acknowledging that we cannot compete with our foreign competitors.

It is an acknowledgment that in fact we need artificial trade barriers in order to deal with international trade competition.

Mr. WILLIAMS. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. MCCLOSKEY].

Mr. McCLOSKEY. Mr. Chairman, the Gephardt amendment is a necessary step if this House is to pass trade legislation which means business.

For too long, American industry after American industry have won trade case after case before the International Trade Commission and other agencies only to see the trade relief they won diluted or eliminated by Presidential action.

Whether it was footwear or specialty steel, color televisions or anhydrous ammonia used by our Nation's farmers, the result was the same: Win a battle; lose the trade war.

Nor did it seem to matter whether a Democrat or Republican was in the White House.

But the result has been the loss of over 2 million jobs in vital manufacturing sectors of the economy since 1981. Largely due to a trade deficit that increased from $40 billion to $170 billion during that period.

In the Eighth District of Indiana, the color television, mining, cement, ball bearing, machine tool, furniture, semiconductor and other important industries have been damaged or threatened because of unfair trade practices.

While the Ways and Means Committee has reported a good bill which itself would be an improvement over the current situation if signed into law, the Gephardt amendment gives us an opportunity to make important improvements in H.R. 3.

Like the trade bill, the Gephardt amendment requires negotiations with countries with excessive trade surpluses.

Like the trade bill, the Gephardt amendment requires the International Trade Commission to determine whether the excessive surpluses are unwarranted.

And like the trade bill, the Gephardt amendment requires the U.S. trade representative to enter into negotiations with any nation having such an "excessive" or "unwarranted" trade surplus with the United States.

But unlike the bill before, the Gephardt amendment takes another necessary step: It requires that the negotiations result in an agreement which eliminates unfair trading practices.

If agreement cannot be reached on elimination of these unfair trading practices within 6 months, it is then and only then that dollar for dollar retaliatory action is required.

In addition, the Gephardt amendment provides that 1 year after the designation of a country as an unwarranted surplus nation, a 10-percent reduction must have been achieved in each targeted country's trade surplus with the United States.

Now there has been concern expressed about the effect of this amendment on the President's ability to conduct international trade policy. It is important to understand that the Gephardt amendment does provide for a Presidential waiver of the required actions—if he determines that these actions cause substantial harm to the U.S. economy.

The President must, however, submit a justification of this waiver to Congress within 5 days of his decision and offer an alternative plan for achieving trade surplus reductions. Congress may then pass a joint resolution disapproving the waiver which the President could veto. Substantial leverage on such an issue would still be retained by the President since he would need only one-third of one House plus one vote to waive this requirement.

Mr. Chairman, the Gephardt amendment is a reasoned and effective approach to our international trade crisis. It is the right signal to send at the right time for the right reason to those trading partners who have for too long regarded the United States as a trading patsy. If we are to protect our industrial base and with it our national security, we should approve the Gephardt amendment.

I urge my colleagues to vote "yes" on the Gephardt amendment.

Mr. WILLIAMS. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, it has been suggested that if Gephardt is passed there will be massive retaliation. In fact, retaliation has been going on for 20 or 30 years.

There is literally nothing that can be done to American industry, workers, farmers, agriculture, that has not already been done. We have a $170 billion a year trade deficit.

It is costing us 4½ million jobs. It is costing us about a million and a half jobs to the Japanese alone.

Let us be clear about the primary cause of the trade deficit—it is the unfair advantage our trading partners achieve because we play by different rules.

This analysis is crucial to today's debate. When we first began these hearings, the administration claimed that the cause of the emerging trade deficit was not unfair trade practices but high labor costs, inefficient management and, most importantly, high differential real interest rates. Labor costs dropped, management improved, and the differential in interest rates narrowed considerably, but the trade deficit continued to rise.

Then they told us that it was the artificially overvalued dollar, but the dollar has dropped precipitously and yet the trade deficit has continued to rise to the record levels of today. Now, they blame the budget deficit and the policies of the central banks of Bonn and Tokyo. I say they are running out of excuses for a trade deficit that is a function of the addlepated ideology of an administration which refuses to face the facts of the world marketplace.

As a consequence of the 1984 act, USTR publishes annually a report on the foreign barriers to U.S. exports. The latest edition totals 291 pages. It closely tracks the findings of the Oversight Subcommittee—yet somehow, despite the evidence, the administration continues to minimize the problems.

We believe that what is missing is an understanding that unfair foreign trade practices are not isolated acts, but are part of an economic development strategy which we call the Japanese model.

First, technology is appropriated, legally and illegally, then certain perfections occur either in the product itself or the manufacturing process or both, usually with Government subsidies. Next, the domestic market is protected from international competition, goods are then dumped in third country markets and in the United States itself. American firms are driven out of business and the foreign firm or firms become dominant in the world market.

When domination is achieved, the resulting funds are then used to finance the next attack on a market for even more technically sophisticated products.

Variations of this model affect our agricultural and service sectors, as well as manufacturing. A classic study involves the Japanese targeting of electronic goods from the transistor radios in the 1950's to their attack on the supercomputer market today.

It is not sufficient to attack the separate facets of the problem, particularly given that our trading partners have perfected the art of talking and shipping to the point where relief in those cases when it is finally obtained comes too late to save the targeted industry.

Indeed, the Gephardt requirement that countries that have built huge trade surpluses based on unfair trade practices must take effective action to reverse those surpluses or face retaliation in this market is the only way to reverse the enormous incentive of the Japanese and their imitators to continue to rely on this model for their economic development.

Those who would label us protectionist often cite the infamous Smoot-Hawley tariff as the direct cause of the Great Depression and the indirect cause of World War II. I think that we should draw a lesson from another experience of those troubled years in considering this amendment. In order to protect its borders forever from the Germans, the French built a chain of fortresses across the historical invasion routes called the Maginot Line. The French relied on their technical advantage and guarded against the most visible threat to their security.

In 1974, we passed a trade bill which contained protections against unfair trade practices—our Maginot Line, if you will. We relied on the technical advantages our economy had acheived since the end of World War II and built our paper forts.

In 1979 and 1984, we improved the existing fortifications, the antidumping and countervailing laws, sections 201 and 301, conditional GSP, and so forth. And today, without the Gephardt amendment we will further improve our reactive, stationary fortifications—and we will continue to ignore our flanks.

I predict that if we do not pass this amendment, our trading adversaries will continue to ignore our paper forts relying on the bunker mentality of our political leadership and the fifth column of economists and editorial writers to keep our guns silent as they continue their raids into our heartland and bar our firms from their markets.

What is happening here? We are not seeking by the Gephardt amendment to confer upon our people a special advantage. All we ask is fair treatment in our marketplaces and in the world's marketplaces.

The majority part of our problem is not noncompetitiveness. It is restrictive trade practices by the foreigners.

We are not talking about Smoot-Hawley and protectionism. We are talking about fair treatment for American workers.

We are talking about eliminating targeting, dumping and subsidies. Nothing in American trade law today or this bill, without the Gephardt amendment, is going to protect the American workers against unfair trade practices, which rob us of jobs, opportunities, and the ability to defend ourselves and assure our national security.

These unfair practices exist in every nation in the world. The way nations get richer, and they recognize this, is to sell more than they buy, and they rig their laws to achieve that end.

The United States is the only country in the world which does not do this. The Gephardt amendment says that we are going to insist, as a matter of law, that our people are treated fairly; and we are going to, by this mechanism, assure that the President takes the steps that are necessary to give fair treatment to American workers, American agriculture, and American industry.

That is not protectionism. That is good sense, and that assures that others do not get richer at our expense through unfair trade practices.

I urge my colleagues to vote for the Gephardt amendment. It is in the best interests of the country, and it is in the best interests of this body.

Mr. DUNCAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise in opposition to the Gephardt amendment. The Gephardt amendment does not give us anything. It takes something very valuable from us, the flexibility to address our own interests.

Mr. Chairman, H.R. 3 is a strong trade bill that will address our legitimate interests effectively.

The Gephardt amendment does not give us anything. But it takes something very valuable from us, the flexibility to address our interests.

I pushed hard for tough enforcement of the semiconductor agreement, but once enforcement was announced, as many of my companies called to report how deeply it would hurt them as to say how much it would help them.

Fortunately, we had the flexibility to carefully choose how to respond to best address our interests, and so we were able to place the burden on Japanese, not American, producers. This essential flexibility would be taken from us by Gephardt.

Connecticut is the largest exporter in the Nation in percentage of total jobs dependent on exporting. International trade is governed by negotiated agreements between sovereign nations. If we unilaterally mandate actions, then our trading partners will respond in kind.

Retaliation is absolutely inevitable, as we have seen with Canadian retaliation against our subsidized corn for our action against their subsidized timber. In Connecticut, retaliation will mean hundreds of jobs will be lost.

If we approve the Gephardt amendment, we will be setting our own trap. In 1979, the United States ran a $12 billion trade surplus with Europe. We will want and need to run surpluses again. Yet Gephardt will allow those surpluses to be used against us, again costing jobs.

The committee bill addresses unfair trade practices by mandating dollar-for-dollar sanctions if negotiations fail while the amendment requires an arbitrary, flat 10-percent reduction in trade, regardless of the magnitude of unfair practices. If the nation's unfair practices are small, and are only 3 percent of the problem, a 10-percent penalty would be levied. How would America feel if so treated? How will the American consumer feel?

Furthermore, unfair trade practices, as important as they are to address, are a minor cause of our difficulties. Our own General Accounting Office [GAO] concludes in a lengthy study that our domestic deficit is the prime cause of the trade deficit.

To be competitive, we must reduce our deficit, pass a strong reform of our trade laws, improve our productivity, better manage our businesses, strive for greater excellence, stabilize the world's currencies, and negotiate an international, not a unilateral American taxpayer funded, solution to the debtor nation problem.

Preserve our right to address our interests. Vote "no" on Gephardt.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in strong opposition to this amendment. This is a bad idea, and there will never be a place nor a time when this idea will be sound. This amendment is blatent protectionism based on an insidious mechansim of bilateral imbalance in payments. It can only invite retaliation, increase consumer costs, decrease U.S. employment and, as Mr. KEMP has said, provide all the world's nations with mutual assured depression. This we got from Smoot-Hawley in 1929 and this we will get if the Gephardt amendment is signed into law.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. SUNDQUIST].

Mr. SUNDQUIST. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I am opposed to the Gephardt amendment. I support the committee amendment, the son of Gephardt, and oppose the grandson, because we will not have a bill if that passes.

We are so close to a bipartisan, intelligent reform of our outdated and ineffective trade laws. There is one major obstacle standing in our way: the Gephardt amendment. This one single provision can spoil all the progress that has been made in writing the 788 pages of H.R. 3.

This one single amendment—if it passes—can destroy everything we have worked for so long. It is no secret that if this amendment passes—the President will veto H.R. 3. Does it make sense to poison all of the good provisions in H.R. 3 with this one politically motivated, destructive amendment?

And please don't forget: the Gephardt amendment is already in H.R. 3 in a modified, bipartisan, and acceptable form. Why ruin all the good H.R. 3 can do by putting in something that is redundant, but severely extreme? Let's not throw away all of the bipartisan work on H.R. 3 by tainting it with this latest Gephardt amendment.

If you are thinking about voting for this provision just to make a statement—even though it is GATT illegal and contrary to what we are trying to achieve with U.S. trade policy—thinking we can take it out in conference—you'd better think twice. The Senate has its own agenda, like adding textiles. The Gephardt amendment may not be taken out that easily in conference. It will become a bargaining point with the Senate on textiles and remain in the conference report—guaranteeing a veto. This is not a free vote.

Also remember, the business community is recording this vote. The NFIB and other small business organizations—all who are adamantly opposed to this amendment—have already promised us this vote in their ratings. I reiterate: this is not a free vote.

Please consider carefully: Are you willing to risk—to gamble—our only chance at trade legislation in this Congress on the basis of this one amendment? Please do the right thing for the citizens of America. Preserve American industry, American agriculture, and American jobs by voting no on this political and disruptive amendment. Don't throw away this great legislative opportunity to improve trade policy.

□ 1320

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri [Mr. EMERSON].

Mr. EMERSON. Mr. Chairman, I rise in strong support of the Ways and Means Committee bill.

Mr. Chairman, when you sort through all the global economics, the billion dollar numbers, and the impassioned rhetoric we are engaging in here today, the fundamental purpose of what we are doing—or trying to do—in this trade bill debate is to save American jobs, American farms, and American businesses.

From what I am hearing in this debate, everyone seems to agree that the best way to do that is to give our factory workers, our farmers, and our entrepreneurs a chance to compete fairly and aggressively with their counterparts in other countries. In other words, we are trying to give our economy's producers a trade environment in which they can not only save themselves, but expand in the world marketplace.

As one who represents a district which is vitally dependent on both agricultural exports and on industries such as the shoe industry that are being suffocated by imports, I am well aware of the delicate balance we must maintain in trade policy.

The reason we are here, Mr. Chairman, is that for too long our policies and their enforcement have erred on the side of caution. In the interests of free trade—of which I am a strong advocate—we have let trade reciprocity and fairness fall by the wayside. The result: our farmers can't sell enough of their products abroad, and many of our industries can't sell enough products here at home.

Obviously, change is needed. We cannot tolerate $170 billion trade deficits. But before we jump from the frying pan into the fire, we must take note of some harsh realities. First, the trade deficit is the result of some very deep-seated problems, only a small part of which relate to unfair trading practices by Japan and other countries. Far greater problems lie in our own budget deficits, world money markets, and other economic disorders that cannot be cured by a trade bill. As Governor Dukakis of Massachusetts has said, "If the whole world opened itself up completely to every product we make, we'd still have a foreign trade deficit of $125 billion."

In trying to address that trade deficit, we must not forget the obvious fact that a trade deficit is not a unilateral statistic, but an equation in which imports and exports share equal importance. Thus, if we reduce imports while at the same time shutting the door to exports, we will have accomplished nothing. We will have saved one job—and lost another.

Fortunately, thanks to the commendable efforts of the chairman and members of the Ways and Means Committee, I believe we have a bill that strikes that proper balance. The committee bill provides effective export enhancement tools for our farmers and industries; it strengthens the hand of the ITC in a way that addresses the frustrations many of us have felt in dealing with the problems of the shoe and textile industries; and it puts into place a mechanism for dealing with unfair trading practices that puts teeth in our demands for reciprocity, but doesn't amount to a declaration of a trade war. In short, I believe the committee proposal is a good, solid, and responsible answer to the trade dilemma.

Unfortunately, I fear that there is a fly about to land in the ointment—and that fly is the amendment offered by my colleague from Missouri, Mr. GEPHARDT. While we all want the trade deficit to be eliminated, we simply cannot legislate it away—which is essentially what the Gephardt amendment trys to do. In this debate, we are hopefully trying to save jobs, and create new ones. The Gephardt amendment will do neither. It could cost as many as 300,000 jobs when our export customers begin to shop elsewhere—and a large portion of those jobs will be lost in agriculture and other exporting industries that are vital to the gentleman's home State of Missouri.

Likewise, the Gephardt amendment basically says to the world that we are against trade surpluses. That may be appropriate today, but what happens tomorrow when, for example, we ourselves achieve a surplus with Europe—a surplus we desperately need in order to pay off our foreign debt? Should we be surprised when the European Community then outlaws our trade surplus and buys its agricultural goods from Argentina?

Mr. Chairman, the Gephardt amendment simply goes too far. It claims to attack unfair trade, but does so with a meat ax that will strike not only Japan, but the farms and factories of my district and yours.

I urge my colleagues to oppose this amendment, and prevent a good trade bill from becoming a fire bomb in the world marketplace that could burn us as badly as it does anyone else.

Mr. DUNCAN. Mr. Chairman, I reserve the balance of my time.

Mr. WILLIAMS. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. Mr. Chairman, if you are a worker in a northern Minnesota iron ore mine or a Pennsylvania steel mill or a Georgia textile plant or a California semiconductor factory, you can take no comfort in the current U.S. trade policies because, chances are, you have lost your job.

The Gephardt amendment may not restore that job but it will help you, if you are working, to keep that job in the future. This amendment is simply a shot fired across the bow of those countries which are engaged in unfair trade practices. Those discriminatory practices exist because other countries do not believe we will ever get tough on trade and defend our turf or force them to open theirs.

The Gephardt amendment is nowhere near as tough as I would like to see, frankly, but it is an answer to those people who have lost their jobs or are about to lose their jobs, an industry and those communities which have lost or may lose to foreign trade and who have cried out to the Congress, "When are you going to do something?" This amendment says, "We are going to do it now, we are going to go after the unfairness."

To those who claim that this simple, modest amendment will invite retaliation, I say we are already suffering from a preemptive strike in trade. The trade war is on and we are losing it.

It is time to do something, and the Gephardt amendment will help us do something and it will tell those countries, "Open up your markets; let our goods in; stop the unfairness in international trade."

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1½ minutes to the gentleman from New Jersey [Mr. HUGHES].

Mr. HUGHES. Mr. Chairman, I rise in reluctant opposition to the Gephardt amendment.

There can be no denying that the United States currently faces a serious international trade problem with our merchandise trade deficit having more than quadrupled to a staggering imbalance of almost $170 billion last year.

I share the frustration of my colleagues at the slow pace of negotiations and the sometimes unfair practices of our trading partners. However, our trade problems did not come about overnight, and they will not be solved overnight. There will be no quick fix.

The Gephardt amendment attempts to deal with the trade deficit by fiat. It simply declares that countries must reduce unwarranted and excessive trade surpluses with the United States, or else face 10 percent trade cuts by means of tariffs, quotas, or other means.

I am very concerned with the legality of that approach, which appears to violate articles 2 and 11 of GATT prohibiting the unilateral imposition of tariffs or quotas by a signatory nation. There is a process to change GATT if we do not like present international law.

Moreover, I am concerned that the Gephardt amendment arbitrarily metes out sanctions to our trading partners for a problem which, in many respects, is home-grown. It is no coincidence, for example, that our trade deficit has ballooned during the same time the national debt has doubled to over $2 trillion. As a nation, we have been consuming more than we have been producing, and some of what we have been producing has not measured up to the quality that we are capable of turning out.

Last, I am concerned that it will be American workers, American businesses and American consumers who will suffer in the long run if our trading partners decide to erect retaliatory barriers.

It is true that our trading partners have not taken our legitimate complaints seriously, and that the State Department and the U.S. Trade Representative have not been aggressive enough in redressing these imbalances. But we cannot say that foreign nations or our U.S. negotiators are entirely to blame for all or even a significant part of our trade deficit.

It is a complex problem with many nuances and intricacies that cannot be generalized through across-the-board trade cuts.

The compromise fashioned by my distinguished colleagues, Chairmen ROSTENKOWSKI and GIBBONS, addresses the trade issue in a manner that is tough, but flexible enough to deal with the complex realities underlying our trade deficit. It provides for mandatory, dollar-for-dollar retaliation against excessive surplus countries with unfair trade barriers, with the options of imposing higher import duties, setting new import restrictions, or suspending specific trade benefits. The committee bill also provides for mandatory action under section 301 of the 1974 Trade Act against any country that violates the rules of the General Agreement on Tariffs and Trade.

I am also aware that some Members of this House will vote for the Gephardt amendment not because it is sound trade policy or because it will significantly reduce our trade deficit, but because they want to send a message to our trading partners that we are serious about removing unfair trade barriers. I find myself in agreement with the Hollywood mogul who said that if you want to send a message, use Western Union. Particularly when the message selection violates an international agreement we are a party to.

I urge my colleagues not to rely on this reasoning to enact a potentially damaging piece of legislation. We should not vote yes today in the hope that we will eventually be saved from our own folly by a conference committee or a Presidential veto. It is our duty as elected Representatives to judge this amendment on its own merits, and to act on the basis of that judgment.

I am frankly concerned that so much time and attention is focused on an amendment that, even if signed into law, will do little to reduce our balance of trade deficit and that does not address the root causes of our trade problems. Unfair trade practices have existed for a long time, while the trade deficit has increased dramatically only in the past few years.

We must move decisively to put our own financial house in order, and direct our efforts to help strengthen America's performance in the creation, application, and production of new technologies. We also need to develop a more skilled, flexible, and motivated work force to face the unprecedented challenge to our ability to compete in the international marketplace.

H.R. 3 makes many positive contributions in these areas. However, the passage of the Gephardt amendment, with its arbitrary percentages and inexorable sanctions, would signal a return to the failed policies of protectionism. I urge my colleagues to vote "no."

Mr. GEPHARDT. Mr. Chairman, I yield such time as he many consume to the gentleman from Michigan [Mr. FORD].

Mr. FORD of Michigan. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Missouri, Mr. GEPHARDT. Without this amendment, H.R. 3 is little more than a paper tiger.

While H.R. 3 would make substantial changes in our trade law without the Gephardt amendment, I fear that many of these changes would be meaningless. For over 6 years, the administration has pledged that it would negotiate with our trading partners to eliminate unfair trading practices. Of course, at the same time, the President has presided over an everescalating trade deficit. We need more than fruitless negotiations and discussions—we need results. And, without the Gephardt amendment, there is no assurance that we will get those results.

The Gephardt amendment is strong medicine, but we need this medicine to ensure that a trade bill makes real inroads into reducing our trade deficit and provides assistance to American industries and workers. My constituents know all too well the heavy price that imports can extract from domestic industries. In a survey I just completed, 81 percent of my constituents support the Gephardt amendment. Thousands of workers in my district have lost jobs in the auto, steel, and rubber industries. Those jobs have gone overseas, perhaps never to return. Worst of all, there is no end in sight to this loss of jobs. In my district, the auto parts supplier industry, which has been wracked by imports, is threatened with near elimination as the big three buy more and more parts from overseas.

It is also important to recognize that the Gephardt amendment is not solely a labor issue. I have received letters from parts suppliers in my district urging support for the Gephardt amendment. In addition, Chrysler, Ford, and other major manufacturing companies support this vital amendment. These companies are on the front lines of our trade wars, and they know all too well the devastation that will result from staying the course on trade.

I am somewhat dumbfounded by the arguments of some opponents of the Gephardt amendment who raise the specter of retaliation by some of our trading partners. By definition, the Gephardt amendment would require reductions only in surpluses of countries with excessive surpluses, such as Japan. Some opponents fancy that the enactment of the Gephardt amendment would result in retaliation against American exports. How can Japan retaliate against United States products? Last year, the United States had a $58 billion trade deficit with Japan. It is inconceivable for me to think of any way that they could retaliate that would cause any harm to our economy. Clearly, any retaliation that they could take would be contrary to their own self-interest.

In addition, the threat of retaliation is predicated on the assumption that the United States and countries with large surpluses will not be able to reach a satisfactory agreement to eliminate those countries' unfair trading practices and excessive trade surpluses. Under the Gephardt amendment, Japan, South Korea, and other affected nations have a simple choice—reduce their trade surpluses with the United States or have it done for them. Of course, the Gephardt amendment would not require these nations to cut their exports to the United States. They could also eliminate their surpluses by increasing imports of American products. Only if these countries fail to reach the 10-percent reduction each year would they be faced with import restrictions or the suspension of trade agreements.

Mr. Chairman, in 1984, the Congress enacted trade legislation that was touted as giving the President more tools with which to attack our trading problems. But what good are additional tools for the administration if they sit unused? We need action, and we need results. Only with the Gephardt amendment can we assure these results, and I urge my colleagues to support this amendment.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. Mr. Chairman, I rise in support of the Gephardt amendment.

Mr. Chairman, I rise today in strong support of the Gephardt amendment to H.R. 3, the Omnibus Trade Act, and I commend my friend from Missouri for his hard work in bringing this important issue before the full House today.

Mr. Chairman, the Gephardt amendment is an essential tool which strikes at the heart of our trade problems. It is a rational, effective, and reasonable approach to force our trade partners into honest negotiations with the United States on reducing their unfair trade practices. Unlike the Ways and Means Committee bill, the Gephardt amendment would assure that negotiations with our trade partners are backed up with predictable and just schedules for reacting against unfair foreign trade barriers.

Mr. Chairman, for years the United States has attempted to practice so-called free trade policies while many of our major trading partners have played by a different set of rules. The result of this has been an overall trade deficit of $170 billion in 1986.

No nation has contributed more to our trade deficit during this period than has Japan, which increased its deficit with the United States from $10 billion in 1980 to an estimated $60 billion in 1986.

Our negotiators in the office of the U.S. Trade Representative have knocked on every door, met with every conceivable official, and used every argument and means of friendly persuasion in an effort to open the Japanese market to our exports.

As their excuses have worn themselves out, we are now informed of the real reason why Japan has not opened its markets to American exports.

Just several weeks ago, we were informed by Japanese trade officials that they would not purchase United States-manufactured semiconducters regardless of how high their quality was, and regardless of how low American prices were. It is clearly their goal to flood the international market with below-cost semiconductors until they have captured a lion's share of the semiconductor market.

Japan has not limited its unfair trade practices to the semiconductor market. Since 1981, Japan has tripled its trade deficit with the United States in automobile products, quadrupled their deficit with us in telecommunications equipment, and erected barriers to less expensive American exports in agriculture, wood, medical, and pharmaceutical products.

Mr. Chairman, Japan is only one of many nations lining up to take advantage of a unilaterally wide-open United States trade market. Brazil, Mexico, Yugoslavia, South Korea, and Taiwan have all announced plans to step up exports to the United States in automobile products over the next year.

The administration opposes the Gephardt amendment, contending that it already has the authority to take steps to deal with our Nation's trade imbalance. However, the administration has not used any of its existing authority to redress the dangerous trade practices of some of our trading partners. The sharp increase in our trade deficit and the sharp decrease in employment in manufacturing during this period are eloquent witnesses to the administration's inadequacies in this area.

Mr. Chairman, the Congress and the American people can no longer accept lame excuses from either the Japanese Government or from our own executive branch. It is time for us to adopt tough legislation to require the administration to act responsibly on this issue.

If the whole world lived by the same rules we could afford the luxury of unrestricted trade. However, we are one of the last governments in the world still practicing and preaching free trade. In such a world, our position is the equivalent of unilateral disarmament. I urge my colleagues to support the Gephardt amendment. The time has come for the United States to take more decisive action on eliminating the unfair trade practices which have contributed so greatly to our mushrooming trade deficit.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. MURTHA].

Mr. MURTHA. I thank the chairman.

I just want to say in my district in 1977 I had 24,000 coal miners and steel workers. In 1980-81 I had less than 8,000 coal miners and steel workers. So you can understand the concern we have in our area when we keep sending messages over there. Not long ago they were just telling me that our trade negotiators were over there and their trade minister, their agricultural minister did not even want to talk to us, did not even want to be polite to them. So they think Congress is a paper tiger, they think Congress is manipulated by the administration. And it looks like it could be. We have got an opportunity here to not only send a message but to say in that message, "We want reciprocal agreement. If you are going to dump items in our area, we want to be able to sell in your area. And if you don't do that, we are going to take some action against you."

I will tell you, it is absolutely essential to the steel producing areas in this country and other areas that have been hurt so badly by this trade deficit, to support the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from Oklahoma [Mr. WATKINS].

Mr. WATKINS. Mr. Chairman, I stand in support of the Gephardt amendment. I would like to speak to my colleagues on the floor, those who are in their offices who may be undecided.

Not too long ago at a prayer group meeting the person who was speaking made the statement, and it is probably one of the most startling statements that I have ever heard.

Our generation will be the first generation that leaves the next generation a lower standard of living. Let me assure you I do not think, or I know I did not get into politics to leave my children, your children, our grandchildren less opportunity.

But that is exactly what is happening. There are two main things at stake: One, the standard of living of the people in the future generations of America and, second, the national security of our country.

The trade performance index has declined 48 percent in just 4 years. In 6 years, my colleagues, we have accumulated $629 billion in trade deficits. To my colleagues who say this will bring retaliation I say to you that is false. If President Reagan, putting 100-percent trade tariffs on semiconductors does not cause retaliation, this Gephardt language, which says you must have a pattern of unfair trade practices and they give you 1 year to correct it, at least give the President a waiver then to reduce it; if the 100-percent tariffs that he put on semiconductors does not cause retaliation, I can assure you the Gephardt amendment will not.

I ask you to support the Gephardt amendment for the future generations.

Mr. DUNCAN. Mr. Chairman, could we have a reading of the time situation again?

The CHAIRMAN. The gentleman from Tennessee [Mr. DUNCAN] has 7 minutes remaining, the gentleman from Illinois [Mr. ROSTENKOWSKI] has 11½ minutes remaining, and the gentleman from Missouri [Mr. GEPHARDT] has 15½ minutes remaining.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Mr. Chairman, I rise in reluctant opposition to the Gephardt amendment because I am convinced it will lose us more jobs in the long run than it will gain for us in the short run.

Mr. Chairman, I rise in opposition to the Gephardt amendment.

There is no doubt in my mind that enactment of the amendment would result in retaliation. Earlier this month a delegation from this body met with a group of our counterparts from the European Parliament. We discussed a variety of subjects of mutual importance, including our trade relations. It should be understood by every Member in this Chamber that the European Parliament is well aware of the Gephardt amendment and the fact that we are considering whether or not to include it in comprehensive trade legislation. Their message to us in Madrid was clear: If the United States enacts the Gephardt amendment, the European Community will retaliate.

The number of American jobs that will be temporarily saved by the Gephardt amendment is a fraction of the number of jobs that will be lost in other sectors of the economy. The first losses will come in our agricultural sector. The countries affected by the Gephardt amendment purchased $8.5 billion of agricultural products in 1986. That is nearly one-third of all U.S. farm exports. I think we can send a clear signal to our trading partners that we demand fair trade practices without provoking them into retaliatory actions that would further devastate our farm economy.

For those of my colleagues who dispute the fact that inclusion of the Gephardt amendment will result in retaliation, I would suggest that they review the GAO report prepared for our colleague from Minnesota [Mr. FRENZEL], that concluded that "the major causes of the increased trade deficit were changes in U.S. and foreign macroeconomic policies that led to a strong U.S. dollar and relatively strong U.S. economic growth." Unfair trade practices are not the major cause of our trade deficit and legislatively removing trade barriers will not significantly diminish our trade deficit. How can we, as reasonable men and women, punish our allies without just cause and not expect a backlash?

I urge my colleagues to reject the Gephardt amendment.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. LENT].

(Mr. LENT asked and was given permission to revise and extend his remarks.)

Mr. LENT. Mr. Chairman, I rise in opposition to the amendment offered by Mr. GEPHARDT. The committee print we are considering includes a bipartisan, compromise version of Mr. GEPHARDT's proposal. If the Gephardt amendment is adopted, I fear that the bipartisan effort will break down.

The provision in the committee print addresses trade surpluses obtained through unfair trade practices. This is the problem that needs to be addressed. U.S. industries are not asking for an unfair advantage either at home or abroad. What they are asking for is a level playing field. The way to create such a playing field is to address the unfair trading practices. The Gephardt amendment, however, goes far beyond providing competitive equality. The amendment assumes that trade surpluses are bad.

Many have argued that the Gephardt amendment only addresses unfair trade practices. This is not correct. Although the bill requires a determination of an "excessive and unwarranted trade surplus" before action is taken, once this determination is made, the remedies are not linked to the unfair trade practices. The goal is simply to reduce a country's trade surplus with the United States. Therefore, goods which are traded both fairly and unfairly will be affected.

In both the long and short term, this legislation will be detrimental to the United States. It is likely to result in mirror legislation or retaliation by our trading partners. In the few countries where the United States currently maintains a trade surplus, such as Australia, United States products could easily have tariffs and quotas placed on them. Unfortunately, as we all know, the United States does not always have clean hands. If mirror legislation is adopted in foreign nations, both those U.S. products traded fairly and unfairly would be affected.

Additionally, our highest goal, the one that U.S. industries are trying to achieve, is access to foreign markets. That is what a major portion of this bill is about. For example, the purpose of title II concerning telecommunications is to obtain access to foreign markets. But if the United States assumes that trade surpluses are bad, why shouldn't our trading partners? Why should they give U.S. industries access to their markets and, thereby, give the United States the opportunity to obtain a trade surplus?

Mr. Chairman, in closing, a bipartisan compromise on the issue of trade surpluses was carefully negotiated and is included in the committee print. I have repeatedly stated that for a well-balanced, strong and effective trade bill to pass this year the Congress would have to work in a bipartisan manner. To date, we have worked in such a manner. I urge my colleagues to continue to support that bipartisan effort by voting no on the Gephardt amendment and thereby support the bipartisan agreement on trade surpluses that is contained in the committee print.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the Gephardt amendment and I ask permission to revise and extend my remarks.

Mr. Chairman, the Gephardt amendment we are voting on today is a bad amendment to an otherwise good trade bill. It is bad for the Nation as a whole, and it is particularly bad for the farmers of this country who depend heavily upon foreign export markets.

Among many other reasons I oppose the Gephardt amendment because it would impose an inordinate burden upon the agricultural producers in this country. If this amendment is adopted and implemented, it would primarily target Japan, South Korea, Taiwan, and the Federal Republic of Germany. In fiscal year 1986, these nations as a group purchased 32.4 percent of all U.S. agricultural exports—some $8.5 billion of our products!

The potential for disruption of this trade, and for even broader repercussions and retaliation should the trade dispute widen, is clear. This amendment will reduce farm exports, rather than increase them.

Although agricultural exports have dropped since 1981 to less than $30 billion in 1985–86, they still account for nearly one-fourth of farm cash receipts. Nationally, 2 out of 5 acres are farmed for export. In Nebraska, the production from 1 out of 3 acres will be sold overseas. In fiscal 1984, more than half of the wheat, soybeans, rice, cotton, and sunflower seed produced were exported.

Uniformly, this amendment is opposed by all of the major agricultural organizations in this country, including the: American Farm Bureau, American Soybean Association, Millers' National Federation, National Association of Wheat Growers, National Cattlemen's Association, National Corn Growers Association, National Council of Farmers Coops, National Grange, National Soybean Processors Association, United Fresh Fruit and Vegetable Association, and USA Poultry and Egg Export Council.

Too often we forget that agriculture as an industry is not just a handful of farmers. Agriculture altogether employs over 20 million Americans. With $1 trillion invested in farm assets, it is our Nation's largest industry.

This amendment will have a direct and immediate impact on the 2.7 million U.S. farmers—as many as the combined work forces of the transportation, steel, and automobile industries. This amendment will also hurt another 18 million people who are involved in the storage, transportation, processing and merchandising of our agricultural products. Thus, while this amendment is designed to protect certain industries that have had a difficult time remaining competitive, it also bludgeons in the most ham-handed manner our Nation's largest industry—agriculture.

In examining this I am reminded of previous blows to agriculture. I speak directly of the grain embargoes of the 1970's in which agriculture was used as a foreign policy tool. Ultimately, the embargoes did not work, and agriculture became the sacrificial lamb for the foreign policy interests of the United States.

We now are on the verge of making agriculture the sacrificial lamb for our Nation's trade policy to benefit a handful of industries in this country. This amendment will create havoc for agriculture in the 1980's in the same way that the embargoes devastated agriculture in the 1970's.

I believe that we need stronger trade laws in this country, and the work which the various committees have put into this legislation makes great strides in strengthening our trade laws, opening foreign markets, and promoting U.S. products.

Ask this: Among American industries, will this amendment hurt the most competitive, or help only the least competitive?

Is our trade goal to open up—or to close foreign markets?

The Gephardt amendment to this bill does not encourage trade as much as it attempts to cut it off. The controlled entry of imports which this amendment would do to solve our trade problem does nothing to reinspire a competitive American edge. It attacks the trade deficit by closing off markets, instead of getting our trade partners to open theirs.

If Japan, Taiwan, Korea, the Federal Republic of Germany, or any other country has to comply with this amendment, they will simply cut their exports here, rather than open markets. If our major objective is to expand world trade, this surely is not the way to do it.

There is a great distinction being an aggressive protrade and proexport trade legislators, and simply passing legislation to politically appease certain industries and voting sectors in this country.

I urge my colleagues to vote "no" on the Gephardt amendment.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. GRADISON], a member of the committee.

Mr. GRADISON. Mr. Chairman, it is a rare situation when both the Washington Post and Washington Times agree. But in their opposition to the Gephardt amendment, these newspapers join with many national groups in calling for its defeat.

No one can fault the goal of the Gephardt amendment: to open foreign markets for American goods. But from that worthy end, the amendment's means stray far. The amendment is touted as superior to the present language of H.R. 3. But the present language already mandates dollar-for-dollar retaliation against all unfair trade practices of excessive surplus nations.

The Gephardt amendment takes a step away from the real inequity—unfair trade practices—and substitutes a goal that we all want—trade deficit reduction. But Mr. GEPHARDT himself admits that only a small part of the deficit is a result of unfair trade practices. The rest is primarily a consequence of our massive budget deficits. Thus, the Gephardt amendment is attractive because it promises trade deficit reduction even when the deficits are not tightly linked with foreign unfair trade practices.

While this sort of guaranteed result is appealing, it would violate our international agreements, most significantly the GATT. Some argue that the GATT does not address our present trade difficulties. Perhaps, and perhaps this is so because of the great success of the GATT in reducing the level of tariffs around the world, so that we now encounter less obvious forms of protection.

While negotiations through the GATT are always an arduous process, the Paraguay round will begin to discuss matters of crucial importance to the U.S.—intellectual property rights, trade in services, and agricultural products. This agenda was set primarily because of the insistence of the United States. To undermine the negotiations with so fundamental a violation of the multilateral GATT as forced bilateral deficit reduction would kill chances for an effective agreement in the areas where we most need one.

The Gephardt amendment has other problems as well. It would provoke retaliation certain to hurt those of our industries that have had success in exporting especially agriculture. And by requiring trade deficit reduction not linked to the cause of the deficit, and by unilaterally violating our most important and effective international trade agreement, the Gephardt amendment would brand the Congress the villain in a destructive and costly trade war. Our constituents deserve better.

Mr. DUNCAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Chairman, I rise in opposition to the Gephardt amendment.

It saddens me to see how the debate on such an important issue can stray so far from the facts. This Congress has been overrun by an emotional issue and will subsequently pass an emotional bill rather than one that makes real changes to increase this Nation's competitiveness.

I assure you that the Gephardt amendment will create many more problems than are brought about by a trade deficit. However, it will probably be successful in reducing the imbalance. But it is going to do it by pushing this country into a recession and reducing the standards of living of so many American's that they will consume less. The last time we had a trade surplus was during the 1975 recession. And before that, we had a trade surplus during the Great Depression. Eliminate a couple of million jobs in the United States and I promise we won't have a trade deficit anymore.

Please vote with your mind instead of your emotions. The American people count on us to be leaders, not emotional poll takers. Think. Vote "no" on Gephardt.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from Kansas [Mr. SLATTERY].

Mr. SLATTERY. Mr. Chairman, let me first say that most of our trade problems have nothing to do with protectionism.

Short-term thinking, inadequate research, quarterly profits, golden parachutes, hostile takeovers, poor training, and budget deficits—these are the real problems.

But trade barriers are a factor, and the Gephardt amendment does have merit.

First, it only applies to nations with a pattern of protectionism. Not just offenders, but repeat offenders.

Second, if there is no pattern, there is no action. If the President sees harm to the economy, he can stop action.

Third, on retaliation: The most protectionist nations, like Japan, Korea, and Taiwan, profit greatly from our open markets and our defense commitments.

When I was in business, I'd never stop dealing with my largest customer because of a 10 percent cut in sales. I'd work to keep the remaining 90 percent. So will our trading partners.

I do have some reservations about this amendment. I might not support a conference agreement without some changes.

But I intend to vote "yes."

We have gotten President Reagan's attention. We have gotten President Nakasone's attention. We have moved beyond rhetoric to action. And this is important.

Mr. Chairman, we have got to address our problems at home.

But we should also deal with the unfair, unjustified, unacceptable, and repeated violations of our trading rights that are all too common today.

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Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Chairman, I rise in strong support of the Gephardt amendment.

This amendment is the best opportunity we have to effectively break down barriers to American exports.

The first major point to make about the Gephardt amendment is that it is not as draconian as has been advertised. In this ragard, let me make five points: First a simple trade imbalance would not trigger sanctions under the Gephardt amendment. Clearly, unfair trade practices must also be present. Second, this unfair trade must be sustained and systematic, not minor or occasional. Third, the finding of unfair trade practices would be made by persons appointed by the President and, therefore not be inclined to unnecessarily force the President's hand. Fourth, no sudden sledgehammer would fall as soon as a country fell afoul of the Gephardt amendment. The President and his representatives would effectively have 18 months to work out an agreement. Fifth, the President retains the authority to waive Gephardt sanctions on the ground of national ecomomic interest, and such a waiver could be overridden only by two-thirds of the Congress.

Only when all these hurdles are past, would the President be required to act.

But the second major point of the Gephardt amendment is that it does have teeth. The sanctions—if they come—will be real. In fact they are so real that, in all likelihood, they will never actually come into play because they would hurt. But the true purpose of this bill is to use the threat of Gephardt as the leverage we need to force countries with unfair trade practices to change these practices.

I urge my colleagues to support the bill and to support the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Chairman, the debate on the Gephardt amendment boils down to two four-letter words, words which can be used in polite company: fair and jobs. We do not get fair treatment from those trading partners targeted by this amendment and it is costing our economy jobs.

I, for one, am not satisfied with tough talk and good intentions. It is time for specific actions. The action called for in the amendment is sufficiently flexible to avoid a trade war. Those who suggest otherwise are arguing with emotion, not logic.

What sticks in the gut of many of my colleagues on this side of the aisle and jeopardizes their support is the personal ambition of the author. Quite frankly, it will come as a surprise to no one to learn that I do not support the gentleman from Missouri [Mr. GEPHARDT], but I do support his amendment in the interests of those two four-letter words: fair and jobs. I urge my colleagues to do likewise.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. SCHUMER].

Mr. SCHUMER. Mr. Chairman, I rise in reluctant opposition to the amendment offered by the gentleman from Missouri, a gentleman for whom I have enormous respect and affection.

Mr. Chairman, this is a historic moment for this body.

Today's vote will set patterns for the future of our country and will have a profound effect on our childrens' economic well-being.

With this in mind, I am urging my colleagues today to vote against the Gephardt amendment.

If we pass the amendment we are admitting defeat. We are raising the flag of surrender. We are saying we can't compete. I am not ready to admit that.

Today America is poised on a high ledge.

If we fall off one side—toward protectionism—we are saying that our country can't compete anymore. We are saying America in the 1980's is like Britain in the 1940's.

If we fall off the other side—toward inaction and doing nothing—we are putting our economy and national well-being at great risk. We could well become a third-rate power in the world.

So the answer is not building walls. Nor is the answer to do nothing. We need to chart a careful course with reciprocity and equal access as our goal.

I just returned from a trip to Japan. I have seen that it is a powerful and impressive nation. But I have seen that it has flaws as a society too and that there are major obstacles to overcome before we can have equal access and fair trade.

For sure, we need to tell Japan and other countries that they cannot continue moving at a hare's pace here when we can only move at a tortoise's pace over there.

But to solve these problems, we need careful, narrowly crafted legislation which seeks true reciprocity. On an industry-by-industy basis. On trade a rapier works better than a bludgeon. That is what the bill does.

But the Gephardt amendment is not narrowly crafted. It is protectionism in reciprocity's clothing. If we pass this amendment, it will simply become the guise for those who seek protectionism as a cure for our trade ills.

I urge my colleagues not to admit defeat, not to send a message that America can't make it in the world anymore, not to say, stop, we can't compete. I urge my colleagues to vote against the Gephardt amendment.

Mr. DUNCAN. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. MACK].

Mr. MACK. Mr. Chairman, I agree with Congressman GEPHARDT on one thing and that is the issue of jobs. But I strongly believe he is wrong in his conclusion about how to protect jobs.

What we should be doing is opening markets not closing markets. We should be expanding world trade not shrinking world trade. We should be encouraging investment not stifling investment.

When Mr. Volcker was asked his reactions to a bill or amendment that would impose tariffs—to lower imports—to protect American jobs, this is what he said:

> I think the obvious risk is that they will do precisely the opposite, particularly when you put this in a context of not only the possibilities of retaliation which are very real, but the possibility that those kinds of measures will be considered a substitute for more fundamental measures and, in the process, I think upset exchange markets and financial markets in a way that would be counterproductive in terms of growth.

In my opinion if we pass the Gephardt amendment, we may swap the prosperity that this country has enjoyed for the last 5 years.

I urge against the Gephardt amendment and for jobs.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. RAY. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Georgia.

Mr. RAY. Mr. Chairman, I rise in opposition to the Gephardt amendment.

I have the utmost respect for Congressman DICK GEPHARDT and many of my views are aligned with his. I regret that I must oppose his amendment in this case.

Mr. Chairman, the Reagan administration has neglected our trade problems. They have procrastinated in giving this area appropriate action and attention.

The President has every tool that he needs to deal with our trade problems without additional legislation. An example is the leverage he placed on Canada with a tariff on red cedar shingles which caused the adjustments of lumber imports to the United States.

His signal to Europe that he might impose tariffs on candy, cheese, and liquor has caused a scramble among our allies and has gotten their attention.

The problem with the President's much delayed action, which I believe will work, is that it is 2 or 3 years too late.

Mr. GEPHARDT and the supporters of his amendment are correct in wanting to inform our trading partners that enough is enough.

But, Mr. Chairman, It is important that this action will not leave us worse off than we are now.

I would hope that I could vote for the final bill without the Gephardt amendment. I believe this measure will give our negotiators the opportunity to negotiate a slowdown in the slide of the dollar on foreign markets in exchange for the lowering of trade barriers and the opening of some of the trade doors that are now closed to this Nation's exporters. I am concerned that we may get ourselves into a retaliatory situation which will close our bond markets to Japan and to others. It could create a demand for payment of foreign debt and demotivate our economy which, in my opinion, is very fragile.

For instance, we are presently borrowing $150 billion each year from foreign markets, and our current debt to Japan is $55 billion. They also are our largest trading partners. I believe that there is enough expertise in America to deal with this problem without the Gephardt amendment.

I urge the defeat of this amendment.

Mr. STENHOLM. Mr. Chairman, as we consider the amendment before us, I think it is prudent for us to remember the old congressional adage; that is, to choose carefully your legislation today, for tomorrow, you may have to live by it.

Mr. Chairman, I urge defeat of the Gephardt amendment for three reasons:

First, language already in the bill addresses the same concerns.

Second, it is GATT-illegal and will trigger retaliation this Nation, and especially our fragile agricultural sector, cannot afford.

Third, it will not accomplish the results it promises.

On the first point: I strongly commend Chairman ROSTENKOWSKI and the Ways and Means Committee. They have labored diligently to strike a balance in this bill that is precise, prudent, and positive. This approach is perhaps most evident in what has been called their modified Gephardt language. H.R. 3, as reported, already contains language mandating negotiations or retaliation to reduce excessive trade surpluses and remove unfair trade practices. The choice before us is not whether to pass or punt, but whether to pass or run. This amendment represents the long bomb—and I emphasize the word "bomb"—when there already is a careful and measured game plan in the committee's language.

Second, by mandating unilateral action to force other nations to reduce their surpluses, the amendment violates the nondiscrimination and tariff-limitation provisions we have agreed to live by under the GATT. There's a simple law of physics that describes what happens next: For every action there is an equal and opposite reaction. In other words, the choice before us is not one of a tough trade policy versus unilateral disarmament. It is one of whether we really want to put on autopilot a weapon that fires at both sides simultaneously. After all, the four countries that are the primary targets of the amendment buy nearly one-third of our agricultural exports.

Third, the amendment will not work the way it is advertised. It will not open up markets to U.S. exports. The committee's provision targets unfair trading practices. This amendment targets numbers. Even if our trading partners are willing to give up a substantial portion of their economic sovereignty to comply with the Gephardt amendment, the only way they can be sure of complying is by restricting their exports. That will lead to an overall contraction of two-way trade. One certain way for Japan to achieve a zero trade surplus with us is if our exports and their exports are both reduced to zero. Another way they can retaliate is by drying up the pool of capital on which we—because of our massive Federal deficits—have become dependent. In 1975, the United States had $17.4 billion invested in Japan and they had only $16.3 billion invested here. By 1985, those numbers grew to $56.3 billion and $101.8 billion, respectively. In other words, the Japanese were just barely our debtors 12 years ago. Today, they support our borrowing habit by a net $45.5 billion. Should they decide to withhold some of their loans to us, our capital markets will panic, interest rates will soar, and today's fiscal problems will look small in retrospect.

In closing, Mr. Chairman, the Gephardt amendment assumes that the United States and U.S. farmers, in particular, cannot compete in world markets; that our only salvation is to rig the numbers to change the results without addressing the causes.

Vote no on the Gephardt amendment and give us a chance for a good trade bill.

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Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. HAYES].

Mr. HAYES of Illinois. Mr. Chairman, I rise today in support of the Gephardt amendment to the trade bill. Mr. Chairman, the Reagan administration has not formulated or enacted a coherent trade policy. Instead, what the President has offered American workers is free-trade rhetoric and the largest trade deficit the world has ever seen. Instead of offering instructive policy initiatives that show an understanding of international trade policy we have been offered an ideology that has reduced the standard of living of millions of Americans.

Somebody needs to tell the President that his economic recovery has been one of the most painful this Nation has ever had. Somebody needs to tell the President that it has been his policies of borrow-and-spend which has brought our Nation to the brink of never-ending budget deficits. And if he doesn't know it, someone has to tell the President that his policy of freely trading away American jobs and industries is a losing strategy.

Mr. Chairman, we have tried other approaches, and we will continue to try other approaches. We will continue to try to convince the Reagan administration that lacking a comprehensive trade policy in the 1980s is like closing your eyes to reality. I have recently joined a congressional working group on international labor rights in order to address the problems of American workers who are competing with foreign children and adult workers who work for as little as 16 cents an hour. The Small Business Committee has recently passed the Small Business Trade Competitiveness and Innovation Act, which seeks to assist our small businesses in exporting. There are many, many ways in which we are attempting to alleviate our trade problems, from better educating our students to better training our workers. But let us be clear. There are many whose primary goal is not the employment of our workers, but the enrichment of their personal and corporate bankrolls. The Gephart amendment is the heart and soul of the legislation we are debating today. It is flexible, reasonable, and still gives the administration reasonable authority to conduct policy. American workers are counting on our support. I urge my colleagues to support it.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from South Carolina [Mr. TALLON].

(Mr. TALLON asked and was given permission to revise and extend his remarks.)

Mr. TALLON. Mr. Chairman, I rise in support of the Gephardt amendment.

Mr. Chairman, it is time we came to our senses. Wishful thinking and dated views about our place in the world have clouded our understanding of the domestic effects of international competition.

The world of 1987 is far different than that of 1950. A generation ago, the United States lay secure in its borders, confident of its destiny, and preeminent in manufacturing and commerce. We had many advantages others did not: a skilled work force, productive industries, and a bountiful land.

But the era of American advantage is ending. Modern management and finance, technology, and the worldwide increase in the education and skills of workers have created a global economy. This new international economy has raised standards of living around the world and opened our vast domestic markets to determined competitors. And as the mountain of global productivity has grown, we are sliding farther and farther away from the pinnacle.

The outlook for the next generation is troubling. Our ability to meet our obligations as a world leader is threatened by the erosion of the Nation's competitive position in commerce, industry, and technology. Our country is unable to sell many of its products at competitive prices here or abroad. Seventy percent of American manufactured products are subject to foreign competition in the United States.

Lacking a strategic response, we have watched our great manufacturing enterprises falter and our industrial work force suffer the worst employment shocks in 50 years. We are unable to provide productive work for large numbers of our citizens; we are unwilling to invest adequately in the plant, equipment, education, and technology essential to our international competitiveness; and we borrow more than we are willing to save.

While our market—the world's largest—is relatively open, other countries have protected their own industries from our exports, thus providing their firms with captive markets and a systematic competitive advantage.

The barriers can be enormous. U.S. high-tech tariff rates average 4 percent, but our producers often face rates of 40 percent or more abroad. American computer companies seeking business in Korea or Taiwan, for example, must joint venture to access those markets. And American manufacturers of semiconductors and telecommunications equipment confront collusive practices in Japan that would be illegal here.

American agriculture has long been acknowledged as the world's finest, but we cannot compete with the European Economic Community's subsidized exports. The EEC subsidy transforms the EEC unfairly into a competitor with the United States in third country markets. Within the EEC itself, the subsidy is so high that it effectively cuts off the market from U.S. agricultural products. A recent study estimated the cost of this policy to U.S. farm producers to be as much as $2 billion. These actions have had a devastating impact on U.S. exports to the EEC and elsewhere in products such as American sorghum, soybeans, wheat, wheat flour, poultry, tobacco, fish, barley, and other agricultural products.

America's small- and medium-sized exporters have been especially hurt by import restrictions. Entrepreneurs can't afford the legal expertise and years of losses necessary to crack restricted markets. And unlike giants such as IBM, they lack the clout to cut deals with foreign governments.

The administration's efforts to open foreign markets to American goods have failed. Take the critical electronics industry which will soon rival oil and autos as one of the world's largest industries: the administration has made no progress toward ending restrictive trade practices. American semiconductor companies—who win market shares of 30 to 60 percent outside Japan—can't get more than an 11 percent market share in Japan—and less than one-third of those are actual United States exports.

But since 1983, Japanese sales, here have soared 50 percent, helping to swell a high-tech trade surplus with the United States that will hit $20 billion this year. Japanese barriers could give Japanese manufacturers the crucial sales and experience needed to dominate the next generation of electronics products.

We cannot sit idly by and watch Japan steadily overtake American manufacturers at home and abroad. The threat from Japan of a retaliatory trade war is an empty one, not because they won't start one, but because they already have. For a decade or more the Japanese have dumped their products in the United States market on a consistent and widespread basis. The goal is simple: the elimination of U.S. competition. Between 1979 and 1985, the International Trade Commission ruled in 20 cases that the Japanese were selling goods in the United States market below their fair market value.

Our leaders have finally acknowledged that we face fierce and often unfair competition in the arena of international trade. But the response has been erratic and timid and generally unsuccessful as last year's $166 billion deficit demonstrates.

Mr. Chairman, I'm tired of drifting and I'm tired of tiptoeing. We've got to get a program and then get with it. The Gephardt amendment is a responsible approach to America's trade crisis, and will help ensure our exporters fair access to foreign markets. It identifies foreign countries which have built up huge trade surpluses with the U.S. through a pattern of unfair and discriminatory practices. Our proposals instruct the President to try to dismantle these practices through negotiations. If these countries refuse, it mandates a dollar-for-dollar response equal to our lost export opportunities.

A year later, the U.S. Trade Representative goes back to see if the country has lived up to its agreement with us and has really opened its market. If the pattern of protectionism remains and the surplus is still excessive, limited surplus reduction requirements will be imposed.

The Gephardt amendment is a reasonable, necessary element of an effective comprehensive trade policy. This amendment, coupled with continued excellence in production at home, will enable us to end this tormenting race and not only match our competition but surpass it. It is a choice we can no longer afford to put off.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama [Mr. ERDREICH].

Mr. ERDREICH. Mr. Chairman, I rise in support of the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, we have an important opportunity on the floor of the House today to address our Nation's trade problems. Our Nation's trade deficit continues to skyrocket, rising from $40 billion in 1981 to $170 billion in 1986. In recent weeks, the Reagan administration fire trucks have rushed to the scene to respond to the three-alarm fire caused by the Japanese violation of our semiconductor agreement.

Instead of continually putting out the latest trade flareup, our national trade policy should be cohesive and comprehensive. The administration's trade policy should not be reactionary, only dealing with the latest trade crisis. We need sound, responsible trade policy which confronts the trade issues.

Our Nation cannot continue to be a sieve or always maintain an open door to foreign-made products. At the same time, other nations continue to build up huge trade surpluses, while closing their doors to U.S. products.

Last year, the House of Representatives overwhelmingly passed a comprehensive trade bill that required the administration to take action against unfair trade practices. This week, the House of Representatives is considering an important measure which strengthens the omnibus trade bill. Passage of the Gephardt amendment to H.R. 3 is a good step in the direction of improving our Nation's trade laws.

The Gephardt provision substantially strengthens the bill's existing provision aimed at eliminating unfair trade barriers some of our foreign competitors now use to add to their huge trade surpluses. The amendment is not only results oriented, but also provides market-opening incentives as well.

The provision would take effect only when a country exports 75 percent more to the United States than it imports and that country has a pattern of unfair trade practices that has significant adverse impact on U.S. commerce. The administration would be given a 6-month period in which to reach an agreement with those countries which have unwarranted surpluses that would result in the elimination of trade barriers.

This is not an unreasonable provision. In fact, this is a desirable and forthright approach to combat unfair trade.

While the administration has revised their monthly trade deficit figures downward some $1.4 billion for February, the fact remains that our monthly trade deficit figures continue to be staggering. Japan reported a February surplus figure with the United States of $5.1 billion, Taiwan reported an amount of $1.5 billion, and Korea showed a February surplus of $0.7 billion.

Our textile and apparel trade deficit for January and February also reached a record level of $3.95 billion, and 18.3 percent increase over the first 2 months of 1986. During the first 2 months of the year, the textile and apparel trade deficit was 14 percent of the Nation's total merchandise trade deficit.

The Gephardt amendment has broad support from every region in the country and every sector of our economy. Large firms such as Chrysler, Motorola, and USX have endorsed the provision, but so have smaller groups such as Detroit Plastics and Molding Co. and the National Consumer League. Diverse farming interests have lent their support for the adoption of the provision, including the American Agriculture Movement, the League of Rural Voters, and the National Farmers Union. Labor groups such as the AFL-CIO have given their full and active backing for passage of the Gephardt amendment.

An important feature of the Gephardt amendment allows the President to waive action if it is not in the national interest and it applies to only those countries which have a systematic pattern of unfair and discriminatory trade practices. It provides a commonsense approach to combat unfair trade practices. The amendment supplies a progressive series of modest, achievable surplus reduction goals which would not cause undue harm to any of our trading partners. We must remember that the annual reduction called for would only occur if the unfair barriers have not been removed.

The amendment before us today is neither protectionist nor does it tie the administration's hands. It merely gives the administration a tool to use in opening foreign markets to U.S. products.

I do not believe we can continue to sacrifice American jobs for the sake of maintaining our current trade policy. Decisive action is needed against our growing trade crisis. The Gephardt amendment will get results, it will open foreign markets to U.S. goods. It will allow our export sectors to become more competitive as well as preserving American jobs.

I urge you to adopt the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. Bryant].

Mr. BRYANT. Mr. Chairman, I rise in strong support of the Gephardt amendment.

Mr. Chairman, I believe it's time to tell our trading partners to either let our American products be sold in their country or get their products out of our country.

The Gephardt amendment in effect says this and contains tough but workable language to accomplish fair treatment for American products abroad.

I believe it's time to put America first in foreign trade. Asking foreign countries to treat our products as well as we treat their products is not asking too much.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from South Carolina [Mr. Derrick].

Mr. DERRICK. Mr. Chairman, I rise in support of the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. Coleman].

Mr. COLEMAN of Texas. Mr. Chairman, I rise in support of H.R. 3, the Trade and Economic Policy Reform Act of 1987. This legislation, favorably reported by five committees of the House with bipartisan support is the most comprehensive restructuring of basic U.S. trade policy since the Trade Act of 1974. The bill affects virtually every aspect of our basic trade laws, from trade negotiating authority to import relief and unfair trade practices to the structure of executive branch trade functions. The bill addresses our Nation's need to retrain our existing work force to meet the present challenges and provide the necessary education and training to our future work force to meet future challenges in a changing world economy.

The bill before us today strengthens laws that protect against unfair foreign trade practices and establishes new procedures to ensure that these laws are fully and effectively enforced. The measure would transfer authority from the President to the Office of the U.S. Trade Representative [USTR] to determine whether a foreign trading practice is unfair under the U.S. law and to determine what remedial action to take.

The bill defines additional foreign practices as unfair trade practices subject to possible retaliatory action: export targeting, government toleration of cartels that restrict purchases of U.S. goods, and denial of certain basic workers' rights.

The bill strengthens provisions for temporary relief to firms and workers that have been injured as a result of large increases in imports regardless of whether such imports resulted from unfair trade practices. This relief can involve import restrictions or provision of Trade Adjustment Assistance benefits—including supplemental unemployment benefits, retraining aid, and payments for firms.

The bill increases the ability of the U.S. Government to act against imports that have an unfair price advantage either through government subsidization or dumping. Further, the bill strengthens laws which protect against imports resulting from foreign violations of U.S. trademarks, patents, and copyrights. The measure also directs the administration to negotiate the opening of foreign markets for telecommunications equipment and services, and requires countermeasures to be taken if the negotiations are not successful.

The bill takes various steps to promote economic development and help reduce the burden of debt on developing nations, including that of Mexico. The measure calls for negotiations to set up a new international financial institution which would buy Third World loans from private banks at a discount and then pass that discount on to the debtor nations. This is a reasonable free market approach which should be considered by the major industrial nations as a means by which to defuse the international debt bomb.

The bill seeks to expand private investment in the Third World by authorizing U.S. participation in a new World Bank agency that provides long-term guarantees to private investors, and by expanding the assistance provided to U.S. firms investing in developing nations by the quasi-governmental Overseas Private Investment Council.

Mr. Chairman, this section of the bill is of great economic and strategic importance. First, it provides an opportunity to address the Third World debt situation through a free-market approach and hopefully enhance their economies thereby increasing the growing U.S. export markets in those regions. Second, it provides for a means by which to lift the debt burden from the backs of the developing nations thus allowing them to achieve economic growth and stable market-oriented democracies. This is of grave strategic importance to our Nation.

THE GEPHARDT AMENDMENT

Although I support the committee bill as reported, I believe we must go further. We must take a stand with our trading partners. We must tell our trading partners that we favor free and open markets, but so too should they. The bill as written falls short of this goal. The Gephardt amendment addresses this void and for that reason I support it.

Contrary to the opponents of the amendment, the Gephardt amendment is not anti-trade, but rather a market opening measure. The amendment provides that the administration identify nations with a huge trade surplus with the United States. Such a nation would be defined as one which exports 75 percent more to the United States than it imports and which has a pattern of unfair trade practices that has a significant adverse affect on U.S. commerce. The administration would be given a 6-month period in which to reach an agreement with unwarranted surplus countries that would result in the elimination of trade barriers. If such negotiations were unsuccessful, the United States would retaliate dollar for dollar against the value of the unfair trading practices which that country maintains. A yearly reevaluation of the practices of that country would occur to determine whether it has in fact eliminated its unfair trading practices and whether an excess surplus remains. If that country fails to eliminate its unfair trading practices and still has a huge surplus, it would be faced with a bilateral surplus reduction requirement of 10 percent for each of 4 years.

This amendment provides for negotiations, it does not unilaterally impose retaliatory measures. It provides a mechanism through which trade barriers may be removed, but if our trading partners fail to utilize that mechanism and ignore our negotiations, we have the ability to back up our efforts to open markets.

Mr. Chairman, we cannot live with $170 billion trade deficits or accept our Nation's status as the world's largest debtor nation. In 1980, this Nation had a $40 billion surplus. The fiscal policies of the past 7 years have dramatically reversed that situation. According to the Federal Reserve, in order to pay back the foreign debt we have accumulated over that period, we will have to maintain at least a $50 billion trade surplus for many years to come. That is a far cry from our position today. Surely, many factors are to blame for our present trade deficit—the 1982-83 recession, the massive budget deficits of the 1980's, and an inflated dollar. But our economy has recovered, albeit at a lethargic pace. We have tightened our fiscal belts through Gramm-Rudman. We have driven the dollar down to historic lows, and yet, the trade deficit persists, long beyond the normal transition period necessary for fiscal and monetary policy to take effect. We must now address unfair trade practices.

When the United States negotiated an agreement with the Japanese on semiconductors last year, many hailed the accord as a step toward reducing foreign trade barriers. Unfortunately, we later discovered that the Japanese had no intention of abiding by the agreement. This administration, which has so adamantly opposed trade legislation of any type as protectionist imposed dollar for dollar tariffs against the Japanese in retaliation. That was the only way to move toward open markets.

I support free trade. Free trade and open markets provide economic growth and employment opportunities. In the world trading system today, we do not have such a system. We face barriers throughout the world. The

Gephardt amendment says "no more." We will not be the world patsies on trade. We will trade in free and open markets only. We will not mortgage the next generation's future on behalf of the mercantilistic behavior of our trading partners today. The Gephardt amendment adds the teeth to this bill which are needed to tell our trading partners that we are very serious indeed about free and open markets.

UNITED STATES-MEXICO TRADE

I am particularly pleased with the decisions of both the Committees on Ways and Means and Foreign Affairs to include my provision dealing with United States-Mexico relations in the original text of this legislation.

Since first coming to Washington in January 1983, I have observed that one of the major flaws in our foreign and trade policies with Mexico has been a failure to accord relations with that country the priority status which they deserve. Despite the national security significance of Mexico to both Central America as well as our border, and the fact that Mexico is our third largest international trade partner, the United States continues to adopt a laissez-faire approach to bilateral relations with that nation. Rather than constructing a formal and ongoing mechanism by which we can communicate with Mexico on a regular basis, this Government appears to favor a bilateral policy which consists of individual Federal agencies lurching about in a crisis-to-crisis context with their counterparts across the Rio Grande. Past and present history are replete with the disadvantages such a fractured course of action affords both countries.

The provision included in this legislation today deals primarily with taking positive steps on the part of this Government to improve relations with the Republic of Mexico on a wide range of concerns. With the creation of a cabinet-level United States-Mexico bilateral commission, a remedy is at hand for the problems caused by the absence of a consistent and comprehensive policy toward Mexico.

Mr. Chairman, there is no doubt in my mind that this trade legislation is long overdue. Neither, in my mind, can it be disputed that Mexico and our relations with that country must be accorded more attention. United States relations with Mexico are substantially economic in nature and the overall health of our neighbor and ally to the south remain inextricably woven into the fabric of our southwestern border economy.

Mr. GEPHARDT. Mr. Chairman, I yield 1½ minutes to the gentleman from Montana [Mr. Williams].

Mr. WILLIAMS. Mr. Chairman, I thank the gentleman from Missouri [Mr. Gephardt] for yielding me this time.

A few years ago there was a hit Western song called "the Gambler," and in that song there was this line: "You've got to know when to hold them and know when to fold them."

America has been gambling and losing the international poker game primarily because America has run out of aces. The Gephardt amendment is an American ace in the hole.

What is the alternative to the Gephardt amendment? Is it more jawboning? Jawboning has increased our deficit by 700 percent in just this decade. Do Americans want to continue playing with those cards?

Is the alternative to the Gephardt amendment TV commercials that ask you to dig around through your closets and look for a label that says, "Made in the U.S.A."? Is that the alternative?

Is the alternative to the Gephardt amendment a President who would rather be considered a nice guy to our allies than to be considered a tough trading partner? Is that the gamble Americans want to keep taking with our economic future? Is the alternative to the Gephardt amendment more glittering state dinners with visiting heads of state? Is that the alternative?

I think we need a new deal. I think we need to support an amendment that is going to give us an ace in the hole, and that is the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. Gaydos].

Mr. GAYDOS. Mr. Chairman, I stand in strong support of the long-awaited Gephardt amendment.

Mr. Chairman, I rise in strong support of both H.R. 3 and the amendment to the bill offered by my friend and colleague, Mr. Gephardt of Missouri.

As the chairman and cofounder of the Congressional Steel Caucus, I know the plight of the American Steel industry very well. Ten years ago there were 452,000 people employed by the steel industry. Last year there were 128,000.

Many of these jobs went overseas, swept out of our country by the flood of foreign imported steel. Much of this steel was produced in countries that have illegal and unfair trading practices.

The Gephardt amendment is exactly what we need to penalize unfair traders and to open foreign markets to U.S. goods. The amendment targets nations that both export excessively and trade unfairly.

The Gephardt amendment is necessary to demonstrate to our trading partners that we won't tolerate their illegal trading practices and that we are committed to gaining access to foreign markets.

I have seen foreign steel exporters bend every fair-trading rule ever written, and I know that we need to prove that we are concerned enough about our trade deficit to force foreign exporters to comply with our trade laws.

Congress needs to redefine the rules of the American trading game. We have to insist on honesty and fairness, and we have to penalize nations who break the rules. I believe that H.R. 3 does this.

The majority of Americans know that a $166 billion trade deficit is completely unacceptable. It is our job to mobilize the resources of our schools, our industries, and our Government to make U.S. products more competitive in the world market. H.R. 3 does all of these things.

H.R. 3 is an impressive package and it represents the coordinated efforts of six different committees. I want to commend the majority leadership for their efforts, and I am proud to be an original cosponsor of this important and necessary bill.

Mr. GEPHARDT. Mr. Chairman, I yield 2½ minutes to the gentleman from Pennsylvania [Mr. Ridge].

Mr. RIDGE. Mr. Chairman, many of us have listened carefully and all too often to the language of free trade during the past few years. At one time or another the prose has been used to justify, ignore, explain, or excuse undesirable, dangerous, and painful changes in the manufacturing and industrial sector of our economy.

The list of industries seeking trade relief has been extensive. The response most often being unresponsive. Consider the unwarranted delay of 3 years before the machine tool industry was granted some help. Remember the multifiber agreement in which we gave foreign textile producers greater market share in this country but refused to help our own workers. Recall the number of petitions rejected by the ITC when dumping or subsidies are proven, but the industry is told the extent of your injuries isn't serious enough to warrant relief.

The rhetoric of free trade has been an impediment to the development of a comprehensive, responsive trade policy. It has been an encumbrance, and to those who have lost their jobs because of blind subservience to it, it has been a curse. Free trade has proven to be very expensive and continual reliance is pure folly.

Then there is always the GATT. How many times have we heard, wait until the next GATT round? If we stay the course on the good ship GATT by the time the balance of the world manipulates our next group of negotiations, we'll have nothing left in this country we can be accused of trying to protect.

Let's review the General Agreement on Tariffs and Trade.

First, it does not speak to imports and the opening of markets.

Second, it doesn't cover services, intellectual property rights, and investments.

Third, it does not deal with nontariff barriers—licensing procedures, technical standards, or other administrative requests.

Fourth, countries can choose to comply with certain provisions and reject others.

Fifth, not all countries are signatories to the agreements dealing with subsidies and countervailing measures, antidumping, government standards, customs violations, and import licensing.

Sixth, the dispute resolution procedure is cumbersome, time consuming and often ineffective.

Neither free trade nor GATT will get us out of our present predicament as a debtor nation with a record trade deficit. Admittedly, there is no single remedy for the trade ills that trouble us. We will not be able to legislate the entire deficit away. Adjustment and stability of exchange rates, reducing our budget deficit, more private sector research and development, greater productivity, antitrust law changes, education, more long range planning, aggressive export promotion—the list of factors is a lengthy one and while we address some in this bill, we still have much to do to become a credible, successful, and motivated trading nation.

Included among those many factors is the global elimination of unfair trading practices and opening of markets. The Gephardt amendment deals with both. Those of us who support it are not knee jerk protectionists. We recognize that some of our own trading practices may be challenged. So be it. We also recognize that this country has asked, begged, cajoled, negotiated with some of our trading partners for years concerning these matters, and most, if not all of the same obstacles remain.

The exaggerated claims about this amendment are unfortunate and misleading. The historical references to Smoot-Hawley are absolutely inaccurate. The amendment is identical to the Ways and Means approach in many ways. Both identify the countries to be affected by its application in a similar fashion. There must be a pattern of unfair trading practices. Both similarly identify the level of trade imbalance that triggers action. Both provide a period of negotiations to address the problem.

The Gephardt approach differs when negotiations are futile. It gives the President another option, retaliatory action—a policy that is long overdue.

We know that Japan is one of the very few countries affected by this amendment. If the well-documented existence of a pattern of unfair trade practices and a huge imbalance of trade doesn't warrant your support for this approach, not only toward Japan, but other countries as well, consider this:

The Japanese Government told us in March we cannot have access to their electronics market and last week announced their agricultural market is off limits. They have demonstrated they won't comply with the semiconductor agreement and won't let us even bid on the $8 billion Kansai Airport in Osaka.

Do you think just negotiating will improve our relationship? The market oriented sector selective [MOSS] talks began over 3 years ago in an effort to open Japanese markets for American made medical equipment, pharmaceuticals, lumber, telecommunications and other goods. After 2 years of negotiating, we didn't reach an agreement, but we did reach an understanding. Implementation is meager. Obstacles in the form of nontariff barriers remain virtually impenetrable. Negotiating with intractable opposition will, by definition, be ineffective where the only response to unsuccessful negotiations is "another round of talks." I'm sure the Japanese as well as other countries whose conduct we seek to change would be willing to meet daily and negotiate for the balance of this century.

I will not criticize the Germans, Canadians, Japanese or any other government for acting in its own self-interest. We should not be surprised that foreign governments will seek to give themselves, their citizens, and their businesses a competitive advantage.

One final anecdote is relevant. When the Japanese intervened in the currency market, and the dollar started to fall and the yen began to rise, the Japanese also developed a program to assist exporters who would be hurt by the intervention. Was it inconsistent? Yes. Is it understandable? Yes! Absolutely! When I challenged a MITI official for this dual approach he claimed I was misinformed. A businessman later confided that I was well informed. It had been nonetheless in the interest of the government to pursue both.

I understand but those who continue to ignore trade agreements and engage in unfair practices had better understand that America is finally going to act in its interest.

By no means is it the solution to the entire trade problem or the sole means of reducing the deficit. It is the most effective means to combat unfair trade or to open markets. I encourage my colleagues to support the Gephardt amendment.

Mr. DUNCAN. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, we have heard a lot of wonderful stories about the Gephardt amendment. Its sponsors have led us to believe it is fair and benevolent, so I would like to take a moment now to point out what is wrong with it. Unfortunately, I don't have enough fingers or time to point out all the flaws.

It is hard to believe that such a friendly, cuddly pair as the gentleman from Missouri and the gentleman from Colorado would propose something that would cause any mischief, but they have. Here is why the Gephardt amendment did not pass the subcommittee; here is why it did not pass the full committee; and here is why it should not pass this committee either.

First, it is not even aimed at the major causes of our trade deficit. Unfair trade practices, at least in the opinion of the GAO and most economists, account for less than 5 percent of our trade deficit. Yes; we want to get rid of unfair practices. No; we should not make unfair practices our only trade policy.

Second, there is no link between unfair trade practices and the 10-percent cut. The unfair trade practices simply trigger in the 10-percent cut. The unfair trade practices could be 1 percent or one-tenth of 1 percent. Even so they will generate a 10-percent penalty.

And please remember that it does not take a large number of unfair trade practices to trigger the 10-percent cut under the Gephardt amendment. Every country, including the United States, has practices which would trigger the mindless 10-percent cut. No nation in the world comes with clean hands to the trade negotiating table. All would be caught under the "pattern of unfair practice" standard.

The third flaw in it is that the Gephardt amendment sets a unilateral definition of unfair practices. It includes bound tariffs, and it includes countervailing duty cases and antidumping cases where we have already assessed a penalty. Under Gephardt we are going to put them in double jeopardy.

And please remember again, the Gephardt amendment does not include any U.S. unfair trade practices, only the other guy's.

Fourth, the amendment also demands quantitative determination of commercial value within 90 days. The House bill does not require any exact determination, but the Gephardt amendment does, and then requires 100 percent elimination of the computed effect of the practices. You might be able to get 99 percent, but you can never get 100 percent of anything. The result is that he is going to get his 10-percent cut no matter what happens.

Fifth, the amendment demands the elimination of every unfair practice, not most of them, not three-quarters of them, or 99 percent of them, but all of them.

Sixth, it demands that the full value of the unfair trade practices come solely and exclusively to U.S. exporters. That is, of course, absolutely impossible. If our trading partners relieve an unfair trade practice, every nation, under the GATT has to have a shot at that newly opened market. But the Gephardt amendment, designed only to make the 10-percent cut inevitable, demands that American interests, competitive or not, get all the business.

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Seventh, it requires 6 months to negotiate not only the elimination of all the alleged unfair acts but also all the results of the alleged unfair trade practices. That raises another hurdle that is impossible to clear.

In the most extreme case, we could clear up 99 percent of all the trade practices in the world and still be obliged under the Gephardt amendment to cut 10 percent for 4 years off all the countries that qualify.

Eighth, the Gephardt amendment has no effective waiver. The so-called waiver says that if the President uses the waiver, he must develop a plan to achieve the same result as the acts he has just warned. That now-you-see-it-now-you-don't feature castrates the waiver, and makes it absolutely unusable.

Ninth, the amendment transfers currency manipulation authority from the President to the Secretary of the Treasury, who does not want that ball, and would prefer that it stay with the President.

Tenth, it is anti-Pacific. It hits the markets which are going to be most fruitful to the United States in the years that follow. Four of the eight targets, Korea, Taiwan, Hong Kong, and Japan, will feel the most severe burden of the 10-percent cut meat ax. We need to be tough; but we don't have to kick away markets by unilateral counterproduction methods.

Eleventh, it begs both retaliation and mirror laws from our trading partners. If we ever have surpluses, as we eventually must, we would be nailed by laws like those passed by any of our trading partners. In brief, the Gephardt amendment is a poison pill.

Finally, this version is 11 times worse than the Gephardt amendment of last year. Do not let anybody tell you it is moderate. It is the most mean-spirited amendment since Burke-Hartke in the early seventies. It uses allegations of unfair practices as a flimsy excuse for forcing 10 percent cuts on countries who may be no more unfair than we are. There is plenty of authority in the committee bill to remedy unfair practices fairly.

Gephardt puts export employees out of work, puts distribution employees out of work, puts farmers out of work, and punishes consumers. It is not designed to correct unfair practices. It is designed to fail to do so, so the 10-percent ax can be used.

That's why the Gephardt amendment could not pass in committee and subcommittee. It is an extreme, radical, counterproductive proposal. With the time and resources to study the matter carefully, the committee saw no need to adopt the amendment. In fact, the committee recognized the folly of the amendment.

Actually, the Gephardt amendment has been described as the "Pull-up-the-gangplank-I'm-on-board" amendment. It puts on board, a few relatively highly paid union groups, some noncompetitive companies and one presidential aspirant. It leaves on shore all the rest of the people and companies of the United States.

The Gephardt amendment richly deserves defeat. Please join me in giving it its just desert.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. BONKER].

Mr. BONKER. Mr. Chairman, I rise in opposition to Gephardt. Last year I supported the Gephardt amendment. Probably more than anyone else in this body, I defended the Gephardt amendment. I did so in an article to the Washington Post, in countless appearances before business groups and in newspapers throughout my district. I did so because the process is a good one: that we identify countries who have racked up excessive surpluses against the United States and who have been certified to engage in a pattern of unfair trade practices, that we place those countries on a list and make them subject to negotiations to end those practices, and that we empower the President to take action against countries who don't reduce their trade barriers.

This year I am voting against Gephardt. Why? Because the process is already in the committee bill. It attempts to identify the recalcitrant countries and directs the President to take action if countries do not end their unfair trade practices.

The committee bill provides that, after 6 months of negotiations, the Executive shall immediately "take action against all unjustifiable, unreasonable or discriminatory policies or practices in an amount equivalent to the burden of restrictions."

This is strong language. Gephardt takes us to the brink. It goes beyond imposing restrictions equivalent to unfair trade. It mandates another 10 percent reduction. Even if unfair trade amounts to only 6 percent or 7 percent, Gephardt mandates 10 percent. And not just for 1 year, but again and again and again, all the way up to 40 or 50 percent reductions.

Mr. Chairman, I think there is another point that we ought to be mindful of. If Gephardt is adopted today, the entire trade bill will be branded as protectionist. I think that is unfortunate.

This is a responsible trade bill. It is nonprotectionist. It is far-reaching. It is competitiveness. If we make the mistake of adopting Gephardt, tomorrow's newspapers will read, "House Enacts Protectionist Trade Bill."

Let us not go down that path. The committee bill is adequate. It addresses unfair trade. Let us not go over the cliff.

Mr. Chairman, I urge that we stay with the committee and reject Gephardt.

Mr. GEPHARDT. Mr. Chairman, I yield 1 minute to the gentleman from Alabama [Mr. BEVILL].

Mr. BEVILL. Mr. Chairman, I strongly support this trade bill and I urge my colleagues to support the Gephardt amendment to require mandatory negotiations with these countries which flood our markets with imports and with unfair trade practices.

I hold the seat here in Congress that was held by the late Speaker Bankhead. He is from my hometown. He used to say, "Lord, if you would just protect me from my friends, I can handle my enemies all right." It is our friends who are ripping us off and we have to take action.

The trade deficit has jumped dramatically from $40 billion to $170 billion, that is since 1981–86, here in just 6 years. So I think that tells the story.

Last year, for the first time in history, we actually imported more agricultural products than we exported. That is the first time in history, and actually we are the breadbasket of the world.

It is clear that actually the biggest U.S. export that this Nation has is American jobs, that is what we are exporting, so we have got to act on it. We have got to turn that around.

In my district in Alabama, we have lost hundreds of jobs in the coal, steel, and textile industries due to unfair imports. We need to turn that trend around. The only way to do that is to light a fire under these folks who are supposed to enforce our trade laws. It seems to me that they only start cracking down on these countries when Congress comes up with new trade legislation.

We need this bill to strengthen our trade laws and ensure they are enforced all the time. I hope my colleagues will support this bill with the Gephardt amendment.

The Gephardt amendment gives teeth to this bill. It would require countries which have large trade surpluses due to unfair trade practices to reduce those surpluses by 10 percent annually. If this is not done, the amendment provides for mandatory retaliation.

I have heard critics say this amendment would hamstring the Government in trade negotiations. Well, it seems to me that in the past 6 years, our Government has opted not to control the trade deficit.

We have winked at the unfair trading practices of our foreign friends. We have held the door wide open for them to dump their products here. At the same time, many of our exports have been severely restricted in foreign markets.

It took a blatant disregard of our trade agreement with Japan for our Government to impose the recent sanctions on $300 million of Japanese exports. How long must other sectors of our economy suffer before we wake up to what our friends are doing to us?

I am not prepared to let this Nation roll over and play dead on the trade issue. I will not stand idly by while steelworkers, coal miners, and textile workers hit the unemployment lines.

I give my wholehearted support to this bill, with the Gephardt amendment. Let's do something that will make a difference. Let's pass this measure.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. LIPINSKI].

Mr. LIPINSKI. Mr. Chairman, I rise in strong support of the Gephardt amendment.

With the amendment, our Nation will be able to negotiate trade agreements which are both effective and respected. It will provide the United States with the means to negotiate from a position of strength and authority with the countries of the world which have unwarranted and excessive trade surpluses with our Nation.

Far from being an inflexible, rigid approach to trade policy, the amendment provides numerous opportunities for those countries to take action on their own to alleviate excessive trade balances caused in part through a pattern of unfair and discriminatory trade practices. And, contrary to popular misconception about the provision, the President would still be able to retain discretionary authority to veto surplus reduction efforts if he deemed it to be in the national interest—only with a two-thirds vote could Congress override such Presidential action. Only when all such avenues are exhausted would the U.S. Trade Representative retaliate dollar-for-dollar against the value of the unfair trading practices which such countries maintain.

Past trading agreements with countries which hold such surpluses have shown them to be ineffectual at best, and downright meaningless and prone to circumvention at worst. This amendment gives future agreements the verification needed to insure compliance. The recent example of Canadian wood products provides a good example of the kind of trading atmosphere the Gephardt amendment purports to achieve. Only when the United States took justified retaliatory action against the unfair trading practices of the Canadian Government with respect to wood products did the Canadian Government live up to prior agreement on the matter.

Mr. Chairman, I believe the majority of the blame for our trade deficit should lie squarely with ourselves. American business needs to come to grips with the fact that the world market is a much more competitive place than it used to be. American workers and farmers need to develop the working skills which will make them more amenable to the world marketplace.

Our secondary schools and universities must encourage interest in science, math, language training, and other disciplines which will pay dividends in the international trading arena. But even if all this is implemented and stressed, how can we expect our future economic leaders, workers and farmers to expand their skills if the countries with which we have large trading relations refuse to open their markets?

Now is the time to make our trading partners realize that the United States will not tolerate $170 billion deficits and status as the world's largest debtor nation. With 1.2 million manufacturing workers out of jobs, plant closings and bankruptcies, agricultural deficits, and even a deficit in our future—the high technology industry, something needs to be done. While H.R. 3 is, on the whole, a laudable piece of legislation, the Gephardt amendment is the something that will bring a comprehensive approach to solving our Nation's dreadful trade imbalance.

Mr. JONTZ. Mr. Chairman, I rise today to voice my support for the Gephardt amendment. But before I speak to that, I want to take this opportunity to commend my colleagues who worked so hard putting together H.R. 3. This is a good bill; this is a timely bill, and this bill deserves the support of all Members of this House.

I believe that the Gephardt amendment will make this good bill a better bill. This amendment is aimed not at closing markets but at opening them. The objective of H.R. 3 is "to pursue a fundamental policy of free and fair trade enforced through tough bilateral negotiations". The Gephardt amendment adds the "tough" to those negotiations. How often have we heard that you cannot negotiate with just a carrot and no stick. The Gephardt amendment provides the stick.

No one here is arguing that a blow-for-blow trade war will solve this country's trade problem. What will solve it is a consistent trade policy which our trading partners understand and understand we will stick to. Every other major player in the international marketplace has such a trade policy. We should, too.

The laissez-faire world market doesn't exist. Those who would base our trade policy on its existence may fool themselves, but they don't fool the rest of the world. Last year the catch phrase in the trade debate was "let us play on a level playing field". It is more to the point to say let us play on the same field with the same rules.

The 5th District of Indiana still has counties with double-digit unemployment, and if unemployment figures reflected reality, most of my district would exceed 10 percent.

No one can deny the disastrous effects on subsidized imports on the American steel industry. If anyone can testify to the failure of our "no trade policy" trade policy, it is the steelworkers of Homestead, Youngstown, and northwest Indiana. We need the trade policy provided by H.R. 3 with the Gephardt amendment. I urge my colleagues to vote for the Gephardt amendment and for the amended bill.

Mr. Chairman, I would like to take a few more minutes today to address some of the less controversial but important aspects of the Trade and International Economic Policy Reform Act of 1987, H.R. 3.

One major improvement is the inclusion of the violation of workers' rights as an unreasonable trade practice. The laws of the United States stipulate minimum labor standards, including the right of free association and collective bargaining, and the prohibition of child labor or compulsory labor. We believe that working people have the right to a minimum wage, to reasonable hours of work, and to reasonable security from occupational hazards and disease. We cannot ask American industry to compete with foreign firms who arbitrarily violate their employees' rights.

The amendments to section 201 certaintly deserve comment. Present law allows for temporary relief to domestic industries hurt by foreign imports. Unfortunately, in the past this relief has often come too late or not at all. H.R. 3 provides for granting provisional import relief under certain critical circumstances so that industries may not have to wait for a final determination. This provision is necessary to avoid the surges in imports from foreign manufacturers fearful of pending section 201 petitions.

H.R. 3 provides that workers would be automatically eligible for trade adjustment assistance [TAA] benefits as soon as the International Trade Commission determines that their industry has been adversely affected by imports. Often these benefits have come too late because of a cumbersome certification process. Rather than providing assistance, TAA has on many occasions resulted in frustration and confusion for workers already suffering the loss of a job. This bill would also guarantee those benefits even if the Trade Representative ultimately grants other forms of relief to the industry involved.

H.R. 3 permits, for the first time, duties against diversionary dumping. The USTR can find that diversionary dumping exists where the major input to a product had been dumped on U.S. markets during the past 6 years and there is evidence of diversion, that is, that imports of the previously dumped product have declined. The antidiversionary dumping provision plugs a significant loophole.

Title V of H.R. 3 makes major improvements in programs for worker retraining and readjustment. The bill specifies that all workers certified for assistance under TAA would be entitled to as much as $4,000 in training and remedial education benefits. Some of this money may also be used to offset relocation expenses. These provisions will provide significant relief to thousands of jobless people, such as steelworkers, who may not have skills easily transferable to other industries.

Title V creates a new option for trade-affected workers by providing for supplemental wage payments under TAA for workers who take a new job that pays less than their previous job. Workers would be allowed up to 50 percent of their TAA benefit if the total of their wage and benefit did not exceed 80 percent of their previous wage.

The bill also establishes a new Worker Readjustment Program to provide services to workers who are unemployed due to plant closings, layoffs, or other major disruptions not necessarily directly resulting from increased imports. Title V authorizes $980 million for this new program. One-half of these funds are allotted for long-term assistance including classroom training, literacy workshops, on-the-job training, and remedial education. Up to 30 percent of these funds may be used for support services such as day care.

In another important provision for my district, H.R. 3 finally recognizes farmers, ranchers, and other self-employed people who have been or are about to be forced out of business as dislocated people eligible for the benefits provided by this bill.

Title V also authorizes $501 million for new education programs to meet the challenge of international competition including literacy programs, elementary and secondary education programs with an emphasis on math and science, and higher education programs for science and mathematics training and the development of technology transfer centers.

Mr. Chairman, H.R. 3 is often maligned as a protectionist measure. I believe that the clear refutation of that charge lies in title III, "Export Enhancement." Obviously our trade deficit is reduced equally well by increasing exports as it is by reducing imports. Title III establishes a new export promotion program, similar to the Cooperator Program in the Department of Agriculture, to develop export markets for U.S. goods and services.

This bill makes a number of changes aimed at streamlining the current system of export licensing and at lifting controls on goods and technology which are no longer essential for national security. It is essential that we remove impediments to the export of American products at home as well as abroad. Title III also establishes the Export Administration Reform Commission to report to Congress on further reform of our export control system.

The bill also increases the limit on small business loans to purchase plant and equipment to manufacture goods for export.

Another very important measure included in H.R. 3 is the requirement that foreign investors with major holdings in U.S. businesses register with the Department of Commerce. It is essential, if we are to take control of our activity in international trade, that we know where and how foreign money is invested in this country. This is not to deny investment opportunities to anyone. This is simply a means to find out what's going on.

H.R. 3 is a necessary bill, Mr. Chairman. It is a comprehensive bill addressing America's trade problems from many angles. H.R. 3 is the kind of legislation this country needs to restore its competitive position in the world economy. I commend it to my colleagues and urge its passage.

Mr. FIELDS. Mr. Chairman, I rise in strong opposition to the Gephardt amendment.

The Gephardt amendment is a simplistic solution to a complex problem.

If reducing the U.S. trade deficit were as simple as passing a law requiring yearly reductions, Congress would have done it long ago. The Gephardt amendment's requirement that the trade surpluses of our major trading partners be reduced by 10 percent per year is so simplistic that it should be rejected out of hand. Only in a storybook could the Gephardt amendment magically reduce the trade deficit.

This amendment tears at the very fabric of the General Agreement on Trade and Tariffs [GATT]. Sponsors of the Gephardt amendment tell us that the amendment would attack the unfair trade practices of foreign nations and would, therefore, open foreign markets to U.S. products. In truth, the modified Gephardt language now contained in H.R. 3 already provides dollar-for-dollar retaliation for unfair foreign trade practices. The Gephardt amendment now before us would require a 10-percent-per-year reduction in foreign nations' trade surpluses with the United States—regardless of whether those surpluses were the result of unfair trade.

The modified Gephardt language says to our trading partners, "play by the rules." The Gephardt amendment says to our trading partners, "even if you play by the rules, we will punish your country if you are more successful than we are."

No one in Congress can control the reactions the Gephardt amendment will put in place. Like Pandora's box, the Gephardt amendment is enticing. It makes good rhetoric. But we in Congress are charged with a higher responsibility—to enact sound legislative policy.

So, I urge my colleagues to join me in opposing the Gephardt amendment.

Mr. BROOMFIELD. Mr. Chairman, I too wish to express my deep concern over our burgeoning trade deficit and to say that we have waited far too long in taking steps to adjust this grave problem.

The growth of the deficit over the past few years from $40 billion in 1981 to an estimated $170 billion last year has seriously affected the health of many important sectors of our economy from the automotive industry with its immense economic ripple effect, to the vital machine tool industry. Further, while there may be disagreement on the effect the trade imbalance has had on the aggregate employment picture, there is no doubt that it has seriously taken jobs and displaced skilled workers from our crucial manufacturing sector which is fundamental to our national security.

While there is certainly enough blame to go around, I am sorry to say that the administration must accept a major part of that blame for this immense problem. Our trade deficit was mounting each year and our industries and the jobs they supply were being seriously hurt. Many of us in the Congress and around the Nation were expressing our deep concern, and yet it was not until late 1985 that the administration decided to become actively involved. It was then that they worked out the Plaza Agreement on exchange rates and started using the existing tools to go after the unfair trade practices that were hurting our businessmen.

But these laws were always there and they should have been employed much earlier. Since 1979, we have had an antidumping law that directs Customs to assess antidumping duties equal to the dumping margin. We have had countervailing duty laws on the books where Customs can assess countervailing duties to offset any unfair competitive advantage that foreign manufacturers or exporters enjoy. Since 1974, the President had had the authority to withdraw concessions or restrict imports from countries that discriminate against U.S. exports, or engage in other unfair practices. There are many more laws besides these that could have and should have been employed, but they were not used in any serious fashion until the end of 1985.

Since then, the administration is to be commended for its work in adjusting the exchange rates between the dollar and the currencies of our major trading partners, its actions against the Common Market in opening it for our agriculture, and most recently against the Japanese in the semiconductor fight.

Mr. Chairman, it is clear, however, that more needs to be done, and that our trade laws still must be tightened up. H.R. 3 proposes many sound changes that should be enacted to improve our trade policy.

Among its many provisions, it will help assure that this or any administration can no longer take a passive attitude about our mounting deficits. It eases restraints on high-technology exports, improves our laws on protecting intellectual property, and helps our farmers in exporting more of their products.

Today we are also debating whether we should make a major change in H.R. 3 that is proposed by Mr. GEPHARDT. Mr. GEPHARDT had done a great deal to assist in focusing the Nation's concern about the trade problem and what steps should be considered. For this and for the ideas he has brought to us for our consideration, he should be commended. As the Speaker recently said, about 90 percent of Mr. GEPHARDT's proposals have already been incorporated in today's bill.

However, where I would part company with the Speaker and Mr. GEPHARDT is on the remaining 10-percent. I believe that when the responsible House committees rejected what is today called the Gephardt amendment, it did the right thing, for that remaining 10 percent goes too far, and could hurt our trade position instead of helping.

Both the automatic nature and the arbitrary 10 percent annual reductions required by Mr. GEPHARDT's amendment would harm us in the long run by inviting retaliation instead of opening markets. With continuing rounds of reductions and retaliation, we would see a downward spiral in the level of trade that does nothing to deal with the problem of unfair trade. The only thing we would be witness to is a recessionary effect that hurts our consumers, manufacturers, and employees as well as those in other countries.

H.R. 3, on the other hand, like Gephardt brings the spotlight on those nations that enjoy an excessive trade surplus. However, it more rationally ties any punitive actions we take with the amount of loss we believe we have suffered because of the unfair practices of the other country. Thus by focusing on the unfair practices of other countries, we are working to provide the level playing field for U.S. businessmen that we have all been saying we want.

Mr. Chairman, with this trade bill, we are embarking on a long-overdue journey to help make the international trading system fair to all businessmen. I urge my colleagues to support the Ways and Means Committee version of this bill and to reject Mr. GEPHARDT's amendment. With positive action on this trade bill, we will all benefit.

Mr. WEBER. Mr. Chairman, the Gephardt amendment is a politically motivated amendment with disastrous economic implications for America's farmers.

This amendment invites retaliation from our major trading partners by mandating a steep reduction in their trade surpluses, regardless of how much that surplus can be linked to unfair trading practices.

Such retaliation will fall largely on the American farmer. The four countries primarily targeted by the Gephardt amendment account for almost one-third of our agricultural export sales, including our leading markets for corn, wheat, and soybeans.

Recent history shows that retaliation against our agriculture exports is the logical consequence of any protectionism. When we limited Chinese or Japanese imports, they responded by cutting corn and soybean purchases.

As our leading export industry, agriculture will be the first to sustain losses in any trade war. The retaliation in the past will be meek in comparison to the hostile outbreak that would follow implementation of the Gephardt amendment.

Farm organizations like the American Farm Bureau, the National Grange, the American Soybean Association, the National Corn Growers Association, the National Association of Wheat Growers, and the National Cattlemen's Association are united in their opposition to this amendment. They recognize that it will invite retaliation against our agriculture exports and jeopardize the current round of trade negotiations in Uruguay, where we must negotiate open markets for our agriculture exports.

The Gephardt amendment may provide some temporary aid to certain weak and noncompetitive industries, but it does so by asking the American farmer to walk the plank in the name of crass protectionism. This bill is disastrous economic policy and an attack on the interests of the American farmer. I urge its defeat.

Mr. BORSKI. Mr. Chairman, I rise in strong support of the Gephardt amendment to H.R. 3, the Omnibus Trade Act of 1987.

For too long, the United States has kept its markets open to foreign goods even though other nations have unjustly slammed their doors on American products. We have accepted more and more foreign imports at the expense of American workers and industry. In just 5 years, the U.S. trade deficit has jumped from $40 billion to a record $170 billion in 1986. Clearly, we cannot afford the devastating cost of our failed trade policies any longer. The time to act and reverse our deteriorating trade position is long overdue.

The Gephardt amendment provides the necessary tools to solve America's trade crisis and restore our position in world markets. It calls on those nations with both excessive surpluses and a pattern of unfair trade to negotiate in good faith to eliminate these barriers. If negotiations fail, a 10-percent annual reduction in the surplus would be required. The amendment includes waivers for countries faced with debt problems or if U.S. economic interests would be harmed.

The American people want aggressive action on the trade crisis. The Gephardt amendment offers a tough but fair approach to remove unfair trade barriers and force our trading partners to play fairly with us. It will send a strong message that we will accept nothing less than equal access abroad for our products. It will stop the export of American jobs and economic prosperity and allow us to compete in the world marketplace on a level playing field.

Mr. GRAY of Illinois. Mr. Chairman, I rise in support of the Gephardt amendment.

It is high time, it is past time we quit talking about trade deficits and do something to improve our sales abroad. It is time we open the closed trade doors and put our unemployed back to work.

Mr. Chairman, we have lost almost 50 percent of our coal and agricultural exports in my southern Illinois district that has left thousands of coal miners and farm workers unemployed. We must reverse this trend.

My good friend, Chairman DAN ROSTENKOWSKI has done an outstanding job on H.R. 3, however, it is a bipartisan consensus bill and one of compromise and for that I congratulate him, but if we can tighten up a little more on our imbalance in trade we should do it. I think we get that result out of the Gephardt amendment.

Mr. HEFLEY. Mr. Chairman, we all want a tough trade policy, or perhaps it would be better to say we all want a smart trade policy. Tough trade policies make good political fodder back home. Smart trade policies help American workers, businessmen, and trade negotiators.

I agree we need to take action. America cannot stand annual trade deficits of $168 billion. The Nation's focus on trade is already paying off. Over the past 2 years, administration trade policies have become noticeably tougher, resulting recently in a $300-million retaliation against Japan for its failure to abide by a semiconductor trade agreement.

Many of the factors affecting the U.S. balance of trade cannot be controlled with traditional trade tools. Many factors are not consequence of either government action or inaction. And, there is a danger of a backlash if we expect those tools to accomplish too much. However, I believe that H.R. 3 takes an important step forward, and I am optimistic that it will be a positive force in reasserting American competitiveness.

We're trying to decide now whether the Gephardt amendment is smart trade policy, or just tough trade policy. To do that we have to decide whether the amendment is going to open up markets, or whether it is going to invite retaliation and a trade war.

I am convinced that the Gephardt amendment is not smart trade policy. I am convinced it would be counterproductive, inviting retaliation and a trade war. I want to take just a moment to explain why I have come to that conclusion.

America has kept its doors open to trade because we have recognized the economic truth that to do otherwise means increased consumer costs, or more directly, inflation. It also means decreased selection and a lower standard of living. If a foreign nation has restrictive trade policies, it is already paying a price for those policies by forgoing the benefits of open trade.

The trade bill we are considering contains provisions that will make countries with a pattern of unfair trade practices pay doubly for those restrictions. The bill requires that, if negotiations fail to correct the problem, the administration must impose sanctions that match dollar-for-dollar the burden or restriction being placed on U.S. commerce.

What the Gephardt amendment says is that once the foreign government has chosen to accept the economic consequences of closed markets, and once we have hit them with the stick of dollar-for-dollar sanctions, if then they still refuse to open their markets we should pull out an even bigger stick and hit them with mandatory annual 10 percent cuts in their trade surplus with the United States.

It would seem to me that if a country is willing to carry the double burden of closed markets and dollar-for-dollar sanctions in order to avoid changing their trade laws, then there are probably some strong underlying reasons for that. Hitting that country again with the club in the Gephardt amendment seems more likely to create anger and resentment than an enlightened acceptance of American management of their domestic economic policies. For that reason the Gephardt amendment presents a greater danger of a trade war than it can promise in open markets.

Since Japan has been the focus of so much of the frustration expressed during this debate, I will use a Japanese example to illustrate my point.

We've all heard stories about Japanese barriers to imported rice. The U.S. Trade Representative says American rice producers are getting about $183 per ton for their product, while Japanese growers receive $2,131 for that same ton of rice. That's more than 10 times the United States price. Why, we hear asked over and over again, won't the Japanese allow rice imports? How can they perpetrate this atrocity on their consumers? Why do consumers stand for it?

Most of us would probably say that the Japanese are clinging to the idea that their national security depends on their ability to feed themselves, but would respond by saying that fear is groundless based on the wide availability of farm products. But how many of us know that Japan's political system is structured in such a way as to give a great deal of political power to Japanese agricultural interests, and that the ruling liberal Democratic Party there depends on its strong support from those interests for the majority it has held in the Diet almost since the time General McArthur left Japan? Those agricultural interests have a very real stake in maintaining present Japanese policies.

There is no doubt that import barriers impose a huge cost on Japanese consumers. There is also no doubt that United States rice producers could supply a great deal of rice to Japan. The United States Rice Millers Association estimates that Japanese barriers cost its membership $1.7 billion annually.

If that figure is correct, and if Japanese rice policies are part of a pattern of unfair practices, then the bill, without the Gephardt amendment, requires that in order to encourage the Japanese to reform their ways, the administration has to impose 1.7 billion dollars' worth of sanctions against Japanese imports. An understanding of the Japanese political system, though, does not present much hope that the Japanese will change their policies.

Now consider the Gephardt amendment. The amendment would require that, if 1 year after the sanctions were imposed the Japanese still prohibited rice imports, then the administration would have to take an additional action designed to cut the Japanese trade surplus by 10 percent, regardless of what portion of that surplus is attributable to unfair trade practices.

With or without action to change rice import policies, that action can have no other effect than to cause immense political pain and resentment among Japanese politicians and their constituents. This would surely result in an anti-American backlash that can do neither of our countries any good.

Again, the Gephardt amendment presents a greater danger of a trade war than it can promise in open markets. The bill already requires action to compensate this country on a dollar-for-dollar basis for markets that are closed to our businesses. Worst of all, adoption of this amendment would weaken the chances that we will achieve real trade law reforms this year.

I intend to vote against the amendment. If it passes, I will encourage the Senate to strip the amendment from an otherwise useful bill, and if that fails, I will vote to sustain the inevitable Presidential veto. We need a trade bill, and my hope is that we can produce one free of unnecessary restrictions.

Mr. OXLEY. Mr. Chairman, H.R. 3, the Trade and International Economic Policy Reform Act of 1987, has not yet become a full-fledged swan, but it has come a long way from its ugly duckling beginning as H.R. 4800 in the 99th Congress.

I have been generally pleased with the bipartisan spirit thus far exhibited in pulling H.R. 3 together, particularly in the Committee on Energy and Commerce on which I serve.

While I generally believe that our committee's overall contribution to H.R. 3 and several other provisions now in the bill may be worthy of support, I cannot support H.R. 3 in its present form without amendment.

I believe strongly, and I know that many of my colleagues share this view, that we should be sure to focus our legislative efforts on expanding world trade and increasing export opportunities for U.S. producers facing intense competition abroad, instead of closing U.S. markets as measures such as the Gephardt amendment would do.

As our history indicates, erecting import barriers is not the way to increase world trade or to enhance the competitive position of the United States. In fact, such barriers invite retaliation against U.S. goods and services, and a trade war is not in anyone's best interests.

There are, however, areas where we can and need to improve our approach to international trade. For instance, we must continue to demonstrate a resolve to settle our trade problems, and we need to relax often unrealistic and burdensome U.S. export controls. In some cases, we need to make improvements in U.S. trade laws which strengthen the President's hand in U.S. trade relations

In other cases, Mr. Chairman, it appears that we need to carefully review our procedures and practices to determine if they are applied to assist U.S. firms or whether they contribute to our trade problems.

Much of this has been done in H.R. 3, but there remain numerous provisions which cause this member great concern. For example, provisions proposing intervention in currency markets, mandatory retaliation, the unilateral closing of our procurement markets, foreign ownership or disclosure requirements, restrictions on oil exports, international workers rights considerations, or a private right of action under antidumping laws come immediately to mind.

Unfair trade practices must be addressed, but they alone are not responsible for our trade deficit. Enactment of the Gephardt amendment or other provisions requiring mandatory retaliation will not make the U.S. trade deficit disappear—they will invite retaliation. The Gephardt amendment or similar provisions specifically violate U.S. international conditions under the General Agreement on Tariffs and Trade.

It is absolutely essential that the President of the United States have the flexibility and discretion in matters of international trade to act in the interests of the Nation as a whole. We cannot and should not lock in retaliation, thereby tying the President's hands in international trade.

The trade deficit is the result of macroeconomic problems, not specific trade practices. In short, the Gephardt amendment cannot possibly deliver on its proponents' promise—to reduce the trade deficit, to create jobs and to improve competitiveness.

To accomplish these goals we have got to take action to create an environment in which U.S. industry can compete effectively—the Gephardt amendment simply cannot achieve this.

For these reasons, I encourage my colleagues to join me in opposing the Gephardt amendment and in supporting the substitute amendment to be offered by Congressman MICHEL.

Mr. SHUMWAY. Mr. Chairman, with last year's merchandise trade deficit approaching $170 billion, trade is clearly one of the most important issues we will address in the 100th Congress. The stakes are high. The equivalent of over 5 million full-time jobs are directly and indirectly generated by U.S. exports. Every billion dollars of exports generates over 25,000 jobs. California agricultural exports alone totaled $2.7 billion in 1985 which means nearly 75,000 jobs.

While I support many of the provisions contained in the trade bill, including enhanced protection of intellectual property rights, this bill is, in my view, seriously flawed.

First, it restricts the President's authority, broad discretion, and flexibility in trade matters which are essential to achieve a negotiated settlement of bilateral disputes. This week the President will be discussing our trade concerns with Prime Minister Nakasone of Japan. The President's personal involvement can be a deciding factor in inducing a foreign government to accommodate our concerns.

Second, the bill transfers substantial authority from the President to the U.S. Trade Representative. In my view, the President is in the best position to decide trade policy issues based on our national interests with regard to foreign relations, national security, foreign and domestic economic considerations.

Similarly, I am concerned that national security interests will not be given sufficient consideration as the Commerce Department is asked to reduce by 40 percent the control list which prohibits the unlicensed export of items which could make a "significant contribution" to the military capability of the Warsaw Pact countries.

Third, the bill makes several important changes in unfair trade practices under section 301 of the Trade Act of 1974. As the California World Trade Commission has pointed out, it is inappropriate to include export targeting as an unfair trade practice because of the absence of a generally accepted definition. We would undermine the credibility of our trade laws by including internationally accepted conduct, while inviting retaliation and mirror legislation to the serious detriment of U.S. exporters. With regard to international worker rights, I don't see how we can penalize other countries for violating conventions which the United States has never accepted.

Finally, the bill provides for mandatory retaliation by the U.S. Trade Representative if a foreign country has violated a trade agreement or engaged in unjustifiable practices. This statutory hair-trigger will encourage automatic retaliation, not the open markets which would benefit U.S. exporters.

The Gephardt amendment would take this protectionist approach one step further. It would mandate a 10 percent reduction in the trade surplus of a country which has an excessive trade surplus. This amendment is nothing less than an invitation to a trade war. It brings to mind the disastrous effects of the Smoot-Hawley Tariff Act in the 1930's which led to spiraling retaliatory trade measures, a sharp decline in world trade, a decrease of almost 70 percent in U.S. exports, and the worst depression in the history of this country.

There are serious deficiencies in the international trading system, but mandatory retaliation is not the answer. If we want to improve our trade deficit the first thing we should do is confront our national debt which is over $2 trillion.

This year is the beginning of the 8th round of multilateral trade talks to be held under the auspices of the GATT. These talks represent an important opportunity to improve the GATT framework for international trade. We need to expand this framework to include services, agriculture, direct foreign investment, and intellectual property rights. We need to strengthen and streamline the GATT dispute settlement procedures which are time consuming and fail to provide definitive, enforceable decisions.

We cannot unilaterally solve our trade problems by amending our trade laws which are basically sound. We must look to negotiations with our trading partners, such as the current GATT talks, to address the subsidies, the tariffs and the market barriers which impede free trade and economic prosperity.

Mr. McGRATH. Mr. Chairman, I rise in support for the committee bill and in opposition to the amendment offered by my colleague from Missouri. Public frustration and perceptions that our Nation has been bludgeoned in foreign markets are only partially true. Everyone acknowledges that many of our so called trading partners have constructed nontariff barriers which inhibit sales of American goods overseas. The issue lies in whether we will improve or worsen a difficult situation by requiring barriers of our own.

The amendment before us was not considered by members of the Ways and Means Committee. It is opposed by a substantial segment of American industry. We as a Nation have suffered for many years under a delusion that we need not participate in the global economy. While we enjoyed a huge domestic market, many manufacturers simply did not reach out to create or expand a foreign base. We are finally beginning to shake off that attitude and major companies are vigorously entering the international marketplace.

U.S. firms will suffer the greatest from a trade war with protectionist barriers. Americans have already been conditioned to purchase foreign autos, electronic equipment, and other goods. The markets established by other nations are broader and better able to withstand a trade war than those we have recently begun to build. We will never have a chance to compete in the international economy with the mandatory retaliatory measures included in the Gephardt amendment.

The district I represent is a center of international commerce. We have the largest international air cargo industry in the Nation based around Kennedy Airport and thousands of workers are gainfully employed in our seaports. We would suffer as a region if our Nation became embroiled in trade wars with Europe and Asia.

Another delusion we operate under is that of the so-called service economy. While services are important, they contribute slightly less than $3 billion on the positive side of our trade balance sheet. This is insignificant in relation to our merchandise trade deficit, which exceeds $150 billion. A cycle of retaliation and countermeasures between the United States and other nations will not suddenly make us into a nation that produces more than we consume. We need foreign markets if our industries are to succeed in eliminating the trade deficit. Those markets cannot be cultivated in the atmosphere the Gephardt amendment would create.

The present administration policies for enforcement of trade agreements have admittedly not worked well. Existing merchanisms for redress of grievances have not been used to punish violators. Major violations brought to the attention of administration officials have languished for over 4 years. This failure to protect legitimate interests of American firms has led to the current surge of protectionist sentiment. The Gephardt amendment attempts to respond with drastic measures, which in many cases would be damaging to our interests. The Ways and Means bill attempted to strike a balance between the need for a swift and forceful action to fight unfair trade practices and the need to exercise judgment. In view of innumerable circumstances which can cause a shift in our trade balance with a particular nation, the committee bill is a far better step toward a trade policy which will allow American business to truly participate in the global maketplace.

Mr. BORSKI. Mr. Chairman, I rise in strong support of the Gephardt amendment to H.R. 3, the Omnibus Trade Act of 1987.

For too long, the United States has kept its markets open to foreign goods even though other nations have unjustly slammed their doors on American products. We have accepted more and more foreign imports at the expense of American workers and industry. In just 5 years, the U.S. trade deficit has jumped from $40 billion to a record $170 billion in 1986. Clearly, we cannot afford the devastating cost of our failed trade policies any longer. The time to act and reverse our deteriorating trade position is long overdue.

The Gephardt amendment provides the necessary tools to solve America's trade crisis and restore our position in world markets. It calls on those nations with both excessive surpluses and a pattern of unfair trade to negotiate in good faith to eliminate these barriers. If negotiations fail, a 10-percent annual reduction in the surplus would be required. The amendment includes waivers for countries faced with debt problems or if U.S. economic interests would be harmed.

The American people want aggressive action on the trade crisis. The Gephardt amendment offers a tough but fair approach to remove unfair trade barriers and force our trading partners to play fairly with us. It will send a strong message that we will accept nothing less than equal access abroad for our products. It will stop the export of American jobs and economic prosperity and allow us to compete in the world marketplace on a level playing field.

Mr. ANTHONY. Mr. Chairman, as you konw, the United States has been in a trade war—and we are losing the battle. It is time that we take clear and positive steps to restore U.S. competitiveness. For this reason, I support the Gephardt amendment and its mandate to negotiate and break down the restrictive and unfair trading practices of our major trade partners. I believe in free and fair trade, but let's face it—this is not what we've been experiencing.

It is no secret to my colleagues that I have fought long and hard to get the Japanese to open their markets to U.S. rice. In 1986, the Japanese Government spent $1.5 billion in subsidizing this industry, yet the Japanese people still paid nearly 10 times above world market prices for their rice. Despite negotiations between Japan and Ambassador Yeutter, not one grain of U.S. rice has yet entered Japan.

More and more consistently, we have seen foreign governments blatently subsidize their own industry to block American competition. Besides rice, U.S. softwood lumber and meat have also been hit by restrictive practices. How long are we going to tolerate this type of action? It is time we demonstrate to our trading partners our resolve to return to the true meaning of free trade.

The trade bill has set an agenda which, among other priorities, recognizes the goals of American industries and corporations. What we need is a means for reaching these goals. The Gephardt amendment is the vehicle for doing this. This provision does not require the reduction of trade surpluses across the board. Nor does it punish our successful trading partners for their gains from fair and equitable competition in the international trading community. What this provision does do is put the teeth back into the trade bill. It requires those countries with unfair restrictive trade practices to reduce their excessive surplus with the United States by 10 percent. If our foreign trading partners want us to maintain our free and open trading policy in regard to their imports then they will have to impart that same respect to American exporters.

While this bill is not a cure-all for the U.S. trade deficit, it sets a strategy for American exporters that is tough and competitive. It leaves no doubt in the minds of governments abroad that the United States takes its role in world trade very seriously. I believe the passage of this amendment by the House is a big victory for the U.S. agricultural and domestic industry. We are sending a strong message to our trading partners that we will no longer allow our country to be ravaged by foreign imports, while facing closed markets abroad. It is my hope that the members of the conference committee will see fit to support the inclusion of the amendment in the trade bill to be reported to the President.

Mr. SCHUMER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Without objection, a call of the committee is ordered.

There was no objection.

Members will record their presence by electronic device.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 71]

ANSWERED "PRESENT"—421

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Armey
Aspin
Atkins
AuCoin
Badham
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bates
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilbray
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Brennan
Brooks
Broomfield
Brown (CA)
Brown (CO)
Bruce
Bryant
Buechner
Bunning
Burton
Bustamante
Byron
Callahan
Campbell
Cardin
Carper
Carr
Chandler
Chapman
Chappell
Cheney
Clarke
Clay
Clinger
Coats
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Crockett
Daniel
Dannemeyer
Darden
Daub
Davis (IL)
Davis (MI)
de la Garza
DeFazio
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Espy
Evans
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frenzel
Frost
Gallegly
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Grandy
Grant
Gray (IL)
Gray (PA)
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hansen
Harris
Hastert
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefley
Hefner
Henry
Herger

Hertel
Hiler
Hochbrueckner
Holloway
Hopkins
Horton
Houghton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Inhofe
Ireland
Jacobs
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Konnyu
Kostmayer
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
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Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Livingston
Lloyd
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken, Thomas
Lukens, Donald
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
Meyers
Mfume
Mica
Michel
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moody
Moorhead
Morella
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Oxley
Packard
Panetta
Parris
Pashayan
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickett
Pickle
Porter
Price (IL)
Price (NC)
Pursell
Quillen
Rahall
Rangel
Ravenel
Ray
Regula
Rhodes
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Saiki
Sawyer
Saxton
Schaefer
Schneider
Schroeder
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Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shumway
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stenholm
Stokes
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Weber
Weldon
Wheat
Whittaker
Whitten
Williams
Wilson
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)

□ 1410

The CHAIRMAN. Four hundred and twenty-one Members have answered to their names, a quorum is present, and the Committee will resume its business.

The Chair would like to make an announcement.

The Chair advises Members that there are approximately 16 minutes of debate remaining on the pending amendment offered by the gentleman from Missouri [Mr. GEPHARDT] at which time there will be a vote.

The Chair now recognizes the gentleman from Tennessee [Mr. DUNCAN].

Mr. DUNCAN. Mr. Chairman, how much time do we have remaining?

The CHAIRMAN. The gentleman from Tennessee [Mr. DUNCAN] has 3 minutes remaining, the gentleman from Illinois [Mr. ROSTENKOWSKI] has 5½ minutes remaining, and the gentleman from Missouri [Mr. GEPHARDT] has 8 minutes remaining.

Mr. DUNCAN. Mr. Chairman, I yield the balance of my time to the gentleman from Illinois [Mr. MICHEL], the distinguished Republican leader.

The CHAIRMAN. The gentleman from Illinois [Mr. MICHEL] is recognized for 3 minutes.

Mr. MICHEL. Mr. Chairman, in over 30 years in the Congress, I have always tried to offer something positive rather than criticize what others have done, and I plan to do something positive later in these proceedings when I offer our bipartisan substitute.

But, with the Gephardt amendment, I must take a wholly critical stand. If it is true, as the old saying goes, that the "road to hell is paved with good intentions," this amendment is a one way expressway to an economic inferno for American workers.

Many of us here, myself included, represent districts that depend upon exports in order to survive.

In my district, our farming community and many of our industries, particularly the large multinationals, depend heavily upon exports to survive.

Forty to fifty percent of the industrial workers in my district are working because of the export market for the products they produce. If these folks get caught in a retaliatory trade war, it will be a disaster.

Responsible economists differ on predicting what precisely might happen if Gephardt were ever to become law; but according to some theories, we could perhaps see not only a national but an international economic disaster of horrendous proportions in a relatively short time.

That would mean lost jobs and shattered futures for entire communities all across our country.

Can we risk such a catastrophe? I would also venture to say that those unsettled financial markets today reflect the uneasiness about what we might be doing here today in this bill.

□ 1420

This amendment calls to mind John Wayne swaggering into the saloon and telling the bad guys to "get out of town in 5 minutes, or else." But there is one big difference; this is not a movie set we are playing on today, it is real life. In real life the other guys have economic weapons of reprisal and if retaliation occurs in this scenario, it will be real people who will be the ones getting hurt.

We must not allow American families to be offered up as sacrificial victims to the protectionist superstitions at the heart of this amendment. The Japanese, the Europeans, the Canadians, the Taiwanese, the Koreans, and the South Americans should be looked upon, frankly, as potential consumers of American products, not as evil empires that we must destroy before they destroy us. Have we really come to the point in our history when we have to throw up an electric fence around our shores, latch the doors and hide behind the sofa in fear?

Mr. Chairman, I submit that a trade strategy that primarily emphasizes keeping the other fellow out of our markets is not competing, it is retreating, giving up before the fight actually begins.

The spirit of the Gephardt amendment is the spirit of retrenchment, reversal and retreat. And with the help of the bipartisan substitute we will offer later, we can bring America back to where it belongs in the increasingly competitive world of foreign trade. But for now I would urge my colleagues to reject this amendment.

When we began consideration of the trade legislation at the outset of the year, based on my consultation with the Speaker, we proceeded on the basis that we were going to put together a bipartisan bill, one in which our Members would be playing a role, and they have up to this point, a significant one. I applaud the Democratic majority for giving us that opportunity.

I would also say today that this is not a partisan issue because there are going to be votes on either side that will balance out one way or another. Hopefully, we will have the majority to scuttle this amendment. For if we do not, then I have real concern over whether or not we really can have an opportunity to end up with a trade bill that will be written into law. I have always assumed that what we wanted to get here was not a political issue, but rather something we could write into law. I would ask Members to please give consideration, then, to rejecting this amendment and keeping the bill as sound as I perceive it to be.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. OWENS].

Mr. OWENS of New York. Mr. Chairman, I rise in strong support of the Gephardt trade deficit reduction amendment because it is time for a change in American trade policy. Let us not deceive ourselves. What we decide today in this crucial vote will determine whether we respond to America's trade crisis with a new declaration of independence—or a stipulation of surrender.

There are certainly many positive, laudable provisions in the trade law section of H.R. 3. The inclusion of the suppression of worker rights as an unfair trade practice, in particular, is a necessary reform which will help to protect the standard of living of workers both here at home and abroad. But the bottom line is that the Ways and Means trade package is still business as usual legislation. In deference to the President who helped get us into this mess in the first place, we do not propose to make any dramatic changes in our trade policy, contenting ourselves instead with merely embellishing the same case-by-case, piecemeal approach to our trade imbalance which has been such a disaster.

With millions of American jobs being destroyed, with entire communities being abandoned and left desolate, with the bulwark of our economy being rotted out from under us, business as usual trade policy is something we simply cannot afford.

The Gephardt amendment is a straightforward and simple antidote to the failure of our current approach to America's trade crisis. If the International Trade Commission determines that one of our trading partners has been exploiting our open market and stealing American jobs through unfair trade practices, negotiations with that nation would immediately begin in an effort to eliminate those unfair practices and achieve a reduction in their trade surplus with the United States by annual steps of 10 percent. If that nation refuses to negotiate or the negotiations do not produce results, then we will act to achieve a reduction in that nation's ill-gotten trade surplus ourselves. Period. No more talking until we are blue in the face, no more stalling, no more settling for token concessions. In the face of an unprecedented, devastating trade imbalance, the Gephardt amendment promises effective action and concrete results.

The American people are looking to this Congress for real leadership on trade. They do not want rhetoric and cosmetic reforms—they want a solution. You can give it to them by voting in favor of the Gephardt amendment.

Mr. GEPHARDT. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman and members of the committee, I think this has been a very educational and useful debate about what we want the trade policy of this country to be. For many of us it may be the most important vote that we will cast on what we want the trade policy of the country to be. In my view, the Gephardt-Brown amendment is about whether you want to maintain the status quo in trade policy or whether you want change. The policy we have been following has been one that has been long on words, on our side and on the side of our trading competitors. We complain with lots of language and what we get back is language, words. We get press releases, we get good intentions, but we do not get action, we do not get change, we do not get the kind of open markets that I think we demand and need in order to make the world trading system work.

Ezra Vogel is the best expert on the country of Japan that I know of in the United States. A year ago in Foreign Affairs Quarterly he said this:

> Japan is unlikely to bring about major change unless there is an urgent worry about Washington's capacity to deny significant access to Japanese products in the American marketplace.

I think the reality, Mr. Chairman, is that we will not get change unless there is direct pressure for a change. Japan is not unlike the United States. It is a democracy. And in there there are lots of pressures on the political leaders of that country. They are not able to make change in their own society unless there is reason to make change; inertia takes over just as it often does here. It is not possible to get people in the private sector to open the markets and allow American products to come in unless there is a direct reason for that to happen. Why do we think it is any different there than it is here?

We have asked for a change, but we have not gotten it because simply we are not credible, we are not believable, we are not demanding that that change happen. And believe me, it will not until there is sufficient belief on the other side that the action will be taken.

I can talk about the merits forever. You have heard the merits all day and for weeks. You have been lobbied by groups and groups and groups. You have been lobbied by the importers and you have been lobbied by the exporters. You have been lobbied by the workers and you have been lobbied by the managers on both sides of this question.

But what I want to ask you to do now in the closing minutes of this debate is forget all the lobbying because usually the lobbying comes because of a special particular interest that may not be in the public interest of this country. And what I want to ask you to do is to think about the interests of the people that live in your district. Organized labor did not get elected to the U.S. Congress and neither did business. You got elected, you got elected to represent one-half of a million people in your district. What I want you to do in the last few minutes is to think about them.

I have been all over this country in the last few months and I think we are beginning to be in the state of decline. We cannot set the blame for that decline at anyone's feet; it really has been happening since 1973. Wages are beginning to decline in this country; well-paying jobs are being lost to countries abroad. The middle class is beginning to shrink. It makes me angry when I talk to someone in the machine tool industry and they tell me that the big machine tool show in Chicago at McCormick Place, all the machine tools of the last show are made in Japan and West Germany or someplace else, not made in America, whereas 15 years ago they were.

It disturbs me when I talk to people in the microchip industry, in California and in Texas when they say we have lost our lead. One of the managers of one of the companies told me, he said we used to have a 3-month lead and now it is down to 30 days and we fight for every day of the lead. It makes me angry when I pick up Consumer Report this month and find that all the best-rated automobiles are Japanese-made and all the worst-rated automobiles are American. If you look at the trend, what you understand is we are beginning to be in a state of decline. And 80 percent of our problem is our own failing, it is our own inability to make good products, it is our own inability to produce goods of high-enough quality and low-enough price.

The question is what do we do about it? What do we as leaders do about it so that the country 10 and 20 years from now is what we want it to be rather than the modern day equivalent of Great Britain? We have to motivate our people, we have to invest in our people, but frankly, most of that is going to be done by the private sector. The question is what do we as the leaders in Government do? There are two big things that the Government can do. One, create an environment in which economic growth can take place. That is the budget we discussed less than a week or so ago. We are going to discuss it again. Probably nothing more important that we can do than setting fiscal environment in the country in which economic growth can take place. We have not done well at that.

I hope we are going to do better. But beyond that we have to be able to create atmosphere in which our people believe that if they work hard, if they cooperate better, if they invest in training and skills, if they get excited about making good products, that they can sell them in the countries abroad. Today, they do not have that sense. I have talked to business people, I have talked to labor people, they all say the same thing: "Why should we go through all that pain if we can't sell our goods?" And they cite chapter and verse about how they tried to get other markets and they cannot get in.

The first step to making this country competitive is to be able to say to our people who ultimately hold the control on whether or not we are going to be competitive that you have an equal chance, those markets are open, they are not closed and you have got to make these changes in order to make this country strong and great again. There are two paths today on trade; one is the status quo, one is staying where we have been and saying words are nothing, that will not get it done.

□ 1430

And the other is a new way. It is a tougher way, but I think it is the only way. That is to say that we mean business.

There has to be reliability. There has to be accountability. There have to be goals, and we demand that those goals be reached. We will negotiate with sensitivity and with flexibility to see that those goals are reached.

My son is 16 years old. My wife and I talk to him about every day about what we would like him to do and the way we would like him to conduct himself. I think most of it goes in one ear and right out the other.

As with my father, we do not listen to our parents very much, but my son watches everything that I do and everything my wife does. What we do is more important than what we say.

That is what this amendment is about. We have to have a new trade policy in this country and it has to be based on behavior and action, and not on words.

That is what the Gephardt amendment is about. It is a new policy. I think if we can put in place, and we can make it happen, if we can change the behavior, if we can open the markets, then we can turn to the American people with credibility and say that now it is time to make America good again and great again and strong again and do all of the things that we, together, have to do to make that happen.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself the balance of my time.

Mr. McGRATH. Mr. Chairman, will the gentleman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman from New York.

Mr. McGRATH. Mr. Chairman, I rise in support of the committee bill and in opposition to the Gephardt amendment.

Mr. ROSTENKOWSKI. Mr. Chairman, very shortly, the House will conclude action on this legislation which will signal the future course of American trade policy to the world. This is an enormous burden for each and every Member of Congress. The choices we are about to make will affect every farmer, factory worker, and consumer in America. They will also make an indelible impression on governments and people around the globe.

We in the Congress are elected by our constituents to protect their interests. We are not elected to promote the interests of other nations. But no American can escape our responsibilities for leadership in the world, and none of us can change the fact that we and our trading partners grow more economically interdependent every day. It is a better world than it was, and trade is a part of the reason.

Mr. Chairman, we all know what the issues are on this amendment we are about to consider. They've been debated for weeks. This is an issue that has a lot of people I respect on both sides. It has been a painful process, and I for one am not going to hold any grudges against people who disagree with my position. But before we vote, I want to take a few moments to explain why I think this amendment should be defeated.

First, let me tell you what I favor. I am for a tough trade policy. We have been chumps and many of our trading partners, quite sensibly, have benefited from our generosity without opening their own markets. That is why my committee crafted a bill designed to get at foreign trade barriers in an effective manner. Those lobbyists who tell you the Ways and Means Committee bill is too weak just haven't read the bill. It calls for mandatory retaliation against surplus countries with unfair barriers, but it does so in a way which is defensible. It says to other countries "we will do to you what you do to us—no more, no less." This bill changes the current practice of inaction, but it does so with a surgical knife rather than a meat ax. The means used on our bill will work to open foreign markets, because it is measured and fair. Unfortunately, the means used by my colleague's amendment could very likely begin an unwanted cycle of import restrictions and retaliation.

I know that is not the author's intent. In fact, I know that DICK GEPHARDT and I share the same goal—fair and open world trade. My colleague from Missouri is as dedicated to solving this Nation's difficult economic problems as anyone I've ever had the privilege to serve with. I have no doubt that he wants to do what is best for our country. In fact, our approaches to trade are remarkably similar. To a large extent, we see the same problem, and we call for tough action. It is because of the cooperative efforts of people such as DICK GEPHARDT, SAM GIBBONS, DON BONKER, JOHN DUNCAN, BILL FRENZEL, and DICK SCHULZE, that Congress has taken such a strong leadership role in reasserting U.S. trade policy.

But I must ask that we look closely at the subtle differences between the committee's approach to surplus countries and the approach taken in the Gephardt amendment. One is based on the sound premise of reciprocity. The other rests on the dubious proposition that deficit nations can unilaterally reduce the surpluses of others according to a fixed percentage. This is a dangerous precedent in world trade rules—and even if we apply it carefully we cannot expect others to be as responsible when the United States is the one with a surplus.

The committee bill attacks unfair trade practices directly, dollar for dollar. But the amendment goes beyond the unfair trade practices, and arbitrarily demands a reduction in a country's trade surplus, even if most of the surplus has been fairly earned. The United States has every right to demand a level playing field. But it is a sign of weakness when we demand to be given points before the game begins.

So I come down on the side of reasoned but tough action. The Gephardt amendment is too draconian to be effective. Members want to support it because they are understandably frustrated about trade barriers. So am I.

But in our frustration, I hope we don't end up passing a trade bill which will backfire on us in the court of international opinion and cause an outcry against the House trade bill in business and financial circles. Nothing gives Tokyo greater comfort than to see Congress steaming full speed ahead with a trade bill everyone knows is aimed more at our own voters than the Japanese. It happened with domestic content and it happened with textiles.

I would rather see us pass a bill that is so tough the Japanese can't ignore it, but so fair the President has no choice but to sign it. I believe that bill is the measure reported by my committee on a 34 to 2 bipartisan vote.

I've given you my best arguments. The Nation and in fact, the world, are watching us today. If you, my colleagues, honestly believe the Gephardt amendment is defensible internationally, that it can survive a Presidential veto, and that it will open foreign markets, then I will abide by that verdict and vigorously support the House position in conference. I only hope you will be guided by your conscience and your common sense in making the difficult choice you now must make.

□ 1440

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time having expired, the question is on the amendment offered by the gentleman from Missouri [Mr. GEPHARDT].

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GEPHARDT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 218, noes 214, not voting, 2 as follows:

[Roll No. 72]

AYES—218

Ackerman
Akaka
Alexander
Andrews
Anthony
Applegate
Aspin
Atkins
Ballenger
Bentley
Berman
Bevill
Biaggi
Bilbray
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Borski
Boucher
Boxer
Brennan
Brooks
Brown (CO)
Bruce
Bryant
Bustamante
Byron
Campbell
Cardin
Carper
Carr
Chapman
Chappell
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coyne
Crockett
Daniel
Darden
Davis (MI)
de la Garza
DeFazio
Dellums
Derrick
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Flake
Flippo
Florio
Foglietta
Ford (MI)
Ford (TN)
Frank
Frost
Garcia
Gaydos
Gejdenson
Gephardt
Gilman
Gordon
Grant
Gray (IL)
Gray (PA)
Guarini
Hall (OH)
Hall (TX)
Hamilton
Harris
Hawkins
Hayes (IL)
Hayes (LA)
Hefner
Henry
Hertel
Hochbrueckner
Horton
Howard
Hoyer
Hubbard
Huckaby
Jacobs
Jenkins
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Leath (TX)
Lehman (CA)
Leland
Levin (MI)
Lewis (GA)
Lipinski
Lloyd
Luken, Thomas
MacKay
Manton
Markey
Martinez
Mavroules
McCloskey
McDade
McMillen (MD)
Mfume
Mica
Mineta
Moakley
Mollohan
Moody
Morrison (CT)
Murphy
Murtha
Nagle
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ortiz
Owens (NY)
Owens (UT)
Panetta
Patterson
Pease
Pepper
Perkins
Price (NC)
Rahall
Rangel
Regula
Richardson
Ridge
Rinaldo
Ritter
Rodino
Roe
Roemer
Rose
Russo
Sabo
Savage
Sawyer
Scheuer
Sharp
Shuster
Sikorski
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stokes
Studds
Tallon
Tauzin
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Weiss
Wheat
Whitten
Williams
Wilson
Wise
Wolpe
Wright
Yatron

NOES—214

Anderson
Archer
Armey
AuCoin
Badham
Baker
Barnard
Bartlett
Barton
Bateman
Bates
Beilenson
Bennett
Bereuter
Bilirakis
Bliley
Bonker
Bosco
Boulter
Broomfield
Brown (CA)
Buechner
Bunning
Burton
Callahan
Chandler
Cheney
Clinger
Coats
Coble
Coleman (MO)
Combest
Coughlin
Courter
Craig
Crane
Dannemeyer
Daub
Davis (IL)
DeLay
DeWine
Dickinson
Dicks
DioGuardi
Dornan (CA)
Downey
Dreier
Duncan
Edwards (OK)
Emerson
English
Fawell
Fields
Fish
Foley
Frenzel
Gallegly
Gallo
Gekas
Gibbons
Gingrich
Glickman
Gonzalez
Goodling
Gradison
Grandy
Green
Gregg
Gunderson
Hammerschmidt
Hansen
Hastert
Hatcher
Hefley
Herger
Hiler
Holloway
Hopkins
Houghton
Hughes
Hunter
Hutto
Hyde
Inhofe
Ireland
Jeffords
Johnson (CT)
Kasich
Kemp
Kennedy
Kolbe
Konnyu
Kyl
Lagomarsino
Latta
Leach (IA)
Lehman (FL)
Lent
Levine (CA)
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lott
Lowery (CA)
Lowry (WA)
Lujan
Lukens, Donald
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
Matsui
Mazzoli
McCandless
McCollum
McCurdy
McEwen
McGrath
McHugh
McMillan (NC)
Meyers
Michel
Miller (CA)
Miller (OH)
Miller (WA)
Molinari
Montgomery
Moorhead
Morella
Morrison (WA)
Mrazek
Myers
Nielson
Olin
Oxley
Packard
Parris
Pashayan
Penny
Petri
Pickett
Pickle
Porter
Price (IL)
Pursell
Quillen
Ravenel
Ray
Rhodes
Roberts
Robinson
Rogers
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Saiki
Saxton
Schaefer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Shaw
Shumway
Sisisky
Skaggs
Skeen
Slaughter (VA)
Smith (IA)
Smith (NE)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Spence
Stallings
Stangeland
Stark
Stenholm
Stratton
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Upton
Vander Jagt
Vucanovich
Walker
Waxman
Weber
Weldon
Whittaker
Wolf
Wortley
Wyden
Wylie
Yates
Young (AK)
Young (FL)

NOT VOTING—2

Annunzio
McKinney

□ 1450

Mr. LIGHTFOOT and Mrs. SCHROEDER changed their votes from "aye" to "no."

Mr. SCHEUER changed his vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1500

Mr. YOUNG of Alaska. Mr. Chairman, I ask unanimous consent to strike the last word.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from Alaska?

There was no objection.

Mr. YOUNG of Alaska. Mr. Chairman, I am allowed under the rule to offer an amendment to strike section 331. At this point, I will agree not to offer this amendment in view of the ongoing discussions we are having with the sponsors of this section.

However, I must restate my objection to section 331, which was added to the trade bill without the benefit of a hearing. The section places new restrictions on the export of a limited quantity of Alaska crude oil. These limitations far exceed the North Slope crude oil limitations found in current law. Further, the section precludes export from a proposed refinery in Valdez, AK, which would, in part, supply American overseas military facilities.

This section is strongly opposed by the administration. It would have an impact far beyond Alaska, on maritime interests, foreign relations, and other refineries. Other States and other refineries will be impacted by section 331. In Alaska, this section would preclude financing for a refinery project which would provide hundred of jobs in a State with a high unemployment rate.

I am strongly opposed to the section, but I am hopeful that we can continue a constructive discussion with the sponsors of section 331.

Mr. DELAY. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Texas.

Mr. DELAY. Mr. Chairman, I appreciate the tactics that the gentleman has taken, and I want to reemphasize the hypocrisy that is in this bill. We just passed the Gephardt amendment, that has all kinds of hypocrisy in it, that calls for retaliation against unfair trade practices but does not mandate the United States to lift its barriers. We have a new entitlement program, when everybody knows that most of the problem of having a trade deficit comes from our budget deficit. We have the Bryant amendment, that damages our foreign investments that have paid for our national debt and helped us with our balance of payments, helping us to avoid economic catastrophe. And now we have in this bill a limitation of exports of oil and refined products, shutting down a market in a bill that the proponents say opens markets. We pick one market, exported oil and refined products from Alaska, and restrict them from being sold to Japan and Canada, countries that have just removed previous restrictions on crude oil exports to the United States refiners.

I think that this is another reason to vote against this bill.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I support the amendment that was to be offered by my distinguished colleague from Alaska to delete section 331, title III, of H.R. 3. These amendments would address provisions in the bill which prohibit crude oil exports and limit refined product exports. Reversing the recent efforts made to open Canadian and Pacific rim markets will send the wrong signals to our allies about our trade policy. Furthermore, the Department of Energy's recently released energy security study points out that free and competitive markets are necessary for the development of economic alternatives to insecure energy supplies. In addition by permitting more competition for Cook inlet oil, incentives would be provided to explore and develop more energy resources.

Mr. Chairman, subsection (b) in particular causes special problems since it is directed at Alaska Pacific Refining [APRI], a company that intends to construct a state-of-the-art refinery in southeast Alaska. APRI was established by Campbell Energy Corp. which is located in my district. This subsection would severely limit the export of refined petroleum products, which under current law can be exported without limitations. Subsection (b) would put APRI out of business. Hundreds of jobs that would be created in the construction and maintenance of the refinery would be lost. APRI intends to sell some of its output to the defense fuel supply agency. By supplying the military overseas, it will reduce the current 100-percent dependence of our Pacific rim bases on foreign-originated refined products.

Mr. Chairman, the Department of Energy strongly opposes section 331 and I support this amendment.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Texas.

Mr. ARMEY. I thank the gentleman for yielding.

Mr. Chairman, I would like to express my disappointment that the gentleman is not going to offer his amendment. I understand his reasons, and I can appreciate them.

I would like to take a moment to point out the patent absurdity of having this provision in the law. It is absured to believe that we can correct our balance of payments with a trade bill that shuts down exports when it is a decline in exports that is primarily responsible for our balance-of-payments problem. It is crazy to shut down the development of a critical high linkage industry in this economy when it is our budget deficits, which could be abated by its expansion that is such a critical cure of this trade deficit problem to me.

I understand that it is in the area of trade that we often get the most erroneous and errant legislation because of its complex problems, but this provision in this bill not only betrays good economics, but betrays the intent and purpose of the bill.

I wish the gentleman well with his other efforts, and I hope quite frankly on the basis of this provision alone that this body will defeat the bill.

Mr. YOUNG of Alaska. I thank the gentlemen for speaking in favor of my position.

Mr. WOLPE. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLPE. Mr. Chairman, let me say first of all that on this matter I am speaking on behalf of myself and also my distinguished colleague and good friend, the gentleman from Connecticut [Mr. McKinney], who is unable to be here today.

As many Members know, Mr. McKinney's efforts to prevent the export of Alaskan oil date back to the 1970's, and we are the coauthors of the provisions in section 331.

I must reaffirm my opposition that has been expressed by this entire Congress on several occasions, to the export of Alaskan oil. As this Congress has determined many times in the past, the export of Alaskan oil is not in the interests of our national security, it is not in the interests of sound U.S. energy policy, it is not in the interests of the American consumer, and it is not in the interests of the American worker.

I must object strenuously to any attempts to exploit loopholes in the current restrictions on the export of Alaskan crude by exporting refined oil in its place. For that reason section 331 contains a provision making the output of an export refinery—any refinery exporting more than 33 percent of its output annually—subject to the restrictions that presently cover crude oil.

That said, let me clarify that I am not opposed to the construction of a refinery in Alaska which can meet the requirements of section 331. I understand from press reports that the company planning to build a refinery at Valdez feels that it can operate within those restrictions, and I certainly would encourage it to investigate that possibility. But the export of Alaskan oil must be resisted by this body, as it has been in the past.

It makes no sense to export Alaskan oil because such exports would threaten our national security. We are net importers of oil. Indeed, our dependency on foreign oil is increasing at an astounding rate, up from 27 percent last year to 33 percent this year. The Department of Energy estimates we will import half our oil by 1990. Giving up our precious and dwindling Alaskan supplies will further increase our dependence on unstable sources of foreign oil. It was not so long ago that the United States was devastated by an oil embargo, today we watch a volatile war between Iraq and Iran and military escorts through the Suez Canal. Can anyone doubt that our goal must be to limit dependence on foreign sources of oil as much as possible?

Exporting Alaskan oil makes no sense because it can only increase our astounding trade deficit. It has been argued that by shipping our precious raw materials to Japan we can balance the flood of Japanese finished products that glut our market. This thinking is flawed on two accounts. First, any oil exported will have to be matched by the importations of an equal quantity of foreign oil at higher prices. Make no mistake about this, Mr. Young's amendment could increase the trade deficit by over $700 million.

Second, we cannot let the exploitation of our natural resources provide a smoke screen masking the serious problem underlying our trade inequities with Japan. This trade bill creates real opportunities for American industry to regain its competitiveness abroad, it makes no sense to clutter it with deficit balancing smoke and mirrors.

Exporting Alaskan oil makes no sense because it hurts the American worker. Simply put, exporting Alaskan oil means exporting U.S. jobs. By encouraging the spending of U.S. dollars on foreign flagships and idling U.S. flagships, this amendment would further harm an already struggling U.S. maritime industry. By diverting oil trade from the United States to the Pacific rim this amendment will also hurt dock workers up and down our west coast. Estimates indicate that the Young amendment would cost the American worker between 6,000 and 8,000 permanent jobs.

Let me say that I greatly respect the persistence of the gentleman from Alaska on this matter, but sadly, Alaska's gain in this instance would be America's loss.

Mr. BONKER. Mr. Chairman, will the gentleman yield?

Mr. WOLPE. I am pleased to yield to my distinguished chairman, the gentleman from Washington.

Mr. BONKER. I thank the gentleman for yielding.

Mr. Chairman, I want to applaud the work that the gentleman from Michigan has done in strengthening provisions in the Export Administration Act dealing with the export of North Slope oil and of U.S. crude oil, and refined petroleum products, and also appreciate the concerns of the gentleman from Alaska. If I were to represent that area, an oil-producing State, I certainly would like to see any restrictions removed so that the highest price possible could be obtained. But as the gentleman from Michigan has noted, what may be in Alaska's best economic interest may not necessarily be in our Nation's best economic or energy interests.

Mr. Chairman, I would note that the reason the committee took up this matter is not necessarily because it is an export-promotion issue, but that we were in the process of amending the Export Administration Act as it dealt with national security controls on technology.

□ 1510

The section on materials in short supply is also in the Export Administration Act, and we felt it appropriate to strengthen the provisions in the act dealing with Alaskan North Slope and other oil exports. What we have done actually is to bring some uniformity and consistency to the varying provisions that now exist in five separate statutes that currently govern crude oil exports, by placing them under the conditions of the Export Administration Act, as the gentleman has explained, subject to exceptions on certain exports to Canada and Mexico.

Second, section 331 beefs up the congressional role in reviewing and approving crude oil and refined petroleum exports so that we can assure exports will benefit American consumers and refiners, and of course will be in the best national interest.

Lastly, Mr. Chairman, just to place this matter on record, this section of H.R. 3 closes loopholes in the current law to assure that refineries that export more than 33 percent of their output also meets consumer and national interest tests. We are specifically concerned with the proposed refinery to be built in Valdez, AK, that would process North Slope crude oil for export to Asia.

Mr. Chairman, I want to commend the gentleman for raising the issue at this time on the House floor, and express my appreciation for whatever reason the gentleman chooses to withdraw his amendment. The committee will continue to work with the gentleman, if it is his desire, and we may hold hearings later on to have a review and an update on the status of Alaskan North Slope oil.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. WOLPE. Mr. Chairman, I yield to the gentleman from Alaska [Mr. YOUNG].

Mr. YOUNG of Alaska. Mr. Chairman, I would like to compliment both gentlemen.

I do not agree with the section. I do agree with the colloquy that has taken place, and I understand their strong beliefs and their positions.

Hopefully, as we work through this process, they will look a little more favorably on the position we have concerning the refinery in Alaska.

Under the proposal that has been suggested by the gentleman from Michigan, we hope to work out the problems as we go forth with the bill into the Senate, so my Alaskans can have the opportunity for employment and the opportunity in fact to deliver some of the fuels that come in the North Slope, not only to foreign countries, but domestically within our borders.

Mr. AuCOIN. Mr. Chairman, I rise in strong opposition to the amendment that would have been offered by Mr. YOUNG of Alaska and am happy he has reconsidered his amendment. We've covered this ground before and I have to say that his amendment would be nothing but bad news for the Oregonians I represent and for the Pacific Northwest. I want to commend my colleague Mr. BONKER for his fine arguments in this regard. I feel it is definitely in this country's best interest to maintain the current ban on export of Alaskan crude oil, and I think the provisions in section 331 of the bill we are considering today are important in strengthening congressional oversite of crude oil exports. With this provision we will ensure that Congress has a say in the impact of exports on consumers, refiners, and national interest. Especially now, when U.S. dependency on foreign oil is on the rise, we should not be taking any action which would increase the chance that U.S. resources will be diverted to other countries. For 15 years, our policy has been to require that domestic users of oil have top priority in obtaining oil from Alaska's North Slope. There is no question that this amendment is well intentioned, and I have enormous respect for my friend from Alaska. However, there is also no question that if this amendment should pass, we will lose American jobs, hurt our national defense, and begin an increased dependence on foreign oil. I hope my friend from Alaska will withdraw his amendment.

Mr. McMILLEN of Maryland. Mr. Chairman, I rise in opposition to the amendment which was to be offered by the gentleman from Alaska. Over the years, the gentleman has been an effective proponent of exporting Alaska oil. But over those same period of years, Congress has declared that oil from Alaska's giant North Slope fields cannot be exported unless the President first finds, and Congress subsequently agrees, that such an export will benefit U.S. national security interests.

My colleague's amendment would have struck a section of the trade bill that closes two loopholes in the current restriction on the export of Alaska oil.

First, it would close a loophole that now allows the export of crude oil from Alaska's Cook Inlet field. This field is not in the North Slope area of Alaska and therefore is not covered by the current restrictions on crude oil exports. Last year, the House—as part of its omnibus trade bill—adopted a provision placing restrictions on Cook Inlet oil exports which are almost identical to the provision which the gentleman from Alaska seeks to strike today.

The second loophole that section 331 closes is to prevent the construction of a refinery in Alaska whose stated purpose is to export more than half of its production to Pacific rim countries. The refinery would use North Slope crude oil and evade the restrictions because it only prohibits crude oil, not refined petroleum products, from being exported.

Mr. Chairman, this refinery is a brazen attempt to bypass congressional intent. Every barrel of petroleum product refined from Alaska North Slope crude oil is a barrel of North Slope crude that is no longer available for domestic use. This crude oil will have to be replaced by foreign crude oil, increasing our dangerous dependency on imported oil.

Furthermore, the proponents of the refinery have openly declared that "because of high United States labor costs" they intend to use building parts and steel from South Korea to build the refinery, together with components from Japan and financing from Japan and South Korea.

In other words, Mr. Chairman, not only do we lose the oil, but we lose the steel and other industrial jobs that are involved in the construction of the refinery.

For this refinery which will bring very little to the United States, we will lose between 7,000 and 8,000 U.S. merchant marine, shipyard repair and related jobs. As you know, these are jobs we can ill afford to lose. Furthermore, the vessels that it would deprive of U.S. cargoes are those that we need in the event of a national emergency.

Finally, Mr. Chairman, I would point out to my colleagues that every barrel of crude oil or petroleum product that we will be forced to buy to replace the oil products exported from Alaska will cost more than the exported products. That means our trade deficit will balloon even more—by over $700 million. This flies in the face of the purpose of the trade bill which we are considering today.

The Young amendment simply runs contrary to the national defense, energy and consumer interests of the United States.

Mr. DORNAN of California. Mr. Chairman, I rise in strong opposition to the Wolpe amendment, section 331, if it comes to a vote. It would expand the Export Administration Act restrictions regarding export of Alaskan oil. The section would forbid all exports of domestic crude oil, with only one minor exception, and would also impose an objectionable new prohibition on exports of refined petroleum products.

This amendment does not liberalize trade, it restricts it. It does not encourage domestic oil exploration, it discourages it. Furthermore, it would jeopardize our ability to meet the product needs of our NATO allies and our own military forces stationed outside the United States. It would also injure and discriminate against export refineries of the gulf coast and especially in Alaska.

Mr. Chairman, it is an open secret in Congress that this ban on petroleum exports is primarily to placate a U.S. maritime industry grown dependent on the Alaskan oil trade. The American people have for too long been soaked to keep afloat a bloated and uncompetitive maritime industry. Instead of further restricting petroleum exports, the Congress should be ending what Vice President Bush has correctly called "this masochistic ban."

With the export option unavailable to domestic producers and new refineries, those producers that would otherwise sell some oil abroad can either transport their oil at substantial cost to the most profitable domestic market or sell it in the closest domestic market, which results in a oversupply and depressed prices, which in turn reduces profitability and discourages investment. Section 331, then, will actually result in less oil being shipped on U.S. flagships. The maritime unions should realize that.

The national security argument, however, is the most specious of the lot. The maritime lobby and its allies, who are particularly adept at playing this angle, are fond of claiming that Alaskan petroleum exports would weaken America's ability to deal effectively with a military or supply emergency by making us more dependent on foreign tankers and sources of oil. This is just not so for the following reasons:

Because oil is a fungible commodity, the threat of oil embargoes has always been an empty one. Those gasoline lines in 1974 led straight to Washington where distribution schemes and price controls replaced the workings of the market in allocating supplies.

U.S. vulnerability to the price effects of a supply disruption is independent of whether we import all or none of our oil. The same goes for other oil consuming nations. Any supply shortfall would raise oil prices worldwide, and Alaskan crude would demand the same price of foreign crudes.

Foreign flag vessels have a long tradition of reliability in times of crisis. There is no reason to suppose that things are any different now.

It is clear that the ban on Alaskan crude, and that is really what this section is aimed at, does absolutely nothing for the U.S. energy security, but then that is not what the debate is really about. Stephen Eule and S. Fred Singer, writing in Free Market Energy, put it this way:

> Indeed, what should ostensibly be strictly a debate on national security has become a classic example of a highly visible, vocal, and powerful interest group protecting benefits it receives at the expense of the politically invisible and unorganized—the American consumer and taxpayer.

In sum, section 331 is protectionism that has no place in legislation meant to expand American exports. I urge that it be stricken from the bill in conference if the House does not take a vote on this issue.

AMENDMENT OFFERED BY MR. WYLIE

Mr. WYLIE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

Amendment offered by Mr. WYLIE. Page 416, strike out line 10 and all that follows through page 500, line 21 and insert in lieu thereof the following:

TITLE IV—INTERNATIONAL FINANCIAL AND TRADE POLICY

Subtitle A—Competitive Exchange Rate Act of 1987

SEC. 401. SHORT TITLE.

This subtitle may be cited as the "Competitive Exchange Rate Act of 1987".

SEC. 402. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress hereby finds that—

(1) an important factor contributing to our current trade deficit has been the strength of the United States dollar prior to the spring of 1985;

(2) since March of 1985 the dollar has been declining, in part as a result of United States and other key currency countries' expressed determination to ensure a set of exchange rates more consistent with balance in our international accounts;

(3) a sudden further drop in the exchange value of the dollar, however, could reignite inflation and higher interest rates;

(4) a relatively stable exchange rate for the dollar at competitive levels is desirable and should be encouraged by market-compatible policies;

(5) coordinated central bank intervention which is reinforced by appropriate domestic economic policies can, under certain conditions, shift exchange rates in desired directions;

(6) as a result of the decline of the dollar the real (inflation-adjusted) trade deficit of the United States has begun to diminish significantly;

(7) the stabilization of the value of the dollar at a level consistent with a balance in the international accounts of the United States, however, requires that—

(A) the Federal budget deficit is reduced, and

(B) the macroeconomic policies of the major industrialized countries be coordinated,

(8) under appropriate circumstances, it would be useful to supplement the efforts described in paragraph (7) with appropriate strategic intervention by the United States in foreign exchange markets as part of a coordinated international strategic intervention effort involving the other major industrialized countries;

(9) the Secretary of the Treasury and the Board of Governors of the Federal Reserve System should, when appropriate—

(A) cooperate with the other major industrialized countries in the international currency markets; and

(B) use appropriate strategic intervention to the extent required to achieve exchange rate stability and maintain the dollar at a level that reflects international competitive relationships;

(10) the Secretary of the Treasury has major responsibility within the executive branch for—

(A) formulating domestic economic policy;

(B) representing the United States in international economic negotiations regarding exchange rates and coordination of domestic economic policies; and

(C) intervening on behalf of the United States in currency markets;

(11) developments such as the September 22, 1985, meeting of the United States, Japan, West Germany, France, and the United Kingdom (commonly known as the Group of Five) and the February 1987, meeting of major industrialized countries, including Canada and Italy, are promising examples of the viability of international negotiations and coordination in regard to exchange rate issues and should be encouraged.

(b) PURPOSES.—The purposes of this subtitle are—

(1) to encourage the President to seek to confer and negotiate with other countries to obtain—

(A) better coordination of macroeconomic policies; and

(B) greater stability in trade and current account balances and in the exchange rates of the dollar and other currencies; and

(2) to encourage internationally coordinated strategic intervention in currency markets, when appropriate, in order to influence the exchange rates of the dollar and other currencies so as to ensure that American industry has a fair competitive opportunity in world markets.

SEC. 403. INTERNATIONAL NEGOTIATIONS ON EXCHANGE RATE REFORM.

(a) POLICY.—A priority of the United States in international economic negotiations shall be the achievement of an exchange rate for the dollar that is both stable and that affords United States industries a fair competitive opportunity in world markets.

(b) INTERNATIONAL NEGOTIATIONS ON EXCHANGE RATES.—The President shall seek to confer and negotiate with other countries on the exchange rate system, either through a newly created mechanism or an existing mechanism such as the International Monetary Fund or the Organization for Economic Cooperation and Development—

(1) to review the functioning of the existing international exchange rate system;

(2) to develop a program for modification of that system to provide for long-term exchange rate stability and an agenda for implementing such program; and

(3) to recommend proposals to achieve—

(A) better coordination of macroeconomic policies of the major industrialized nations; and

(B) greater stability in trade and current account balances and in the exchange rates of the dollar and other currencies.

(c) BILATERAL NEGOTIATIONS.—When the Secretary determines that a major trade competitor, either member or nonmember of the International Monetary Fund, is pursuing economic policies that are inconsistent with obligations of member countries under article IV of the IMF Articles of Agreement, in order to avoid balance of payments adjustment or to gain an unfair competitive advantage, the President shall take appropriate action to initiate discussions with that competitor in the IMF or bilaterally on appropriate economic and exchange rate policies so that the rate of exchange between its currency and the United States dollar more fully reflects underlying economic fundamentals including competitive relationships.

SEC. 404. CURRENCY INTERVENTION.

Section 5302 of title 31 of the United States Code is hereby amended by redesignating subsections (c) and (d) as subsections (d) and (e), and by inserting after subsection (b) the following:

"(c) Consistent with the obligations of the Government in the International Monetary Fund on orderly exchange rates, the Secretary or an agency designated by the Secretary, with the approval of the President, shall, as appropriate, purchase and sell foreign currencies at such time and in such amounts as the Secretary considers necessary to deal with excessive exchange market volatility that threatens to disrupt the United States economy, including the international competitiveness of the United States, or to promote the smooth functioning of the international monetary system. Purchases and sales under this subsection shall be coordinated with other countries to the extent possible. Nothing in this subsection shall be deemed to alter or abrogate from the President's or the Secretary's authority under any other provision of this section.".

SEC. 405. REPORTING REQUIREMENTS.

(a) REPORTS REQUIRED.—In furtherance of the purposes of this subtitle, the Secretary, after consultation with the Chairman of the Board, shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, within 30 days of the enactment of this subtitle and on September 20 of each year thereafter, independent written reports.

(b) CONTENTS OF REPORT.—Each report submitted under subsection (a) shall contain—

(1) an assessment of exchange rate market developments and the relationship between the United States dollar and the currencies of our major trade competitors;

(2) an evaluation of the conditions responsible for the existing conditions in the exchange rate market;

(3) an assessment of the impact of the exchange rate of the United States dollar on—

(A) the ability of the United States to maintain a sustainable balance in its current account and merchandise trade account;

(B) production, employment, and the international competitive performance of United States manufacturing, agricultural, and mining industries; and

(C) potential increases in inflation and interest rates as a result of a severe decline in the dollar;

(4) recommendations for changes in United States policies, including any recommendation made by the International Monetary Fund on the occasion of the most recent consultation requested under article IV of the Fund's Articles of Agreement, in order to attain an appropriate and sustainable balance in the current account. Such recommendations should include an assessment of the costs and benefits which would accompany any such change;

(5) a report on any progress made by the Secretary and any other officer or employee of the United States (in the United States or abroad) in any effort undertaken to—

(A) stabilize the actual exchange rate of the dollar near a value more consistent with a sustainable balance in the United States current account, including the effect of any intervention in foreign exchange markets on such actual exchange rate;

(B) achieve modifications of the international exchange rate system to reduce instability and disequilibrium in exchange rates; and

(C) negotiate with major trade competitors under section 403(c);

(6) a statement of the objectives and plans of the Secretary with respect to—

(A) the pursuit of domestic economic policies which are consistent with the achievement of an appropriate and sustainable current account balance;

(B) the policy on intervention in foreign exchange markets;

(C) any negotiations with other countries on any reform in the international exchange rate system; and

(D) any negotiations with major trade competitors under section 403(c),

including any obstacles that would delay any progress with regard to any such objective or plan;

(7) an assessment of the overall effectiveness of currency intervention undertaken to adjust the actual exchange rate of the dollar; and

(8) a detailed statement of the reasons for any lack of progress regarding international negotiations on modifications of the exchange rate system.

(c) COUNTRY-BY-COUNTRY ANALYSIS TO BE INCLUDED IN REPORT.—Each report under subsection (a) shall also contain, where appropriate, an analysis of—

(1) the extent to which the actual exchange rate of the currency of each major trade competitor of the United States differs from a value consistent with underlying international competitive relationships; and

(2) any trend or policy which affects any such exchange rate or the international capital flows between or among any such countries and the United States.

(d) FEDERAL RESERVE REPORT.—The Board of Governors of the Federal Reserve System may, as it deems appropriate, submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate independent reports on any of the issues described in subsection (b) or (c).

(e) CONSULTATION WITH CONGRESS.—The Secretary shall consult with the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the report after the report has been received by the respective committees. After receiving such report and consulting with the Secretary, each such Committee shall submit to its respective body a report containing its views and recommendations with respect to the Secretary's intended policies.

SEC. 406. REPORT ON CAPITAL FLOWS.

The Secretary, after consultation with the Chairman of the Board, shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate annual statistical reports on international capital flows and the impact of such flows on exchange rates and trade flows.

SEC. 407. CONGRESSIONAL RECOGNITION OF THE RECOMMENDATIONS OF THE INTERNATIONAL MONETARY FUND.

Upon completion of any consultation with the United States requested by the International Monetary Fund under article IV of the Fund's Articles of Agreement, the Secretary shall transmit to the Congress—

(1) all official United States documents submitted to the Fund in the course of that consultation; and

(2) all official Fund documents arising from that consultation.

SEC. 408. DEFINITIONS.

For purposes of this subtitle—

(1) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(2) BOARD.—The term "Board" means the Board of Governors of the Federal Reserve System.

(3) COMPETITIVE EXCHANGE RATE.—The term "competitive exchange rate" means the set of exchange rates that would be consistent with an appropriate and sustainable balance in the current account, as determined by the Secretary based on an appropriate methodology that takes into account the appropriate factors which provide the most opportune prospect for economic growth.

(4) MAJOR TRADE COMPETITOR.—The term "major trade competitor" means Japan, West Germany, Canada, Italy, France, the Republic of Korea, Taiwan, Singapore, and any other country with which the United States has substantial bilateral trade competition or bilateral capital flows.

Subtitle B—Third World Debt Management Act

CHAPTER 1—SHORT TITLE; FINDINGS; PURPOSES; AND DEFINITIONS

SEC. 411. SHORT TITLE.

This subtitle may be cited as the "Third World Debt Management Act".

SEC. 412. FINDINGS.

The Congress hereby finds the following:

(1) The Administration's debt plan, as outlined by Secretary Baker in 1985 at the joint meeting of the World Bank and the International Monetary Fund in Seoul, South Korea, has been partially successful in stimulating increased disbursements to major debtor nations from the World Bank and the IMF but has met with less success in persuading commercial banks to commit new lending to these same countries through the end of 1986.

(2) Despite major progress by many debtor nations in building reserves, cutting inflation rates and stimulating economic growth rates to their highest level in six years in Latin America, problem areas remain in regard to the economic growth prospects for the lowest-income developing countries and in respect to new lending for all debtor nations.

(3) Recent rescheduling agreements have, however, shown greater flexibility and innovation on the part of the creditor banks and debtor nations in their financing mechanisms. These financing alternatives such as debt to equity swaps, bearer bond or "exit bond" financing, and the provision of investment notes should be extended to as many countries as possible on a case-by-case basis and should be encouraged by all the appropriate regulatory agencies.

(4) A resolution of the current international debt problem will require—

(A) an increase in the flow of private capital in both debt and equity form, to the developing countries; and

(B) an increase in the role played by the public sector and the commercial financial institutions in providing assistance to the developing countries and in managing the international debt situation.

(5) The World Bank, the International Monetary Fund and the regional multilateral development banks are appropriate institutions to help coordinate the international efforts to resolve the current developing country debt situation, but to succeed, the multilateral financial institutions will—

(A) require additional resources;

(B) need to develop more innovative lending practices; and

(C) need to continue to have the political support of the United States.

SEC. 413. PURPOSES.

The purposes of this subtitle are as follows:

(1) Encourage the commercial banks and the appropriate regulatory agencies to work together in implementing a menu of financial mechanisms in order to make the debt situation of developing countries more manageable and permit the continuation of sustained growth in those countries.

(2) Expand the world trading system and raise the level of exports from the United States to the developing countries in order to reduce the United States trade deficit and foster economic expansion and an increase in the standard of living throughout the world.

(3) Increase the stability of the world financial system and ensure the safety and soundness of United States depository institutions.

SEC. 414. DEFINITIONS.

For purposes of this subtitle—

(1) MULTILATERAL DEVELOPMENT BANK.—The term "multilateral development bank" means the International Bank for Reconstruction and Development, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank.

(2) WORLD BANK.—The term "World Bank" means the International Bank for Reconstruction and Development.

(3) STRUCTURAL ADJUSTMENT LENDING.—The term "structural adjustment lending" means lending for broad macroeconomic stability and in support of structural economic reforms, including lending for trade liberalization, mobilization of domestic and foreign capital, and institutional reform to expand the private sector.

(4) TRADE LIBERALIZATION.—The term "trade liberalization" means the reduction of tariff and nontariff barriers to imports and the reduction of barriers to foreign direct and portfolio investment.

CHAPTER 2—INTERNATIONAL DEBT MANAGEMENT AND ECONOMIC GROWTH

SEC. 421. LIMITED PURPOSE SPECIAL DRAWING RIGHTS FOR THE POOREST HEAVILY INDEBTED COUNTRIES.

(a) STUDY REQUIRED.—

(1) IN GENERAL.—The Secretary of the Treasury, in consultation with the directors and staff of the International Monetary Fund and such other interested parties as the Secretary may determine to be appropriate, shall conduct a study of the feasibility and the efficacy of reducing the international debt of the poorest of the heavily indebted countries through a one-time allocation by the International Monetary Fund of limited purpose Special Drawing Rights to such countries in accordance with a plan which provides that—

(A) the allocation be made without regard to the quota established for any such country under the Articles of Agreement of the Fund;

(B) limited purpose Special Drawing Rights be used only to repay official debt of any such country;

(C) the allocation of limited purpose Special Drawing Rights to any such country not be treated as an allocation on which such country must pay interest to the Fund; and

(D) the use of limited purpose Special Drawing Rights by any such country to repay official debt shall be treated as an allocation of regular Special Drawing Rights to the creditor.

(2) ADDITIONAL FACTORS TO BE STUDIED.—The study required under paragraph (1) shall include the following:

(A) To the extent the creation and allocation of the limited purpose Special Drawing Rights described in paragraph (1) would require an amendment of the Articles of Agreement of the International Monetary Fund, an assessment of the period of time within which such amendment could be ratified by the member nations, based on discussions with the major members of the Fund.

(B) An assessment of other means for achieving the objectives of principal and interest reduction on official debt of the poorest heavily indebted countries through the use of Special Drawing Rights.

(C) A comparative evaluation of proposals of other members of the International Monetary Fund, the directors and staff of the Fund, and other interested parties.

(D) An analysis of the effect the implementation of the provisions in paragraph (1) would have on bilateral and multilateral lenders, the international monetary system, and such other provisions of this Act as may be appropriate.

(E) A comparative analysis of the available alternatives identified under subparagraph (B) or (C).

(b) REPORT REQUIRED.—Before the end of the 3-month period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate containing the findings and conclusions of the Secretary pursuant to the study required under subsection (a), together with—

(1) the recommendation of the Secretary as to which, of all the alternatives for providing relief for the poorest of the heavily indebted countries which were assessed in connection with such study, represents the best available option; and

(2) recommendations for such legislation and administrative action as the Secretary determines to be necessary and appropriate to implement such option.

SEC. 422. PROVISIONS RELATING TO THE REGULATION OF DEPOSITORY INSTITUTIONS.

(a) REGULATORY OBJECTIVES.—It is the sense of the Congress that regulations prescribed by Federal banking regulatory agencies which affect the international assets of United States commercial banks should grant the widest possible latitude to the banks for negotiating principal and interest reductions with respect to obligations of heavily indebted sovereign borrowers.

(b) FLEXIBILITY IN DEBT RESTRUCTURING.—It is the intent of the Congress that, in applying generally accepted accounting standards, Federal agencies which regulate and oversee the operations of depository institutions (within the meaning given to such term by clauses (i) through (vi) of section 19(b)(1)(A) of the Federal Reserve Act) apply to such institutions maximum flexibility in determining the asset value of restructured loans to heavily indebted sovereign borrowers and in accounting for the effects of such restructuring prospectively.

(c) RECAPITALIZATION.—It is the intent of the Congress that Federal agencies which regulate and oversee the operations of depository institutions (within the meaning given to such term by clauses (i) through (vi) of section 19(b)(1)(A) of the Federal Reserve Act) should require depository institutions with substantial amounts of loans to heavily indebted sovereign borrowers to seek, as appropriate, expanded recapitalization through equity financing to ensure that prudent institutional capital-to-total asset ratios are established and maintained.

(d) RESERVES FOR LOAN LOSSES.—It is the intent of the Congress that Federal agencies which regulate and oversee the operations of depository institutions (within the meaning given to such term by clauses (i) through (vi) of section 19(b)(1)(A) of the Federal Reserve Act) should seek to ensure that appropriate levels of reserves be established by depository institutions engaged in substantial lending to heavily indebted sovereign borrowers in accordance with both the credit and country risks associated with such lending.

(e) REGULATORY STUDY.—

(1) STUDY REQUIRED.—The Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation shall each conduct a study to determine the extent of any regulatory obstacle to negotiated reductions in the debt service obligations associated with sovereign debt.

(2) SPECIFIC FACTORS TO BE STUDIED.—The study required under paragraph (1) shall include the following:

(A) An analysis of regulatory obstacles to negotiated interest reduction.

(B) An analysis of regulatory obstacles to the sale of loans at discount.

(C) An analysis of regulatory and accounting obstacles to the amortization of loan losses.

(D) An analysis of the statutory and regulatory changes which would be required to allow banks to sell some sovereign debt at a discount without decreasing the asset value of other loans to the same borrower, to the extent that—

(i) the borrower receives the full benefit of any discount recognized on such sale; and

(ii) the quality of any other outstanding loan of such borrower is enhanced by the sale.

(E) An analysis of the economic and financial considerations that motivate creditor banks to dispose voluntarily of impaired sovereign loans at a discount in the open market.

(F) An analysis of—

(i) the effect of interest rate reductions, sales of loans at discount, and amortization of loan losses, on the tax liabilities of creditor banks concerned,

(ii) the manner in which and the extent to which other member nations of the Organization for Economic Cooperation and Development engage in country risk analysis with respect to loans to heavily indebted sovereign borrowers; and0

(iii) the extent to which statutory or regulatory provisions or prevailing banking practices in such countries require banks in such countries to allocate specific amounts to reserves against losses on loans to heavily indebted sovereign borrowers on the basis of such country risk analysis or on any other country-by-country basis.

(G) An analysis of—

(i) the prevailing banking practices in the United States with respect to allocations to reserves against losses on loans to heavily indebted sovereign borrowers and the basis on which any such allocation is made; and

(ii) the extent to which the prevailing banking practices in the United States would warrant a statutory or regulatory requirement, including any amendment to the International Lending Supervision Act of 1983 which may be necessary for such purpose, that domestic banks make specific allocations to reserves against losses on loans to heavily indebted sovereign borrowers on the basis of country risk analysis or on such other country-by-country basis as may be determined to be appropriate.

(H) An analysis of the profitability of sovereign lending to developing countries during the 10-year period beginning on January 1, 1976, as determined from the reports of condition, financial statements, and such other reports which the Secretary determines to be appropriate of the 9 largest banking organizations in the United States in terms of total financial assets, including the amount of, and the percentage of, the total net profits of each such banking organization which were derived from transactions with debtor countries, taking into account all income of each such banking organization which was derived, directly or indirectly, from interest, rescheduling fees, and other related fees, costs, or expenses paid by any debtor country to such banking organization in connection with sovereign debt.

(I) An analysis of the actions taken by less developed countries during the period referred to in subparagraph (H) which resulted in the assumption of liability by such countries for loans originally made by such banking organizations to private borrowers in such countries, the aggregate amount of loans which became sovereign debt (with respect to each such country), and the extent to which the assumption of liability for private loans by such countries was a condition imposed by any such banking organization for entering into a rescheduling agreement with such country with respect to any other sovereign debt.

(J) An analysis of possible revisions of regulation K (as prescribed by the Board of Governors of the Federal Reserve System) which would facilitate debt-to-equity conversions and would permit some appropriate expansion of ownership in nonbanking enterprises including an increase in the limit of participation in such enterprises to some percentage greater than the current 5 percent and an increase in, or the possible elimination of, the $15,000,000 ceiling on such investments in favor of using only a percentage of a purchaser's capital and surplus.

(K) An estimate of the impact the legislative recommendations contained in the report required under paragraph (3) would have had on the profitability of the banking organizations described in subparagraph (H) if such recommendations had been in effect during the period referred to in such subparagraph.

(3) REPORT REQUIRED.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation shall each transmit a report to the Congress containing the findings and conclusions of each such agency with respect to the study required under paragraph (1), together with any recommendations concerning legislation which such agency determines to be necessary or appropriate to remove regulatory obstacles to negotiated reductions in the debt service obligations associated with sovereign debt.

(4) DEFINITIONS.—For purposes of paragraph (2)(G)—

(A) BANKING ORGANIZATION.—The term "banking organization" means a bank holding company (within the meaning given to such term by section 2(a)(1) of the Bank Holding Company Act of 1956) or an insured bank (within the meaning given to such term by section 3(h) of the Federal Deposit Insurance Act).

(B) TOTAL FINANCIAL ASSETS.—The term "total financial assets" means the total consolidated financial assets of any banking organization as determined by the Secretary of the Treasury.

SEC. 423. ACTION BY MULTILATERAL INSTITUTIONS.

(a) FAIR ACCESS OF UNITED STATES FIRMS TO MDB PROCUREMENT.—The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development banks—

(1) to take actions to assure that United States firms are fully informed of bidding opportunities in countries receiving loans from the respective banks;

(2) to take actions to assure that United States firms can focus on projects in which they have a particular interest or competitive advantage and to permit them to compete and have an equal opportunity in submitting timely and conforming bidding documents;

(3) to thoroughly investigate any complaints from United States bidders about the awarding of multilateral development bank procurement contracts to ensure that all multilateral development bank contract procedures and rules are observed and that United States firms are treated fairly; and

(4) to promote opportunities for exports of goods and services from the United States.

(b) ENCOURAGEMENT OF DEBT-TO-EQUITY SWAPS.—In order to encourage and facilitate the development of debt-to-equity swaps as a means of helping to reduce both debt and debt service burdens in heavily indebted developing nations, the Secretary of the Treasury shall instruct the United States Executive Director of the World Bank to initiate discussions with other directors of the Bank on the appropriate role for the World Bank and the International Finance Corporation in supporting debt-to-equity swaps and to propose that the World Bank and the IFC—

(1) more actively support the development of domestic capital markets in developing countries;

(2) encourage, as a key element of debtor structural reforms, improvements in the investment climate for private investors, both domestic and foreign; and

(3) help facilitate the conversion of bank-held debt into financial instruments that will be attractive to other foreign investors, including the establishment of mutual funds.

(c) APPOINTMENT OF FOREIGN COMMERCIAL OFFICERS.—

(1) APPOINTMENT.—The Secretary of the Treasury, in conjunction with the Secretary of Commerce, shall appoint a foreign commercial officer to serve with each of the United States Executive Directors of multilateral development banks.

(2) DUTIES OF OFFICERS.—It shall be the duty of each foreign commercial officer to assist the United States Executive Director with respect to whom such officer has been appointed in carrying out the duties of such Executive Director described in subsection (c).

SEC. 424. REDUCING CAPITAL FLIGHT.

(a) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) past and continuing transfers of capital from developing countries pose a problem of great importance for which a solution must be found before the international debt crisis can be resolved and economic growth in developing countries can be enhanced and sustained; and

(2) the United States Executive Director of the International Bank for Reconstruction and Development should—

(A) initiate discussions with other directors of the Bank for the purpose of developing policy proposals for both developed countries and developing countries, respectively, which, if implemented, would reduce the level of capital transfers from the developing countries by enhancing incentives to invest in developing countries and thereby reduce the impact of such capital flight on the economies of such countries; and

(B) report any such proposal which is applicable with respect to the United States to the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System.

(b) INSTRUCTIONS TO UNITED STATES EXECUTIVE DIRECTORS OF MULTILATERAL DEVELOPMENT BANKS.—The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development banks to initiate discussions with other directors of their respective banks and to propose that each such bank increase lending for the purpose of reforming the financial sectors of indebted developing countries with particular emphasis on increases in loans for activities which would have the effect of enlarging the capital markets and encouraging domestic savings in those countries.

SEC. 425. STUDY AND REPORT ON CERTAIN INTERNATIONAL MONETARY FUND ACTIVITIES.

(a) STUDY REQUIRED.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to conduct a study on—

(1) the impact the Fund's economic adjustment programs have on the political stability of less developed country democracies;

(2) the role the Fund intends to play in resolving the less developed country debt crisis; and

(3) the implementation of policies described in section 49 of the Bretton Woods Agreements Act.

(b) SPECIFIC FACTORS TO BE STUDIED.—The study required under subsection (a) shall include the following:

(1) An analysis of any action the International Monetary Fund has taken to secure adequate financing for less developed countries through commercial banks and international financial institutions.

(2) An assessment of the Fund's handling of the less developed country debt crisis with particular emphasis on the Fund's standby program with major debtor countries, including an analysis of the Fund's role in the new policy framework established jointly by the Fund and the International Bank for Reconstruction and Development.

(3) In connection with the consideration of the effects the Fund's economic adjustment programs have on less developed country democracies, an analysis of the effect, including any negative effect, such programs have on any such country's ability to—

(A) create jobs;

(B) promote an equitable distribution of income;

(C) satisfy basic human needs and provide social assistance programs for all its citizens, particularly the economically disadvantaged; and

(D) promote democratic principles and ideals as well as political stability.

(c) CONSULTATION WITH OTHER EXECUTIVE DIRECTORS.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to consult with other directors of the Fund, especially directors from less developed country democracies, and such other experts and consultants with specific knowledge of the Fund and its programs as the director may determine to be appropriate in conducting the study required under subsection (a).

(d) REPORT REQUIRED.—Before the end of the 6-month period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate containing the findings and conclusions of the United States Executive Director of the International Monetary Fund pursuant to the study required under subsection (a).

SEC. 426. STRUCTURAL ADJUSTMENT LENDING.

(a) DIRECTIONS TO UNITED STATES EXECUTIVE DIRECTOR OF THE WORLD BANK.—In order to promote the economic policy adjustments which are needed to assist developing countries, the Secretary of the Treasury shall instruct the United States Executive Director of the World Bank to initiate discussions with other directors of the bank and to propose that—

(1) appropriate action be taken by the bank to ensure that the aims of structural adjustment lending can be achieved;

(2) the conditionality of structural adjustment lending include innovative requirements designed to minimize any adverse impact of such lending on the lowest income groups in the developing countries, including evaluation and action to remove legal and regulatory barriers to credit for microenterprises; and

(3) appropriate action be taken by the bank to ensure that structural adjustment lending is consistent with or promotes environmentally sound and responsible development practices that lead to sustainable long-term management of the natural resources of these countries.

(b) SMALL-SCALE CREDIT.—The Secretary of the Treasury shall instruct the United States Executive Director of the World Bank or, if the Secretary determines such action to be appropriate, with the United States Executive Directors of each of the other multilateral banks to enter into negotiations with the other directors of the respective bank and to propose mechanisms, including coordination with and innovative use of indigenous nongovernmental organizations and private financial institutions as intermediaries, for purposes of making small-scale credit available to lower income groups in developing countries which have had no access to such credit.

(c) REPORT BY THE SECRETARY OF THE TREASURY.—

(1) REPORT REQUIRED.—The Secretary of the Treasury shall, before the end of the 1-year period beginning on the date of the enactment of this subtitle and in conjunction with and consultation with the United States Executive Director of the World Bank, prepare and submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate on the effectiveness of increased reliance on structural adjustment lending as a means of achieving economic reforms.

(2) CONTENTS OF REPORT.—The report prepared under paragraph (1) shall include—

(A) information about the extent to which structural adjustment lending has increased domestic savings rates, liberalized trade, encouraged direct investment in developing countries, and reduced capital flight; and

(B) economic and demographic data on the impact of structural adjustment lending on various income groups within the recipient countries, particularly the impact of such lending on the provision of resources to meet the basic human needs of the lowest income groups, including the need for adequate nutrition and basic health care.

SEC. 427. COMPETITIVE OPPORTUNITY TO ACQUIRE GOVERNMENT DEBT INSTRUMENTS.

The Secretary of the Treasury, in consultation with the Board of Governors of the Federal Reserve System, shall report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate, within six months of the date of enactment of this Act, on efforts by the United States to assure that foreign countries grant United States companies an opportunity to compete in the acquisition of government debt instruments issued by such countries.

CHAPTER 3—ENSURING THE STABILITY OF THE INTERNATIONAL FINANCIAL SYSTEM

SEC. 431. PRIVATE CAPITAL SOURCES FOR DEVELOPING NATIONS.

(a) STUDY REQUIRED.—The Secretary of the Treasury, working in conjunction with—

(1) the Chairman of the Board of Governors of the Federal Reserve System;

(2) the Comptroller of the Currency;

(3) accountants, lawyers, bankers, and consultants with special knowledge of international finance; and

(4) representatives of the governments and central banks of Japan, West Germany, France, the United Kingdom, Italy, Canada, and Switzerland,

shall explore the changes in the structure of United States capital markets and the regulation of private financial institutions which would be necessary in order to bring about a lasting resolution of the international debt crisis in a manner which is consistent with both increased growth in debtor nations and increased stability of the United States financial system.

(b) TOPICS TO BE INCLUDED IN STUDY.—The study conducted by the Secretary of the Treasury shall include an analysis of the following proposals:

(1) Statutory or regulatory changes which may be appropriate to encourage the growth of a secondary market in developing country debt.

(2) Payment of a portion of the debt service obligations of developing countries in local currencies.

(3) Analysis of the effect debt relief would have on market valuation of stocks of commercial banks and the stability of the financial system.

(4) Evaluation of changes which would be required in the tax laws of the United States to encourage commercial banks to engage in less developed country debt forgiveness.

(5) Feasibility of establishing a national and international debt discount facility and analysis of sources of funds for the capitalization and operation of such facility.

(6) Examination of the regulatory, tax, and accounting environment which has encouraged greater recognition of loan losses by banks located in other countries.

(7) Evaluation of any potential role for the Bank for International Settlements in resolving the debt crisis.

(8) Feasibility of achieving, in an efficient and effective manner, an expansion of the secondary market for less developed country debt and further reductions in commercial bank holdings of such debt by encouraging commercial banks which hold such debt to repackage or pool the debt instruments (with respect to such debt) and sell, to private investors—

(A) the repackaged obligations or participation shares in such obligations; or

(B) securities or participation shares collateralized by any such pooled obligations.

(9) Evaluation of any other options which would have the effect of increasing the utilization of domestic and international capital markets in addition to the commercial banks to provide capital for developing nations.

(10) Evaluation of the market for debt-equity swaps in the major less developed debtor countries.

(c) REPORT TO CONGRESS.—The Secretary of the Treasury, in conjunction with the Chairman of the Board of Governors of the Federal Reserve System and the Comptroller of the Currency, shall prepare and submit a report to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate before the end of the 6-month period beginning on the date of the enactment of this subtitle on the advisability of implementing any of the proposals analyzed in the study conducted pursuant to subsection (a) together with any recommendation of such Secretary for legislation which the Congress should consider.

SEC. 432. MOBILIZATION OF PRIVATE CAPITAL.

(a) MULTILATERAL DEVELOPMENT BANK ACTION.—The Secretary of the Treasury shall instruct the United States Executive Directors of the multilateral development banks to initiate discussions with other directors of their respective banks and to propose that—

(1) greater use of cofinancing be made by each such bank to encourage increased commercial bank participation in lending by such bank; and

(2) steps be taken to make credits available to satisfy the capital needs of private, income-generating, small businesses or microenterprises owned by the very poorest individuals in the developing countries.

(b) INCREASE IN THE ROLE OF THE WORLD BANK AND THE IMF AS INTERMEDIARIES.—The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development and the United States Executive Director of the International Monetary Fund to initiate discussions with other directors of the Bank or Fund, as the case may be, and to propose that steps be taken to increase the role of the Bank and the Fund, respectively, as an intermediary and coordinator in generating new capital and creating new capital instruments, particularly drawing on world securities and capital markets, for the benefit of developing countries.

SEC. 433. MORE FLEXIBLE PROCEDURES FOR RESCHEDULING OF DEBT SERVICE PAYMENTS FOR DEVELOPED COUNTRIES.

It is the sense of Congress that the Secretary of the Treasury and the Chairman of the Federal Reserve Board should encourage the commercial banks to develop a "menu" of alternative new money options from which all banks with debt exposure can choose in providing continuing support for debtor reforms. Such efforts should build upon recent creative ideas already being developed by debtors and creditors alike. Possible items on such a menu, in addition to traditional balance of payments lending, might include, but would not be limited to, the following:

(1) Extension of trade credits over and above existing trade credit lines.

(2) New foreign direct or portfolio investment flows.

(3) Retiming proposals.

(4) Project loans.

(5) Purchase of debtor government notes or bonds.

(6) Debt/equity swaps.

The Congress recognizes that the banks themselves must develop their own "menu" options, in order to assure broad acceptance within the full group of commercial banks with outstanding loans to the debtor nations.

CHAPTER 4—MULTILATERAL INVESTMENT GUARANTEE AGENCY

SEC. 436. SHORT TITLE.

This chapter may be cited as the "Multilateral Investment Guarantee Agency Act".

SEC. 437. ACCEPTANCE OF MEMBERSHIP.

The President is hereby authorized to accept membership for the United States in the Multilateral Investment Guarantee Agency (hereinafter in this chapter referred to as the "Agency") provided for by the Convention Establishing the Multilateral Investment Guarantee Agency (hereinafter in this chapter referred to as the "Convention") deposited in the archives of the International Bank for Reconstruction and Development (hereinafter in this chapter referred to as the "Bank").

SEC. 438. GOVERNOR AND ALTERNATE GOVERNOR.

The Governor and Alternate Governor of the Bank, appointed under section 3 of the Bretton Woods Agreements Act, shall serve as Governor and Alternate Governor, respectively, of the Agency.

SEC. 439. APPLICABILITY OF BRETTON WOODS AGREEMENTS ACT.

The provisions of section 4 of the Bretton Woods Agreements Act shall apply with respect to the Agency to the same extent as such provisions apply to the Bank and the International Monetary Fund. Reports with respect to the Agency under paragraphs (5) and (6) of section 4(b) of such Act shall be included in the reports made pursuant to such paragraphs after the date the United States accepts membership in the Agency.

SEC. 440. RESTRICTIONS.

Unless authorized by law, neither the President nor any person or agency shall, on behalf of the United States—

(1) subscribe to additional shares of stock of the Agency;

(2) vote for or agree to any amendment of the Convention which increases the obligations of the United States, or which changes the purpose or functions of the Agency; or

(3) make a loan or provide other financing to the Agency.

SEC. 441. FEDERAL RESERVE BANKS AS DEPOSITARIES.

Any Federal Reserve bank which is requested to do so by the Agency shall act as its depositary or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

SEC. 442. SUBSCRIPTION OF STOCK.

(a) Authorization of Subscription.—The Secretary of the Treasury is authorized to subscribe on behalf of the United States to 20,519 shares of the capital stock of the Agency, except that the subscription shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(b) Authorization of Appropriation.—In order to pay for the United States subscription authorized in subsection (a), there are authorized to be appropriated, without fiscal year limitation, $222,015,580, for payment by the Secretary of the Treasury.

(c) Dividends.—Any payment of dividends made to the United States by the Agency shall be deposited into the Treasury as a miscellaneous receipt.

SEC. 443. JURISDICTION OF UNITED STATES COURTS AND ENFORCEMENT OF ARBITRAL AWARDS.

(a) Venue.—For the purposes of any civil action which may be brought within the United States, its territories or possessions, or the Commonwealth of Puerto Rico, by or against the Agency in accordance with the Convention (including an action brought to enforce an arbitral award against the Agency), the Agency shall be deemed to be an inhabitant of the Federal judicial district in which—

(1) its principal office within the United States is located; or

(2) its agent appointed for the purpose of accepting service or notice of service is located.

(b) Jurisdiction.—Any action described in subsection (a) to which the agency is a party shall be deemed to arise under the laws of the United States. The district courts of the United States, including the courts enumerated in section 460 of title 28, United States Code, shall have original jurisdiction of any such action.

(c) Removal.—Whenever the Agency is a defendant in any action in a State court, it may at any time before the trial thereof remove the action into the appropriate district court of the United States in the manner provided in section 1446 of title 28, United States Code.

SEC. 444. FORCE AND EFFECT OF CONVENTION.

Articles 43 through 48 of the Convention shall have full force and effect in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, upon the entry into force of the Convention for the United States.

SEC. 445. FULL FAITH AND CREDIT FOR ARBITRAL AWARDS; JURISDICTION.

(a) In General.—Any award of an arbitral tribunal resolving a dispute arising under Article 57 or Article 58 of the Convention shall create a right arising under a treaty of the United States. The pecuniary obligations imposed by such an award shall be enforced and shall be given the same full faith and credit as if the award were a final judgment of a court of general jurisdiction of one of the several States. The provisions of title 9, United States Code, shall not apply to enforcement of awards rendered pursuant to the Convention.

(b) Jurisdiction.—The district courts of the United States (including the courts enumerated in section 460 of title 28, United States Code) shall have exclusive jurisdiction over actions and proceedings under subsection (a), regardless of the amount in controversy.

CHAPTER 5—INTER-AMERICAN DEVELOPMENT BANK

SEC. 446. MERGER OF INTER-REGIONAL AND ORDINARY CAPITAL.

The Inter-American Development Bank Act (22 U.S.C. 283) is amended by adding at the end thereof the following new section:

"Sec. 32. The United States Governor of the Inter-American Development Bank is hereby authorized to agree to and to accept the amendments to the Articles of Agreement in the proposed resolution entitled 'Merger of Inter-regional and Ordinary Capital Resources'.".

SEC. 447. WAIVER OF COUNTRY PROGRAM LIMITATIONS UNDER NEW REPLENISHMENT AGREEMENT UNDER CERTAIN CONDITIONS.

The Secretary of the Treasury shall instruct the United States Executive Director of the Inter-American Development Bank to initiate discussions with other directors of such bank and to propose that a provision be included in any replenishment agreement which is negotiated after the date of enactment of this subtitle which would allow the directors of such bank to waive any country program limitation contained in such replenishment agreement if the directors determine that—

(1) the waiver would not deprive any other country of any resources which are available under such agreement for such country; and

(2) the country for which the waiver would be made has—

(A) a need for the resources which the waiver would make available; and

(B) the capacity to absorb such additional resources.

Subtitle C—Competitive Trading Practices

SEC. 451. AMENDMENTS TO TRADE AND DEVELOPMENT ENHANCEMENT ACT OF 1983.

(a) Report to Congress and Termination of Act.—The Trade and Development Enhancement Act of 1983 is amended by adding at the end the following new sections:

"SEC. 648. REPORT TO CONGRESS.

"The President shall transmit to the Congress, on a semiannual basis, a report setting forth the activities carried out under sections 644 and 645. Each such report shall include—

"(1) information on applications used by the Export-Import Bank and the Agency for International Development for making assistance available under sections 644 and 645;

"(2) information on the disposition of such applications;

"(3) an identification of the foreign governments whose behavior the President is trying to influence by the use of such assistance, and an explanation of why the assistance involved is deemed likely to influence that behavior;

"(4) evidence that clearly demonstrates that assistance under sections 644 and 645 has been used for the purposes of this Act;

"(5) information on any progress that has been made in negotiations on agreements within the Organization for Economic Cooperation and Development to limit the use of tied aid credits;

"(6) information on the extent to which tied aid credits are being used at the time of such report by major trading countries within such Organization, the terms of any such credits, and the market sectors with respect to which such credits are being used; and

"(7) information on the extent to which assistance under this Act has been effective—

"(A) in discouraging the use of tied aid credits for commercial purposes by other countries; and

"(B) in helping to protect United States exporters from unfair and predacious official export competition.

"SEC. 649. TERMINATION OF AUTHORITIES.

"The authorities contained in this Act shall cease to be effective at the end of the 90-day period beginning on the date the President transmits to the Congress the President's certification that a majority of the members of the National Advisory Council on International and Monetary Financial Policies have determined that—

"(1) the United States has reached an agreement with the governments of the other member countries of the Organization for Economic Cooperation and Development which ends abuse of tied aid credits in pursuit of national commercial benefits; and

"(2) those governments are honoring the terms of that agreement.".

(b) Funding by the Agency for International Development.—Section 645(d) of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635r(d)) is amended by striking out "allocated for Commodity Import Programs".

SEC. 452. PROVISIONS RELATING TO EXPORT-IMPORT BANK.

(a) Findings.—The Congress hereby finds that—

(1) the debt position of many developing countries has placed serious limitations on the ability of these countries to import;

(2) commercial banks have largely withdrawn from financing exports, shutting out American exporters from already shrinking less developed country markets;

(3) the changing nature of international transactions means that United States exporters require financing in riskier markets and on transactions which are smaller and more difficult to put together and close;

(4) given these changes, it is important for the Export-Import Bank of the United States to increase its ability to assume a broader range of explicitly-defined country and transaction risks and to encourage the private sector to do the same; and

(5) at the same time, it is important that the Export-Import Bank maintain its ability to operate efficiently and in a fiscally responsible fashion.

(b) Purpose.—It is the purpose of this section to require the Export-Import Bank of the United States to identify changes in policy and specific changes in financing programs administered by the Bank that would facilitate additional financing of United States exports to debt-burdened developing countries as part of an overall debt management strategy.

(c) Report Required.—(1) Before the end of the 90-day period beginning on the date of the enactment of this Act, the President and Chairman of the Export-Import Bank of the United States shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a written report which contains the following:

(A) An assessment of the effectiveness of recent program changes in increasing United States exports to developing countries;

(B) An identification of additional specific policy and program changes which—

(i) would enable the Bank to increase the financing of United States exports to developing countries; and

(ii) would encourage greater private sector participation in such financing efforts;

(C) An assessment of the viability and cost of the programs identified in subparagraph (B).

(2) The report required under paragraph (1) shall specifically assess the viability of—

(A) setting up a separate class of programs for the major debt burdened countries through which these countries or United States exports to these countries would receive preferential treatment;

(B) introducing a less stringent standard of repayment in regard to debt burdened countries; and

(C) expanding the guarantee authority of the Export-Import Bank in order to allow the Bank to assume part of the exposure of commercial banks to debtor countries as part of a program to provide Export-Import Bank guarantees for new loans in support of United States exports.

Subtitle D—Export Trading Company Amendments

SEC. 476. SHORT TITLE.

This subtitle may be cited as the "Export Trading Company Amendments of 1987".

SEC. 477. EXPORT TRADING COMPANY AMENDMENTS.

(a) Procedures Applicable to Determination of Classification as Export Trading Company.—Section 4(c)(14) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(14)) is amended by inserting after subparagraph (F) the following new subparagraphs:

"(G) Determination of applicability of classification.—For purposes of determining whether an export trading company is operated principally for the purposes described in subparagraph (F)(i)—

"(i) the operations of such company during the 2-year period beginning on the date such company commences operations shall not be taken into account in making any such determination;

"(ii) not less than 4 consecutive years of operations of such company (not including any portion of the period referred to in clause (i)) shall be taken into account in making any such determination; and

"(iii) fees derived from the facilitation, outside the United States, of trade services shall be treated as revenue derived from exporting or facilitating exports to the extent—

"(I) the fees so derived are remitted to the United States; and

"(II) the aggregate amount of such fees in any year does not exceed one-half the amount of revenue actually derived from export operations or the facilitation of export services.

"(H) Facilitation of trade services.—For purposes of subparagraph (G)(iii), the term 'facilitation of trade services' means arranging for, but not performing, any trade service which would be an export trade service (under subparagraph (F)(ii)) but for the fact that such service was not provided in order to facilitate the export of any good or service produced in the United States.".

(b) Leverage.—Section 4(c)(14)(A) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(14)(A)) is amended by redesignating clauses (v) and (vi) as clauses (vi) and (vii), respectively, and by inserting after clause (iv) the following new clause:

"(v) Leverage.—The Board may not disapprove any proposed investment solely on the basis of the anticipated or proposed asset-to-equity ratio of the export trading company with respect to which such investment is proposed, unless the anticipated or proposed annual average asset-to-equity ratio is greater than 15-to-1.".

(c) Inventory.—Section 4(c)(14)(A)) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(14)) is amended by inserting after subparagraph (H) (as added by subsection (a) of this section) the following new subparagraph:

"(I) Inventory.—

"(i) No general limitation.—The Board may not prescribe by regulation any maximum dollar amount limitation on the value of goods which an export trading company may maintain in inventory at any time.

"(ii) Specific limitation by order.—Notwithstanding clause (i), the Board may issue an order establishing a maximum dollar amount limitation on the value of goods which a particular export trading company may maintain in inventory at any time (after such company has been operating for a reasonable period of time) if the Board finds that, under the facts and circumstances, such limitation is necessary to prevent risks that would affect the financial or managerial resources of an investor bank holding company to an extent which would be likely to have a materially adverse effect on the safety and soundness of any subsidiary bank of such bank holding company.".

The CHAIRMAN. Under the rule, the gentleman from Ohio [Mr. Wylie] will be recognized for 30 minutes and a Member opposed will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Ohio [Mr. Wylie].

Mr. WYLIE. Mr. Chairman, I yield myself 6 minutes.

(Mr. WYLIE asked and was given permission to revise and extend his remarks.)

Mr. WYLIE. Mr. Chairman, yesterday during general debate I outlined some of the problems I see with title IV.

How does my substitute address these concerns? One, my substitute would eliminate the Council on Industrial Competitiveness Act. This proposal in the bill would create a council composed of 16 members appointed by the President after consideration of such recommendations as may be submitted by the Speaker of the House and the majority leader of the Senate.

Last year this was to be funded at $25 million. It is to be funded now at $5 million a year.

If you read the language of the bill as to the duties of the Council, they are extensive. Its mission was changed from a central coordinating body with full control over trade policy to a more limited advisory council within the White House, but the concept is clear.

It would institutionalize a Government strategic planning process at the expense of decentralized market-oriented forces.

It is merely advisory. It would be duplicative of functions being already carried out by other governmental agencies.

If its purpose is to be a central planning agency, to pick winners and losers in the international marketplace, it portends a very dangerous precedent indeed.

We do not need a council on industrial competitiveness.

The President has not asked for it, and he does not want it.

Two, my substitute would strike the section which would call for the establishment of a competitive exchange rate. The competitive exchange rate as defined in the bill is "the set of exchange rates that would be consistent with an appropriate and sustainable balance in the current account as determined by the Secretary of the Treasury based on the appropriate methodology that takes into account the appropriate factors which provide the most opportune prospects for economic growth."

I do not know what that means, and I doubt if anybody else does.

The bill further says, "All exchange rates also will be indexed to all appropriate currencies."

The experts agree that it is not possible to identify with precision what a competitive exchange rate is or should be at any given time.

The point I make is, this provision evades the issue by mandating the Secretary of the Treasury to make such determinations. My amendment recognizes that the recent overvaluation of the dollar has contributed to our trade deficit.

It certainly was not the only cause. My substitute provides a mechanism for holding the administration accountable on any exchange rate negotiations through regular reporting requirements to Congress.

It also encourages exchange market intervention in situations where currency volatility disrupts the U.S. economy, and our competitive position is jeopardized.

My substitute provides for negotiations with countries that manipulate their currencies in violation of international obligations. It does not ignore the problem but takes a much more realistic approach.

It recognizes recent successes following the 1985 Plaza agreement, the Toyko summit, and the recent Lourve agreement.

The most mischievous part of title IV on this issue directs the Secretary of the Treasury to buy and sell currencies to assist the gradual movement of the actual exchange of the dollar toward its competitive exchange rate.

We have common obligations with other countries under the provisions of the International Monetary Fund agreement which this provision would violate.

It could also be disruptive of the international bond market and our own bond market as well.

The worst of title IV is yet to come. That is the provision which would direct the Secretary of the Treasury to initiate negotiations for the creation of a new international debt management facility.

This new organization would buy, hold, and resell, if possible, the sovereign debt of developing countries from creditor banks at discount rates.

In the last Congress this was to be a new bank at the World Bank. I call it a World Bank bank.

My substitute drops this proposal in its entirety, because the proposal is poorly thought out in detail. How would it be funded? At first it was to be funded through contributions from member countries. The chances of appropriating tax moneys to finance a facility to buy bad bank loans from other countries are not slim and none. It is none.

H.R. 3 alludes to the possibility of taking the gold of the IMF as collateral for the securities of this new international debt management authority or borrowing surplus funds from the World Bank.

Neither is feasible. In the end, the taxpayers of the sponsoring countries will have to stand up for the capitalization of the new facility, if it is to be capitalized.

I suggest we are wasting our time with this one. My substitute would include provisions on which there has been more thought, and which there is a good deal of bipartisan effort.

They include the Multilateral Guarantee Agency Act and the Export Trading Company Amendments Act which I would commend the gentleman from Rhode Island [Mr. ST GERMAIN], the chairman of the full committee, for this excellent work and the work he did with Treasury on these provisions.

For these reasons, I respectfully urge an aye vote on my substitute.

The CHAIRMAN. Does any Member opposed to the amendment offered by the gentleman from Ohio [Mr. WYLIE] seek time in opposition?

The gentleman from Rhode Island [Mr. ST GERMAIN] is recognized for 30 minutes.

Mr. ST GERMAIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I must rise to oppose this substitute. The Wylie substitute eliminates many tools contained in the committee bill essential to improving the international competitiveness of our Nation.

For example, the Wylie amendment would eliminate the Council on Industrial Competitiveness. The Council provides business, labor, and Government with a process to develop and coordinate long-range strategies for assuring the international competitiveness of American industry.

The Council would raise competitiveness issues to the top of our national agenda. No high-level forum now exists in which key actors in our economy can deliberate together to offer advice regarding economic policies that will positively enhance our competitive position.

The Wylie substitute also fails to adequately address the problem of developing country debt. The bill before us today proposes an approach which reduces debt payments and allows developing countries to purchase more U.S. produced goods.

In contrast, the Wylie substitute calls for yet another study on developing country debt.

Frankly, Mr. Chairman, we don't need another study on this topic.

The Congress, the administration, the international financial community and the debt-laden countries themselves are keenly aware of this mounting problem.

The committee bill requires the administration enter into meaningful negotiations with other countries to create a more innovative mechanism for relieving existing debt service burdens.

By requiring equal but reasonable sacrifices from lenders and borrowers, we can achieve more rational international lending policies, economic growth, and greater political stability in developing countries, and a ready market for goods produced by American workers.

The difference in approach between the Wylie substitute and the committee bill is clear. The committee bill provides our Nation with the tools for a more competitive American economy. The Wylie substitute removes those tools and calls for further study.

The trade situation is simply too serious for delay. The provisons of the Banking Committee title are integral components of a comprehensive trade policy.

I urge my colleagues to oppose the Wylie substitute.

□ 1520

The CHAIRMAN. The gentleman from Rhode Island has consumed 3 minutes.

Mr. WYLIE. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia [Mr. PARRIS].

Mr. PARRIS. Mr. Chairman, I rise in support of the substitute. We all want to see a trade bill passed, one that the President will sign and everybody can live with. That is why I ask my friends on the Democratic side of the aisle to carefully consider the Republican substitute to title IV. I suggest this because I sincerely believe that some of the ideas that are currently in the bill are mistaken ones and the solutions offered could ultimately have detrimental effects particularly with respect to our own budget deficit.

First in subtitle A the current language would have the President enter into bilateral negotiations with major trade competitors. It would direct the Secretary of the Treasury to buy foreign currencies in order to stabilize exchange rates. Sounds good, does it not? Let me quote from Paul Volcker on that section. He says, "This is unrealistic and could well have damaging effects. It runs risk of building up potentially destabilizing market expectations. The requirement to disclose objectives and plans of the Secretary of the Treasury with regard to the policy on intervention in foreign exchange markets could reduce the usefulness of intervention as a tool for dealing with exchange rate volatility."

With respect to title B, that section would require the Secretary of the Treasury to initiate negotiations to establish an international debt management facility to buy, hold, and resell sovereign debt of developing countries from creditor banks.

Mr. Chairman, the time on the debate today does not permit me to utilize the entire statement which I will put in the RECORD but let me just summarize that section in one sentence or less: for 25 years we have been urging the less developed countries of this planet to go the World Bank credit window to borrow enormous sums of money which they have done. They invested it in their domestic economy. They have increased their standard of living. They have gone much too far in debt. They are now in default, which we should have known from the beginning. What we are now saying to them is not to worry, "we will now buy your debt. After we furnished you the money to go into debt with." To me, Mr. Chairman, that makes very little sense for the people of this Nation. Finally, let me express my concern about the establishment of the Council of Industrial Competitiveness in subtitle D. It strikes me as really ironic that this is even in the bill. Just when we talk about making American business more competitive, we propose to take dollars out of the pockets of the private sector to have the public sector, the Government of this Nation, tell the private sector how it could be more competitive. Finally, is it not demeaning to establish yet another government council to tell other agencies of the Government that they are not aiding American competitiveness? We need the mechanisms in place. We have them in place. They are working. Why should we go with another agency?

Mr. ST GERMAIN. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. GARCIA].

Mr. GARCIA. Mr. Chairman, I rise in opposition to the substitute being offered by the gentleman from Ohio. My first concern is with changes being made to substitle A, the Competitive Exchange Rate Act of 1987. The changes made in the substitute to this carefully crafted provision would unnecessarily weaken it.

I ask that the critics of this legislation take a closer look at the purposes of this subtitle as outlined in section 402. The final purpose quite clearly outlines the basic thrust of the exchange rate provision in this bill. It states that an intention of subtitle A is to "increase the accountability of the President for the impact of exchange rates on trade competitiveness." That is a worthy goal.

In addition, there are two other points worth keeping in mind when considering subtitle A. One is that by having treasury report to us twice a year on exchange rates, we too will be held accountable to support or question an administration's policy on exchange rates. Second, in conjunction with this, it is important to consider that this provision is not aimed solely at this administration. It will hold all future administrations accountable for their policy on exchange rates.

Congress should be kept informed on this most important issue. By changing subtitle A we would be limiting our access to valuable information on a key economic indicator: The exchange rate of the dollar.

Subtitle B, the Third World Debt Management Act, has been changed significantly by the gentleman's substitute. First of all, the subtitle would, in essence, eliminate the international debt management facility by changing it to a mere study. As the legislation stands now, the Secretary of the Treasury would be required to begin negotiations on the facility. This is a much more positive approach. We must act now in our attempt to better manage the LDC debt crisis.

The facility would not provide the solution to the debt crisis, but it is an important step forward in helping debtor nations, while still ensuring that the international financial system will not collapse.

For those who have attempted to put a price tag on the facility and call it a bailout for the big banks, I say look again. All this bill does is require negotiations. That doesn't cost anything. As far as bailing out the banks is concerned, nothing could be further from the truth. It would enable them to sell their debt at a discount. In other words, it would force them to deal with the market.

The other proposal in subtitle B dealing with Third World debt is the so-called menu of options plan. In essence, this plan would require the Secretary of the Treasury to make the banks aware of various options available to them during the course of a rescheduling agreement with a debtor nation. It would not force the banks to take any particular option.

The substitute maintains the menu concept, but it does not require the Secretary of the Treasury to make the banks aware of these options. In addition, the options in the substitute are not nearly as far reaching as those contained in the bill itself.

If we are going to make this idea work, we must make the banks aware of a wide range of options. The language contained in the bill would do that. The substitute would not.

In subtitle C the substitute would strike a provision in the bill that would change voting procedures in the National Advisory Council on International Monetary and Financial Policies [NAC] on tied aid programs from unanimous consent to a simple majority. While the unanimous consent procedure has not resulted in any vetoes, it has discouraged some exporters from making use of the tied aid program which was established to counteract predatory financing by our trade competitors. By changing the voting procedures at the NAC from unanimous consent to a simple majority, a specific proposal would not be held hostage by any one member of the NAC. Instead, exporters would be encouraged to make use of the program.

Treasury is against this change because they say it is a "key element of the procedure established to avoid creating an expensive entitlement program . . . ." Since a sunset provision is contained in the bill, the fear that this could become an entitlement program is unfounded. Finally, if 4 of 7 members of the NAC feel a program is worthwhile, shouldn't that be enough to warrant a positive response?

I am hopeful that the new agreement reached at the OECD will eventually resolve our tied aid program, but until that occurs, I want to make sure that we provide our exporters with a level playing field. I am convinced that changing the voting procedures in the NAC will help.

Finally, the provisions to strike the competitiveness council, subtitle D, would be a mistake. The council would bring together business, labor, public interest groups, and academics to discuss and develop long range strategies for making the United States more competitive. Five million dollars is a small price to pay for making our Nation more competitive, especially when it means more jobs for Americans.

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, I rise in strong support of the Republican substitute for the banking section of H.R. 3, the omnibus trade bill. I believe that we must take action to help both this Nation and Third World nations come to grips with the huge debt situations. However, I cannot support the provisions included in the Banking Committee trade section dealing with Third World debt.

The noted economist John Maynard Keynes noted that if you owe the bank 100 pounds, you have a problem, but if you owe the bank 100,000 pounds, the bank has a problem. When you translate that into billions of dollars in private and sovereign debt to financial institutions which are lynchpins in the world's financial structure, one can see that we clearly have a problem.

My first commitment as member of the House Banking Committee is to work to ensure the safety and soundness of the U.S. financial system and second the international financial system of which we are an integral part. I have in the past supported the plan of Treasury Secretary Baker for additional lending coupled with the adoption of pro-growth policies by the Third World nations.

In that same regard, I have long been very wary of any loan forgiveness by the U.S. banks. I fear that the safety and soundness of our financial structure could suffer should one or two large banks take a serious hit to their balance sheets from writing down a substantive amount of loans.

In recent weeks, even Secretary Baker has acknowledged that his plan has not been as successful as possible. This is not due to a lack of diligence or foresight on his part. Here at home, we have not been able to tackle our own budget deficits and cannot fail to see why it is difficult for our trading allies to modify their economic policies so that we can get a handle on the performance of the dollar on the international exchange markets.

The fact remains, however, that the banking section of the trade bill requires the Secretary of the Treasury to immediately begin negotiations to create a debt management facility. This facility would buy up outstanding Third World loans, undertake renegotiations of the loans, and resell the loans on the secondary market.

In contrast, the Republican substitute is more prudent.

The Republican substitute, instead of directing the Secretary of the Treasury to begin negotiating immediately, would allow him some limited time to figure out the practical details of such a debt facility. The Republican substitute will clearly state our commitment to thoughtful and creative approaches to solving the chronic debt burden problem.

It will also direct the Treasury Department to carefully evaluate the many approaches currently being discussed so that we may be sure that we are acting in the most responsible manner. It will also direct the Federal regulators to give the widest possible latitude in interpreting current law to allow innovative ways to relieve some of the outstanding debt burden along with requiring additional loan loss reserves and additional capitalization to maintain safety and soundness.

Conversely, we have no way of knowing at this point, whether the Banking Committee proposal might cost the U.S. Government, or the U.S. taxpayer, a great deal of money. For example, if these institutions get a tax write-off, we may lose a great deal of revenue. On the other hand, we might not—but that is the point—no one knows right now because the consequence of a debt management facility to buy up and renegotiate outstanding Third World debt has not been thoroughly evaluated.

Furthermore, if renegotiations resulted in U.S. banks writing off some of their debt, do we know for sure which financial institutions could weather such a hit to their balance sheets? If there are some who could not, what exactly will this mean for other U.S. institutions. Congress has not distinguished itself recently in acting quickly and responsibly to take care of the emergency in the FSLIC, the Federal insurance for the savings and loan industry. Why should we deceive ourselves into believing that close congressional monitoring will prevent a disaster in the commercial banking industry, should we move precipitously ahead with debt management facility.

Also, how could we be sure any debt relief actually benefited the poorest citizens of those countries instead of assisting the wealthy few who continue to invest abroad. Moreover, if renegotiations resulted in tax incentives for U.S. banks to write off some of their debt, how would the U.S. Government make up for the lost revenue we seriously need to provide basic services to poor in our own country?

Another section of the banking section of the trade bill will require mandatory U.S. intervention in the currency markets to ensure that the dollar stays within certain bureaucratically set limits. Certainly there are appropriate times to intevene in the world currency markets. To set these in bureaucratic cement is another question altogether. For this reason also, I stand opposed to banking section of the trade bill. The Republican substitute clearly conveys congressional intent to the President and our financial regulators that we need to negotiate with our allies and make them understand U.S. economic necessity and the need to keep the dollar at reasonably competitive levels.

I do not believe, however, that mandating currency intervention is a prudent solution to our problems. With currency levels fluctuating on a daily basis, and with world economic positions and situations changing almost as rapidly, it makes no sense to set our position in cement.

Overall, Mr. Chairman, the Wylie substitute is a responsible and comprehensive approach to our international financial problems. I strongly urge my colleagues to support this amendment and want to leave you with a reminder. There is an old aphorism which notes that for every complex problem there is a solution which is both simple and direct and wrong. We cannot risk the safety and soundness of our entire financial system on political expediency. The Republican substitute is a prudent and responsible course of action and I urge your support for it.

Mr. ST GERMAIN. Mr. Chairman, I yield 4 minutes to the gentleman from the District of Columbia [Mr. FAUNTROY], who is chairman of the Subcommittee on International Development Institutions and Finance.

Mr. FAUNTROY. Mr. Chairman, I oppose the amendment to title IV as offered by Mr. WYLIE. I will address my comments to the Third World debt portion of title IV.

As I indicated in my remarks yesterday, in subtitle B of title IV, entitled the "Thrid World Debt Management Act," the Banking Committee requires the Secretary of the Treasury to initiate negotiations to establish an international debt management authority. The amendment offered by Mr. WYLIE would strike the debt facility, leaving the Baker plan intact as the only strategy for addressing the Third World debt. I will now address why the committee is opposed to this route and has chosen the language we have in our deliberations on the trade bill.

The Baker plan has failed to deliver as promised. The private banks have not demonstrated a willingness to voluntarily make new loans as the Baker plan anticipated. The Secretary is correctly concerned about the lack of new loans, through efforts to blame this on congressional action are in my view counterproductive. The reality is that the failure of the Baker plan has prompted congressional action. And in truth, there are several reasons why the banks have not been responsive.

First, the gargantuan debt owed by many Third World countries limits their ability to pay, thus diminishing actual interest payments to the banks. It is for this reason that the secondary market, as pure and free a market as exists today, discounts these loans on average by 30 percent.

Second, the relatively unrewarding terms upon which these loans are made, for example the recent package reached with Mexico with interest rates only thirteen-sixteenth of a percentage point above LIBOR, have further reduced bank participation. Many of the banks who did eventually participate in the Mexican package did so only with extensive prodding from the IMF and the Federal Reserve Board.

In recent days, the Secretary has admitted that his plan is not working adequately and has called for measures beyond those designed to provide new loans. These additional measures, while a step in the right direction, provide no benefits to the debtor countries. More must be done to ensure that the international financial and trade system and the Third World debtors all benefit from our actions.

The Third World in general, and Latin America in particular, have in recent year endured wrenching austerity programs in an effort to service their debt. The results of these programs in the host countries have often been disastrous, including a substantal decline in standards of living and rates of investment. In addition, these programs have increased imports and reduced exports to the United States increasing the U.S. trade deficit. Finally, within the international financial system as a whole, the potential default of one or more debtor nations has loomed like an albatross over the horizon.

Even as these countries were enduring austerity, which in many cases reduced standards of living by as much as 30 percent, the debt has nonetheless grown over the past 5 years. The truth of the matter is that the problems caused by debt can not be solved by more debt. New loans are not the answer. The periodic reschedulings and refusals to pay interest must be addressed by more substantive measures than to rely on ad hoc crisis management.

A new direction is needed. Section 423 of title IV establishes such a direction. It acknowledges the international impacts of Third World debt on trade, growth, development and the safety and soundness questions. The establishment of the International Debt Management Authority which would follow from the negotiations would act to alleviate these strains on the international economic system. It would:

First, increase United States exports to the Third World;

Second, protect the safety and soundness of the international financial system from prospective defaults;

Third, enhance and support economic growth in many debtor countries.

The costs of this program would be borne by those banks choosing to participate, though the international regulatory framework might be altered to accommodate the banks following the negotiations. This is clearly not a big bank bailout. In addition, once third world debts have been reduced and these countries experience increased economic growth, new moneys will voluntarily be forthcoming, based on perceived profitability and not on armtwisting and the needs of the banks to preserve earlier loans.

The language in title IV, as reported out of the Banking Committee, leaves the Secretary with a tremendous degree of flexibility as he pursues the negotiations. We determined that it was in the best interests of the negotiating posture of the Secretary that we not pursue issues such as regulation and capitalization though not for a lack of ideas as Mr. WYLIE might claim. It was not the intent of the Banking Committee both to require international negotiations while mandating exactly what is to be negotiated, and I am confident that we succeeded in achieving this end.

Finally, I would like to ask the same question of those Members who support the Wylie amendment that I asked of those Members supporting the Banker plan yesterday. What will you do now that interest rates have begun to move upward? As debt service payments increase, particularly in the context of slowed economic growth in the United States, what sorts of ad hoc measures will be needed to prod already reluctant banks to lend to already heavily indebted countries. For how long can we continue to pile debt on debt in the Third World? How much more debt can the international financial system absorb? The costs of doing nothing will likely dwarf those associated with the facility. I certainly hope that the passage of events does not render the point moot.

I strongly urge my colleagues to join me in opposing the amendment offered by Mr. WYLIE.

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MCCANDLESS].

Mr. WORTLEY. Mr. Chairman, will the gentleman yield?

Mr. McCANDLESS. I yield to the gentleman from New York.

Mr. WORTLEY. Mr. Chairman, I rise in support of the Wylie substitute and urge my colleagues to vote accordingly.

Mr. Chairman, I support the substitute amendment to the banking title of the trade bill, and I compliment the vice chairman, Mr. WYLIE, for offering a responsible and balanced approach to some very complex and far-reaching issues.

The substitute amendment reflects the deep concerns expressed by majority and minority members of the Banking Committee about exchange rates and Third World debt, but it allows for a flexible and workable response whereas the current trade bill is much too rigid.

As for exchange rates, the substitute requires the President to address the issue of extreme fluctuations, and it authorizes the President to negotiate agreements on exchange rate stabilization with our major trading partners. The substitute removes the enforcement clause currently in the trade bill which could trap our finance officials into a counterproductive and damaging strategy of meeting specific exchange rate targets.

The substitute also improves the approach to dealing with Third World debt. A taxpayer bail out would not be approved as it is under the current bill. Instead, studies are mandated for different debt resolution proposals including development of a private secondary market and debt-to-equity conversions.

I also note that the substitute will not create a new and unnecessary bureaucracy costing millions of dollars. It correctly recognizes that creation of a Council On Industrial Competitiveness would be a misguided step in the direction of a national industrial policy and centralized economic planning, as well as a new and heavy burden for taxpayers.

The substitute retains those provisions in the trade bill that will clearly benefit our country's trade picture. These include improvements in the Export Trading Company Act. I urge my colleagues to approve the substitute.

Mr. McCANDLESS. Mr. Chairman, I thank the gentleman from Ohio for yielding this time.

I rise in strong support of the Wylie amendment.

As a member of the International Development Subcommittee, I have spent some time in the arena of international economic affairs and I am concerned that title IV of this bill will be destabilizing and counterproductive.

The Wylie amendment corrects the problems with title IV. It injects a sense of realism into the section dealing with a competitive exchange rate. As written, title IV makes the assumption that there is some ideal exchange rate which can be ascertained, and then reached and maintained by joint central bank intervention. We've tried that. Since March of 1985, the dollar exchange rate has been dropping. Recent international efforts, much like those proposed in title IV, to stabilize the dollar have failed miserably. Instead of imposing macroeconomic policies, the Wylie amendment provides a realistic framework of cooperation and negotiation.

I am also very concerned about the provisions of title IV which call for the creation of a facility to purchase the debt of developing countries owed to commercial banks. Title IV, however, is not clear on how this facility is to be funded, and that usually means that the taxpayers are going to get the bill. I am opposed to using taxpayers' money to purchase private commercial bank debt.

Title IV will undermine the leverage that we have with developing countries for encouraging needed internal and structural reforms. It will also have a negative effect on the willingness of the international financial community to provide new money and credit to developing countries. Without additional financing, most developing countries have no hope of economic growth. Without economic growth, not only will they not be able to repay past debts, they will not be able to afford to buy U.S. products, and the opportunity to expand our export markets will be lost.

The Wylie amendment also deletes the creation of the Council on Industrial Competitiveness. With a price tag of $5 million, the Council is another level of bureaucracy, reminiscent of centralized government planning. The objectives of the Council can be accomplished by existing entities. We simply do not need it, and we certainly cannot afford it.

I urge my colleagues to support the Wylie amendment.

□ 1540

Mr. ST GERMAIN. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. LAFALCE].

Mr. LAFALCE. Mr. Chairman, there are basically four issues in disagreement between the Banking Committee's title of this bill and the Wylie substitute. I shall leave one of them to others to discuss, and I shall attempt to discuss the three I had perhaps a hand in authoring, the Competitive Exchange Rate Act, the Council of Industrial Competitiveness, and the Third World debt facility, and I shall try to draw distinctions between our approach and the approach taken by the gentleman from Ohio, Mr. WYLIE.

With respect to the Competitive Exchange Rate Act, first of all, Congress is not attempting to fix a specific set of exchange rates. No, what we are basically doing is this: we are saying that the policy the Reagan administration followed from 1981 through September of 1985 is wrong. What we are saying is that if there is an overvalued dollar that has contributed in a major way to our trade deficit—and we say the overvalued dollar has contributed in a major way to our trade deficit—then the U.S. Government, working in concert and coordination with other governments, should attempt to do something about that.

Jim Baker in September of 1985 changed the policy of the Reagan administration. In a sense, what we are doing is endorsing it. In a sense what the Wylie substitute does, perhaps unwittingly, perhaps unknowingly, is to go back earlier to the first 4 years of the Reagan administration's approach when they said that the overvalued dollar, the strong dollar, is a good thing for the American economy. That is wrong.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. LAFALCE. I have only 4 minutes, and so I will yield only very briefly.

Mr. KEMP. I have been talking with the gentleman and also with the gentleman from Ohio [Mr. WYLIE]. Since the gentleman says we are going back to the pre-Plaza accord and the gentleman's substitute would endorse the target zone of the Plaza and Paris accords, how do you do it, and what is the target zone?

Mr. LAFALCE. We do not establish any target zone. We think it is absolutely imperative that the Treasury Department have about as much discretion as we can possibly give them. We cannot prescribe that by legislation so we give them that discretion, but we establish what the policy is going to be so that if some new Secretary of the Treasury comes in, if, for instance, Beryl Sprinkel, is made Secretary of the Treasury, he cannot go back because we have established what the policy is. We leave the implementation to the Secretary of the Treasury.

Mr. KEMP. What is the policy?

Mr. LAFALCE. The policy is to have a competitive exchange rate. We leave that up to the Secretary of the Treasury to establish.

I am afraid I am going to have to reclaim my time because I only have 4 minutes.

Mr. KEMP. I realize that. Perhaps it is not a very important thing.

Mr. LAFALCE. It is a very important thing. We define it in the bill.

With respect to the Third World debt problem, here again we have a fundamental difference of approach. The Reagan administration was basically saying to leave this to the magic of the marketplace, and again, in September of 1985, Secretary Baker went to Seoul, Korea. Then he came back with the Baker plan. But the Baker plan has gone no place and will go no place for a good many reasons.

We have to get beyond Baker. One of the ways we have to get beyond Baker is to recognize that our existing institutions such as the IMF have failed us. Brazil cannot, for political and social reasons, go to IMF.

We also have to realize that we have to deal with more than new debt as a way of dealing with the problem of old debt. We have to deal with the problem of old debt directly. What we do here is not create a new entity. We tell the Secretary of the Treasury that he should negotiate with other countries, and again we give him a tremendous amount of discretion. We simply tell him to negotiate. We leave the implementation up to him regarding the creation of a Third World debt management facility that could do many things, including facilitating the development of the debt equity swap market and the development of the private sector market.

Mr. Chairman, the House omnibus trade bill includes important provisions that seek to deal comprehensively with serious trade policy problems. These initiatives are vital to reversing the deterioration of our trade position. But, standing alone, they will not suffice.

We must also take steps to improve the competitive environment in which U.S. industries operate both at the national and international level. The banking title provisions contained in H.R. 3 would make important progress in this direction. This title would:

Increase the accountability of the administration and the oversight role of the Congress in regard to the impact of exchange rate policy on the U.S. economy;

Create a Council on Industrial Competitiveness, comprised of representatives from Government, business, labor, and public interest groups, that would serve as a purely advisory body to focus Government policymaking on the critical issue of U.S. competitiveness;

Help restructure the debt burden of the most heavily indebted developing countries, thus expanding the world trading system and increasing U.S. exports to developing countries; and

Increase the flexibility of bank-related export trading companies to promote the export of U.S.-produced goods and services.

The continuing rapid fluctuations in the exchange rate situation underscore the need for a mechanism through which a coherent exchange rate policy can be formulated and sustained. The Competitive Exchange Rate Act does not require the administration to achieve a specific exchange rate. It simply requires that the administration have a policy that it must defend to the Congress in the context of other economic policy choices.

The bill achieves this by creating a structure of accountability regarding exchange rate issues. It requires the Secretary of the Treasury to report semiannually to the Congress on the impact of exchange rate policy on the U.S. economy. This report is analogous to that on monetary policy of the Chairman of the Federal Reserve under the Full Emloyment and Balanced Growth Act.

That detailed and frank discussion of policy on a regular prompt basis has elevated the political debate surrounding monetary policy. The Congress must make decisions on such issues as the budget deficit that have an effect on exchange rate policy all the time. With a better understanding of the trade-offs involved and an explicit statement by the administration of its recommendations, Congress and the public could more effectively debate alternatives.

In addition, the legislation requires the administration to continue the thrust of its more recent efforts in regard to the international coordination of macroeconomic policy; international coordination of participation in currency market; and the pursuit of bilateral negotiations with countries which peg their currencies to the dollar, thus maintaining an unfair competitive advantage. We cannot risk return to the situation characteristic in earlier years of this administration in which currency imbalances and fluctuations undercut the competitiveness or threatened the stability of the U.S. economy while our Government looked on with benign neglect.

The Council on Industrial Competitiveness Act would help to rise competitiveness issues to the top of our national agenda. No high level forum now exists in which key actors in our economy can deliberate together to offer advice regarding economic policies that will positively enhance our competitive position.

In the past few years, dozens of reports on the long-term competitiveness of the American economy, including that of the President's own Commission on Industrial Competitiveness, have concluded that we need an institutional mechanism to focus attention on competitiveness issues in the policymaking process and develop a consensus regarding Government policies affecting industry. The council would be precisely such a mechanism.

The council would function solely as an advisory body, but it would be a significant step in increasing the focus throughout our economy on methods of enhancing our competitive position. If we cannot take this small step toward a more cooperative national effort, it is not clear where we can start.

The Third World Debt Management Act addresses the reality of the debt crisis. Eighteen months ago, the administration announced a new policy to promote economic growth in Third World countries as a way to reopen markets to American exports. But the Baker plan has failed to reach even its own modest goals.

Commercial banks and debtor countries are locked in protracted negotiations in which little is accomplished beyond moving the mountain of debt forward. Meanwhile, debtor countries are forced to export to the United States and cannot buy American goods and services. The rapid deterioration of our export trade with Third World debtors has contributed significantly to our $170 billion trade deficit.

The legislation would require the administration to enter into meaningful negotiations with other countries with the goal of creating a more innovative mechanism for relieving existing debt service burdens and pave the way for renewed opportunities for U.S. exports.

The legislation encourges the administration to work toward the establishment of an international debt management facility which would first, assist creditor banks in the voluntary disposition in the private sector of loans to heavily indebted sovereign borrowers; second, encourage countries with strong capital surpluses to apply these surpluses to investments in heavily indebted countries; third, purchase bank loans to debtor countries at a discount; and fourth, establish mechanisms for passing along the benefit of any such discount or other action of the facility to the debtor country.

Finally, the banking title includes changes in the Export Trading Company Act requested by the administration. These changes maintain the fundamental purpose of bank-related export trading companies to increase domestic employment through the promotion of the export of U.S.-produced goods and services.

The Wylie substitute in effect accepts the basic thrust of the exchange rate proposal in H.R. 3 which is, first, to increase the accountability of the administration for exchange rate policy through a reporting requirement analogous to the Federal Reserve report under the Full Employment and Balanced Growth Act; and, second, to establish as a policy goal the achievement of more stable exchange rates that are consistent with the competitive performance of U.S. firms in international markets.

The substitute does make changes in three areas. In two of those areas, I believe it largely underscores the thrust of the existing provisions. But it weakens them sufficiently to call for opposition.

The Wylie substitute, like the existing title, calls upon the Secretary of the Treasury to intervene in currency markets, when certain market developments threaten to disrupt the U.S. economy, including the competitiveness of U.S. industries. However, by focussing on excessive exchange market volatility, the minority opens the door for inaction in situations such as that which obtained earlier in this administration when a high, but nonetheless stable dollar, seriously undercut the competitiveness of U.S. industries.

The Wylie substitute calls for discussions when major U.S. trade competitors pursue economic policies that are designed to obtain an unfair competitive advantage, encompassing countries that "peg" their currencies to the dollar. The existing banking provision calls on the President to attempt to initiate negotiations on such issues. The decline in the dollar has to date had minimal impact on our trade position largely because some of our major trade partners tie their currencies to ours to obtain competitive advantage. Given the serious adverse impact on U.S. industries, more aggressive action than mere discussions is required.

Finally, the Wylie amendment would call for an annual rather than semiannual report on exchange rate policy. Given the rapid fluctuation in exchange rate developments, reporting must be more frequent if the Congress is to maintain a serious oversight role.

The Competitive Exchange Rate Act does not require the administration to achieve a specific exchange rate. The legislation simply requires that the administration have a policy that it must defend to the Congress in the context of other economic policy choices. In a number of other respects, such as the international coordination of macroeconomic policy and participation in currency markets, it offers support to the thrust of administration efforts over the past year and a half.

Secretary Baker has recently stated that the dollar has fallen far enough. The legislation would not require a different judgment; it would only require that the Secretary analyze the tradeoffs between a further decline in the dollar and other economic policy goals such as holding down inflation and interest rates and give the Congress the benefit of his recommendations.

In other important areas of the banking title, the Wylie substitute cuts to the heart of the legislation, saying in effect that we need do nothing on critical issues.

The World Debt Management Act would require the administration to enter into meaningful negotiations with other countries with the goal of establishing an international debt facility that could relieve existing debt service burdens and pave the way for renewed opportunities for U.S. exports. The Wylie substitute calls only for a study of such a facility. The problem is too serious for us to continue to study it. A serious effort at negotiation will indicate quite clearly how viable such a facility might be.

The minority arguments regarding the cost of such a facility are nothing but red herrings. The bill includes no authorization. It suggests drawing on existing resources to the extent feasible and underscores the fact that efforts by the facility to sell the debt in the secondary market should minimize cost. Any costs associated with the facility would have to be the subject of negotiations and would have to be separately presented to the Congress for authorization.

Finally, the Wylie substitute would strike the Council on Industrial Competitiveness and the provision requiring equal access for U.S. investment banks in foreign markets. The Council on Industrial Competitiveness is simply an advisory body that would help to raise competitiveness issues to the top of our national agenda. Even the President's own Commission on Industrial Competitiveness argued that we need such a mechanism.

The Council has no decisionmaking authority; is not authorized to engage in anything remotely resembling central planning; and will not duplicate existing functions. It would in fact provide the only forum through which key actors in our economy could work cooperatively to offer advice regarding policies that will positively enhance our competitive position. If we cannot take this small step toward a more cooperative national effort, it is not clear where we can start.

I ask the support of my colleagues in defeating the Wylie substitute.

Mr. WYLIE. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. KEMP].

Mr. KEMP. Mr. Chairman, the gentleman from New York [Mr. LAFALCE] is a friend of mine and a colleague, and I did not mean to give the impression that I was trying to embarrass him on the floor.

The point I have and the point I may even share with the gentleman from New York is the concern that exchange rates have to be competitive. But here is the problem I see, and I want to read the gentleman the definition of a competitive exchange rate:

> The term "competitive exchange rate" means the set of exchange rates that would be consistent with an appropriate and sustainable balance in the current account, as determined by the secretary based on an appropriate methodology that takes into account the appropriate factors which provide the most opportune prospect for economic growth.

Let me ask a question. What does that mean? What does that say to the Secretary of the Treasury? Frankly, I think it is gobbledygook, I say to my friend, the gentleman from New York.

Mr. LAFALCE. We worked on that language in the subcommittee.

Mr. KEMP. It sounds bureaucratic and confused to me.

Mr. LAFALCE. We worked with the Treasury Department on that.

Mr. WYLIE. Mr. Chairman, I thank the gentleman for his contribution. It only emphasizes the point I made a little earlier.

Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. MCMILLAN].

Mr. McMILLAN of North Carolina. Mr. Chairman, I rise in support of the Wylie substitute, a measure which recognizes the serious financial situation facing debtor nations today, particularly those in Latin America. We also hear about the financial pressure on some banks whose portfolios include Third World debt. There are no simple solutions, but his substitute offers some realistic proposals.

The committee language mandates initiating negotiations or an international debt management authority, or a "debt adjustment facility," and instructs the IMF and World Bank executive directors to estimate amounts which their institutions could pledge as collateral to obtain financing for the facility. At first blush, this may sound reasonable; however, financing such a facility by using IMF gold and World Bank assets is tantamount to a taxpayer "bail out." If a debt adjustment facility is needed, it should be funded by resources of lenders and borrowers, not the American taxpayer. The Wylie substitute would have the Treasury explore the feasibility of such a facility and the different mechanisms and sources for funds, rather than begin negotiations blindly.

In addition, the Wylie substitue calls for studies of converting debt to equity participations, one of the most promising and creative responses to the current shortage of finanical resources and the excessive burden of external debt in many LDC's. Though such conversions are not a panacea, this process has the potential to reduce some of the concern and uncertainty over the possible impact of LDC debt on the international banking system and can probably be done through private sector initiatives.

Additional legislation may be needed to enable American banks to engage more freely in debt-equity conversions, and the Wylie substitute points us in the right direction. We need to encourage such innovative methods to once again spark the flow of financial assets in LDC's and end the current stalemate caused by nonperforming loans around the world.

The substitute includes objectives for the banking regulatory agencies to modify current rules to accommodate U.S. banks in their negotiations on principal and interest reductions for LDC's, and encourages equity financing to ensure prudent capital-to-asset ratios. Before Congress makes any major policy decisions, a thorough analysis, which this substitute calls for, of regulatory obstacles to negotiating reductions in LDC debt service obligations is necessary.

I encourage your support for the Wylie substitute.

Mr. MORRISON of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of North Carolina. I yield to the gentleman from Connecticut.

Mr. MORRISON of Connecticut. Mr. Chairman, the gentleman made some reference to public sector funds that were going to be used for the debt facility. Where in the bill does he find the requirement for public sector funds to be used?

Mr. McMILLAN of North Carolina. I do not think I have any more time.

The CHAIRMAN. The gentleman is correct. The time of the gentleman from North Carolina [Mr. McMillan] has expired.

Mr. ST GERMAIN. Mr. Chairman, I yield 3 minutes to the gentleman from Connecticut [Mr. Morrison].

Mr. MORRISON of Connecticut. Mr. Chairman, the Wylie substitute is a gutting amendment. It undercuts what the Banking Committee has carefully put together to deal with a number of pressing problems.

In particular, it would destroy a critical initiative in the area of Third World debt. We face a crisis in Third World debt. Budding democracies in Latin America are being swamped with debt, and what the Baker plan suggests is that they take on more debt to solve the problem.

In 1980 the developing countries owed $650 billion. At the end of 1987 they will owe $1,080 billion. We are going toward a doubling of the debt, and the situation is getting worse. Brazil alone has exposed the money center banks of the United States, the eight major money center banks, so that 48 percent of their capital is at risk. We have risk in our banking system because of this overhang of debt.

And what about trade? What is going on with respect to trade? In 1981 Latin America imported $11.1 billion more than it exported from all over the world. Today it exports $43.1 billion more. And what about with the United States? It was a net importer by $1.3 billion of American goods, and today it is a $18.1 billion net exporter to the United States.

□ 1550

Our trade situation has been made worse, but are the countries better off? No. They still cannot pay their debts. They are more in debt than they ever were before.

What do we do about it? We do not just stand here and say, "Oh, let's leave it to the Baker plan. The Baker plan will work eventually."

The Baker plan takes unconscionable risks, risks to our banking system, risks to the growth of democracy in the Third World, especially Latin America and the Philippines, risks to our ability to have an open trading system with the Third World that is beneficial to them and beneficial to the farmers and manufacturers here in the United States.

The international debt management facility which is proposed is a prudent step forward to lessen the risk, lessen the risks to the banks, improve the prospects for repayment by the debtor countries, improve the prospects for trade in the developing world.

Those who are supporting the Wylie amendment say, "We don't want to see the problem. We don't want to hear the problem. Maybe it will go away if we don't talk about it."

Mr. Chairman, a vote for the Wylie amendment is a vote to step backward from reality. The Banking Committee has taken an initiative that had to be taken. This is a difficult area, but not too difficult for Congress to take the lead. We have a role to play. We have a policy to set and all we ask of the Secretary of the Treasury is to be open to new ideas, not to be tied to old ideas that are not working.

Mr. WYLIE. Mr. Chairman, I yield 2½ minutes to the gentleman from Georgia [Mr. Swindall].

Mr. SWINDALL. Mr. Chairman, I rise today in support of the Wylie substitute.

As a member of the House Banking Committee that reviewed the provisions of title IV, I held, and continue to hold, serious reservations as to the feasibility and practicality of the major aspects addressed in this title.

Included in title IV, is the establishment of a "competitive exchange rate," the creation of a new international debt facility, and an industrial competitive council. While these proposals make interesting debates, they will do little if anything to increase U.S. trade and competitiveness. In fact, if implemented, these measures would hinder our international economic policies and increase the tax burden of our citizens.

The Wylie substitute, on the other hand, is a more reasonable and measured approach to each of these issues. Regarding exchange rates—the substitute directs the President to review the present system and recommend changes to better coordinate the policies of the major industrialized countries. This method is more likely to promote greater stability in trade and economies among trading partners, by providing a flexible means of addressing the debt problem, than does a policy of harmful intervention and manipulation of exchange rates. The substitute also includes a provision to require meaningful negotiations to achieve an adjustment in the economic exchange rate policies of our competitors. Again, the key is flexibility, not manipulations, which would serve only to create new problems in the system.

Finally, I am strongly opposed to the establishment of an international debt discount facility. In its current form, this legislation fails to clarify and outline key aspects, like how the facility is to be funded. Additionally, it sends a negative message to current participating nations, like our own, who would be required to chase good money after bad. In essence we would be rewarding past defaults while encouraging future ones.

Rather than racing into what may well be imprudent actions, the Wylie substitute would require the Secretary of the Treasury to study the feasibility of establishing an international debt facility. Because the Wylie substitute is the more reasonable and realistic approach to the trade problem, I strongly recommend its passage and encourage my colleagues on both sides of the aisle to give it their full support.

Mr. ST GERMAIN. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Mr. Chairman, I thank the gentleman for yielding this time.

Mr. Chairman, I would just like to add my voice to those who have stood before the House and the committee this afternoon and pointed out that this provision by the Banking Committee is not a bailout of the banks. If it was, I would not support it. Instead, the Banking Committee deserves congratulations for coming forward in an area in which there is presently no movement and encouraging some real movement that will augur to the benefit of this country more than any other. It is a creative initiative. It is one that has been in an area of great danger to our country and it is an area which presently is at a standstill.

Also I think it is important to say that this is a free market solution. It is a good creative free market solution to a serious problem.

Mr. Chairman, I urge the Members not to go backward, not to put our heads in the sand by repealing this part of the bill. Instead, vote against the amendment being brought forward by the minority and support the very creative free market solution to this difficult problem that has been put together with a great deal of ability and courage by the Banking Committee.

Mr. WYLIE. Mr. Chairman, I yield 2½ minutes to the gentleman from Kentucky [Mr. BUNNING].

Mr. BUNNING. Mr. Chairman, I rise today in support of the Wylie amendment to H.R. 3.

I have several concerns with title IV, the banking provisions of H.R. 3, however, I intend to limit my comments here today to those sections dealing With Third World debt management.

A portion of title IV sets up a secondary market for Third World debt and establishes an international debt discount facility. This is what has been commonly referred to as the LaFalce plan. While I commend the gentleman from New York on his efforts in this area, I feel that passage of the LaFalce plan at this point in time is premature, at best.

In committee markup of title IV, I offered an amendment to the plan that failed by a mere two votes to change the plan to a sense of Congress resolution. Basically many of the Members, on both sides of the aisle, felt that we were rushing into passage of the plan without the benefit of study.

The Wylie amendment being offered answers the concerns of those Members. Section 431 of the amendment requires the Secretary of the Treasury, in conjunction with others, to study the growth of a secondary market for Third World debt and the feasibility of establishing an international debt discount facility.

This study would answer the concern of the Members before we were forced to make an uninformed decision on the issue. Such a study would answer four specific concerns that I share with other members of the Banking Committee.

First, what kind of message are we going to be sending to our trading partners abroad? Is it healthy, in a trade bill especially, to let the world know that we are going to forgive debt and possibly bail out trading partners. That is a possible effect and a dangerous message. Instead, we should let them know that we are concerned about working out debt in an effort to help these countries achieve creditworthiness.

Second, is there going to be a market for discounted Third World debt? Many, including myself, fear that there is no such market. With no real equity in these countries to back up these loans I could envision a dead market on the back of the U.S. Government.

Third, what will this plan do, if anything, to our own economic stability in the United States. If it does amount to a bailout, I am concerned about the effect of a large forgiveness to interest rates at home.

Which brings us to the fourth and final question, how would such a debt facility be financed? Will it amount to a U.S. taxpayer bailout of the commercial banks in Latin America? My friends, when Congress bails out the businessmen of Brazil before the farmers of Owen County, KY, we have our priorities way out of line.

The Wylie amendment would facilitate answers to these questions and I urge its passage.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. SCHUMER].

□ 1600

Mr. SCHUMER. I thank the gentleman for yielding time to me.

Mr. Chairman, I urge my colleagues to vote against the Wylie substitute, for two reasons that I think are important.

The first deals with Third World debt. I would say to my colleagues that the provisions in the Democratic bill are much, much tougher on the money-center banks and all of the other bankers who got us into this mess to begin with. It is my belief that if you vote for the Wylie amendment, you are very simply giving a vote to help bail out those banks.

We know that we have a real problem in Third World debt, and this idea of lending new money to pay new interest is a terrible one, and I would say to my colleagues who do not represent New York or Chicago or San Francisco that their little banks, the smaller regional banks and small banks, like the options plan that is in the Democratic proposal, and do not like the Baker plan that is in the Wylie substitute, because it gives them for the first time liberation. If they want to get out of that mess and they want to just lower their interest rate or write off their debt, they can, under Democratic substitute.

So check with your little bankers back home. See what they want, the Wylie substitute—which they will not—or the Democratic proposal—which they will.

The second reason that I would support the bill is on the issue of trade and financial services. There is a narrow and pointed and limited provision in the bill that says to the Japanese, "If you don't open up your markets to our financial services, we will begin step by step to take some retaliatory action"—in this case by not letting them be primary dealers. And I would say to my colleagues that that is a first and important step.

America has the best financial services products in the world. If this kind of amendment does not pass, banking and securities and insurance, so vital to our country, one of the few areas of job creation, can go the way of autos and steel and electronics. If we vote for the Wylie substitute, we are voting not to modify that proposal, which I am willing and eager to do to some who have some objections about Canada, for instance, but we vote to eliminate it. Right now, when we are making progress, Secretary Baker and others, in opening those financial markets, we would be pulling the rug out from under the administration.

Mr. Chairman, I urge that the Wylie substitute be defeated.

Mr. WYLIE. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. BARNARD].

Mr. BARNARD. Mr. Chairman, this afternoon we have been debating some very, very serious issues, issues that should not be limited to 1 hour, issues that really need to be broadened, that all Members of this Congress should be listening to.

Unfortunately, we have only 30 minutes. One of the particular issues in this bill that I am deeply concerned about is one that the speaker before me has just addressed, and that has to do with the primary-dealer status in our Government bond program. I must rise in reluctant support for the Wylie amendment, even though there are many features in this bill that I do support. I support the Council on Industrial Competitiveness. I support subtitle B, which requires only that the Secretary of the Treasury initiate negotiations to create a new international debt management facility for sovereign debt.

All of these are very important, but I do not think that anything in this bill is any more important than how we are going to finance our deficit and how we are going to finance our national debt. And that is in the section that addresses the primary-dealer status and which prohibits equal access to other governments.

Few Members of the House, I suspect, are even familiar with the term "primary dealers." However, basically they are the principals in the distribution and redistribution systems of government bonds here or in other countries that buy and sell directly with the central banks. As such participants in the system they are integral to the management of the monetary supply systems. Billions of dollars flow through U.S. primary dealers every day. They are, indeed, the basis by which we finance the whole deficit.

In some cases, a primary securities dealer in United States bonds might be a non-United States national, such as Japan or Canada or the United Kingdom. Indeed, what has given rise to the provisions in this bill, in the House version, is that the Industrial Bank of Japan, Daiwa Securities, and Nomura Securities are qualified to be primary dealers in United States securities with the Federal Reserve System. This amendment was designed to remove them until supposedly equal access was granted to United States dealers and banks in Japan.

Now we all have the same ambitions. We all have the same desires. We want all markets opened up. But our approach in this one is very serious and it is very technical. If, as the committee report suggests, the legislation would intend to define as "unequal access" for debt issuance the use of a syndicated system, as opposed to our system in the United States, which is an auction system, in which syndicated members receive only a predetermined share—then while applying to Japan, it would also apply to, at least, West Germany and Canada. I have with me a description of five major bond markets—under title IV all would be considered as offering unequal access. That would include Australia, Canada, the United Kingdom, France, and Germany.

Mr. SCHUMER. Mr. Chairman, will the gentleman yield?

Mr. BARNARD. I yield to the gentleman from New York.

Mr. SCHUMER. I thank the gentleman for yielding.

Mr. Chairman, it does not affect England, because they have opened up their pound sterling market. It does not affect Australia, because they are in the process of opening theirs up. The only other country that it would affect other than Japan, I would say to the gentleman, is Canada, and I will make to the gentleman a commitment, as I have, that when we get to conference on this proposal, Canada will be eliminated.

I tried to get that amendment to bring on the floor in the Rules Committee, and I was not allowed.

Mr. BARNARD. Is it not true, though, that the United Kingdom, France, and Germany have what we call mixed systems?

Mr. SCHUMER. Those three countries have mixed systems.

Mr. BARNARD. "Mixed systems" means that they have both the auction system, which we have, and they also have the predetermined syndicated system, which we do not have.

Let me refer the gentleman to the committee report. It says a foreign country that grants access to only a predetermined portion of these instruments shall not be considered to have granted equal access.

Mr. SCHUMER. I have consulted with the Department of the Treasury about those three countries, and they would be the ones implementing the bill, and in their view, the only two countries affected now would be Japan and Canada. If we make this amendment, it would only be Japan.

Mr. BARNARD. The gentleman is absolutely correct. We are in the process of negotiating. I do not say though that negotiations at this time should not keep us in mind as to what we are doing. If we take players out of the Government bond program, what are we doing to interest rates? We are going to be restricting the number of participants in the bond market. That is going to cause our deficit to increase; because of the interest rates it will naturally increase.

At present the United States, as my colleague has said, and other large bond-issuing governments have been making considerable progress toward adjusting the diverse ways in which our various bond distribution systems work. Indeed, the reason that the Federal Reserve is opposed to section 428 is exactly because the step-by-step negotiation is working to refine the operation of the whole international bond market. This market is amazingly complex and better suited to regulatory and negotiated adjustments than the blanket coverage of what is in H.R. 3.

Reluctantly, because of this, I think that it is important that I support the Wylie amendment as opposed to the banking provision.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. MacKay].

Mr. MacKAY. Mr. Chairman, Paul Volcker is one of the heroes of modern American government. It is like watching the world's finest performer ride a bicycle on a high wire. You have the same excitement, you have the same suspense. So long as he can keep up his momentum he keep things in balance.

But the suspense is that there is no safety net, and there is no margin of error. And Mr. Volcker is losing momentum, and his loss of momentum is being caused by a dilemma. If he collects the interest from the debtor nations, he stops their growth and he accelerates the grinding poverty in which they find themselves.

Much as we like excitement, much as we like crisis management, good as Mr. Volcker is, we in the Congress have an obligation to do more than be spectators. We have an obligation to build a safety net, and that safety net would be to construct some kind of policy other than muddling through, which is our current American policy, and the construction of that policy would be this debt-conversion mechanism which is in this section of the bill.

I am not a member of the committee, but I believe that this is a very important part of the bill. It essentially sets up a free-market mechanism. We control the question of whether money goes into it and how much. I do not think that it is an undue risk, and I think that it is time that we stop the suspense and get Mr. Volcker off the high wire.

☐ 1610

Mr. LEVIN of Michigan. Also, as a nonmember of the committee, but someone who has had a chance to work on this, I have been in favor of going slowly. But going slowly is not the same as doing nothing, and if it is premature now with this crisis, when will the time be fresh?

I very much associate myself with the remarks of the gentleman from Florida and my former colleagues on the Committee on Banking, Finance and Urban Affairs.

Mr. MacKAY. I thank the gentleman.

The CHAIRMAN. The gentleman from Rhode Island [Mr. St Germain] has 7 minutes remaining and the gentleman from Ohio [Mr. Wylie] has 2 minutes remaining.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. Bonior].

Mr. BONIOR of Michigan. Mr. Chairman, the Committee on Banking, Finance and Urban Affairs title of the trade bill contains several provisions addressing the Third World debt problem.

This is one of the most important parts, I believe, of this trade bill; and I hope Members will focus on it, because it is indeed an opportunity that we have to gain the markets that obviously are not here.

Lost markets in debtor nations of the Third World are a major component of our debt problem. Our farmers, our manufacturers and our exporters expect us to deal with the trade deficit of the debt crisis before it devastates their businesses any further.

The substitute that the gentleman from Ohio [Mr. WYLIE] put before us would indefinitely, I think postpone any constructive action on this problem.

They propose instead that we study the problem without any mandates for action.

This is, I think, a recipe for inaction. The debt crisis has been with us 5 years.

The Committee on Banking, Finance and Urban Affairs title calls on the administration to take important first steps in dealing with the fundamentals of the debt situation in the Third World, and particularly our Latin neighbors.

The committee proposal would move the debt from the insured banks to capital markets worldwide which are not insured by the U.S. Government.

In plain language, I think we are talking about moving this debt off the books of the U.S. banks where it is dangerously concentrated, and into the hands of a broader spectrum of international investors.

It is difficult for me to fathom why the administration, or anyone else for that matter, would object to a program that reduces U.S. exposure, and which calls on the world capital markets to do more to provide funds to the developing world.

After nearly 4 years of studying, debating and legislating on the debt issue, I think the hour is becoming very late.

We are asking that the administration move forward on the debt problem. The opponents of the proposal what to stall and delay. We urge every Member to vote on the proposal that the committee has put into the bill, and against the provision offered by the gentleman from Ohio [Mr. WYLIE].

The CHAIRMAN. The Chair now recognizes the gentleman from Ohio [Mr. WYLIE] who has 2 minutes remaining.

Mr. WYLIE. Mr. Chairman, I have one speaker I would like to use to close debate.

The CHAIRMAN. The gentleman is not entitled to close debate; the committee is entitled to close debate.

Mr. WYLIE. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. McCOLLUM].

Mr. McCOLLUM. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, what we are dealing with here today is a simple question of whether we are going to vote for a substitute that has some common sense in it with regard to how we deal with this Third World debt problem and a few other matters, or are we going to let the committee bill that I think is quite irresponsible the way it is now drafted.

The fact of the matter is, we do have a problem in the private marketplace today in dealing with this Third World debt. We need to resolve the Third World debt.

It is a very big problem for trade and everything else we are discussing today.

The answer to that is the debt equity swap proposition that many in the private sector are now endorsing, and a number of the countries that are in the Third World are willing to support. It is a method and a means whereby the banks that are involved in this process can either swap or trade themselves directly or through intermediaries for an opportunity to participate in the economies of those countries to alleviate those countries of the problems they have, and give them a chance at capital formation and remove some of the burden of paying this expense.

The opportunity is there now. The industry, and the securities industry and our Treasury Department are working very hard to see this proceed. We do not need a debt facility that we do not know how it is going to be financed that is in the bill now.

We do not know who is going to pay for it. Probably, the taxpayers; and if that is the case, this is a big bank bailout, and that is all it is under subterfuge.

I urge my colleagues to vote for this substitute, to vote for common sense in dealing with the Third World debt problem to get this matter manageable.

Let the studies take place but let us not establish some other governmental agency or bureaucracy that the taxpayers are probably going to have to fund that in the end could cost billions and billions of taxpayer dollars to bail out our big banks, and that is absolutely and totally and completely unnecessary.

Furthermore, I am interested in seeing the primary debtor problem resolved which we could effectively in this particular amendment.

I think it is wrong, as has been pointed out today, to have that situation the way it is; and I think that we, in addition to that, find another way to get at the whole exchange problem which we otherwise would not be able to get at under the Wylie amendment.

I urge my colleagues to support the Wylie substitute. It is a logical way to go. The debt facilities thing is a terrible idea.

Mr. ST GERMAIN. Mr. Chairman, I yield 4 minutes to the gentlewoman from Ohio [Ms. OAKAR] to close debate, someone who will talk common sense, refute the irresponsibility charge and bring some street smarts to it as well.

Ms. OAKAR. Mr. Chairman, I thank the gentleman from Rhode Island [Mr. ST GERMAIN], my distinguished chairman, for yielding me this time.

Mr. Chairman, if you want to bail out the banks, then you will vote for the Wylie substitute. Vote no for the Wylie substitute.

This portion of the bill is vitally important to the long-term stability of our country.

Every major sector of our industrial and manufacturing economy is losing market share to foreign imports in both domestic and international markets.

Foreign competition is moving ahead of us so fast that we have gone in the last few years from the largest creditor nation in the world to the largest debtor nation in just 6 years.

If you want the status quo, vote for the Wylie amendment; let us talk about what the problem is today.

What is the status quo? The trade problem is so severe, it is beyond just an economic crisis. It is developing into a serious threat to our continued national security.

Last year the United States had a record trade deficit of $170 billion, and from 1980 to 1986 our experts declined 2 percent but our imports increased by 15 percent, and in 1985 and 1986 over 4.5 million jobs were lost due to this terrible trade imbalance.

In our great country with the economy as large and diversified as it is, our country's employment and economic stability depends on stable trade relations and implemention on a national level of coordinated policies and strategies so that we can maximize American competitiveness abroad.

Within our country, unfortunately, the means to accomplish, the tools to accomplish this end do not always exist; and that is why we are for a council on industrial competitiveness.

President Reagan himself recognized the need in 1983. He formed such a council composed of business, labor, government, and academia, but the President let it die.

They were on the right track, and all of a sudden he stopped the council. We want to revive it.

What is wrong with getting national leaders from labor, business, academia, and the public interest working together in the all-American spirit to compete?

I believe this council would prepare and publish its reports containing recommendations creating forums among national leaders in all sectors of our economy so that we can identify and address the national economic problems and create a consensus in support of our recommendations.

We cannot wait any longer. Give our American people the tools and the information to compete. The American people do not want to marshmallow trade policy. They want action now.

The American way is to deal fairly. The American way is to be competitive.

Do not inhibit our American capacity to compete in the domestic arena and do not inhibit our American capacity to compete in the international marketplace.

That is what the Wylie amendment would do. It would inhibit America's ability to compete.

Vote no on the Wylie amendment. Vote for the American way. Give our people the tools to compete.

We really want to vote in simple terms. We want a no vote for the Wylie amendment; and finally, we want to vote for the American people.

That is what this portion of the legislation is about. This portion has not received the notoriety of other portions, but let me tell you, there is no more important portion of this bill than the Committee on Banking, Finance and Urban Affairs portion.

□ 1620

So if you want a long-term economic stability that relates to our Nation, you will vote no on the Wylie substitute and yes for the American people.

Mr. MCMILLEN of Maryland. Mr. Speaker, I rise in strong opposition to the amendment to title IV of the bill offered by my colleague from Ohio. I believe that his proposal runs counter to the best interests of Congress in its efforts to craft the best possible trade policy.

Title IV, the Banking Committee provisions, is an integral part of H.R. 3, as it includes provisions to help ease the bebt burden that has kept many Third World countries from achieving real growth. The logic here is that increased economic prosperity in these developing countries will translate to an increased demand for American exports. Given that as much as one-third of our trade deficit may have resulted from a slackened demand for our products in Third World countries, we must seek a comprehensive solution that takes into account the inter-relationship between Third World development and international trade.

Representative WYLIE'S amendment fails to acknowlege the need for concerted action on a number of fronts. For example, eliminating the provision for an international debt facility is only avoiding, and therefore prolonging, a problem that has reached crisis proportions. With over $700 billion in private and public long-term debt in developing countries, and with export proceeds being barely enough to cover debt service costs, a widening of the crisis looms in the future. Overwhelming financial burdens are hindering these countries from the type of economic restructuring that is necessary to ensure lasting prosperity. The International Debt Management Authority [IDMA], by helping debtor countries to restructure their loans on a more manageable timetable, will invariably encourage trade surplus countries to escalate their investment in these countries.

Representative WYLIE'S amendment also seeks to modify the original bill language that is designed to minimize the wild fluctuations that the dollar experiences in currency markets. While many of the author's modifications do reflect a sensitivity to the problem, I nevertheless stand by the original language of this title as reported by the full Banking Committee. With its proposal, the Banking Committee showed that it is indeed responsive to the need to maintain a competitive exchange rate for the dollar through negotiations. Evidence has been mounting over the past 20 years to support the need for remedial, corrective action. Mr. C. Fred Bergsten, Director of the Institute for International Economics, indicated in recent testimony before the Subcommittee on Economic Stabilization that the overvaluation of the dollar, which began by mid-1981 and peaked in early 1985 at a 40-percent premium over 1981 levels, is responsible for as much as three-fourths of the trade deficit. Further, the massive export of jobs and profits that we experienced over that period can be attributed to this overvaluation. Conversely, undervaluation can be equally as detrimental. This, I believe, underscores the need for us to seek stability in world currency markets.

In considering the macroeconomic factors behind exchange rate movements, we must acknowledge that the United States already intervenes in international currency markets with some regularity but without any premeditated direction or course. Logic would dictate that we seek some "method to our madness." The exchange rate provisions of the bill would accomplish just that, and would help us to reign in the erratic dollar trading that threatens the stability of the International Monetary System.

Eliminating the Council on Industrial Competitiveness [CIC], as Representative WYLIE has proposed, would leave our new trade policy without a much needed coordinating mechanism. To date, the U.S. industrial policies have been without focus and often times quite reactionary in nature. The CIC gives us the opportunity to move beyond this, to anticipate our economic future and to provide us with an appropriate direction. Contrary to what many of the detractors might say, the Council on Industrial Competitiveness is not a first step towards a centralization of economic and industrial policy; it functions purely as an advisory committee, providing the President and Congress with recommendations on how best to increase U.S. productivity and international competitiveness. For these reasons, deleting this section of the trade bill would mean a perpetuation of the current matrix of governmental policies, many of which are working at cross purposes. This is an efficiency measure, one that is not designed to compound the problem, but one which should make significant progress into achieving a solution.

Mr. Chairman, my Subcommittee on Economic Stabilization, as well as the full Banking Committee, have deliberated carefully over the provisions that I have mentioned. We believe that the debt management facility, the Council on Industrial Competitiveness, and the provisions that allow us to move towards a competitive exchange rate, all represent our very best thinking on export expansion and Third World debt. I urge that this amendment is defeated and that we maintain the language for Title IV that was reported out of the Banking Committee.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. WYLIE].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WYLIE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 239, not voting 7, as follows:

[Roll No. 73]

AYES—187

Archer
Armey
AuCoin
Badham
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bereuter
Bilirakis
Bliley
Boehlert
Boulter
Broomfield
Brown (CO)
Buechner
Bunning
Burton
Callahan
Chandler
Chappell
Cheney
Clinger
Coats
Coble
Coleman (MO)
Combest
Cooper
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis (IL)
Davis (MI)
DeLay
Derrick
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Duncan
Edwards (OK)
Emerson
Erdreich
Fawell
Fields
Fish
Frenzel
Gallegly
Gallo
Gekas
Gilman
Gingrich
Goodling
Gradison
Grandy
Green
Gregg
Gunderson
Hall (TX)
Hammerschmidt
Hansen
Hastert
Hayes (LA)
Hefley
Henry
Herger
Hiler
Hopkins
Houghton
Hunter
Hyde
Inhofe
Ireland
Jeffords
Johnson (CT)
Kasich
Kemp
Kolbe
Konnyu
Kyl
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Lott
Lowery (CA)
Lujan
Lukens, Donald
Lungren
Mack
Madigan
Martin (IL)
Martin (NY)
McCandless
McCollum
McDade
McEwen
McGrath
McMillan (NC)
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Moorhead
Morella
Morrison (WA)
Myers
Neal
Nielson
Oxley
Packard
Parris
Pashayan
Petri
Porter
Pursell
Quillen
Ravenel
Ray
Regula
Rhodes
Ridge
Rinaldo
Ritter
Roberts
Rogers
Roth
Roukema
Rowland (CT)
Saiki
Saxton
Schaefer
Schuette
Schulze
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Skeen
Slaughter (VA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solomon
Spence
Stangeland
Stenholm
Stump
Sundquist
Sweeney
Swindall
Tallon
Tauke
Taylor
Thomas (CA)
Upton
Vander Jagt
Volkmer
Vucanovich
Walker
Weber
Weldon
Whittaker
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOES—239

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Aspin
Atkins
Bates
Beilenson
Bennett
Bentley
Berman
Bevill
Biaggi
Bilbray
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Brennan
Brooks
Brown (CA)
Bruce
Bryant
Bustamante
Byron
Campbell
Cardin
Carper
Carr
Chapman
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conte
Coyne
Crockett
de la Garza
DeFazio
Dellums
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
English
Espy
Evans
Fascell
Fazio
Feighan
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Frank
Frost
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gordon
Grant
Gray (IL)
Gray (PA)
Guarini
Hall (OH)
Hamilton
Harris
Hatcher
Hawkins
Hayes (IL)
Hefner
Hertel
Hochbrueckner
Holloway
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jacobs
Jenkins
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lowry (WA)
Luken, Thomas
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McMillen (MD)
Mfume
Mica
Miller (CA)
Mineta
Moakley
Mollohan
Montgomery
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Nagle
Natcher
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Panetta
Patterson
Pease
Penny
Pepper
Perkins
Pickett
Pickle
Price (IL)
Price (NC)
Rahall
Rangel
Richardson
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Rowland (GA)
Roybal
Russo
Sabo
Sawyer
Scheuer
Schneider
Schroeder
Schumer
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stokes
Stratton
Studds
Swift
Synar
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Walgren
Watkins
Waxman
Weiss
Wheat
Whitten
Williams
Wilson
Wise
Wolpe
Wyden
Yates
Yatron

NOT VOTING—7

Annunzio
Conyers
Ford (TN)
Marlenee
McKinney
Savage
Tauzin

☐ 1640

Mrs. COLLINS and Messrs. RODINO, LEHMAN of California, and ROWLAND of Georgia changed their votes from "aye" to "no."

Mr. KONNYU and Mr. AUCOIN changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. MARLENEE. Mr. Chairman, I wish to have the RECORD show that I was inadvertently detained on the last vote due to other congressional business, and had I been present, I would have voted for the Wylie amendment.

AMENDMENT OFFERED BY MR. OLIN

Mr. OLIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. OLIN: Page 707, strike out line 8 and all that follows through line 12 on page 708, and redesignate succeeding sections accordingly.

The CHAIRMAN. Under the rule, the gentleman from Virginia [Mr. OLIN] will be recognized for 20 minutes, and a Member opposed will be recognized for 20 minutes. The Chair will inquire at this time whether any Member is opposed to the amendment.

The Chair will recognize the gentleman from Vermont [Mr. JEFFORDS] for 20 minutes in opposition to the amendment.

The Chair now recognizes the gentleman from Virginia [Mr. OLIN].

Mr. OLIN. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, my amendment is simple and straightforward. It strikes section 662 from H.R. 3.

That section would require the Secretary of Agriculture to deduct casein imports from his projections of surplus milk production when he is determining whether to lower the support price—the price USDA pays for surplus milk—on January 1, 1988.

That is contrary to the careful balance agreed to in the 1985 farm bill. There is nothing new about casein imports not known at the time of the farm bill. It raises the cost of farm programs in 1988 by a quarter of a billion dollars—and the cost to consumers by three times that much. It has nothing to do with foreign trade and has no place in the trade bill.

Imported casein does not injure a domestic casein industry. There is no domestic casein industry. Our high support prices have seen to that. U.S. milk is too costly to allow competitive conversion to casein. Our attempts to nurture a domestic casein industry have been largely ignored. Our manufacturers who use casein—making coffee lightener, wallpaper paste or whatever—don't have the choice of "buying American." There is no American casein.

An equally compelling reason to support striking section 662 from the bill is its budget implications.

Estimates from USDA, from the Office of Management and Budget and from industry economists put the taxpayer cost of section 662 at about a quarter of a billion dollars a year—or higher.

Because high support prices also hold up retail prices, consumers will pay an estimated $700 million more for the milk, yogurt, cheese, and ice cream they buy in 1988.

Now listen to this:

We have changed dairy policy seven times since 1981. High support prices had led to an explosion of surplus production that peaked in 1983. In the 1985 farm bill, we finally have a program that is working. We came up with a two-part program: a whole-herd buyout to bring about a quick drop in production followed by gradual cuts in the support price if surpluses remained too high. Now that the whole-herd buyout is about completed and we are close to achieving the balance we all want, those who opposed reducing support prices want to change the rules.

Adjustments have been required of the dairy industry—and adjustments are being made. There may be some regional imbalances. They are not severe, and the industry is adjusting to lower government purchases. We are almost there. We must not change policy again, now that we have something that's working.

It is just plain unacceptable to allow section 662 to remain in the bill. It's foolish to change policy in this way, in this bill—and at a higher cost.

And for those who would argue that lowering the support price puts dairy farmers out of business, let's face reality. Milk prices are above support prices. As the supply draws closer to the demand, farmers producing for the market are getting better prices for their milk. Those who are producing for government warehouses need to get the signal—the Federal Government cannot indefinitely provide a livelihood through CCC purchases. The support price is supposed to be a floor, not a ceiling. And section 662 ignores that reality.

Strike it from H.R. 3. Vote for this amendment.

Mr. BOEHLERT. Mr. Chairman, will the gentleman yield?

Mr. OLIN. I yield to the gentleman from New York.

☐ 1650

Mr. BOEHLERT. Mr. Chairman, in the gentleman's opening remarks he mentioned several times that there is no domestic casein industry. Would the gentleman speculate for a moment why there is no domestic casein industry? Would the gentleman not accept the proposition that the reason we do not have a domestic casein industry is that our markets are being flooded by subsidized imports of casein from abroad?

Mr. OLIN. Mr. Chairman, if the gentleman will allow me to reclaim my time, I am well aware of the fact that we have tried to encourage the domestic casein industry. We have also tried to accomplish some casein import restrictions. Neither of these have been possible, and in any case, this has nothing to do with dairy policy that should be in this farm bill.

Mr. JEFFORDS. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I think it is time that we focused on what the real issues are here. There has been a lot of discussion about price supports, and reasonable people can disagree about support systems. What is critically important to understand here, however, is that section 662—and this debate—is not about support systems. It's about fairness, and protecting a sector of our society and economy from trading practices that are proving harmful.

The import in question here is a casein—a nonfat dry milk derivative that years ago began coming into our country mainly for the production of glue and drugs. Because of that usage, it has been treated in our trade agreements under an exception for chemicals, and has been coming into our country classified as a chemical.

Casein, however, has since gone from glue to glut. Our European competitors—particulary the EEC nations—realized that they could dump huge quantities of their surplus milk onto the American market by converting it into casein and slipping it over here under the guise of a chemical. Once here, it is not being used exclusively as a chemical component of glue or drugs, but as a substance in imitation dairy products, primarily as immitation cheese. The casein that used to be sold for glue and pharmaceuticals is now in your pizza.

We have no domestic casein market that is being undercut by this practice. Producing casein domestically, in fact, is so uneconomical because of dump prices that even the Europeans don't have a domestic casein market. What they do have is a highly subsidized export market aimed at us. And that European market is saving European taxpayers millions of dollars at the expense of our own taxpayers, who last year alone effectively reduced European dairy support program costs—rather than our own—by about $129 million.

What is being affected by these highly subsidized European imports—and badly affected—are both our taxpayers and our dairy farmers, some 5,000 of whom are being driven out of business because of this outrageous situation. It is for taxpayers and for dairy farmers that we are asking reasonable relief and fair play through the provisions contained in section 662 of the trade bill.

From 1981 to 1986 alone, casein imports from abroad have jumped by nearly 100 percent, from 127.8 million pounds to 228.9 million pounds last year. The impact of that imported glut has been to displace billions of pounds of dairy products that otherwise could have been sold on the commercial market. Instead, because of the displacement caused by casein, a significant amount of dairy production has ended up as surplus.

The U.S. Department of Agriculture is projecting that our dairy surplus in 1988 will be around 5.7 billion pounds. Of that estimate, roughly 1.6 billion pounds is attributed to milk sales that have been displaced by casein increases since 1983.

What section 662 of the trade bill does is to recognize this displacement. It says that if the administration does not move to limit casein imports—which legally the Administration already can do but has not—then the USDA must take milk sales displaced by casein into account when it calculates the expected 1988 dairy surplus. The effect of that action would be to ensure that American dairy farmers are not penalized through a large price support cut next January for import trade practices that are totally beyond their control.

Under the 1985 farm bill, we agreed to certain price support cuts for dairy farmers. One has already gone into effect and another will take place in 6 months, in October. The proposed price cut next January, however, was intended to come into play only if dairy farmers ignored our dairy policies and failed to curb their domestic production.

With some clear regional exceptions, the dairy industry has responded to the call for lower production. The market east of the Rockies, in fact, is well in balance. Yet surplus production in 1988 is still expected to exceed 5 billion pounds—the level at which the price cut is to be triggered next January. Domestic dairy production, however, will not be the primary reason pushing the Government's 1988 surplus dairy purchases above 5 billion pounds. Almost all of the expected surplus will be the result of milk sales displaced from the commercial market by highly subsidized casein.

Mr. Chairman, section 662 is not an attempt to change agreements in the 1985 farm bill not to coddle a particular industry. It is an attempt to make sure that our farmers, who already have suffered enormously from coast to coast, are dealt with fairly, and not penalized for something they have no control over but we do.

If we do not deal with the problem of casein imports and its adverse effects, we will be facing critically difficult times ahead. The price cut in January, coupled with anticipated surpluses on the west coast, will result in more and more farmers being forced out of business and potentially damaging dairy shortages in the East. We will not see consumer prices go down, as opponents of section 662 insist. Rather, we will see a repeat performance of what happened in the mid-seventies, when consumer prices skyrocketed up 61 percent as a result of price supports that were kept artificially low in an attempt to fight inflation.

Since 1983, price supports have been cut $1.50, a reduction of 12 percent. Although those opposing section 662 would contend that consumer prices fall when price supports do, that has not been the case. During the period in which price supports have dropped by 12 percent, dairy product prices have increased—increased—by 3.2 percent to consumers.

There is absolutely no evidence to prove that any 50-cents price cut has ever been passed on to consumers. The users of casein and milk products have furnished a figure that they claim represents consumer savings. What they are really saying is that section 662 will reduce their future profits.

On the other hand, there is dramatic historical evidence that too low price supports will cost consumers billions of dollars. In the period 1973 to 1976 when price supports were kept too low under the guise of fighting inflation, consumer milk product prices went up 60 percent, costing consumers an additional $8 billion each year for 4 years.

Contrary to opposing arguments, too, section 662 also will have no cost if the administration acts under section 22 of U.S. trade law to reduce casein imports. The administration has the authority to cut these imports by 50 percent—an authority that, if used, would save taxpayers at least $150 million by USDA estimates and more by other estimates. In fact, if casein imports are cut by as little as 10 to 20 percent, section 662 will cost no money.

We've used this type of incentive before. An identical approach was contained in the 1985 farm bill, requiring the administration to use the whole-herd buyout or lose price support authority. And the incentive worked. It saved taxpayers over $1 billion.

Section 622 also will have no cost if: First, production estimates drop by only one-half of 1 percent below current presumptions; and second, consumption estimates rise by only six-tenths of 1 percent over current presumptions.

Under budget rules, no savings can be assigned to any provision by presuming administration action. Thus, CBO has to assign a $115 million cost to section 662 under present circumstances. Not $250 million as stated in the Olin "Dear Colleague." However, the CBO cost was zero when the bill contained language mandating USDA action. Unfortunately, this language was striken from H.R. 3.

Moreover, CBO estimates that if the administration takes no action to curb casein imports or if no changes occur in current production and consumption estimates, the cost would be $115 million in 1988. This amount, however, actually would represent a reduction in 1988 savings, not an increase in present program costs. Dairy economists place this net reduction in savings at only $50 million.

Moreover, the CBO estimate does not take into consideration: First, temporary increases in production that always have occurred after a price cut as farmers struggle to maintain their cash-flow; and second, increased costs to Government programs, such as school lunch, WIC, and the TEFAP cheese distribution program for the needy, that depend on surplus stocks. If those surplus stocks are insufficient, and estimates are that they will be 1.6 billion pounds short by as early as October 1, 1988, it will require a $900 million appropriation to satisfy the requirements of the TEFAP Program alone.

As my colleagues know, Congress is often slow in attacking a problem. I think there is a general perception in the press and among the public that when we talk about a dairy surplus, we are talking about mountains of butter and cheese stored away in salt caves and storehouses. Four or five years ago that was true. But not today.

Just about every bit of our so-called surplus is committed—to the cheese and butter distribution programs, to the commodity supplemental food program, to foreign donations, and to the commodity programs for our schools and prisons. Our foreign and domestic obligations are close to 12 billion pounds of milk equivalent. Even if the Olin amendment is rejected, we probably will not be able to meet all of those commitments next fiscal year. If it is adopted, the problem will be aggravated tremendously.

Instead of a surplus, we will be faced with a deficit. The Temporary Emergency Food Assistance Program will no doubt be scrapped. That is, unless we want to pay $1 billion to buy the food commercially. My colleagues may not find this prospect too troubling; after all, it was designed to be a temporary program. But not far behind TEFAP will be CSFP and the child nutrition programs. Those costs will no doubt have to be paid.

If that were the extent of the problem, maybe we could deal with it. But it's not. In the early seventies we were in almost the exact same situation of tight supplies. As a result, prices skyrocketed by 60 percent over 6 years.

A price increase like that has obvious implications for consumers. But don't forget that the Federal Government is a consumer as well. Take one example, the WIC Program. Almost two thirds of the WIC Program food costs go to milk, cheese, or infant formula.

I'm proud to be an original cosponsor with a number of my colleagues on a resolution that seeks to increase WIC funding and participation by 5 percent a year. But I'm afraid that if history repeats itself that increased funding will not go to expanding the caseload, but will go to paying for increased dairy prices. That is a very real danger. But it is one that we can lessen by rejecting the Olin amendment.

More and more farmers are going out of business east of the Rockies under the present price. Stopping excessive casein imports—not price cuts—will prevent this from happening. This amendment will prevent 5,000 family farmers form going out of business. It will benefit consumers, not harm them.

For years we have recognized that increasing casein imports were posing a displacement problem to the dairy industry. Until now, however, our various House committees disagreed over the proper vehicle to deal with this problem. We now have before us a mechanism that the Agriculture Committee has endorsed and that has cleared both the Ways and Means and Rules Committees.

In a way, this is a historic occasion. For the first time, this House has before it a reasonable strategy to deal with the problem. I would urge my colleagues to recognize this important opportunity and vote against the Olin amendment to strike it from the trade bill.

Mr. OLIN. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. STENHOLM], my subcommittee chairman on the Agriculture Committee.

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Oklahoma.

Mr. McCURDY. Mr. Chairman, I rise in support of the Olin amendment.

Mr. STENHOLM. Mr. Chairman, it is indeed unfortunate to read some of the "misinformation" found within recent editorials and printed pages surrounding the dairy industry and section 662 of the trade bill. Let me, therefore, take this opportunity to expound upon many positive efforts and initiatives being taken within the dairy industry and briefly explain my position in support of the amendment offered by my good friend and distinguished colleague from Virginia.

I concur with the comments made by the distinguished chairman of the House Agriculture Committee that the dairy provisions contained within the 1985 farm bill are working. Recent USDA estimates indicate that reduced production and expanded commercial use will drop 1987 CCC net removals well below any year in the 1980's. Due in large part to the efforts and marketing campaigns of the industry supported promotional programs, commercial stocks of American cheese were below 300 million pounds as of March 1, 1987, the lowest on that date in more than a decade.

Positive effects of the whole herd buyout program continue to be felt as milk production during the first quarter of 1987 fell about 36 percent from 1986 levels.

Prior to the 1985 farm bill, as we all remember, the dairy industry was filled with uncertainty. Milk production was increasing at an unprecedented rate of 8 percent per month over the previous year and showed no signs of decreasing. Commodity Credit Corporation purchases of dairy products were mounting at an unacceptable pace. The situation today, however, is much improved.

Moreover, the 1985 farm bill represents a nonpartisan vehicle that carefully recognizes the complexities of dairy policy and problems of dairy producers nationwide. Furthermore, in recognizing that budget pressures, technological advances, and consumer preferences will bring about needed long-term adjustments in dairy policy, the farm bill mandated the establishment of a National Commission on Dairy Policy which is charged with the responsibility of reporting to Congress by March 31, 1988, with specific dairy policy recommendations including how we handle the casein problem. Therefore, I would hope that Congress would resist any attempt to modify the farm bill dairy provisions until the report is received and adequately studied.

With this being said, and as my good friend from Vermont knows, section 662 was approved by the House Agriculture Committee and was reported to the Rules Committee with a companion casein amendment sponsored by Mr. ROSE of North Carolina. At that point and time, CBO indicated that there was no budget impact.

Since that time, action taken by the Rules Committee in striking the casein import quota provisions from the House Agriculture Committee recommendations has changed the situation entirely. Recalculations by CBO indicate that the difference in the price support level required by section 662 would increase CCC outlays by $115 million in fiscal year 1988, $80 million in 1989, $40 million in 1990, and $5 million in 1991.

At a time when we are looking for ways to reduce Government costs/and are even absorbing difficult reductions in necessary programs, including fiscal restraint and responsibility should be the prevailing argument couched within my distinguished colleague's amendment to section 662. Subsequently, I firmly believe that the answer to the woes of our agricultural economy lies not in increasing Federal outlays for any good and valid purpose.

Let me conclude by simply saying that the hardest thing about facts is to face them. As it so often happens, when people agree as to what the facts are, they often disagree as to what the facts mean. I believe the American people and American dairy producers realize we have come to a point where we must all hang together or we'll all hang separately. We have heard the saying, "To Govern Is To Choose." Like it or not, harnassing Government spending requires hard choices. We may wish for some quick, creative answer, but we've got to work with the cards we've been dealt. Today I ask you to vote for the Olin amendment to stay within the budget for agriculture.

□ 1700

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I just want to clear something up for this body. Is it not a fact that if the casein imports are reduced as required by section 662, that there would be no cost?

Mr. STENHOLM. Absolutely. The gentleman is totally correct. The only problem is that we do not have that alternative before us today. We only have to vote on the Olin amendment, which will bring the House Agriculture Committee back to the point in which we already are in a difficult position of having to cut $1,350,000,000 from that function. If we do not vote for Olin, we will have to cut another $115 million, and that indeed is going to be difficult. The gentleman knows this, and it is a very painful position for me to be in because the facts he cites and the facts that I have that we could continue to talk about bear out all the valid reasons why we may be talking about something prematurely today, but the bottom line is, we have to deal with the budget by May 15, June 15, reconciliation. The only way that we can do that today is to support the Olin amendment.

Mr. JEFFORDS. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in opposition to the Olin amendment. I would ask my friend, the gentleman from Vermont [Mr. JEFFORDS], if he would engage with me in a short discussion.

This amendment is not exactly as I introduced it and had it adopted in the House Agriculture Committee, but, is it not true that if the administration would cut back imports of casein as the original Rose amendment anticipated, which the gentleman's bill also allows, that there would be no budget impact? Is that correct?

I yield to the gentleman from Vermont.

Mr. JEFFORDS. That is correct, absolutely correct.

Mr. ROSE. And only if they refuse to cut back on casein imports would there be the option of canceling the 50-cent reduction. Is that correct?

Mr. JEFFORDS. That is absolutely correct.

Mr. ROSE. The problem is casein. When we go in the Cloakroom here and whiten our coffee with the nondairy creamer, a cow in Europe helped produce that for us. But it comes into this country as a chemical. It has nothing to do with the dairy import quota system that we have protecting the dairy program. So there is a loophole in the dairy program. That is all we are trying to correct with this legislation.

The imports of casein are used by manufacturers in place of dairy products. It hurts the dairy price-support program. The costs of the programs go up. If we are really concerned about the costs of the dairy price-support program, we will vote against the Olin amendment, force this administration to cut back on the imports of casein coming into this country, and as with my first amendment in the Ag Committee, the budgetary impact will be zero.

Does the gentleman agree with me?

Mr. JEFFORDS. Absolutely zero.

Mr. OLIN. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS], the chairman of the Trade Subcommittee.

Mr. GIBBONS. Mr. Chairman, I rise in support of the Olin amendment. We have here a trade bill, and I think that before it is all over we are going to have a pretty good trade bill. Let us not make it into a farm bill.

I realize that the two may be distant cousins of each other, but let us try to keep these things separate. They really will not work.

If the facts are as has been alleged here, that these imports are interfering with the price-support system, then there is an appropriate remedy already on the books. If the people who are involved in all of this can just prove their case——

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, the industry took it to the ITC, under 201, and because of the weird circumstances involved with this loophole, the ITC ruled, since there is no casein industry, there is no injury. You have to go under section 22, which only the administration can go under, and if they go under section 22, then the gentleman would be right, there would be an interference, and we would be able to get the action that we need, and we would get this thing under control, there would be no price-support cut, and we would be in good shape.

Mr. GIBBONS. The gentleman is saying exactly what I am saying, that there are remedies here, but the gentleman just does not like the results of the remedies when he exhausts his remedy process, so he is coming in here asking us to change the substantive law.

That is what the Congress is for, but the gentleman has not exhausted his section 22 remedies, and I do not know who brought the case on countervailing duties, but I would imagine if there had been a real good case there, there would probably have been a favorable decision.

We are in a trade bill, we are not in a milk bill or a farm bill, and I think that we ought to support the Olin position, because it is obvious that if we do not it is going to be very costly for the American consumers who are in effect being required to pay a tax, although it is on the consumption of food.

Mr. JEFFORDS. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. I thank the gentleman for yielding time to me.

Mr. Chairman, I am very much opposed to this amendment, because just as the American dairy farmer is digging out from the predicament that Congress placed him in, this amendment would now have Congress dump on the dairy farmer again.

It has been said that casein does not have much of an effect on dairy. This is not true. Last year casein displaced 8 billion pounds of milk in this country. The average dairy farmer produces about 1 million pounds of milk a year. This means that 8,000 dairy farmers were put out of production in this country because of casein—8,000. I represent the third largest dairy district in the United States. I represent 7,200 dairy farmers. This amendment would take all the dairy farmers in the Dakotas, Nebraska, Iowa, all out of production including those in Wyoming.

The EEC now comes and tells us in Congress that "our subsidies are on the negotiating table at GATT, let us negotiate them away." But that takes years. We need relief now.

In 1982, we had 44 billion dollars' worth of agricultural exports. Do you know what we had last year? $26.2 billion. That is an $18 billion drop in 4 years. What industry can take a hit like that and be healthy? None.

I think as the American people are watching this debate they have to be asking themselves, "Aren't there any Americans left in Congress anymore?"

You cannot say anything against the Japanese, because then you are Japanese-bashing. You cannot say anything against the Cubans, because then you are Cuba-bashing. You cannot say anything against any foreign nation, because you are bashing. But when it comes to the dairy farmer, bash away, because that is the motto.

Is it not about time we start taking care of our own people and our own problems first for a change? Is it not about time that we stand up for our people, the American people, and vote against this amendment?

Mr. OLIN. Mr. Chairman, may I inquire as to how much time I have remaining?

The CHAIRMAN. The gentleman from Virginia [Mr. OLIN] has 9 minutes remaining and the gentleman from Vermont [Mr. JEFFORDS] has 12 minutes remaining.

Mr. OLIN. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. COMBEST], a member of the Agriculture Committee.

Mr. COMBEST. I thank the gentleman for yielding time to me.

Mr. Chairman, when we went through this decision on the dairy program in the Agriculture Committee 2 years ago, it was clear at that time what the problems were with casein. We struck a balance at that time between the livestock industry and the dairy industry on a dairy bill, which I supported. However, today, I do rise in support of the amendment of the gentleman from Virginia, basically because of the sensitivity which we will get into in the Ag Committee if we in fact do rewrite the farm bill or open the farm bill up.

This amendment does not have any direct impact on the amount of import, but rather on changing the dairy diversion price. Consequently, I would suggest to my colleagues on this side of the aisle that we support the amendment of the gentleman from Virginia.

Mr. JEFFORDS. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. STANGELAND].

Mr. STANGELAND. Mr. Chairman, I rise in opposition to the Olin amendment. The situation regarding casein is just one more example of attempts to interfere with price support operations of agriculture programs.

In fact, many examples exist of circumvention of the present quota structure with regard to the dairy program. Several cases have been outlined by the American Dairy Products Institute. For example, in 1986, approximately 20 million pounds of dry whole milk were imported in the form of sweetened chocolate blocks. The established annual quota for dry whole milk is 7,000 pounds. This practice has resulted in severe financial hardships on domestic manufacturers of dry whole milk inasmuch as 80 percent of its annual sales are to the confectionery industry. Another example is a product called Windsor Paste mixed under the protection of a free port in Windsor, Canada, and shipped into the United States via Detroit. The major components of this product are sugar and dry whole milk purchased on the world market.

The language in the bill developed by Mr. JEFFORDS is an attempt to counter casein imports which interfere with the U.S. price support program by displacing domestic skim milk and I urge my colleagues to vote against the Olin amendment and to keep the Jeffords language in the bill.

Mr. OLIN. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, I rise in strong support of the gentleman's amendment and commend him for his brilliance in uniting BARNEY FRANK and me.

Mr. Chairman, I rise in support of Representative OLIN'S amendment to strike section 662 of H.R. 3. My concern with the inclusion of section 662 in the omnibus trade bill is twofold. First, the question of casein imports is not the central issue here, but is merely the vehicle used by the domestic dairy industry to postpone a dairy price support reduction due to begin in 1988. Second, as a related concern, if this costly dairy support price is not reduced on schedule, it will cost the U.S. Government about a quarter of a billion dollars annually.

Reacting to a growing concern over the increasing surplus of Government-owned dairy products, in the 1985 farm bill, Congress decided to reduce dairy price supports gradually until surpluses were brought under control. Under the reform, a prospective surplus exceeding 5-billion pounds in 1988 would trigger a 5-percent cut in the support price. It is now clear the surplus will run a hefty 5.7 billion pounds. As we approach the deadline to begin this reduction in price supports, the dairy farmers, realizing they do not have the votes in Congress to repeal the trigger, have devised a way to protect their concerns within the parameters of a trade bill.

Section 662 will raise the threshold surplus that triggers a cut in milk price supports by the amount of casein imported into the United States. By doing this, the dairy farmers will ensure that the scheduled 5-percent cut in the support price will not take effect until at least 1989. Ironically, there is no domestic casein industry for imports to injure, since high price supports for milk make it uneconomical to manufacture in the United States. Thus, it is clear that this is a domestic dairy issue that should be addressed in an agriculture bill, and is not a trade issue involving the importation of casein.

At a time when we are looking for ways to reduce Government costs, I find it unacceptable to postpone a previously agreed upon price support reduction. Not only will this provision cost the Government $250 million annually, but it will cost consumers $700 million annually to keep this dairy price support system at current levels. Section 662, which will amount to almost $1 billion in additional costs each year, is entirely too expensive to preserve.

I urge my colleagues to support the Olin amendment that will strike section 662.

Mr. OLIN. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Virginia [Mr. OLIN].

The crafters of the 1985 farm bill made an important first step in adjusting our farm programs. That bill put into place a mechanism by which our dairy support program would be adjusted according to supply and demand. The bill sought to reduce milk production when imbalances occurred by holding production within reasonable bounds by appropriate price support adjustments.

After 2 years, this program, Mr. Chairman, has worked. The Commodity Credit Corporation stocks and purchases of surplus milk have declined. Now, however, this important progress will be circumvented if the Olin amendment is not passed.

The excess casein imports provision would require the Secretary of Agriculture to calculate imports of casein in estimating total Government dairy purchases.

Mr. Chairman, if this amendment fails and there is no price cut, the Government can be expected to buy an additional 1.1 billion pounds of milk, which will cost the taxpayers an additional $250 million.

In addition, if there is no price cut, consumers will pay an extra 50 cents for each 100 pounds of milk marketed, or $700 million.

So, Mr. Chairman, if the amendment does not pass we will continue protectionism and we will also raise the deficit and pass the costs along to our children.

Mr. Chairman, I support the amendment.

Mr. JEFFORDS. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I think we ought to be clear that the issue here is the flood of casein imports and what that flood of imports is doing in the American dairy industry.

What we ought to be doing on this floor today is imposing a 50-percent quota on casein. That is what we ought to be doing, but we are not. Instead we are dealing with the Jeffords amendment. The gentleman from Virginia [Mr. OLIN] wants to cut it out. I think that would be a terrible mistake.

The issue is casein and the impact casein has on the dairy farmers, and we ought not submit those farmers to double jeopardy. We are allowing that casein to flood into this country despite the fact that we have got caves where we store thousands of train carloads of nonfat dry milk and cheese over production. Yet we import this overproduction and penalize the dairy farmer on the milk price support program by not taking imports into account. That makes no sense at all to me.

If we were dairy farmers sitting in this Chamber thinking about this process, we would be furious, and justifiably so. This situation is patently unfair to the American dairy farmer. This flood of imports has to stop.

We ought to deal with the quota, but because that is not possible right now we are dealing with the Jeffords amendment. I oppose the Olin amendment and I think we ought to keep the Jeffords amendment.

Mr. OLIN. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. BOSCO].

Mr. BOSCO. Mr. Chairman, section 662 may not have much to do with the trade bill, but milking in general has a lot to do with the reason we need a trade bill, because we have had the milking machine on full blast around here for a long time. We have milked the Treasury dry, we have milked our savings dry, we milked our children's savings dry, and we are in the process of milking Europe's and Japan's savings dry, and those savings from Europe and Japan, their trade surplus with us is the only thing that is keeping our economy going right now.

I supported the 1985 agreement. I have a lot of dairy farmers in my district, but there is a time to recognize when old Bossy is just plain dry and cannot be milked any more.

Mr. JEFFORDS. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, I rise today in support of the Olin amendment, and I ask permission to revise and extend my remarks.

Mr. Chairman, I support this amendment because section 662 of H.R. 3 is an attempt to circumvent the so-called deal that Congress made with the dairy industry when it passed the 1985 farm bill.

The dairy title of the 1985 farm bill had two major provisions. First, a whole-herd dairy cattle buyout was designed to reduce the milk surplus with the least possible impact on dairyman. Second, if the buyout failed to reduce the surplus below 5 billion pounds, there would be automatic annual milk price cuts until that level was reached.

The USDA currently projects that the milk surplus will be somewhere between 5.7 to 6 billion pounds—enough to trigger a $0.50 per hundredweight cut in the dairy price support.

Section 662 in H.R. 3 is an attempt to avoid this price cut by deducting from the total domestic milk surplus the milk equivalent of imported casein. This would reduce the total milk surplus below the 5-billion pound trigger level, assuring dairy co-ops a milk support price of $11.10 per cwt. through 1988 rather than the projected support level of 10.60 per cwt.

I also oppose section 662 of H.R. 3 because it would encourage continued overproduction of milk and a buildup in the dairy held. This will eventually lead to calls by the dairy industry for another buyout or diversion program which artificially increases dairy cow slaughter and devastates beef cattle prices.

When the whole-herd buyout of the 1985 farm bill was implemented last year, the livestock producers in this country—for whom there is no price support program—suffered millions of dollars of losses in the marketplace. Hundreds of cow-calf operators and livestock feeders in my State of Nebraska alone were put out of business. If we allow the casein provision to remain in this trade bill, it will only set the stage for another catastrophe in the livestock industry.

Mr. Chairman, Nebraska is a diversified agricultural State, and we have many dairy farmers. However, over 60 percent of all the agricultural receipts in Nebraska are attributable to livestock production. This issue is one of fairness to the ranchers and cattle feeders in this country who do not ask for, or depend upon, Federal farm price support programs.

On several occasions, Congress has attempted to prop up the dairy industry through a series of dairy diversion programs. Each time we have done so, the ranchers and livestock feeders in this country receive lower prices for their cattle in the marketplace.

This year, cattle prices have recovered after several years of depressed prices. If we do not adopt this amendment, however, we run the risk of eventually plunging the livestock industry into another long and unnecessary period of depressed market prices by maintaining an artificially high government price support for the dairy industry.

To summarize, there are many other reasons why section 662 should be removed from this trade bill:

One, section 662 of H.R. 3 would change the farm bill and amend dairy policy, not trade policy.

Two, section 662 does nothing to address the casein import problem.

Three, no committees in the House conducted hearings on section 662. There is no report language explaining or justifying this section. And, it was incorporated into this bill without any studies being conducted.

Four, if the domestic milk surplus falls under the 5 billion pound level by January 1, 1988, using the existing formula mandated by the 1985 farm bill, then the dairy industry deserves to retain the $11.10 per cwt. milk price.

Finally, section 662 is a budget-buster, raising budgetary costs by $250 million and consumer costs by $700 million.

I urge my colleagues to vote yes and to support the Olin amendment.

Mr. JEFFORDS. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. BOEHLERT].

Mr. RIDGE. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I yield to the gentleman from Pennsylvania.

Mr. RIDGE. Mr. Chairman, I rise in strong opposition to the Olin amendment. For years now, we have tried to work with the administration to reduce the ever increasing imports of casein. Unfortunately these efforts have not been successful.

Many will argue that because we do not manufacture casein in the United States, casein imports do not displace domestic dairy products. Nothing could be further from the truth. Europe manufactures casein solely to dispose of their surplus nonfat dry milk. Converting it to casein and exporting it to the United States saves European countries $200 million per year. This is allowed only because casein is defined as a chemical rather than as a food. It is a food in Europe when they export it, it is a food in the United States in the form of imitation cheese or ice cream when it is consumed, but as it crosses the border we classify it as a chemical.

Mr. JEFFORDS reasonably asks the Department of Agriculture to limit casein imports or surrender their power to lower the dairy price support. This will have no effect on the price consumers pay for milk; a reduction in the price support just means less money for the farmers and more for the handlers and retailers of dairy products.

My farmers in northwestern Pennsylvania are not now, nor have they in the past, produced a surplus of dairy products. They should not be penalized for the excessive surpluses produced in other parts of this country, or in other parts of the world. For these reasons, I ask you to join me in rejecting the Olin amendment.

Mr. BOEHLERT. Mr. Chairman, I am strongly opposed to the Olin amendment. I have listened to this debate very carefully. It has been said there is no domestic casein industry. Of course there is no domestic case in industry. Our markets are being flooded by subsidized imports from New Zealand and Ireland and across the waters.

It has been said this is a trade bill, not a farm bill. Guess what? This is a people bill and farmers are real people, particularly our dairy farmers. They have been hit hard enough.

We are talking plain and simply whether or not we want to support the Olin amendment and another 50 cent per hundredweight cut in the support price for our dairy farmers, or whether we want to support a reasonable policy as outlined by my distinguished colleague from Vermont [Mr. JEFFORDS].

We have the equivalent of 8 billion pounds of milk brought into the United States every year, and we are talking about a 5 billion pound triggering mechanism to trigger that reduction in price.

We should not have it, and I urge defeat of the Olin amendment.

Mr. OLIN. Mr. Chairman, May I inquire how much time remains?

The CHAIRMAN. The gentleman from Virginia [Mr. OLIN] has 6 minutes remaining and the gentleman from Vermont [Mr. JEFFORDS] has 9 minutes remaining.

Mr. JEFFORDS. Mr. Chairman, I yield one minute to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I rise in opposition to the Olin amendment.

With section 662 we are not changing farm policy. We are injecting fairness into the dairy policy. What we called for in the farm bill of 1985 was not an automatic cut in the price support in January of 1988, but the possibility of a cut, if the surplus still exceeded 5 billion pounds.

Every region of the country, except California, brought production levels down. It is unfair to the producers in those other regions to take an additional price support cut when they have met the requirements of the law.

Furthermore, we would be under the 5 billion pound trigger if we did not have significant casein imports. But every producer across the country will take a price support cut due to something—casein imports—which they have no control over.

I do not see the gentleman from Virginia [Mr. OLIN] recommending an elimination of the discrepancy between price supports from one region to another; but it would save us a lot more money if we would do that.

Instead, we in the Midwest who already have a lower price support than Virginia are being asked to take it on the chin and let the rest of the regions get off with a much higher price support.

The fairness issue is what is involved here. The Olin amendment would lead to an additional price cut in those regions that have met the requirements of the 1985 farm bill to reduce the dairy surplus. That isn't fair. The Olin amendment should be defeated.

Mr. JEFFORDS. Mr. Chairman, how many minutes do we have remaining?

The CHAIRMAN. The gentleman from Vermont [Mr. JEFFORDS] has 8 minutes remaining.

Mr. JEFFORDS. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. SCHUETTE].

Mr. SCHUETTE. Mr. Chairman, I thank the gentleman from Vermont [Mr. JEFFORDS] for yielding me this time.

Mr. Chairman, I rise in opposition to the Olin amendment, and in strong support for the Jeffords language included in H.R. 3 for four facts.

Fact one, the committee amendment would merely require the Secretary of Agriculture to take into account the amount of casein imports when calculating future dairy price support reductions.

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That is one fact. Second fact: The European Community subsidizes its own casein industry to the detriment of the American dairy farmer.

Third, the American dairy farmers are in compliance with the 1985 farm bill. They play by the rules. But no, foreign casein imports, foreign dairy producers bend the rules and the losers are the American dairy farmers.

Fact No. 4: So the imports of casein into our country displace our domestic market to the detriment of the American dairy farmers; it is our responsibility, Congress' responsibility, to take action and to remedy that imbalance. That is why we should adhere to the Jeffords language in the bill and vote "no" on the Olin amendment.

Mr. OLIN. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, I rise in support of the Olin amendment and hopefully we will not rewrite the farm bill in a trade bill, but we will do it when we thoughtfully look at the Dairy Program.

Mr. OLIN. Mr. Chairman, I yield 1 minute to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I rise in support of the amendment offered by Mr. OLIN to strike section 662 of H.R. 3, a provision allowing the USDA to subtract casein imports when calculating the dairy surplus. If enacted, section 662 would prevent a 50-cent reduction in the dairy price-support level from going into effect.

This body recognized the problems inherent in the Dairy Price Support Program when it established the support reduction privision in the farm bill. This was designed as a followup to the chaotic Dairy Buyout Program. To deny this reduction now is to fly in the face of an agreement that was reached in the 1985 farm bill.

Promises were made in the last Congress, Mr. Chairman. The dairy industry got the Whole Herd Buyout Program when it accepted the prospect of a reduction in the support price level if purchases of surplus products remained high after the buyout. The levels of surplus are still unacceptably high. Congress should not now turnaround and tell the cattle industry and others that a deal made last year is null and void now.

Section 662 is a poorly conceived solution to whatever problem is perceived because of casein imports. Certainly decisions about agriculture price supports should be made in agriculture legislation, not hidden behind the pretense of trade. And with the Uruguay GATT negotiation coming up shortly, the relationship between casein and the "ills" of the dairy industry can certainly better be addressed at that time.

But trade is not at the heart of this issue. The issue is the anxiety in the dairy industry about being weaned even slightly from their price supports. I understand that anxiety, but the evidence is clear. The supports as constructed are insensitive to market constraints, they are damaging to the consumer as well as related industries, and they result in massive over supplies of dairy commodities.

The plan outlined in the farm bill was designed to reduce the dairy surplus in the most sensitive way possible. But the problems are real, and real solutions are what is needed, not delays or evasions. It may be a bitter pill for them to swallow—but sometimes what's good for us doesn't always taste so good. It would be impossible to construct an argument to say that the 50-cent reduction in price supports could do any serious harm to the industry.

If we don't stick with the farm bill agreement and lower price supports, then it's possible that another supply adjustment program will be needed. That is the worst possible answer to surplus commodity problems. The pain of price support cuts to industry pales in comparison to the pain experienced by other industries as a result of the buyout.

According to the Farm Bureau, the supply and demand imbalance is improving as a result of the Buyout Program. This is therefore the worst time for Congress to send the false signal to dairy producers to increase production. The signal we should be sending is for the dairy producer to decrease production as the free market would if it were allowed to operate unencumbered.

Mr. JEFFORDS. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. MARTIN].

Mr. MARTIN of New York. I thank the gentleman for yielding.

Mr. Chairman and my colleagues, I think part of the tragedy in today's activities in the passage of the Gephardt amendment is going to mean an almost certain veto. We need a piece of trade legislation, that goes without question. I far prefer the original version.

One of the reasons is that the provision that the Agriculture Committee, Mr. JEFFORDS, placed in here. Inferences were made that this does not belong in a trade bill. Let us keep in mind why we do not have a casein industry here. Try the European Common Market running our people out of business with predatory practices and subsidization.

Yes, it does belong here. Believe me, the dairy farmer ought not to be asked to walk the plank because we were not paying attention to the predatory practices of the European Common Market and other people who have taken away any casein industry that we had. This deserves to be in the bill. It is very important.

Anyone who suggests that over the course of the last 10 years, long before I got here, people have not been trying to deal with this casein practice under trade legislation just does not read the Congressional Record accurately.

I ask you to oppose the Olin amendment.

Mr. OLIN. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. Boulter].

Mr. BOULTER. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the amendment by Mr. Olin to strike the dairy price-support provision of this trade bill. There are several reasons for striking this section 662 of the bill, the most fundamental being that this provision has nothing to do with trade policy—it has everything to do with domestic dairy price support policy. Although section 662 is referred to as the casein amendment, it doesn't do anything to stop casein imports, it just says let's not count this dairy byproduct as part of the surplus in dairy products. Mr. Chairman, a delicate compromise regarding dairy policy was reached in the 1985 farm bill between the interests of dairymen and cattlemen. This trade bill is not the proper vehicle for upsetting that compromise.

As Members will recall, beef markets were devastated and cattlemen lost millions of dollars as a result of the infamous "dairy whole-herd buyout" last year. This attempt by the Federal Government to help the dairy industry get its supply in line with demand was a financial boon to the dairy industry, especially those producers who had their milk production quotas bought out by the Government. When these dairy cows started hitting the slaughter markets, beef prices plummeted and cattlemen in my congressional district and across the country lost millions practically overnight. This was a bitter pill to swallow indeed, but it was part of the compromise reached in the farm bill. The other part of the compromise was that dairy price supports would be slightly deceased if large surpluses persisted despite the whole-herd buyout.[1]

Well, the large surplus in dairy products has persisted, as the decrease in production resulting from the whole-herd buyout has been made up by other dairymen. If there is still more than a 5 billion pound surplus at the end of the year, the slight reduction in price supports is to go into effect to further discourage excess production. This is the slight concession the dairy industry made to reach the compromise; and it seems slight indeed in comparison to the beating cattlemen took.

But now, under the auspices of a trade bill, we have a "backdoor" attempt in section 662 to tinker with the formula for calculating the dairy surplus, to make it appear that the surplus is not that large after all, and the reductions in price supports aren't actually called for. Well, Mr. Chairman, I'm not buying it, and cattlemen in my district aren't buying it either. These independent businessmen haven't asked for Government assistance or a Government program; all they ask is that Government programs to assist other industries do not inadvertantly hurt the beef industry. So there is one very good reason to support the Olin amendment to strike section 662 from the trade bill. Let me quickly touch on a couple more.

Section 662 is also a budget-buster, as its inclusion in the trade bill would result in an estimated $250 million in budgetary exposure.[2] Congress is struggling to reduce this huge fiscal deficit, which I believe to be the primary cause of our trade deficit. Now is certainly not the time to be adding an additional $250 million to the budget deficit.

Finally, let's consider the impact on consumers. Does any Member really think it is fair to hard-pressed consumers of dairy products to be adding an additional $700 million to the grocery bills of consumers of milk, cheese, and other dairy products.[3] This Member certainly does not.

In closing, I urge Members to support the Olin amendment to stirke this unnecessary section 662 from the trade bill. Let's leave domestic dairy price support policy out of trade legislation.

REFERENCES

Mr. JEFFORDS. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. Solomon].

Mr. SOLOMON. I thank the gentleman for yielding.

Mr. Chairman, the first bill that I introduced when I came to this Congress some 9 years ago was a bill to limit casein imports coming into this country and unfairly affecting the dairy industry throughout America. It has been 9 years, we have not succeeded in doing anything about it. The time has come to do something about it.

But even if that time did not exist, there is one reason why we should all vote against the Olin amendment and support Mr. Jeffords. That is, just think what New Zealand recently said to us. They said, "USA, we don't want your nuclear-powered ships, we don't want anything to do with you." Well, let me send a message to New Zealand: "New Zealand, we don't want anything to do with you, either. We don't want your casein." So support Mr. Jeffords.

Mr. OLIN. Mr. Chairman, may I inquire of the gentleman from Vermont how many more speakers he has?

Mr. JEFFORDS. More speakers than I have time; three.

The CHAIRMAN. The gentleman from Vermont is entitled to close debate, the Chair would advise the gentleman from Virginia.

Mr. OLIN. I think it would be well for the gentleman from Vermont to have one more speaker now if that is acceptable. I have only two more speakers.

Mr. JEFFORDS. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. Oberstar].

Mr. OBERSTAR. I thank the gentleman for the time.

The purpose of H.R. 3 is to reduce our trade surpluses. Yet we have before us an amendment that would increase trade surplus and set off one category as sacred not to be touched. Sacred, not to be touched. I cannot think of anything more unreasonable or unfair than this amendment. In the past several years we have cut the price supports for dairy farmers, we have taxed them to cull their herds to reduce the cows that are producing milk in order to get the surpluses down. We have put this heavy burden on the domestic dairy producer. Now we are going to hand over that financial sacrifice, that sacrifice of herds and dairy farmers, over to the European Common Market and say, "Come on it. You come on in and take over this surplus space that has been left when we culled our herds, when we reduced our dairy farmers," and now we are going to hand over to the European Common Market that surplus, that growth increment in the domestic market.

In France the average dairy herd is six cows. The European Common Market subsidized them to the extent of $1 billion last year, the dairy production in the European Common Market so that they could dump calcium caseinate in the U.S. marketplace. That is nuts. We should not be supporting a policy like that. We should not tax ourselves so that we could give the surplus over to the Europeans. Nuts.

Mr. OLIN. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. Frenzel].

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[1] From $11.10 per hundredweight to $10.60 per hundredweight.

[2] CBO.

[3] USDA economists.

Note—Casein—a milk and cheese byproduct used to make plastics, adhesives, paints and foods.

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Chairman, I feel a little bit out of place in this debate. The reason I do is that the debate does not concern trade. We are talking about a way to keep milk payments from being reduced. The Secretary of Agriculture indicates that this is going to cost $300 million. I do not know whether that is wise or not. But, Mr. Chairman, I know this does not belong in a trade bill. It has no place in here. It does not come under the jurisdiction of this particular operation. Once we open up the farm bill, then we do so, I think, at great risk to everybody. I believe that the Olin amendment should be accepted and those people who want to deal with the milk subsidy should handle them in the normal way with an amendment to the farm bill through the Agriculture Committee.

I yield back the balance of my time.

Mr. JEFFORDS. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Chairman, very simply, a vote for the Olin amendment is a vote to make American dairy farmers pay for subsidies to casein producers from Europe and New Zealand.

A vote against the Olin amendment is a vote for fairness. A vote against the Olin amendment recognizes that casein imports have doubled in 5 years and that over 20 percent of today's dairy surplus is directly attributable to those same casein imports.

The gentleman from Virginia [Mr. OLIN] euphemistically said a couple of moments ago that the dairy industry is "undergoing adjustment." In plain English, what that means is that good people, small farmers, are losing their farms and losing their homes and losing their life's work. That is what "adjustment" means in human terms.

If you will note carefully the persons participating in this debate today, you will note that people from the regions who were treated most favorably under the previous farm bill are the people who are today defending the Olin amendment.

Those are the farmers who are most highly subsidized. Those are the farmers with the largest dairy operations in this country.

The average dairy farm in my district is not the 1,000 and 2,000 cow dairy ranches which people from urban areas think of stereotypically. The average farmer in my district has about 60 cows. He is not going to make very much money that way.

I would suggest to the people on this side of the aisle, who expect people from my region, from rural areas, to support programs to combat ruban poverty, to support programs to deal with urban misery, I suggest you take a look at the poverty and misery that exists in rural America in our regions right now.

Restore a sense of fairness, at least minimally, to this legislation. Oppose the Olin amendment and support the Jeffords plan.

Mr. OLIN. Mr. Chairman, I yield my remaining time to the gentleman from Massachusetts [Mr. FRANK] to close the debate in favor of the Olin amendment.

Mr. FRANK. Mr. Chairman, in the first place, there has been an unspoken work in this debate which is very important: California. In fact, as the "Dear Colleague" letter put out by the gentleman from Vermont, a couple of gentleman from Wisconsin, Minnesota, et cetera, many of the people who have spoken, they have said this is all about casein. But they admitted in one version of the "Dear Colleague"—maybe they thought better about it and did not want to say it on the floor, but part of the problem is they are making too much milk in California.

It says right in here: "It is working in markets east of the Rockies," and we have references here to "anticipated surpluses on the west coast."

That makes the point that what we did in 1985 was to do something called the whole-herd buyout. We said, among other things, that we would use public money to buy up the cows, kill them, get them out of dairy production. The people who sold their cows would get the money for that. They would get a better price than they would on the market. That was the deal, and it was working. We bought them out.

Part of that deal was that there would be drops in the surplus. What is involved here is a unilateral effort by people who went along with the deal in 1985. They do not like that anymore. They want to have their spilled milk and drink it, too. The cows are dead; the money has been paid and spent, and now they say, "OK, we got that part; we got the whole-herd buyout, now we are going to let the surplus not go down."

Why? Because of casein imports. There is nothing unanticipated about casein imports. In the first place, people knew in 1985. Again, we are talking here about a unilateral effort from the representatives of the dairy States, and I understand why they want to do it, to change the arrangement we made in 1985 because what they said was, "Give us the whole-herd buyout."

What happened was that the bill went through and it has become law. People took the benefits and now being told, "Let's change that part unilaterally."

Casein imports; we knew that they were there. They had gone up, but people knew in 1985 that they were there. Casein as not invented in 1986. Nothing has changed under the law.

In addition, we are told that you have to vote for this to stop casein imports. It does not stop casein imports. What the bill says is not that you should not import casein; it says that, as casein is imported over a certain level, we will hold off subsidy cuts.

It does not stop a drop of casein from being imported. There is no mechanism in this bill to do it.

In addition, as they admit in their "Dear Colleague," the problem is not just casein imports. They are worried about California. They think that what has happened is that they are making too much milk in California. But they do not want to say that because they want to get it into the trade bill. They cannot bring themselves to say California is not part of the United States. Maybe they wish they would not.

So we have is an effort unilaterally to abrogate the agreement and it does not work. It is going to cost us a lot more money in the budget.

We ought to be worried about poverty. Help us target these programs and I will be for them, but the domestic programs have, in fact, been cut very, very substantially, while the agricultural ones have been going up in total of budgetary impact.

But that is not the point. The point is that this is an effort to break a deal and spend more money.

Mr. JEFFORDS. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of the Olin amendment.

I urge my colleagues to join me in adopting this constructive legislation.

During the debate on the 1985 farm bill the dairy section was finally agreed to after much compromise. The final result allowed the Secretary of Agriculture to adjust the price support level based on the amount of expected surplus production.

The compromise allowed each side to have a partial victory. The dairy producers received the Whole-Herd Buyout Program, and cattle producers had the assurance that price support levels would drop by 50 cents per hundred-weight annually if surpluses continued to exceed the trigger level of 5 billion pounds a year after the buyout.

Even though the buyout is nearly complete, surpluses in 1988 are estimated to be above the trigger level. As a result, the dairy price support level is tentatively scheduled to be reduced as of January 1, 1988. The language in this bill would eliminate casein imports from the formula for calculating the trigger levels, and would have the effect of continuing present milk price suport levels of $11.35 per hundredweight.

Now, I am sympathetic to the economic conditions faced by all agriculture producers, but I feel this is not the appropriate time, place, or method of correcting the dairy provision of the Food Security Act of 1985. I would be glad to work for any needed change that would help dairy farmers through these difficult times. We should be careful to amend trade policy and not domestic dairy policy.

Congress must be very careful on how it changes all legislation that could have a large impact on the Federal deficit. This proposed change could substantially raise Government outlays without having the benefit of economic study or congressional hearings.

Some very important reasons for objecting to this language include: First, section 662 would negate the delicate balance of interests agreed to in the 1985 farm bill, second, the mild supply demand imbalance appears to be improving and the current formula should continue to give an incentive to reduce overproduction, third, Congress should not artificially increase the demand for milk and milk products, fourth, it has been estimated the proposed reduction in price supports will save $240 million, fifth, this legislation does not even begin to solve the casein import problem, and sixth, this section could cost consumers approximately $700 million.

We should search for an alternative method of addressing the casein import problem. If we need to establish a domestic casein industry then let us look it in the appropriate manner.

If we send a signal to dairy producers to continue to overproduce then there is the possibility that the demand for another dairy buyout or diversion program would increase. This would cause another blip in cow slaughter numbers that would have detrimental repercussions on beef cattle prices. We must not forget how the cattle prices dived last spring at the beginning of the dairy buyout.

Given the questionable management of the Buyout Program, our livestock producers were understandably outraged by the devastating decline in prices.

Mr. Chairman, I plan to vote for the Olin amendment, and I urge my colleagues to do likewise.

Mr. JEFFORDS. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. KASTENMEIER].

Mr. KASTENMEIER. Mr. Chairman, I rise in opposition to the Olin amendment and in support of the Jeffords provision in the bill.

Mr. Chairman, casein imports has been an issue before the Congress for some 15 years now. These imports are having a clear and measurable impact upon both our Milk Price Support Program and on our dairy farmers.

The International Trade Commission has conceded in a report that these imports adversely impact the program. More recently, USDA has pegged the level of that impact at some $325 million per year.

It is important to understand why we do not produce casein domestically. Casein has been used commercially in food products for less than 20 years. Thus, when the Milk Price Support Program was designed, casein was not included. And, when it became a food product, there was no incentive for domestic production because of the extremely low, subsidized price of casein imports.

Yet we know that those imports cost our Milk Price Support Program some $325 million each year. All we are saying in opposing the Olin amendment is, if you're going to force us to live with those casein imports, don't make us count those imports toward the trigger on cutting the support price for milk. Our farmers can't survive it.

The arguments of those who would undo our Dairy Price Support Program in the hopes of getting cheap milk ignore the fact that we not only already have cheap dairy products, but we are seeing the cost of those products as a percentage of disposable income decline, year after year.

Food in this country is a bargain. But our agricultural industry which provides that food is currently caught in an economic depression which is forcing more and more farmers toward economic insolvency and which continues to be a brake on any hopes for a real, national, economic recovery.

And yet, even though we will have seen the support price for milk drop by $2 by the end of this year, we are told by the supporters of this amendment that we must not do anything to forestall yet another 50 cent cut on January 1. The ice cream makers want cheap milk. A consumer advocate thinks we should price dairy products for the poorest of the poor. What happens to our farm economy is, supposedly, irrelevant.

The supporters of the amendment have grossly inflated the cost of this provision. In a letter to the House they have argued that the bill would cost a quarter of a billion dollars on an annual basis. In fact, CBO estimates an impact of only $240 million spread over the next 4 years.

We are not talking about adding this amount to current spending. We are talking about not reducing spending by that amount.

Finally, the projections as to the savings that will be passed through to consumers are surely built upon fantasy. We have seen the support price drop by $2 but we have not seen a corresponding drop in the price of dairy products. Consumers cannot expect to see price cuts if the Olin amendment passes.

In short, the "billion dollar baby" you've been hearing about today is most certainly only the conception of the supporters of this amendment.

The bill we're considering today is aimed at providing relief from imports for a variety of American industries. We know that casein imports are adversely affecting our dairy industry. Let's not forget the American dairy farmer as we pass this legislation.

Mr. DAUB. Mr. Chairman, I support the Olin amendment. In 1985, the farm bill set dairy price supports on a downward track if supplies were not reduced. This hasn't happened and now opponents of the amendment want to keep supports up and pay for it by restrictions on casein imports. The bill violates the agreement made in the farm bill and cattlemen are understandably upset.

This isn't fair. Cattlemen in Nebraska don't ask for special Government programs. All they ask is that existing programs do not hurt them. And they have in the past. Opponents of the Olin amendment don't want to stick to the deal.

The debate on the floor hasn't convinced me that there is any good reason to void the deal. Nebraska's cattlemen worry that to refuse to reduce dairy production incentives will result in an unmanageable surplus situation and a buildup in the dairy herd. Down the road this will eventually wind up disrupting cattle markets. The cattle producers in Nebraska will have to bear the brunt of this change.

The House has not examined this issue. There have been no hearings or studies on this section of the bill.

Cattle prices are starting to firm up. Now is not the time to change farm bill policy which could disrupt the first good news Nebraska cattle producers have seen for quite some time.

The Olin amendment should be adopted.

Ms. SNOWE. Mr. Chairman, I rise in opposition to the Olin amendment, affecting a modification made by the House Agriculture Committee to the dairy price support program.

The Olin amendment is not fair to the 850 dairy producers in my State who are abiding by the new dairy program and trying to make a living as dairy farmers. The provision in the legislation which the Olin amendment would strike, section 662, seeks to honestly account for the serious and unfair distortion which imported casein products have had on dairy surplus levels.

Section 662 would allow the Secretary of Agriculture to discount the levels of imported casein in calculating CCC surpluses. Such a discounting is fair because the Department of Agriculture has refused to provide deserved import protection despite rising volumes of casein imports.

On January 1, 1988, if CCC surpluses exceed 5 billion pounds, dairy farmers will face another 50 cent cut in accordance with the rules of the 1985 farm bill dairy program. Casein imports, a dairy byproduct substitute, adds significantly to how this surplus is calculated, but unfairly. Thus, despite great progress by the dairy industry to reduce surpluses and bring supply and demand closer together with the new dairy program, unfair casein imports will indirectly cripple Maine dairy farmers.

This provision would require cutbacks by the administration to reflect these imports, which are directly interfering with the dairy price support system. If the import restrictions are made, in accordance with section 22 remedies, the overall effect will not add to government costs, despite arguments to the contrary.

In sum, section 662 of H.R. 3 is a fair and reasonable modification, reflecting the casein import loophole. I oppose the Olin amendment, and urge Members of the House to reflect on the damage being done to hard-working dairy farmers as a result of casein imports.

Mr. MOODY. Mr. Chairman, I rise in strong opposition to the Olin amendment. That measure would strike important language now included in the trade bill (H.R. 3) to aid America's dairy industry. Casein, a protein product used as a cheese substitute, is causing serious hardship for the American dairy industry.

Casein has a number of uses, but more and more it is being used as a substitute for domestically produced milk products. Encouraged by the U.S. open market for casein, foreign producers have rapidly increased their casein exports to our country. In many cases casein production is subsidized by foreign countries, thus preventing a competitive casein industry from developing in the United States. Casein imports have nearly doubled from 127.8 million pounds in 1981 to 228.9 million pounds last year.

On January 1, 1988, these casein imports will lead directly to a $0.50 cut in the U.S. Price Support Program. According to the 1985 farm bill, if Government-purchased milk surpluses exceed 50 billion pounds, they will trigger a 50-cent price support cut. The intent of that trigger was to encourage American dairy farmers to limit surpluses. And American farmers have done that. But if Government surplus purchases of milk exceed 5 billion pounds, it will not be the fault of American farmers, but the result of unrestricted casein imports.

The U.S. Department of Agriculture is projecting that our dairy surplus in 1988 will be around 5.7 billion pounds. Some 1.6 billion of that amount or 28 percent is attributable to milk sales that have been displaced by casein imports.

In March of this year, I was an original cosponsor of legislation (H.R. 1436) to establish casein import quotas. If the Department of Agriculture is unwilling to limit casein imports in this way, the least it can do is not penalize American dairy farmers with a price cut for foreign import which are subsidized by foreign countries. In other words, American dairy farmers are making a good faith effort to responsibly limit surpluses and, for their efforts, will be penalized through a large price support cut due to import trade practices that are totally beyond their control.

I urge my colleagues to join me in rejecting the Olin amendment.

Mr. JEFFORDS. Mr. Chairman, as I understand it, all time has expired except 2 minutes on my side?

The CHAIRMAN. The gentleman is correct.

Mr. JEFFORDS. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. GUNDERSON] to close debate.

Mr. GUNDERSON. Mr. Chairman, let us understand that this is a trade issue before us at the present time.

We tried in that 1985 farm bill to put a quota on casein, and what were we told? We were told that the Committee on Agriculture does not have jurisdiction over that. If you want to deal with casein, you have to do it in a trade bill.

That is why we are here today. We tried to get a quota in this trade bill; they said no. We are saying, all right, if we cannot have a quota, then let us not penalize America's dairy farmers because we are allowing all this imported casein to flood our markets.

What has happened to the class I milk price in Wisconsin since 1980? Since 1980, we have gone from $13.10 down to $11.35; we are going to go down to $11.10 and down to $10.60 next year unless we pass this kind of amendment. We have imposed assessments on our farmers. We have asked them to endure one dairy diversion program; secondly, to take a dairy termination program to deal with their problem. They made cuts only to be penalized because we in the Congress are unwilling to say no to the imports.

The gentleman from Virginia stands up here and suggests by his amendment that he is for free trade in the world. I will suggest to you that he ought to be for free trade at home. It is pretty easy for someone from Virginia to stand up here and suggest that we ought to have a 50-cent price cut. They have a market price for class 1 milk in Virginia of $15.26. In Wisconsin and the upper Midwest, we have a market price of $12.23, $3 less.

He knows very well that he will not endure one penny of a price cut for his dairy farmers. If he were serious about letting casein come in here and have a free market, he would eliminate the marketing orders in this country, and he would see to it that his farmers felt the same impact of the philosophy he is suggesting we impose upon dairy farmers in the rest of the country.

I ask you to reject the Olin amendment and stand up for all of America's dairy farmers, not just for those in Virginia.

The CHAIRMAN. All time having expired, the question is on the amendment offered by the gentleman from Virginia [Mr. OLIN].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GIBBONS

Mr. GIBBONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. GIBBONS: Strike section 671, page 712, line 8 through line 23.

The CHAIRMAN. Under the rule, the gentleman from Florida [Mr. GIBBONS] will be recognized for 15 minutes, and a Member opposed to the gentleman's amendment will be recognized for 15 minutes.

The Chair recognizes the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I think we can dispose of this in pretty rapid-fire order if we can just all pay attention.

□ 1740

Mr. GIBBONS. Mr. Chairman, I rise to urge my colleagues to agree to strike section 671, which imposes an additional country-of-origin labeling requirement on meat products. I have grave concerns about the need for such a provision, and feel that it deserves closer study before enactment into law. Indeed, a provision of the Food Security Act of 1985—the 1985 farm bill—recognized the need for additional information on this issue, and ordered an investigation by the General Accounting Office and a report to Congress on its findings. The results of that investigation are just now being finalized, and will shortly be submitted to Congress. It is premature and, I believe, inappropriate for this body to be adopting changes to the meat labeling law before we even have a chance to consider the GAO report.

As many of you know, we already have country-of-origin labeling requirements under current law. All imports must be clearly labeled as to their country of origin as a condition to entry into U.S. customs territory. Indeed, both the Tariff Act of 1930 and the Federal Meat Inspection Act already require all imported meat and meat food products to be marked as to country of origin.

Mr. LEWIS of Florida. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I am glad to yield to my friend, the gentleman from Florida.

Mr. LEWIS of Florida. Mr. Chairman, it is clear that the chairman of the Trade Subcommittee has some strong reservations regarding this provision. I regret that your concerns could not be adequately resolved. It is my belief that the provisions of current law dealing with country-of-origin labeling of meat products are not adequate.

The need for reform of current labeling requirements was addressed in a recent field hearing of the House Subcommittee on Dairy, Livestock, and Poultry in Florida. Representatives from various producer groups and the commissioner of agriculture for the State of Florida unanimously agreed to the need for an effective labeling requirement. These sentiments are shared by the National Cattlemen's Association and the American Farm Bureau, who have provided me with written statements of endorsement for a labeling requirement.

The intent of the provision is not to create a nontariff barrier to imports. The American meat producer has invested much of his time and money to produce and promote a quality domestic meat product. American meat producers are proud of their product and believe the lack of proper identification deprives the consumer of the opportunity to make an informed shopping choice.

When the Committee on Agriculture marked up H.R. 3, I therefore offered an amendment to the Federal Meat Inspection Act to impose a stricter country-of-origin labeling requirement for meat products. This amendment received overwhelming support from the members of the House Agriculture Committee.

However, I have great respect for the views of the distinguished chairman of the House Trade Subcommittee, and do not take your objections lightly. I have a strong interest in improving the effectiveness of our trade laws generally, and our country-of-origin labeling laws in particular. Is there any way the distinguished chairman of the Trade Subcommittee might suggest that our mutual concerns be addressed in a manner that is productive and avoids unnecessary confrontation?

Mr. GIBBONS. Mr. Chairman, I appreciate what my distinguished friend has had to say. I would suggest to the gentleman from Florida that if he were to introduce a separate bill on this subject, I would be willing to work with him, and other interested members of the Agriculture Committee and of the agricultural community, in addressing any necessary improvements in our Meat Labeling Act. Specifically, I would be willing to schedule a hearing of the Trade Subcommittee to consider the need for changes in the laws requiring country of origin on meat and meat products. There is plenty of time remaining in the 100th Congress to consider improvements in the country-of-origin laws. I have serious objections, however, to including this provision in H.R. 3 at this time.

Mr. LEWIS of Florida. Mr. Chairman, if the gentleman will yield further, in an effort to avoid any unnecessary controversy over this issue, and in deference to the great leadership which the distinguished chairman of the Trade Subcommittee has provided to this Chamber on trade issues, I shall agree to introduce my provision as a separate bill, and work with him to achieve appropriate reform of country-of-origin labeling requirements through separate legislative action. In addition, I shall seek further hearings by the House Agriculture Committee on the GAO report required by the 1985 Food Security Act. I thank the gentleman for his cooperation. With this understanding, I shall not object to deleting the provision from H.R. 3 at this time.

Mr. GIBBONS. Mr. Chairman, I want to thank the gentleman from Florida [Mr. LEWIS] and I assure him that I have the highest regard for him and for the constituency that he represents so ably. I will be happy, as soon as this bill is introduced, to get it referred to the appropriate agencies for their comment and to have a hearing early this year. I want to work with the gentleman and see if we can settle this difficulty.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I, too, want to congratulate the distinguished gentleman from Florida. In fact, I congratulate the two distinguished gentlemen from Florida for working out an arrangement which I think eliminates one more barrier to the passage of a bipartisan unified trade bill.

We have had two setbacks today. On the other hand, we have made, I think, some extraordinary progress, partly because of accommodations such as that made by the gentleman from Florida [Mr. LEWIS] and that made by the gentlewoman from Ohio [Ms. KAPTUR] and others. We are going to develop, I am convinced, before we are through, a bill that this House and the other body and the President can join hands over. That has always been our aim, and despite these temporary setbacks, I want to congratulate again both the gentlemen and tell them I believe we are moving in the right direction.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield for purposes of a colloquy?

Mr. GIBBONS. I am happy to yield to the distinguished gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, the Congress has made a commitment to strengthen our trade laws and take steps to address the unfair foreign trade practices of our trading partners. I commend my colleagues for the progress which has been made to date.

I want to offer a special note of thanks to my colleagues on the Ways and Means Committee who served on the agriculture task force. They have worked very hard to ensure that American agriculture is represented in the bill before us.

I also want to thank the gentleman from Florida for agreeing to discuss an issue of great importance to 8,500 sheep producers in my State and many other States throughout the Nation—lamb imports.

In 1964, the 88th Congress authorized imposition of import quotas on certain meat products—beef, veal, mutton, and goat—as an amendment to an act dealing with free importation of wild animals. The Senate bill included lamb meat with a quota of 3,200,000 pounds. However, House conferees felt that with lamb imports running only 1 to 2½ percent of domestic production there was not a competitive problem. At that time, beef imports, for example, were running between 10 and 11 percent.

Colloquies held in both the House and Senate during consideration of the conference agreement gave clear indications, however, that had a competitive problem similar to beef been perceived at the time, lamb would have been retained in the 1964 act.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I am happy to yield to the distinguished gentleman from Texas.

Mr. PICKLE. I share the concerns of the gentleman from Texas and want to express my support for putting our sheep ranchers on an equal footing with their colleagues raising beef, veal, mutton, and goat.

Lamb imports now account for 10 percent of domestic production. The gentleman from Florida may recall that, during the Ways and Means Committee markup of H.R. 13, I raised the question of a possible amendment to the Meat Import Act to accomplish this same purpose. We had a considerable discussion of it at that time.

In deference to the chairman's concerns, that I enter into this kind of an understanding at that time in the bill, I did not offer an amendment, based on the chairman's assertion that he wanted to have hearings and would agree to do that later. So that was the question that was raised at that time, and we postponed it.

□ 1750

I wonder if the gentleman from Florida could express his feeling about these hearings now?

Mr. GIBBONS. Well, of course, the gentleman from Texas [Mr. PICKLE] and the gentleman from Texas [Mr. STENHOLM] are both correct. I appreciate the concern of both these distinguished colleagues.

I am concerned, however, that the full implications of adding lamb to the Meat Import Act have not been considered by the Ways and Means Committee. No hearings have been held on this issue by the Trade Subcommittee during the hearings on H.R. 3 and no witnesses testified on this issue.

Furthermore, there are serious questions as to our international obligations in this area which deserve further consideration and study before we enter into legislation.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield again?

Mr. GIBBONS. I am happy to yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, the distinguished chairman of the Trade Subcommittee should be aware that the Subcommittee on Livestock, Dairy, and Poultry, of the Agriculture Committee, which I chair, did hold a hearing on March 4 this year and representatives of the lamb industry were present.

Furthermore, our distinguished colleague, the gentleman from Oregon [Mr. SMITH] eloquently described the situation facing the lamb industry during that hearing.

Moreover, as the gentleman from Florida is aware, during consideration of trade legislation in the House Agriculture Committee, the committee unanimously supported an amendment offered by the gentleman from Oregon which included lamb in the meats covered by the Meat Import Act of 1979.

Encompassed in the amendment also was a provision directing the Secretary of Agriculture to conduct a study of trends with respect to lamb imports and their effects on domestic production. Such studies should examine whether a disporportionate quantity of lamb meat is entered into the United States in any particular quarter.

I am pleased that the Ways and Means Committee agreed to retain this requirement for a study in the final legislation before us today. The primary purpose of this study is to provide Congress data on the supply demand ratio of lamb in each of the four quarters as well as the corresponding fluctuation in price.

Lamb producers and legislators in the United States are concerned that significant movements in the market have a detrimental impact on the price of U.S. lamb.

Furthermore, New Zealand's announced intention to greatly increase its presence in the United States market is expected to upset the already delicate balance in the pricing structure of United States lamb.

We would also expect the Secretary of Agriculture to provide to the committee recommendations on steps which can be taken to strengthen the domstic lamb industry.

Although we had hoped the Ways and Means Committee would agree to include the entire amendment in its title of the trade package, we recognize the jurisdiction of the Ways and Means Committee over the Meat Import Act and have deferred to its position not to amend it at this time.

It is my understanding, however, that the gentleman from Florida will work with us on these issues at any appropriate opportunity in the future.

Am I correct in my understanding, may I ask the chairman?

Mr. GIBBONS. Yes, I say to the gentleman from Texas [Mr. STENHOLM], my good friend is correct. If either of our colleagues from Texas will introduce a bill on this subject, we will proceed to process it in the normal manner, which is a rapid and thorough way of considering it.

If I can be of any help to the gentleman in this matter, I certainly will be happy to.

Mr. STENHOLM. Mr. Chairman, I appreciate the gentleman's understanding.

Mr. ROBERT F. SMITH. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Oregon.

Mr. ROBERT F. SMITH. Mr. Chairman, I thank the gentleman from Florida for yielding.

I just wanted to say, Mr. Chairman, that it was my language that the Ways and Means Committee foresaw to take out of this trade bill and substitute a study for it. I think a study will reveal, Mr. Chairman, that while imports of lamb today are about 10 percent of the total volume in this country, schedules in the future indicate, and I am quoting from the New Zealand Herald, that they had planned in the next years a 20-percent increase per year, to reach 5 million lambs, directed at the United States. If that were true today, that would be 70 percent of the domestic production in the United States.

I think the point is well made that rather than try to correct a situation after this kind of export might occur, it would be much easier for us to correct it in a preventive way and in a way in which we would not restrict imports into this country and we would place our lamb producers on an even keel with our international competition.

Mr. GIBBONS. Mr. Chairman, I say to the gentleman from Oregon [Mr. SMITH] that I understand his position and let me assure the gentleman that we are not going to put him through any study. We will take up the gentleman's bill and go right ahead with it. We appreciate the gentleman's cooperation. We want to work with the gentleman.

Mr. ROBERT F. SMITH. Mr. Chairman, I thank the gentleman.

Mr. GIBBONS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Chair should now properly inquire if there is any Member present opposed to the amendment who seeks time in opposition?

The Chair sees none. Therefore, the question is on the amendment offered by the gentleman from Florida [Mr. GIBBONS].

The amendment was agreed to.

Mr. LENT. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion to rise.

PARLIAMENTARY INQUIRY

Mr. FRENZEL. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his inquiry.

Mr. FRENZEL. Mr. Chairman, the people on this side of the aisle were given to understand the Committee was going to rise at 6:30. Does the Chair have any information as to whether that will in fact happen?

The CHAIRMAN. The Chair has no information on that subject, the Chair would advise the gentleman.

□ 1800

Mr. LENT. Mr. Chairman, I ask unanimous consent to withdraw my motion that the Committee do now rise.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. LENT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LENT. Mr. Chairman, it is my understanding that we are going to take up the next amendment according to the rule, the so-called Lent amendment, and that we will leave—which is a 40-minute amendment—we will leave 5 minutes remaining on each side and then adjourn tonight at about 6:30.

The CHAIRMAN. That is the Chair's understanding.

Mr. LENT. Mr. Chairman, I ask unanimous consent that 20 minutes of debate time be reserved until tomorrow, 10 minutes on each side.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. LENT

Mr. LENT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. LENT: Page 757, beginning on line 11, strike out all of subsection (j) through line 21 and insert the following:

(j) REGULATIONS.—

(1) REGULATIONS REQUIRED; DEADLINES FOR PROMULGATION.—Not later than 90 days after the date of enactment of this Act, the Secretary shall, in accordance with the requirements of this subsection, publish for notice and public comment regulations to carry out this section. The Secretary shall prescribe final regulations to carry out this section not later than 180 days after such date of enactment.

(2) CONTENTS OF REGULATIONS.—Regulations prescribed by the Secretary under this subsection—

(A) shall establish forms and procedures for making the disclosures required by this section;

(B) shall establish procedures for indexing, and providing public access to, the information disclosed under this section;

(C) may define any term used in this section which is not defined in subsection (m) and may provide further clarification of any term which is defined in such subsection;

(D) may, subject to paragraph (3) of this subsection—

(i) exempt any person or interest or class of persons or interests, in whole or in part, or upon specific terms and conditions, from the requirements of this section, or exempt from public access the information disclosed by any person or class of persons, in whole or in part, or upon specific terms and conditions; or

(ii) establish procedures for the granting of such an exemption by order, upon application by any person;

(E) may prescribe means reasonably designed to prevent any person from evading or circumventing the provisions of this section; and

(F) may otherwise provide for the implementation of the provisions of this section.

(3) CRITERIA FOR EXEMPTIONS.—No exemption may be granted pursuant to paragraph (2)(D) of this subsection unless the Secretary determines, in the proceeding to estab-

lish the exemption by rule or to grant the exemption by order, that the exemption is necessary in order to prevent a substantial impairment of beneficial foreign investment in the United States. In making such a determination, the Secretary shall consider the impact of foreign investiment in the United States on—

(A) employment in the United States;

(B) Federal and State tax revenues;

(C) the balance of international trade;

(D) access to advanced technology;

(E) the cost and availability of capital to United States businesses; and

(F) the stability of United States markets in securities, real estate, and natural resources.

The CHAIRMAN. Under the rule, the gentleman from New York [Mr. LENT] will be recognized for 20 minutes and a Member opposed will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York [Mr. LENT].

Mr. LENT. Mr. Chairman, I rise to speak in support of my amendment, which would modify section 703 of H.R. 3—the Bryant provision—dealing with the reporting of foreign investments in the United States. The Bryant provision, while well meaning, is a highly controversial, burdensome, confusing, and inflexible provision that Paul Volcker and others have said could cause a severe outflow of capital and produce a severe, negative impact on our economy and on the present and future jobs of millions of U.S. workers. My amendment seeks to guard against this by incorporating reasonable authority for the Secretary of Commerce to exempt certain investments if their reporting or disclosure would be harmful to beneficial foreign investment.

The Committee on Energy and Commerce included section 703 in the bill by only one vote. Since then, it has elicited serious concerns from many sectors of the business and financial community. In response to those protests, the supporters of section 703 have already made several changes in the provision to relieve the reporting burdens on selected investors.

But the provision still imposes extraordinarily inflexible requirements that individual foreign investors and companies obtaining as little as 25 percent ownership in a U.S. business file extensive financial and other data with the Commerce Department. All of this data must be publicly disclosed, on an annual basis, without regard to protection of confidential financial data, competitive damage, trade secrets or any other adverse impacts.

We have tried, without success, to find the motivation behind this requirement.

The unconditional disclosure required here is not for anyone's protection—if a company is publicly held, investors are already protected by SEC reporting requirements. It is not to help Government analysts—this overlaps data they already have access to on a confidential basis. It may benefit some members of the public and some workers in multinational companies, but that benefit could be offset if the disclosure and reporting requirements discourage the flow of foreign investments in the United States. Moreover, because the Bryant provision is retroactive, it could cause dumping of foreign-owned U.S. assets prior to the effective date of the legislation.

Without extensive foreign investment throughout America's history, there would be no industrial America. In the last 25 years, without the Swiss drug companies, Japanese auto companies, Dutch oil companies, English conglomerates, and thousands of foreign nationals who buy stock in United States companies, literally billions in new investment capital and millions of U.S. jobs would not exist. Foreign investors bring $43 billion annually of their money to this country precisely because we respect private property rights; we are politically and economically stable; we have an open economy that welcomes new investment; up until now, you didn't have to hire an attorney or CPA to invest in America; and most important for many investors, we respect all investors' basic right to privacy. Paul Volcker, in his letter to Chairman DINGELL, said the cumulative total of this foreign investment is more than eight times this $43 billion in flow last year. In other words, the Bryant provision threatens almost $350 billion in foreign investment and millions of jobs. It explicitly requires disclosure of confidential financial information by foreign owned business. As I said, it is retroactive. It is Byzantine. It is vague, except insofar as it imposes severe civil and criminal sanctions for late and erroneous reports.

The extent and nature of the investments the Bryant language covers are uncertain. It could require disclosure of the operations of partnerships, small businesses, family-controlled firms, subsidiaries of multinational companies, mutual funds, trusts, pooled investment funds, brokerage accounts, and stock portfolios. It could require that foreign tax returns, contracts, and confidential agreements be filed with the Commerce Department. It could require disclosure by Americans involved in investments with foreign persons or companies. It could hurt foreign-held U.S. companies—even U.S. companies only 25 percent foreign-owned—by forcing them to disclose confidential data to their employees or competitors, when U.S.-owned companies are protected. In short, it is so broad, and it is so confusing in its requirements that we simply have no way of knowing what it will do to the flow of foreign investment into the United States. What we do know is that the Bryant language is already causing concern among multinationals and foreign investors who may not want to risk a fine or prison term trying to walk through this minefield and will simply put their capital into a more hospitable environment.

We do not know what the effects of section 703 will be. We do know that the administration, the National Association of Manufacturers, the Federal Reserve, members of the Business Roundtable, foreign governments, and multinational companies with extensive U.S. facilities, have all expressed concern or downright opposition to it.

That is why I am proposing this "escape value" amendment which would provide that in exercising rulemaking authority under this section, the Secretary of Commerce will under certain circumstances have the authority to exempt classes of investors or individual investments from the reporting or disclosure requirements. This exemption authority could only be exercised if the Secretary makes an affirmative determination by rule or order, supported by a preponderance of the evidence, that the exemption is necessary in order to prevent a substantial impairment of beneficial foreign investment in the United States. The Secretary would be required to consider the following key factors in making a decision: U.S. employment, Federal and State tax revenues, the international trade balance, access to advanced technology, capital cost and availability, and the stability of U.S. securities, real estate and natural resources markets.

I do not believe that anyone who supports modification of this section believes that we shouldn't have notice and understanding of the nature and extent of foreign investment in the United States. But there are a number of laws already in place that require extensive reporting of such investment. We can all agree that more of that information should be made public, and more analysis of it should be available, but that does not in any way justify turning the existing reporting system on its head, discriminating against foreign investors, and ignoring any basic right to privacy or need to balance the interests involved.

If section 703 is not modified, we are rushing to judgement on what could be a multibillion dollar mistake. We've had one hearing on this issue. We've had one debate in the Energy and Commerce Committee. That's all the record we have, along with a few opinions, some newspaper and magazine articles, and a mountain of questions. Most of the other sections of this bill have been debated, analyzed, investigated, discussed, negotiated, and reviewed for the last 3 or 4 years. Is this a sufficient record to support this unqualified, dramatic new restriction and burden? I say it is not. As I and other Members have already indicated, we, like our colleagues who support this provision, want to approach this problem carefully and deliberately.

As reported in Sunday's Washington Post, we are already witnessing the beginning of a drain on foreign investment in the United States. We don't want to do anything that would turn what is now a manageable problem into a true panic.

I ask now that the House indicate its desire that this issue be handled with the flexibility and discretion it deserves, and adopt my amendment to provide the Secretary of Commerce with appropriate authority to administer this section fairly and equitably, and protect the flow of beneficial foreign investment in this country.

□ 1810

The CHAIRMAN. Does any Member opposed to the amendment seek time in opposition to the amendment?

Mr. BRYANT. Yes, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas [Mr. BRYANT] is recognized for 20 minutes.

Mr. BRYANT. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, first I want to say that the provision being debated today that was passed by the Energy and Commerce Committee and added to this trade bill is a sound provision that sets forth basic reporting requirements, simple reporting requirements. It is very clear, and I would take very strong exception to the characterization of the amendment made by the gentleman from New York [Mr. LENT].

Mr. Chairman, I would point out that if all of the dangers raised by the gentleman were solid I would not have in my hand at the moment, as I do, a letter from the Securities Industry Association, and surely they are the ones that would know the effect of this provision on foreign investment, stating that all of the objections which they once had and the concerns they once had have now been alleviated inasmuch as the provisions of this bill now are quite clear and quite simple. Nor would I have in my hand a letter from Shell Oil Co., which is widely known as a foreign company, a longtime foreign corporate citizen of the United States, so to speak, which states that its objections to the provisions also have been alleviated.

Mr. Chairman, the fact of the matter is that in the last 5 years foreign ownership of American farms, banks, manufacturing companies, stocks and bonds, in fact, assets of all types, has doubled.

What this provision before the House today that Mr. LENT seeks to amend does simply is say that we are going to have in the future what we do not have now, and that is an effective means of tracking the extent or the location of foreign ownership in our economy, just as all of our allies, indeed, virtually every country in the world also does.

This provision is basic, is simple and is clear. What it simply says is that when a foreign interest purchases an interest in the economy of the United States equal to 5 percent of a company worth $5 million or more, then he has to file. What does he have to file?

It is very simple: Identity, nationality, date the interest was acquired, the size of the interest and the purchase price of the interest.

That is not complicated, and in the unique case where a privately held company in America today sells 25 percent of its ownership to a foreign firm, and that company is worth more than $20 million, in that case that firm begins to file the same data, and no more than a publicly held corporation in the United States already files.

It is no more complicated than that, but it is information that we need.

What does the Republican amendment attempt to do? What it attempts to do is totally obviate the purpose of this bill, which is to give us a body of information that we can utilize on which to base policy decisions and that we can utilize on which to base the projections of our future in order to determine our current economic status vis-a-vis the rest of the world.

The Republican provision would obviate that by allowing the Secretary of Commerce to exempt whole classes of investments. It would be permissible under this amendment, for example, to say all investments in the entire steel industry, all investments in the railroad or the banking industry could be exempt from the reporting requirement.

Other countries do not do that. Other countries require reporting. We should do the same. We need the information.

I submit to you that this is long overdue, and I urge the Members to support it.

Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. FLORIO].

Mr. FLORIO. Mr. Chairman, I rise in opposition to the amendment.

Section 703 is one of the most important provisions in the bill. It requires foreign persons to register basic information regarding their U.S. operations when they gain significant or controlling interest in certain U.S. assets or properties.

For example, only those portfolio investments that exceed $50 million or that constitute an equity or ownership interest greater than 5 percent in a U.S. property worth more than $5 million or more, would even meet the threshold in this section. And, investment in real estate would only be covered if it exceeds $10 million or constitutes an equity or ownership interest greater than 5 percent in U.S. property worth more than $5 million.

Section 703 does not put any restrictions on the ability of foreign persons to make investment in the United States. This section is not intended to discourage foreign investment at all. Instead, 703 simply recognizes the obvious—information on foreign investment is difficult to get, because the investor may not be located in the United States.

The proposed amendment, however, is written so loosely that it could be used to exempt all foreign investment from the disclosure or even the reporting requirement.

The amendment would let the Secretary exempt individuals, or whole classes of investors, if reporting would impair a beneficial investment in the United States. How, I ask you, is the Secretary supposed to distinguish between a beneficial, and a nonbeneficial investment? Does a foreign investor's statement that he will not make his investment if reporting is required, meet the amendment's test of substantial impairment?

It would seem to me that if the proposed amendment is adopted, we will be setting forth two contradictory policies. First, we will be saying that we want foreign persons to report information regarding their U.S. investments and acquisitions, and second we will be saying that they do not have to report the required information if they do not want to.

This approach makes no sense. We either want the information, or we do not want it: That's what is at stake, I, for one, think it is important to have basic information on foreign investment.

For example, the administration became greatly concerned about the impact on national security when Fujitsu, a Japanese semiconductor manufacturer, attempted to buy Fairchild, a semiconductor company located in California. Section 703 could not be used to stop a takeover, because reporting under section 703 occurs after the acquisition is made. However, section 703 would ensure that our Government would know, for example, whether a foreign person has a significant or controlling interest in a defense contractor with whom it is dealing.

Section 703 would also give us important information concerning foreign control of financial assets in the United States. Foreign control of U.S. bank assets has quadrupled in the past 12 years, and is still rising.

For these reasons, I believe it is important that the trade bill contain an effective foreign investment reporting requirement. I, therefore, urge my colleagues to oppose the proposed amendment.

Mr. LENT. Mr. Chairman, may I ask how much time I have remaining?

The CHAIRMAN. The gentleman from New York [Mr. LENT] has 11 minutes remaining.

Mr. LENT. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in support of the Lent amendment and must say that, had I had the opportunity, I would have gone much further.

As a matter of fact, I would have risen to strike the Bryant amendment because I think the Bryant amendment, as I said in general debate, is a dangerous precedent to set when we are dealing with foreign investments in this country.

Many of us who represent States such as Ohio have been benefited by foreign investment creating jobs and creating wealth in our particular State. I would hate to see us reach a situation where the foreign investment would seek other places because of the strict requirements under the Bryant amendment.

I would hate to see those markets that are now starting to challenge our international markets that we have always felt were the strongest in the world, now to see that foreign investments go offshore to someplace else for really no particular reason except that for some reason we want to be able to catalog all these foreign investments.

We ought to be encouraging foreign investment in this country. Foreign investment is really being used in many respects to make certain that the debt payment is covered on our national debt.

Yet, we stand here arguing about an amendment that in my estimation is inwardly looking, and it is shortsighted. It is an amendment that in my estimation is dangerous for the international trading community and the investment community.

I suspect that when all of the smoke is cleared, this amendment, if it is not watered down to the extent that the Lent amendment seeks to do, and let us make no mistake about it, that is clearly what it tries to do, that it will be vetoed by the President.

He is not in a position, I do not think, to be able to support this kind of proposal that passed by a narrow one vote in the Committee on Energy and Commerce, opposed by a good number of Members from both sides of the aisle, and I suspect will be the same here.

We have a chance at least to draw a middle ground now with the Lent amendment. I would have gone much further and stricken the Bryant language totally, but I am here to support the Lent amendment.

I think the Lent amendment makes measurably good sense as we send this vehicle on to the other body, and I would ask strong support for the Lent language to replace the Bryant language that came out of the committee.

Mr. BRYANT. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. MARKEY].

□ 1820

Mr. MARKEY. Mr. Chairman, I rise in opposition to the Lent amendment and in support of the Bryant position.

Mr. Chairman, the amendment offered by the gentleman from New York is a bad amendment. In a moment, I will explain why the Lent amendment should be defeated.

But before I address the amendment directly, let me correct the record regarding the nature of the Bryant provision which is the object of this amendment.

During debate on the bill, a number of Members have referred to Mr. BRYANT's provision as a threat to our ability to finance the Federal deficit. Some have even called its impact on the deficit a "catastrophe."

Before anyone dives off that board again, let me warn him that there is no water in that pool. The Bryant amendment specifically exempts all debt of any kind. I repeat—the Bryant amendment exempts all debt of any kind. Treasury bills are exempt, as well as every other form of indebtedness.

So please, let's stop arguing about the impact of Mr. BRYANT's initiative on the Federal deficit. There is no water in that pool.

Now, let me explain why Mr. LENT's amendment is defective.

Most importantly, it invites the worst sort of arbitrary secret dealmaking, behind closed doors, between the administration and foreign investors.

In order for someone to apply for a waiver, and keep his dealings secret, his application would have to be kept secret. Therefore, under the Lent amendment, no one could challenge the Secretary's decisions no matter how arbitrary they might be. We wouldn't even know about them.

Thus, a disclosure amendment would be perverted into a safe house for foreign investors. Any foreign person who would prefer to keep secret his control of U.S. property could apply to the Secretary of Commerce and ask for an exemption.

The Secretary is free to grant the exemption on the basis of the flimsiest of showings. All the applicant must show is that disclosure would "substantially impair" his willingness to invest. Obviously, any foreign investor who wants to meet that test can do it simply by insisting that he won't make the investment unless the Secretary grants the waiver. There is virtually no way the Secretary could say that the investor is wrong.

And how does the amendment define the term "substantially impaired"? There is no definition. Instead, under the amendment, the Secretary is permitted to define this and any other term in the bill. The Secretary is even allowed to redefine terms already defined in the bill.

In other words, this amendment would turn a fair and balanced disclosure amendment into the legislative equivalent of Swiss cheese.

It would give unlimited discretion to an administration which places the right of foreign investors to hide their dealings ahead of the right of the American public to know who owns their industrial base, their real estate, and their local institutions.

I urge my colleagues to vote against the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, there is an old adage "what we don't know won't hurt us." But in this modern world of ours, that is not true. What you do not know will kill you. There are vast amounts of assets in this world flowing very easily between country and country. The Bryant language basically provides that we in America should know the source of that foreign money coming into this country. Knowledge is power. Without the knowledge, location and source of those assets, there is no way in the world you are going to know what the extent of that foreign investment is and why it is here.

We in America in some cases do not know the extent and the danger of foreign ownership. But unless we have the Bryant language, we will never know it. Mr. LENT's amendment really wants to weaken that authority. Whether it is an American corporation whose stock is being bought up and the corporation executives want to know who is doing it, whether it is a farmer in Kansas or Iowa who sees land all around him being bought up and does not know who is doing it, the citizens of this country have the right to know who is in fact investing in this country from overseas. It is a different world today. With computers, assets can transfer and move from place to place in seconds. The Bryant language gives us the authority to look and see who is moving those assets and whether it is hurting our constituents. The Lent language weakens it significantly.

I urge you to oppose the Lent language, vote for your constituents, vote for your farmers, for your corporations, for the assets of America. Preserve the Bryant language in this bill.

The CHAIRMAN. The Chair again recognizes the gentleman from Texas [Mr. BRYANT] who has 1 or 2 additional minutes this evening if he wishes to use them.

Mr. BRYANT. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, the amendment that is offered by the gentleman from New York is a classic example of the attitude toward foreign nations which has driven our trade deficit to recordbreaking levels.

The gentleman is so sensitive to the reaction of foreign investors to the bill's language that he ignores the fact that it is in the best interest of the American economy to at least monitor foreign ownership of America's assets and resources.

I would like to refer the gentleman from New York to two recent news events and have the language that has been introduced by the gentleman from Texas that might have had some influence on the outcome of history. The first relates to our problems with Libya and the freezing of assets in the United States.

The U.S. Government found it difficult, almost impossible, to identify those assets and to move forward with a stated foreign policy that we were trying to execute. If the Bryant language was in place without the Lent amendment, our Government would have had that information. And a topic equally timely, I might say, is the question of the holdings of President Marcos of the Philippines. Under the language introduced by the gentleman from Texas, the United States would have had a record of the holdings of the Marcos family in the United States. That information may have led us to earlier conclusions about the viability and perhaps the honesty of the Marcos regime. But in fact that information was not available.

If the gentleman from New York should prevail tomorrow morning when a vote is taken, he would take away the authority of the United States to gather that information and have it available for necessary foreign policy decisions.

I would like to join my colleague from Kansas, too, by saying that in our part of the world in the Midwest the knowledge of foreign ownership of some 1,500 acres of prime farm land—and that is what it would take to reach the $3 million threshold—I think is valuable information. It can allay the fears that in fact there is not massive ownership and if there is we will know it in time to do something about it.

Foreign ownership is a legitimate concern of those who look to the future of the American economy.

The amendment by the gentleman from New York would put blinders on when in fact we should have full knowledge.

Mr. FIELDS. Mr. Chairman, I rise in support of the amendment offered by my colleague from New York, Mr. LENT.

During the Energy and Commerce Committee's consideration of H.R. 3, a foreign disclosure amendment was adopted by a 21-20 vote. The foreign disclosure provisions require a foreign investor to register his holdings in the United States.

Information a foreign investor must provide includes: the identity of the investor, his nationality, the investment acquired, the price paid for the investment and other such information as the Secretary of Commerce may require.

The Secretary of Commerce is then required to release proprietary information gathered from foreign investors to the public.

I might point out that the Department of Commerce already collects data on direct foreign investment in the United States in aggregate form. The International Trade Administration collects data on individual transactions and assesses their implications. Any direct foreign investments which might negatively affect U.S. national interests are reviewed by the interagency Committee on Foreign Investment. So, direct foreign investment data is available now for legitimate purposes.

Mr. Chairman, the author of the foreign disclosure language, Mr. BRYANT, contends that he does not intend to inhibit foreign investment in the United States. But, I am concerned that the required public disclosure of sensitive, proprietary information will drive foreign investor away from the United States.

Foreign investment has financed our Federal budget deficit, provided funds for U.S. business expansion and created jobs for American workers. The safe haven for investment the United States provides strengthens our economy. It is a tremendous advantage the United States has over many other nations.

The sponsors of the foreign disclosure language in H.R. 3 assure us they do not want to discourage foreign investment. The Lent amendment puts their assurances in legislative language.

The Lent amendment gives the Secretary of Commerce the authority to exempt foreign investor disclosure when that exemption is necessary to prevent a substantial impairment of beneficial foreign investment in the United States.

I urge my colleagues to look beyond the superficial simplicity of foreign disclosure language and recognize the potentially damaging effects this language could have on the U.S. economy.

Support the Lent amendment—give the Secretary of Commerce reasonable authority to prevent damaging withdrawal of foreign investment from the United States.

The CHAIRMAN. Under the unanimous-consent agreement all time for general debate this evening has expired.

The Chair would advise Members that the gentleman from New York [Mr. LENT] has 9 minutes of debate remaining for tomorrow and the gentleman from Texas [Mr. BRYANT] has 9 minutes of debate remaining for tomorrow.

Mr. GUNDERSON. Mr. Chairman, this week the House is considering a major revision and reform of our nation's trade laws. The bill—H.R. 3, the Trade and International Economic Policy Reform Act of 1987—is the product of tireless, bipartisan efforts to craft legislation to lift the United States out of its current status as the world's largest debtor nation.

The Ways and Means Committee bill, as amended by numerous other House committees, including the Agriculture Committee, has my full support. I believe it responsibly toughens our trade laws, without closing our borders to imports, as some in this House would have us do. It is my firm belief that rather than abandon free trade as a fundamental tenet of our economic policy we must vigorously pursue a policy of free and fair trade.

Before I begin my analysis of the major components of H.R. 3, it is worth examining the reasons why we, at this time in our history, need such a massive overhaul of our trade laws.

First, the U.S. merchandise trade deficit in January was $14.8 billion, an annual rate of $177 billion. The January deficit was $4.1 billion above the December total and nearly 5 percent above the average monthly trade deficit for 1986.

Second, the manufacturing trade deficit in January was $12.8 billion, an annual rate of $154 billion. The January deficit was $3.2 billion or 33 percent higher than the December deficit of $9.7 billion. The January deficit was 6 percent above the 1986 monthly average of $12.1 billion.

Third, as I stated earlier, the United States is now the world's largest debtor nation—ahead, or below as the case may be, of both Brazil and Mexico.

Now, after having defined the problem, I would like to outline some of the provisions of the bill which I believe will achieve the biggest victories for free and fair trade. In the agriculture sector, we have done much in H.R. 3 to regain our share of the international marketplace.

First, the bill provides the Secretary of Agriculture with additional authority and direction in carrying out market development activities overseas. This provision also extends the authority for the Secretary to use commodities under the Export Enhancement Program through fiscal year 1990 and increases from $1.5 to $2.5 billion the value of commodities that can be used in any fiscal year.

Second, the bill authorizes $115 million over the next 4 years for the Foreign Agriculture Service to expand: the agriculture attaché service; international trade policy objectives; the worldwide market information system; and foreign market expansion service.

In addition, two amendments which I offered during the Agriculture Committee's consideration of the bill are included in H.R. 3. One amendment requires the Agriculture Secretary to determine how and to what extent the reduction or elimination of quotas on the importation of certain dairy products imposed under section 22 of the Agricultural Adjustment Act of 1933 might adversely affect the administration of the Federal dairy price support program and cause injury to the U.S. dairy industry.

While statements have been made by the U.S. Trade Representative that everything will be on the table at the GATT negotiations, including section 22, there has been no study on the potential effects of major changes to this particular law. But if we are to make such a major change, then we should fully know the consequences. This particular amendment, which is included in H.R. 3 as section 676, would provide that information.

Also, in the committee, I offered an amendment to allow the Speaker of the House and the President pro tempore of the Senate to select members of the House and Senate Agriculture Committees to advise our negotiators on agriculture matters at the GATT talks in Geneva, Switzerland. This amendment has been approved and is included in a slightly modified form in section 104 of H.R. 3.

The last item I will mention in the agriculture area is section 602. This section is critical to the American dairy industry. It also is a reasonable and fair approach to the Department of Agriculture's calculation of Government purchases of surplus dairy products. As you may know, if the Government purchases more than 5 billion pounds of surplus dairy products in any one year a 50-cent cut in the support price will take effect.

Section 602 requires the administration to reduce its calculation of Government purchases by milk sales displaced by increases in casein imports over average imports between 1981–85. Casein imports have increased 50 percent since 1975, and while its uses were traditionally industrial, now over 85 percent of all casein is used in food or feed. This provision will inject fairness into the purchase calculation, and should be retained in the bill.

With regard to the Education and Labor Committee title of the bill, I would like to highlight some of its major provisions. As a member of this committee, I realize that our Nation's education and employment training programs are critically important to our competitiveness in the world economy.

The most important part of this title is the establishment of the newly restructured Worker Readjustment Program. Based in large part on the administration's proposal, this revised program would replace title III of the Jobs Training Partnership Act, the Dislocated Worker Program. This is the program with the responsibility of training, retraining, and assisting workers displaced from their jobs—whether they be in manufacturing or farming—to make the all-important transition to other lasting occupations.

The modified program builds upon the current Jobs Training Partnership Act delivery structure, increasing local input in development of regional job training programs for dislocated workers. During consideration of H.R. 3, we were successful in attaining a number of key provisions that we feel will better enable rural service delivery areas to serve the special needs within their communities.

We also were successful in incorporating an amendment into the bill that requires automatic designation of Service Delivery Areas (established in JTPA) serving populations of 200,000 or more as substate areas for the purposes of the Worker Readjustment Program—assuring local input even in lesser populated rural areas.

And finally, we were able to make changes in the dislocated worker program to better enable service deliverers to serve farmers and farm workers who have been displaced from farming as their primary occupations. This change makes it clear that Congress intends for dislocated farmers and farm workers to be considered dislocated workers for the purposes of eligibility under this program just as readily as are industrial workers who lose their jobs.

One additional matter that certainly should be discussed is the Gephardt amendment and the comparable provision in the House bill. In my view, the question is: Do you want a trade bill or do you want an issue?

The Gephardt amendment is an issue. H.R. 3 is a bill.

Gephardt and the Ways and Means Committee version have many similarities:

First, requires the President to take steps (imposing tariffs or imports quotas) against countries with large surpluses traceable to a pattern of unfair trade practices;

Second, determinations of excessive surplus countries is based on a mathematical formula;

Third, USTR determines which countries pursue a pattern of unjustifiable, unreasonable or discriminatory policies;

Fourth, retaliation would be ordered only if negotiations failed to eliminate the unfair practices; and

Fifth, both include a waiver provision if the President determines the tariff or quota would cause substantial economic harm.

The one major difference, however, is what is preventing me from supporting the Gephardt amendment. The difference is that the committee version requires mandatory retaliation against foreign unfair trade practices if negotiations fail, while the Gephardt amendment requires a 10 percent per year reduction in the surplus of the country, whether that country abides by fair trade practices or not.

If we look at the four countries primarily targeted by the Gephardt amendment, we'll quickly find out that in fiscal year 1986 they accounted for over 32 percent of all U.S. farm export sales.

Gephardt, then, invites retaliation by those very nations which import a great deal of our agricultural products. It would have a negative effect on the U.S. farm economy. Gephardt also would escalate trade conflict worldwide and endanger the new Uruguay round of trade talks, by moving U.S. negotiations with other nations to a bilateral setting, instead of the GATT-style multilateral setting.

In summary, Mr. Chairman, I urge my colleagues to support the committee version of H.R. 3. It is a strong bipartisan measure, which will do much to lift our Nation out of its current trade deficit problem.

Mr. SKELTON. Mr. Chairman, first I want to commend this body for recognizing the important contributions small businesses can make to reduce our trade deficit. Such recognition has led to the inclusion of a small business title in the trade bill, H.R. 3, which I believe is very important.

Personally, the opportunity to help shape this bill gives me great pleasure. Having been on the Small Business Export Subcommittee during almost all my tenure here in Congress, I have heard countless small business men and women express their frustration about the difficulty they have breaking into international markets.

The Small Business title helps put in place a system that will help small businesses who are interested in exporting. It also goes a long way toward giving small businesses a say in how our trade policy is set. We have all heard that small businesses account for 49 percent of our GNP, yet only 10 percent of our exports are generated by small businesses. We can and must expand our small business exports. So doing will be our best, long-term solution to reducing the trade deficit.

Briefly, the Export Subcommittee recommended the following goals which we think this trade title achieves:

First, we seek to strengthen the International Trade Office of the SBA. This has been done as much as possible by working within the existing organization to set new goals for expanded services and interagency cooperation.

Second, the Small Business title helps small business stand up for their rights. The committee recommended that a sub-office of the International Trade Office be set up to help small businesses cope with the extraordinary burden and expense of pursuing their lawful trade remedies. The Small Business Committee received testimony that the cost to bring a petition and follow it through to completion before the International Trade Commission is at least one quarter of a million dollars.

Justice at that price for a small business frequently means no justice at all. The Small Business trade title opens the door to help victims of unfair trade practices by setting up an office to assist and participate in trade remedies and information collection.

Third, the title encourages home grown, export promotion with an emphasis on flexibility, imagination and teamwork. Testimony presented to the committee by four of our most aggressive Small Business Development Centers [SBDC's] has convinced the committee that the SBDC programs are in the best position to spot and help worthy small businesses. We found that they can call on a wide variety of inventive and useful assistance methods. SBDC's can provide both hands-on technical applications to improve competitiveness or financing mechanisms to gear up for international markets. They have first-hand experience with hundreds of businesses in their communities which can be brought together, encouraged to export and enabled to learn from each other's experience. I think the committee has an excellent package that will give new direction to SBDC's and, most importantly, will provide support that is intelligently applied by experts in the community to businesses who are anxious about exporting.

Fourth, we on the subcommittee wanted to find a way to get small businesses excited about foreign markets. The subcommittee recommended that some form of innovative competition (perhaps along the lines of the Small Business Innovative Research (SBIR) programs) be established to reward export worthy products and ideas. This is in line with the recommendations of the White House Conference on Small Business. My friend and colleague from Virginia [Mr. SISISKY] has been working hard to find a way to make it possible.

Incorporated in this title are provisions for the SBA to study and report on a variety of ways to handle such a competition or, perhaps, to refocus the existing SBIR program to the world market. With a proper foundation of research and with the leadership of the gentleman from Virginia, the Export Subcommittee will be prepared to move ahead in a separate bill or in the SBA reauthorization bill, to set up such a plan. The subcommittee is committed to actively move on any such proposal, but the report contained in our title is a necessary first step.

Fifth and last, we recommended ways to help our businesses speak the language of international trade. I am pleased to say that the Small Business trade title includes provisions which:

One, requires the SBA and SBDC's to identify and list translation services that may be available to small businesses—Frankly I would also like to see better use made of our college language resources and our technical information centers.

Two, requires SBA to list all employees who are multilingual and circulate that list within the agency's offices.

Three, sets up a pilot program which will provide a translator in a regional office fluent in a language which, in the opinion of the Administrator, is important to small businesses desiring to export and making translators' services available to any SBA or SBDC office that can use the help. Chinese for example might be a good selection. The translator would also accompany a trade mission. After a year, the translator would report on the experience and make recommendations to the Congress and the administration.

As I mentioned, the Small Business title to the trade bill has incorporated all of these ideas in substantial part.

It is a good bill which recognizes this committee's jurisdiction area, yet still sends an unmistakable message that the Federal Government will encourage and support small businesses who want to take their product overseas. I think that we have done a great deal to help small business with this title and I would urge the members to support the bill and support out title.

Mr. HAWKINS. I wish to comment on remarks made by Mr. Dowdy of Mississippi, chairman of Veterans' Affairs Subcommittee on Education, Training, and Employment, in the debate on title V of H.R. 3 on Tuesday, April 28.

Title V of H.R. 3 would revise title III of the Job Training Partnership Act [JTPA] by establishing the new Worker Readjustment Program.

I agree that, to the maximum extent feasible, the revised title III should be coordinated with appropriate veterans employment, training, counseling, and supportive service programs. It is the intent of the Education and Labor Committee that the Secretary of Labor carry out his statutorily mandated responsibilities to veterans as they relate to the Worker Readjustment Program and the other appropriate provisions of the legislation.

State and Assistant State Directors for Veterans' Employment, as well as Disabled Veterans' Outreach Programs [DVPO's] and Local Veterans' Employment Representatives [LVER's], should work as closely as possible with programs established under the Worker Readjustment Program to insure that the needs of veterans are appropriately addressed and the resources of the Veterans' Administration and the Veterans' Employment and Training Service are used to the maximum extent feasible to enhance services to dislocated veteran workers.

Mrs. COLLINS. Mr. Chairman, the House is poised to take much needed action in preserving America's standing and strength in the world marketplace. For too long now we have shown ourselves to be less than competitive in the arena of global trade. Our trade deficit with many of our political allies in the world is in some instances staggering and in all instances, unacceptable.

While I shall support legislation to strengthen our Nation's strategic trade position, I feel compelled to urge my colleagues to be responsible and fair in recognizing and applauding at least one of our major trading partners for making great strides toward rectifying a huge trade imbalance.

I, along with my colleagues Representative Ed Towns and Representative Mike Espy, have just returned from the Republic of China on Taiwan. While our two nations have enjoyed a long and friendly alliance over the years, we have suffered from a large trade gap. However, I am pleased to report that the Government of Taiwan has in the most recent round of bilateral trade talks moved to close the gap.

In the talks Taiwan first committed to immediate reduction of tariffs on 62 agricultural and industrial products, out of a total of 66 items proposed by the U.S. side. With the average range of reduction of 49.5 percent, including six items which will become duty-free by the end of the year, the move will offer considerable export potential for U.S. farmers and manufacturers in the Taiwan market. Among the items, two products have especially been the concern of many Members of the U.S. Congress for some time, of which tariff or nontariff barriers have been removed with this action. This is to say that import ban on peaches will be totally eliminated and the tariff for chocolate confectionary—originally 100 percent—will be reduced to 17.5 percent by May 1 and to 12.5 percent by the end of this year. In addition, Taiwan has just announced for immediate tariff reductions some 800 other products as another part of an ongoing liberalization program. These moves have been hailed by the U.S. side as "significant steps which demonstrate Taiwan's commitment to enhance U.S. export opportunities in its market."

All of these reduction measures will make the average effective rate of the ROC tariff be around 7 percent, and, in terms of the average nominal rate, less than 20 percent. Compared with most other nations, developing as well as the developed, these figures can not be considered high.

Satisfactory consultations have also been conducted on the further expansion of intellectual property protection and a more stringent enforcement of relevant laws and regulations in the field. There were also discussions of big ticket procurement of United States goods and services for major projects in Taiwan. They have indicated their strong interest in granting such contracts to U.S. firms so long as the latter can prove their competitiveness. As a matter of fact, a few Republic of China special procurement missions are in the process of being put together as another round of their initiative to "Buy American." Ongoing talks on shipping, intermodal transportation and insurance have also produced some concrete progress, which will further open the Taiwan market to United States firms in these areas.

All in all, it can be said that Taiwan is proving itself to be one trading partner that is making a serious effort to pursue a fair and free trade policy with our nation.

My colleagues, Representatives Towns and Espy, join me in commending the Republic of China for pursuing a policy of cooperation and not confrontation.

Mr. ANDREWS. Mr. Chairman, today we are considering historic legislation on a most pressing national issue. We all recognize that the Congress must address the trade deficit and the continuing decline in American competitiveness.

The problem is serious. We are facing our largest trade deficit ever—approximately $170 billion. Our annual trade deficit has quadrupled since 1982. In a matter of 4 years, the United States has become the No. 1 debtor nation in the world.

In 1982, the United States was the world's largest creditor, with an external credit of $151 billion. By 1985 we had instead a net external debt of $101 billion. Our manufacturing and agricultural sectors have lost capacity—there has been a decline of 1.7 million manufacturing jobs and 500,000 farm foreclosures since 1981.

In my own home State of Texas, trade matters are of special concern. According to a survey of data in 1986, Texas was the Nation's second largest exporter of manufactured goods. An estimated 135,700 jobs in Texas were dependent upon the production of manufactured exports. Texas ranked first in the Nation as the leading exporter of cotton as well as first as an exporter of chemicals. We ranked fourth in agricultural exports.

Texas is also the home of the Houston Port, located in my congressional district, which serves as a point of entry for many foreign imports as well; 32,000 jobs in Houston are directly affected by port activity; 160,000 jobs throughout Texas are indirectly affected. These facts illustrate both the importance of trade legislation to States in all regions of the country, as well as the need for a careful, balanced approach to legislation to address the trade deficit.

The Ways and Means Committee, on which I serve, has heard from many experts about the cause of this problem. And there are many causes: the overvalued dollar, the Federal budget deficit, high interest rates, and the increase in foreign unfair trade practices. The Ways and Means Committee as well as 11 other committees in the House sought the best advice available to fashion legislation which successfully addresses this crisis.

The opportunity to enact a solution is before us. This bill, H.R. 3, offers us a beginning—a chance for America to become competitive again. This bill, which I supported in committee along with 33 of my colleagues, would enhance the competitiveness of U.S. industry by providing new remedies for violations of U.S. trade law and by forcing foreign markets to open to U.S. exports.

Fair trade means that foreign countries will no longer enjoy the privilege of importing goods to the United States unless they in turn open their markets to U.S. exports.

Let me take a moment to outline the provisions of H.R. 3. The bill transfers authority from the President to the U.S. Trade Representative [USTR] to determine whether foreign trade practices are unfair. Further, it requires mandatory retaliation against those foreign trade practices which violate trade agreements. If negotiations fail with a country which has an "excessive trade surplus" with the United States, the USTR is required to take retaliatory action.

Aside from combating unfair trade practices, H.R. 3 puts in place a larger worker retraining and education program. H.R. 3 authorizes $123.9 million in 1987 for export promotion programs to encourage exports of our U.S. goods, including both agricultural and high-technology products. The bill lifts export controls on high-technology items that would not be a strategic threat to the United States.

This bill is by no means a complete answer to our problems. To truly address the trade deficit we must deal with the Federal budget deficit. We must make the hard choices that are demanded of us by the citizens of this country.

Further, we must do everything we can to encourage productivity and competitiveness in our industries. Two areas of special concern to me are increased research and development assistance and adequate education of our children, especially in science and math. This bill goes a long way to increase education funding. I hope that we will soon increase research and development funds as well.

Overall, this bill represents a good start toward solving our trade problems. But Congress cannot do it alone. We need the support of the administration on this bill. I hope that the President will meet the challenge he faces and sign trade legislation into law this year.

Mr. BROWN of California. Mr. Chairman, while the Committee on Science, Space, and Technology did not report any provisions for H.R. 3, the trade bill, many of the programs within the committee's jurisdiction have a major bearing on the degree of U.S. competitiveness in world markets. The committee is holding hearings this week which focus on several bills affecting U.S. competitiveness which have been referred to the committee or drafted by committee members. Potentially, each of these bills could fit within the framework of H.R. 3, should the Senate choose to legislate in these areas. In that event, these hearings will help develop a House position for a conference committee. Alternatively the hearings will determine if it makes sense to report some of these bills either individually or collectively as a Science Committee competitiveness initiative. The specifics of the bills are described below as part of a day-of-day description of what the committee plans to accomplish in these hearings.

APRIL 28—THE ROLE OF THE NATIONAL BUREAU OF STANDARDS [NBS] IN COMPETITIVENESS

Senator Hollings and Congressman Ritter have both written bills which would combine the NBS and the Office of Productivity, Technology and Innovation (OPTI) into a single more powerful component of the Department of Commerce that aggressively promotes U.S. industry use of advanced technologies such as automated manufacturing. Yesterday, witnesses discussed the appropriateness of such a role for the NBS as well as the desirability of permitting the Federal Government to branch into this area which has been traditionally reserved for the private sector. Other aspects of the Hollings competitiveness bill were considered as well. Witnesses also advocated a major increase, perhaps even a doubling over a five year period, in the NBS budget for current programs. This would permit NBS to provide additional calibration services and standard reference materials, to verify the accuracy of engineering data and provide the verified data on line, and to establish the capability to help create a measurement base for emerging industries, such as biotechnology, advanced materials and fiber optics. Witnesses also called for a quadrupling of the Director's Competence Fund which allows NBS to do basic research that leads to the competence to develop more precise standards. Clearly there is broad interest in strengthening this crucial but badly neglected agency whose standards work often underpins the competitiveness of American industry.

The Committee also considered my bill, H.R. 1965, which amends the 1976 Metric Act. This bill would require most government programs and procurements to be run in metric. Of particular concern to the committee is whether the continued U.S. use of the English system of measurement is placing American small business at a competitive disadvantage in a world market which is almost entirely metric outside the boundaries of the United States.

APRIL 29—REORGANIZATION OF THE FEDERAL GOVERNMENT REGARDING INDUSTRIAL RESEARCH AND DEVELOPMENT

This morning, the Committee examined the Federal Government's capability of providing research funds to industries which are competitively disadvantaged without picking winners and losers among specific technologies and companies. My National Policy and Technology Foundation bill, H.R. 2165 and Department of Science and Technology bill, H.R. 2164 were considered. Both bills would create foundations which could give research grants to develop further promising discoveries which may be important to specific industries. Both agencies would have the information gathering policy, and coordination functions generally associated with the Japanese agency MITI. The semiconductor industry was then discussed as an example of how these agencies might function in practice, and to probe whether the appropriate federal role should be geared towards basic research or some point further along the development path. Mr. Valentine's bill to create a National Advisory Commission on Semiconductors (H.R. 2191) was also considered. Witnesses included representatives of the semiconductor industry and academia who are interested in the competitiveness of the semiconductor industry. The General Counsel of the Department of Commerce also presented testimony on Administration proposals concerning competitiveness, including the recent Executive Order implementing the Technology Transfer Act of 1986.

APRIL 30—TECHNOLOGY TRANSFER, GOVERNMENT INTELLECTUAL PROPERTY AND COMPETITIVENESS

Proposed changes in technology transfer and intellectual property laws are being promoted to improve competitiveness. Tomorrow, legislation by Congressmen Boehlert and MacKay promoting the use by American companies of the research results of government-funded research will be considered as a method of getting American industry interested in the best ideas of our universities. A second piece of legislation to promote domestic technology transfer will be presented by its Senate sponsor, Senator Dale Bumpers; the chief House sponsor is the Honorable Claudine Schneider. The President's Science Advisor will testify on new Administration initiatives that are related to the transfer of government inventions and innovations to the private sector and the collection and dissemination of foreign scientific and technical literature.

In the government patent field, the Committee will consider making patent rights available to all companies running government owned/contractor operated laboratories. The Committee will examine whether there is any reason to treat GOCO's operated by big businesses differently from others since the benefits of licensing these patents accrue to the laboratories rather than the parent companies. The General Counsel of the Department of Energy has been requested to testify about how his department plans to implement the recently promulgated federal regulations. Various private sector witnesses will then comment on the day's proposal.

Mr. Chairman, it is clear that the Committee on Science, Space, and Technology has much to add to the solution to our competitiveness problems, to a large extent building on our work in this area of the last decade. We stand ready to contribute our expertise as appropriate both in the subsequent development of this legislation and in future legislative initiatives during the 100th Congress.

Mr. BRYANT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McMILLEN of Maryland) having assumed the chair, Mr. BEILENSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3) to enhance the competitiveness of American industry, and for other purposes, had come to no resolution thereon.

COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON VETERANS' AFFAIRS

The SPEAKER pro tempore laid before the House the following communication from the chairman of the Committee on Veterans' Affairs, which was read, and, without objection, referred to the Committee on Appropriations.

Committee on Veterans' Affairs,
Washington, DC, April 23, 1987.

Hon. Jim Wright,
The Speaker, House of Representatives, Washington, DC.

Dear Mr. Speaker: Section 5004 of title 38, United States Code, requires that the Committees on Veterans' Affairs adopt a resolution approving major medical construction projects and leases of $500,000 or more proposed by the Veterans' Administration for each fiscal year. The House Committee on Veterans' Affairs met on April 23, 1987, and authorized the construction of various projects in Fiscal Year 1988 by unanimous voice vote.

A copy of the Resolution adopted by the Committee and a listing of the projects authorized are enclosed.

Sincerely yours,
G.V. (Sonny) Montgomery,
Chairman.

There was no objection.

COMMUNICATION FROM THE HONORABLE ROBERT GARCIA, A MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from Hon. Robert Garcia:

Hon. Jim Wright,
Speaker, House of Representatives, Washington, DC.

Dear Mr. Speaker: This is to notify you, pursuant to Rule L(50) of the Rules of the U.S. House of Representatives, that members of my staff have been served with subpoenas issued by the United States District Court for the Southern District of New York. After consultation with the General Counsel to the Clerk, I will notify you of my determinations as required by the House Rule.

Sincerely,
Robert Garcia,
Member of Congress.

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COMMUNICATION FROM THE HONORABLE ROBERT GARCIA, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable Robert Garcia.

House of Representatives,
Washington, DC, April 28, 1987.

Dear Mr. Speaker: I previously notified you of the receipt of subpoenas by members of my staff issued by the United States District Court for the Southern District of New York.

After consultation with the General Counsel to the Clerk, pursuant to Rule L(50) of the Rules of the House of Representatives, I have determined that compliance with the subpoenas is consistent with the privilege and precedents of the House.

Sincerely,
Robert Garcia,
Member of Congress.

PERSONAL EXPLANATION

Mr. McCOLLUM. Mr. Speaker, since I was unavoidably detained this morning on other businesses, I was not able to be present to vote for either the Kaptur Amendment or the Pepper amendment on H.R. 3, Trade and International Economic Policy Reform Act of 1987.

Had I been present, I would have voted "yes" on both amendments.

GENERAL LEAVE

Mr. GRAY of Illinois. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 3.

The SPEAKER pro tempore (Mr. Owens of Utah). Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. Gilman] is recognized for 5 minutes.

Mr. GILMAN. Mr. Speaker, I was unavoidably detained at an important White House meeting this morning, and was not able to cast my vote on rollcall 68, on approval of the Journal. Had I been present, I would have voted "aye."

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois [Mrs. Collins] is recognized for 60 minutes.

[Mrs. COLLINS addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

LIBERALS ARE IMPRESSED BY SOVIET INITIATIVES FOR WORLD PEACE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. Burton] is recognized for 60 minutes.

Mr. BURTON of Indiana. Mr. Speaker, I rise today for two purposes. One is to talk about a speech made by one of my colleagues last week on Soviet Leader Gorbachev, and the last part of my special order will be on the subject of AIDS.

I received a communication from Surgeon General Koop today regarding the AIDS virus, and I think it has some information that may be incorrect and the American people need to know, really, what we are up against regarding that virus.

First of all, I would like to respond to a speech made by the gentleman from New York last week regarding Mr. Gorbachev.

Mr. Speaker, I rise today in order to provide some balance to the lengthy pro-Soviet diatribe that was presented by my colleague from New York. The gentleman from New York recently returned from a trip to the Soviet Union and was overwhelmed by the positive changes instituted by General Secretary Gorbachev. This is certainly not the first time my liberal colleagues have been impressed by a new Soviet initiative for world peace and a relaxation of internal repression at home. I believe this wishful thinking needs to be substantiated, not by the release of celebrity dissidents or an open policy on the Chernobyl disaster weeks after it occurred, but by real concrete changes in internal Soviet policy.

Since 1917 the Communist regime has killed at least 20 million—and some say as high as 50 million—of its own citizens, an average of roughly 800 a day for 69 years. Unless the Red Army massacred another Afghanistan village yesterday, the regime had a below-average day of bloodshed. But how can we blame poor Mr. Gorbachev for the Afghanistan invasion, he was not even in power yet. The fact is yesterday was the ninth anniversary of Afghanistan's Communist coup d'etat and the Soviets are nowhere near reducing their military commitment in the region.

The liberals in Congress have been trumpeting the loudest in the area of human rights. General Secretary Gorbachev has been seeking to project an image of "openness" and flexibility on human rights issues. He has taken some dramatic steps to demonstrate that the Soviet regime's policies on these matters are changing. He has released Dr. Andrei Sakharov and his wife from their nearly 7 years of internal exile. He has released the dissidents Anatoly Shcharansky and Yuri Orlov from prison and internal exile and sent them to the West in exchange for Soviet spies held here. He has released the poet Irina Ratushinskaya from prison and allowed her to leave the Soviet Union.

Freeing a couple of internationally known Soviet human rights activists guarantees worldwide headlines. It also masks the fact that for most Soviet citizens, there has been no general improvement in the Soviet human rights practices under Gorbachev.

Consistent and widespread violations of human rights by the Kremlin have been a major reason for Western mistrust of the Soviets. Moscow has ignored its commitment to the 1975 Helsinki Final Act on Security and Cooperation in Europe. This treaty calls for the respect of human rights and fundamental freedoms, including freedom of thought, conscience, and religion, as well as the free flow of ideas and people across state borders.

While Gorbachev's policy of glasnost, the Russian word for openness, has allowed the Soviet mass media to write about social ills of the Soviet Union, the Kremlin continues to harass, imprison, and even torture human rights activists, independent peace activists, religious believers, would-be emigrants, and free thinkers. Indeed, shortly before Sakharov's release, Anatoly Marchenko, a prominent human rights activist, died in prison after a long hunger strike. The flow of emigres from the Soviet Union, despite all the rhetoric, has practically been stopped.

At the same time, Gorbachev's regime is using new public relations tactics to shield itself from international censure. In the past, high-ranking Soviet officials shunned any discussion of human rights abuses. Now these officials, including Gorbachev, distort and lie about the issues to Western audiences. For example: in an interview with the French Communist Daily in February 1986, Gorbachev stated that Andrei Sakharov was exiled to Gorky "in accordance with Soviet law" and Sakharov was "living in normal conditions" and "was conducting scientific work." This was untrue: Sakharov was never tried, and there is no law in the Soviet criminal code permitting internal exile of indefinite duration and isolation from practically all human contacts. Sakharov could not engage in scientific work because he was largely isolated from his colleagues, and his life under KGB cameras was anything but normal.

After his release from exile, Andrei Sakharov said that "Ronald Reagan's tough stance toward the Soviet Union has helped Soviet Dissidents." The Reagan administration thus should continue its policy on human rights to:

First, openly criticize Soviet human rights abuses;

Second, demand that the Soviets fulfill the human rights provisions contained in the 1975 Helsinki Final Act;

Third, deny the Soviets the most-favored-nation treatment until they permit free emigration; and

Fourth, retain the issue of human rights issues in the agenda of high-level Soviet-American meetings.

It is only unrelenting pressure by the United States and the West on human rights that may lead to improvements in individual situations and the possibility of long-term systematic change.

Observance of human rights is not only a moral issue, but a crucial indicator of a nation's intentions. According to President Reagan: "A government that will break faith with its own people cannot be trusted to keep faith with foreign powers." This has been underscored for years by Sakharov, who said that "as long as a country has no civil liberty, no freedom of information, and no independent press, then there exists no effective body of public opinion to control the conduct of the govermment * * * such as a situation * * * is a menace to international security."

There has been no substantial reduction in the number of political prisoners incarcerated during Gorbachev's nearly 25 months in political power. Anatoly Shcharansky, using data he collected while in Soviet prisons and forced labor camps, has estimated the number of these prisoners to be between 10,000 and 20,000. No international organization, such as the Red Cross or Amnesty International, is permitted to collect data on the condition of Soviet prisoners of conscience. The KGB has cut off all possible channels for passing information on human rights violations from the Soviet Union to the West and has virtually destroyed the network for gathering such information within the U.S.S.R.

Gorbachev has cut the flow of emigres from the Soviet Union to a trickle. Only 1,140 Jews were allowed to leave in 1985, compared to the peak of 51,320 in 1979. Even fewer Jews—914—emigrated last year. Those who have expressed their desire to leave the Soviet Union, but are not allowed to do so, now comprise a suffering underclass. Many of those who seek exit visas lose their jobs; their children are harassed in the schools and expelled from college. Those who dare protest are punished more severely.

Mr. Speaker, human rights are systematically violated in the Soviet Union under Gorbachev. For 7 years Soviet troops have occupied Afghanistan killing over 1 million people and forcing over 5 million others to flee their homes. During 1987 alone, Pakistani airspace has been violated 347 times. Soviet pilots routinely bomb Pakistani border villages killing and wounding hundreds of women and children. These actions are not being taken by cruel Soviet leaders of days gone by. These are the actions of Mikhail Gorbachev; the warm and charming leader who is providing the Democratic Party with a frightening peace of mind.

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ACQUIRED IMMUNE DEFICIENCY SYNDROME

Mr. Speaker, the second part of my special order I would like to devote to the subject of AIDS.

I personally wrote a letter to the head of our health agency here in Washington, DC, Dr. Koop, regarding the AIDS virus and the possible casual communication of this disease to other human beings, and I would like to read to the Members just a brief excerpt from his letter. This is in the second paragraph. The response, incidentally, was from Robert Windham, medical doctor, Assistant Secretary for Health. His conclusion was this:

> The report includes a discussion of scientific studies which support the conclusion that AIDS is not transmitted through casual contact. A copy of the report is enclosed.

He is saying that the Center for Disease Control and other agencies are saying that you cannot get AIDS through casual contact.

There is a book that I would submit to everybody in this country and every Member of Congress. They really ought to read it. It is called The AIDS Cover-up, and it is written by Gene Antonio, and it cites many experts and scientists regarding the AIDS issue.

On page 95, chapter 4, of this book, I would like to read the chapter, or at least part of it, concerning casual transmission of the AIDS virus.

> Caution is in order when knowledge is incomplete so that the public interest can be protected.

That is a quote by Dr. Richard Restak.

> In May of 1983, before the infectious agent for AIDS was discovered, Dr. Athony Fauci, Director of the National Institute of Allergy and Infectious diseases, remarked:
>
> "If . . . non-sexual, non-blood-borne transmission [of AIDS] is possible, the scope of the syndrome may be enormous."

Now, this is very important:

> AIDS PREVENTION GUIDELINES FOR MEDICAL WORKERS
>
> A year previously, in 1982, the CDC issued precautions for medical workers caring for AIDS or pre-AIDS patients. They included:
>
> 1. Extraordinary care must be taken to avoid accidental wounds from sharp instruments contaminated with potentially infectious material and to avoid contact of open skin lesions with material from AIDS patients.

They speak of open contact with skin lesions of AIDS patients. Now, if a person who has AIDS has an open lesion on their hand and you touch them, then they say that you should wear gloves. That is what they say in the CDC report. Yet they tell us that you cannot get AIDS through casual contact. My question is, if that is the case, why are they saying in their own requirements to health officials that they should wear gloves?

Continuing with the quote:

> 2. Gloves should be worn when handling blood specimens, blood-soiled items, body fluids, excretions, and secretions, as well as surfaces, materials and objects exposed to them.

So if you are going to touch any surface or any object that is exposed to an AIDS patient, according to the medical experts and the edicts by CDC, you should wear gloves. So that if this desk had been touched by an AIDS patient, according to CDC, or an object had been handled by an AIDS patient, the medical technicians dealing with them should wear gloves. That indicates that they are concerned about casual contact a second time.

Let me proceed with the quote:

> 3. Gowns should be worn when clothing may be soiled with body fluids, blood, secretions or excretions.
>
> 4. Hands should be washed after removing gowns and gloves and before leaving the rooms of known or suspected AIDS patients. Hands should also be washed thoroughly and immediately if they become contaminated with blood.

5. Blood and other specimens should be labeled prominently with a special warning, such as "Blood Precautions" or "AIDS Precautions". If the outside of the specimen container is visibly contaminated with blood, it should be cleaned with a disinfectant—

Which is like bleach and water.

Continuing with the quote:

All blood specimens should be placed in a second container, such as an impervious bag, for transport. The container or bag should be examined carefully for leaks or cracks.

6. Blood spills should be cleaned up promptly with a disinfectant.

Which includes a substance like bleach.

The quotation continues as follows:

7. Articles soiled with blood should be placed in an impervious bag prominently labeled "AIDS Precautions" or "Blood Precautions" before being sent for reprocessing or disposal. Alternatively, such contaminated items may be placed in plastic bags of a particular color designated solely for disposal of infectious wastes by the hospital. Disposable items should be incinerated or disposed of in accord with the hospital's policies for disposal of infectious wastes. Reusable items should be reprocessed in accord with hospital policies for hepatitis-B-virus-contaminated items. Lensed instruments should be sterilized after use on AIDS patients.

8. Needles should not be bent after use, but should be promptly placed in a puncture-resistant container used solely for such disposal. Needles should not be reinserted into their original sheaths before being discarded into the container, since this is a common cause of needle injury.

9. Disposable syringes and needles are preferred. Only needle-locking syringes or one-piece needle-syringe units should be used to aspirate fluid from patients, so that collected fluid can be safely discharged through the needle, if desired. If reusable syringes are employed, they should be decontaminated before reprocessing.

10. A private room is indicated for patients who are too ill to use good hygiene, such as those with profuse diarrhea, fecal incontinence or altered behavior secondary to central nervous system infections.

But they tell you that you should wear gloves if you touch anything in that room, and you should wear a gown if you are even going to be in that room.

That, I say to my friends, is casual contact. If you are actually touching the patient, I can see where that would not be considered casual contact, but they are telling us with these edicts from the CDC that if you even touch a piece of their attire or touch an object in the room or touch a table top, you had better wear gloves. Yet they tell us that if you come in contact with an AIDS patient, you cannot get the disease. I wonder why they are so elaborate in their requirements if that is the case.

Let me continue with this quote:

In the 1985 guidelines for preventing health care workers from becoming infected by patients with AIDS, the CDC repeatedly denies the possibility of nonsexual, non-blood-related means of transmission.

* * * The kind of nonsexual person-to person contact that generally occurs among workers or clients in the workplace does not pose a risk for transmission of HTLV-III/LAV. . . . Because AIDS is not transmitted through preparation or servicing of food and beverages, these recommendations state that food-service workers known to be infected with AIDS should not be restricted from work * * *.

The advisory affirms infectious AIDS virus has been isolated from blood, semen, saliva, tears, breast milk, and urine and is likely to be isolated from other body fluids, secretions, and excretions, but epidemiologic evidence has implicated only blood and semen in transmission.

The guidelines for medical workers, however, warn repeatedly that such workers should avoid contact, not only with the blood of AIDS patients, but with "other body fluids" as well. The following are some representative passages:

When the possibility of exposure to blood or other body fluids exists, routinely recommended precautions should be followed. The anticipated exposure may require gloves alone, as in handling items soiled with blood or equipment contaminated with blood or other body fluids, or may also require gowns, masks, and eye coverings when performing procedures involving more extensive contacts with blood or potentially infective body fluids * * *.

Because of the theoretical risk of salivary transmission—

□ 1850

Now, listen to this, they said it could only be transmitted through blood—

* * * during mouth-to-mouth resuscitation, special attention should be given to the use of disposable airway equipment or resuscitation bags and the wearing of gloves when in contact with blood or other body fluids. Resuscitation equipment and devices known or suspected to be contaminated with blood or other body fluids should be used once and disposed of or thoroughly cleaned and disinfected after each use.

Again, what they say in one situation is contradicted by what they say in the other:

One prominent columnist has raised a thought provoking illustration of the apparent discrepancy between denials of casual transmission and medical practice:

"Well, then, how come they acted as they did in Paris? There you may have read (in the small print) when Rock Hudson was discharged, all the nurses who attended him—and this was in a modern hospital, not a witch doctor's hut—were made to burn their dresses. The patient was fed on paper and plastic plates, with plastic forks and spoons—which were then destroyed."

THE PARALLEL OF HEPATITIS B TRANSMISSION WITH AIDS

In regard to potential avenues of AIDS spread, the CDC states:

"The epidemiology of HTLV-III/LAV infection is similar to that of hepatitis B virus (HBV) infection."

Although nonsexual close contact among household members has been repeatedly denied as a possible route of AIDS transmission, in the June 7, 1985, CDC recommendations for protection against hepatitis B it is reported that:

The role of the carrier is central in the epidemiology of HBV transmission. * * * or hepatitis transmission.

Carriers and persons with acute infection have highest concentrations of HBV in the blood and other serous fluids; less is present in other body fluids, such as saliva and semen. Transmission [of hepatitis B] occurs via percutaneous [through skin] or permucosal [through mucosal membranes] routes. Infective blood or body fluids can be introduced by contaminated needles or through sexual contact. *Infection can occur in settings of continuous close personal contact, such as in households* * * *.

Now, AIDS and hepatitis B is communicated pretty much the same way, and yet they are telling you with hepatitis B that the infection can occur in settings of continuous close personal contact, such as in households.

Several pages later, it is directly confirmed that household contacts of HBV carriers (hepatitis carriers) are at high risk of acquiring HBV infection.

The Council on Scientific Affairs for the American Medical Association asserts:

The distribution of AIDS cases in the United States suggests that the syndrome is caused by an infectious agent *with a pattern of transmission similar to that of hepatitis B.* * * * Hepatitis B may be transmitted through mucosal surfaces, including the mouth and the eye [emphasis added].

AIDS-VIRUS TRANSMISSION IN FAMILIES

In the February 16, 1985, *Lancet* (a medical journal), researchers reported a cluster of HTLV-III/LAV infection in an African family:

Acquired immunodeficiency syndrome (AIDS) has been reported in infants and children, as has mother-to-infant transmission, suggesting in-utero or perinatal infection. We report a familial cluster of three Rwandese brothers and their parents with T-cell—

That is white cell—

deficiency and carriage of antibodies to HTLV-III/LAV with features suggesting other routes of transmission * * *.

Because the incubation period for AIDS may extend up to several years—

And they are now saying it is up to 15 years and as high as possibly 30—

in utero or perinatal transmission of AIDS HTLV-III/LAV infection cannot be ruled out. However, the fact that in these children symptoms started developing several months to years after birth raises the possibility of horizontal transmission. Since none of the brothers had received blood transfusions before the onset of their disease, other routes of transmission should be considered, such as breastfeeding, and those postulated for transmission of hepatitis B among children in Africa (routine close contact, scarifications, contaminated needles, and blood sucking vectors), such as mosquitos.

The varying clinical manifestations observed in this familial cluster also suggest that the clinical spectrum of AIDS HTLV-III/LAV infection might not be restricted to full-blown AIDS and AIDS-related complex but might extend to subclinical forms and maybe to asymptomatic carrier states, even in children. Large seroepidemiological studies are needed to clarify the exact routes of transmission of AIDS HTLV-III/LAV infection in African children.

The August 5, 1985. Wall Street Journal states that a study in Zaire indicates that those who live under the same roof with an AIDS sufferer have a 300 percent higher risk of becoming infected that the general population.

So if you live in Africa and live under the same general roof with an AIDS patient, your chance of getting AIDS is three times greater than if you do not live under this same roof. Once again, the question of casual communication, casual contact transmitting the disease, pops up in direct opposition to the Center for Disease Control in Atlanta, GA.

In the November 22, 1985, Journal of the American Medical Association, after downplaying the potential of casual transmission, Dr. Fauci acknowledges:

There is indirect evidence to suggest that, when a person is frequently exposed to someone who is [AIDS] virus positive, then there is a greater chance of that person getting infected. But that's not definitely been proven.

So the problem is, there are a lot of unanswered questions. My question to the medical profession and the scientific community is, should we not err on the side of safety, instead of giving misinformation to the American people?

In the January 10, 1986, issue of the Journal of the American Medical Association, researchers from the Center for Infectious Diseases, Centers for Disease Control reported a study on persons living in close contact with hemophiliacs infected with the AIDS virus and those living with hemophiliacs who were not positive for the AIDS antibody. They found:

Antibody-negative, nonhemophiliac contacts of AIDS—

Or AIDS Related Complex—

ABC and of antibody-positive hemophiliacs had significantly lower numbers of lymphocytes, T helper lymphocytes, and T suppressor lymphocytes than did contacts of antibody-negative hemophiliacs.

Now, what that means is that people who live with a hemophiliac, who had the AIDS virus, had a depression in their white blood cells. It means their immune system had been depressed. That is an indication that living with a person who has the AIDS virus does have an adverse impact on your immune system.

Persons with hemophilia generally have stable home environments. Thus, ever since they were recognized as being at heightened risk of AIDS, there has been concern and speculation concerning AIDS transmissibility to long-term sexual partners and household members of this at-risk population. Transmission patterns have appeared similar to those of hepatitis B virus, a virus for which this AIDS-risk group is also at risk * * *.

The time between AIDS HTLV-III/LAV infection and seroconversion is currently unknown.

But we think it is between 2, 3 years, and could be as high as 15 and maybe even as high as 30 years that a person can have the AIDS virus and not even know they have it and be infecting other human beings.

Signs of immune dysfunction might be indicative of early [AIDS-virus] infection. . . . While this could reflect an early response to HTLV-III/LAV infection, we think these results should be interpreted with great caution pending prospective serial evaluation of these households and similar evaluations of other hemophilic households. However, they could be epidemiologically meaningful, in light of a recent report suggesting that some antibody-negative sexual partners of hemophiliacs were themselves virus positive on repeated cultures * * *.

Now, if you go to a doctor or a dentist and you are concerned about them cleaning your teeth and maybe getting the virus from that, I hope you will listen to this next section.

"Hepatitis B outbreaks involving"—now remember, hepatitis B and AIDS are communicated in a very similar way, according to most doctors and scientists.

HEPATITIS B OUTBREAKS INVOLVING MEDICAL AND DENTAL PERSONNEL

In the November 28, 1981, Lancet—

☐ 1900

The medical journal—

doctors from the Section of Clinical Immunology, University Hospital, in Zurich reported:

CLUSTER OF HEPATITIS B TRANSMITTED BY A PHYSICIAN

Over a 4 and ½ year period (1973-77) 41 individuals in a village in eastern Switzerland (population 3000) were admitted to hospital because of acute hepatitis B. This hepatitis incidence was much higher than that in surrounding villages and that in the whole country. An epidemiologic survey showed that one of the two general practitioners in the affected village was the source of infection. He had a chronic aggressive hepatitis B surface and e antigens. No new cases of hepatitis B occurred in the village in the 3 years after his death * * *

So he was spreading it like wildfire among the people he was treating.

MODE OF TRANSMISSION

The fact that no new cases of hepatitis B occurred in village B [the town at risk] in three years following the practitioner's death is further evidence that he was a source of infection.

Of the original 41 patients with hepatitis B, 5 have chronic hepatitis. * * *

Transmission of heptatitis B infection to health care service personnel is not rare in Switzerland and elsewhere; transmission in the opposite direction has only been reported for oral surgeons, a gynecologist, and an inhalation therapist, but not to our knowledge for general practitioners. The view that transmission of infection from health care personnel to patient is a rare event has been expressed in editorials and in a World Health Organization report, and has been at least partly substantiated by prospective surveys. However, since many fortuitous circumstances must occur before such events are discovered, the incidence of these events may well be underestimated. The fact-finding in the outbreak reported here was facilitated because the outbreak had occurred in a small, non-migrating, and medically well-surveyed population. The findings support the argument that medical personnel should be vaccinated against hepatitis B in countries where hepatitis B virus infections are not rare.

In February 1985, the Centers for Disease Control (CDC) reported nine cases of hepatitis B occurring among patients of a dentist who has been unknowingly transmitting the disease.

Now bear in mind that hepatitis B and the AIDS virus can be transmitted in a similar manner. Nine patients had gotten hepatitis B from this dentist.

Two of the patients died from fulminant hepatitis and one was paralyzed as a result.

The report notes that acquiring hepatitis B is a significant health risk for dental professionals. Although seven outbreaks of hepatitis B traced to dentists or oral surgeons have been reported, the CDC states that this is an infrequent occurrence. For those dentist who remained carriers and returned to work, "wearing gloves was usually successful—

Was usually successful—

in preventing further transmission". On February 21, 1986, researchers from the Hepatitis Branch, Division of Viral Disease, Center for Infectious Diseases (CDC) presented a report on "Transmission of Hepatitis B with Resultant Restriction of Surgical Practice".

Five patients developed acute hepatitis B (HB) within four months after major operations by the same obstetric-gynecologic surgeon. Investigation documented that the surgeon was HB surface antigen and HB e antigen positive; all five patients had an HB subtype matching that of the surgeon and no other identifiable risk factors for HB viral infection.* *

So they got it from the surgeon.

The surgeon resumed his surgical practice but *was required to obtain written informed consent from patients—*

So he had to get an informed consent signed before he could operate on a patient, telling them that he had the hepatitis B virus and that he could possibly infect them.

He had to, after getting the consent, "to double glove"—that means wear two pairs of gloves—

to double glove, and to employ appropriate surgical techniques to avoid self-injury. Seven months later, acute HB occurred in a patient two months after a cesarean section, resulting in exclusion of the surgeon from major operations [emphasis added].

So they stopped him because he had hepatitis B and was infecting people even when he double gloved from performing surgery. And yet if a doctor has AIDS he is not even required to let anybody know that he has it, and he can continue surgery. Does that seem logical and reasonable? It does not to me.

As yet there have been no reported cases of CDC-defined AIDS occurring as a result of contact with an infected medical worker. A study of one surgeon with AIDS in the United States found that none of his patients had yet contracted full-blown AIDS.

They may have had the AIDS virus, and at least 50 percent of the people who get the AIDS virus are going to be terminally ill and die from the disease, and many scientists believe that all of them ultimately will get full-blown AIDS and die. But the CDC says:

> A study of one surgeon with AIDS in the United States found that none of his patients had yet contracted full-blown AIDS.

They don't say that he did not have the virus:

> However, the modes of AIDS virus transmission are highly similar to hepatitis B transmission. Dr. James Slaff, Medical Investigator at the National Institutes of Health, raises the following question:
>
> Is it reasonable to restrict workers in health care and food preparation on the basis of infection with the AIDS virus? Most people would not want to be in physical contact with a doctor, nurse, or dentist who is infected with the virus. A dentist, for example, might conceivably have a portal to the bloodstream when a tooth was being removed. The possibility exists for infected saliva or a small finger cut creating an avenue for transmission for the virus.* * *
>
> *The possibility of an infected individual having primary patient contact on a regular basis is certainly troubling.* It is equally troubling, though, to consider terminating a health care career that takes years of dedication and a large investment [emphasis added].

Once again, here is another doctor talking about possible "casual transmission" because a dentist or a doctor might have the AIDS infection and might be able to spread it. Bear in mind that this doctor that has the hepatitis virus and had infected many of his patients was ordered to double glove and subsequently, after he double gloved and got an informed-consent form signed, he infected a woman that had a caesarian section and she darn near died from it. And so he can no longer perform surgery, and yet doctors or dentists that possibly have the AIDS virus can continue to practice:

> Just how troubling this issue is may depend on whether you are a patient at risk of acquiring AIDS-virus infection or a health care worker at risk of transmitting the virus. At the very least, it would seem that patients should have the *right to know* whether their dentist, physician or other primary health care worker is an AIDS virus carrier. In the illustration above, the surgeon at risk of transmitting hepatitis B, which generally has less grave consequences than AIDS, was required to obtain written informed consent from his patients before performing surgery.
>
> As it stands now, a surgeon or dentist who knowingly is carrying the AIDS virus or who has full-blown AIDS or ARC can still perform invasive procedures without telling his patients of his condition. In light of the gravity of AIDS virus infection, it would appear more ethical and in the best interest of the patients at risk to allow them to have an informed choice in this regard.

I think that anybody who hears this would agree with that.

Now I want to talk about insect transmission, because this is something that most people are not aware of, and they need to know how some of these viruses are transmitted.

INSECT TRANSMISSION OF HEPATITIS B AND AIDS

> A 1984 study published by the American Society of Tropical Medicine explains the prevalence of hepatits B infection in Northern Zaire. It states that in addition to other means, factors contributing to the high incidence of hepatitis B infection there include:
>
> 1. The common practices of traditional healers using scarification of the skin for treatment of all kinds of pain. The instrument used for scarification—mostly razor blades—are cleaned with water, but never sterilized in any way.
>
> 2. The high promiscuity and polygamy. In recent years polygamy has been generally advocated and is practiced throughout the country.
>
> 3. The enormous abundance of blood-sucking arthropods [insects]. It has been discussed that bloodsucking arthropods may transmit hepatitis B infection. The fact that malaris is holoendemic throughout the region and the spleen index in the population well above 75% gives support to this assumption.
>
> These latter findings support the contention of Dr. Mark Whiteside and Dr. Carolyn MacLeod, reseachers at the Institute of Tropical Medicine in Miami, that mosquitoes appear to be a vector in an outbreak of AIDS in the impoverished community of Belle Glade, Florida.

Two doctors who are working at the Institute of Tropical Medicine in Miami believe that it is very possible that mosquitoes are transmitting in central Florida the AIDS virus, in Belle Glade.

Now the American people are not hearing anything about this, are they?

Now we ought to be coming to grips with this situation. We ought to be studying this issue, and that is why I have introduced legislation that mandates everybody be tested for the AIDS virus.

□ 1910

First of all, we would be able to identify who has it and ask them to change their sexual habits so they do not continue to infect the uninfected part of our population.

The epidemic is spreading very rapidly. We have somewhere between 2 million and 6 million to 8 million people that have it right now. Ninety-nine percent of them do not even know they have it, and everybody that they come in contact with is at risk, and their incubation period or gestation period is anywhere from 2 years, now they tell us it may be as high as 30 years, so they can carry the virus during that period of time and not even know thay have it and continue to spread it.

We now find out there is a real possibility that it is spread by insects. If we have mandatory blood testing and can identify those people that have it, we can ask them to change their habits so the infection will stop. We will have a record of who has it and we will be able to deal with it.

We will keep these records confidential so we can protect these individuals. We have to have compassion for those who have the AIDS virus, but at the same time we have to have compassion for those who do not have it.

We will tell these people they have to change their habits. The second thing is, give the Centers for Disease Control the body of information that they need to come to grips with this problem.

Right now they are doing absolutely nothing other than pushing for education and pushing for scientific research to find a vaccination.

We have not yet, to my knowledge, found any vaccination that really works against too many of these viruses. There are some that it works against, but not a great many; and the AIDS virus, they tell us they probably will not find a vaccination until at least the year 2000, and they are not even optimistic about that.

This virus which is doubling every 10 to 12 months could go unchecked to the year 2000, and how many people could be infected?

You think that we may be kidding, folks. You all heard of genital herpes, which came on the scene about 10 to 15 years ago, and we had some education programs about that. Do you know how many people have genital herpes? Forty million.

If we get 40 million people with the AIDS virus and we have a rate of 50 percent that are terminally ill, that means we will have 20 million people dying with this virus, and that figure will be low unless we get a handle on it very quickly, and that is why it is extremely important that the CDC get these blood tests to get the evidence to find out who has it, where and how it is being spread, and if it is being spread by insect, mosquitoes.

We have got to go in with a program to kill those mosquitoes in an area like Belle Glade, FL, so it does not get out of control and spread across the entire peninsula down there.

Every day we twiddle our thumbs 5,000 to 10,000 new people become infected with the virus. This is not some game.

We are talking about the deaths of millions of Americans.

Dr. Martin J. Blasser of the Veterans' Administration Medical Center, Denver, CO, states:

> Kaposi's sarcoma is highly area-specific in equatorial Africa, and there is a clustering of cases. Hepatitis B is a good example of a blood-borne disease with multiple routes of transmission; the hepatitis B virus has been isolated from hematophagous [blood eating] arthropod hosts, including bedbugs. . . .
>
> The presence of HTLV-III infection in spouses of members of high-risk groups suggests sexual transmission, but although this clearly occurs it may not account for all such cases of AIDS in close contacts. Because of the chronic viremia seen after HTLV-III infection and the rapidly increasing number of persons infected with HTOV-III . . . endemic vector-borne transmission in the United States remains a possibility. If a suitable insect vector for transmitting HTLV-III is present in the United States, then population groups other than those

> presently implicated may be at risk for infection. Considering the long incubation period of AIDS and the relatively constant fraction [6%] of AIDS patients not identified as belonging to a high-risk group despite the increasing number of cases, insect-borne and other forms of transmission should be carefully considered.

What they are saying there is 6 percent of the people that have AIDS are not in a high risk group. They are not drug users using needles, not prostitutes involved in sex. They are not gays; they are not people who are promiscuous.

They do not know how they got it, and the indication is that there is a real possibility that these people are getting it from flying insects, such as mosquitoes, who are transmitting it from person to person.

Unless you believe that this might not be possible, 230 million AIDS viruses will fit on a period at the end of a sentence.

Medical doctors know that if you are punctured with a needle that has been used to treat an AIDS patient, the AIDS virus is likely to get into your system.

Now, if 230 million viruses will fit on the period at the end of a sentence, and the mosquito bites somebody, and the mosquito bites you, injecting their needle into your body, does it not seem logical that the possibility exists that you can get the AIDS virus?

I do not think there is much doubt about that, and the CDC continues to downplay it.

Abraham Lincoln said again, "Let the people know the facts and the country will be safe."

This book says "The AIDS Cover-up?"

There are a lot of people, myself included, that believe that the facts on the AIDS virus are being kept from the American people. The American people want to know the facts so they can come to grips with this, and the medical profession and the health care officials of that country need to come to grips with it as well, so these facts need to be made crystal clear.

We are adults and we want to get on with the business of saving our lives and the lives of our children. The entire human race is at risk with this disease if we do not get on with it.

Equine infectious anemia, the lentivirus infection afflicting horses, is spread by the transfer of blood from horse to horse:

> The mechanisms (of spread) include insect vectors, needles used for inoculations and blood sampling, and tatooing devices; transfer can also occur during copulation and possibly in milk passed to a suckling foal. The disease kills half its victims.

Similar to what we found so far with the human beings in the AIDS virus.

They say at least 50 percent will get full-blown AIDS and die. Many believe down the road it will be more than that:

> The disease kills half its victims; once infected an animal remains infectious for life; the virus can be found in all tissues, including the brain. Treatment is impossible, so spread of the disease can be prevented only by slaughtering infected animals. It is interesting that the virus exists in many immunologically different forms, which makes the theoretical task of producing an effective vaccine difficult, if not impossible.

The AIDS virus in your body mutates from cell to cell. That is one of the reasons it is so difficult to find a vaccine, because you are attacking something that changes continually.

This mutation process is something that is not new to the diseases.

The bubonic plague, which took place in the 15th century in Europe and wiped out half of Europe, started as a flea bite, and it transmitted a bacteria from a rat to a human being. It was called the bubonic plague initially, but it became known as the pneumonic plague, because once inside the carrier, it started affecting the respiratory system; and when people coughed, they spread the disease.

If this happens with the AIDS virus, there are lentiviruses spread through coughing. If that happens with the AIDS virus, then we will have people who have the AIDS virus who probably or possibly could communicate it through coughing as well.

I want to end up by telling you one more thing, because I will not go into the whole book tonight. I am going to read this thing from time to time to inform the American people about what is going on, and hopefully the pressure will be exerted upon my colleagues to do something to support the blood testing bill I have, and the gentleman from California [Mr. DANNEMEYER] and others who want to get down to dealing with this problem.

One other thing I would like to talk to you about real quickly before I go. So far, the Centers for Disease Control has told us that there are 38,000 to 40,000 people who have full-blown AIDS and are dying. Those are people who have the full-blown AIDS. What they are not telling you is there is a thing called AIDS-related complex, diseases that are related to AIDS where the full-blown AIDS virus has not yet manifested itself in the patient who is going to die.

One of the things we are finding out, and they are not reporting, when you get the AIDS virus it gets into your system and it gets into all your body fluids, your spinal fluids, and brain fluids.

□ 1920

It immediately starts destroying your brain tissues. And if we have had something like 300,000 people in this country that are suffering from brain deterioration that are believed to be related to the AIDS-related complex, 10 times as many people that have full blown AIDS have this mental disorder or deterioration taking place as a result of the AIDS virus which means we do not have 40,000 people dying from AIDS, we probably have 400,000 dying from AIDS right now because of the brain disease killing these people. It does not manifest itself as full blown AIDS, it just causes deterioration of the brain until they die or become mentally disabled and it ultimately leads to complete disfunction and death.

I guess I would like to leave all of you who are watching in your offices and who may be watching on television and who may be here tonight with this final thought: That is, if you are not in Congress, write your Congressman or write the health agencies. If you are in Congress, read the bills and the literature that Representative DANNEMEYER and I are sending to you. Study this issue because Americans are dying by the thousands because of our inaction. They are not dying today. We are forcing them into a situation where they are going to get full blown AIDS and it is going to take maybe 5, 6, 7, 8 years for that to happen and they are going to go through a very traumatic period, they and their families, because it is going to cost a lot of money during the 2 years that it is going to take them to die when they get the AIDS virus full blown.

We need to get on with testing, we need to get on with gathering the body of evidence necessary to deal with this problem and we need to come to grips with some solutions to the problem that will stop the epidemic from spreading. To do any less immediately is criminal in my opinion.

Thank you, Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. OWENS of Utah). The gentleman from Indiana [Mr. BURTON] is informed that under the rules of the House, he may not address the television audience and he is requested to withdraw his request to the television audience.

Mr. BURTON of Indiana. Mr. Speaker, I was not aware of that order, but if anybody is watching me at home, I apologize for asking you to write to your Congressman——

The SPEAKER pro tempore. Again, the gentleman is out of order by addressing the television audience.

Mr. BURTON of Indiana. Mr. Speaker, I withdraw my request for the television audience. Thank you, Mr. Speaker.

THE U.S. CONSTITUTION AND ITS APPLICABILITY TO A NUMBER OF ISSUES THAT CURRENTLY DIVIDE OUR NATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. SWINDALL] is recognized for 60 minutes.

Mr. SWINDALL. Mr. Speaker, last week I began the first in a series of special orders focused on the U.S. Constitution and its applicability to a number of issues that currently divide our Nation.

Tonight I want to focus specifically on the broad category of education.

Two years ago I and Secretary of Education William Bennett held a press conference here in Washington to announce an administration proposal focused on the concept of choice. It was called the Equity in Choice Act of 1985.

At that press conference I made the statement that Americans have traditionally disdained the concept of socialized medicine, the reasons being first and foremost that Americans like choice. They like to have the ability to pick and choose among the various medical providers, whether they be hospitals or physicians. Second, they recognize the value of competition not only in the sense of one physician competing against another or one hospital competing against another, but also the concept of their being able to bid for that competition and their being able to pay the provider and if they do not like the service provided, choose another provider.

I think that they also disdain the concept of the inordinate amounts of bureacracies that always follow some type of socialized system like socialized medicine.

Finally and not the least important is the concept that socialized medicine as we have seen it has been typified by a model where, because of the centralization of decisionmaking and because of the bureaucracy, the more money you put in you actually find you see a diminution rather than an improvement in the quality.

After making that statement about socialized medicine I said I find it strange that we have, without ever deliberately choosing to do so, embraced the concept of socialized education.

As I made that statement I could see immediately that a numberr of the National Press Corps were surprised at my use of that terminology. In fact, after the press conference, one of the local reporters from Atlanta telephoned me and said, "I don't think you really intended to use the term 'socialized education,' did you?" And I said, "Yes, sir, I did, and let me explain why." Let us go through the same list of characteristics of socialized medicine and apply those same criteria to education as we find it in America today, at least insofar as it relates to public education.

First, certainly public education is typified by a lack of meaningful choice. That lack of choice is exacerbated among those individuals who are least able to pay out of their own pocket for education. Specifically, we find that some individuals do exert limited choice, at least with regard to being able to choose a neighborhood into which they move.

One of the questions that most parents ask is when they purchase a home, "what neighborhood am I in with respect to a neighborhood school? Then they naturally take that into consideration before buying the home. If they do not like a particular school system then they will exercise their choice to move into another school district.

Regrettably, those individuals who are below the poverty level or have meager incomes are unable to exhibit the same type of choice. Most of those individuals are assigned either because of their economic status or by the housing authority to a particular housing project and then they are relegated to the school system that follows.

We all also know that one of the problems that we have today with our school system is that it is ditcated in large part by the economics of politics. So that those individuals that come from those schools that are, quite frankly, the poorest are, frankly, usually the schools that are also in the neighborhoods of the individuals that are poorest.

The next area is the lack of competition. Is there meaningful competition between schools? The answer is, of course there is not because individual parents are not allowed to choose between schools in large part. There are few systems in the United States where that choice exists but in large part we do not have that.

How about the argument that we encourage mediocrity because of the lack of competition? Well, certainly if you look at the fact that since 1963 SAT scores have gradually declined, in fact they were on a 17-year downward spiral from 1963 until 1981, you will see there is some argument to be made with respect to mediocrity.

How about the notion of increased bureaucracy? One of the most startling statistics is that with the centralization of the education system we have seen and, I think, disproportionately large growth in the number of administrators.

For example, in 1963 the number of administrators in the entire school system, public school system, numbered 92,201. At that time the total enrollment in the public schools throughout the United States of America was 40,187,000. By 1985 the number of administrators had grown to 191,660. One might immediately conclude well, that is just because there has been a growth in the number of students.

To the contrary, we see that there actually has been a decline in the number of students by 1985, the number of students had decreased to 39,513,000. In other words, from 1963 until 1985 we more than doubled the number of administrators while in fact the student population had decreased.

Again, that is typical of a socialized system where a bureaucracy grows in proportion to the amount of money that you put in.

That leads to the next problem that I outlined in terms of socialized medicine in the comparison to education.

If my model is correct, then the more money you put into the education bureaucracy you would expect it to be matched by not only the improved quality in terms of the actual education product but rather a deproved quality. Let us look and see whether that is borne out by the statistics.

In 1963 we were spending at the Federal level less than $1 billion on all education as it relates to primary and secondary schools, $979 million, to be exact.

□ 1930

At that time, SAT scores for verbals were 478, for math, 502, for a total of 979.

In 1963, the per-student expenditure was at $559, Federal, State, and local funds. That, incidentally, when compared and adjusted for inflation, would translate to $1,991 in current 1986 dollars.

In 1981, we found that SAT scores had dropped to 424 on verbals and 466 on math, for a combined total of 890 points. Incidentally, that represented an all-time low.

In 1981, we were spending 15 times as much money at the Federal level, $14.9 billion, a per-student allocation of $2,742. In 1986 constant dollars, that is $3,470, so we had increased by a little over 33 percent the per-student expenditure, and we had increased 18-fold that amount that we were spending at the Federal level.

Lastly, we looked at 1986. In 1986, we saw that SAT scores had gradually increased to a total of 906, verbals, 431, math, 475. Federal spending was at 17.9 and the per-student allocation was now at $4,263.

What we find then is that the money that we spent for 1963 to 1981, there was actually a matching decline in the quality. Some would argue that that is because they were testing more during that period of time.

Unfortunately, if you look at the statistics, you will find that those individuals scoring in the higher ranges also declined during that same period of time, totally negating that charge.

What we do find, though, is that during the period of the Reagan administration, which has been characterized, at least from the National Education Association's literature, as a time of record cuts in education. In reality, there have not been cuts.

We see that the SAT scores have gradually improved. Am I saying tonight that it is the increase of Federal dollars that is causing the decline in the empirical quality of education? Of course not. What I am saying is that with those Federal dollars, we have seen a proportionate increase in Federal control.

Regrettably, we find that there is a disproportionate amount of control over local education policy because, if you take all of the various State and local funds, you will find that on an average, State and local governments provide 92 percent of all of the education funding. It is a shame that they do not provide 92 percent of the policy with respect to education.

What I would like to do for just a moment tonight is also quote some of the other problems that a number of studies that have been commissioned in the last several years have identified in terms of this educational crisis.

In "A Nation at Risk," which was President Reagan's commission, called the National Commission on Excellence, their report, they reached the conclusion that:

> While we can take justifiable pride in what our schools and colleges have historically accomplished and contributed to the United States and the well-being of its people, the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a Nation and a people. What was unimaginable a generation ago has begun to occur. Others are matching and surpassing our educational achievement.

The same commission in its report concluded:

> If an unfriendly power had attempted to impose on America the mediocre education performance that exists today, we might have viewed it as an act of war. As it stands, we have allowed it to happen to ourselves. We have, in effect, been committing an act of unthinking, unilateral educational disarmament.

That same commission pointed to the following examples as documentation for their conclusions. First:

> Some 23 million adults are functionally illiterate by the simplest test of everyday reading, writing, and comprehension.—

Incidentally, this was in 1982.

> About 13 percent of all 17-year-olds in the United States can be considered functionally illiterate. Functional illiteracy among minority youth may run as high as 40 percent.
>
> Average achievement of high school students on most standardized tests is now lower than 26 years ago when Sputnik was launched.
>
> The College Board's Scholastic Aptitude Tests, SATs, demonstrate a virtually unbroken decline from 1963 to 1980. Average verbal scores fell over 50 points and average mathematics scores dropped nearly 40 points.
>
> The number in proportion to students demonstrating superior achievement on SATs (i.e., those with scores of 650 or higher) have also dramatically inclined.
>
> Many 17-year-olds do not possess the higher order intellectual skills we should expect from them. Nearly 40 percent cannot draw inferences from written material; only one-fifth can write persuasive essays, and only one-third can solve the mathematics problems requiring several steps.

They then stated that—

> Each generation of Americans has outstripped his parents in education, in literacy and in economic attainment.
>
> For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach those of their parents.

In a February 15, 1987, Atlanta Journal Constitution article, I picked up an interesting statistic that I think may give us a little bit of understanding as to the fundamental problem that we have in education. There they were citing a New Orleans-based poll that said, of 1,004 Americans polled, they found that only a bare majority knew the purpose of the 200-year-old document known as our Constitution. Fifty-nine percent were unaware of the Bill of Rights in the sense that it consisted of 10 amendments to the original Constitution, and nearly half believed that the Constitution contains the Marxist declaration, "From each according to his ability; to each according to his need."

Another commission report, which is the Carnegie Commission report, reached similar conclusions with respect to the mediocrity of American education. The last point that I made, though, was the vast ignorance about our Constitution.

I think that we need not go very far in looking at the Constitution to understand its original intent with respect to the division of responsibility, specifically the responsibility of education. The Constitution states in the 10th amendment that—

> Any powers not expressly enumerated and granted to the Federal Government are reserved to the people and the States.

They further stated that the whole concept of the Constitution, our Founding Fathers said, was basically where the people contracted away certain rights and responsibilities, but they did not desire to contract away all of their rights and responsibilities.

Nowhere in the four corners of the Constitution or the 26 amendments to the Constitution can you find any enumeration of power for the Federal Government to be involved in education.

Furthermore, if you go back and study the history of the Constitution dating back to the Constitutional Convention, you will find that the Founding Fathers were very aware of this restraint, and, in fact, several of the Founding Fathers, those individuals who attended the Convention, specifically tried to place into the Constitution Federal authority and jursidiction over education.

On May 29, for example, Mr. Charles Pinckney presented in his draft for the Federal Government's Constitution, a power in the U.S. Legislature to "establish and provide for a national university at the seat of government of the United States."

When the committee that considered the matter reported their constitutional draft on August 6, they completely excluded that particular provision.

□ 1940

During the convention on August 18, James Madison, frequently referred to as the father of our Constitution, and others proposed several items to be included within the legislative power of the United States, including the power:

First, to secure to literary authors their copyrights for a limited time.

Second, to establish a university.

Significantly, those particular provisions were rejected.

Then on September 14, Mr. Madison and Mr. Pinckney, during debates on another draft they had submitted, moved once again to vest Congress with power "to establish a university, in which no preferences or distinctions should be allowed on account of religion." The proposal was again lost on the Convention as a whole.

Then on September 17 the Constitution, void of any congressional power over education, was ratified. Almost a year later, on June 21, 1788, the ninth State ratified the Constitution. On April 30, 1789, Gen. George Washington was inaugurated as President of the United States.

Interestingly, President Washington in his first inaugural address once again attempted to talk in terms of establishing a national university. The Congress, when considering his proposal, concluded that it was unconstitutional.

We then find that on March 4, 1805, in his second inaugural address, President Thomas Jefferson proposed yet another approach at trying to get the Federal Government involved in education. His approach, referring to revenue contributions on the conscription of foreign articles, was as follows—and I quote from his inaugural address—"These contributions enable us to support the current expenses of the government * * * and to apply such a surplus to our public debt * * * and that redemption, once effected, the revenue thereby liberated may, by a just repartition of it among the States and a corresponding amendment of the Constitution, be applied in time of peace to" education, among other things.

Later, in his sixth annual address to the Congress, on December 2, 1806, President Jefferson made the following statement regarding education:

> I suppose an amendment to the Constitution, by consent of the States, necessary, because the objects now recommended are not among those enumerated in the Constitution, and to which it permits the public monies to be applied.

James Madison, when he became President, again tried in his inaugural address to address this same issue and again suggested it would require a constitutional amendment for Congress to act.

We see that time after time after time in the first 100 years of our history, that the Congress considered this issue, and on each occasion reached the conclusion that without a constitutional amendment they were without constitutional authority to get engaged in the jurisdictional area of education.

It was not until 1866 and 1867 that we began to see a significant change from that particular constitutional view. Specifically, on June 5, 1856, there was offered in the House debate a proposal to establish a Bureau of Education, a bureau under the Department of the Interior. The stated purpose of that was, according to Gen. James Garfield, who was later to become the 20th President of the United States, to collect "such statistics and facts as shall show the condition and progress of education in the several States and Territories * * *."

In arguing against that proposal, Mr. Rogers, a Representative from New Jersey, understood then that if we ever conceded jurisdiction in this area, we would in effect concede Federal control over education. In his statement on the floor of the House, he made the following point:

The bill "proposes to put under the supervision of a bureau established at Washington all the schools and educational institutions of the different States of the Union by collecting such facts and statistics as will warrant them by amendments here after to the law now attempted to be passed, to control and regulate the educational system of the whole country."

He concluded that that was something that was contrary to the Founding Fathers' intent and the express language of the Constitution and was something we could not afford to do without a constitutional amendment.

He further argued: "No man can find anywhere in the letter or spirit of the Constitution one word that will authorize the Congress of the United States to establish an Education Bureau. If Congress has the right to establish an Educational Bureau * * * for the purpose of collecting statistics and controlling the schools of the country, then by the same parity of reason, a fortiori, Congress has the right to establish a bureau to supervise the education of all the children that are to be found in * * * this country. You will not stop at simply establishing a bureau for the purpose of paying officers to collect and diffuse statistics in reference to education."

More than a hundred years later, in 1979, this Congress went one step further and passed as a separate administration post a cabinet-level post, the position of Secretary of Education and established, of course, the Department of Education. Interestingly enough, in the debate to establish the Department of Education, unlike the debate to establish the Bureau of Education, very little attention was focused on the constitutionality of the establishment of the Department of Education. Rather, the debate was on how much it would cost, exactly what administrative powers that would have, and what procedures would be used. We have certainly gone a long way in terms of rewriting for the sake of expediency the Constitution of the United States.

As we stand here tonight, though, I think it would be constructive for us to review just a handful of the problems that have emanated from that decision to ignore the express language and intent of the Constitution. The first problem is certainly the obvious, and that is that we have gradually taken away from parents the primary responsibility of educating their children.

Now, some would argue with that. They would say that parents still have the right to educate their children if they so desire. But the problem with their argument is, they say, if they really want to educate them free of Federal policy and Federal restraints, it is necessary that they pay for their education place. Today we spend roughly $4,200 per student per year on education if you combine Federal, State, and local funds.

Can we imagine the quality of education most individuals could achieve if they had at their disposal that $4,200 to pick and choose with respect to not only the institution they would like to have but also the type of quality that that institution offers, and the curriculum that institution offers? What we would find is suddenly, rather than being exempt from the free enterprise system, the free market system, we would find education being a part of it and benefiting from the positive competitive nature of a free enterprise system.

Probably more importantly, though, it would allow us to have parents once again assert the rightful responsibility in terms of imparting their value system rather than a secular value system or a value system that some legislative body, whether it be the Congress of the United States of America or various State legislatures, may choose to impose on the particular public educational system.

Let us just look at a handful of the issues today that have surfaced as the result of a public education system that has tried to somehow be an emanator of values but somehow does it in a neutral fashion. First, there is, as I suggested the other night, a major debate today, both in State legislatures and the Congress of the United States, and now in the Supreme Court, as to the propriety of teaching creationism along with evolution in the public school system.

The argument there is that public schools ought to teach only the facts. Of course, that presupposes that someone knows what the facts are, which is certainly a matter of opinion. As I stated earlier, if we really believe that, that creationism is not fact or self-evident, as our Founding Fathers said in the Declaration of Independence, we really ought to, rather than be hypocritical in the process, ban the Declaration of Independence, because it is certainly a creationism document.

But the other thing that is more than ironic as a passing thing is the amount of faith it takes for the purposes of teaching evolution to the exclusion of creation, in terms of ignoring clear scientific theory or law, as in the case of the second law of thermodynamics. The second law of thermodynamics states that when left in a natural state, the complex naturally breaks down to the simple. Of course, when we teach evolution, we ignore that fact, so in essence we do find that it does take a lot of faith to teach evolution. But somehow we have deluded ourselves in believing that we can teach education only in science and not get into the issue of religion or get into the issue of politics.

The second area is the area of values in terms of political opinions. Let me give an example. In my last race for Congress, I was engaged in a candidate debate in a high school in my district. During the course of that debate one teacher raised her hand to pose a question.

In that question she said, "Congressman SWINDALL, what is your opinion of Star Wars? What is your position on it?"

I said, "I think it is a fine movie."

She said, "What are you talking about?"

I said, "The only Star Wars with which I am familiar is a movie entitled 'Star Wars.' "

□ 1950

At that point she said, "You know what I'm talking about. I'm talking about the whole notion of the Reagan administration to bring war into space."

I said, "I think what you are referring to is the Strategic Defense Initiative and the reason I didn't respond to you the first time is you were in essence editorializing when you asked the question about my position on Star Wars. This happens to be a government class and it seems to me that the students here would be well served if you used correct nomenclature rather than embracing the nomenclature of individuals who through various editorial opinions have bugged the Strategic Defense Initiative as Star Wars."

I then went on to state that I was supportive of the strategic defense initiative.

But my real point is teachers ought to teach the facts. Now, how does that relate to the problem that we are having in education today?

Well, the problem is this. Parents are without any type of control over that particular teacher because they are basically told, "If you don't like that type of opinionizing and editorializing, then simply take your children out of this school and send them elsewhere."

Of course, they know that in making that statement it is necessary for the parent to pay for the education twice, once in terms of paying their taxes and second in terms of paying for the new educational forum they may find.

Now, I am not at all critical of the notion that you are always going to find teachers editorializing. What I am critical about is the fact that parents cannot exercise any type of choice as to what type of editorial opinions they want to subject their children to.

We see constantly that when individuals go about the decision of choosing the college of their choice, that is, a higher college institution, they frequently go and visit with the faculty, visit with the administration, to try to find out what type of bent the administration and faculty is placing on their instruction. I think that is valid that they ought to be concerned, parents should, about what their children are being taught.

But why is it at a time when children are far less impressionable when they go to college are we given as parents far more ability to make that decision than we are when our children are at their youngest, most impressionable ages in elementary and high school?

The point is that there is no logic to that.

The next area is in the area of the first amendment. Clearly, if there is a hotly debated area in State legislatures and in the Federal Congress, it happens to be in this whole area of the first amendment, not coincidentally the first amendment as it relates to public education.

The first battle, of course, had to do with the battle of prayer in schools, dating back to the Engle versus Vital decision in the early 1960's where the Supreme Court said that you may not teach or have the Lord's Prayer uttered in a schoolroom. Their reasoning was that it was somehow establishing a religion under the establishment clause.

The truth of the matter is that it is impossible once you accept the public education system as it is now defined and as it has now evolved to answer the issue of school prayer.

As I have stated before, I do not believe that it is appropriate for any legislative body to state the time, the place, the manner or the method of school prayer, but I am very concerned about what the first amendment does say in terms of individual students' rights under the first amendment to freely express their religious beliefs, as well as to exercise their religious beliefs.

We have now created a notion that somehow when an individual student walks through the front door of a particular institution, public education institution, they surrender or leave on the front doorsteps their constitutional rights under the first amendment.

The next area is the area of curriculum and content of books. We have a hot debate right now in Atlanta with respect to the issue of the contents of schoolbooks and the contents of books on the shelves of the various public education facilities and the libraries contained in the various public education facilities.

Recently a group of parents in Gwinnett County, which is adjacent to my district, found a book which they felt was offensive and sought to have that particular book not banned, but restricted in terms of student access.

There was a huge uproar in the Atlanta media market about these particular parents saying that they were offended by the content of this particular book. Interestingly enough, they went on to say these parents ought to be more openminded about what their children are exposed to and it is part of the liberal arts education that they be exposed to various things and that really is something that the experts, that is teachers and administrators, ought to decide with respect to the type of curriculum and the types of books, to the exclusion of the parents' values.

I find that extremely ironic because that same Atlanta media market has on numerous occasions stated that parents ought to have the right when it comes to exposing their children to any type of prayer, to take their child out of that situation, or more importantly, to take the situation away from the child; that is, you cannot have any type of religious activity in a public school because that would expose this child to some form of religion.

The contradiction there is that it is OK to basically ban or limit access to any type of religious activity, including prayer in a public school, but it is not OK to limit children's exposure to what some parents might consider pornography. There is a real contradiction there.

My particular view is that there is no way again within the confines of the public education system as it has now evolved that we can really deal with that situation in a fashion that will be acceptable not only to the majority, but to the minority as well.

The question then becomes, how do you address these various problems? The answer is by recognizing that those are not really problems so much as they are symptoms of our having ignored the fundamental truths and principles of the Constitution of the United States of America.

What we have basically done through a course of gradualism is that we have now expanded the authority of the Constitution without ever having passed a constitutional amendment, as President Jefferson suggested in his inaugural address and in his sixth address to the Congress; but rather, we have just done it through the passage of time and through expediency. As a result of that, we have now basically perverted the balance of authority between individual governments, family governments, and the Federal Government and State and local governments.

If we would simply recognize the wisdom of our Constitution when it said that any authority not expressly given to the Federal Government is reserved and retained by the States and the parents, or in this case the people, we would find that we could begin to address many of the problems, if not all the problems, that I just mentioned at their heart.

□ 2000

The first step would clearly be if we are not going to defund at the Federal level education, then let us at least send the money without any type of policy attached to it. Now a lot of folks say that that is insane. What they are really saying is that they do not trust the American people to wisely use that power.

Well, the problem with that argument is that it really defies what made this country great in the first instance and what this country was founded on, and that is a belief in the individual's worth and the individual's ability to exercise all of the power and responsibility which he or she did not expressly give to the Federal Government under the contract known as the Constitution.

The second aspect of it is, if we would simply ship that money without the policy, a lot of people would say, "Well, how in the world would you go about the business of righting some of the wrongs that our past has shown us will in fact occur?" For example, segregation comes to mind.

My answer to that is by recognizing that the Constitution has total authority when it comes to dispensing justice, but it is done not through the Department of Education or through some faceless bureaucrat, but rather it is done through the Department of Justice in the manner recommended and expressly set forth in the Constitution.

We have ample power under the Constitution of the United States as it currently exists and within the four corners of that document to make absolutely certain that injustices are addressed and that they are addressed in a far more direct fashion than this type of social engineering that we have in the past seen.

Another concept that I think needs to be explored, certainly not at the Federal level, but at the State and local levels, is the concept of redefining what we mean by public education. Today, unfortunately, we think of public education as being the public education system that has evolved, rather than saying that public education is simply the provision of public funds to make available the opportunity across the board to rich and poor alike for education.

It is interesting, we have seen that distinction when it comes to our higher education. We do not, as I suggested earlier, say to individuals when they choose the college of their choice that we have to basically have no choice at all; that if you want to, for example, to go the University of Georgia in Athens under a Pell grant or under a student loan, that you cannot do so unless you live within 60 miles of it, or you cannot do so unless this or unless that. What we rather say is, "You may exercise your choice and then that money will be sent directly to the institution," and I suggest that it is probably because of that choice, because of that system being subjected to all of the various elements of a free-enterprise system, that higher education in America today is vastly superior to primary and secondary education.

In fact, today our higher education system still stands out as a model to the entire world, at the exact same time that we have seen our primary and secondary education going down gradually, gradually, gradually to the point that it took literally the Reagan administration, under a restatement of basically many of the same terms and concepts and principles that made our Constitution what it was to begin with, to reverse the trend.

As I mentioned earlier, if you look at the record of education under the Reagan administration, it has reversed a 17-year downturn in terms of SAT scores and has actually now begun a gradual incline upward, all at a time when yes, we have succeeded at least in part in reducing the amount of Federal control over State and local authorities.

In a nutshell, if it has worked that effectively, when we have simply limited the amount of Federal control over education and allowed more exercise of educational control by State and local governments and parents, imagine how much more effective we could be in terms of improving education if we were to simply turn loose entirely—use the Department of Justice to establish justice and to administer it, and let the Department of Education get out of the business of mandating to local governments what is the best for them.

You know, I think that it is interesting that if you really want to see local citizenry involved in an issue, suggest a change in zoning, and what you will find is that they will get up in arms, they will begin to get deeply immersed in the political process, and I suspect that the reason that they get more involved in a zoning issue than they do frequently in major educational policies that affect their children is the simple concept that they feel as though they can have an impact at a local zoning hearing that they cannot have on education.

When you go to the local school board they will tell you, "I wish we could do that, but the fact of the matter is our hands are tied because we receive 8 percent of our funding from the Federal Government, and if we don't do this and this and this as required by the various volumes"—and I am literally talking about volumes of regulations promulgated by the Department of Education and other agencies of the Federal Government—"then we will lose our Federal funds."

So in effect we have by centralizing the educational policy stripped individual parents of their efficacy. They simply feel that it does not do that much good to begin to try to impact educational policy because they know that they are literally going against not city hall but the Federal Government.

One other point that I think needs to be made. When we talk about redefining public education, so that we offer the quality of education and the choice to parents and the notion that parents really are capable of making a correct decision both in terms of where their child goes to school as well as the type of values that they want them to have transmitted to them, we will find that rather than having a segregated society, as we are now gradually unfortunately beginning to see, not segregated necessarily by race, but segregated by economies and socioeconomic statuses, we will really see a return to the melting pot concept that made our public school system so great several generations ago, in fact as recently as when I was in public education.

You say, "How in the world could that occur? How would you by getting the Federal Government out of the process and letting parents exercise control, say under a voucher system or a similar system, would you actually achieve a greater melting pot?"

The answer is simple. What we now have is a system that excludes, or I should say includes, only those individuals who can afford to get out of it. Is that not interesting? We know today that unfortunately more and more individuals are leaving the public school system to go into the private school system, and much of it has to do with the fact that they are fed up with a public school system that has been driven into mediocrity by the Federal control and the socialized process that has occurred.

In fact, I found it interesting that in a survey of public school teachers, individuals who certainly would know better than anyone the current state of conditions in many of our public schools, public school teachers are twice as likely as the general public to exercise choice by sending their children to private rather than public schools.

□ 2010

For example, in 1984 the Chicago Reporter, based on the 1980 Census data, concluded that 46 percent of the public school teachers in Chicago sent their children to private schools. That compared to the general population of Chicago, 22 percent sending their children to private rather than public schools.

In Michigan, 20 percent of the public school teachers sent their children to private school, compared to only 10 percent of the general population.

In other words, public school teachers are twice as likely to send their children to private school.

Unfortunately, most of the individuals that would like most to escape some of the ghetto schools that are unfortunately not providing the type of quality education are inescapably trapped, because they lack the financial resources to escape.

Can you imagine what would happen if suddenly you went into a public housing facility right here in Washington, DC, and give each of the parents a voucher, not money, but a voucher for $4,200, representing the national average of Federal, State, and local funds per student per year and said, "You may spend this wherever you choose."

They would be incredulous, particularly when they found that the average cost of a private school education would be half that of a public school education.

That is what the national statistics showed. Am I advocating that we ought to throw out public schools and replace them with private schools? No. What I am saying is, we need to seriously rethink the model that we have and see if we cannot achieve a public school system that allows choice, that allows equity between the rich and the poor, and that most importantly allows parents to reassume, to recapture, if you will, their rightful responsibility to decide what values will be transmitted to their children; and in doing so, in one fell swoop, we would completely wipe off of the legislative agendas of the U.S. Congress of America, and every State legislative body throughout these United States all of the issues that we are now having hotly debated that divide us, like prayer in school, evolution versus creationism, content in terms of the curriculum, and issues like equal access, because what would happen is, you would now suddenly allow individuals to choose the schools that transmit the values that they choose and you would not have to go after this insane notion that you can somehow educate children in an educational, moral vacuum.

We all know you cannot educate in a moral vacuum. You will always transmit someone's values. The question is, whose.

For the last several decades, the answer to that is, the States' values, not the parents' values, and nothing can be more detrimental to the future progress of this country than to continue to usurp the power and responsibility of parents to decide their children's educational futures, because, believe me, that is really the most important single responsibility that any of us as parents have, is to make certain that our children have values that we believe, not the State, but that we believe are valid.

For us to continue this notion of believing that you can teach one set of values at home and then have those values contradicted in the public school system is simply being totally naive and, ultimately, as the Commission that the President assigned the responsibility of finding out the problem with education concluded, we will continue to be a nation at risk, subject to self-destruction.

PROTECTIONISM: GOOD FENCES DON'T MAKE GOOD NEIGHBORS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa [Mr. LEACH] is recognized for 60 minutes.

Mr. LEACH. Mr. Speaker, in this special order, I would like to dwell on the basic framework in which international decisionmaking is being made today, and suggest that America's two great political parties are fundamentally letting the country and the world community down.

In international politics two incontrovertible ironies stand out: First, at a time when weapons of mass destruction have been developed and allowed to proliferate, individual nation-states have become less rather than more interested in expanding international law and building international institutions, and these nationalistic impulses are being driven by a Republican administration. Second, at a time when the world economy is becoming more interdependent, economic policies within nation-states are becoming more parochial, that is, protectionist, and this protectionist movement is being led by a Democratic Congress.

The last two centuries have taught us that nationalism is a two-edged sword: it serves to unify people in a constructive and uplifting fashion, often accelerating social progress; but, as two world wars in the first half of this century and as the anarchy and terrorism in the second half illustrate, nationalism can also be perverted by demagogs to tear apart basic human values.

The Reagan administration, I would contend, is tapping the dark side of nationalism and making the world less safe in its interventionist policies, particularly in Central America, and in its withdrawal from the full jurisdiction of the World Court. Democrats, on the other hand, in espousing economic protectionism, are attempting to tap similar nationalistic instincts that may be as politically explosive, abroad as well as at home. For, if one assumes that economic deprivation is a fundamental cause of war, it doesn't take much imagination to conjecture that trade wars will inevitably lead to real wars.

We have a crisis in foreign policy accountability, stemming in part from the nature of the issues and the times, and in part from the constitutionally aberrational roles being played out in Congress and within the Executive on foreign policy issues. In disdain for Congress, the Executive has attempted to take on interventionist powers that defy the Constitution and the law, and, in response, Congress has attempted to take on a new, more assertive and dangerous role in trade legislation.

National security debates of recent years have shown a Congress willing to criticize a popular President, but unwilling to be held accountable for alternative policies. For liberals the political tradeoff for the military buildup has been the exacting from the Executive of a commitment to maintain a level of social spending far in excess of the curmudgeonly priorities of the White House. The Great Society's social agenda has been surprisingly ensconced under the Reagan Presidency.

Hence there is liberal and conservative complicity in the budget deficits, the decision to ask taxpayers tomorrow to pay for today's living standards. Hence also there is shared responsibility for the trade deficit, which, economists suggest, is directly linked—up to two-thirds in magnitude—to the fiscal deficit.

In its military adventurism it would appear that the administration has been hypocritical on one of its philosophically most important rallying cries—strict construction of the Constitution. To its decredit, the alternative political party has been escapist, failing to focus attention on law and failing to understand that bad economics can drive bad politics. War shouldn't be privatized, nor should its causes.

Despite Lone Ranger adventurism within the Executive, the administration gets high marks for moving toward free trade zones with Israel, in the Caribbean and with Canada. It is to be commended for pushing new GATT rounds, for vetoing textile and other protectionist ploys by Congress. While Vietnam hangs as a specter over the administration's Central American policy, the ghost of Smoot-Hawley haunts the Halls of Congress.

By way of perspective, it should be stressed that the Reagan administration inherited the international debt dilemma largely from the Ford and Carter administrations. Ironically the institutions that made the greatest single private sector banking mistake of the century—the wanton recycling of petro-dollars—have largely been held financialy harmless in the market place. Areas of the country that have been most devastated by the quantum jump in overseas lending, like the Midwest, or areas of the economy, like producers, farmers as well as manufacturers, wonder how fair it is for them to pay the piper for the financial misjudgments of others.

Through petro-dollars recycling, America's foreign aid policy largely became privatized in the seventies with Walter Wriston replacing General Marshall as the symbolic liberal of the century. The issue that big banks—largely in New York and California—and big government—the Fed, Treasury, and Congress—didn't assess on a timely basis was the effects on the American economy of the inevitable skewing which had to occur in our merchandise trade balance if the countries to which capital was lent could develop sufficient dollar resources to pay back the debt incurred.

The only way this could occur was for grossly indebted countries to export more than they imported or, conversely, for the United States to import more than we export. To save the international Monetary System the United States had little choice in the 1980's except to establish a mix of fiscal and monetary policy that was pro-import and anti-export. To save New York's financial institutions Iowa farmers and manufacturers paid dearly, both in higher interest rates as well as in lost markets.

Now, extraordinarily unnoticed by the press, the Democrats have come up with a trade bill that contains, among other giveaways to the political establishment, a call for the gold reserves of the World Bank to be used to purchase private sector bank loans to the developing world. The public, in other words, is being asked, albeit indirectly, to bail out the institutions that have overextended themselves without even a hint of shareholder accountability.

Upon being elected to Congress in 1976, I argued from a rather lonely Midwestern perspective that the most responsible thing that government could do to hold down egregious foreign lending was to require more prudent capital ratios for the money-center banks or cause the institution of reserve requirements for international lending comparable to domestic. As students of banking understand, reserve requirements serve as a brake on inflation and as an indirect tax on banks. To require their existence for domestic deposits and not for the international liabilities of the money-center banks is to provide incentives for the export of capital and thus of jobs.

In hearing after hearing, the Carter administration argued vehemently against the legislation I introduced to require more stringent oversight of international lending practices. They bought the banks' contention that because foreign loans frequently received sovereign guarantees and because risk was more universally spread, the capital requirements of money-center institutions need not in percentage terms be as strong as those demanded of smaller banks which traditionally lent in a more localized American environment. It is my contention that this failure 10 years ago of the Comptroller's office and the Fed to exercise prudent regulation of our money-center banks coupled with the failure of State and Treasury to press for similar overseas regulation of foreign banks is the root cause of the current LDC debt dilemma and a significant cause of our current trade imbalance.

The reason I raise this perspective is that it is simply impossible to solve problems without understanding their causes. Our trade is unbalanced because our budget is unbalanced and because regulators failed to recognize the nature of the world banking crisis precipitated by the runup of petroleum prices in the 1970's. Lower tariffs were not a cause of the trade imbalance; higher tariffs are thus unlikely to be a solution. There simply is no substitute for fiscal discipline; for prudent banking regulation; for the expansion of rules that govern international trade.

The protectionist sentiment roaring through the Halls of Congress is a political copout. Just as SDI was proposed by Republicans as a fictitious nuclear shield, an alternative to serious arms control, protectionist legislation—the Democrats' SDI—is advanced as an alleged jobs shield, the alternative to doing anything serious about the fiscal deficit. In fact, both shields are political charades. The arms race cannot be won by putting shields in space. Neither can a trade war be won by erecting tariff walls. The first spurs the development of offensive arms; the second the spread of countervailing trade barriers.

Two four-letter institutional processes summarize the nature of this political dilemma—SALT and GATT. Ronald Reagan made a career of opposing every arms control agreement ever arrived at with the Soviet Union. In a period of perceived American weakness he was elected President. The Democrats, on the other hand, while sanctifying international negotiations on arms control, are in the process of turning their backs on international negotiations on trade. They understand that when deficits in trade reach $15 billion a month, management as well as labor will seek arbitrary remedies from Government.

To the President's credit, he has moved his administration in recent months along a new track that could—if the new Soviet leadership remains consistent with its rhetoric—lead to arms control agreements more all encompassing than any that have so far been signed. The question is whether the Democratic Party will find leadership that can similarly grow or whether it will fall hostage to its interest group base, a victim of the political assumption that proposing protectionism, like new armaments, is always popular. However, if history is a guide good fences don't always make good neighbors.

For instance, just this afternoon a distinguished European diplomat warned that if Congress adopts the current trade bill with the Gephardt amendment attached, the European Community would have no choice except to retaliate in ways designed to pinch. At the top of the list of European responses would be the placement of prohibitive tariffs on soybeans and corn gluten; on computers and telecommunications. Assaults on internationalism are assaults on the local economies of State after State.

It is no accident our Founding Fathers established a Union of States in which internal tariff walls were prohibited. Our economy would be half as strong if we had domestic protectionism. Likewise it would be weakened profoundly by spurring further international protectionism. Even the most egregious problem we have, our $58 billion imbalance last year with Japan, has a flip side. Not only do American consumers benefit from lower-priced competition, but so to some extent does our government when it taps Japanese capital markets to support our Treasury debt offerings. When debt becomes inflated in our currency and deflated in theirs, the exchange of American paper for Japanese goods produces a better bargain for Americans than either the original producer or consumer may visualize at the time of purchase. This is one of the stark advantages of being a debtor country, when that debt is developed in our own as opposed to someone else's currency.

Hence the tradeoff: while the Japanese have been stealing American manufacturing jobs, Americans have been robbing Japanese savings. That is the meaning of the plummeting value of the yen in the aftermath of massive Japanese trust fund purchases of United States Treasury bills. For instance, if a Japanese pension fund bought a Treasury bond at 250 yen for the dollar and then attempted to repatriate the funds to Japan upon its maturation at a 140 yen-to-dollar ratio, the fund would lose 110 yen or 44 percent on each dollar of its investment, excluding interest considerations.

Americans aren't likely to be overly remorseful about these Japanese investment losses in our debt securities because such investments were made with the calculated understanding that they would, at least in the short term, distort currency relationships to the advantage of Japanese manufacturing. In recent years the normal upward adjustment in currency relationships that occurs when one country exports more than it imports was deferred for the Japanese because of the massive offsetting infusion of Japanese capital into America. Japanese investors countered their surplus trade with paper transfers that had the effect of deepening and prolonging our merchandise trade deficit. While Americans properly have objected to the quotas and other nontariff barriers the Japanese Government has used to block foreign entrance into its markets, a far more troubling trade problem has been the transfer by Japan, partly at our Treasury's urging, of far more capital to this country than we did to it, thus ensuring a competitive pricing advantage for Japanese goods marketed around the world.

This currency protectionism deserves and, indeed, finally is being addressed. The challenge is not to overreact to the undervalued yen before natural economic factors have a chance to work.

Protectionism, after all, belies its name. It provides job security for candidates, not workers.

The trade issue for the last dozen years of the 20th century isn't so much figuring out what new legislative arrows should be added to the quiver of trade sanctions. It is selecting the right marksmen with the right judgment about when and in what direction to aim, with the first concern being to avoid driving a shaft into the heart of the current recovery underway in the United States. Just as our foreign military policy has been counterproductive to American interests in so many parts of the world in recent years, we have an obligation to ensure that our foreign economic policy does not become similarly flawed.

It is time for candor. If reason is to triumph over politics, if statesmanship rather than escapism is to hallmark political debate, the "Maginot Line" mentality of modern-day American politicians must be replaced with a deeper economic understanding and a more disciplined political commitment. Otherwise, the prospect of a worldwide recession, if not depression, looms ominously on the horizon.

SUBMISSION OF AN AMENDMENT TO THE RULES OF THE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN OF THE HOUSE FOR THE 100TH CONGRESS

(Mr. HAMILTON asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HAMILTON. Mr. Speaker, pursuant to rule XI, clause 2(a) of the House of Representatives, I present an amendment to the rules of the Select Committee to Investigate Covert Arms Transactions With Iran for the 100th Congress, as follows:

Rule 10: Joint Hearings

10.1. The Select Committee may conduct hearings jointly with the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

10.2. Rules 1.3, 2, and 5 of the Senate Select Committee, to the extent that they are inconsistent with the rules of this Committee, shall govern hearings conducted jointly by the two Committees, when such hearings are held in facilities provided by the Senate.

10.3. Notwithstanding Rule 10.2, all such joint hearings shall for all purposes be considered hearings of the House Select Committee.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. McKinney (at the request of Mr. Michel), for today and the balance of the week, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. McCollum) to revise and extend their remarks and include extraneous material:)

Mr. Leach of Iowa, for 60 minutes, today and April 30.

Mr. Gilman for 5 minutes, today.

Mr. Burton of Indiana, for 60 minutes, May 5 and May 6.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. AuCoin on the Young of Alaska amendment, following the remarks of Mr. Young of Alaska.

Mr. McCollum, following votes on Kaptur amendment and Pepper amendment to H.R. 3, in the Committee of the Whole, today.

(The following Members (at the request of Mr. McCollum) and to include extraneous matter:)

Mr. Schuette.
Mr. Lewis of Florida.
Mr. Bereuter.
Mr. Clinger.
Mr. Broomfield in two instances.
Mr. Dornan of California.
Mr. Lujan.
Mr. Porter in two instances.
Mr. Conte.
Mr. Gekas.
Mr. Barton of Texas in two instances.
Mr. Rowland of Connecticut in two instances.
Mr. McEwen.
Ms. Snowe in two instances.
Mr. Holloway.
Mr. Kyl.
Mr. Lagomarsino.
Mr. Kemp in two instances.
Mr. Courter in two instances.
Mr. Gilman in two instances.
Mr. Dreier of California.
Mr. Green.
Mr. Gunderson.
Mr. Fields.

(The following Members (at the request of Mr. Gray of Illinois) and to include extraneous matter:)

Mr. Tallon.
Mr. Skelton.
Mr. Kolter.
Mr. Kostmayer.
Mr. Bosco.
Mr. Fazio.
Mr. Owens of New York.
Mr. Hamilton in two instances.
Mr. Hochbrueckner in five instances.
Mr. Nelson of Florida.
Mr. Dorgan of North Dakota.
Mr. MacKay.
Mr. Lantos in two instances.
Mr. Roybal.
Mr. Lipinski.
Mr. Hertel.
Mr. Moody.
Mr. Montgomery.
Mr. Stark.
Mr. Bennett.
Mr. Lehman of California.
Mr. Borski.
Mr. Jones of North Carolina.

SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S.J. Res. 57. Joint resolution to designate the period commencing on May 3, 1987, and ending on May 10, 1987, as "National Older Americans Abuse Prevention Week," and

S.J. Res. 67. Joint resolution to designate the month of May 1987 as "National Digestive Diseases Awareness Month."

ADJOURNMENT

Mr. LEACH of Iowa. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 31 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, April 30, 1987, at 10 a.m.

EXECUTIVE COMMUNICATIONS ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1287. A communication from the President of the United States, transmitting supplemental appropriations requests in fiscal year 1987 and amendments that reduce the request for appropriations in fiscal year 1988, pursuant to 31 U.S.C. 1107 (H. Doc. No. 100-71); to the Committee on Appropriations and ordered to be printed.

1288. A letter from the Chairman, National Transportation Safety Board, transmitting the Board's annual report of its compliance with the Government in the Sunshine Act during calendar year 1986, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

1289. A letter from the Administrator of Veterans' Affairs, Veterans' Administration, transmitting an information copy of the lease prospectus for the Veterans' Administration independent outpatient clinic in Los Angeles, CA, pursuant to 40 U.S.C. 606(a); to the Committee on Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FRANK: Committee on the Judiciary. H.R. 1162. A Bill to amend title 28, United States Code, to provide for the selection of the court of appeals to decide multiple appeals filed with respect to the same agency order (Rept. 100-72). Referred to the Committee of the Whole House on the State of the Union.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X the following action was taken by the Clerk:

H.R. 921. The Committee on Public Works and Transportation discharged; referred to the Committee of the Whole House on the State of the Union, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HAWKINS:

H.R. 2197. A bill to guarantee a work opportunity for all Americans, and for other purposes; to the Committee on Education and Labor.

By Mr. ANDREWS (for himself, Mr. Bryant, Mr. Bustamante, Mr. Chapman, Mr. Frost, Mr. Leland, Mr. Pickle, Mr. Stenholm, Mr. Watkins, Mr. Huckaby, Mr. Roemer, Mr. Tauzin, Mr. Anthony, Mr. McCurdy, Mr. Coleman of Texas, Mr. Brooks, and Mr. Wilson):

H.R. 2198. A bill to amend the Internal Revenue Code of 1954 to impose a fee on the importation of crude oil or refined petroleum products and to repeal the windfall profit tax on domestic crude oil; to the Committee on Ways and Means.

By Mr. BAKER:

H.R. 2199. A bill to require the Secretary of Agriculture to make a grant to a member of the land grant university system which completed construction of a biomedical research center in May 1986, and which has an established trust fund for receipt of operating and construction funds, to conduct human nutrition research; to the Committee on Agriculture.

By Mr. BARTON of Texas (for himself, Mr. Stenholm, Mr. Boulter, Mr. Baker, Mr. Livingston, Mr. Frost, Mr. Pickle, Mr. Cheney, Mr. Huckaby, Mr. Leland, Mr. Sweeney, Mr. Chapman, Mr. Smith of Texas, and Mr. Wilson):

H.R. 2200. A bill to amend the Energy Policy and Conservation Act with respect to the strategic petroleum reserve and the International Energy Program, and to amend the Internal Revenue Code of 1986 to impose a tax on the importation of crude oil and petroleum products; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mrs. BATEMAN:

H.R. 2201. A bill to authorize the Secretary of Transportation to release restrictions on the use of certain property conveyed to The Peninsula Airport Commission for airport purposes; to the Committee on Public Works and Transportation.

By Mrs. BENTLEY:

H.R. 2202. A bill to amend the Internal Revenue Code of 1986 to provide that the harbor maintenance tax shall apply only once to cargo entering the United States in a continuous transportation by a single shipper; to the Committee on Ways and Means.

By Mrs. BOGGS:

H.R. 2203. A bill to increase the amount authorized to be appropriated with respect to the Sewall-Belmont House National Historic Site; to the Committee on Interior and Insular Affairs.

By Mr. DORGAN of North Dakota:

H.R. 2204. A bill requiring certain new procedures for the approval by the Interstate Commerce Commission of the acquisition and operation of railroad lines, and for other purposes; to the Committee on Energy and Commerce.

By Mr. DREIER of California:

H.R. 2205. A bill to establish the Value Engineering Council; jointly, to the Committees on Government Operations and Science, Space, and Technology.

By Mr. ERDREICH:

H.R. 2206. A bill to encourage innovation, promote research and development, and stimulate trade by strengthening the protection given intellectual property rights by making necessary and appropriate amendments to the intellectual property rights laws; jointly, to the Committees on the Judiciary, Ways and Means, and Energy and Commerce.

By Mr. GREEN:

H.R. 2207. A bill to provide for improved mail service; to the Committee on Post Office and Civil Service.

By Mr. JENKINS:

H.R. 2208. A bill to provide temporary duty-free treatment to 2,6-HNA; to the Commitee on Ways and Means.

By Mr. JOHNSON of South Dakota:

H.R. 2209. A bill to prohibit the charging of admission fees at Mount Rushmore National Memorial; to the Committee on Interior and Insular Affairs.

By Mr. JONES of North Carolina (for himself, Mr. Studds, Mr. Davis of Michigan, Mr. Young of Alaska, Mr. Hughes, Mr. Lowry of Washington, Mr. Bennett, Miss Schneider, Mr. Bateman, Mr. Manton, Mr. Dyson, Mrs. Bentley, Mr. Akaka, Mrs. Saiki, Mr. Thomas of Georgia, Mr. Pickett, Mr. Lipinski, Mr. Borski, Mr. Hochbrueckner, Mr. Bosco, and Mr. Foglietta):

H.R. 2210: A bill to prohibit the use of certain organotin-based antifoulant paints and the use of organotin compounds, purchased at retail, used to make such paints; to the Committee on Merchant Marine and Fisheries.

By Mr. KEMP:

H.R. 2211. A bill to amend title 18, United States Code, to provide penalties for aiding the Palestine Liberation Organization; to the Committee on the Judiciary.

By Mr. MacKAY (for himself, Mr. Brown of California, and Mr. Fazio):

H.R. 2212. A bill to establish a national population policy and to improve methods for collecting, analyzing, and implementing natural resource, environmental, and demographic data; to the Committee on Post Office and Civil Service.

By Mr. MAVROULES (for himself, Mr. Markey, Mr. Swift, Mr. Roybal, Mr. Synar, Mr. Price of Illinois, Mr. Hawkins, Ms. Oakar, Mr. Pepper, Mr. Gray of Pennsylvania, Mr. LaFalce, Mr. Downey of New York, Mr. Walgren, Mr. Leland, Mrs. Collins, Mr. Eckart, Mr. Slattery, Mrs. Kennelly, Mr. Weiss, Mr. McKinney, Mr. Crockett, Mrs. Byron, Mr. Vento, Mr. Bates, Mrs. Bentley, Mr. Donnelly, Mr. Edwards of California, Mr. Hertel, Mr. Fazio, Mr. Frank, Mr. Dwyer of New Jersey, Mr. Kanjorski, Mr. Frost, Mr. Dyson, Mr. Dymally, Mr. Erdreich, Mr. Wyden, Mr. Biaggi, Mr. Mrazek, and Mr. Lehman of Florida):

H.R. 2213. A bill to require certain telephones to be hearing aid compatible; to the Committee on Energy and Commerce.

By Mr. MONTGOMERY:

H.R. 2214. A bill to amend the Internal Revenue Code of 1986 with respect to the treatment of certain deductions allowed to members of Reserve units of the Armed Forces or the National Guard; to the Committee on Ways and Means.

By Mr. MOODY (for himself and Mr. Kleczka):

H.R. 2215. A bill to amend the Internal Revenue Code of 1986 to provide that the targeted jobs tax credit shall not be allowed for wages paid during the period of a labor dispute; to the Committee on Ways and Means.

By Mr. MURPHY (for himself and Mr. Hawkins):

H.R. 2216. A bill to amend the act of March 3, 1931 (known as the Davis-Bacon Act) to revise the standard for coverage under that act and for other purposes; to the Committee on Education and Labor.

By Mr. OBERSTAR (for himself, Mr. Johnson of South Dakota, and Mr. Williams):

H.R. 2217. A bill to provide for improved air transportation to small communities, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. ROYBAL:

H.R. 2218. A bill to amend titles XVIII and XIX of the Social Security Act to cover the services of clinical psychologists, clinical social workers, and psychiatric nurse specialists under the Medicare and Medicaid Programs; jointly, to the Committee on Ways and Means and Energy and Commerce.

By Miss SCHNEIDER (for herself and Mr. Walgren):

H.R. 2219. A bill to amend the Stevenson-Wydler Technology Innovation Act of 1980 to establish a Center on State and Local Initiatives on Productivity, Technology, and Innovation, and for other purposes; to the Committee on Science, Space, and Technology.

By Mrs. SCHROEDER (for herself, Mr. Coats, Mr. Coelho, Mr. Fazio, Mr. Gray of Illinois, Mr. Hoyer, Mr. Hyde, Mr. Kolter, Mr. Lagomarsino, Mr. Lantos, Mr. Lehman of Florida, Mr. Martinez, Mr. Weldon, and Mr. Wolf):

H.R. 2220. A bill to amend title 10, United States Code, to provide for the reimbursement of expenses incurred by a member of the uniformed services in the adoption of a child; to the Committee on Armed Services.

H.R. 2221. A bill to amend title 5, United States Code, to provide for the reimbursement of expenses incurred by a Federal employee in the adoption of a child; to the Committee on Post Office and Civil Service.

By Mr. SMITH of New Jersey:

H.R. 2222. A bill to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to provide mortgage assistance to veterans with loans guaranteed by the Veterans' Administration in order to avoid foreclosure of such loans; to the Committee on Veterans' Affairs.

By Mr. STANGELAND:

H.R. 2223. A bill entitled: "The Conservation Program Act of 1987"; to the Committee on Agriculture.

By Mr. TAUZIN (for himself and Mr. Fields):

H.R. 2224. A bill to authorize appropriations for fiscal year 1988 for the Panama Canal Commission to operate and maintain the Panama Canal, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. TORRICELLI:

H.R. 2225. A bill to establish a Universal National Service under which citizens who are 18 through 25 years of age will perform 1 year of either civilian or military service to the United States; jointly, to the Committees on Armed Services, Education and Labor, and Foreign Affairs.

By Mr. TRAFICANT:

H.R. 2226. A bill to amend the Buy American Act to award greater preferences to American businesses in Government procurement, and for other purposes; to the Committee on Government Operations.

H.R. 2227. A bill to amend title 28, United Stated Code, to provide that bankruptcy judges receive the same salary as district court judges; to the Committee on the Judiciary.

By Mr. CONTE:

H.J. Res. 260. Joint resolution to designate the decade beginning January 1, 1988, as the "Decade of the Brain"; to the Committee on Post Office and Civil Service.

By Ms. OAKAR:

H.J. Res. 261. Joint resolution designating April 1988 as "National Barbershop Quartet Month"; to the Committee on Post Office and Civil Service.

By Mr. SWINDALL:

H. Con. Res. 112. Concurrent resolution expressing the sense of Congress regarding the Government of Cuba's decision "to suspend all formalities regarding the execution" of the agreement on immigration matters signed by United States and Cuban representatives on December 14, 1984 (hereinafter, the "Agreement") and its persistent refusal to resume implementation of that agreement; to the Committee on Foreign Affairs.

By Mr. HAWKINS:

H. Res. 153. Resolution establishing procedure for separate consideration in the House of extraneous provisions passed by the Senate; to the Committee on Rules.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 38: Mr. Downey of New York, Mr. Ortiz, Mr. Sunia, Mr. Fauntroy, Mr. Crockett, Mr. Leland, Mr. Kolbe, Mr. Obey, Mr. Roe, Mr. Ackerman, Mr. Dwyer of New Jersey, Mr. Wise, Mr. Torres, Mr. Studds, Mr. Vento, Ms. Kaptur, Mrs. Collins, Mr. Towns, Mr. Martinez, Mrs. Kennelly, Mr. Weiss, Mr. Feighan, Mrs. Boxer, Mr. Fish, Mr. Conyers, Mr. Owens of New York, Mr. Frost, Mr. Bonior of Michigan, and Mr. Morrison of Connecticut.

H.R. 47: Mr. Frost, Mr. Scheuer, Mr. McGrath, and Mr. Martinez.

H.R. 51: Mr. Levin of Michigan, Mr. Levine of California, Mr. Lewis of Georgia, Mr. Lowry of Washington, Mr. Markey, Mr. Matsui, Mr. Mfume, Mr. Mineta, Mr. Morrison of Connecticut, Mr. Mrazek, Ms. Oakar, Mr. Owens of New York, Mr. Price of Illinois, Mr. Rangel, Mr. Rodino, Mr. Savage, Miss Schneider, Mrs. Schroeder, Ms. Slaughter of New York, Mr. Solarz, Mr. Staggers, Mr. Stark, Mr. Stokes, Mr. Sunia, Mr. Torres, Mr. Towns, Mr. Udall, Mr. Vento, Mr. Weiss, Mr. Wheat, Mr. Wolpe, Mr. Foley, Mr. Evans, Mr. Fish, Mr. Dellums, Mr. Hawkins, Mr. Aspin, Mr. Atkins, Mr. Bates, Mr. Blaz, Mr. Bonior of Michigan, Mrs. Boxer, Mr. Carper, Mr. Clay, Mrs. Collins, Mr. Conyers, Mr. Coyne, Mr. Crockett, Mr. de Lugo, Mr. Derrick, Mr. Dicks, Mr. Dixon, Mr. Dymally, Mr. Dyson, Mr. Edwards of California, Mr. Espy, Mr. Fascell, Mr. Flake, Mr. Ford of Tennessee, Mr. Frank, Mr. Garcia, Mr. Gonzalez, Mr. Gordon, Mr. Gray of Pennsylvania, Mr. Horton, Mr. Kennedy, Mr. Kleczka, Mr. Kolter, and Mr. Leland.

H.R. 52: Mr. Clarke and Mr. Bliley.

H.R. 70: Mr. Dellums and Mr. Martinez.

H.R. 74: Mr. Bustamante and Mr. Saxton.

H.R. 183: Mr. Shaw, Mr. Daub, Mr. Dornan of California, Mr. Smith of Florida, Mr. McGrath, Ms. Kaptur, Mr. Neal, Mr. Gekas, Mr. Garcia, and Mr. Ireland.

H.R. 247: Mr. Aspin.

H.R. 303: Mr. Rahall, Mr. Dornan of California, Mr. Anderson, Mr. Frank, Mr. Shaw, Mr. Skeen, Mr. Berman, Mr. Davis of Michigan, Mr. Bevill, Mr. Brown of California, Mr. Borski, Mr. Panetta, Mr. Horton, Mr. Frost, and Mr. Bereuter.

H.R. 309: Mr. Hammerschmidt.

H.R. 372: Mr. Bliley and Mr. Clinger.

H.R. 432: Mr. Conyers, Mr. Martinez, Mr. Miller of Washington, Mr. Porter, Mr. Clinger, Mr. Studds, Mr. Crockett, and Mr. Whittaker.

H.R. 457: Ms. Snowe and Mr. Markey.

H.R. 486: Mr. Wortley.

H.R. 537: Mr. Ravenel.

H.R. 570: Mr. Buechner.

H.R. 593: Mr. Lantos, Mr. Russo, Mr. Craig, and Mr. Young of Alaska.

H.R. 670: Mr. Armey.

H.R. 692: Mr. Edwards of Oklahoma.

H.R. 792: Mr. Weiss and Mr. Flake.

H.R. 951: Mr. Denny Smith.

H.R. 956: Mr. Roybal.

H.R. 959: Mr. Bustamante, Mr. Lagomarsino, Mr. Smith of Florida, and Mr. Levin of Michigan.

H.R. 1008: Mr. Lewis of Georgia, Mr. Owens of New York, Mr. Conyers, Mr. Miller of Washington, and Mr. Carper.

H.R. 1036: Mr. Roybal.

H.R. 1082: Mr. Herger, Mr. McMillan of North Carolina, Mr. Daniel, Mr. Nichols, Mr. Anthony, Mr. Biaggi, Mr. Lowery of California, Mr. Lewis of California, Mr. Moorhead, Mr. Schulze, Mr. Hyde, Mr. Denny Smith, Mr. Molinari, Mr. Broomfield, Mr. Madigan, Mr. Solomon, Mr. Martin of New York, Mrs. Lloyd, Mr. Lightfoot, Mr. Ballenger, Mr. Goodling, Mr. Crockett, Mr. Hastert, Mr. Rogers, Mr. Bilirakis, Mr. Davis of Michigan, Mr. Stenholm, Mr. McCandless, Mr. Dreier of California, Mr. Taylor, Mr. Sundquist, Mr. Bartlett, Mr. Barnard, Mr. Saxton, and Mr. Emerson.

H.R. 1101: Mr. Murtha, and Mr. Coyne.

H.R. 1128: Mr. Evans.

H.R. 1432: Mr. Martinez.

H.R. 1451: Mr. Mfume, Mr. Bruce, Mr. Johnson of South Dakota, Mr. Hertel, Mr. Moody, Mr. Bustamante, Mr. Clarke, Mr. Mineta, Mr. Kolter, Mr. Manton, Mr. Waxman, and Mr. Rangel.

H.R. 1470: Mr. Gregg and Mr. Moody.

H.R. 1513: Mr. Shaw, Mr. Bennett, Mr. Nelson of Florida, Mr. Hutto, Mr. Pepper, Mr. Grant, and Mr. Fascell.

H.R. 1517: Mr. DeWine, Mr. Roe, Mr. Young of Alaska, Mr. Slaughter of Virginia, Mr. Hunter, Mr. McCandless, Mr. Stratton, Mr. Bartlett, Mr. Stangeland, and Mrs. Morella.

H.R. 1532: Mr. Nielson of Utah.

H.R. 1543: Mr. Synar.

H.R. 1544: Mr. DeFazio and Mr. Synar.

H.R. 1742: Mr. Lagomarsino and Mr. Kolter.

H.R. 1751: Mr. Barton of Texas.

H.R. 1752: Mr. Pursell and Mr. Bilirakis.

H.R. 1800: Mr. English and Mr. Tauzin.

H.R. 1801: Mr. Fuster, Mr. Scheuer, Mr. Sawyer, Mr. Traficant, Mr. Fazio, Mrs. Lloyd, Mr. Oberstar, Mr. Solarz, Mr. Vento, Mr. Biaggi, Mr. Levin of Michigan, Mr. Udall, Mr. Darden, Mr. Kleczka, Mr. Bereuter, Mr. Hughes, Mr. Torres, Mr. Clinger, and Mr. Wilson.

H.R. 1823: Mr. Kildee.

H.R. 1832: Mrs. Meyers of Kansas and Mr. Tauke.

H.R. 1959: Mr. Lagomarsino.

H.R. 1961: Mr. Kildee, Mr. Hochbrueckner, Ms. Kaptur, and Mr. Dwyer of New Jersey.

H.R. 1962: Mr. Dellums, Mr. Rodino, Mr. Howard, Mr. Smith of Florida, Mr. Ford of Tennessee, Mr. Ackerman, Mr. Solarz, Mr. Oberstar, Mr. Roe, Mr. Wyden, Mr. Biaggi, Mr. Bonior of Michigan, Mr. Fazio, Mr. Scheuer, Mr. Edwards of California, Mr. Martinez, Mr. Coleman of Texas, Mr. Kildee, Mr. Hochbrueckner, Ms. Kaptur, and Mr. Dwyer of New Jersey.

H.R. 2016: Mr. Dicks.

H.R. 2032: Mr. Ravenel.

H.R. 2045: Mr. Nielson of Utah, Mr. Chappell, Mr. DeFazio, Mr. Lightfoot, Mr. Price of Illinois, Mr. Bevill, Mr. Applegate, Mr. Sunia, Mr. Jeffords, Mr. Wyden, Mr. Watkins, Mr. Young of Alaska, Mrs. Patterson, Mr. Dyson, and Mr. Dowdy of Mississippi.

H.R. 2052: Mr. Bruce, Mr. Davis of Illinois, Mr. Evans, Mr. Fascell, Mr. Hall of Ohio, Mr. Hastert, Mr. Hughes, Mr. Lancaster, and Mr. Tauke.

H.R. 2062: Mr. Evans, Mr. Jontz, and Mr. Martinez.

H.R. 2150: Mr. Schaefer.

H.J. Res. 50: Mr. Gekas, Mr. Courter, Mr. Yatron, Mr. Gallo, Mr. Hayes of Louisiana, Mr. Borski, Mr. Dwyer of New Jersey, and Mr. Brown of California.

H.J. Res. 90: Mr. Sikorski, Mr. Green, Ms. Snowe, Mr. Shuster, Mrs. Roukema, and Mr. Borski.

H.J Res. 127: Mr. Mfume, Mr. Regula, Mr. Manton, Mr. Owens of Utah, Mr. Sikorski, Mr. Conte, Mrs. Roukema, Mr. Jeffords, Mr. Buechner, Mr. Bilbray, Mr. Hochbrueckner, Mr. Hefner, Mr. Skelton, Mr. Stenholm, Mr. Hayes of Illinois, Mr. Kanjorski, Mr. Dyson, Mrs. Lloyd, Mrs. Meyers of Kansas, Mr. Dorgan of North Dakota, Mr. Bryant, Mr. Rose, Mr. Conyers, Mr. Daniel, Mr. Stallings, Mr. McGrath, Mr. Dowdy of Mississippi, Mr. Dymally, Mr. Murphy, Mr. Moorhead, Mr. de la Garza, Mr. Darden, Mr. Gilman, Mr. Gephardt, Mr. Perkins, Mr. Hertel, Mr. Jones of Tennessee, Mr. Mineta, Mr. Anderson, Mr. Berman, Mr. Boucher, Mr. Blaz, Mrs. Byron, Mr. Chandler, Mr. Bartlett, Mr. Hatcher, Mr. Rinaldo, Mr. Yates, Mr. Brennan, and Mr. Campbell.

H.J. Res. 163: Mr. Weber, Mr. Swindall, Mr. Daniel, Mr. Buechner, Mr. Barnard, Mrs. Meyers of Kansas, Mr. Markey, Mr. Synar, Mr. Solomon, Mr. Howard, Mr. Sikorski, Mr. Dornan of California, Mr. Volkmer, Mr. McDade, Mr. Madigan, Mr. Sharp, Mr. Atkins, Mr. Kolter, Mr. Brennan, Mr. Ravenel, Mr. Florio, Mr. Brooks, Mr. Schuette, Mr. Kennedy, Mr. Gonzalez, Mr. Stokes, Mr. Kastenmeier, Mr. Tauzin, Mr. Wolpe, Mr. Lent, Mr. English, Mr. Spence, Mr. Sisisky, Mr. Roth, Mr. Price of Illinois, Mr. Cooper, Mr. Taylor, Mr. Michel, Mr. Derrick, and Mr. Cardin.

H.J. Res. 178: Mr. Berman, Mr. Beilenson, Mr. Biaggi, Mr. Bonior of Michigan, Mr. Bryant, Mr. Boucher, Mr. Clarke, Mr. Cooper, Mr. Darden, Mr. de Lugo, Mr. Dicks, Mr. Donnelly, Mr. Feighan, Mr. Glickman, Mr. Goodling, Mr. Gordon, Mr. Hertel, Mr. Jontz, Mr. Kildee, Ms. Kaptur, Mr. Kennedy, Mr. Lantos, Mr. Levine of California, Mrs. Lloyd, Mr. McHugh, Mr. Mica, Mr. Moakley, Mr. Murtha, Mr. Nagle, Mr. Oberstar, Mr. Ortiz, Mr. Pickle, Mr. Rangel, Mr. Richardson, Mr. Russo, Mr. Slattery, Mr. Sweeney, Mr. Swift, Mr. Staggers, Mr. Stark, Mr. Tauke, Mr. Tauzin, Mr. Torres, Mr. Traxler, Mr. Torricelli, Mrs. Vucanovich, Mr. Wheat, Mr. Wyden, Mr. Wise, Mr. Young of Florida, Mr. Schuette, and Mr. McEwen.

H.J. Res. 201: Ms. Snowe, Mr. Smith of Iowa, and Mr. Upton.

H.J. Res. 206: Mr. Traficant, Mr. Dornan of California, Mr. Anderson, Mr. Solarz, Mr. Kostmayer, Mr. Horton, Mr. Wortley, Mr. Hefner, Mr. Lipinski, Mr. Frank, Mr. Foley, Mr. Fazio, Mr. Lagomarsino, Mr. Green, Mr. Pepper, Mr. Atkins, Mr. Sunia, and Mr. Lewis of Florida.

H.J. Res. 216: Mr. Yatron.

H.J. Res. 252: Mr. Vento.

H. Con. Res. 19: Mr. Burton of Indiana.

H. Con. Res. 76: Mr. Dorgan of North Dakota, Mr. Andrews, Mr. Thomas of California, Mr. Armey, Mr. Smith of Florida, Mr. McEwen, Mr. Ackerman, Mr. Richardson, Mr. Atkins, Mr. Barnard, Mr. Horton, Mr. Lowery of California, Mr. Howard, Mr. Vento, Mr. Bateman, Mr. Neal, Mr. Kolter, Mr. DeLay, Mr. Eckart, Mr. Fields, and Mrs. Lloyd.

H. Con. Res. 97: Mr. Fish, Mr. Darden, and Mr. Feighan.

H. Res. 141: Mr. Dellums, Mr. Morrison of Connecticut, Mr. Towns, Mr. Hawkins, Mr. Gonzalez, Mr. Traficant, Mr. Clay, Mr. Fuster, Mr. Hayes of Illinois, Mr. Boland, Mr. Wyden, Mr. Manton, Mr. Levin of Michigan, Mr. Jacobs, Mr. Berman, Mr. Penny, Mr. Mrazek, Mr. Dixon, Mr. Bonior of Michigan, Mr. Yates, Mr. Sikorski, Mr. Udall, Mr. AuCoin, Mr. Scheuer, Mr. Hoyer, Mr. Biaggi, Mr. Smith of Florida, Mr. Miller of Washington, Mrs. Boxer, Mr. Ackerman, Mr. Akaka, Mr. DeFazio, Mr. Conte, Mr. Fazio.

H. Res. 143: Mr. Lagomarsino, Mr. McKinney, and Mr. Davis of Michigan.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3

By Mr. PEASE:

(Amendment to the amendment in the nature of a substitute.

—Page 896, after line 17, insert the following:

TITLE XV—FEDERAL BUDGET COMPETITIVENESS IMPACT STATEMENT

SEC. 1501. PRESIDENT'S ANNUAL BUDGET SUBMISSION.

Subsection (a) of section 1105 of title 31, United States Code, is amended by inserting at the end thereof the following new paragraph:

"(26) an analysis, prepared by the Office of Management and Budget after consultation with the chairman of the Council of Economic Advisers, of the budget's impact on the international competitiveness of United States business and the United States balance of payments position and shall include the following projections, based upon the best information available at the time, for the fiscal year for which the budget is submitted—

"(A) the amount of borrowing by the Government in private credit markets;

"(B) net domestic savings (defined as personal savings, corporate savings, and the fiscal surplus of State and local governments);

"(C) net private domestic investment;

"(D) the merchandise trade and current accounts;

"(E) the net increase or decrease in foreign indebtedness (defined as net foreign investment); and

"(F) the estimated direction and extent of the influence of the Government's borrowing in private credit markets on United States dollar interest rates and on the real effective exchange rate of the United States dollar.".

SEC. 1502. ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.

Subsection (e) of section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632(e)) is amended by "and" at the end of paragraph (8), by striking out the period and by inserting "; and" at the end of paragraph (9), and by inserting at the end thereof the following new paragraph:

"(10) an analysis, prepared after consultation with the Director of the Congressional Budget Office, of the concurrent resolution's impact on the international competitiveness of United States business and the United States balance of payments position and shall include the following projections, based upon the best information available at the time, for the fiscal year covered by the concurrent resolution—

"(A) the amount of borrowing by the Government in private credit markets;

"(B) net domestic savings (defined as personal savings, corporate savings, and the fiscal surplus of State and local governments);

"(C) net private domestic investment;

"(D) the merchandise trade and current accounts;

"(E) the net increase or decrease in foreign indebtedness (defined as net foreign investment); and

"(F) the estimated direction and extent of the influence of the Government's borrowing in private credit markets on United States dollar interest rates and on the real effective exchange rate of the United States dollar.".

SEC. 1503. EFFECTIVE DATE.

The amendment made by section 1401 shall be effective for fiscal years 1989, 1990, 1991, and 1992, and shall be fully reflected in the budgets submitted by the President as required by section 1105(a) of title 31, United States Code, for each such fiscal year, and the amendment made by section 1402 shall be effective for fiscal years 1989, 1990, 1991, and 1992.

EXTENSIONS OF REMARKS

ENERGY INDEPENDENCE ACT OF 1987

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. BARTON of Texas. Mr. Speaker, today I introduced "The Energy Independence Act of 1987," a bill to establish a comprehensive energy security policy for our country. The Energy Independence Act of 1987 imposes a variable rate fee on crude oil based on a target price of $25 per barrel and petroleum product imports. Importantly, the fee applies to imports of all categories of crude oil and petroleum products from all countries. As such, it is a clean import fee that is designed to establish a world floor price for oil that encourages our energy companies to continue the search for oil and gas in the United States.

Revenues from the fee would go toward the DOE purchase of stripper well oil for the strategic petroleum reserve. These purchases will maintain our stripper wells in production and allow for future enhanced oil recovery from these old oil fields. In addition, the fill rate of the strategic petroleum reserve is increased to the maximum rate of 100,000 barrels per day, and the size of the strategic petroleum reserve is increased to 1 billion barrels.

The bill also calls for coordination of an international energy security program by the International Energy Agency [IEA]. In addition, the bill will provide substantial revenues for deficit reduction.

Following is a copy of the language of the Energy Independence Act:

H.R.—

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Energy Independence Act of 1987".

SEC. 2. PURCHASE OF OIL FOR THE STRATEGIC PETROLEUM RESERVE.

(a) IN GENERAL.—Section 160 of the Energy Policy and Conservation Act is amended by adding at the end the following subsection:

"(f)(1) For the purpose of obtaining petroleum products for the Reserve and otherwise assisting in providing for the energy security of the United States, the Secretary shall, to the extent amounts are credited to the SPR Petroleum Account as described in section 167(b)(4) but subject to subsection (f) of such section, purchase—

"(A) crude oil produced in the United States from property classified as stripper well property within the meaning of the June 1979 energy regulations as defined in section 4996(b)(8) of the Internal Revenue Code of 1986; or

"(B) crude oil exchanged for crude oil described in subparagraph (A).

"(2) The Secretary shall purchase crude oil under this subsection on a competitive bid basis but at no less than the reference price described in section 5882(a)(2) of the Internal Revenue Code of 1986 and adjusted by subsection (c) of such section.".

(b) FUNDING.—Section 167(b) of such Act (42 U.S.C. 6247(b)) is amended—

(1) by striking out "(b) Amounts" and inserting in lieu thereof "(b) Subject to subsection (f), amounts";

(2) by striking out "and" at the end of paragraph (2);

(3) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(4) by adding at the end:

"(4) in the case of any quarter (at the beginning of which there is the equivalent of less than 1,000,000,000 barrels of crude oil in the Reserve) of any calendar year, and notwithstanding section 660 of the Department of Energy Organization Act, in an aggregate amount equal to 25 percent of the aggregate amount of the revenue collected during the previous quarter from the tax imposed by section 5881 of the Internal Revenue Code of 1986, plus any interest earned from the investment described in subsection (f)(4).".

(c) ALTERNATIVE USE OF FUNDS.—Section 167 of such act (42 U.S.C. 6247) is amended by adding at the end the following:

"(f)(1) Amounts credited to the Account as described in subsection (b)(4) may be utilized for the acquisition of petroleum for the Reserve only during a period—

"(A) in which there is the equivalent of less than 1,000,000,000 barrels of crude oil in the Reserve; and

"(B) in which the world price of crude oil is equal to or less than the reference price described in section 5882(a)(2) of the Internal Revenue Code of 1986 and adjusted by subsection (c) of such section.

"(2) At any time, including any time after a period described in paragraph (3), after four consecutive quarters in which the world price of crude oil is more than the reference price described in section 5882(a)(2) of the Internal Revenue Code of 1986 and adjusted by subsection (c) of such section, the Secretary may, after 60 days after the Secretary submits a written report of such matter to the Congress, obligate and expend amounts credited to the Account under subsection (b)(4) for energy security purposes other than filling the Reserve.

"(3) After implementing paragraph (2), the Secretary may continue to obligate and expend funds for energy security purposes other than filling the Reserve until the beginning of a period in which such world price of crude oil is equal to or less than such reference price.

"(4) The Secretary of the Treasury may invest amounts credited to the Account under subsection (b)(4) during any period in which such amounts may not be expended. The Secretary shall invest such amounts in a manner that will provide maximum security, and the Secretary shall credit any interest earned from such investment to the Account.".

(d) CONFORMING AMENDMENT—Section 167(c) of such Act (42 U.S.C. 6247(c)) is amended by inserting the following before the period:", under subsection (f)(2) of this section, and under section 160(f)".

SEC. 3. INTERNATIONAL ENERGY PROGRAM.

Section 252 of the Energy Policy and Conservation Act (42 U.S.C. 6272) is amended by adding the following new subsection at the end:

"(o) The President shall, to the maximum extent practicable, take steps necessary—

"(1) to enter into international voluntary agreements in connection with the international energy program for the purpose of developing an international energy security policy which will provide for parity with respect to oil import fees imposed by oil importing nations; and

"(2) to enforce existing agreements with other countries in the international energy program with respect to—

"(A) such countries' maintaining a 90-day supply of petroleum product for use in the case of an international energy emergency; and

"(B) such countries' significantly reducing their importation of petroleum product in the case of sharp declines in world oil prices.".

SEC. 4. EXCISE TAX ON IMPORTED CRUDE OIL AND PETROLEUM PRODUCTS.

(a) IN GENERAL.—Subtitle E of the Internal Revenue Code of 1986 (relating to alcohol, tobacco, and certain other excise taxes) is amended by adding at the end thereof the following new chapter:

"CHAPTER 54—IMPORTED CRUDE OIL AND PETROLEUM PRODUCTS

"Sec. 5881. Imposition of tax.
"Sec. 5882. Determination of prices.
"Sec. 5883. Definitions.
"Sec. 5884. Registration.
"Sec. 5885. Procedures; returns; penalties.

"SEC. 5881 IMPOSITION OF TAX.

"(a) IMPOSITION OF TAX.—In addition to any other tax imposed under this title, an excise tax is hereby imposed on—

"(1) the first sale within the United States of—

"(A) any crude oil, or

"(B) any petroleum product,

that has been imported into the United States, and

"(2) the use within the United States of—

"(A) any crude oil, or

"(B) any petroleum product,

that has been imported into the United States if no tax has been imposed with respect to such crude oil or petroleum product prior to such use.

"(b) RATES OF TAX.—

"(1) CRUDE OIL.—The taxes imposed by paragraph (1)(A) and (2)(A) of subsection (a) shall be imposed at the rate equal to the energy policy price per barrel.

"(2) PETROLEUM PRODUCTS.—The taxes imposed by paragraph (1)(B) and (2)(B) of subsection (a) shall be determined by multiplying—

"(A) the sum of—

"(i) the amount of tax per barrel of crude oil determined under paragraph (1) of this subsection, plus

"(ii) the environmental outlay adjustment per barrel of crude oil, by

"(B) the barrel-of-oil equivalent of the petroleum product that is attributable to such crude oil.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

"(3) Fractional parts of barrels.—In the case of a fraction of a barrel, the taxes imposed by subsection (a) shall be the same fraction of the amount of such tax imposed on the whole barrel.

"(c) Liability for Payment of Tax.—

"(1) Sales.—The taxes imposed by subsection (a)(1) shall be paid by the first person who sells the crude oil or petroleum product within the United States.

"(2) Use.—The taxes imposed by subsection (a)(2) shall be paid by the person who uses the crude oil or petroleum product.

"(d) Exemptions.—

"(1) Exports.—

"(A) In general.—Under regulations prescribed by the Secretary, no tax shall be imposed under this chapter on the sale of crude oil or petroleum products for export or for resale by the purchaser to a second purchaser for export.

"(B) Proof of export.—Where any crude oil or petroleum product has been sold free of tax under subparagraph (A), such subparagraph shall cease to apply with respect to the sale of such crude oil or petroleum product unless, within the 6-month period which begins on the date of the sale, the seller receives proof that the crude oil or petroleum product has been exported.

"(2) Products in the national interest.—No tax shall be imposed under this chapter on the sale or use of any petroleum product during any period if the President determines that it is in the national interest not to impose the tax under this chapter on such product during such period.

"(e) Termination.—The taxes imposed by this section shall not apply to any sale or use after December 31, 1992.

"SEC. 5882. DETERMINATION OF PRICES.

"(a) Energy Policy Price.—

"(1) General rule.—For purposes of this chapter, the energy policy price per barrel of crude oil is the greater of—

"(A) 50 cents per barrel, or

"(B) the excess of—

"(i) the reference price per barrel of crude oil.

"(ii) the world price per barrel of crude oil.

"(2) Reference price.—For purposes of this subsection, the reference price for crude oil equals $25 per barrel.

"(3) World price.—For purposes of this subsection, the world price of crude oil is the average of the per barrel prices of—

"(A) Rotterdam brent crude,

"(B) Saudi light, and

"(C) North Sea forties,

as determined at the end of each month by the Secretary after consultation with the Secretary of Energy.

"(b) Environmental Outlay Adjustment.—For purposes of this chapter, the environmental outlay adjustment equals $3 per barrel.

"(c) Adjustment for Inflation.—

"(1) In general.—Not later than December 15 of 1987 and each subsequent calendar year, the Secretary shall prescribe dollar amounts which shall apply in lieu of the dollar amounts contained in subsection (a)(2) and subsection (b) with respect to the succeeding calendar year.

"(2) Method of prescribing dollar amounts.—The dollar amounts which under paragraph (1) are to apply in lieu of the dollar amounts contained in subsection (a)(2) and subsection (b) with respect to any calendar year shall be determined by increasing each such dollar amount by the inflation adjustment for such calendar year (rounded off to the next highest dollar).

"(3) Inflation adjustment.—For purposes of paragraph (2), the inflation adjustment for any calendar year is the percentage (if any) by which—

"(A) the averge per capita GNP for the preceding calendar year, exceeds

"(B) the average per capita GNP for calendar year 1985.

"(4) Averge per capita GNP for any calendar year.—For purposes of paragraph (3), the average per capita GNP for any calendar year is the average of the per capita Gross National Product for the 36-month period ending on June 30 of such calendar year.

"(5) Gross national product.—For purposes of paragraph (4), the term 'Gross National Product' means the Gross National Product published by the Department of Commerce.

"SEC. 5883. DEFINITIONS.

"For purposes of this chapter—

"(1) Crude oil.—The term 'crude oil' means crude oil other than domestic crude oil (within the meaning of chapter 45).

"(2) Barrel.—The term 'barrel' means 42 United States gallons.

"(3) Barrel-of-oil equivalent.—The term 'barrel-of-oil equivalent' means 5.8 million Btu.

"(4) Petroleum product.—The term 'petroleum product' has the meaning given such term under section 4612(a)(3).

"(5) Export.—The term 'export' includes shipment to a possession of the United States; and the term 'exported' includes shipment to a possession of the United States.

"SEC. 5884. REGISTRATION.

"Every person subject to tax under section 5881 shall, before incurring any liability for tax under such section, register with the Secretary.

"SEC. 5885. PROCEDURES; RETURNS; PENALTIES.

"For purposes of this title, any reference (other than in chapter 45 or section 6429) to the tax imposed by section 4986 shall be treated, except to the extent provided by the Secretary by regulation where such treatment would be inappropriate, as a reference to the tax imposed by section 5881."

(d) Conforming Amendment.—The table of chapters for subtitle E of such Code is amended by adding at the end thereof the following new item:

"Chapter 54. Imported crude oil and petroleum products"

(c) Deductibility of Imported Crude Oil Tax.—The first sentence of section 164(a) of such Code (relating to deduction for taxes) is amended by inserting after paragraph (6) the following new paragraph:

"(7) The taxes imposed by section 5881 (relating to imported crude oil and petroleum products)."

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall take effect on the 30th day after the date of the enactment of this Act.

NOBLE PROJECT

HON. JOHN G. ROWLAND

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. ROWLAND of Connecticut. Mr. Speaker, I rise today to tell you of an event that is taking place in my district. On Friday, May 8, 1987, a reception will be held to benefit the new Southern New England Telephone Community Observatory at the Mattatuck Community College. This new observatory on the campus in Waterbury, CT, is made possible through cooperation between the Mattatuck Community College Foundation and the Southern New England Telephone Co.

This cooperation exemplifies the type of partnership between the business sector and the academic community that can benefit all involved. SNET benefits from the increase in useful information that can be produced through the observatory and from the greater quality of graduates entering the job market. Mattatuck Community College will benefit from the increased quality of the facilities at their disposal. In turn, the Waterbury community will benefit from increased quality in service and an opportunity for increased education.

I ask my colleagues to join me in honoring and congratulating those who have contributed to this noble project. Let us hope that this new observatory and the cooperation which made it possible will set an example to others who will undergo such partnerships.

GERALD MARKS' COURAGEOUS TRADE STANCE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. PORTER. Mr. Speaker, I am submitting in the Record two papers written by Gerald Marks. Mr. Marks recently resigned as director of the Chicago office of the United States and Foreign Commercial Service. He did so in response to the recent protectionist swing in the U.S. Congress and administration. Gerald Marks knows what needs to be done, and elequently states so in these two papers. I applaud him for his honesty and insight, and commend his words to Congress and the American people.

Mr. Marks correctly points out that our trade deficit is primarily made in the United States. It is caused by our soaring budget deficits, artificially high interest rates, an overvalued dollar, our consumption driven economy, and the U.S. citizen's lack of propensity to save. Measures attacking these serious problems will substantially reduce our trade imbalance.

If we eliminated all barriers to trade with Japan, we would only produce about $8 billion in additional U.S. exports. Removal of all global trade barriers would likewise only yield an adjustment of our trade deficit of at most $15 billion.

The answer lies within ourselves, Mr. Speaker, and those that spin their wheels bashing the Japanese or some other foreign country for causing our trade woes, are ignoring the ills of our own ways.

The papers follow:

The U.S. Trade Deficit: Made in America

(By Gerald M. Marks)

An oft-told joke among the British involves Winston Churchill and his fellow member of Parliament, Lady Astor. One evening Lady Astor approached Sir Winston at a party and said, "You are drunk." Sir

Winston retorted, "Madam, you are ugly. But in the morning I will be sober."

Unlike Sir Winston Churchill, the United States has not yet sobered up to its trade problems. We still blame only others, accusing these countries of creating barriers that deprive the United States of access to their markets. Yes, unfair trade practices by some countries do hurt us. But even if these were removed, it would account for less than 20% of our current $170 billion dollar trade deficit. When the U.S. sobers up to this situation, more Americans will come to realize that our trade deficit has been made in America.

Simply stated, we do not export enough to compensate for our imports. To sustain our economy, the U.S. must sell its products abroad and meet the challenge of the world marketplace. While barriers exist, opportunities abound. Unfortunately, however, most American businesses regard exporting with supreme indifference.

To cite one example, a manufacturer with an exportable product recently replied to a letter. He wrote:

"I am sorry I have taken so long to respond to your suggestion regarding the export of my products. At this time, quite frankly, we are up to our eyebrows in taking care of our domestic business. While I realize this is a laissez-faire attitude, I think we have to spend our management time taking care of our American market. Thanks for your thoughts anyway."

This is not an unusual attitude. The average American businessman cares little and thinks less about international marketing. It rarely forms part of his academic training and his company most likely does not encourage him to pursue international markets.

This has one inescapable result: no matter how much the dollar is devalued, overseas customers will not see American products and therefore will never buy them.

A couple of statistics support this argument. In 1985, five American companies—General Electric, Boeing, General Motors, Ford, and IBM—accounted for about 17% of our manufactured exports. Although there are about 300,000 manufacturing firms in the U.S., 1000 of them, a mere one-third of one percent, did 60% of our exporting.

The reluctance of American companies to export, the demand created by our huge budget deficit, and the American consumer's propensity of buying, rather than saving, have caused our huge trade deficit.

Yet some officials maintain that because of the dollar's devaluation, the trade deficit has bottomed out. They argue that higher prices for imports will reduce demand. This however, will likely have only a marginal effect. Why?

First, customers prefer certain foreign goods because of their quality, service, and reliability.

Second, American companies will continue to manufacturer goods abroad or assemble their products from foreign-made parts. Much of this "overseas sourcing" is found in countries whose currencies are tied to the dollar and therefore are not affected by dollar devaluation.

Finally, the U.S. will continue to import oil and other raw materials at an increasing rate in the year ahead.

Untold damage has already been done to our export base, and this will be difficult to reverse. Several years ago, for example, when the strong dollar crippled American export industries, many of our leading companies moved production overseas. These included manufacturers of tractors, machine tools, and a whole range of products that had been made and exported from the U.S. For this reason, the U.S. no longer has the same export base that existed in 1981. As a result, if their sales expand, it will not be from only U.S. plants.

In agriculture, the strength of the dollar, in conjunction with increased international production, hurt our exports and caused us to lose market share throughout the world. With the tremendous glut in agriculture worldwide, the prospect for exporting more farm products is poor.

Meanwhile, the recent American emphasis on mergers, acquisitions and leveraged buyouts, plus our myopic infatuation with short term profits, damages America's ability to compete in the world marketplace. An insistence on short-term profits deprives research, development, investment, and marketing of the necessary financing.

Research and development lead ultimately to increased sales and provide the seedbed for future growth. Investment in plant and equipment increases productivity, allowing a firm to remain competitive in price and quality. Marketing involves getting your product message out while, at the same time, creating an establishing distribution and service organizations—something our overseas competitors do well.

The U.S. trade deficit will drop to about $140-150 billion range in 1987, and to around $120-130 billion in 1988. But the emphasis on the short term will produce an expanding trade deficit as the U.S. enters the next decade.

Unless America get back to the basics of product development, increased productivity, aggressive selling, and international marketing, it will continue to become less and less competitive. Unless pains are taken to change the attitude of American companies toward world markets, the U.S. trade deficit will remain high and the standard of living for all Americans will fall.

Business executives and politicians shout for a level world playing field. But that is no substitute for learning to play the game better. When it comes to world trade and our huge trade deficit, America must realize that, "we have met the enemy and he is us." Once this is accepted, we can again show that the United States is a world-class competitor in international markets.

JAPAN SHOULD ENTER A GUILTY PLEA

(By Gerald M. Marks)

Trade relations with Japan are commanding major attention today all over the world. The general feeling is that Japan is at the root of all trade problems existing in the world. To the extent they make high quality products, which serve the needs of buyers, provide consumer satisfaction, and are in demand by customers throughout the world, the Japanese should plead guilty.

The presence of Japanese products in the American and British market place has provided the competition to cause manufacturers to improve their products to meet consumers' needs. The current success of Ford in the United States has undoubtedly been spurred on by the Japanese competition. The Japanese competition made Lee Iacocca a household name in the United States.

A leading Japanese businessman was recently asked by a U.S. government official to name the most important language to the international businessman. The government official expecting the answer to be English, was told politely, "Ambassador-san, that is easy. The language that is most important to me is the language of my honored customer."

Western Nations, including the United States and Great Britain, are complaining about the lack of access to the Japanese market. But how many Americans know Japan's culture, needs, living conditions, and way of thinking—not to mention the words by which they communicate with each other?

Clearly, Japan must ease access to its market and most importantly, change some of its centuries-old attitudes that are considered obstacles by the world trading community. But their greatest contribution to the world trading structure today can be made in areas as important to providing access to their home market. They must take on even more responsibility for the health of the world by playing the same type of role that the United States played after World War II.

Despite the fact Japan's budget deficit is approximately 20 percent of their total budget—not too different than that of the United States—they should do all they can to stimulate their economy. This should be done not only to create more consumer demand but more importantly so they can increase purchases of raw materials from the developing nations of the world. Their investment should be increasingly directed to the developing and debt-ridden nations of the world.

Japan's Official Development Assistance (ODA) program to developing countries should be further increased. That assistance, however, should not be tied to the purchase of Japanese equipment—whether by spoken or implied agreement.

In helping these debt-ridden nations, Japan can use its capabilities, financial reserves, and marketing skills to play a lead role in conjunction with Treasury Secretary's Baker's plan to develop and strengthen these economies. This can be a key element in solving one of the world's most critical problems—the ticking time bomb of third world debt.

Instead of looking at the world trading structure as the problem, most U.S. politicians and businesspersons blame the $60 billion U.S. trade deficit with Japan on Japanese trade barriers. They ignore the Post Commercial Action Plan (PCAP) put out by the U.S. Embassy in Tokyo. In that report, one economist is quoted as saying that if all non-tariff barriers in manufacturing were removed, "Japanese imports would increase by around $12 to $16 billion per year, and half of this would come from the United States."

At a meeting in Chicago recently, Secretary of Agriculture Richard Lyng was asked how much agricultural exports to Japan would increase if meat and citrus import quotas were eliminated. He replied, "About $1 billion in a few years."

Even if this increase of $7 to $9 billion in exports would take place immediately, it would still leave the U.S.-Japan bilateral deficit at $50 billion. The increased strength of the yen should decrease U.S. imports from Japan marginally and combined with the movement of Japanese manufacturing to the U.S., the bi-lateral deficit should be reduced. However it will still be high—over $35 to $40 billion—because Americans have a high preference for Japanese made products due to their quality, reliability, and service.

The trade deficit with Japan will never be resolved on a bi-lateral basis. Furthermore, even if the U.S. resorts to protectionism and increased tariffs on Japanese imports, it will not solve the overall U.S. trade deficit, because those products will be imported from other Far Eastern nations. At this time, items such as 35mm cameras, VCR's, calculators, etc, in demand by American consumers, are no longer made in the United States.

The simple notion our trade deficit can be solved on a bi-lateral basis by getting tough with Japan is offering false hope to the nation and could be devastating to the world trading system. U.S. trade problems should only be solved on a multi-lateral basis and will require U.S. manufacturers willing to look at the world as their marketplace, just as all our international competitors do.

What is generally not known is that in 1986 U.S. exports to the "barrier filled market" of Japan amounted to $26.9 billion. U.S. total exports to the "open markets" of Great Britain, West Germany and Italy combined amounted to $26.8 billion in the same period. At the same time sales of U.S. firms with sole investment or joint venture activities, in Japan from IBM to Schick Razors, and from McDonalds to Fox's Bagels, amounted to $51 billion. Clearly the impression that Japanese markets are slammed shut to American products is a false one.

It is U.S. exports to Latin America and other debt-ridden nations where our exports have been effected the most. This is where Japan can make a major contribution by doing an increasing part in the rebuilding of these countries.

Finally, there is one other important danger of working at a bi-lateral level with Japan. The U.S. has just made a major effort to put together an agenda for strengthening the multi-lateral trading structure in goods, with special emphasis on emerging trade in services. The developing nations of the world agreed to this agenda last September at the Uruguay round of the GATT. These multi-lateral trade negotiations are just getting under way at Geneva. For the United States and Japan to act bilaterally as the talks begin, might destroy these negotiations. They could cause the developing nations of the world to wonder how much the U.S. is committed to GATT and mutli-lateral resolution of world trade problems.

HOME HEALTH CARE LEGISLATIVE PACKAGE

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Ms. SNOWE. Mr. Speaker, on Wednesday, April 1, I introduced five separate bills as part of a home health care package designed to address certain aspects of the Medicare home health benefit which have lately been weakened by increased denials, insufficient communication and inconsistencies. I regard these bills as links in a chain to strengthen the home health benefit.

Because of a typesetting error, some of the bills and original cosponsors were misnamed. I would like to take this opportunity to list the bills and my colleagues who are original cosponsors.

H.R. 1907: The Home Health Prompt Reconsideration Act of 1987; original cosponsors: Mr. Clinger, Mrs. Roukema, Mrs. Morella, Mr. Staggers, Mr. Traficant, Mr. Daub, and Mr. Saxton.

H.R. 1908: The Home Health Communications Act of 1987; original cosponsors: Mr. Clinger, Mrs. Roukema, Mrs. Morella, Mr. Traficant, Mr. Biaggi, Mr. Daub, and Mr. Saxton.

H.R. 1909: The Home Health and Hospice Care Waiver Extension Act of 1987; original cosponsors: Mr. Clinger, Mrs. Roukema, Mrs. Morella, Mr. Staggers, Mr. Traficant, Mr. Biaggi, Mr. Daub, and Mr. Saxton.

H.R. 1910: The Home Health Informed Consumer Act of 1987; original cosponsors: Mr. Clinger, Mrs. Roukema, Mr. Roybal, Mrs. Morella, Mr. Traficant, Mr. Biaggi, Mr. Daub, Mr. Saxton, and Mr. Bonker.

H.R. 1911: The Home Health Medical Necessity Standards Act of 1987; original cosponsors: Mr. Clinger, Mrs. Roukema, Mrs. Morella, Mr. Traficant, and Mr. Saxton.

GLASNOST AT CLOSE RANGE

HON. GEORGE J. HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HOCHBRUECKNER. Mr. Speaker, recently I had the opportunity to meet with Mr. Warren Kaplan, a private citizen who has recently completed a 10-day visit to the Soviet Union. The purpose of his trip was to learn first hand how the recently proclaimed Soviet policy of openness, or "glasnost," affects the lives of Jewish refuseniks. Unfortunately, for the vast majority of the people he met, the new policy is little more than talk. Mr. Kaplan met with five refusenik families: The Kluzhners, the Smiliansky family, the Biali-Ratners, the Lein Family, and the Lifshitz family. The experience of each of these families illustrates the hollowness of glasnost as it applies to Soviet Jews.

I would now like to share with my colleagues a statement prepared by Mr. Kaplan describing his recent visit to the Soviet Union:

GLASNOST AT CLOSE RANGE

Evgeny and Galina Kluzhner were still radiant, although when they ushered us into their Lenigrad living room it had been three days since they had gotten the call. The call had come from OVIR, the Soviet immigration agency, telling them that permission had been granted for them to leave for Israel. True, they had been waiting five years for that call, and equally true, those years had been full of hardship and humiliation. But now they were all smiles and excitement. With their eager sons, Vladimir, 16 and Sergei, 11, we all crowded around a small coffee table, and they fired an endless series of happy, wondering questions: How hot did it get in Israel? Should they take their furniture with them, or buy new furniture in Israel? Was it true that Israelis wore short pants all the time? What did the countryside look like?

It was a joyous evening—for them and for us, but the Kluzhners were the lucky ones—the only lucky ones of all those with whom we talked. All of the rest had a very different story to tell—one that was both painful for them to tell and equally painful for us to hear.

Having read much of the recently proclaimed and much praised new Soviet policy of openness, or "Glasnost," my two teenage sons (Jonathan, 19, and Gabriel, 16) and I have just returned from a 10-day visit to Moscow and Leningrad, where we visited several Jewish refusenik families having children of similar age. For the vast majority of those we met, and their friends and relatives, the new policy is little more than talk without substance. These people believe, and their lives demonstrate, that glasnost is essentially a public relations ploy to win friends and influence bureaucrats in the West, with just enough superficial trappings to keep from being totally transparent. Here are the families we visited:

THE SMILIANSKY'S

Emanuel Smiliansky, 54, and his 47-year-old wife, Alla, live in Moscow with their 16-year-old son, Misha. Emanuel became a refusenik 16 years ago, when he sought permission to emigrate to Israel and was promptly denied for "security" reasons. Only three other families have been refuseniks for a longer time. Like virtually all refuseniks, Emanuel was immediately fired from his job (as a metallurgical engineer) when he applied to emigrate. He was able to get work thereafter only as a night watchman, from which job he was fired eight months ago for his refusenik activities. Since then, he has been unemployed, and the family lives on Alla's income as a teacher of 200 rubles (about $300) per month. Their 16-year-old son Misha has been a refusenik all his life.

After several complaints to Soviet authorities about the treatment of this family from abroad, their telephone was cut off for about one year, and for the past three years, they have been unable to receive any mail from overseas.

The new Glasnost has just come to the Smiliansky family, but wearing a particularly cruel and sadistic visage. Alla, who was operated on for cancer in January, last week received permission for herself and her son Misha to emigrate to Israel. She was told that she and Misha must leave, if at all, within one week. But her husband Emanuel, unemployed and in poor health, cannot go. The reason for the continued refusal to permit Emanuel to leave is his knowledge of "secrets," although his last employment in any work remotely involving security considerations was 20 years ago.

At the time of our visit last week, Alla had decided to forego the freedom she has hungered for these last 16 years. "Permission to go without my husband is no permission at all," she quietly concluded. March 31, 1987 marked the 16th anniversary since the Smilianskys applied for visas. The family has not given up its dream of being repatriated to Israel.

THE BIALI-RATNERS

Leonid Biali and his wife, Judith Ratner, were denied permission to emigrate in 1978. Like the Smiliansky family, the Biali-Ratners cannot emigrate because of Leonid's alleged knowledge of secrets, although his last secret job was 15 years ago. Under the new "relaxed" immigration rules, a Jew can emigrate to Israel only if he has a "close" relative in that country, but "close" is currently limited to father, mother, sister, brother, son or daughter. The Biali-Ratners are the victim of a three-way "Catch 22." Although Judith's elderly mother qualifies the family to emigrate, Judith and Leonid cannot leave because of Leonid's alleged knowledge of secrets. Their married, 25-year-old son, Mikhail, has applied to leave with his pregnant wife but is apparently barred because his grandmother in Israel is not a sufficiently close relative, and finally, Judith was barred in February for making a short visit alone to her ailing mother on the ground that the USSR does not have diplomatic relations with Israel and thus cannot "protect" her while she is on Israeli soil.

In the case of the Biali-Ratners, as in many other cases, Soviet actions are in violation even of their already restrictive rules. Accordingly, I was asked to represent them as their attorney at the Moscow office of OVIR—the agency in charge of immigration. We had a memorable but inconclusive conference in the office of Mr. Luzanovich, the deputy director of OVIR. I pointed out that General Secretary Gorbachev, in a recent interview with French journalists, had stated that after five to ten years, there could be no secrecy-related prohibition to immigration, since after that period of time a secret is no longer a secret. In the case of Leonid Biali, it had already been fifteen years since he had been exposed to any secrets. "Ah, my friend, you are mistaken," the deputy director replied. "What General Secretary Gorbachev *meant* was that five to ten years was the *average* length of time." Sometimes it may be less, sometimes more." How could Leonid know how much longer he would have to wait, I asked. "It will be decided in due course." Could he at least be given some approximate idea? "It will be less time than he has waited so far." (i.e., less than 15 years more!).

As for the refusal of Judith's request for a brief visit to her ailing mother, are such humanitarian visits to foreign countries not permitted by the new laws, I inquired. They are, he replied. So should not she be permitted to "take the risk" herself of not being under Soviet protection while in Israel? "Unfortunately not," I was told. "It would not be consistent with the dignity of our country and its citizens."

The Biali-Ratners are militant refuseniks. On March 7 through 9, 1987, Judith and two other women led a three-day hunger strike in which eighty refusenik women participated, protesting the existing prohibitions on immigration. Leonid and Judith have apparently devoted their full time and attention to their ongoing efforts to gain freedom for Soviet Jews. They pointed out to me that although 140 political prisoners were released from forced labor camps, the prisoners of conscience who were nominally charged with other offenses are still not released, and the number of Jews who have received permission to leave the USSR is still only a trickle.

THE LEIN FAMILY

Evgeny Lein was a highly regarded scientist in Leningrad when he applied to emigrate in 1978. Like the others, he was immediately dismissed and has since earned his living shoveling coal as a stoker in a factory boiler room, as a watchman, and finally tutoring children in mathematics.

In 1981, Lein was arrested along with 70 other persons who were attending a seminar on Jewish culture in Lein's apartment. Lein spent six months in prison, followed by 7 months in Siberia at hard labor. Encouraged by the newly proclaimed policy of Glasnost, and after being invited by the Moscow office of OVIR to re-submit his request to emigrate, Lein last month sent in a new application. On March 23rd of this year, he received a telephone call from OVIR, informing him that permission had been denied. The stated reason was Leonid's exposure to secrets while in the army, although he was discharged from the army *19 years ago*, and even though he had had no exposure to secrets even while in the army. Stunned by the blatant absurdity of this response, Lein asked the OVIR representative to put the reason in writing. This request was also refused.

Evgeny's son Alex is 15 and suffers the ostracism of his classmates because he is the only boy in his class who has not joined Komsomal, the Communist youth group. The Leins live in fear that when Alex is 18, he will be drafted into the army, after which he, too, may be separately denied permission to emigrate based upon exposure to military secrets.

THE VLADIMIR LIFSHITZ FAMILY

The case of Vladimir Lifshitz perhaps best illustrates the extent of anti-Semitism or anti-Zionism in the USSR, both in the recent past and at present. Lifshitz is one of the 140 prisoners of conscience released from prison camps within the last few weeks. When he applied to emigrate in 1981, Lifshitz had been chief of a laboratory in applied management for the prior ten years, with two master's degrees from Soviet universities. After making his application, Lifshitz was promptly fired from his professional job and got work as a laborer installing ventilators. After one year, he was relieved from this job due to ill health and sought low-level work in his field as a computer specialist. During ten months, he responded to announced openings from 40 companies in the Leningrad area for low-level jobs for which he was plainly well-qualified, and was refused by each. In November 1983, he was warned by the KGB that he had one month to find "an official" job (he had been working as a private tutor). Leonid went on a widely-publicized hunger strike and on the 20th day, a job was finally arranged for him by the KGB as an entry level computer programmer.

In the spring of 1984, Vladimir's 16-year-old son Boris, an outstanding student, was admitted to the Institute of Fine Mechanics and Optics. After one week, Boris was summoned to the administration office and advised to withdraw from the school under threat of serious "trouble" because he had failed to inform the administration that his family had applied to emigrate. Although under Soviet law every student has the right to an education, the president of the Institute admitted to Lifshitz that Boris would not be permitted to attend because of his family's emigration request. Lifshitz wrote several letters to the West, complaining about Boris's rejection. The letters were confiscated by the KGB, and when Lifshitz inquired why, he was told that his letters "might do harm to the Soviet system."

Things quickly went from bad to worse. In the summer of 1985, Lifshitz's close friend and Hebrew teacher, Roald Zelachonik, was arrested for slander against the Soviet system. Lifshitz's house was searched. Correspondence with Israeli friends and tapes of Israeli songs were seized. Lifshitz wrote letters in support of Zelachonik before Zelachonik's trial. On June 8, 1986, Lifshitz was arrested at work and charged with slander against the Soviet system (Clause 190 of the Soviet Penal Code).

On the fourth day after his arrest, Lifshitz was severely beaten by a fellow prisoner acting on instructions from the KGB, and hospitalized with a brain concussion and a broken nose. While in the hospital, he was visited by the KGB and threatened with further "troubles" unless he signed a confession. Lifshitz refused.

After release from the hospital, he was convicted after a one-day trail which attracted widespread attention for the numerous gross violations of Soviet criminal procedure. Their volunteer American attorney, Professor Herman Schwartz of American University Law School, was three times denied permission to attend the trial. The trial was held in a tiny room packed mostly with KGB agents, so that Lifshitz's wife Anna was not at first herself admitted because there was "no room."

After conviction, Lifshitz was sentenced to three years in a prison camp at hard labor, the maximum sentence for his offense. According to Soviet law, he should have been incarcerated in the Leningrad area for such a relatively short term, but an exception was made. Lifshitz was sent instead to a prison camp in Kamchatka, 12,000 kilometers to the east—the furthermost prison in the Soviet Union from Leningrad, at which prison Lifshitz was the sole prisoner who had been convicted of a political offense.

During his 14 months in the camp, he was singled out for particularly arduous physical work, loading and unloading cement blocks by hand. He felt privileged on the rare occasions when he was assigned to peel potatoes. He worked sixteen hours a day, with the remaining hours in a wet, cold and damp underground cellar.

Two weeks ago, Lifshitz was pardoned and released, but his ordeal is not over. Only the focus has changed, from Lifshitz himself, to his son Boris, now 19.

In May 1986, while Lifshitz was in prison camp, Boris's turn came to be drafted. The military doctors examined Boris and determined that he should be exempt because of a severe ulcer condition. The KGB had different ideas. They visited the military doctors and persuaded the doctor in charge to change the diagnosis from "ulcers" to "gastritis," the latter illness not being grounds for exemption. The doctor was reluctant, but was told by the KGB that Boris was "the son of a dangerous criminal and we must separate him from his family." By a rare coincidence, Boris's mother Anna, a diminutive but courageous woman, happened to be sitting in the next room and overheard this conversation. Boris's medical records were changed, his diagnosis altered to gastritis, and within one week, Boris was drafted into the Army. Within three months, Boris' ulcer had flared up, and he was hospitalized in September 1986, then released back to his unit. He was again hospitalized with another severe ulcer attack in February. The doctors at the Army hospital in Vologda, 700 kilometers from Leningrad, have recently told Vladimir that there is no question about Boris' ulcer condition, that he ought not to have been drafted, and should now be discharged, but the decision is not in their control.

And so, Vladimir and Anna wait patiently in their tiny apartment on Kirovsky Street, hoping each day to hear that Boris will be released, while his ulcer condition steadily worsens. If and when Boris should be released, they can once again pursue without distraction the effort to emigrate they have pursued diligently since 1981.

Surprisingly, although the conditions of their existence are bitter in the extreme, Vladimir and Anna Lifshitz and the many other refuseniks we visited are not bitter—they retain a philosophical attitude and a sense of humor in the midst of their grim surroundings:

1. Refuseniks denied permission for reasons other than secrecy (i.e., for no reason at all) are termed "musical" refuseniks (no motive or no "motif").

2. When Gorbachev and Reagan talk, it is like an encounter between a cat and a dog, both wagging their tails. For the dog it means he is happy. For the cat it means he is angry, and neither understands that for the other the meaning is different.

But through the humor, the anger, the hope and the despair, there runs a common thread that emerged in every one of our several interviews: We were asked to bring home with us the belief and understanding shared by all of our interviewees that the best hope, indeed, perhaps the only hope for a true improvement in conditions of emigration, lies in continued and increased expression of concern from the West. The Soviet bureaucracy—at the highest levels—is not immune from world opinion, and is perhaps now more sensitive to such opinion than it has been in many years. Having proclaimed a new policy of openness, Gorbachev and his colleagues are now subject to question and challenge when they violate their own policy and where their words are belied by their deeds. No one thinks there is likely to be major reform overnight, but many believe that if the western countries with whom the Soviets desperately want to improve their image and relationship will only stand firm, and not be taken in by the conspicuous but isolated public relations gestures (such as the freeing of noted dissidents Scharansky and Orlov) but quietly and firmly insist upon real and substantial relaxation of restrictions, a major exodus of Jews such as occurred in the 1970s is now again within the realm of possibility.

WE THE PEOPLE

HON. JOHN G. ROWLAND

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. ROWLAND of Connecticut. Mr. Speaker, with great pleasure, I would like to announce the Waterbury Bar Association's enthusiastic involvement in National Law Day on May 1, 1987. Appropriately chosen, the theme for this auspicious occasion is "We The People." Let us all take time on this day to contemplate this theme and reflect on how the Constitution and laws effect our daily lives. Such reflections should remind us how fortunate "we the people" are to live in a country where one can enjoy freedom, liberty, and justice.

The Waterbury Bar Association plans to highlight the day's events with a court room celebration at 9:30 a.m. in the Waterbury Superior Court. Other events will include a recital of the Pledge of Allegiance and presentation of the Liberty Bell Award.

CRIMES AGAINST THE ELDERLY AND ELDER ABUSE

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Ms. SNOWE. Mr. Speaker, on April 8, 1987, I introduced, along with 20 of my colleagues, two bills dealing with elderly victims of crime: the Elderly Victims of Crime Act of 1987 and the Elder Abuse Information Act of 1987.

The first bill, H.R. 2018, the Elderly Victims of Crime Act of 1987, will require that the elderly be included as one of the priority categories for State crime victim assistance programs. Currently, the Attorney General makes annual grants from a crime victims fund to State crime victim assistance programs. Such programs assist individuals in seeking victim compensation benefits and promote coordinated public and private services to aid crime victims. The Crime Victims Fund is generated wholly from Federal criminal fines, and not from taxpayers' dollars. States that have such funds must certify that priority for assistance shall be given to programs serving victims of sexual assault, spousal abuse, and child abuse. My bill would include elderly victims of crime as a priority category in recognition of the fact that most older Americans live on a fixed income and are particularly affected by the financial loss caused by crime. Further, the emotional effect of crime can be great, yet, the elderly often do not have the financial resources to obtain the support services that may be necessary to help them cope with victimization.

The second bill, H.R. 2019, the Elder Abuse Information Act of 1987, amends the data gathering procedure on elder abuse. During the 99th Congress, the Child Abuse Prevention and Treatment Act of 1986, sponsored by Congressman SIKORSKI and Senator HAWKINS, was signed into law to require the Attorney General to modify the Uniform Crime Reporting Program of the FBI to include more complete data for child abuse offenses. The data gathered must include the age of the victim, and the relationship, if any, of the victim to the offender. My bill would require that the same data be collected on elder abuse cases. Elder abuse is a growing phenomenon demanding greater public attention. This bill will address the poor quality of the data currently available on elder abuse and will serve to provide accurate information about the problem.

I believe that my colleagues will agree that each bill is a necessary step toward learning more about, as well as assisting, the elderly when they are victims of abuse, neglect or crime.

PERSONAL EXPLANATION

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. PORTER. Mr. Speaker, I was unfortunately but necessarily off Capitol Hill making remarks regarding my H.R. 911, The Volunteer Protection Act of 1987, and was not present to vote on Rollcall No. 69. Had I been present and voting, I would have voted "aye."

OPEN LETTER TO PRIME MINISTER MARGARET THATCHER AND GENERAL SECRETARY GORBACHEV FROM YEVGENY LEIN

HON. GEORGE HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HOCHBRUECKNER. Mr. Speaker, today I would like to introduce into the RECORD an open letter written by Yevgeny Lein of Leningrad to Prime Minister Margaret Thatcher of Great Britain and General Secretary Mikhail Gorbachev of the Soviet Union. This letter has been translated from Russian. It is an important reminder that Secretary Gorbachev's new policy of glasnost has not yet touched the lives of Soviet refuseniks.

LETTER FROM YEVGENY LEIN MAR. 24, 1987

Prime Minister MARGARET THATCHER.
General Secretary GORBACHEV.

DEAR MR. GORBACHEV AND MRS. THATCHER: One of these days you will meet in the Kremlin and that will be a meeting of the leaders of two countries. I know that among the problems you will be discussing will be human rights questions.

At the present time, in expectation of this meeting, the mass media of the Soviet Union publicly states that there is a spirit in the USSR, "reconstruction," "new approach to the emigration policy of the USSR." Unfortunately, the fate of my family shows that these statements are very far from reality.

I have been trying to emigrate from the USSR to Israel since 1978. In March of this year, an officer Smirnof from the OVIR told me that I was refused permission again. Explaining this refusal, Mr. Smirnof referred to some mystic secrecy. The secrecy is mystic because for the past nine years, I have been working as a guard and stoker and tutor. Before that for many years, I worked in open institutions Lenproyect and in the paper producing industries. I had no connection to any secret work. For two years, in 1969 and 1970, I served in the army in a quartermaster unit and obviously that took place almost twenty years ago. Under these circumstances, to mention secrecy is not only a tormenting of my family but is also a cynical disregard of your own statements, Mr. Gorbachev. It is well known that in October 1985, when you met with the president of France Mitterand, you stated that all restrictions connected with secrecy have a statute of limitation of only five years.

How should I interpret this latest refusal? Should I interpret it as mistakes of unnamed bureaucrats? Or is it KGB-initiated resistance to your own democratization policy? Or maybe it is a sad reality that the words and the deeds of the Soviet leaders are different.

I ask you to discuss the problem of emigration of Soviet Jews and come to constructive decisions. I call upon you not to be indifferent to the fate of my family.

LISTENING TO JACKSON

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. STOKES. Mr. Speaker, I would like to bring to the attention of my colleagues an Op-Ed article written by Tom Wicker which appeared in the April 22, 1987, edition of the New York Times.

The article follows:

LISTENING TO JACKSON

(By Tom Wicker)

If you think Jesse Jackson is just the "black candidate" for President, maybe you'd better think again—and listen.

At Drake University in Des Moines recently, Mr. Jackson obviously "turned on" an audience almost all white, mostly young and entirely enthusiastic, with the message that every generation "must serve its day," with its members "reaching out beyond themselves," as the generation of the 60's had, at Selma and Birmingham, in the sit-ins across the South.

Today's generation, he told the Drake students, has spent too much of its time on drugs, casual sex and selfish interests. But this generation, too, he insisted, has its challenge: to work for "economic justice" the way men and women of the 60's worked for racial justice.

"Economic justice"—not just for poor blacks but for displaced farmers and industrial workers, the working poor everywhere—that's the message Mr. Jackson preached in Iowa last week, to a group of business and professional people in a Fifth Avenue apartment Sunday night, to the Texas Legislature this week, recently to the legislatures in Arkansas and Mississippi. In Ronald Reagan's America, he argues, too many are being left behind, while Wall Street prospers and industry exports jobs overseas.

Mr. Jackson is talking, he says, about issues people white and black "really care about"—jobs, plant closings, lost farms, children and drugs, education, housing. When he does refer to specifically racial issues it's often to lament black-white conflict: "If we must fight," he says, "let's fight together, against the farm foreclosure, at the closed plant gate."

Does that make him a bona fide candidate for the Democratic Presidential nomination, rather than—as was the case in 1984—merely the first black man to run, hence primarily the focus of "Run, Jesse, run" fervor in the black community?

Only time and primaries will tell. But the New York group, most of whom were hardly Jackson fans when they arrived, left impressed by his grasp of economic issues and by his quiet but intense presentation—for instance, of an idea for applying some of the $2 trillion he said was available in pension funds to "investing in America"—in schools, housing, roads and "bridges that won't fall down."

"I haven't seen anyone come into Iowa with a message as appealing as his," Jim Gannon, the knowledgeable editor of The Des Moines Register, told me. "When he asks why the Government can bail out Chrysler and Continental Illinois but can't save a farmer from foreclosure—that's a question that plays on Main Street, Iowa."

It's one Mr. Jackson asks everywhere—now bolstered by scathing references to the $23 million paid to Lee Iacocca last year by the same Chrysler Corporation that taxpayers rescued from bankruptcy a few years ago. But Iowa, depressed by agricultural decline, the first stop on the caucus-primary circuit next year, is a well-chosen target.

Mr. Jackson hardly campaigned there in 1984. This time he plans a major effort, in hopes of parlaying his appeal for "economic justice" into an upset showing (similar to past Iowa surprises by Jimmy Carter and Gary Hart). In a mostly white state, that would send him off and running into the Super Tuesday contests in 13 Southern or border states, where his strength among blacks could be augmented by economic appeals to Southern farmers, many as hard-hit as those in Iowa. (Mr. Jackson plans only a token effort in New Hampshire where he believes Governor Dukakis of Massachusetts can dominate.)

Many white Americans still are not ready for a black President, but Mr. Jackson's race is sometimes an asset. The big crowds he has been drawing in Iowa, Minnesota, Montana and other farm states are attributable partly to curiosity—they come to see the black candidate and stay to hear his call for "economic justice."

It's been tried before, of course—a coalition of farmers and blue-collar workers, a political union of the displaced, the dispossessed, the left behind. In the late 19th century the populist movement prospered briefly and declined—owing not least to deliberately ignited racial animosity.

Can such an appeal work in 1988? Under the leadership of a black Presidential candidate? Don't bet on it, but don't dismiss Jesse Jackson: he's saying things that make people listen.

VIETNAM REMEMBERED

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. SKELTON. Mr. Speaker, this past Sunday, April 26, I had the opportunity to deliver the dedication address of the Vietnam Memorial at the campus of Wentworth Military Academy in Lexington, MO. This memorial honors those former Wentworth cadets who died in Vietnam during that tragic conflict. I insert a copy of my remarks in this RECORD in order to share them with the Members of this body.

VIETNAM REMEMBERED

(By Congressman Ike Skelton)

INTRODUCTION

Twenty-two years ago, in March 1965, the first U.S. ground troops splashed ashore three miles from Da Nang, Vietnam. America committed its prestige, its resources, and its sons to a struggle for freedom in Southeast Asia that was ultimately lost. The strange fact about that lost war was that the Americans who saw action in Vietnam never lost a battle—from the Ia Drang Valley 1965, to the Tet Offensive in 1968, to the Easter Offensive of 1972.

In the countless military engagements throughout the period of active U.S. involvement in Indochina, Viet Cong and North Vietnamese units that saw action against American combat forces—Army and Marine—came out second best. There were no Bataans or Kasserine Passes in Vietnam as had occurred in World War II; no stunning defeats as had taken place in Korea when 300,000 Chinese attacked American forces approaching the Yalu River in November 1950. American forces that went off to battle in Vietnam were well-equipped, well-trained, and well-motivated.

However, the men who went off to battle in Vietnam left an America undergoing dramatic changes. An intellectual civil war of sorts was taking place in the country during that period, a war of values and ideas. The civil rights movement, the war against poverty, the growth of an underground drug culture, the women's movement, the emergence of the generation gap—these were just some of the developments taking place in American society.

They led to a questioning about the role of America in the world, about the values that we as a nation should stand for and promote. In some ways, those issues have still not been resolved, partly because of our inability as a nation to assimilate the divisive experience that became known as the Vietnam War.

UNRECOGNIZED SACRIFICES

Most Americans don't fully realize the sacrifices made by the generation that went off to fight in Vietnam. The distinctions between Vietnam and World War II are eye-opening:

Marines suffered more casualties in Vietnam than in World War II—105,000 to 90,000;

The average Vietnam-era veteran served 34 months; the average World War II veteran served 30 months;

Three-quarters of those who died in Vietnam were volunteers;

The average age of those who served in Vietnam was 19; in World War II it was 26.

The nature of the war was different too. The average Vietnam War infantryman was plucked from civilian life and after six months of training he was on his way to Vietnam. There he found himself in an alien and hostile environment. He was required to pursue an elusive enemy, in a guerrilla war where there were no "lines", and where it was difficult to tell friend from foe. Attack could come at any time—day or night. Vietnam was an individual war, fought primarily at the platoon and company level. There were great responsibilities placed on platoon and squad leaders, who were young men just in their late teens or early 20's, with less than two years of military experience.

The Second World War was different. As an example, take the 29th Infantry division. It was activated in February, 1941, and shipped overseas to Great Britain in October, 1942. There it remained training and preparing for the invasion of France, in which it participated on June 6, 1944. Less than a full year later, May of 1945, the War in Europe was over. The fighting for the 29th and the other American units was brutal, but their training paid off. Even before they set foot on the beaches of Normandy, the men of the 29th were seasoned soldiers. They were well prepared for the large scale combat in Europe, where forces operated in division-sized units and larger. The conventional warfare tactics of the Nazi forces did not take them by surprise. Moreover, they had a clear understanding of why they were in Europe and why they were fighting.

THE SOOTHING PASSAGE OF TIME

In Shakespeare's Anthony and Cleopatra there is a scene with which many Vietnam veterans can easily identify. A messenger has come to tell Cleopatra of some unfortunate news, that her beloved Mark Antony has married another. Upon hearing the bad news, she strikes the unfortunate messenger. She strikes the poor fellow again and again, venting her anger, hurt, and frustration in this distressing manner.

In much the same way, Vietnam veterans suffered unjustly from a war that eventually became unpopular. Nations make war; soldiers merely fight them. Yet many, a loud minority, made the mistake of blaming an unpopular war on those who answered their country's call, rather than on the politicians who made the decision to fight that war. Those who fought in Vietnam, or served in the military at that time, were held responsible for events over which they had little control.

In the years since the end of the war, many Americans who once treated Vietnam veterans with indifference and even contempt have come to realize that such treatment was wrong. Those who served and fought in the most devisive conflict since the Civil War deserve honor and respect. The dignity and importance of military service, especially for those who fought in Vietnam, has finally been recognized. Parades for Vietnam veterans that have taken place in Washington, Chicago, New York and other cities and towns throughout the country are proof of this recognition. This ceremony here today is yet another indication that the passage of time has allowed us to see the past more clearly.

THE VIETNAM MEMORIAL

There is now a memorial in Washington to commemorate the bravery and sacrifice of those who served their country in Vietnam. It took some time to build. The political passions aroused at home during the course of the war did not die down with the fall of Saigon in April 1975.

As the war itself was controversial, so too was the idea of a memorial. As in many other matters, it was those who fought in Vietnam who took the initiative to build a memorial. It lists the names of the 58,132 who served in the American uniform and gave their lives in that tragic cause.

The building of the memorial was a turning point in the attitudes of the veterans towards themselves and in the attitude of the American public towards them. It is interesting to note that despite the unpopularity of the war 91% of Vietnam veterans were "glad they had served their country."

NOT IN VAIN

Despite our considerable efforts, Indochina fell to communist aggression—Cambodia, Vietnam, and Laos. A number of prominent opponents of the U.S. role in Vietman, including a number in Congress, took the position that a communist victory was preferable to the continuation of the war. They discounted the fears expressed by many that a bloodbath would take place. Unfortunately, they were wrong.

In Vietnam, hundreds of thousands were sent off to "Re-education camps", the euphemism used by the North Vietnamese conquerors for slave labor camps, after the fall of Saigon in April 1975. Since then, 1,000,000 Vietnamese have fled the country by various means, mostly by sea. In Cambodia, the consequences of a communist victory were disastrous. Several million died at the hands of the Khymer Rough Government of Pol Pot. Those who have seen the film, "The Killing Fields," now understand this. Twelve years after the fall of Saigon, Indochina has still not found peace. Those who fought in Vietnam can take but small comfort from the grim results of our effort in Indochina. They tried to prevent the holocaust from taking place.

And yet there is a hopeful side to the story. I believe a credible argument can be made that the period of our involvement in Vietnam bought time for the other countries of Southeast Asia. If some of the dominoes fell, not all of them did. Thailand, Malaysia, Singapore, and Indonesia had time to develop and strengthen themselves politically and economically. As members of the Association of Southeast Asian Nations (ASEAN) their average economic rate of growth in the decade after 1975 was seven percent in real terms, twice the global average. Today, East Asia has replaced Western Europe as America's leading overseas trading partner. No one could have predicted such a development in 1965. The sacrifice of those who served in Vietnam was not in vain.

WENTWORTH MILITARY ACADEMY MEMORIAL

Today we gather here to honor those who fought for America during the Vietnam conflict. In many ways this helicopter is the right memorial for the war, for those who served there. The familiar "Huey" conjures up a host of images and emotions. It served as transport, gunship, and medevac chopper for soldiers and Marines alike. It became one of the enduring symbols of the war itself, ever present on the battlefield. Countless photographs, evening broadcasts, and documentaries showed it in action. For many who never made it to Vietnam, along with those who did, one cannot think about Vietnam for long without the mind's eye focusing on a UH-1 silhouetted against the sky, the distinctive sound of its blades cutting through the air.

CONCLUDING THOUGHTS

War, by its very nature, has often been controversial, even within the country of one of the warring sides. World War I and World War II began with intense national patriotic fervor and ended with national gratitude toward the heroic American soldier who distinguished himself on the countless battlefields of those two wars. This national respect has proved more the exception than the rule.

History tells us that the soldier, following the dictates of his profession, often finds himself misunderstood and unappreciated at home. As soldiers must learn, they must do their best as the military arm of a country and let neither praise nor disdain take them from their course of doing their duty as military professional.

For centuries, the British demonstrated a repeated lack of respect for their soldiers returning home from various wars. Often, the public back on the islands of Great Britain knew little of the battles, and in many instances, cared not about them nor the men who fought.

British Poet Laureate Rudyard Kipling—who happens to be one of my favorite poets—as a young man spent a great deal of time in India writing about soldiers and soldiering. One of his most memorable works, penned about that familiar British soldier, known more commonly as "The Redcoat" or "Tommy", gives us a vivid, and sobering picture of public attitude toward the soldier of his day. The poem is entitled simply "Tommy:"

TOMMY

I went into a public-'ouse to get a pint o'beer,
The publican 'e up an' sez, "We serve no red-coats here."
The girls be'ind the bar they laughed an' giggled fit to die,
I outs into the street again an' to myself sez I:

O it's Tommy this, an' Tommy that, an' "Tommy, go away";
But it's "Thank you, Mister Atkins," when the band begins to play—
The band begins to play, my boys, the band begins to play,
O it's "Thank you, Mister Atkins," when the band begins to play.

I went into a theatre as sober as could be,
They gave a drunk civilian room, but 'adn't none for me;
They sent me to the gallery or round the music-'alls,
But when it comes to fightin', Lord! they'll shove me in the stalls!

For it's Tommy this, an' Tommy that, an' "Tommy, wait outside";
But it's "Special train for Atkins" when the trooper's on the tide—
The troopship's on the tide, my boys, the troopship's on the tide,
O it's "Special train for Atkins" when the trooper's on the tide.

Yes, makin' mock o' uniforms that guard you while you sleep
Is cheaper than them uniforms, an' they're starvation cheap;
An' hustlin' drunken soldiers when they're goin' large a bit
Is five times better business than paradin' in full kit.

Then it's Tommy this, an' Tommy that, an' "Tommy, 'ow's yer soul?"
But it's "Thin red line of 'eroes" when the drums begin to roll—
The drums begin to roll, my boys, the drums begin to roll,
O it's "Thin red line of 'eroes" when the drums begin to roll.

You talk o' better food for us, an' schools, an' fires, an' all:
We'll wait for extry rations if you treat us rational.
Don't mess about the cook-room slops, but prove it to our face
The Widow's Uniform is not the soldier-man's disgrace.

For it's Tommy this, an' Tommy that, an' "Chuck him out, the brute!"
But it's "Saviour of 'is country" when the guns begin to shoot;
An' it's Tommy this, an' Tommy that, an' anything you please;
An' Tommy ain't a bloomin' fool—you bet that Tommy sees!

It is my fervent hope that with this dedication here today we can help make up for the lack of appreciation for the American soldier who served during the Vietnam War. From this day forward let us never forget the honor, patriotism, and bravery of America's men and women in uniform. They deserve no less.

Thank you and God bless you.

CINCINNATI BASKETBALL CHAMPIONS

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. McEWEN. Mr. Speaker, for the third year in a row, some young men from Cincinnati, OH, have demonstrated that athletic success can be achieved without sacrificing academic excellence. The members of the Cincinnati Bible College men's basketball team this year won their third successive division II basketball championship of the National Christian College Athletic Association.

The Cincinnati Bible College "dynasty" would not seen as remakable were it not for the outstanding classroom discipline observed by the students. And on top of all this, the members of the Golden Eagles' basketball squad receive no sports-related financial aid.

The Golden Eagles have been to the NCCAA final tournament for the past 5 years and have played in the championship game 4 years running, emerging as champions for each of the last 3 years. The entire Cincinnati community tips its hat to Coach Tony Wallingford for his excellent skills both on and off the court. We also salute the members of the team and coaching stafff: Tony Wallingford, coach; Lawain McNeil, assistant coach; Tim Cole, sports information; Joel Saunders, manager; Rob Cordrey, gurard; Chip Mehaffy, guard; Junior Moffatt, guard; Jeff Taylor, guard; Mike McGuire, guard; Chad Hudson, forward; James Brummett, forward; Dave Gorman, forward; Tim Wright, forward; Dave Strasser, forward and Tim Livingston, center.

Mr. Speaker, these men are a tribute to our community. I insert the following article in the CONGRESSIONAL RECORD:

BIBLE COLLEGE WINS THIRD BASKETBALL CHAMPIONSHIP

On Monday March 11, the Cincinnati Enquirer reported "A dynasty is being built on Price Hill." This was in reference to the Cincinnati Bible College (CBC), which had just captured their third consecutive national championship in men's basketball on Saturday. An exciting 93-91 overtime victory over Multnomah School of the Bible (Portland, Oregon), capped off a 29-5 season for the Golden Eagles.

The national championship tournament was sponsored by the National Christian College Athletic Association, NCCAA. This association represents over 130 christian schools around the country. This year's tournament was hosted by CBC, and the games were played before sellout crowds of 1500 at Presidents Hall on the Price Hill campus. Eight teams, competed in the tournament treating local fans to some top quality small college basketball competition.

CBC has competed in the NCCAA Division II since its inception 12 years ago. The college has set 6 of 12 team records in the Association, while becoming the team to beat in the past 5 years. Much of CBC's success can be attributed to their coach, Tony Wallingford. Wallingford joined the college 5 years ago and oversees the recruiting and coaching responsibilities for the basketball program. During his tenure at the college Wallingford has compiled a 152-20 record. In addition to 3 national championships, CBC finished runnerup one year, losing by 1 point in the 1984 title game to Baptist Bible College of Springfield, Missouri.

Although unable to offer athletic scholarships, Coach Wallingford manages to recruit top talent from around the country. Wallingford looks for young men with a strong relationship with the Lord Jesus Christ, who have goals for their education, excellent athletic ability and a true love for the game. Wallingford is proud of the way the school has combined a quality, accredited education with an athletic program that strives for excellence. He states "Basketball is an extension of our main program here, educating for service to the Lord."

At a time when we see a real crisis of integrity in college athletics, the program at CBC offers a refreshing outlook. The program maintains its high standards without compromising integrity. The young men are challenged to get the very most out of themselves building their character with healthy competition. Coach Wallingford believes that the discipline and hard work involved in such competition enhances the spiritual development of the athletes and will be valuable in their Christian ministries down the road. Coach Wallingford sees the basketball program at CBC as a ministry in itself. Besides the outreach it provides to the local community and the uplifting of the student morale, there is a real ministry in developing Christian men. Coach Wallingford maintains "you can't separate basketball from their spiritual lives." The development of a man's character is influenced by every decision and activity he is engaged in.

Congratulations to Cincinnati Bible College which brings to the city a bona fide national champion and a model athletic program serving the Lord Jesus Christ.

INTRODUCTORY REMARKS FOR DAVIS-BACON LEGISLATION

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. MURPHY. Mr. Speaker, I rise today to introduce legislation to reform the Davis-Bacon Act. This proposal is the result of many months of careful study by the Subcommittee on Labor Standards of comments and complaints that have been brought to our attention during my term as chairman.

As many of my colleagues will recall, I made a commitment during the last Congress to take up this issue and study the effects of Federal construction prevailing wage law. I am an individual who takes my promises very seriously. Since last August, when the Davis-Bacon amendment to the armed services bill offered by Mr. HAWKINS and myself passed the House overwhelmingly, I have held several hearings. We have carefully reviewed the record of those hearings as well as proceeding in other committees which relate to this subject.

The amendments to the act that I am introducing today will eliminate problems identified with the application of the act to small projects as well as answer criticism about enforcement.

To those who in good faith have urged that the Davis-Bacon Act be updated, I believe this measure will be welcome news. To those whose support for Davis-Bacon reform has been a Trojan horse approach to abolishing the act, I am quite certain this measure will be a disappointment. The committee believes very strongly in the continuing need for statutory minimum labor standards protection for American workers.

A free market economy is not a free for all. There are basic rules which govern the relationship between employers and their employees. Those basic legal protections are as timely today as they were when they were enacted. The idea that market forces alone should control fundamental matters such as minimum or prevailing wages, occupational safety and health or for that matter, even with respect to investors under our securities laws, is certainly a failed notion whose time has come and gone. Last year's vote on Davis-Bacon and this week's vote on trade regulation would seem to indicate that the majority of this body and the American people understand the need for continued government involvement to insure fair competition in our economy.

Last year, the Members spoke very strongly in favor of raising the threshold for application of the Davis-Bacon Act. An increase in the threshold to $25,000 for military construction and military housing passed the House by a vote of 406 to 5. My bill will take the threshold for new construction to $50,000 which is twice as high as the measure which passed the House on August 15, 1986. I believe that this proposal which raises the threshold 25 times its present level will provide a fair and realistic procurement exemption for small projects.

This bill acknowledges the differences between new construction and repair work. We have set a threshold level of $15,000 for repair, alteration, renovation, reconstruction, or rehabilitation. This is a sevenfold increase in the present threshold yet still recognizes the fact that repair work is more often awarded under small contracts and is much more susceptible to fragmentation of projects into even smaller contracts to avoid the requirements of the act.

Along with our adjustment in the threshold we have undertaken a comprehensive revision of the act. Despite strong judicial or administrative precedent interpreting various provisions, we have encountered a number of situations where disputes have arisen between granting agencies and the Department of Labor on how the act should be applied or enforced. This Davis-Bacon reform bill codifies the authority presently vested in the Secretary of Labor pursuant to Executive order. Clarification of administrative authority, streamlined enforcement mechanisms, more timely wage determinations and other improvements should go a long way to improving administration of the act. A comprehensive reform of the act will free all of us from the annual attempts to attach Davis-Bacon amendments to defense, transportation or other vital legislation. I believe this measure accomplishes the dual objectives of providing greater flexibility to granting agencies as well as continued protection for workers.

Included in the RECORD following my remarks is a section-by-section analysis of this legislation. I hope that many of my colleagues will join with me to support this bill. I have tentatively scheduled a hearing on May 14 and hope to report this measure from subcommittee in the very near future.

Section-by-Section Analysis of the Davis-Bacon Reform Bill

SECTION 1. SHORT TITLE, REFERENCE

Subsection (a) provides that the Act may be cited as the "Davis-Bacon Act."

Subsection (b) is a technical provision.

SECTION 2. ACT TITLE

Provides that the title of the Act is the "Davis-Bacon Act."

SECTION 3. STANDARD REVISION

The first section of the Act is redesignated as section 2 and amended to provide that the Act shall apply to any contract in excess of $50,000 for new construction (including painting and decorating) or any contract in excess of $15,000 for alteration, repair, renovation, rehabilitation, or reconstruction (including painting and decorating). The Act would apply also to a contract for the lease of a facility if construction, alteration, repair, renovation, rehabilitation, or reconstruction is required for fulfillment of the contract.

A sentence is added in subsection (a)(2)(A) which provides that an individual shall be considered a laborer or mechanic if the contractor or subcontractor paid the individual, directly or through a subcontract, for services the individual performed to carry out the contract.

New subparagraph (3)(A) provides that the wages required to be paid shall be the wages determined by the Secretary to be prevailing within 2 years of the date the contract was entered into. If the Secretary has not made a prevailing wage determination within the 2-year limitation, the prevailing wage shall be the highest wage determined to be prevailing in the State in which the contract is to be performed. In making a prevailing wage determination the Secretary shall consider the wages paid for all projects of the same character in the area under contracts which have been entered into for amounts not less than those specified to be the minimum amounts necessary for the Act to apply.

SECTION 4. MULTIPLE CONTRACTS

Section 4 amends section 2 of the Act (as redesignated) by adding a new subsection (b) which protests against the splitting of contracts to avoid the application of the Act by providing that any 2 or more contracts for any project that individually do not exceed the minimum amount necessary for the Act to apply, in the aggregate do exceed such amount, and all relate to the same work or related work at the same site shall be treated as a single contract.

Paragraph (2) of subsection (b) provides that any interested person may bring an action against the Secretary of the department or the head of the agency which entered into contracts in violation of the provision. The action may be brought in the United States district court for the district in which the violation is alleged to have been committed or in the United States District Court for the District of Columbia. The action shall commence not later than 90 days after the day on which the last labor was performed under the contract. If the court finds that there has been a violation, the court may order such relief as may be appropriate.

SECTION 5. APPRENTICES, TRAINEES, AND HELPERS

A new subsection (c) is added to section 2 of the Act (as redesignated and amended) which defines the terms "apprentice", "trainee" and "helper", and prescribes circumstances under which such persons may be paid less than the required wage rate.

(1) An apprentice may be paid less than the required wage rate if the apprentice is—

(A) employed pursuant to and individually registered in a bona fide apprenticeship program registered with the Bureau of Apprenticeship and Training of the Department of Labor or with a State Apprenticeship Agency recognized by the Bureau, or

(B) employed in the first 90 days of probationary employment as an apprentice in such an apprenticeship program and is not individually registered in the program but has been certified by the Bureau (where appropriate) to be eligible for probationary employment as an apprentice.

(2) A trainee may be paid less than the required wage rate if the trainee is employed pursuant to and individually registered in a program which has received prior approval which is evidenced by formal certification by the Department of Labor.

(3) A helper may be paid less than the required wage rate if—

(A) the helper is employed in a classification of helpers which prevails in the area in which the helper is employed,

(B) the scope of the helper's duties is defined and can be differentiated from the duties of the journeyman, and

(C) the helper is not used as informal apprentice or trainee.

The Secretary shall promulgate regulations defining apprentices, trainees, and helpers, and prescribing the conditions under which they will not be subject to the required wage rate, the rate at which they will be employed and such other conditions as may be appropriate.

SECTION 6. WAGE REVIEW

Section 3 of the Act is redesignated as section 4(a) which provides that any laborer or mechanic or any interested person may petition the Administrator of the Wage and Hour Division of the Department of Labor to review the wage payments received to determine if the wage payments have been made in accordance with the prevailing wage determination made by the Secretary.

Upon receipt of a petition, the Administrator shall notify the Chief Administrative Law Judge of the Department of Labor or such receipt, and within 30 days of the receipt of the petition, either decide whether to determine if wage payments have been made as required and proceed to make the determination, or refer the petition to the Chief Administrative Law Judge for assignment to an administrative law judge to make the determination.

If the Administrator makes a determination on a petition within 120 days of its receipt, either the petitioner or the employer involved may, within 15 days of the date of issuance of the determination, request a hearing on the determination by an administrative law judge. If no request for a hearing is made within 15 days, the determination of the Administrator shall be deemed to be a final agency action.

If the administrator does not make a determination on a petition within 120 days of its receipt, the Administrator shall refer the petition to the Chief Administrative Law Judge for assignment to an administrative law judge to make the determination, or if the Administrator does not refer the petition within 5 days of the expiration of the 120-day period, the Chief Administrative Law Judge shall assign the petition to an administrative law judge to make the determination.

The administrative law judge to whom the petition has been assigned, to whom a determination of the Administrator has been referred under a request for hearing, or to whom a petition has been referred because the Administrator has declined to act on the petition, shall, within 120 days of the assignment or referral, conduct a hearing on the record in accordance with the provisions of the Administrative Procedure Act, and make a determination as to whether wage payments have been made as required.

Within 30 days of the issuance of the determination of the Administrative law judge, the petitioner or the employer involved in the petition may request the Secretary to review the determination. If no request for review is made within the 30-day period or, within 30 days of the date the determination is made the Secretary does not grant a request to review the determination of the administrative law judge, the determination shall be deemed to be a final agency action.

The Secretary may grant a request to review a determination of an administrative law judge only if the Secretary determines that the request presents a substantial question of law or fact. If the Secretary grants a request for a review, the Secretary, within 30 days after receiving the request, shall review the record and either adopt the determination or issue exceptions. The determination of the administrative law judge, together with any exceptions, shall be deemed to be a final agency action.

The determination of the Administrator, an administrative law judge, or the Secretary on a petition for review of the wage payments may include the award of damages to the petitioner in the amount of twice the amount of wages not paid in accordance, with the prevailing wage determination, if it is found that the petitioner was willfully not paid the required wages, and in addition to any award to the petitioner, a reasonable attorney's fee to be paid by the defendant and the cost of the action.

An action seeking judicial review of a final agency action shall be brought within 30 days of the date of the final action.

(b) Civil Actions.—

(1) Any employer who violates the required wage rate provisions shall be liable to each employee affected in the amount of the employee's unpaid wages and in an additional equal amount as liquidated damages.

(2) An action to recover the unpaid wages may be maintained against any employer in any Federal or State court of competent jurisdiction by any interested party or by any one or more employees for and in behalf of the employee or employees and other employees similarly situated. No employee may be a party plaintiff to any such action unless the employee gives consent in writing to become a party and the consent is filed in the court in which the action is brought.

The court shall, in addition to any judgment awarded to the plaintiff or plaintiffs, allow a reasonable attorney's fee to be paid by the defendant and the cost of the action.

6. ADMINISTRATION OF THE ACT

Section 6 codifies the authority of the Secretary of Labor—presently derived from Executive order pursuant to Reorganization Plan No. 14 of 1950—to promulgate regulations to be followed by contracting officers.

This section also contains technical and conforming amendments.

SECTION 7. DEFINITIONS

Section 7 contains primarily technical and conforming amendments. The exception is a sentence added to subsection 8(a)(2) of the act which provides that in meeting the wage payment requirements, a contractor or subcontractor may only include fringe benefit, contributions and costs which do not exceed the aggregate of contributions and costs determined by the Secretary to be prevailing.

SECTION 8. TECHNICAL AMENDMENTS

Under section 8(a)(1) and (2), section 2 of the Act is redesignated as section 3 and amended by inserting before the section the heading "SEC. 3. ENFORCEMENT."

New section 3(a) provides that if the Secretary of a Department or head of an agency determines that a contract entered into is not subject to the Act, any interested person may petition the Secretary of Labor to review the determination. If the petition is granted, the Secretary shall complete the review within 60 days of the date the petition is received.

Paragraphs (3) through (9) of subsection 8(a) are technical and conforming amendments.

Subsection 8(b) amends the act to provide that the Comptroller General shall pay directly to laborers and mechanics from any accrued payments withheld under the contract any wages found by the Secretary of Labor to be due.

The Comptroller General is required to distribute to all departments of the Government a list of the names of persons or firms whom the Secretary of Labor has found to have disregarded their obligations to employees and subcontractors.

Subsections 8(c) and (d) are technical and conforming amendments.

Section 9 amends section 2 of the act by adding a new sentence providing that any interested person may obtain from any department or agency a copy of a payroll statement which has been filed with the department or agency.

WHY UNITED STATES TREATS JAPAN SO GENTLY

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. BEREUTER. Mr. Speaker, in case my colleagues missed it, I thought they should see this column by Stephen S. Rosenfeld published on Monday, April 13, 1987, in the Lincoln Journal of Lincoln, NE, reference our trade relations with Japan. This article is especially timely in view of Japanese Prime Minister Nakasone's impending arrival to discuss United States-Japanese bilateral relations.

WHY U.S. TREATS JAPAN SO GENTLY

(By Stephen S. Rosenfeld)

WASHINGTON.—A stray observer of the trade wars between the United States and Japan cannot help being struck by the extraordinary deference that Americans routinely accord the Japanese.

There is no country in the world that Americans seem less ready to offend and more eager to please. Almost annually, the Japanese promise remedies, do the minimum, and officially everyone goes on smiling—at least until President Reagan's recent first-ever retaliation on semiconductors. Criticism of Japan's policies gets labeled as "Japan bashing," sometimes as racism too.

The Japanese have accomplished the rare feat of getting Americans to accept their ways as a political and even cultural (and therefore especially immutable) given, as something that must be learned, accepted and accommodated. We preach—without always practicing—the virtue of understanding and respecting foreign cultures.

In respect to Japan, we may have pushed that virtue to the point of harming the U.S. interest: We have perhaps been too understanding—a strange failing for Americans.

My own small experience in this stretch of country is indicative. A Japanese official used to come by to rebut U.S. complaints about the difficulties of gaining access to Japanese markets. He would say, as though it was self-evident and beyond cavil, that U.S. farm products could not be admitted in greater quantity because Japan's ruling party depended on the farmer vote. I was given to understand that something delicate and important was at stake, not least my standing as a responsible observer.

But in time illumination came from a piece by Ian Buruma, cultural editor of the Far Eastern Economic Review in Hong Kong, in the New York Review of Books of March 12. He was writing of books by Edwin O. Reischauer, Harvard scholar and John Kennedy's ambassador to Japan, and Akio Morita, founder of Sony.

The Japanese, Buruma wrote, "plead understanding for their side in trade disputes on cultural grounds. Tariff barriers cannot come down just yet because of traditional social harmony, or the long history of isolation, or delicate domestic sensitivities, or whatnot; but never because it would force local businesses into unwelcome competition with foreigners."

Would not reciprocity in trade be fair? Answers Sony's Morita: "Reciprocity would mean changing laws to accept foreign systems that may not suit our culture." If Sony establishes a firm in the United States, why cannot Americans open a firm in Japan? Because, says Morita, of Japan's "fear complex."

That Japan asks its trading partners for a special and costly dispensation for its cultural and political peculiarities does not, of course, explain why Americans would be of a mind to grant it. But Buruma observes that many U.S. experts, scholars and diplomats are ready to take the Japanese side in disputes with the United States—a tradition, he suggests, that Reischauer started as ambassador to Tokyo in the 1960s and that the incumbent, Mike Mansfield, pursues faithfully to this day.

His thought is that Reischauer, arriving after the shock of the riots against extension of the security treaty with the United States, put into diplomatic practice his great personal sensitivity to the Japanese. Reischauer preached the need and desirability of understanding the Japanese, which meant to the Japanese that the United States would accept or tolerate their demands for special treatment.

They took the ball and are still running with it. Morita, for instance, explains the Japanese Economic Miracle not as the result of man-made official or industry policies but as an expression of his country's unique culture—devotion to work, loyalty to company, love of learning and so on. Many Americans are sobered and somewhat intimidated by this view.

The results of this process over the years are not all one-sided. Japan has gotten U.S. defense and diplomatic patronage and conditions suitable to health and growth, but the United States now has a stable and prosperous democratic friend in Asia. You could say that in any balanced view these gains overwhelm the tensions of trade.

But you would have to say that those tensions must be dealt with, and that part of the burden on the United States now is to examine the aspect of deference in its past approach to the Japanese and see whether it still serves.

A TRIBUTE TO LUTHER BURBANK

HON. DOUGLAS H. BOSCO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. BOSCO. Mr. Speaker. I rise today to pay tribute to Luther Burbank, the famous horticulturist whose 52-year career provided more than 800 new plants and enormously enriched the quality of the world's food supply.

Luther Burbank was born in Lancaster, MA, on March 7, 1849. In California his birthday is celebrated as Arbor Day, and trees are planted in his memory. He moved to California in 1875 and made his home in Santa Rosa for more than 50 years. On the site of the Luther Burbank memorial gardens and in nearby Sebastopol, Burbank conducted the plant-breeding experiments that have made him famous throughout the world. His objective was to improve the quality of plants and thereby increase the world's food supply.

Luther Burbank's knowledge of the intricate processes of hybridization was phenomenal, and his horticultural methods were as successful as they were innovative. He was involved in more than 100,000 experiments during his lifetime and carried on as many as a thousand experiments at one time, growing perhaps ten, fifty, or a hundred thousand plants in each experiment. His experiments, which produced more than 25 marketable vegetables and over 250 fruits, paralleled the rise of modern American large-scale fruit production. Burbank's accomplishments are shining examples of the "Golden Age of Agriculture."

Burbank's combination of patience, determination, and genius created a legacy that left the world with hundreds of new or improved plants that have added untold millions to the wealth of the agriculture of the world for the benefit and enjoyment of all the people.

Luther Burbank was a product of his explosive era, embodying much of its creativity and energy. He sought neither honor nor fame; he was kept too busy to think of either. he was moved only by enthusiasm, a love of nature, and an insatiable curiosity.

Sonoma County growers planted apples, walnuts, prunes, and other crops, diversifying their produce upon Burbank's advice. When he died in 1926, Santa Rosa was a booming farm town and Sonoma was the eighth richest agricultural county in America. His work formed the basis of the plum and prune industries of Sonoma County, of California, and eventually, of much of the World.

Luther Burbank died among the plants and flowers he loved so well. His body was laid to rest, in accordance with his own wish, beneath the spreading branches of a great cedar of Lebanon which he had planted almost a half-century before.

Mr. Burbank believed there was no end to life, but that men lived eternally in the work they have done; that those who had performed great deeds live and will forever exist in the lives of those that follow. As a resident of Sonoma County and a Californian, it is with great pride that I pay tribute to Luther Burbank.

DECADE OF THE BRAIN

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. CONTE. Mr. Speaker, I am today reintroducing legislation to designate the decade beginning January 1, 1988 as the Decade of the Brain. Since I originally introduced this joint resolution in 1985, our scientists have continued the rapid pace of research and technological advances that originally led me to believe we can solve many of the diseases, disorders, and disabilities that affect the brain over the next 10 years.

The impact of mental illnesses and neurological and communicative disorders on the health of the Nation is immense. No age group is immune. Genetic, immunological and environmental causes all have been implicated. Many disorders not only are life-threatening, but also seriously impinge upon the quality of life for victims and their families. These diseases, disorders, and disabilities strike an estimated 50 million Americans of all ages, in all walks of life, and represent an annual economic burden of $305 billion.

Mr. Speaker, for centuries man has been fascinated by the mystery of the brain. While it is true that, until quite recently, understanding of the brain and the nervous system has been slow, scientists are now able to open the doors between the known and the unknown with unprecedented success. The cycle of helplessness in mental illness and the neurological sciences is being broken at last.

There is a great deal of excitement about the fast-paced, high-technology exploration of the brain. But it is always tempered by knowledge of how far research has yet to go to rid human society of these afflictions. For as remarkable, powerful and important as the brain is, its tissue is highly vulnerable to a wide assortment of diseases that are savage killers. In some cases, perhaps equally distressing is the effect on quality of life of brain disease, disorder, and disability.

Some neurological disorders, like stroke, Huntington's Tay-Sachs, and Alzheimer's disease, kill, often after long periods of disintegrating health. Multiple sclerosis, myasthenia gravis, and other disorders, attacking in the prime of life, do not kill easily but cause permanent, progressive disabilities. Some neurological disorders, including neurofibromatosis, Gaucher's disease, familial Alzheimer's disease, and Huntington's disease are inherited diseases. Patients with these diseases face the devastating disorder itself as well as the horrifying possibility of passing the disease to their children. Some diseases have no external physical stigmata, but illnesses such as epilepsy, severe hearing loss, autism, and speech disabilities affect the mind and functional abilities. Neurological disorders, such as stroke or head and spinal cord injuries, may strike suddently and are among the major cripplers and killers of our society. Parkinson's disease, amyotrophic lateral sclerosis and others manifest slowly, debilitating those in their prime over a long period.

For those stricken with mental illness, the story is no better. Schizophrenia is a lifelong mental illness, for which drug and psychosocial treatments have been effective in alleviating patient suffering. it is often first discovered in the teens or twenties in men and twenties and thirties in women. Likewise, for those suffering from depression or manic depressive illness, the major problem confronting them in their treatment is the knowledge that episodes will recur. For children under age 18, the quality of life issue is even more acute. One in eight children suffer from a mental disorder, many of which can last into adulthood, can be debilitating, and can retard intellectual, social, and personal development. In addition to schizophrenia and depression, such disorders include autism, anxiety disorders in the mentally retarded and developmentally disabled, anorexia, and bulimia. Drug and alcohol abuse, increased rates of suicide, and educational and social disfunction often result.

Few, it any, brain-related disorders are yet preventable or curable. With drugs or medical devices, we can control the symptoms of some of these diseases, such as epilepsy, depression, hearing loss, or schizophrenia. But for the great majority of patients, current medical knowledge can only ease symptoms. To know how to prevent these diseases, disorders, or disabilities of the brain, our scientists must first rely on basic research efforts. They are understanding more about how chemicals modify and regulate the functions of the brain, how nerve cells are formed, live, and die, and what alterations diseases make in that process, using techniques such as gene therapy, monoclonal antibodies vaccines or drugs, and surgery.

Recent research has made, and continues to make, significant progress. Scientists have discovered a genetic marker for Huntington's disease. Our understanding of Parkinson's disease has been greatly enhanced by the discovery that MPTP, one of the new wave of "designer" street drugs, causes severe symptoms of the disease in its users. Scientists have thus devised new models of Parkinson's disease and have learned how to block the action of MPTP and its metabolites in experimental animals so that parkinsonism does not occur. The effectiveness of drug therapies for epilepsy and stroke continues to increase as government, industry, and academia work together to derive and test new compounds. An "artificial ear" or cochlear implant that will help many of the profoundly deaf is now available and work continues on improved models to help those who are totally deaf hear.

Scientists have discovered and synthesized protein T, which binds to the same central nervous system cell receptors that are attacked by the AIDS virus, thus providing the hope that clinical trials on protein T may be able to halt reproduction of the virus. The definitive diagnosis of Alzheimer's disease—today made only by autopsy—may be within reach as a result of the discovery of a genetic "marker" for the disease. The cause of one form of mental illness may have been identified in the discovery that a gene on chromosome 11 contributes to manic depressive illness in Old Order Amish. Using one of our new technological advances, Positron Emission Tomography, or PET scanning, scientists have learned that the brains of individuals with schizophrenia contain an increased density of brain cell receptors for dopamine, which may localize the research into this mental illness.

Mr. Speaker, much remains to be done. These are thrilling times for our scientists who find themselves on the threshold of revelations that promise relief from deadly, crippling diseases and disorders and their consequences. Each advance in basic and clinical research has a spillover effect that covers a multitude of diseases. The new technology enables scientists to draw conclusions from information never before available. Knowledge of how the brain works and how disease can cause it to malfunction is now truly at a point where scientists may soon divert the destructive course of mental, neurological, and communicative disorders.

The cadre of needed basic and clinical scientists is in place. The decade of brain research has started with the promise that there is hope through research for preventing or treating that most dreaded of all human afflictions—destruction of the brain. Enactment of this joint resolution will serve to focus enough attention to sustain a 10-year war to accomplish that end.

AAUW BENEFITS FELLOWSHIP FUND

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mrs. MORELLA. Mr. Speaker, I would like to inform my colleagues of a very special event that will take place on Saturday, May 2, at the French Embassy. It is a champagne brunch and fashion show, sponsored by the Bethesda-Chevy Chase Branch of the American Association of University Women.

The purpose of this brunch is to benefit the AAUW Education Foundation, which, since 1958, has provided fellowships and grants to enable talented women to pursue education and training in their selected fields of endeavor.

The foundation is in the high tradition of the AAUW which has provided fellowships for advanced studies to nearly 5,000 women since the first one was awarded nearly 100 years ago, in 1888.

For the current 1986–87 academic year, more than $1.5 million was awarded, not only to American women, but to women from other countries, as well.

The fellowships and grants enable women to pursue studies at the doctoral and post doctoral level, to prepare for new careers, enhance opportunities in their chosen fields or update career skills.

Saturday's brunch will be but one of many such benefit affairs, held by local chapters of the AAUW throughout the United States and abroad, to support this highly successful program.

But, these activities all depend, for their success, on the energetic dedication and leadership of volunteers, such as Pauline Culver of Silver Spring, president of the B/CC Branch, and Dr. Irmelle Small of Bethesda, who has so ably chaired Saturday's brunch. It is thanks to the devotion and service which they represent, that the AAUW Education Foundation is proving so successful.

I am proud to be associated with such an extraordinary group of women, and to wish them outstanding success on behalf of women everywhere.

THE 70TH TEXAS STATE LEGISLATURE MEMORIALS

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. BARTON of Texas. Mr. Speaker, today I would like to share with my colleagues two resolutions which were passed by the Texas State Legislature during the regular session of 1987.

The first is House Concurrent Resolution 53, which urges Members of the 100th Congress to support construction of the superconducting supercollider in Texas. I urge Members to read this resolution because it demonstrates the State of Texas' dedication to this project.

The second resolution is Senate Concurrent Resolution 32. This resolution asks the 100th Congress to consider amending the Federal tax laws of the United States to exempt governmental retirement plans and their participants from the provisions of the Tax Reform Act of 1986.

HOUSE CONCURRENT RESOLUTION 53

Whereas, The proposed Superconducting Super Collider (SSC) is a high-energy research accelerator that, when completed, will be the largest and most ambitious purely scientific project ever constructed; and

Whereas, As designed, the facility will be located 30 feet below ground and will consist of a circular tunnel 10 feet in diameter and 52 miles in circumference; and

Whereas, Scientists believe the device, essentially the world's largest atom smasher, will enable them to discover more about minute particles; spin-off research from a smaller European model has already led to a nuclear scanning device that has considerably advanced the field of X-ray technology; and

Whereas, The accelerator's design requires as much as 11,000 surface acres with a site tilt of less than one degree, making Texas an ideal choice for the laboratory's location; and

Whereas, The flat land and loose rock formations available in certain sections of Texas provide optimum conditions for the SSC's construction; further, the project will coexist harmlessly with farming and ranch usage and poses no hazard to human, plant, or animal life; and

Whereas, With an initial construction cost of roughly $3 billion and an annual operating budget of over $200 million, this important research center would be an appreciable addition to the Texas economy; at least 2,300 new jobs will be generated during the six-to-nine year construction phase and roughtly 2,700 positions will become available once the facility is fully operational; and

Whereas, Conservative estimates indicate that net benefits from the project's building phase and first 20 years of operation will total approximately $553 million; other states have already mounted lobbying campaigns in an attempt to secure this lucrative and prestigious project; and

Whereas, Construction of the SSC in Texas would greatly enhance the state's sagging economy by bringing much-needed economic diversity, and the research performed in connection with the project promises to produce long-range benefits of great scientific and practical value; and

Whereas, The State of Texas possesses a competent and hardworking labor pool; and

Whereas, Texas is the nation's leading energy-producing state and has the power resources necessary for a project on the scale of SSC; and

Whereas, Texas is the home of great public and private universities and colleges, which can readily provide much-needed expertise for the project and capable resources to accelerate spin-off research and development that will be of great benefit to this country; and

Whereas, Texans stand united in their desire to attract the SSC to this state; and

Whereas, The Texas Legislature in 1985 created the Texas National Research Laboratory Commission to serve as the coordinating unit and authority within the state for the formulation of a siting proposal for SSC; and

Whereas, The Texas Legislature remains committed to providing whatever support is necessary to the success and timely advancement of the SSC project; now, therefore, be it

Resolved, That the 70th legislature of the State of Texas hereby request the Congress of the United States to support construction of the Superconducting Super Collider in Texas; and, be it further

Resolved, That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the vice-president of the United States, to the speaker of the United States House of Representatives, to the secretary of energy, to the science advisor to the president, and to all members of the Texas delegation to the congress, with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States.

SENATE CONCURRENT RESOLUTION 32

Whereas, The Tax Reform Act of 1986 enacted by the 99th Congress of the United States will require governmental retirement plans to begin payments to public officers and employees who attain age 70½ years even while such persons continue their employment and earn full compensation for that employment; and

Whereas, Amendments to the Age Discrimination in Employment Act enacted by the 99th Congress of the United States prohibit mandatory retirement solely on the basis of age and generally require governmental retirement plans to grant additional retirement credit to an employee even after the employee begins receiving payments from the plan because of the attainment of age 70½ years; and

Whereas, A combined effect of these laws will be to require states to allow public officers and employees who are 70½ years old and older to earn their full state salaries while receiving full state retirement benefits, and even earn additional retirement benefits for such continued employment; and

Whereas, These laws require the state to discriminate against public officers and employees who are less than 70½ years of age in the compensation the state pays for services, impose on the state additional costs of governmental retirement plans, and impair the effective use of governmental retirement plans to induce retirement of public officers and employees and thereby reduce salary costs; and

Whereas, The actuarial effect of these laws upon the Employees Retirement System of Texas alone, one of six statewide retirement systems, is to increase the unfunded actuarial accrued liability of the system by $87.4 million as of August 31, 1986, and to increase by 4.1 years the period required to amortize the unfunded actuarial accrued liability of the system; now, therefore, be it

Resolved, That the 70th Legislature of the State of Texas do hereby request and urge the 100th Congress of the United States to amend the tax laws of the United States to exempt governmental retirement plans and their participants from the provisions of the Tax Reform Act of 1986 which mandate distribution to a pension plan participant when that participant attains age 70½ years and impose an excise tax on the participant for failure to take a required distribution; and, be it further

Resolved, That the Texas Secretary of State forward official copies of this resolution to the President of the United States, the Speaker of the United States House of Representatives, the President of the United States Senate, and to each member of the Texas delegation to the 100th Congress of the United States, with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.

HONORING LOUISIANA'S POET LAUREATE

HON. CLYDE C. HOLLOWAY

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HOLLOWAY. Mr. Speaker, I rise here today to honor the patriotism, as well as the personal and professional achievements, of an outstanding citizen and literary figure of the Eighth District of Louisiana—Jean McGivney Boese.

A longtime civic and community leader in Alexandria, LA, Mrs. Boese has long been recognized as a distinguished poet and literary figure, a woman of unique character, talent, and ability.

Recognition of Mrs. Boese's poetic excellence is widespread and bipartisan in nature. Appointed "Poet Laureate" of the State of Louisiana—by a Republican Governor—in 1983, her appointment to that distinguished post was subsequently renewed by a Democratic chief executive.

At this time, as we prepare to celebrate the 200th anniversary of the United States Constitution, it is indeed fitting and appropriate that the 100th Congress recognize the lifelong contributions which Mrs. Boese has made to her community, State, and Nation and her professional achievements.

Accordingly, I ask that the following poetic tribute to our Nation and its Constitution be made part of the CONGRESSIONAL RECORD:

In Honor of the Bicentennial of the Constitution of the United States of America

First experiment in trust
That the common man could be
Worthy of his sovereignty.
Visionary leaders saw
Men composing rules of law,
Codifying what is just.

Fragile notion, only real
If each citizen believed
That these freedoms so conceived,
Were, and ever more would be
His responsibility,
His to guard, this rare ideal.

Deed of Man's belief in Man,
Justice seekers' sure retreat,
Vulnerable to Man's deceit.
Victim of Judicial scorn,
Legacy to those unborn,
Fairest Code since time began.

JEAN MCGIVNEY BOESE,
Poet Laureate of Louisiana.

PROMPT PAY ACT II: UNCLE SAM, DEADBEAT

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. SKELTON. Mr. Speaker, I want to bring to the attention of my colleagues an article by Judith Havemann which appeared in the Washington Post last Friday, April 24, 1987. It is clear that small businesses suffer disproportionately when the Prompt Payment Act is circumvented since they are least able to finance the Federal Government. It is time-consuming and costly for them to pester the Government to demand their rights. I think my colleagues would agree that, without the original Prompt Payment Act, most Federal agencies would not have done as well as they have over the past 5 years. I would add that, unless we close the loopholes which have come to light, some agencies will continue to circumvent the law. H.R. 1663, the Small Business Prompt Payment Act Amendments of 1987, closes the existing loopholes and solves some of the problems which have been brought to our attention by small businesses. The article presents a balanced view of the benefits and pitfalls of requiring that Federal agencies pay their bills in a timely, businesslike manner. I commend it to the members of this body:

PROMPT PAY, ACT II: UNCLE SAM, DEADBEAT

(By Judith Havemann)

Last April, the Government Sales Division of Douron Inc. shipped $20,000 in chairs to a military base in the Azores. Ten months and dozens of international telephone calls, letters and duplicate invoices later, it got paid, without interest.

"People who have to lay out money for raw materials and labor, I wonder how they make it" when they sell to the government, said Joel B. Snyder, head of the accounting department for Douron, a commercial office sales company in Columbia, MD.

"We send every invoice certified mail, return receipt," said Jane Grossman, accounts receivable clerk with Interface Video Systems, a company that provides video services to the government. "It costs $1.60 but it's worth it. I log every phone call with a procurement person. I take copious notes.

"Sometimes nobody will take responsibility. They say, 'Oh, you know the government,' I say, 'You are the government!' "

The Prompt Pay Act, passed in 1982, required the government to pay all bills within 30 days or else pay interest to the seller. Only in "emergency" situations could Uncle Sam avoid these requirements and then only for an additional 15 days.

Five years later, a quarter of government bills are still paid late, the emergency grace period has become a routine addition to the due dates of bills and the overwhelming majority of late checks do not include interest, according to the General Accounting Office.

As a result, a packet of amendments known as Prompt Pay II, with 75 senatorial cosponsors and unexpected presidential support is moving rapidly toward passage. It would gradually eliminate the emergency grace period, would define when the clock starts ticking and would enforce the interest requirement.

"Five of every six vendors that were entitled by law to interest payments did not receive them," said Sen. John Glenn (D-Ohio), chairman of the Government Affairs Committee. "Moreover, the GAO report indicated that almost 19 percent of all payments are being made during the 15-day grace period."

"This was hardly Congress' intention," he said. "The grace period was meant to be reserved for those relatively rare instances when timely payment is impossible."

The problem is, said a congressional aide, is a combination of "plain old inefficiency, a little bit of complacency and a few purposeful efforts."

Roy Boucher, deputy comptroller for finance at the General Services Administration, said that as one of the primary procurment offices of the government, GSA has worked hard to eliminate any "lackadaisical attitude" toward payment.

The agency, he said, incurred only $300,000 in late interest penalties last year, out of $5 billion disbursed.

"We pay 79 percent of our bills on time—77 percent right on time and 2 percent early. We get gigged [by the government] if we pay early."

In the private sector, he said, businesses paid only 75.5 percent of bills on time or early.

"I'm paying 350,000 invoices worth $10 billion a year," said Col. Wayne Kissinger, finance and administrative officer for the Defense Contract Administrative Service Region that pays some of the military's bills in Virginia, West Virginia, Maryland, Delaware and southern New Jersey. "In the last 2½ years we've gone from 45,000 to 72,000 contracts.

"We're not an untypical [defense payment] region," said Kissinger, who supervises 275 people. "They're all going that way" because of President Reagan's defense buildup. "we make mistakes but we try to push [payments] out as fast as we can. Generally we're still paying as promptly as we ever did."

That's little comfort to Eleanor Zappone, president of Walcott-Taylor Company Inc., a 60-year-old office furniture and equipment firm in Bethesda. "As of today," she said, "72 percent of my [government] accounts receivable are 30 to 60 days old, 3.5 percent are 61 to 90, and 8.7 percent are over three months overdue.

"What really gripes me," said Zappone, "is that we offer a half-percent discount for payment in 20 days. Three months late they'll take the discount!"

Marian E. Green, president of Substation Test Co., an electrical service company in Forestville, also complains of government footdragging. "We did some work for Naval Surface Weapons. We worked with one lady, and she left. Nobody knew anything about our contract. We went for the better part of a year and a half submitting copies. They just seemed like they weren't interested."

"We have waited as long as two years for payment, that's an extraordinary time," said Dana L. Green, the company's manager. "One issue is when they start the clock. They manage the clock, and sometimes they don't start it for 42 days.

"Very often you have to fight for the interest. Agencies don't want to recognize that interest is due. It places them in an unfavorable light.

"The paperwork arrives and leaves in inches for the simplest piece of work," he added. "It is not uncommon for this party or that party to be on leave. You go to a meeting with them, and they can have 20 people on their side and just you on the other. This can be over a bill of $10,000."

"The government is very technical," agrees Douron's Snyder. "You have to cross your t's and dot your i's or you will never get paid."

Last year, for example, Dyess Air Force Base, citing new postal requirements, informed all companies doing business with the Texas base that they couldn't get paid without a correct nine-digit ZIP code number. The directive was issued on a five-digit ZIP code letterhead.

The Azores chairs saga was an exercise in technicalities of another type.

In 1985, Douron's Government Sales Division received from New York a purchase order with the proper contract numbers and signatures, on the correct form and with the required GSA information, according to Snyder. For shipment to the Azores through Portugal, the $20,000 worth of chairs were delivered to a terminal in Bayonne, N.J., that is the military's major embarkation point for Atlantic shipments.

The bill was sent, per GSA instructions, to Cleveland. But Cleveland didn't have the contract on file and said to bill Grand Rapids, Mich. Grand Rapids didn't have anything on it, and referred Douron to Baltimore. Baltimore said to bill Philadelphia, which pays bills for Baltimore.

"We had to get in touch with people in the Azores to change the billing location on the purchase order," Snyder said. "Finally, after we made many, many calls, they said they would make the change.

"But when the new purchase order came . . . they did not change the payment office to Philadelphia.

"Philadelphia kicked back the bill two or three times. They had no idea what we were talking about." As a result, when the Bayonne receiving people sent the paperwork to Philadelphia confirming that the shipment had been made, "Philadelphia said, "We are not identified as the payment office."

"In April of last year we finally got paid," Snyder said. "But Philadelphia said they were not going to pay interest because they didn't have the paperwork on it" until the end, so any delays were not their fault.

Boucher acknowledges that there are horror stories. "You do hear from time to time about [government] people who have taken invoices that were two, three, four months old and put them in a desk drawer. Out of sight, out of mind."

But, he said, "I think we've solved that. We get a report out every month of where the mistakes were made and whose fault it was."

On a brighter side, Snyder said that he once was paid by the government in a mere 22 days. "I almost fell on the floor.

WORLD POPULATION AWARENESS WEEK

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. KOSTMAYER. Mr. Speaker, the Commonwealth of Pennsylvania has joined with more than 35 other States around the country in declaring the week of April 20-25 "World Population Awareness Week."

I am proud that Pennsylvania's citizens and its Governor, Robert P. Casey, are among those helping to forge a broader comprehension of the issues related to the astonishing growth of the world's population. Along with thousands of other citizens from Maine to Alaska, Pennsylvanians gathered last week at conferences and forums to learn more about world population growth. Participants gathered at Swarthmore College, Catham College, Wilkes College, and at other places throughout Pennsylvania to try to find possible solutions to this challenging problem.

I am pleased to have joined with my colleagues in the Pennsylvania delegation Senators ARLEN SPECTER and JOHN HEINZ, in supporting those efforts through House Joint Resolution 148 and Senate Joint Resolution 69, resolutions designating April 20-25 nationally as "World Population Awareness Week."

Mr. Speaker, I insert Gov. Robert Casey's proclamation in the RECORD:

PROCLAMATION: WORLD POPULATION AWARENESS WEEK

Whereas, the world's population has reached five billion and is growing at the rate of 87 million a year; and

Whereas, rapid population growth causes or intensifies a wide range of problems in the developing world, including malnutrition, hunger, resource depletion and economic stagnation;

Whereas, 50 percent of the 10 million infant deaths and 25 percent of the 500,000 maternal deaths which occur each year in the developing world could be prevented if maternal health programs were expanded; and

Whereas, some 50 million people in the developing world need access or means to such programs; and

Whereas, the United States long has been among the leading nations in the fields of maternal and child health;

Now, therefore, I, Robert P. Casey, Governor of the Commonwealth of Pennsylvania, do hereby recognize the week of April 20-25, 1987 as World Population Awareness Week in Pennsylvania.

REMARKS OF THE HON. LYNN MARTIN

HON. FREDERICK S. UPTON

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. UPTON. Mr. Speaker, it is my pleasure to insert into the CONGRESSIONAL RECORD a speech by Congresswoman LYNN MARTIN to House Republicans during our recent Republicans at Federal Hall Conference in New York City.

In New York City, we broke up into four discussion groups centering on the four basic tenants of the preamble to the Constitution: to promote the general welfare, ensure domestic tranquility, ensure justice, and to provide for the common defense. Each of these groups came up with a number of ideas that are deserving of our attention in the coming months.

Mrs. MARTIN, who served as chairwoman of the press subcommittee coordinating this event, did an excellent job presenting a summary of the various discussion group's conclusions. Though House Republicans are used to hard work and excellent speeches by Mrs. MARTIN, this speech was exceptional.

In addition to recognizing Mrs. MARTIN's contributions, I am sure I speak for all of my Republican colleagues in thanking BOB MICHEL and the entire leadership and their staffs, for their time and effort in making Republicans at Federal Hall so worthwhile and enjoyable. I join LYNN MARTIN in quoting Dutch Meyers as he surveyed 130 Republican members gathered together on the train to New York City, "It was nice to see so many Republicans headed in the same direction at the same time!"

LYNN MARTIN—SUMMARY SPEECH

Unlike the first Congress, we will not have months in New York to debate and discuss a framework for new times. We have had but two days. But in the shadow of the Federal Hall we have made our start.

Just as 200 years ago, we have concentrated on four broad areas of concern, then, now, and in the future.

We had our own counterparts of James Madison, Fisher Ameses, David Carroll, and Frederick Muhlenberg.

To lead the group looking at the Common Defense, there was Dick Cheney, not in jabot and lace, but western boots which reflect that same, no nonsense approach needed then and now.

This panel moved from Joe Skeen's look at the Strategic Defense Initiative and what it could mean to the future, to Bill Dickinson's call for a Department of Defense whose practices would insure the best defense for a nation and be supported by an American people.

But, even more, underlying this panel's statement are the interwined themes of peace and freedom. House Republicans did not try to re-write a Pentagon budget yesterday; they brought up to date concerns of 200 years ago and today. House Republicans on that panel believe that for a nation to maintain peace, it must be strong. Whether it was John Kyl or Jim Courter, the theme of our nation as a beacon to others, an oasis in a totalitarian world, surfaced again and again. A common defense was tied to the blessings of liberty. From this panel recommendations to the Policy Committee are to be made so the debate can continue within our conference.

Just as our colleagues in another century, we will continue to move forward.

The Republican definition of what it means to "promote the general welfare" is inherently different from Democrats. Jerry Lewis' panel found that our concern is with the individual and with the opportunities our society can provide for the individual. In this way, we best protect the basic nucleus of society: the family.

There are three distinct facets to the general welfare of our nation.

This panel believes that welfare system that encroaches on the family unit and erodes the work ethic will someday be looked upon as the equivalent of the 19th century poorhouses.

National pride is a part of our welfare. Jim Kolbe notes that when we talk about competitiveness and performance in the global economy, we are talking about our issues. We are the party of the "big picture". Don Ritter and Tom DeLay said that as a party, we already kow that quality and excellence come not from federal policies, but from the individual, or the family.

Members of the discussion group had mixed thoughts on the notion that unfair trade laws are hurting our global economic standing; Amo Houghton felt that change in this area should be a priority, others said that we cannot expect much change from foreign nations. All agreed, however, that the challenge is not one of reducing imports—it is one of increasing exports.

A note of concern was voiced over the generational conflicts that might be caused by deficit spending; when we borrow, our children must pay, and that is truly taxation without representation.

3. Finally, our "general welfare" is not a "national welfare". We are a nation of communities. We must recognize that each community has its own special problems and concerns. Our policies must recognize their uniqueness.

The question was posed: can we do that? Steve Gunderson asks if we are willing to stop talking about farm problems and start talking about the problems of rural development in general. Again, federal policy must cater to the individual, the family and the community for definition.

The participants on Bob Lagomarsino's panel agree that Domestic Tranquility relies upon the Preamble's other goals: establishing justice, providing for the common defense and promoting the general welfare.

This panel felt that to insure domestic tranquility, we must work to provide opportunity for all our citizens through education and economic advancement. This will require new ideas and new solutions. According to Bill Green and Bill Clinger, we must recognize the new demographics. The family has a changed definition. The color and sex of our work force is changing. The workplace is changing and to insure domestic tranquility, we must offer opportunity. Many of our national leaders who spoke to us made those same points about opportunity—especially in education and job opportunity.

So intent was this group that again members want to continue. Mike Bilirakis has researched what the founders were thinking about in those times. Ben Blaz brings his unique perspective to our mix.

Our opportunity is limited by government regulation—we must use government to control itself.

Again, the national debt showed up in this panel as a concern because of its limiting opportunity.

The Republican Whip led a group called "establish justice". The ideas ranged from changes proposed by Don Lungren in the exclusionary rule to Toby Roth's lament that too many lawyers—in both parties—were a bad influence. But Trent Lott also humanized the often esoteric debates on case law by having each member give a bit of background. John Porter now wonders if his wife and Joe Barton are related because both are proud of their Cherokee heritage. Sonny Callahan will forever be remembered in my mind by his Indian name—Running Dumb Bunny.

Many members traced their ancestry to those who fled for religious reasons—again returning to the theme of individual rights and beliefs and the miracle of liberty of thought which still remains rare.

Chalmers Wylie reminded us of the need for the impartiality of Law—if the Founder's task was to create justice, our equally demanding task is to sustain it.

Discussion turned to the role of the indpendent Judiciary. Many Members talked of the need for judges who have unquestioned integrity.

What ran through each group was the concurrent themes of liberty, individuals and opportunity. I watched Members of incredibly varied beliefs nodding to ideas together. I watched the respect shown to each Member by the others. I watched differences being discussed and an eagerness to continue.

When the leadership first decided to build on the foundation of the Tidewater and Baltimore Conferences to bring us to Federal Hall, I thought it was for us.

But during this weekend the emphasis has shifted as we've all been caught in the desire to meet the challenges laid down 200 years ago—to rise above our occasional pettiness to achieve not a final goal—but a beginning of a new vision.

This weekend is really not even about the Republican Party—it's about Mark DeWine; it about Caitlin Hiler and Pat Swindall, Jr.

It's not about us—it's about what we leave them. They don't understand yet—but we can know—for them—for all the future—the Republican party has begun again.

When we came up on the train, Dutch Meyers said that he had never seen so many Republicans headed in the same direction at the same time. Well, now we're headed back, to skirmishes, to fights, to arrogant Democratic leaders, to losses and frustrations, but we are headed back and to the future—together—and at the same time.

GUARANTEED JOB OPPORTUNITY ACT (H.R. 2197)

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HAWKINS. Mr. Speaker, I am pleased to introduce today the House companion bill to S. 777, the Guaranteed Job Opportunity Act. Introduced by our colleague in the Senate, Mr. SIMON of Illinois, this legislation would guarantee employment opportunities to unemployed persons who despite serious efforts to find work, cannot find a job.

Our Government does not have a public jobs creation program currently in existence. Despite the fact that officially more than 8 million persons are jobless, another 1 million have left the labor market altogether because of discouragement, and another 5½ million people are working at substandard wages, and are not making enough money to bring themselves and their families above the poverty threshold, we have not implemented a national employment policy.

The heralding of 4½ years of recovery, low inflation, and job creation, rings hollow to the 14½ million Americans who are struggling to survive on a daily basis. Such pronouncements should ring hollow for all of us who are working for economic justice for all Americans.

As the Catholic bishops so eloquently pointed out in their pastoral letter on the economy, "Economic Justice for All," economic policies must be evaluated in light of the ways they include or exclude people from sharing in the economic life of the Nation. All people have a right to the basic necessities of life such as food, shelter, medical care, education, and employment. A job is more than the economic means to survive, a job determines how individuals see themselves. The bishops point out that it is an assault on human dignity for a person to be unemployed or underemployed.

Taking this moral imperative into the economic realm is the duty of a just democratic society. The Federal Government has the responsibility to pursue overall policies which will foster economic growth, as well as promote structural programs which will target the employment, education, training, and social service support needs of unemployed and underemployed individuals.

Numerous studies and years of experience have documented the effectiveness of well-run public job creation programs. Past programs have been effective in assisting the structurally unemployed to increase their earnings, maintain a permanent connection to the labor force, and bolster skills and work experience. The most economically disadvantaged workers, such as welfare recipients, high school dropouts, and minorities, have reaped the greatest benefits from direct job creation programs. Research has shown that disadvantaged youth with no previous connection to the labor force stay in school longer, find part-time jobs and have lower crime rates after engaging in subsidized work experience programs.

Direct job creation programs have also proven to be effective countercyclical tools. In periods of economic hardship, millions of unemployed Americans were provided jobs quickly and directly. While over the years, we have experienced some undermining of the effective management of public job creation programs, problems have been due to delays in the legislative process, and some design and administrative difficulties of a few individual programs, not attributable to the fundamentals of the public jobs creation programs themselves.

Direct job creation measures such as the Guaranteed Job Opportunity Program, and two bills which I introduced earlier this session, the Community Renewal Employment Act, and the Youth Incentive Employment Act, are essential elements in an overall strategy for attaining a full employment and full production economy.

While fiscal and monetary policies are the important determinants of assuring the needed economic growth to encourage private jobs creation, we need the additional structural programs to reach the legislated interim goal of 4 percent unemployment, and a narrowing of the inequitable disparities suffered by certain labor force groups. We need job creation programs to match idle workers with jobs that will provide the foods and services that our economy is unable to fully generate or support on its own. We need jobs that will teach the illiterate to read and write; that will expand the availability of safe, adequate and affordable child care services; and we need jobs that will repair sidewalks, crumbling bridges, and other infrastructure deficiencies suffered in communities all over our country.

The Guaranteed Job Opportunity Act and the other job creation measures already introduced must play an important role in structuring a comprehensive national employment policy. When combined with other education, training, welfare reform and competitiveness legislation pending committee and floor action, such a balanced approach will go a long way toward moving this Nation to achieve its statutory commitment of a decent job for every person, able and willing to work.

THE PLIGHT OF VIETNAMESE BOAT PEOPLE

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. DORNAN of California. Mr. Speaker, the plight of the Vietnamese boat people continues. Every year tens of thousands of Vietnamese refugees risk their lives in rickety river boats, crossing the South China Sea, to escape the oppression of Communist Vietnam.

For many Americans, this human tragedy is a dark reminder of our Nation's involvement in Vietnam. But for a small group of Vietnamese students at the University of California, Irvine, this tragedy has sparked a humanitarian crusade to alleviate the suffering of the boat people and bring their plight to the attention of the world. This effort is called the Pearl project.

On May 31, under the auspices of the Boat People S.O.S. Committee, a national organization established by Vietnamese educators and scholars, the Pearl project will sponsor a fundraising event at UC Irvine. Student volunteers, who are organizing the event, have been busy during the past weeks distributing fliers, mailing invitations, and issuing news releases to help ensure the success of this event.

The proceeds from the reception will be entrusted to Medecins du Monde, a physicians league in Europe that sponsors ships to assist stranded refugee vessels. The money will be used to purchase gasoline, oil, crews, and food to maintain these ships of mercy. A portion of the proceeds will also be distributed by the Boat People S.O.S. Committee to the most needy refugee camps in Southeast Asia.

The spirit and dedication of the Vietnamese students working to make this important project a success serves as a shining light of hope for the hundreds of thousands of refugees in Southeast Asia. Mr. Speaker, I appreciate the opportunity to pay tribute to the success of the Pearl project and to commend all those students who will make the May 31 fundraising reception a reality.

A TRIBUTE TO GEORGE MAZZONI

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. COURTER. Mr. Speaker, I would like to join the citizens of Morristown, NJ, in paying tribute to George Mazzoni. Mr. Mazzoni will retire from the U.S. Postal Service on May 1, after a long and distinguished career. He is known as Mr. Efficiency to his colleagues, a result of winning three certificates of commendation, two certificates of appreciation and a number of other awards. Mr. Mazzoni has also been selected to the prestigious Postmasters General Award Club. The total number of awards won by Mr. Mazzoni is believed to be a record in the Summit, New Jersey Sectional Center and an accurate measure of his dedication to the citizens of Morristown.

A widower with four children, Mr. Mazzoni served as a combat infantryman in World War II. He plays an active role in the community as a member of St. Margaret's Church, and as a member of the American Legion, Post 59. Friends, neighbors, relatives, and associates will honor Mr. Mazzoni during a testimonial dinner May 8, 1987. I would like to take this opportunity to thank Mr. Mazzoni for his exemplary service and to wish him well in future endeavors.

SAVE THE CALIFORNIA COASTLINE FROM ENVIRONMENTALLY DAMAGING OFF-SHORE DRILLING

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. LANTOS. Mr. Speaker, I regret to say that while former Interior Secretary James Watt may be gone, his spirit lingers on.

Monday of this week, the Department of Interior released its final 5-year plan for the leasing of offshore tracts for oil and gas development. This new plan illustrates once more the administration's determination to ignore the express wishes of the people of California and their elected Representatives, in order to desecrate our precious natural heritage.

Earlier today, Mr. Speaker, I appeared before our distinguished colleague from Illinois, Mr. YATES, the chairman of the Interior Subcommittee of the Appropriations Committee. I urged him to support a renewal of the moratorium on offshore drilling along the California coast in order to protect this fragile environment for our children and grandchildren.

Mr. Speaker, I urge my colleagues to consider the important issues at stake.

The statement follows:

Mr. Chairman, once again I come before you to request renewal of the moratorium on offshore drilling along the California coast. Your generous support in previous years has been crucial in preserving a unique and precious part of our natural heritage—the California coastline. The Department of Interior's recently released final five-year leasing plan will permanently destroy this magnificent legacy. If it is enacted, our fragile and sensitive coastline will suffer irreparable damage. Secretary Hodel has, in this final proposal, failed once more to address the significant environmental questions raised repeatedly by the California delegation. His destructive plans will alter forever the face of California. I respectfully request your support in averting such a tragedy.

Whatever the claims made by the oil companies, it cannot be denied that offshore drilling increases the potential for environmental damage—to the water, to the coast and to marine life. Even if all drilling operations were completely without incident, drilling muds injected into the wells inevitably seep out into the ocean. These and other byproducts are hazardous enough on land, and it is not yet fully known what serious effects they would have in water.

Frequently, however, drilling operations do not proceed smoothly. In 1983, the U.S. Marine Mammal Commission released a report entitled "Assessment of Past, Present and Future Risks of Oil Spills In and Near the Present Sea Otter Range in California." This focused on a 200 mile stretch of the coast between Pismo Beach and Pacifica. Between 1977 and 1981 almost 47,000 gallons of crude oil, diesel fuel and other petroleum byproducts were spilled. In 1980 alone, there were 49 spills. On one occasion in 1981, 1,000 gallons of crude oil were spilled because of an accident while a pipe was being cleaned. That same year, another 420 gallons of diesel fuel were spilled after it accumulated on the rig. The records are full of instances of mishandled valves, pipe ruptures and overflowing tanks in just this one area of the ocean. The substantial increases in drilling envisaged by Interior's five-year leasing plan will expand the risks and the environmental damage.

Northern California currently has no coastal refineries for processing oil. Crude oil would have to be transported either by pipeline or tanker to other facilities at considerable risk. In 1971 two tankers collided resulting in the spillage of 20,000 barrels of oil near the Golden Gate Bridge. Again, as the number of tankers increases, so does the likelihood of such accidents. For an area dependent, as we are, on our coastal economy, the effect of a major spill would be disastrous. Our tourist industry, in San Mateo County alone, is estimated to produce revenues of about $2 billion per year.

I wish to emphasize that our request for a moratorium on drilling is not the act of a selfish state anxious to shift the burden of production to others. California is already the third largest producer of oil in the continental United States, and produces the second largest amount of offshore oil.

Many will try to convince you, Mr. Chairman, that the U.S. is facing an energy crisis—that we must develop our offshore resources. I find this hard to believe given the profligacy of the Administration with our current energy supplies. The Administration has neither sought to conserve existing resources, nor develop new ones. Last year the President vetoed legislation approving minimum energy efficiency standards for household appliances. This would have raised efficiency levels between 15 percent and 25 percent, and by the year 2000, saved an amount of energy equal to that produced by about 22 large power plants. Furthermore, successive budgets have provided grossly inadequate research funding for renewable sources.

Neither has the Administration adopted the most cost effective means of achieving energy security—filling the Strategic Petroleum Reserve (SPRO). The Congress has repeatedly sought appropriations to fill SPRO at a daily rate between 220,000 and 300,000 barrels. These attempts have been resisted by the Administration and the current fill rate is only 75,000 barrels per day. The recent fall in oil prices was the time to build up our reserves and lessen our dependence on foreign imports. In characteristic fashion, this was yet another golden opportunity missed by the Administration.

Instead of establishing a coherent energy policy, the Reagan Administration is once again seeking to plunder the California coastline. Mr. Chairman, I urge you to reject this leasing plan until we have an Administration which is more sensitive to the needs of the environment, more informed about energy conservation, and more willing to listen to the American people.

CONFUSED

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. BROOMFIELD. Mr. Speaker, I found the following item which appeared recently in the Washington Post amazing.

There must be more to this story than meets the eye, and I am sure the State Department has an explanation. But as a Member of the House Foreign Affairs Committee who has been trying to understand the lapse of security at our Moscow facilities, I confess I am confused.

In light of the ongoing revelations about State Department laxity toward security overseas, I wanted to call this item to the attention of my colleagues.

BUILDING THE LILY . . .

Seen in the fickle light of superpower relations, last year's major triumph is sometimes this year's major embarrassment. Consider the State Department's announcement in November 1986 of its 1985 "Security Engineering Officer of the Year" award:

"Frederick Kenneth Crosher . . . was cited for his outstanding performance on the technical security aspects of the new office building in Moscow."

Yes, the one that various statesmen are now heatedly consigning to the bulldozer because of problems with its, er, security aspects.

Singled out for praise, among other things, was the "astuteness with which he kept administration decisionmakers and members of Congress informed. Through his exceptional efforts, he dispelled much of the confusion and prejudice that had accumulated about the Moscow new office building. He restored confidence when considerable doubt was prevalent . . . ."

The $5,000 award, announced Nov. 21—a month after the publicizing of a Senate Foreign Relations Committee report faulting the new building's security—also cited as runner-up David A. Howe, security engineering officer in Abidjan, the capital of the Ivory Coast. The announcement of his $2,000 award, while it cites his achievements in Africa, notes his fine performance on temporary duty in Moscow working on the new chancery.

Post inquiries to Richard N. Dertadian of the department's Foreign Building went unanswered.

TRIBUTE TO "POPPA" JOHN PAPANDREA

HON. GEORGE J. HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HOCHBRUECKNER. Mr. Speaker, I wish to pay tribute to a great American in my district who will celebrate his 100th birthday on April 29, 1987. I take this opportunity to direct the attention of my fellow colleagues in the U.S. House of Representatives in honor of "Poppa" John Papandrea of Hampton Bays, NY.

A native of Regio, Calabria, Italy, John Papandrea came to America in 1906 seeking new opportunities. Arriving in Meriden, CT, John earned $1.25 per day for 15 hours a day laying trolley tracks for the New Haven line. Although John returned to Italy several times, it was not until 1922 that he was able to bring his wife, Elvira, and 3 year old daughter to America.

Despite language barriers and exploitation, Pappa John's enthusiasm for the United States never wavered. Having taught himself to read and write, Papandrea remembers the day in 1921 when he became an American citizen with immeasurable pride. When the judge asked who discovered America, John replied, "My friend, Columbus."

John Papandrea has led a simple though fruitful life. A widower for 47 years, he raised his son and daughter alone. He has 5 grandchildren and 10 great grandchildren. Presently, John lives in Hampton Bays, where he is regarded as an inspiration to both young and old.

I know many of my colleagues in the House join with me in extending our congratulations and birthday wishes to Mr. Papandrea on this joyous occasion.

SCIENCE AND THE CONGRESS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HAMILTON. Mr. Speaker, I would like to have my Washington Report for Wednesday, April 29, 1987, inserted in the CONGRESSIONAL RECORD:

SCIENCE AND THE CONGRESS

A significant change in the Congress in recent years has been the growing importance of science to public policy. Policymakers are being increasingly called on to make judgments based upon technical information, a trend which will only accelerate in the future. A major challenge for the Congress is to be able to develop the expertise to handle complex science policy questions.

The Congress has long been involved in scientific and technological questions. In the early 1800s, it was searching for the reasons why steamboats on the Mississippi River were exploding. Since then, Members of Congress have debated questions such as weapons capabilities, polio immunizations, and airplane safety. In the 1970s, there was a rapid increase in the appeal to scientific evidence to marshall support for various environmental and nuclear policy issues. Today, key issues in almost every policy area—ranging from agriculture and health to defense and foreign policy—involve complex scientific and technological questions: What is the feasibility of developing computers sophisticated enough to direct the Strategic Defense Initiative? How might the advances in biotechnology revolutionize the structure of American farming? What new sources of energy, such as fusion reactors and solar collectors in space, should we pursue to improve our energy independence? What impact will robotics have on the American workforce? What are the implications of manipulating life forms through genetic engineering or of artificially prolonging life through medical technologies? To what extent will satellites allow us to verify Soviet compliance with arms control agreements? Will the scientific benefits from the $5 billion Superconducting Super Collider justify its cost? More than ever, Members of Congress are being called on to help shape the advances emerging from science and technology, and to sort out conflicting scientific assessments presented by competing interest groups.

Despite the growing complexity of the science policy issues, many of the fundamental concepts and methodologies of science are often not well understood by policymakers. Only a handful of Congressmen are trained as scientists, with the vast majority being lawyers and businessmen. Only about 1% of congressional professional employees are scientists. Many of the controversial science policy questions deal with subject matters that have developed since most Members and staffers graduated from college.

Science is the keystone of our nation's progress and our military strength. Policymakers shape science in numerous direct and indirect ways, such as by funding (or not funding) new science projects, granting businesses tax breaks for research and development, and regulating hazardous technologies. If policymakers are not able to keep pace with the advances, we will waste taxpayers' money, stifle new technologies, and squander opportunities for making America stronger and more competitive.

There are, of course limits to the extent to which we should expect policymakers to be science experts. Lawmakers can quickly come up to speed on a particular scientific issue when it becomes a central one before the Congress, just as they must quickly learn about basic foreign policy or economic issues. Members of Congress have significant scientific resources, such as experts in the Congressional Research Service and the Office of Technology Assessment, or on congressional science committees, to supply needed expertise and independent analysis. I can recall very few major policy mistakes made in recent years that were due to the failure of the Congress to understand the basic scientific issues involved. Moreover, some argue that it is not only unnecessary, but undesirable, for the Congress to be made up of science experts. They are skeptical of government by experts—fearing that after a time it would lead to government by and in the interest of experts. Thus, in discussing the emerging specter of a military-industrial complex, President Eisenhower worried that public policy itself could become the captive of the scientific-technological elite.

Improved scientific understanding by policymakers will not, by itself, resolve all the key science policy issues. Many other factors will continue to influence the policymaking process, including calculations of electoral advantage, social and ethical considerations, and the like. For example, the Strategic Defense Initiative has for some Members become as much a question of jobs in their districts or of political ideology as one of scientific feasibility. Increasing the scientific component in decision-making will not eliminate all the other public-policy components, nor should it.

To deal successfully with science policy, Members of Congress should not be expected to become science experts, but they do need to develop a basic scientific and technological literacy. This means becoming better acquainted with the scientist's concepts and methodologies, understanding the nature of scientific uncertainty and scientific generalizations, appreciating the benefits and the limitations of science, and being able to frame technical policy questions in ways that are understandable to the lay citizen. Helpful steps include better utilizing the science resources on Capitol Hill, holding regular meetings with scientists, and visiting federal science facilities. In a sense, the scientific literacy of policymakers is reflective of the general scientific literacy of their constituents. Constituents often put pressures on decision-makers to ignore scientific uncertainty, and demand simplicity where it does not exist. In large measure, improving the scientific expertise of policymakers will go hand in hand with improving the scientific expertise of the average American.

In this era of rapid scientific progress, today's advances will be radically reshaping our lives for decades to come. We need to learn enough about science and technology to be able to treat them with respectful familiarity, rather than with fear, awe, or disdain.

FEDERAL INCOME TAX RELIEF FOR MEMBERS OF THE ARMED FORCES RESERVE AND THE NATIONAL GUARD

HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. MONTGOMERY. Mr. Speaker, today I am introducing legislation to amend provisions of the Tax Reform Act of 1986 which restricted unreimbursed employee business deductions for members of the Armed Forces Reserve and the National Guard. It is essential that Congress act to restore full deductibility of expenses related to the participation of individuals in this vital element of our national defense structure.

As my colleagues are well aware, I have a long standing commitment to maintaining the strength of our Reserve Forces. One of the most pressing issues currently facing us is how to recruit and retrain qualified, experienced, and dedicated men and women in the Reserve components and the National Guard. The National Guard and Reserve Forces are integral parts of the "Total Force Policy" and it is imperative that they be maintained at maximum strength. One way in which we can encourage participation is through the fair tax treatment of expenses which are incurred in the context of Guard and Reserve participation.

Although individuals are compensated for their duties, they often incur substantial costs and expenses in traveling to and from exercises, purchasing uniforms, making telephone calls and numerous other minor expenses. Prior to the enactment of the Tax Reform Act, reservists and National Guardsmen were able to fully deduct meal and travel expenses, uniform purchase costs and maintenance expenses, expenses relating to temporary active duty and similar outlays. The Tax Reform Act limited deductions for miscellaneous and employee expenses as well as business meal expenses. In the process, though, the act has effectively limited or abolished most of those deductions available to reservists and National Guard members. This effectively increases the cost of participation in the Reserve and National Guard. Congress should act to restore full deductibility of these expenses for these dedicated individuals.

My legislation, H.R. 2214, would amend the Internal Revenue Code to restore full deductibility for miscellaneous itemized expenses, travel and transportation expenses, and meal and lodging expenses. The use of these deductions would be confined exclusively to members of the Reserve and the National Guard Forces.

I hope that my distinguished colleagues will recognize the important contribution which reservists and National Guardsmen make to our national security and will demonstrate their support for these thousands of dedicated men and women by cosponsoring this legislation. The text of the bill follows:

H.R. 2214

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1: SHORT TITLE.

SEC. 2: AMENDMENTS.

Amend Section 67 (defining exceptions to miscellaneous itemized deductions) by adding new subparagraph (b)(14).

(14) Any deduction allowable for expenses incurred by a Armed Forces reservist or National Guard member in connection with performance of services as a member of a reserve unit of the Armed Forces of the United States or of a unit of the National Guard.

Amend Section 62(2) by adding new subparagraph (C):

(C) EXPENSES FOR TRAVEL AWAY FROM HOME AND TRANSPORTATION EXPENSES.—The deductions allowed by part VI (Sec. 161 and following) which consist of expenses of travel, meals, and lodging while away from home, and expenses of transportation, paid or incurred by the taxpayer in connection with the performance by him or services as a member of a reserve unit of the Armed Forces of the United States or a unit of the National Guard.

Amend Section 274(e) by adding a new subparagraph (10);

(10) *Expenses incurred by Armed Forces reservists and National Guard members:* Expenses incurred by a member of the National Guard or Armed Forces reservist in connection with performance of services by him as a member of a reserve unit of the Armed Forces of the United States or of a unit of the National Guard.

Amend Section 274(n)(2)(A) by adding subsection 274(e)(10) to the list of exceptions.

(A) Subsection (a) does not apply to such expense by reason of paragraph (2), (3), (4), (7), (8), (9), or (10) of subsection (e).

THE POSITIVE RESULTS OF ACROSS-THE-BOARD TAX-RATE CUTS

HON. JACK KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. KEMP. Mr. Speaker, one of the predictions of those who favored the Kemp-Roth bill of 1981 and President Reagan's 25-percent across-the-board tax-rate cuts was that the rich would pay a larger share of the income tax burden, and working men and women would pay less.

The latest data show that this is true, for the fourth straight year. An article in yesterday's Wall Street Journal, by Richard Vedder and Christopher Frenze, reveals the following. The share of tax paid by the top 1 percent of all taxpayers rose from 18 to 22 percent from 1981 to 1985, while the top tax rate was cut from 70 percent to 50 percent. The share paid by the bottom 50 percent of all taxpayers fell from 7.5 percent to 7.1 percent.

According to Vedder and Frenze, "New IRS data reconfirm a trend evolving since 1981: tax progressivity has increased, not decreased since 1981, and the best way to soak the rich is to lower their taxes, leading them to voluntarily reenter the taxable economy."

I commend this article to my colleagues:

LATEST DATA ATTEST CUTS IN TOP RATE PLAY ROBIN HOOD

(By Richard Vedder and Christopher Frenze)

The historic Tax Reform Act of 1986, which slashes the top personal marginal rate to 28% (33% in some income ranges) would not have been possible without the precedent of the 1981 Kemp-Roth legislation. The success of these tax cuts laid the foundation for subsequent efforts to further dramatically reduce marginal tax rates. The Tax Reform Act lowers the top rate to well under half the 1981 level, a prospect unthinkable at the beginning of the decade. This may be the most enduring domestic legacy of the Reagan administration.

In the past several months, however, Speaker Jim Wright has embarked on a crusade to partially dismantle the legacy, halting the 1988 rate reduction for some high-income taxpayers. His populist rhetoric in support of this idea harks back to the liberal opposition to the 1981 tax legislation. That bill was fiercely opposed by the left as a "giveaway to the rich" that would make the tax system less progressive. The tax burden allegedly would be shifted from the rich onto the backs of middle- and lower-income Americans.

New IRS data reconfirm a trend evolving since 1981: tax progressivity has increased, not decreased, since 1981, and the best way to "soak the rich" is to lower their taxes, leading them to voluntarily reenter the taxable economy. For example, taxpayers with an adjusted gross income (AGI) of more than $1 million in 1985 paid 260% more in taxes than in 1981, while tax payments from those middle-income Americans earning between $25,000 and $50,000 actually fell slightly.

Critics of this type of analysis argue that it ignores distortions imposed by inflation-induced bracket creep, and thus does not permit firm conclusions about the distribution of the tax burden. A better organization of the data for this purpose is based on a percentile grouping of taxpayers. The table shows changing tax payments, both in dollars and as a percentage of the total tax burden, for the top 1% of income recipients (based on AGI), and for the bottom half of income recipients. We might call these groups "the rich" and "the poor."

Note that tax payments from the rich rose in every year, even during the 1982-83 recession. Correcting for inflation with the consumer price index, they rose 19.2% over the four years, far more than the growth in real output. By contrast, tax payments from the poor in real terms were lower in 1985 than in 1981.

In 1981, the rich paid $2.42 in income taxes for every dollar paid by the poor; by 1985, that ratio had risen to $3.12, an increase of 29%. The effect of lower marginal tax rates on unleashing the spirit of enterpise and entrepreneurship meant not only growth but "economic justice" by redistributing the tax burden from the poor toward the rich. The data suggest that the Reagan years have been, contrary to the conventional wisdom, an age of benevolent Robin Hoodism. Delaying or eliminating tax relief to upper-income groups likely will reduce, not increase, the progressivity of the federal income tax.

As for raising revenues, the type of tax rise Mr. Wright has in mind is likely to be self-defeating. Though it appears true the 1981 tax cut, though 1985, resulted in a cut in the government's real individual income-tax take (receipts rose less than 16%, below the generally accepted measure of inflation for the period), the opposite was true among the higher-income sector whose tax rates the speaker wishes to keep up. Perhaps it is not really the deficit, then, that drives the tax politics of 1987.

(Mr. Vedder teaches economics at Ohio University and Mr. Frenze is an economist with the Joint Economic Committee of Congress.)

FEDERAL INCOME TAX PAYMENTS

	Taxes paid [1]		Percent of total paid	
	Rich [2]	Poor [3]	Rich [2]	Poor [3]
1981	51.0	21.0	18.5	7.45
1982	53.6	20.3	19.1	7.35
1983	54.1	19.5	19.3	7.17
1984	62.7	21.9	21.0	7.35
1985	72.1	23.1	22.3	7.10

[1] Income taxes after credits; in billions of dollars. 1985 data are preliminary.

[2] Top 1% of taxpayers, measured by adjusted gross income.

[3] Lowest 50% of taxpayers, measured by adjusted gross income.

Source: Internal Revenue Service.

NATIONAL DAY OF REMEMBRANCE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. GREEN. Mr. Speaker, the ceremonies observing the National Day of Remembrance were held on Sunday, April 26, 1987, at Madison Square Garden in New York City.

As a participant in those events I wanted to share with my colleagues remarks made by the Secretary of the Interior, Don Hodel as well as remarks made by Benjamin Meed, chairman of the United Commemoration Committee of Metropolitan New York, co-chairman Days of Remembrance, United States Holocaust Memorial Council and president of the American Gathering and Federation of Jewish Holocaust Survivors.

REMARKS OF SECRETARY OF THE INTERIOR DON HODEL

I am honored and profoundly touched to be with you, to pray with you, and to weep with you today. This is an impelling event, because of you; because thousands of Americans, by your presence here, are sending a message to millions throughout our blessed land and to people all around the globe. That message is both simple and clear: although decades have passed since the Holocaust, we are committed more than ever to seeing to it that Americans—now and for generations to come—both learn and never forget the grim lessons of the Holocaust.

For many of you, commemorative events such as this, and books and museums which recount the terrible story of the Holocaust, are intensely personal biography; for the rest of us, the Holocaust is history to be learned—in too many cases for the first time. For most all of you here today, you never can forget; for too many of the rest of us, the question is, how do we learn for the first time?

That is why I am so excited about the prospect of construction of the United States Holocaust Memorial Museum in Washington, DC. In part, it will be a memorial to those who did not survive, and if it merely were a memorial to the dead, that would be sufficient. But we are demanding more of this project. It also must teach the living.

The horror of the Holocaust should be set forth so clearly that even the most innocent child will realize what the Holocaust was all about. No person must fail to understand that the Holocaust was mankind at its very worst; the state at its most calculating evil.

At this memorial, we must experience moral outrage. That impulse to moral outrage must not be stifled in free mankind because of some mistaken notions about democracy. Democracy does not mean compromise with, and capitulation to, evil.

I am confident that the United States Holocaust Memorial Museum will provide a gripping experience at least as moving as the one I experienced at Yad Vashem. It is because of the potential for powerful impact—and the importance of ordinary people being jolted by that impact—that our Nation's Holocaust Memorial will be located in the very heart of our Nation's capital. It will join other monuments and memorials, like the ones to Washington, Jefferson and Lincoln, which capture the most important experiences and values of America.

But, it has been asked, "Why do we have need in America for a memorial museum that focuses on a uniquely European experience, one which has relevance only to Jews?"

It is precisely because such questions have been asked that we desperately need the United States Holocaust Memorial Museum, and events such as this one you and I attend today, and the Days of Remembrance ceremonies, such as occur annually in the Capitol and such as we held for Department of the Interior employees two days ago. I instituted that observance at the Department because of my conviction that public servants have a very high responsibility and trust to be sure that, unlike as happened during the Holocaust, the conduct of public business conforms to the basic moral values of our Judeo-Christian heritage.

The plain, harsh truth is that the history and the lessons of the Holocaust have not yet been transmitted adequately to the American people. It is important that school children in Anaheim, young couples from Dubuque, civic leaders of Texarkana, and teachers from Wilmington know as much about the meaning of what happened in Auschwitz, Dachau, Treblinka and the Warsaw Ghetto as they know about the history of the communities in which they are privileged to live today.

The Holocaust directly affected Jews more than any other people, and I am gratified that Ben Meed, who is known to most all of you as a man who tells it like it is, will be the chairman of the Content Committee of the United States Holocaust Memorial Museum. Ben, I know that, under your leadership, there will be no editing of history and that the deaths of six million Jews, including more than a million Jewish children, will be reflected honestly and with integrity.

I know also that the Nation's memorial museum will capture appropriately the tragedies of all the other people who were victims of the Nazis. And it will tell the stories of the many good people of Europe who risked, and often lost, their own lives that they might save the lives of the targets of Hitler's oppression.

But, let's face it: there were too few who cared enough to speak out against Hitler, much less act against the Nazi terror. That was true in Europe and here in the land of freedom. That is one of the central lessons to be learned from the Holocaust, painful though it may be.

The fact is, of course, that the Holocaust did not happen only because of one man. Hitler may be thought of as having provided the spark, but the tinder already was there in a society that had lost its way. We never must forget that the Holocaust was significant not only because a few evil people perpetrated crimes against humanity that almost defy description. Rather, it is that so many otherwise decent people let them do it.

Society failed itself. And so did its leaders. In the 1930s and '40s, leaders in government, in churches, in the academic community—particulary in Germany, but elsewhere as well—consciously and deliberately refused to react to the repeated eye-witness accounts of Nazi horror. Where were those leading intellectuals and self-styled liberals when the Warsaw Ghetto was burning and much of European Jewry was being murdered? If those leaders—in Germany, throughout most of Europe, and even here in America—had not turned their backs, not wanting to believe and therefore not believing, how different things might have been.

It was a classic case of Edmund Burke's dictum that all that is necessary for evil to triumph is that good men and women do nothing.

We need to unmask for all to see, and we must tell and retell for all to hear, the failures during the Holocaust of leaders and of ordinary citizens alike to stand up to evil and to be counted. We must teach the crucial lesson that, when society and its leaders fail in that regard, innocent men, women and children inevitably will pay a terrible price. And when that happens, those who sit mutely in the face of evil pay the price of losing their right to proclaim they are children of God.

There are other lessons to be learned from the Holocaust. We need not dwell exclusively on the barbarism of some and the cowardly silence of others.

We also must teach about the courage of people. Your awareness of that need is evidenced by the fact that, as you have gathered together on this, the Day of Remembrance, you also have chosen to recall the anniversary of the Warsaw Ghetto Uprising.

Its proud, yet tragic, story must be told and retold. As the young people of our country read in their history books about the heroes of America, dying for freedom in places like Corregidor, they also must learn about the heroes of the Uprising to whom you and I pay tribute today, many of them only teenagers at the time, like Vladka Meed, who courageously put their lives on the line because they knew that their freedom and that of the remnants of their families were worth dying for if that is what it took.

The story of the Warsaw Ghetto Uprising must be learned, not merely told. It is a powerful lesson that mankind's indomitable will to be free can overcome the instinct to "play it safely." Those who participated in the Uprising—those outnumbered souls who fought the most awesome army in Europe with a pitiful assortment of small arms and explosives—they understood there can be no security without freedom. They serve as a constant reminder that those, here and abroad, who say "better Red than dead" are just plain wrong. There is no security without freedom.

It is appropriate to remember that the Warsaw Ghetto Uprising began on the eve of Passover, the festival that marks the first, successful effort of a people to gain freedom under God. This past week, forty-four years after the Uprising began, the Passover once again has been completed. But freedom is not complete. It certainly is not complete for the Jews in the Soviet Union who are not free to go to Israel or to come to America; or who languish in Soviet labor camps; or who cannot learn of their past, or learn the language of their fathers, or pass on their religious traditions.

For the Jews in the Soviet Union, many Jewish families here set aside at the Seder, such as at the one my wife, Barbara, and I attended, the "Matzah of Hope." But, important as hope is, we need more than that. We need the ongoing resolve of our Nation's leaders to demand an end to this current proof that man's propensity for evil did not die in the bunker with Hitler.

No matter what the temptation, we must not permit our moral outrage to be stifled.

While our efforts to see the freeing of Soviet Jewry have met with only limited success, we can be gratified that America's leaders now are not repeating the errors of the past. With unmistakable reference to the Soviet Union, President Reagan reminded America just this last week that "we cannot and will not close our eyes to the suppression of religious freedom. . . ."

This is not mere rhetoric. For example, during the all-important arms reduction discussions at the summit meeting last October in Reykjavik, our President plainly told General Secretary Gorbachev that improvement of human rights within the Soviet Union "is indispensable for an improvement in bilateral relations with the United States." The full import of that message—particularly for those whose understandable yearning for peace sometimes blinds them to stark facts—was explained by President Reagan when he said: "For a government that will break faith with its own people cannot be trusted to keep faith with foreign powers."

Today, in sharp contrast to America's behavior in the '30s and '40s, our leaders are unabashed about our commitment to ending the plight of people whose oppression is the consequence of their religious heritage. I was very proud to be an American when I saw the photograph in the newspapers last week of George Shultz attending a Seder in the United States Embassy in Moscow with Refuseniks.

Maybe we have learned some of the lessons of the Holocaust. If that is so, then we owe an enormous debt of gratitude to those of you who have been there, who fought for freedom, and who survivied—for you have taught us the importance of remembering.

You, by your never-ending efforts to have the innocents among us remember and confront the Holocaust, have made an invaluable contribution to this Nation and to all humanity. For you inspire us to be strong, to be resolute and impassioned defenders of freedom . . . freedom not only for those of us blessed by living in America, but also for our brothers and sisters not so fortunate. Thanks to you and what you have taught us, all Americans can join in saying with conviction and commitment: "Never again. Never, never again!"

God bless you and keep you; and God bless America.

YOM HASHOAH/DAYS OF REMEMBRANCE—MADISON SQUARE GARDEN—AN ADDRESS BY BENJAMIN MEED

Today, wherever Jews live from Antwerp to Melbourne, from Jerusalem to Buenos Aires, from New York to Honolulu, they have come together to remember. Only twelve days ago, we celebrated Passover and told the story of our slavery, our liberation, and our journey to the promised land. Each year, the ritual is the same, four cups of wine, the matzah, the four questions. The Hagadah: the text is the same—and yet each year, we hear the story once again, with fresh ears and with a keen sense of anticipation. Surrounded by children and grandchildren, we see the continuity of generations, father to son, mother to daughter, the story has been passed on, transmitted from generation to generation.

We are together again as we have been together for each of the past forty two years to remember, to tell not a story of liberation but of destruction and heroism. We do not gather at home, alone with our families, but together as a mass of Jewish people to demonstrate our solidarity and our courage, to proclaim to the world and to history: mirzeinen du—we are here!

We cannot lift up cups of wine, our cups are too heavy. They are filled not with wine, but with innocent blood of 6,000,000 Jewish martyrs. Our bread of affliction is not the matzah, but the crusts of stale bread that were smuggled into the ghetto, which meant the difference between life and death in the camps. Our herbs are bitter—so bitter than even after forty-two years, they cannot be digested. And our questions are not four questions of a child, but the painful questions of survivors who have spent a generation seeking answers, and still remain with thousands of unanswered questions: How could it happen? Why did it happen? How could the world stand by silently and let it happen? Why were we so abandoned? Where were the leaderships of the world?

Only twenty-five years ago, it was the survivors alone who remembered. Isolated from the community, we were alone with our *kedoshim.* Yet slowly, we were less alone. We were joined by a few Jews and then by more and soon we could fill the largest synagogue in America. Yom Hashoah has become an annual ritual as thousands come together to bear witness. Our remembrance—an accepted part of the Jewish calendar and observed by our nation as the Days of Remembrance, is now an event secure of its place in history and in Jewish memory.

This commitment to memory should not be taken for granted. Last fall, there was a penetrating article in the New York Times on "European Amnesia" regarding the Holocaust. In France, they are frightened of bringing Klaus Barbie to trial, afraid that he will awaken distant memories long repressed and better left forgotten. In Austria, forgetfulness is an art. Austria described itself as "the first of Hitlers victims." Its history ends in March 1938 and resumes in May of 1945. Seven years and two months are forgotten in Austria, erased and covered over much like Kurt Waldheim's war record. In England, they dare not awaken the records of the Nazis who entered after the war. "Better let distance memories fade," the government advises. And in Germany, the Holocaust can't be forgotten we are told, for no one ever knew. At the United Nations the files on Nazi War Criminals are closed to scholars and researchers and to Israelis, who could still bring them to justice. We are curious to know why we see these? And who is holding up the process?

In truth this is the first time in three years that we have met on Yom Hashoah without there being a crisis. First there was Bitburg, and then there was Waldheim, and for awhile over the past three weeks it appeared that this year's controversy would involve the delay of the deportation of the murderer Karl Linnas. Yet the crisis was averted because we dared to act as proud Americans and because of the government and people of Panama, strengthened by our resolve, that Nazi war criminals have no place among us.

We know—oh yes, we know—forgetfulness is easy. Even in our beloved Israel, there were those who did not believe that another generation wanted to remember. Why bring Demjanjuk and others like him to trial? And today we have seen that those who counselled forgetfullness were wrong. By the thousands, the younger generation of Israelis came to see the trial, children from Morocco and Iraq. From Turkey and Ethiopia attend every day. Let us listen to the words of one young boy who said of the trial: "Our generation bears the responsibility to listen to the survivors. From here on, it is going to be only textbooks."

Remembering is a responsibility. From the moment of our liberation, it has been our obligation to the past—but it is no longer our obligation alone. We have been joined by the second generation. In many cases, our children have become our colleagues and co-workers in the efforts of remembrance. Soon, they will become the managing partners, securing the continuity of remembrance for generations. And we have been joined by the community at large, which has embraced the cause of remembrance as the obligation of all Jews and non-Jews as we insisted—that it is not enough that we remember, but we must insure that others do not forget and not to allow history to repeat itself.

As I look out at this audience, 6,000 strong, one person for every thousands of our kedoshim, one tenth of one percent of those who were murdered, I have a strange feeling—we are the Jewish people: old and young, religious and secular, survivors and American born. We are united—our pains are the same pains, our hopes for Israel, the same hopes, our obligations to Soviet Jewry, identical. We are together as never before and it is important that we stay together as the vanguard of a movement to remember.

To conclude let me say to the masses of children who are attending the Demjanjuk trial in Jerusalem and listening to the survivors' testimony, who understand that time is our enemy, time is against us. Yes, survivors are vitally concerned with the hagadah, with the story that will be told of our experience. It is important that we bring to trial Nazi collaborators, but let us never forget, who was responsible for the Holocaust—the German Nazis, the German People and the world that was mute and deaf to our sufferings—never again will this happen!

As the years pass and as time wanes for the survivors, our task is to serve as a midwife to memory, enabling projects to be born; as the conscience of remembrance insisting that history be represented truthfully and with dignity; and as a catalyst for learning by telling our story, by sharing what we know, enabling others to learn.

We have done much and walked so far, but there are many miles to go before we sleep. Let us remember!

CONGRESSMAN GILMAN PAYS TRIBUTE TO OLDER AMERICANS MONTH, MAY 1987

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. GILMAN. Mr. Speaker, as many Members know, the month of May has been designated as "Older Americans Month." There are an estimated 29 million senior citizens 65 or over, more than one out of every ten Americans, with the numbers growing everyday. Our older Americans have contributed many years of service to their families, their communities, and the Nation, representing the bulk of our wealth of knowledge and experience. During May, we should acknowledge our older Americans for their accomplishments and dedication with appropriate programs, ceremonies, and activities. But we should not stop here. We should provide them with quality health care programs, adequate social security benefits, and sufficient social services programs.

Protecting the life-savings of our senior citizens from the high medical costs associated with catastrophic illnesses must be a top priority of the 100th Congress. During the month of May we should rededicate ourselves to efforts to enact comprehensive health coverage for our senior citizens which will protect the savings they have accumulated over their working lives. The Ways and Means Committee's Health Subcommittee recent approval of a package of significantly expanded Medicare benefits for victims of catastrophic illnesses is a positive step toward reaching this goal. But must also consider subsidizing other major expenses not covered under Medicare, including nursing home care and prescription drugs.

Congress must also have certain that we provide sufficient social services to the elderly, including meals-on-wheels, adult day care, senior citizens centers, legal services, pre-retirement counseling and transportation. The Olders Americans Act of 1965 has provided these services to our senior citizens to help enable them to adapt to the rising cost of living. In 1987, a total of $1.38 billion was authorized, with $976 million going for social services and nutrition. Congress will be asked this session to reauthorize the immensely popular Older Americans Act for 4 years at levels 5 percent above fiscal 1987 levels. Also included in this legislation is a provision that persons with Alzheimer's disease and their families to be among those eligible to receive the new in home services for the frail elderly. This would help our senior citizens meet their financial burdens while coping with their trauma at home with their loved ones. And while Congress is working to ensure the availability of low-income housing for the poor, we should see to it that affordable housing is available to all senior citizens.

Despite the continued build up of the Social Security Trust Fund reserves, legislative action must be taken to safeguard against future disinvestment of Social Security Trust Funds for purposes not outlined in the Social Security Act. The Social Security Program was designed in 1935 to replace income lost due to retirement, disability, unemployment or death. We must ensure that the Social Security Fund is used for its intended purpose. Many older Americans rely on their social security check as their only source of income. It is therefore our duty to ensure that these savings are available to them.

I have outlined just a few concerns of our older Americans which must be addressed by Congress. Along with the invaluable assistance of my Senior Advisory Committee, I have worked to address these and other issues of concerns of my older constituents. We must direct our energy to meet the needs of our seniors in order that these Americans can continue to play an active role in the life of the Nation.

INVADING THE PRESIDENT'S RIGHT TO CONTROL TREATIES

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. COURTER. Mr. Speaker, Bruce Fein has published an article in the Washington Times pointing out that the House of Representatives has no constitutional ground on which to assert control over the Executive authority over treaties. I highly recommend this article to remind Members of the limits of our powers.

It has never been quite clear what this administration thinks it is doing by downplaying its exclusive right to control, interpret, and where necessary terminate participation in treaties. What is certain is that if these excutive prerogatives are not reasserted periodically by the administration, the House of Representatives and the Senate will gradually assume them by a kind of squatters' right. And as harmful and dangerous as it is for Congress to claim power over treaties, the danger to the conduct of successful foreign policy is increased by an administration too paralyzed to protect its rights against Congress. Worse yet when the same administration is the one that says it takes seriously the original intent of the Constitution.

INVADING REAGAN'S TREATY TURF

Time is out of joint. The Constitution explicitly denies the House of Representatives any role in the formation of treaties. Yet House Speaker Jim Wright, Democrat of Texas, recently headed a congressional delegation to Moscow to meet and confer with Soviet leader Mikhail Gorbachev on arms control.

Glowing with optimism after the consultations and voicing hopes that defense spending would be slashed if arms control agreements were concluded, Mr. Wright appeared on national television to communicate his views on Soviet-U.S. relations.

Mr. Wright, however did not stop at words. Last Friday, he ramrodded through the House of Representatives a supplemental appropriations bill by a vote of 208-178 that would compel President Reagan to comply with the unratified SALT II treaty regarding numerical limits on nuclear weapons and two nuclear test ban agreements. Mr. Wright declared he had secured an understanding with Mr. Gorbachev that the U.S.S.R. would likewise adhere to the numerical nuclear weapons limits of SALT II.

Waiting in the wings is undoubtedly a House bill that would exploit the power of the purse to compel the president to interpret the 1972 ABM treaty with the Soviet Union to preclude the testing in space of President Reagan's Strategic Defense Initiative technology based on new physical principles.

These constitutional frolics of the House of Representatives into the forbidden terrain of treaty-making authority portends a wholesale clash with the President and Senate over the role of the House in the forging of foreign and national security policy. The power of the purse does not invariably trump other constitutional prerogatives.

The Constitution empowers the president to make treaties, with the advice and consent of two-thirds of the senators voting. John Jay, in "Federalist 64," explained that the important treaty-making power, especially as it relates to war or peace, was entrusted to the president and the senators because they possessed a longevity of office, knowledge of foreign affairs, and a capacity for continuity of policy that is indispensable to success in making treaties.

The president was endowed with exclusive negotiating authority to ensure the secrecy and dispatch essential to exploiting opportunities in the negotiating process.

The House of Representatives, on the other hand, was excluded from the treaty-making process. Its "fluctuating and multitudinous composition," Alexander Hamilton observed in "Federalist 75," was incompatible with the qualities necessary for exercising treaty-making responsibilities: comprehensive knowledge of foreign politics; a firm and systematic adherence to long-range goals; an unyielding defense of national dignity; and decisiveness.

Mr. Hamilton's view was shared by Alexis de Tocqueville, who noted 150 years ago that democratic institutions with numerous members are generally inept in foreign affairs because of a propensity to obey momentary passions and to insist on immediate results.

The House appropriations bill that would give long-moribund portions of SALT II the status of law nicely demonstrates why the House of Representatives was fenced off by the Constitution from the treaty-making process.

1. Lack of comprehensive knowledge of foreign affairs:

The vast majority of the House members are foreign-policy amateurs. They devote most of their cerebral time and energy to satisfying parochial constituent needs and planning re-election campaigns at two-year intervals. These tasks representatives generally perform with virtuosity.

In contrast, most representatives are unschooled in the intricacies and evolution of foreign-policy or national-security measures. Their votes on these matters reflect more feelings of the heart than sober judgments of the head. The House appropriations vote on SALT II reflects a natural yearning for hopes and symbols of international peace, but neglects the unsentimental realities of Soviet behavior.

The bill denies the president funds to deploy strategic nuclear weapons in excess of the numerical limits specified in the SALT II treaty if the Soviet Union also complies with the numbers. But the bill ignores Soviet violations of several other SALT II provisions that were pivotal components of the entire pact: the Soviets have tested two new ICBMs, built a phased-array radar in the Soviet interior, and encrypted missile-testing information, all in contravention of SALT II.

The numerical limits also constrain the U.S. military modernization program and foreclose the president's option of forcing the Soviets into serious ICBM reductions by threatening to strengthen the military posture of the United States. That option is needed.

The Soviets displayed seriousness about limiting intermediate nuclear forces in Europe and Asia only after the United States and NATO allies began installation of Pershing II and ground launched cruise missiles.

Similarly, the SALT I and ABM agreements of 1972 were signed by the Soviets on the heels of massive U.S. bombing and mining in North Vietnam, when many in the West were saying that strong U.S. actions would ruin the chance of an accord with Moscow. And Soviet accession to the 1963 Nuclear Test Ban Treaty that outlawed atmospheric and oceanic testing followed a firm U.S. stand in the Cuban missile crisis.

In sum, House members untutored in Soviet diplomacy fail to understand the imperative of a staunch and aggressive defense of the nation's security interests to deter Soviet adventurism and to fashion tolerable arms agreements or understandings.

2. Lack of policy continuity and coherence.

A continuity of policy is critical to successful foreign and national security goals. In those realms, patience and persistence are necessary for plans to ripen and show signs of success. Long-range policy is a prerequisite for sensible planning, development and deployment of sophisticated weapons systems, such as SDI or the Trident submarine, that fit a larger national security strategy.

Further, many years or decades of careful negotiations are typically necessary to conclude arms control treaties because of the complexity of the subject and the intricacies of foreign politics. Thus, the United States must maintain a reasonably uniform and stable negotiating stance to forge favorable treaties.

The House of Representatives, however, is ill-suited for policy continuity. The appropriations bill requiring compliance with SALT II, for instance, lapses after one year, when the issue must be considered anew.

Furthermore, the composition of the House changes at regular intervals, which ordinarily causes a change of viewpoint. The House vote on SALT II dangerously impairs the president's negotiating stance with the Soviets in searching for meaningful arms reduction beneficial to the United States and its allies.

In addition, because of biennial elections, House members are prone to support foreign-policy gambits which provide illusory short-term benefits that may aid the next election campaign but which occasionally prove calamitous in the medium or long term.

Representatives are inclined unwittingly to follow the missteps of British Prime Minister Neville Chamberlain who, returning from Munich in 1938, errantly proclaimed, to cheers of public approval and temporary popularity, that he had brought peace in our time.

President Reagan's SDI elicited strident verbal denunciations by the U.S.S.R. and congressional critics, but has already yielded manifold arms control benefits. The Soviets have displayed unwanted enthusiasm for arms control agreements regarding strategic defense.

Despite the ardor for arms control it has engendered in the Soviets, SDI funds have repeatedly been slashed by the House because its most tangible benefits are probably five to 10 years away, far beyond the next election cycle.

House members prefer to vote for highway projects in lieu of SDI because the former provide rapid tangible benefits to local constituencies who control the political careers of representatives. As a consequence, actions by the House in the field of foreign affairs are invariably provisional, with nothing settled for the long term.

3. Lack of decisiveness:

Compromise is the earmark of the internal politics of the House of Representatives. A multiplicity of viewpoints typically receive some recognition in legislation in order to satisfy a majority.

Omnipresent compromise, however, prevents the House from staking out and holding to an unequivocal foreign policy or national security strategy.

Thus, the House votes to fund some freedom fighters abroad, but not others; it denounces human rights violations in some parts of the globe, but not in others; it offers incomplete funding for SDI and MX missiles. In sum, there is no strategic organizing principle that can explain House voting patterns regarding international relations.

A nation, however, will be impotent in global politics unless it speaks with clarity and decisiveness.

What must the Soviets think of representatives who vote to prevent the build-up or modernization of strategic nuclear forces of the United States on the eve of an arms control treaty governing intermediate and short-range missiles in Europe and Asia that was occasioned by a comparable build-up strategy in the deployment of Pershing II and ground launched cruise missiles?

Their thoughts are more likely derisive than respectful.

The national security and foreign policy of the United States should not be treated as a political Tinker Toy. The time has arrived for President Reagan and the Senate to instruct the House of Representatives to keep it maladroit hands out of subjects that belong to the treaty-making process, whether through use of the appropriations power or otherwise.

If the House resists, then the president should force a constitutional confrontation. He should seek a declaratory court judgment that an appropriations bill that requires adherence to treaty proposals or interpretations is unconstitutional.

President Reagan would be following the venerable precedent established by George Washington, who denied treaty papers to the House on the ground that the treaty-making power was exclusively vested in the president and Senate.

If the president temporizes regarding his paramount constitutional authority, the House will increasingly invade his foreign-policy and national-security turf, to the detriment of the American people.

THE BAHA'IS OF IRAN—VICTIMS OF A CONTINUING GENOCIDE

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. LANTOS. Mr. Speaker, today marks the anniversary of the proclamation of a new world religion—the Baha'i faith—declared by the prophet Baha'u'llah in 1863 in Iran. On this anniversary, I would like to call to the attention of my colleagues in the House to this much-persecuted religious minority.

In present-day Iran, the Shi'ite fundamentalist mullahs who gained control of the country have embarked on a goal of eliminating the Baha'i religion by destroying its holy shrines, desecrating Baha'i cemeteries, carrying out pogroms against Baha'is, arresting the leaders of the faith, and executing its most prominent adherents. The bitter irony of this most horrible tragedy is that the faith of the Baha'is teaches peace and nonviolence.

An article by Bill Frelick, published in the Christian Century, describes the persecution and suffering that these peace-loving people have faced in Iran. I urge my colleagues to read this article and to join me in condemning this intolerance and violence.

IRAN'S BAHA'IS: VICTIMS OF CONTINUING GENOCIDE

(By Bill Frelick)

As the Khomeini regime settles into its seventh year in power, much of the revolutionary fervor that characterized the early years of the Islamic Republic has been replaced by the grind of daily life, the continuing war of attrition with Iraq and a general lowering of expectations about what the regime could accomplish.

One of the goals of the Shi'ite mullahs who led the revolution was to destroy the Baha'i religion. Although Baha'is accept the prophecy of Muhammad and the holiness of the Koran, they believe that Muhammad's revelation was followed by that of Baha'u'llah, a 19th-century Persian prophet. Muslim clergy, however, interpret this acceptance of future revelations as a rejection of Islam—apostasy, one of the worst crimes in the Islamic Republic.

From its beginning, the revolution brought about an outpouring of destruction and violence against Baha'is. In September 1979, the holiest Baha'i shrine in Iran was attacked and demolished. Shortly thereafter, all Bah'i community properties in Iran were officially confiscated. Graveyards were desecrated. And mobs led by local Shi'ite clergy and revolutionary guards roamed from village to village attacking Baha'is, ransacking their homes and businesses, sometimes leaving them homeless.

The entire nine-member National Spiritual Assembly—the Baha'i national leadership—was arrested in August 1980. Their bodies were never found. Eight of those elected to replace the first group were executed on December 27, 1981. The executions and burial sites were discovered only by chance.

By the end of 1981 it looked as though the revolutionary regime was not only capable of but also committed to the physical extermination of Iran's Baha'is. Hujjatu'l-Islam Qazai, president of the revolutionary court of Shiraz, stated the goals quite clearly:

The Iranian nation has determined to establish the government of God on earth. Therefore, it cannot tolerate the perverted Baha'is who are instruments of Satan and the followers of the devil and of the super powers and their agents. . . . Before it is too late the Baha'is should recant Baha'ism, which is condemned by reason and logic. Otherwise, the day will soon come when the Islamic nation will deal with them in accordance with its religious obligations, as it has dealt with other hypocrites.

The religious judge went on to say that "the Muslim nation of Iran . . . will, God willing, fulfill the prayer of Noah [from the Koran]: 'And Noah said, Lord, leave not a single family of Infidels on the Earth: For if thou leave them, they will beguile thy servants and will beget only sinners, infidels.'"

On August 29, 1983, Iran's revolutionary prosecutor general declared that all Baha'i religious organizations are illegal, and that participation in them is a crime. In response, the Iranian Baha'is disbanded their National Spiritual Assembly as well as the 400 local spiritual assemblies.

Although the persecution continues, and the regime's hostility has not abated, the worst-case scenario of holocaust feared in the early 1980s has not come to pass. From more than 100 in 1983, the number of executions dropped to between 30 and 40 in 1984; 6 in 1985; and 3 thus far in 1986.

The decline in executions could be attributed to any number of factors, including Baha'i-generated publicity. In the face of such a threat to their existence, the 4 million Baha'i adherents worldwide (including some 100,000 in the United States) began a campaign to draw world attention to the plight of their Iranian brethren.

Though the Khomeini regime is not currently engaged in a compaign of mass execution of the Baha'is, adherents to the faith are still being killed. Now, however, the killings are not necessarily officially mandated executions; increasingly, they are officially condoned mob murders.

In early May 1986—following the exhortations of a local mullah in Zaheden—a 15-year-old Baha'i boy, Payman Sobhani, was beaten to death and his body flug over a cliff. In early October, a similar mob stoning took the life of 16-year-old Bijan Talebi in Vardavard, a town near Tehran. When his mother and brother went to report the incident to the authorities, they were arrested. As of this writing, they are still being held in solitary confinement.

Aside from the official executions and mob-inspired killings, the Baha'is in Iran continue to face genocide as defined in the International Convention on the Prevention and Punishment of the Crime of Genocide. The Genocide Convention defines genocide as any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, such as

(a) Killing members of the group;

(b) Causing serious bodily or mental harm to members of the group;

(c) Deliberately inflicting on the group the conditions of life calculated to bring about its physical destruction in whole or in part;

(d) Imposing measures intended to prevent births within the group;

(e) Forcibly transferring children of the group to another group.

The Baha'i community of Iran has been victimized by each of these forms of genocide. In addition to the torture and killings, young Baha'i girls have been abducted and forced to marry Muslim men. Since Baha'i marriages are not officially recognized, the adherents are accused of prostitution and adultery—a direct threat to the survival of Baha'i families.

Baha'is have been dismissed from all government jobs, and pensions denied to retired employees. Baha'i businesses are boycotted, and Baha'i children are dismissed from school and denied the right to education. In fact, the only area of life in which the Baha'is have been accorded "equality" with the general population is in the regime's eagerness to send young Baha'i men to the Iraqi front to fight and die.

Since the revolution, 25,000 to 40,000 Baha'is have fled Iran, bringing out documentary evidence of persecution: photographs showing the bodies of the executed; lists of names of the imprisoned and tortured. But, most of all, they tell their stories. Accounts given by recent arrivals in the United States suggest that though the tactics of the regime may have changed, the goal remains the same.

One such voice is that of Jalal Shirazi (the name has been changed to protect relatives and friends in Iran). Shirazi's story began after he took an informal leadership role with his local Baha'i community. Since the Baha'i have no professional clergy, lay members are usually elected to "spiritual assemblies" that administer Baha'i affairs. In Iran, however, with the spiritual assemblies disbanded and most of the previous elected leadership executed, those—such as Shirazi—who attempt informally to teach Baha'i children and otherwise to promote the faith have been the primary targets for torture and execution.

Before his actual arrest in 1984, Shirazi was denied a license to run his shop, and he received threatening calls. Later he was arrested, and denied a hearing. He also suffered brutal interrogation. He was blindfolded and made to face a wall with his hands tied behind his back. As his interrogators accused him of involvement with foreign governments in plots to overthrow the regime, they kicked and beat him, pounding is face against the wall when his answers didn't satisfy. Shirazi said that the whole point of the interrogation was to make him resent his faith.

Shortly after being released on "parole," Shirazi learned that he was to be rearrested, so he fled to Tehran where he hoped to blend into the metropolis. He began working in a Baha'i-owned factory. One day the factory was firebombed (though the authorities refused to attribute the blaze to arson), and 80 per cent of Shirazi's body was burned. He lost both ears, the use of his hands, and his eyesight in one eye. He survived because he was burned beyond recognition and was in a coma for two months. The hospital did not know it was treating a Baha'i. When his identity was discovered, the authorities came with an arrest warrant, but the doctors told them not to bother since he was certain to die anyway. Shirazi was refused a cornea transplant because the doctors said that it would be improper to place the parts of a dead believer into a heretic.

After leaving the hospital, Shirazi remained in seclusion for about a year. He knew that he was still subject to arrest and that his eyesight and use of his hands would never be restored if he stayed in Iran. But equally important to Shirazi was the realization that his children would be denied any opportunity for education or to practice their religion freely if they remained in the country.

So he raised about $10,000 to pay smugglers to take him across the mountainous borders. Dressed as a Baluch tribesman to cross into Pakistan, he was discovered by border guards and jailed. Sharing a cell for ten days with the smugglers, he was able to conceal his true identity and religion. After paying a very stiff "fine," which wiped out the remainder of his savings, Shirazi was released. The smugglers agreed to try again, and this time succeeded in moving him to Pakistan—penniless, but free.

Had Shirazi failed to escape, his case probably would not have generated much international attention or response. Unless faced with a clear prospect of execution, the international Baha'i community rarely generates publicity on the behalf of an individual Baha'i in Iran. And Amnesty International has not taken up individual cases of Baha'is or other dissidents in Iran unless they face the prospect of execution. Amnesty's recent Campaign Against Torture in Iran featured the cases of individuals who had already fled the country, but did not name people believed still to be held in Iranian prisons and suffering ill-treatment.

Similarly, the international writers organization PEN declined to include Iranian writers in its 1986 listing of writers in prison. Michael Scammell, chairman of the PEN Writers in Prison Committee, explained to reporters: "Iran does not figure very much in our reports, not because we don't know what is going on, nor because we are not concerned. The problem is that we have been informed by the Iranian writers themselves that the mention of names and the drawing of attention to individual cases there usually results in the writers themselves being subjected to even greater punishments."

Just as responsible international human rights organizations are reluctant to publicize individual cases when there is a likelihood that such publicity could hurt the person more, the Western media are limited in their ability to report on the ongoing genocide because they are understandably reluctant to report on events that they cannot verify. So genocide—although a crime committed on a massive scale—remains outside the purview of those denied access to witness its occurrence. This lack of confirmable information is even more pronounced when genocide takes on forms short of mass murder, as now seems increasingly to be the case in Iran.

The U.S. media have long been barred from Iran. And since the expulsion of the last Reuters correspondent in July 1986, there are no remaining Western European journalists in the country either. Journalists today are in a position similar to that of the *New York Time's* Henry Kamm, who waited on the Thai-Cambodian border in the mid-1970s to record the accounts of refugee survivors of the Cambodian holocaust. At the time, critics dismissed Kamm's reports as exaggerated, saying that refugee testimonials were unreliable and impossible to corroborate. By the time Pol Pot was driven into the hills and the Vietnamese saw it in their interest to open the "killing fields" to the outside world, it was too late.

In some respects, though, today's journalist covering Iran has an even more difficult task than did Kamm. Kamm's dispatches—even if greeted with skepticism—were dramatic. They came at the close of a decade of U.S. military presence, and involved the most brutal and vivid forms of mass murder.

Groups like the Baha'is of Iran lack the means to capture the attention of a preoccupied world. And as survivors, refugees are often fearful of speaking out. Most have left families behind who could be subject to retaliation by an angry regime. Their concerns often continue to be those of the survivor: practical efforts to find food, shelter and protection in a foreign environment. Moreover, they frequently do not speak languages other than their native tongue and thus are unable to articulate their experience to outsiders.

A generation from now we may find that the genocide program succeeded in destroying the Baha'i religion in Iran. Success in averting mass execution does not mean success in averting genocide. As genocide continues its slow assault and as executions are replaced by constant and unyielding persecution, the outside world needs to make special efforts to be attuned to the testimonies of the Jalal Shirazis who manage to escape. We must respond to their pleas.

QADHAFI MEDDLES IN THE SOUTH PACIFIC

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. BROOMFIELD. Mr. Speaker, as a result of the successful U.S. military retaliatory strikes against Libya last year, and his recent disasters in the war in Chad, Colonel Qadhafi has maintained a lower profile in international terrorism. After that brief lull, however, Qadhafi appears ready to resume his nefarious business.

Qadhafi recently hosted a conference in Libya for revolutionary and so-called progressive groups from the South Pacific. Delegates came from as far away as New Caledonia, the Solomon Islands, New Guinea, and other Pacific basin countries, Colonel Qadhafi warned the groups about imperialism in the region, foreign military bases there, and the presence of American naval vessels.

As part of his strategy in that region, Colonel Qadhafi is trying to establish diplomatic and trade ties with South Pacific island nations. If Qadhafi is true to form, his South Pacific embassies will become supply centers for Libyan terrorists and others who want to attack United States interests in that area and destabilize pro-Western governments.

Qadhafi's moves are of particular concern in light of the expanded Soviet presence in the Pacific. The Soviets have opened embassies there, and have won access to port facilities along with fishing rights. Soviet naval power is also being projected into the South Pacific from the former United States military installations in Vietnam.

I am equally concerned about reports that Qadhafi is reestablishing his terrorist support networks in Europe and elsewhere. I encourage our Government to monitor carefully Qadhafi's attempts to establish influence in the Pacific and to again conduct terrorist activities in Europe. Although Qadhafi has suffered setbacks in recent years, he is still a formidable threat and should not be taken lightly.

The following article from the Washington Times of April 22, 1987, describes Qadhafi's new moves in the South Pacific.

QADDAFI CALLS FOR 'FREEDOM' FIGHTING IN THE SOUTH PACIFIC

TRIPOLI.—Libyan leader Muammar Qaddafi is accusing Western powers of wanting to turn the South Pacific region into an arena of conflict and is calling on revolutionary groups there to fight for freedom.

"The small nations of the Pacific Ocean are in danger . . . at the hands of France, America, Britain, Zionism and racism," he told a conference of revolutionary groups from the area on Monday.

"They all want to transform your region into one of nuclear tests . . . and a military theater of operations in the Third World War. They want to sacrifice you on behalf of the peoples of America and Europe," he said in a speech broadcast by Libyan television.

Over the weekend, Col. Qaddafi hosted a three-day conference in the town of Misratah, east of Tripoli, attended by representatives of more than 60 "revolutionary and progressive and pacifist groups from the Pacific," the Libyan news agency JANA said.

The delegations included groups from New Caledonia, Fiji, Vanuatu, New Zealand, the Solomon Islands, Papua New Guinea, Australia, Japan, Indonesia, Thailand and the Philippines, JANA said.

According to Libyan radio, the participants examined questions related to the "imperialist presence in the Pacific region: military bases, nuclear arms and naval fleets," as well as "strategies to confront imperialism and neo-colonialism."

A spokesman for the New Caledonian Kanak Socialist National Liberation Front (FLNKS), Yann Uregei, told the conference on Sunday: "The Kanak people live in very difficult conditions, and have become foreigners in their own land."

Mr. Uregei said that "the objective of the French colonialists was the liquidation of the Kanak people," JANA said.

FLNKS is campaigning for New Caledonian independence from France. The South Pacific territory has a majority of French and Asian inhabitants who are believed to want to retain ties to France. Native Melanesians, or Kanaks, represent about 40 percent of the population. France is in the process of scheduling a referendum on independence this year, but Kanaks want to limit the eligibility of non-Kanaks to vote.

Col. Qaddafi's conference in Misratah has disturbed the governments of France, Britain, New Zealand and Australia.

Australian Prime Minister Bob Hawke has accused Tripoli of promoting terrorism and destabilization in the Pacific under the guise of establishing diplomatic and commercial relations with countries in the region.

A spokesman for the Libyan Foreign Ministry said that Mr. Hawke's comments served the "interests of the American and French governments in perpetuating their domination and manipulation of the peoples of the region."

Diplomats in Tripoli say that Col. Qaddafi is disappointed by what he sees as lukewarm reactions to the U.S. air raid against Libya on April 15, 1986, and he is reeling from his military defeat in Chad.

In this situation, they say, he has decided to move away from traditional military and diplomatic fields, and toward support for "the oppressed populations of the world."

The diplomats point to ceremonies in Tripoli last week marking the anniversary of the U.S. air raid that gathered American Indian and Irish representatives, as well as leftist and pacifist Britons, Americans, Canadians and Australians.

Col. Qaddafi also has moved closer to the Arab countries, moderated his support of Iran in the Gulf War and renewed contact with Yasser Arafat's Palestine Liberation Organization.

British Foreign Secretary Sir Geoffrey Howe, visiting in Bangkok, Thailand, said yesterday that Asia and the Pacific should be doubly vigilant toward the Soviet Union and reject any advances from Libya, which he said had no legitimate business in that part of the world.

Sir Geoffrey, who visited refugee camps in Thailand for Cambodians at the start of an Asian tour, said, "We can see no good reason why Libya should be engaging herself in the affairs of the Pacific, and we would counsel our friends to be extremely vigilant and have nothing to do with Libya."

TRIBUTE TO ANN LE PAGE

HON. GEORGE J. HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HOCHBRUECKNER. Mr. Speaker, I would like to bring to the attention of my colleagues an individual who has worked tirelessly on behalf of the people of Suffolk County. On May 3, 1987, Ann Le Page will be honored by the Brookhaven Business & Professional Women's Club as its 1987 Woman of the Year.

This award is given in recognition of Ann's active participation in community affairs, specifically those activities which led to the development of the South Shore Meals On Wheels Program. This program provides those residents of the South Shore who are homebound with two meals a day, 5 days a week. Due to Ann Le Page's initiative, compassion, and hard work as founding president, the Meals On Wheels Program has proved to be a tremendous success.

Ann Le Page, assistant administrator and director of nursing at Brookhaven Memorial Hospital Medical Center is an outstanding individual. Her many personal and professional accomplishments deserve our applause. I ask that my colleagues join me in commending Ann Le Page for her community spirit, and professional dedication.

LEHMAN HONORS J. MICHAEL GALLAGHER

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. LEHMAN of California. Mr. Speaker, I would like to take a minute to commend a constituent in my district, J. Michael Gallagher, who has recently been honored by the Association of Western Hospitals as one of the top 10 emerging young leaders in health care.

J. Michael Gallagher is president of the Hospital Council of Central California, an association of 70 hospitals in a 15-county region of central California.

Under Mr. Gallagher's leadership, the members of the hospital council have become very active in the area of health care policy. Through their advocacy, efforts they have provided critical information to my office and those of my colleagues as we work on important health care issues.

Mr. Gallagher's leadership capabilities are reflected in the numerous awards and honors he has received over the years, including Outstanding Human Services Administrator, Outstanding Rotarian of the Year, the Gold Award from the United Way, and Outstanding Administrator from the North San Joaquin Valley Health Systems Agency.

Mr. Gallagher has a masters of arts in government from California State University, Sacramento, and since his graduation in 1971 has continually served as a leader in the development of needed health care and human services programs in the communities where he has been located. He initiated the development of the human services programs for the city and county of Merced, CA, ran the public powers agency for health and human services representing seven cities, five school districts, and the county of Monterey, directed the seven-county joint powers agency of North San Joaquin Valley Health Systems Agency, and for the last 3½ years has served as president of the Hospital Council of Central California, where he has been instrumental in shaping the developing of State and national health care policy.

Mr. Speaker, I am pleased to have this opportunity to recognize the work and dedication of Mr. Gallagher. I find it very fitting that he has been selected by the Association of Western Hospitals as one of the top 10 emerging young leaders in health care.

INTRODUCTION OF OIL IMPORT FEE LEGISLATION

HON. MICHAEL A. ANDREWS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. ANDREWS. Mr. Speaker, today I am introducing oil import fee legislation with several of my colleagues from Texas, Louisiana, and Oklahoma. It is identical to that introduced by Senators BENTSEN and JOHNSTON in the Senate recently.

I am sure that we are all aware of the economic hardship that has befallen the U.S. energy producing community as a result of foreign governments' manipulation of the oil market. During 1986, the average price of OPEC oil dropped from $27 to $16. In August, world crude sales averaged as low as $9.25.

The impact of these statistics is severely felt by the people of the State of Texas and other oil producing States. I cannot remember a time when the outlook in Texas, and in my city of Houston, was so bleak for so many.

The unemployment rate in my State remains around 9 percent, despite recent efforts to diversify away from our traditional reliance on oil and gas. For each $1 barrel drop in the price of oil, Texas loses roughly 25,000 jobs, $3 billion in gross economic output, and $70 to $100 million in State and local tax revenue.

But this situation is not simply a problem in the Southwest—it is of major concern to our entire country. Today, just 10 years from an oil crisis that paralyzed the Nation, oil imports are nearing 40 percent of U.S. consumption.

Our country is heading toward a real energy crisis—and a national security crisis as well. National Security Chief Frank Carlucci recently told a group of my colleagues that he plans to urge the White House to devise ways to lessen the U.S. dependence on imported oil. The administration must recognize that it has a role to play in avoiding the impending crisis; I hope that it will do so soon.

One answer to both the energy problem and the Federal budget deficit is the oil import fee. My legislation will impose a variable fee on imported oil and petroleum products, with no exceptions.

The bill will tax the difference between the present price of oil and $24 per barrel. In the case of imported refined products and petroleum feedstocks, an additional $2.50 differential will be imposed to make up for the environmental costs domestic refiners must pay. All revenues gained from the fee will be used to reduce the deficit. For example, if the price of oil were to remain at $19 per barrel, the fee would bring in revenues of approximately $50 billion over 5 years.

A variable import fee of $25 per barrel trigger was recently estimated by industry sources to double the active drilling rig count in 6 months and immediately begin arresting the decline in U.S. oil production. These results would be enormous benefit to both oil producers and oil consumers.

This bill will also repeal the windfall profits tax. No more than a trickle of revenue is being gained by the tax—the cost of collecting and accounting for it dwarf the revenue that is realized.

However, repeal of the windfall profits tax would send a message to the industry that our Government is moving in the right direction on energy issues. Removal of this disincentive would permit oil producers to use funds now devoted to useless administrative activity for exploring and developing badly needed reserves.

In short, my message is simple. Unless we take action to stop the flow of imports through enactment of an oil import fee we risk the lines at the gasoline station that we experienced in the 1970's.

Unless we make a real commitment to enhancing our national security by strengthening the domestic oil industry, we will lose it once again.

Unless we give the oil producing States a signal of our national commitment to preserving their jobs, we will have to become accustomed to an unemployment rate that saps their traditional spirit.

As George Santayana once said, "Those who cannot remember the past are condemned to repeat it." Today, all of us in Congress must both remember the past, and act on it.

STATES PURSUE SUNKEN LOOT, REAL AND ARCHEOLOGICAL

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. BENNETT. Mr. Speaker, the New York Times last Sunday—April 26, 1987—ran an article dealing with my legislation, H.R. 74, to protect abandoned historic shipwrecks. It was a very informative article in that it pointed out that technological advances make it imperative we move now to protect these important artifacts. I submit for the RECORD, the article, "States Pursue Sunken Loot, Real and Archeological."

STATES PURSUE SUNKEN LOOT, REAL AND ARCHEOLOGICAL

(By Matthew L. Wald)

BOSTON.—To the treasure hunters who scour the seas for gold bullion and pieces of eight, sunken ships mean adventure and dreams of sudden wealth. But to scientists and historians, the wrecks are "underwater archeological resources," as worthy of preservation as Plymouth Rock.

States such as Massachusetts and Florida, whose coastal waters harbor submerged treasure, are interested in both the real and the historical riches. Recently they have been seeking more power to protect the underwater ruins and to share in the artifacts and precious metals that salvagers hope to find.

"Some of these sites are time capsules," said James J. Miller, director of Florida's Bureau of Archeological Research. "These shipwrecks have the potential to give information that can't be gotten from any other source on the early centuries of settlement in the New World."

Last week, a House subcommittee heard testimony on a bill that would give states title to the wrecks. This would allow them to regulate salvage operations, protecting the remains and negotiating with the finders for a share of the treasure. "Historical artifacts in state waters are no different than historical artifacts on land," said Representative Charles Bennett, a Florida Democrat and chief sponsor of the bill, which has been endorsed by the Reagan Administration. "Imagine someone trying to sell chunks off Plymouth Rock," he said. "It is the type of thing we leave our historic shipwrecks open to." (Plymouth Rock was, in fact, reduced by more than half its size by souvenir hunters during the 1800's before it was finally fenced in.)

The day after the hearing in Washington, the battle over the shipwrecks resurfaced in Superior Court in Boston, where the State of Massachusetts is fighting Barry Clifford, a professional treasure hunter, over one of the most spectacular finds in years. The Whydah, a slave ship hijacked by Samuel (Black Sam) Bellamy on its maiden voyage, cruised around the Caribbean plundering ships before running aground on Cape Cod in 1717. Two hundred and fifty years later the Whydah's wood is mostly gone, and its cargo, consisting of pieces of eight, gold dust, iron cannons and brass fittings, is scattered and buried under about five feet of shifting sand a mile off the Cape. Massachusetts wants to put the salvagers under control of the state Board of Underwater Archeological Resources and require them to surrender 25 percent of the value of the find.

Salvagers like Mr. Clifford and his company, Maritime Underwater Surveys, object to being portrayed as contemporary plunderers. While they concede that they hope to make a lot of money, they argue that without their skill, luck and willingness to take risks, the wrecks would never be found. The work on the Whydah, which involves pushing sand away with giant propellers, has been meticulous, said Mr. Clifford's lawyer, James P. McMahon. Respect for the ship's remains is partly a matter of enlightened self-interest. "By convincing the scientific community that what they've brought up is the Whydah," Mr. McMahon said, "it raises the value of the find." Mr. Clifford has said that he would like to establish a museum in Boston, though he and his investors also hope to profit by selling artifacts.

In 1981, Florida, citing a state statute, moved against salvagers and claimed title to a shipwreck. But the state was overruled in Federal District Court when a judge concluded that Federal admiralty law and its "finders-keepers" principle took precedence over state law. Since then, Florida has been seeking to negotiate with salvagers to insure that they follow archeological guidelines.

The Florida decision is binding only in the district in which it was made. Without a clear precedent, the status of laws in more than 20 other states is unclear. In the Massachusetts case, Carolyn V. Wood, an assistant attorney general, argued that the Federal Submerged Lands Act of 1953 gives the state title to land within three miles of shore. But legal arguments centered on whether the law, which Congress passed in response to a California dispute on offshore drilling, would cover shipwrecks. The Bennett bill would insure that the Federal Government has title to the wrecks, which it would then transfer to the states. But the law would not be retroactive.

While Congress debates, technical advances make the issue more pressing. Using new sonar techniques, salvagers can produce maps on which sunken ships are visible and can even find wrecks embedded below the surface of the ocean floor.

LET'S STOP ANTIFOULANT PAINTS FROM FOULING OUR WATERS

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. JONES of North Carolina. Mr. Speaker, today, I am introducing legislation, along with 20 of my colleagues, which would significantly reduce the input of organotin, emanating from antifoulant vessel paints, into the Aquatic Environment.

Organotin is a general term for a group of biocides which are often added to antifoulant vessel paints—paints which are used to prevent the buildup of encrusting organisms such as barnacles and algae. Two types of organotin-based antifoulant paints are on the market today, free association and copolymer. Generally speaking, the free-association type releases organotin at a higher rate than the copolymer type and is effective for a shorter period of time. Both types of organotin-based antifoulant paints are widely used. Approximately 70 percent of all ocean-going commercial vessels use the copolymer type. In the recreational sector, 10 percent of the U.S. vessels use the free-association type and 20 percent use the copolymer type.

Organotin-based antifoulant paints are very effective, perhaps too effective. Recent studies in England, France, and the United States have shown that low levels of organotin, in the parts per trillion range, can be toxic to many nontarget marine organisms. For example, researchers in France have found that organotin originating from recreational boats caused gross shell deformities in oysters. In the United States, researchers have found that low levels of organotin caused anatomical deformities in the reproductive organs of female snails and also caused fiddler crabs to regenerate claws which were functionally useless.

In recognition of the possible widespread toxic effects of organotin on nontarget aquatic organisms, the Environmental Protection Agency [EPA] commenced a special review of the nine most common TBT antifoulant paint formulations—TBT is one of the most common types of organotin—in January of 1986. Under this review, manufacturers of the 340 registered TBT antifoulant paint formulations are required to provided the EPA with a variety of information about their paint formulations. For example, each manufacturer must provide the EPA with information on the chemical make up of their formulation, the rate at which it releases TBT, its effect on nontarget aquatic organisms, its fate in the environment, and its effect on workers who apply and remove it. The EPA hopes to review this data, primarily the chemical make up and release rate data, and issue proposed interim regulations in the fall of this year and final rules by March 1988.

The Subcommittee on Oversight and Investigations of the Merchant Marine and Fisheries Committee held a hearing on September 30, 1986, to investigate the use of TBT in antifoulant vessel paints. Evidence presented at the hearing indicated that the concentrations of TBT in many U.S. estuaries commonly exceeds levels which have been shown to cause toxic effects in nontarget marine organisms. In addition, international paint, which produces 40 percent of marine coatings sold, testified that a restriction of the sale of the high release rate free-associated type TBT-based antifoulant paints would cause the least economic harm and would significantly reduce the amount of TBT input into the waters of the United States. Finally, it was clear from the testimony presented at the hearing and investigations conducted by my staff, that the EPA will not promulgate final regulations governing the release of TBT from antifoulant paints for at least 1 year. In addition, within 30 days of the publication of final regulations, any affected paint manufacturer may request an administrative review. This administrative review will take approximately 2 years to complete. The EPA reports that nearly every final regulation is subject to this type of challenge. Therefore, I am convinced that there is a need for Congress to act now and restrict the use of all high release rate organotin-based antifoulant paints, including TBT-based paints, until the EPA promulgates final regulations.

The legislation that I am introducing today would prohibit the use of organotin-based antifoulant paints which release organotin at a rate greater than 5 micrograms per square centimeter per day and directs the administrator of the EPA to certify which paints meet this standard. In addition, the use of organotin compounds, purchased at retail, which can be added to paint to make free-association antifoulant paint is prohibited. These restrictions only apply to antifoulant paints and organotin compounds which are intended for use on a vessel or a marine structure. The bill is an interim measure; therefore, it will remain in effect only until the EPA's final regulations regarding the release of organotin into the aquatic environment by organotin-based antifoulant paints take effect.

I believe that this bill will stop the use of all high release rate organotin-based antifoulant paints. The Navy estimates that this type of regulation will reduce the input of organotin into the aquatic environment by 20 to 50 percent. In addition, this legislation will still allow the use of many, less environmentally damaging, organotin based antifoulant paints. Therefore, I believe that this bill will significantly reduce the input of organotin into U.S. waters and yet still allow those who earn their livelihood on the water—the Merchant Marine and Fishermen—the option of using these types of antifoulant paints.

The evidence that organotin is very harmful to a wide variety of aquatic organisms is conclusive. Congress should move quickly to limit the input of organotin into our waters. The legislation I am introducing today will accomplish that goal and yet cause little economic harm to those who make and use these types of antifoulant paints. Therefore, I urge all Members to support this bill.

TRIBUTE TO IRENE PENDZICK

HON. GEORGE J. HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HOCHBRUECKNER. Mr. Speaker, it is with pride that I rise today to commend and congratulate a most distinguished constituent of the First Congressional District of New York, Irene Pendzick. The South Bay Business and Professional Women are honoring Mrs. Pendzick as the "Woman of the Year" for 1987 at a dinner to be held tonight at the Birchwood in Riverhead.

Irene Pendzick, since here marriage in 1949, has lived the honorable life of a Long Island farmer's wife. She cared for her home, nurtured her children, and then worked in the fields beside her husband, Isadore.

Irene Pendzick looked to government to be responsive to the problems of her community. When potato prices were very low, Irene organized the farmer's wives and led them to the office of Congressman Otis Pike to express their concerns. Mrs. Pendzick also testified before a congressional committee on the problem of potato prices.

Known as the "Mother of Polish Town," Mrs. Pendzick has built community in every area that touches her life. She has served on the parish council of her St. Isidore's Church; she has been a member of the Riverhead School Board; she has been a member of the hospital auxiliary.

Mrs. Irene Pendzick has held elected office in the town of Riverhead since 1963, when she became the first woman receiver of taxes. At this time, she is the town clerk of Riverhead.

The many organizations founded or developed by Mrs. Pendzick, which still thrive in her community, are a testimony to her organizational skills and the strength of her determination to improve the life of every person in Riverhead.

Mrs. Irene Pendzick represents the best that Long Island can offer this country; a person of great integrity and concern for others. She is someone who knows our history and loves our way of life. Mrs. Pendzick richly deserves the recognition she has been given and I am pleased to call her my friend.

THE KOPOT FAMILY'S STRUGGLE

HON. J.J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. PICKLE. Mr. Speaker, Soviet human rights violations continue to be a major concern and focus on ongoing United States-Soviet talks. It is becoming clear that the situation demands action in the near future, as more cases of human rights violations are shown.

The plight of the Kopot family was recently brought to my attention. The family has been endlessly harassed since their first appeal for emigration visas for religious reasons in 1977. Apparently the KGB has threatened them, stirred up neighbors against them, obstructed the son Mikhail's passage through technical school, and intercepted invitations to emigrate and other communications originating from the United States and Israel.

This is precisely the type of human rights violations that the United States has raised with the Soviet Union. If there is true change within the Soviet Union and Secretary Gorbachev is honest about changing Soviet policy toward dissidents and political prisoners, then cases like this one should be resolved with all due speed.

The Soviet Union signed the Universal Declaration of Human Rights, and the International Covenants on Human Rights and thereby guarantees its citizens the right to emigrate. The Kopot family should have the chance to exercise this "guaranteed" right and the Soviet authorities should adhere to these important human rights agreements. The Kopot family is one case out of many. Over 400,000 Soviet Jews have expressed a desire to leave the Soviet Union but in 1986, only 1,000 were permitted to do so.

Congress must continue to apply pressure and publicize this problem. We must continue to support Soviet citizens, like the Kopot family, whose exit to freedom is barred by oppressive government policies. We must protest these violations in an effort to rescue those seeking the right to worship free from harassment.

SALUTE TO GEORGE C. WEDDELL, U.S. ARMY CORPS OF ENGINEERS

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. FAZIO. Mr. Speaker, it gives me great pleasure to pay tribute to Mr. George Weddell, who has spent 37 years of distinguished service in the U.S. Army Corps of Engineers. All 37 of those years have been served in the Sacramento District. On the occasion of his retirement, I believe it is very fitting to extend a hearty thank you to George for dedicating a notable and laudable portion of his life to making California, and this Nation, a better, safer, and more productive place to live.

Mr. Weddell, a registered professional engineer, has been the Chief of the Engineering Division since 1972 and has been responsible for all planning, design, and engineering for the Sacramento District project since that time. In addition to his service with the corps since 1949, he served our country as a pilot during World War II, and is a graduate of Oregon State University with a bachelor of science in civil engineering.

In his years of service to the Corps of Engineers, George helped with construction of the Sacramento River deep water ship channel, along with several levee and channel projects that have improved the level of flood protection in the Sacramento area. He assisted in the design of military structures and facilities in California that play an essential role in our Nation's defense. Mr. Weddell also helped design many major multipurpose dams and reservoirs in the State and assisted in the planning, investigations and report preparation on a large number of important water resource projects in California, Nevada, and Utah.

Civil servants with the character and dedication demonstrated by Mr. Weddell make our country a stronger and more desirable place to live. He has brought credit and recognition to himself and his profession through his example and accomplishments. I know all of my colleagues will join me in expressing sincere appreciation to George Weddell for a job well done and best wishes for a long and healthy retirement.

AMERICAN ENERGY POLICY: A VIEW FROM EUROPE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. FIELDS. Mr. Speaker, I am today submitting for the RECORD a truly outstanding article entitled "American Energy Policy: A View From Europe."

This fine effort is the product of Mr. Paul Kelly who is vice president of Rowan Cos. and managing director of British American Offshore Limited, a London-based offshore drilling company.

In this article, which has appeared in both Oil Daily and the Offshore Magazine, Mr. Kelly articulately describes how various European nations, like Great Britain, Norway, and France, have experienced tremendous success in developing their offshore energy resources.

At a time when U.S. crude oil production has declined by 833,000 barrels a day from January 1986 to January 1987, oil production in the North Sea reached new record levels in February of this year.

Instead of waiting for the next energy crisis, the Europeans are aggressively pursuing a strategy of finding, developing, and producing the oil and gas resources they will need to achieve a modicum of energy independence.

Mr. Speaker, there are valuable lessons to be learned from the offshore energy policies of these nations and I wholeheartedly urge each of my colleagues to carefully read Paul Kelly's excellent article.

This article is particularly timely in light of Interior Secretary Don Hodel's recent announcement in Houston, TX, of our new 5-year Outer Continental Shelf leasing program.

The text of this article follows:

AMERICAN ENERGY POLICY: A VIEW FROM EUROPE

(By Paul Kelly)

LONDON.—As managing director of an Anglo-American joint venture drilling company, I am frequently asked by friends on both sides of the Atlantic to compare energy policies and related socio-political attitudes in the United States and Europe.

Historic and current production trends do evidence a difference in approaches in the two regions. United States production of crude oil declined by 833,000 barrels a day between January 1986 and January 1987, a steep 7.5 percent drop. Current production of less than 8 million barrels a day is the lower rate since 1977 when import dependence reached a peak of 48 percent. The American Petroleum Institute estimates that if the price stays at $18 a barrel, imports will rise from the current level of 39 percent of U.S. consumption to more than 50 percent by 1991. By comparison, at the time of the Arab oil embargo in 1973, imports amounted to 35 percent of consumption; in 1979 they accounted for 46 percent.

In less than a year, the orchestration of crude oil prices by OPEC's dominant members has offset all the production gains realised in the U.S. from 1982 to 1985. In 1987, according to various projections, production will fall an additional 300,000 to 500,000 barrels, to about 17 percent below the peak production of 9.6 million barrels a day reached in 1970. Yet, despite these grim figures, the Reagan administration, enjoying lower prices, to date has taken a laissez faire approach to the the problem and has advocated no specific measures to arrest declining U.S. production.

By contrast, oil production in the North Sea in February 1987 topped 3.5 million barrels a day, exceeding the all time peak achieved a year earlier. With a population of 320 million inhabitants, approximately 7 percent of the world total, the European Community of twelve acounted for 14 percent of total world primary energy consumption in 1986. Half of this energy was derived from oil and approximately a third, 7 million barrels a day, from oil imported from outside the region. Europe has thus been motivated to expand its own oil production and increase energy self-sufficiency, and while its production figures may be modest in world terms, this production has made an important contribution to the diversification of oil supply sources in recent years, reducing Western dependence on OPEC.

The U.S Congress and a series of Presidential administrations during the past thirty years have repeatedly declared energy self-sufficiency to be a U.S. national goal. Nevertheless, governmental attempts to boost U.S. oil production over this time have not been successful. Nowhere is this failure more apparent than on the outer continental shelf. In all the years from 1954 to 1980 only 2 percent of the OCS was leased by the federal government, although it is believed to contain up to 60 percent of presently undiscovered U.S. oil and gas reserves. Indeed, from 1970 to 1980 American offshore production actually decreased 34 percent and America's share of world offshore production decreased from 21 percent to 7 percent.

In Europe, on the other hand, since 1970 one of the most aggressive exploration and production plays in history has taken place in one of the most demanding environments the oil industry has ever tackled. With the support of governments all around the North Sea, the industry has found proven and probable oil reserves of more than 15 billion barrels, of which about 7 billion barrels has so far been produced. The search for gas has been equally successful, with proven and probable reserves running at more than 60 trillion cubic feet—of which less than a third has so far been produced. There are now some 39 oil fields and 17 gas fields and 17 gas fields in production or under development in the North Sea, and these represent an industry investment in excess of $87 billion—an amount of money that can only be compared with the cost of the American space program.

After the failures of successive U.S. administrations to increase oil and gas production, since 1980 the Reagan administration has pursued a more aggressive offshore leasing program which has been moderately successful. Unfortunately, the focus of concentration continues to be in the Gulf of Mexico, and to a lesser extent Alaska, while large areas offshore California remain off limits. Meanwhile, because of lower prices, between 1985 and 1986, the number of wells drilled in the U.S. declined by 45 percent from 72,086 to 39,885, the steepest decline ever recorded.

While the U.S. has allowed the free market to run its course in the interest of short term objectives, EEC Foreign Ministers met last September to approve new long term energy objectives for 1995. "Considering the major changes which have taken place on the oil and natural gas markets since 1980", the Ministers said in their joint agreement, "the more relaxed state of the markets has released some of the pressure. However, the change is not without danger. The temporary surpluses . . . together with pressure toward lower prices, could, in the short term, delay or undermine the decisions required to ensure that long term needs are covered. The effect of a depressed market on the situation of the energy industries could prevent investment." Conscious of the EEC's dependence on imports, the Ministers went on to say that, besides pursuing an efficient substitution and energy-savings policy, the Commission hoped that member states "will maintain suitably balanced legal and financial inducement in favour of prospecting for and production of oil within the Community. The Community shall also, in conjunction with other member states, examine the possibility of Community-level action to promote exploration for oil in new regions."

These contrasting responses to import dependence and prices are, in part, due to the fact that in Europe domestic production of oil and gas is embraced positively as a key element of realistic economic and trade policy as well as energy policy. In the U.S. it has yet to achieve that status. In fact, energy policy in America seems to be secondary to other policies which often are implemented in the name of energy policy. The differences in approach are reflected in the two societies in a number of large and small ways.

From a socio-political standpoint there seems to be a higher level of support for oil and gas exploration among the European population than there is among the American population. Some of this has to do with the fact that large percentages of the gross national product of Britain, Norway and Holland are now petroleum related. Britain owes its balance of payments surpluses in recent years to oil, and the job benefits throughout the country are well known and regularly tallied in the news media. The same can be said for Norway where 20 percent of national income and 40 percent of export earnings came from oil last year. Public support for North Sea oil development goes beyond pure economic factors, however. Britain, Norway, Holland and Denmark have quickly and comfortably embraced the offshore sector as part of a maritime culture with which they have a centuries old love affair. Spain and Italy also have active offshore petroleum development programs; and France and West Germany, while not blessed with significant offshore resources of their own, have oil companies involved in the North Sea. Moreover, French technology can be found in offshore petroleum provinces throughout the world, and the French are proud of that. The research, publications and educational programs of L'Institut Francais du Petrole, funded by a tax on gasoline, are widely known. Foreign dignitaries seldom leave France without touring IFP, which the government wisely uses to promote sales of French technology abroad.

European acceptance of offshore drilling technology is reflected every day on television, in the print media, in university courses and even in shops where children can find toy replicas of offshore rigs and supply boats. The British National Maritime Museum in Greenwich has a panoramic exhibition of offshore service vessels. Philips, the Dutch electronics giant, boasts the contribution its technology makes to offshore drilling rigs in advertisements in European magazines which feature dramatic photographs of drillings rigs at work in rough seas. Virtually all countries in Western Europe strive to play a larger role in understanding and developing offshore drilling technology seeking collaboration among industry, government and academic institutions to give each national economy increased energy self-sufficiency and a greater share of the economic pie. American companies find themselves pressed to assist in the development of indigenous industry and technology through joint ventures if they wish to remain in business in the North Sea.

The United States has been preeminent in offshore drilling technology since the search for hydrocarbons first went out beneath the oceans in a major way in the 1950's. Compared to Europe, however, the endeavor generates much less acceptance and support among the populace. The U.S. petroleum industry stands pretty much on its own when it comes to communicating its scientific and technological advances without the same degree of cooperative support and encouragement of government, educational and media institutions encountered in Europe. Senior energy officials in the U.S. government seem complacent next to their European counterparts who are aggressive promoters of indigenous industry, technology and production. Progress made in deepwater drilling technology made in the United States during the past twenty-five years rivals progress made in space technology over the same period but U.S. government leadership has done little to communicate these important advances to the public. The view from Europe, where such technology is actively studied and sought after, is that America does not appreciate what it has. It was Winston Churchill who said "Unless the intellect of a nation keeps abreast of all material improvements, the society in which that occurs is no longer progressing".

Explaining why Norway decided to give limited support to OPEC's efforts to lower production by withdrawing 80,000 barrels of oil from the market last fall, Tor Tonne, Director General of the Royal Ministry of Energy, said the oil price drop has not produced the economic benefits predicted by some analysts a year ago. Similarly, U.S. economists are now questioning how it is that the negative effects of lower oil prices seem to have spread from just the oil producing states to other parts of the country offsetting what they perceived to be the positive effects of lower oil prices. The oil economy and the jobs it creates extend far beyond the traditional oil producing states as illustrated recently when the American drilling contractor, Rowan Companies, Inc., took delivery of its fourth in a series of large mobile jack-up rigs exemplifying leading edge technology for offshore drilling platforms. These units were designed and build in the United States at a cost of $85-90 million each and include components manufactured by thousands of workers in forty-five different states, not just the Gulf Coast states. The event and the nationwide economic benefits went largely unnoticed. In Britain, however, the recent completion of a similar drilling rig constructed in Scotland under a licensing arrangement with an American company was a national media event celebrated with a traditional vessel christening by Her Majesty Queen Elizabeth II.

No one is asking the Reagan administration to abandon its free market principles. At the same time, it is not unreasonable for the hard pressed citizens of America's oil producing states, where nearly 300,000 jobs have been lost since 1982 and the oilfield service industry, which collectively lost $5 billion in 1986, to expect some leadership from their government. In Britain the Thatcher government recognizes that its actions cannot transform an industry beset by lower prices, excess capacity and reduced cash flow, but at least it can take some measures to preserve an important industrial base in the national interest. The most popular measure under consideration is to allow breaches of the "ring fence" which prevents the development costs of a new field being offset against the petroleum revenue tax [PRT] of an existing field. U.K. Chancellor of the Exchequer, Nigel Lawson, has included in the new Budget a 10% offset of the costs of developing new fields against PRT liabilities in existing fields. There will also be new relief against PRT for spending on research into U.K. oil extraction that is not related to any particular field.

While Parliament and the Finance Ministry are considering fiscal measures, the Energy Ministry is focusing on practical steps that can be taken. First, the Ministry relaxed its position regarding the definition of separate fields eligible for PRT, so that new fields in close proximity to already producing fields, such as Amoco's Arbroath Field, can be developed without delay. Next the government announced it would accelerate the review of tenth round license applications filed in February so that oil companies will be in a position to drill wells on their new acreage this summer. The Energy Ministry also began pressing for the development of new major condensate fields and associated gas pipeline systems in the central North Sea. Mr. Buchanan-Smith had gas self-sufficiency for Britain in the 1990's in mind when he said in January, "the national interest lies in seeing our condensate fields developed to their full economic potential as soon as possible and at minimum cost consistent with good oilfield practice. I will do all I can to encourage that". In addition, the Minister has been working hard through diplomatic and trade channels to open the door for British offshore technology in Brazil, the Soviet Union and other countries. Interestingly enough, one of the new applicants in the U.K.'s tenth licensing round is Petrobras, the Brazilian state oil company. And certainly Mr. Buchanan-Smith will be found at the Annual Offshore Technology Conference in Houston this spring where he never misses the opportunity to promote sales of British products and services. By these actions British policy makers are not attempting to influence the price of oil. They are, however, providing leadership in seeking out other means to maintain a viable petroleum industry and prevent a decline in domestic production. American policy makers would do well to follow their example.

European energy policy is concerned with the efficient development of energy resources as it relates to national security and economic growth. It is assumed that if a country is fortunate enough geologically to possess energy resources these resources can and should be developed. United States energy policy seems to exist more as a by-product of other competing policies and forces rather than as a focused production-oriented policy as it does in Europe. In America the real purpose of action taken in the name of energy policy often has a primary goal of keeping the prices of fuels as low as possible. Thus, consumer policy often masquerades as energy policy. In the administration of U.S. public lands environmental policy often takes priority over energy policy instead of being balanced with it. Europeans are no less sensitive than Americans when it comes to the environment. However, whereas in Europe the assumption is made that energy resource development and a clean environment are compatible objectives, thanks to modern technology and carefully regulated operating practices, in America large areas of public land are withheld from development because the risk of environmental damage is considered too high. The worldwide record of oil and gas development in the last eighteen years suggests the European assumption is correct and that many of the complex environmental risk assessment regulations and procedures currently in vogue in the U.S. are overdone. The legislative basis for oil and gas licensing in the United Kingdom is the Petroleum Production Act 1934, as amended in 1964 to cover offshore licensing. The only direction given to the Secretary of State for Energy under that Act is contained in eighteen lines of text covering about four inches in the statute books which grants the Secretary wide discretion in issuing licenses, determining fees, setting conditions and making regulations. From these eighteen lines of simple legislation came energy independence for Britain.

There is nothing in any European country comparable to the exhaustively intricate, pyramidic structure of America's Outer Continental Shelf Lands Act and its accompanying regulations. In fact, the whole body of Britains's Petroleum Production Act is smaller than many sections of the OCS Lands Act; and this comparison does not include at least a dozen other environmental statutes adopted by the U.S. Congress during the 1970's which further complicate and delay offshore oil and gas production in America.

What do Europeans think as they observe the endless Congressional fights, local disputes and litigation over offshore leasing in virtually every part of America except the Gulf Coast? Pointing out how many more lawyers per capita America has versus all of its trading partners, Michael Ball, writing in the March issue of Atlantic magazine published in London said, "most of the great civilizations of the world which were founded on the basis of law and order eventually found themselves strangled by too many rules and regulations, too many laws and too many lawyers." Referring to the trade imbalance with Japan, Ball askes, "Is it reasonable to speculate that Japan's commercial superiority stems, in part at least, from putting its energies into research and development and efficient production rather than ever-increasing regulations and an ever-increasing number of regulators?" European energy specialists rightly ask whether America has not over-regulated and over-litigated itself to the point where it is incapable of arresting the decline in oil and gas reserves and looking after its own welfare. Our European allies have a strong interest in American energy policy because at some stage the growing appetite for imported oil of the world's largest consumer is bound to affect their import markets and their welfare.

Frank Levy, a University of Maryland economist, says that "for years Americans have been living an illusion of increasing prosperity, living on borrowed money and borrowed optimism. As a result, they are digging themselves into a deep hole". Part of this illusion is endless domestic energy supplies. Focusing on cheap fuel and imagined but unrealistic environmental risks, Americans have turned a blind eye on their own long term energy needs, jobs and economic health, and huge federal budget and trade deficits. How easily they forget that the income loss in America generated by the 1973-74 oil shock, followed by slow-growing productivity, meant that real wages did not return to their 1973 levels until 1979. Then the Iranian revolution and the second major oil price increase began the cycle again. The result was more than a decade of declining wages, and even today the average earner who was 40 in 1973 makes 14 percent less than he did then, measured in constant dollars.

If the U.S. is to avoid economic cycles like this in the future and maintain mass upward mobility as a part of American life it must put its house in order. In 1985 Americans spent $52 billion on imports of crude oil and petroleum products. In addition to fueling America's future economic growth, boosting domestic petroleum production would make a substantial contribution towards removing the two major obstacles to growing productivity and wages—the budget deficit and the trade deficit. Continued inaction and ambivalence towards such obvious solutions to these problems only engenders an impression on this side of the Atlantic that Americans are still living the illusion of rising prosperity and are still not serious about reducing these deficits.

TESTIMONIAL IN HONOR OF THOMAS WILSON DIBBLEE, JR.

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues, the remarkable accomplishments of my constituent, Mr. Thomas Wilson Dibblee of Santa Barbara.

Thomas Dibblee, Jr., was born in 1911 to a pioneer family, and was raised in California on Rancho Julian, near Santa Barbara. While in high school, Mr. Dibblee first learned the rudiments of and developed a love for field geology. When he received the American Association of Petroleum Geologist Human Needs Award in 1981, he had mapped more than one-fifth of the entire State. A graduate student from Stanford University, Mr. Dibblee worked with Atlantic Richfield Oil Corp. He then joined the U.S. Geological Survey and for 13 years mapped the western and south central Mojave Desert. Between 1966 and his retirement in 1978 Dibblee mapped the San Andreas Fault.

In recognition of his contributions to the advancement of geological understanding in California, he has been given many prestigious awards, including the American Association of Petroleum Geologists Human Needs Award and the U.S. Geological Survey Distinguished Service Award. Recently, President Reagan presented the Presidential Volunteer Action Award to Mr. Dibblee.

Now retired, he resides in Santa Barbara with his wife Loretta. He is presently associated with the University of California in a research position. He has been mapping the geology of the Los Padres National Forest on a voluntary basis to examine various geological aspects of the land.

A foundation has been estabished as a tax-exempt, nonprofit organization expressly for the purpose of publishing the extraordinary amount of Dibblee's mapping which is not yet in print.

During the past 50 years of his career, Thomas Wilson Dibblee, Jr., has dedicated his professional skills to mapping the complex geology of California. He has mapped more than 10,000 square miles. Please join me in extending the very best wishes of the House to a very important man in my community, Mr. Thomas Dibblee, Jr.

NO TARGETED JOBS TAX CREDIT FOR UNION BUSTING

HON. JIM MOODY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. MOODY. Mr. Speaker, the targeted jobs tax credit is a useful incentive to businesses to hire the economically disadvantaged.

Last year's Tax Reform Act extended the TJTC, authorizing a credit to businesses equal to 40 percent of the first $6,000 in wages paid to qualified individuals for the first year of employment. I support the TJTC, since it clearly provides a way for the Government to stimulate business interest in hiring qualified economically disadvantaged workers.

Unfortunately, in Wisconsin, the TJTC is being used to prolong a labor dispute. Three months ago, union workers at a meatpacking plant near Milwaukee went on strike when they were unable to reach agreement on a new contract with management. The National Labor Relations Board has already ruled that the company has refused to bargain in good faith, leaving the workers no choice but to walk out.

The company's response? Use the TJTC to subsidize at taxpayer expense the hiring of workers to replace the striking union workers. To my astonishment, there is no prohibition in current law preventing the use of the TJTC for such a purpose.

So that leaves us in the bizarre position of having the Government finance a company's efforts at what many local observers believe is nothing more than union busting. This is an outrageous abuse of a very worthwhile Federal tax incentive.

Clearly, the Congress never intended the TJTC to be used to prolong strikes, bust unions, or substitute TJTC-qualified employees for striking workers. Therefore, I am today introducing with my distinguished colleague Representative GERRY KLECZKA, legislation to prohibit the use of the TJTC by companies when management and workers are involved in a labor dispute. Our bill would simply deny the use of the credit against wages paid to qualified individuals during the period of a strike or lockout.

I want to commend GERRY KLECZKA for his important contributions to this needed legislation, and in particular for his forthright and uncompromising efforts on behalf of working people. I'm pleased to have had this opportunity to work with him to craft perfecting changes to the TJTC.

I urge my colleagues to support this change in the TJTC. It's time we closed this union-busting loophole in the law which the Congress never anticipated.

HONORING 25 YEARS OF DEDICATED SERVICE

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HERTEL. Mr. Speaker, I rise today to mark the occasion of Rev. Walter Swietek's 25 years of devoted service to God.

Father Swietek began his ministry in Poland after witnessing the Nazi occupation of that country and the holocaust of many nations during World War II. He received both his bachelor of science degree and his sacred theology bachelor's degree at the Wroclaw Papal Institute in Wroclaw, Poland.

Beginning in 1962, Father Swietek served for 9 years as assistant pastor in a number of parishes throughout Poland, sharing his love for God and his commitment to the Church.

The death of his brother in 1975 served to renew and strengthen his fight for religious freedom. Karol Swietek died from illnesses contracted while incarcerated as a "political prisoner." During this time he was tortured simply because of his sermons in defense of the religious freedom of his fellow man. His brother's death had an "overwhelming impact" on Father Swietek's "service for freedom."

In 1971, Reverend Swietek came to the United States and overcame language and cultural roadblocks in order to share his commitment with a greater number of people. He appreciates the opportunity for open discussion of the church and its applications in contemporary life.

After a special eucharistic jubilee at his Sacred Heart parish in May, Father Swietek will head to Poland in June. There he will celebrate with his fellow "silver" seminarians and hopes to meet with Pope John Paul II, who is also planning to be in Poland at that time.

These special ceremonies are only fitting for a man of such dedicated commitment. I ask my colleagues to join me in wishing Father Walter Swietek congratulations and the hope for a continually successful and fulfilling future.

COVERAGE OF MENTAL HEALTH SPECIALISTS SERVICES UNDER MEDICARE AND MEDICAID

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. ROYBAL. Mr. Speaker, today I am introducing a bill to cover the services of mental health specialists under the Medicare and Medicaid programs. Clinical psychologists, clinical social workers, and psychiatric nurse specialists provide valuable and cost effective mental health services which are desperately needed by many of our elderly. These services constitute a crucial component of modern health care and are fully deserving of Medicare and Medicaid reimbursement.

America's elderly are clearly in need of increased access to mental health services. Studies indicate that 15 percent to 20 percent of elderly Americans—between 4 and 6 million persons—suffer from significant mental health problems. The Congress has recently become aware of the devastating effects of Alzheimer's disease and has begun to respond to the overwhelming plight faced by Alzheimer's victims and their families. We must recognize, however, that disorders such as depression and alcoholism are also exacting a heavy and disturbing toll among our elderly citizens. Elderly men over the age of 75, for example, have the highest suicide rate of any age group in America, and experts tell us that as many as 30 percent of elderly persons labeled "senile" actually have reversible conditions which could be alleviated with appropriate mental health treatment.

In spite of such great need, elderly persons have restricted access to mental health services under Medicare and Medicaid. Medicare mental health benefits are minimal and have not changed since the program was instituted over 20 years ago. The elderly are seriously under-represented among persons receiving treatment for mental disorders, and elderly clients account for only about 6 percent of persons receiving services at community mental health center. It has been estimated that almost 80 percent of elderly persons in need of mental health services fail to receive any treatment at all.

Currently, most mental health services are reimbursed by Medicare and Medicaid supervision. This requirement restricts access to mental health services and limits the provision of services by lower cost mental health specialists. The bill which I introduce today broadens Medicare and Medicaid to include mental health services provided by clinical psychologists, clinical social workers, and psychiatric nurse specialists. As a result, the bill increases access of elderly persons to critically needed mental health services and could reduce the cost of these services for the poor, the elderly, and the Medicare and Medicaid programs.

This bill, however, represents only a small first step in addressing the significant mental health needs of our elderly. It is my strong hope that we in the Congress will act soon to ensure adequate mental health services for elderly Americans and for Americans of all ages. Toward this end, I will soon be introducing a more comprehensive mental health initiative for better protecting the mental health of both elderly and nonelderly Americans.

H.R.—COVERAGE OF MENTAL HEALTH SPECIALIST SERVICES UNDER MEDICARE AND MEDICAID

SUMMARY

A bill to amend Titles XVIII and XIX of the Social Security Act to cover the services of mental health specialists (i.e., clinical psychologists, clinical social workers, and psychiatric nurse specialists) under the Medicare and Medicaid programs as follows:

SECTION I. MEDICARE PROGRAM

(a) Includes "mental health specialist" in the definition of "physician" under Section 1861(r) along with doctors of medicine, dentistry, podiatry, optometry, and chiropractic except for the purposes of:

Certifying the need for Part A Services (i.e., hospital, extended care, home health, or hospice services) provided under Section

1814(a) other than inpatient psychiatric hospital services as in Section 1814(a)(2)(A);

Certifying the need for Part B Services (i.e., home health, medical and health, outpatient physical therapy, outpatient speech pathology, or comprehensive outpatient rehabilitative facility services) provided under Section 1835;

Fulfilling Skilled Nursing Facility requirements under Section 1861(j), Utilization Review requirements under Section 1861(k), Home Health Services requirements under Section 1861(m), and Home Health Agency requirements under Section 1861(o).

(b) Creates new Section 1861(ff) defining "mental health specialists" as "clinical psychologists, clinical workers, and psychiatric nurse specialists."

(c) Specifies effective date as "date of enactment."

(d) Creates demonstration project for including the services of "clinical mental health counselors" as "mental health specialists."

SECTION 2. MEDICAID PROGRAM

(a) Adds services of mental health specialists (i.e., clinical psychologists, clinical social workers, and psychiatric nurse specialists) to list of Medicaid medical assistance services provided under Section 1905(a).

(b) Specifies effective date as "date of enactment."

OWOSSO CHURCH CELEBRATES 100TH ANNIVERSARY

HON. BILL SCHUETTE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. SCHUETTE. Mr. Speaker, on March 26 of this year, the Owosso First Church of Christ in Owosso, MI celebrated its 100th anniversary. This is a special day for church members and I would like to share with my colleagues some remarks on this occasion.

While regular services began on March 26, 1887, the ground for a new house of worship was not broke until May 22, 1888. On November 11 of that year, the church was dedicated, and the local paper described it as "one the most beautiful, convenient and tasteful little churches in this section"—The Owosso Press, November 14, 1888.

Over the years, the Owosso Church has seen its membership increase dramatically, and has undergone many structural additions to hold a growing congregation. For the past 20 years the congregation has met in the new building of the First Church of Christ.

Although the church and its membership had seen some hard times over the years, such as during the Great Depression, the members pulled together to remain a vital component of the Owosso community. In fact, during World War II, the members worked hard to keep in touch with the young men from their community who were serving in the Armed Forces.

Mr. Speaker, this is a church which has endured and flourished during the development of their community and State. Its membership has continued to grow and it remains an honorable place of worship for many members of the Owosso community. I hope you will join me today in congratulating these find people on the 100th anniversary of the First Church of Christ.

INTRODUCTION OF H.R. 2211, A BILL TO PROVIDING PENALTIES FOR AIDING THE PLO

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. KEMP. Mr. Speaker, I am introducing legislation that would make it a felony for anyone to provide funds or services to the Palestine Liberation Organization.

The purpose of my bill is to establish unequivocal statutory authority to shut down PLO operations in the United States.

The United States has accorded the PLO every opportunity and incentive to moderate its views and its actions. Unfortunately, recent events have reaffirmed the extremism of the PLO and its adherence to terrorism.

At the meeting in Algiers—April 20–26, 1987—of the Palestinian National Council [PNC], Mohammed "Abu" Abbas, convicted mastermind of the *Achille Lauro* hijacking, was reelected to the executive committee of the PLO. So much for Yasser Arafat's earlier pledge to punish those responsible for that despicable, cowardly act.

The PLO also abandoned its accord with Jordan's King Hussein, and agreed to curtail ties with Egypt because of Egypt's relations with Israel. In retaliation, Egypt closed all PLO offices on its territory. The United States should do no less.

By closing the PLO office, the United States has the opportunity to reaffirm its commitment to the PLO-repudiated peace efforts of Arab moderates such as King Hussein and President Mubarak. It will send a message to the PLO that the United States supports a peaceful resolution to the Arab-Israeli conflict, and rejects terrorists as inadmissible parties to negotiation.

And by making it a criminal offense to support PLO actions, we will be declaring our intolerance of any who would offer aid and comfort to international terrorism.

Mr. Speaker, a year ago tomorrow I published an article in the Washington Times, arguing that our legal arsenal should be brought to bear against PLO terrorist actions. As I said then:

> Our American tradition is grounded in the rule of law. We accept as an article of faith that no person is above the law. It is time that Yasser Arafat and other sponsor of international terror come to understand that crimes against the United States, our citizens, or our property, will not go unpunished.

Mr. Speaker, I would also like to share with my colleagues the exchange of correspondence I have had with Secretary of State George Shultz since that time, urging him to use existing authority to shut down the PLO offices here and in New York. The only response I have received to date asserts that such action is outside the Executive's power. I remain unconvinced that present law does not provide ample basis to end PLO activities in the United States. But at a minimum, my bill should clear up that ambiguity.

The letters follow:

HOUSE OF REPRESENTATIVES,
Washington, DC, October 16, 1986.

Hon. GEORGE SHULTZ,
Secretary of State,
Department of State,
Washington, DC.

DEAR MR. SECRETARY: Today, a PLO sponsored terrorist attack occurred near the Wailing Wall in the Old City of Jerusalem, killing at least one person and seriously injuring scores of others including innocent civilians.

The PLO now threatens—not for the first time—that more attacks will follow.

Mr. Secretary, for too long the United States has allowed the PLO to maintain an office in Washington D.C., and we have tolerated the presence of a PLO U.N. mission in New York. We have the legal authority, as a matter of policy, to shut down these terrorist outposts on U.S. soil. I believe it is past time for us to do so.

The PLO is a terrorist organization. Terrorists are not welcome in the United States—nor should they be welcome in any country that values human decency and human lives. I urge you to use the authority of your office to take the necessary steps to close the PLO office and mission in the U.S., and to expel foreign PLO operatives now in the United States.

If we fail to take these minimal steps, the PLO Leadership may be tempted to conclude—incorrectly—that they can conduct terrorist operations with impunity. Your swift action can help demonstrate that the PLO will pay a price for its acts of terror.

Sincerely,

JACK KEMP,
Member of Congress.

THE SECRETARY OF STATE,
Washington, DC,

Hon JACK KEMP,
House of Representatives, Washington, DC.

DEAR JACK: I am responding to your letter of October 16, concerning the Palestine Liberation Organization Information Office in Washington and the PLO Observer Mission in the UN in New York.

Like all Americans, I was outraged by the recent bombing near the Wailing Wall in Jerusalem, which claimed the life of an Israeli soldier. I join you in condemning this reprehensible and cowardly attack.

I share your deep concern about the claims of responsibility by elements of the PLO for this attack. However, the continued existence of the PLO Information Office in Washington neither reflects nor requires the approval of the United States Government. The PLO Informaton office is registered under the Foreign Agents Registration Act of 1938, as amended, with the Department of Justice and is subject to the provisions of that legislation. The Department of Justice has informed us that so long as that office regularly files reports with the Department of Justice on its activities as an agent of a foreign organization, complies with all other relevant U.S. laws, and is staffed by Americans or legal resident aliens, it is entitled to operate under the protection provided by the First Amendment of the Constitution.

The PLO Observer Mission in New York was established as a consequence of General Assembly Resolution 3237 (XXIX) of November 22, 1974, which invited the PLO to participate as an observer in the sessions and work at the General Assembly. The PLO Observer Mission represents the PLO in the U.N.; it is in no sense accredited to the U.S. The U.S. has made clear that PLO Observer Mission personnel are present in the United States solely in their capacity as "invitees" of the United Nations within the meaning of the Headquarters Agreement. While we therefore are under an obligation to permit PLO Observer Mission personnel to enter and remain in the United States to carry out their official functions at UN headquarters, we retain the right to deny entry to, or expel, any individual PLO representative directly implicated in terrorist acts. It is moreover, the policy of the U.S. to restrict the travel of members of the PLO Observer Mission to within a 25-mile radius of Columbus Circle. Special permission must be received to travel beyond this area. Such permission is granted only for humanitarian purposes.

Sincerely yours,

George P. Shultz.

House of Representatives,
Washington, DC, January 13, 1987.

Hon. George Shultz,
Secretary of State,
Department of State,
Washington, DC.

Dear Mr. Secretary: On October 16 of last year, when PLO terrorists attacked and killed innocent civilians in the Old City of Jerusalem, I wrote to urge that you use the authority of your office to close the PLO office and mission in the U.S. and to expel foreign PLO operatives now in the United States. In response, I received your letter of November 12, in which you discuss the legal and policy implications of the PLO presence in the United States, but indicate no interest in following through on my suggestion. I enclose copies of this past correspondence for your reference.

Your letter raises a number of questions, which I would like to pose in the interest of furthering a realistic policy toward the PLO.

First, you indicate that "the continued existence of the PLO Information Office in Washington neither reflects nor requires the approval of the United States government." Yet doesn't the continued existence of the PLO Information Office imply that the U.S. government condones its existence, since the government could order the closure of that office?

Second, you say that the Department of Justice has said that "so long as that [PLO Information] office regularly files reports with the Department of Justice on its activities as an agent of a foreign organization, complies with all other relevant U.S. laws, and is staffed by Americans of legal resident aliens, it is entitled to operate under the protection provided by the First Amendment of the Constitution."

Does the PLO Information office "regularly" file reports with the Department of Justice? How frequently? Would more frequent reporting requirements be beneficial?

Does the PLO file full reports on its activities? Should the PLO—a known terrorist organization—be required to file more detailed reports?

Does the PLO in fact comply with all other relevant U.S. laws? What about the Voorhis Act (U.S. Code Title 18, Sec. 2386), which requires organizations to register separately with the Attorney General if they are subject to "foreign control" and engage in "civilian military activity"?

It is my understanding that registration under the Voorhis Act would require, among other things, "a detailed statement of the assets of the organization, and of each branch chapter and affiliate of the organization, the manner in which such assets were acquired . . .; a detailed description of the activities of the organization, and of each chapter, branch, and affiliate of the organization, identified by the manufacturer's number thereon." Wouldn't such information be of use to us in governing the PLO's presence in the U.S.?

As I read the "RICO" (Racketeer Influenced Corrupt Organization) Act, under U.S. law no individual may belong to any organization that engages in terrorism, which is to say murder, etc.—as the PLO clearly does. Doesn't this legislation give the U.S. government a basis upon which to close down PLO operations in the U.S.?

Your letter notes that "[t]he PLO Observer Mission in New York was established as a consequence of General Assembly Resolution 3237 (XXIX) of November 22, 1974, which invited the PLO to participate as an observer in the sessions and work at the General Assembly." But isn't that resolution illegal by the U.N.'s own Charter, which in Article 2 forbids the threat or use of force against the territorial integrity or political independence of any state—which the PLO clearly does?

You also say that "PLO Observer Mission personnel are present in the United States solely in their capacity as 'invitees' of the United Nations"; but isn't their stay now numbering ten years stretching that invitation a bit? Shouldn't our "invitation" be limited to specific meetings, perhaps even for the entire duration of the General Assembly, rather than entertaining a year round PLO presence in Manhattan?

You note that "we are under an obligation to permit PLO Observer Mission personnel to enter and remain in the U.S."—but surely we can put reasonable limits on their stay here?

Your letter notes that special permission must be received by PLO Mission employees to travel beyond the 25 mile radius. I wonder if you could tell me what travel the PLO Mission staff has been engaging in for the past two years—and what grounds the U.S. has given for permitting it?

As a general observation, I am sure that you would agree with me that—as part of the President's policy against terrorism—we should do all we can do to impede the work of terrorist organizations. In this light, do you believe—as a matter of policy—that we should continue to welcome the PLO into the United States? If not, I would urge you to help bring an end to its presence here.

Sincerely,

Jack Kemp,
Member of Congress.

TRIBUTE TO GEORGE H. MARSHALL

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. CLINGER. Mr. Speaker, I rise today to pay tribute to George H. Marshall on the occasion of his retirement from Lock Haven University in Lock Haven, PA.

Before coming to the university, George had 21 successful years with the Pennsylvania Department of Education. Throughout his career, he rose to positions of great responsibility because of his expertise, experience and intimate understanding of our educational system and the way it should be run.

When George Marshall arrived at Lock Haven University, it was to become the vice president for administration. Throughout his tenure, his skills added greatly to the effort that has made Lock Haven University one of the finest institutions of higher learning in the Commonwealth of Pennsylvania. He brought a level of professionalism to the position and significantly improved the way in which his department operated.

George retired on January 2 of this year and he is sorely missed by both his colleagues and those of us outside the educational community who had the opportunity to work with him.

DEPARTMENT OF STATE'S RECOMMENDATION TO CLOSE THE U.S. CONSULATE IN DUSSELDORF, FEDERAL REPUBLIC OF GERMANY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. HAMILTON. Mr. Speaker, I want to bring to my colleagues' attention correspondence Congressman Solarz and I have had concerning the Department of State's recommendation to close the U.S. Consulate General in Dusseldorf in the Federal Republic of Germany.

In January 1987 the Department of State notified the Congress of its intention to close seven consulates. Members support efforts by the Department of State to reduce its spending, but many Members realize that the closing of a consulate can lessen U.S. visibility and influence in a country or a region. The case of Dusseldorf in West Germany posed special problems because another consulate in Bremen had been closed in 1986 and because of the strong concern of the West German Government about the impact of these closings on U.S. relations with the Federal Republic of Germany. In our letter of February 10, 1987, to the Secretary of State, we outlined our concerns about the effect of the closing of the Dusseldorf consulate on United States-German relations. We also asked why the Department could not find other places to reduce its costs in the Federal Republic since the cost of the Dusseldorf consulate was less than 2 percent of planned U.S. expenditures in fiscal year 1987 in West Germany.

The letter from the Secretary of State on February 26 sought to assure us that there would be no negative effects on United States-German relations from the closing of the Dusseldorf consulate. Secretary Shultz conceded that the costs of the consulate were small when examined from a countrywide perspective, but he stressed there would be "downstream savings" for the Department after the consulate was closed. We inquired about these savings in a second letter on March 19. The Department's response on

April 17 was that the cost of the Dusseldorf consulate between fiscal years 1988-92 would amount to $3.12 million. A detailed listing of the expenses was enclosed with this letter.

Mr. Speaker, the replies from the Department of State still do not fully explain why other options could not have been pursued to reduce U.S. expenditures elsewhere in West Germany so that this consulate can remain open. This correspondence does explain the factors the Department of State apparently relied upon in making its recommendation for Dusseldorf and perhaps other consulates the State Department seeks to close. I urge my colleagues to read the correspondence which follows since this issue is still under debate and the concerns being expressed by Congress have not been fully answered.

House of Representatives,
Committee on Foreign Affairs,
Washington, DC, February 10, 1987.

Hon. George P. Shultz,
Secretary, Department of State, Washington, DC.

Dear Mr. Secretary: We wish to express our disagreement with the recommendation of the Department of State to close the U.S. Consulate General in Dusseldorf. We understand the budgetary pressures under which the Department of State must operate and realize that the Department must take difficult steps to save money, but we believe the interests of the United States would be better served if the consulate in Dusseldorf remains open.

First, we believe it would be a better use of available funds to keep the consulate open. According to figures provided to us by the Department, the country-wide costs in FY 1987 for U.S. operations in the Federal Republic will be $30,670,000. Of that amount, less than 2 per cent—some $363,500—is needed to maintain a small consulate in Dusseldorf. We appreciate the high expense of operating posts in the Federal Republic and the impact of the falling dollar on those expenses. We, nevertheless, believe that with a U.S. mission in Bonn of over 700 people it should be possible to find ways to reduce costs there in order to keep a 3-person consulate in this important commercial and banking center.

Second, we are concerned about the impact of the closing on U.S. political relations with Germany. This action would occur simultaneously with a stated U.S. policy of strengthening the U.S. image in Western Europe. This policy reflects legitimate concerns that a new generation coming to power in Western Europe, and particularly in the Federal Republic of Germany, does not have a strong identity with the United States and is less supportive of NATO. Some critics of the U.S. suggest it is no longer interested in Europe and that Bonn should set a new course in German foreign policy. Closing the Dusseldorf consulate would appear to reinforce the argument for many Europeans. Also, this would be the second consulate closed in an area controlled by the major opposition party, the Social Democrats. We should not appear to be playing favorites, particularly in the home city of Johannes Rau, who has worked to hold his party to moderate policies and to maintain good relations with the United States.

We appreciate your consideration of these views. We are anxious to work with the Department of State in this period of budgetary restrictions, but we do not believe it should implement decisions which could adversely affect U.S. interests with a major ally. We look forward to receiving your response.

With best regards,
Sincerely yours,

Stephen J. Solarz,
Chairman, Subcommittee on Asian and Pacific Affairs.
Lee H. Hamilton,
Chairman, Subcommittee on Europe and the Middle East.

The Secretary of State,
Washington, February 26, 1987.

Hon. Lee H. Hamilton,
Chairman, Subcommittee on Europe and the Middle East, House of Representatives.

Dear Mr. Chairman: Your views on post closures contained in your letter of February 10, 1987, are appreciated and have been taken into account in our decision-making on this important subject. However, due to reductions in the Department's budget for fiscal years 1986 and 1987, we have no choice but to cut into our base of people and positions in order to achieve economies wherever possible in accordance with our global priorities.

Post closings are not the only measures we are taking to keep within Congressionally-imposed budgetary ceilings. We have abolished or relocated to the U.S. 190 Foreign Service overseas positions. We are reducing funding for our domestic work force and are severely limiting new hiring, except in high priority areas such as security. And we are curtailing equipment purchases, official travel, publications procurement, and language and other training programs, among other things, in order to sustain our core overseas posts and other operations.

More than half of the Department's operating budget is devoted to maintaining our posts abroad and our work force, both overseas and domestic. Unlike other Federal departments and agencies, we have no major programs that can be stretched out or deferred in order to make up for the budgetary reductions. Also, the Department has had to absorb nearly $40 million in foreign exchange losses in order to make up for the tremendous decline of the dollar in Europe and Japan. Because of this, some of our embassies and consulates have been forced to take extreme economy measures and are considering laying off or furloughing Foreign National employees.

With regard to the Consulate General at Dusseldorf, you correctly note in your letter that the savings in operating and personnel costs for this post are a small fraction of the total amount needed to sustain our diplomatic missions in the Federal Republic of Germany. However, beyond the immediately identifiable savings from closing Dusseldorf, there is a significant cost-avoidance factor in terms of out-year personnel and support expenditures. Closing Dusseldorf and six other consulates this year will save on future expenditures for U.S. and foreign national personnel, communications, rents, security, information systems, equipment, and the like. While the budget for Dusseldorf would seem to be only a small portion of the Department's over all operating budget, or even of State Department operating costs in the Federal Republic, the downstream savings from closing Dusseldorf are significant when matched against new and higher priority program requirements, including new embassy openings.

Similarly, we have carefully evaluated the political factors relating to the closure of Consulate General Dusseldorf. I have corresponded with FRG Foreign Minister Genscher twice in recent months on the subject of post closings in the Federal Republic, and I have assured him that the closures of Bremen last year and Dusseldorf this year do not in any way reflect on the excellent state of U.S. relations with the Federal Republic. While public perceptions of these consulate closures may vary and, indeed, there may be criticism, our judgment has been that transferring the functions of Dusseldorf and Bremen to neighboring posts—Bonn and Hamburg respectively—will enable us to sustain the essential work to be performed in the FRG.

I do not believe that it is possible for the Department to keep within our existing budget or to maintain desired levels of operation in the constrained environment we almost certainly will face in fiscal year 1988. We must continue to achieve economies in our operations, even at the margin.

I therefore conclude that we cannot delay taking action on cost-saving measures. Our embassies in Bonn and Paris, for example, have said that they must close Dusseldorf and Lyon respectively on April 1, 1987, because of the need to realize immediate savings because of the decline in the value of the dollar.

At this juncture, I can only and most reluctantly direct the closure of the seven small consulates soon, and we may have to consider closing additional consulates—and perhaps some embassies—in fiscal year 1988. I can assure you, however, that we plan no further post closures in the Federal Republic.

I will be happy to meet with you to discuss the Department's current financial condition. While I would like to keep all of our posts open, we must go forward with these announced post closures very soon in order to maintain higher priority activities elsewhere.

Sincerely yours,
George P. Shultz.

House of Representatives,
Committee on Foreign Affairs,
Washington, DC, March 19, 1987.

Hon. George P. Shultz,
Secretary, Department of State, Washington, DC.

Dear Mr. Secretary: Thank you for your letter of February 26, in which you explain the budgetary circumstances which have shaped our decision to close the U.S. Consulate General in Dusseldorf and six other cities. We fully appreciate the budgetary pressures under which you must operate, but we continue to question the wisdom of the Department's recommendation concerning Dusseldorf, in light of the importance of North-Rhine Westphalia to U.S. political and commercial interests in the Federal Republic of Germany and the likely interpretation of the Consulate's closing as proof of lessened U.S. interest in Germany.

Your letter concedes that the operating cost of the Consulate in Dusseldorf appears to be a small portion of the overall budget, but it claims "the downstream savings from closing Dusseldorf are significant when matched against new and higher priority program requirements, including new embassy openings." This statement suggests the Department has calculated the amount of "downstream savings." We would like to know this figure as it applies to the Dusseldorf Consulate and exactly how that sum will be applied to other programs.

With an estimated cost of $363,500 for fiscal year 1987, it would seem the Department could find alternatives in a more than $30 million operating budget in Germany which would keep this post open. We also hear reports of other questionable State Department priorities, including reports in the Washington Post about the purchase of new silver flatware at a price of $2 million. It is this type of expenditure which suggests the Department has not fully reviewed all the options to cut spending.

We appreciate your attention to this matter, and we encourage the Department to reconsider its decision to close the Consulate in Dusseldorf. We look forward to receiving your response.

With best regards,

Sincerely yours,

Lee H. Hamilton,
Chairman, Subcommittee on Europe and the Middle East.

Stephen J. Solarz,
Chairman, Subcommittee on Asian and Pacific Affairs.

U.S. Department of State,
Washington, DC, April 17, 1987.

Hon. Lee H. Hamilton,
Chairman, Subcommittee on Europe and the Middle East, Committee on Foreign Affairs, House of Representatives

Dear Mr. Chairman: Thank you for your letter of March 19, 1987 to Secretary Shultz, following up on your earlier correspondence with him on the closure of Consulate General Dusseldorf. I am pleased to provide the following information regarding the multiyear cost of maintaining this post as requested in your letter.

As indicated in the enclosures to this letter, routine operating costs for maintaining Consulate General Dusseldorf at present levels of activity for five years (fiscal years 1988 through 1992) would total more than $2.24 million. Added to this would be: approximately $262,600 for building expenses (routine maintenance and repair costs for the office building and Consul General's residence, replacement furniture and furnishings for the residence, and rent for a staff apartment); approximately $520,000 for major overhaul of the office building and residence electrical and heating systems, and replacing the office building roof; and approximately $100,000 for vehicle replacements. Thus, the total 5-year cost of keeping the Consulate General open, excluding American salaries and benefits, would be approximately $3.12 million.

As Secretary Shultz indicated in his letter to you of February 26, 1987, the downstream costs of maintaining lower priority posts, such as Dusseldorf, are significant in terms of the Department's continuing budgetary requirements. Under present severely constrained financial conditions, $3.12 million over the next 5 years represents a major saving, and economies must be made in all areas of State Department operations.

I can assure you that all aspects of closing Foreign Service posts have been carefully assessed in light of U.S. global interests and priorities. I hope this information will be helpful in the Department's continuing dialogue with you on authorization and appropriations legislation.

With best wishes,

Sincerely,

Louise R. Hoppe,
Acting Assistant Secretary, Legislative and Intergovernmental Affairs.

Enclosures: As stated.

Dusseldorf

[Projected costs—fiscal year 1988 thru fiscal year 1992]

Annual budget base	$363,500
Exchange rate losses fiscal year 1987	30,534
Exchange rate losses annualized fiscal year 1988	9,930
Price increases fiscal year 1988	3,940
Wage increases fiscal year 1988	9,851
Total fiscal year 1988 budget	417,755
Price increases fiscal year 1989	4,178
Wage increases fiscal year 1989	10,444
Total fiscal year 1989 budget	432,377
Price increases fiscal year 1990	4,324
Wage increases fiscal year 1990	10,809
Total fiscal year 1990 budget	447,510
Price increases fiscal year 1991	4,475
Wage increases fiscal year 1991	11,188
Total fiscal year 1991 budget	463,173
Price increases fiscal year 1992	4,632
Wage increases fiscal year 1992	11,579
Total fiscal year 1992 budget	479,384
5 year total, fiscal year 1988 thru fiscal year 1992	2,240,199

BUILDING EXPENSES

Both the Consulate General Office Building [COB] and the Consul General Residence (CGR) are government-owned. One staff apartment is leased.

Maintenance and repair	Fiscal year—				
	1988	1989	1990	1991	1992
COB	30,000	32,000	32,000	34,000	34,000
CGR	3,000	3,300	3,600	4,000	4,400
Replacement F&F—CGR	2,000	2,200	2,400	2,700	3,000
STL—Staff apartment	10,000	11,000	12,000	13,000	14,000

SPECIAL PROJECTS

COB: Several capital projects would be needed within the next five years, for an estimated total cost of $500,000. These would include a new roof ($200,000), an upgrade of the electrical system ($175,000), and an energy retrofit project ($150,000).

CGR: The furnace at the residence would need replacement within the next five years, estimated cost: $20,000.

Proceeds of Sale: If Dusseldorf closes, FBO would like to sell both government-owned properties. They have instructed post to get current market appraisals on the properties, but informal estimates are in the range of $7 million for the COB and $1 million for the CGR. FBO, however, considers both of these estimates to be below the true property values.

VEHICLES

1. The Principal Officer's fully-armored vehicle is now leased at an annual cost of $40,000 per year. The lease contract expires in 1989, at which time DS would probably purchase a new vehicle at an estimated cost of $80,000.

2. The Consulate also has an OPEL which would be scheduled for replacement in 1992, at an estimated cost of $20,000.

PERSONAL EXPLANATION

HON. BILL NELSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. NELSON of Florida. Mr. Speaker, I was unable to be present and voting for rollcall No. 67 on April 28, 1987. Had I been present, I would have voted "aye" on House Resolution 151, the rule to provide for consideration of H.R. 3, the omnibus trade bill.

VALUE ENGINEERING

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. DREIER of California. Mr. Speaker, we often wish we could run the Federal Government in a more business-like manner, that we could adopt some of the same approaches to cost control that private industry uses. Today I am introducing legislation to promote wider use of one such approach, value engineering, in Federal construction and procurement.

Value engineering is a management tool developed by General Electric over 40 year ago which seeks to systematically eliminate unnecessary costs in manufacturing and construction. The value engineer's role is to carefully study existing plans for any potential improvements which would lead to savings without reducing quality. The process of value engineering has been likened to a doctor giving a second opinion, but it is much more than that. The value engineer is an expert in materials, standards, and processes, and can provide insights which may escape the best builder or design engineer.

The technique has already provided great savings within the Federal Government. In fact, the Department of Defense estimated that it saved over $300 million in 1985 through limited use of value engineering reviews. GAO has completed numerous favorable reports on value engineering over the past 10 years, concluding that every dollar spent on this process yields an average savings of $10.

My bill would create a Value Engineering Council appointed to identify Federal programs which might benefit most from utilizing the process. Saving money is a bipartisan issue, and the 16-member council would be bipartisan, as well, with no more than 10 members from the same party serving.

Value engineering is a proven money-saving technique whose wider use throughout the Federal Government will yield great savings. Mr. Speaker, we are always seeking the most painless routes to deficit reduction—the better management that value engineering could provide is an outstanding opportunity to achieve such responsible savings.

I urge my colleagues to cosponsor this important cost-cutting legislation.

NATIONAL VICTIMS' RIGHTS WEEK

HON. JON L. KYL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. KYL. Mr. Speaker, I would like to call my colleagues' attention to the fact that we are in the midst of National Victims' Rights Week, April 26–May 2. This is a very appropriate time for each of us to make a special effort to recognize and promote the rights of victims.

For too long, the rights of criminals have been given priority over the rights of the victims. To help right that wrong, it was gratifying for me to be one of the founding directors of the Crime Victim Foundation, a private, nonprofit foundation in Phoenix which helps victims who need support and financial assistance to recover from traumatic criminal events.

The sad fact is that crime will continue to exist in our society: innocent people attacked, their lives disrupted, their property stolen or damaged, many physically and psychologically injured, some killed. Yet our society has not focused on their very real needs. It is up to us, as individuals, families, neighborhoods and communities, to recognize and deal with this problem. For too long, the victim has been victimized twice—first by the criminal, and then by society.

I urge you to take the opportunity this week to educate the public about victims' issues and concerns, to promote the cause of victims' rights, and to get involved by volunteering your time and money to help those who need support and financial assistance to recover from traumatic criminal events.

IMPROVE AIR TRANSPORTATION FOR SMALL COMMUNITIES

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. OBERSTAR. Mr. Speaker, today I have introduced legislation to improve air transportation for small communities. The bill is designed to pick up where the Essential Air Service Program leaves off when it sunsets in October 1988. However, it makes certain improvements in the program, in order to build up customers from small communities, ultimately doing away with the need for subsidies in many of these communities.

As administered by the CAB and DOT, the current EAS Program has been aimed at providing bare minimum air service at bare minimum cost. The poor service resulting from this policy has led to traffic declines. These in turn have provided an excuse for CAB and DOT to further reduce minimum service guarantees. No serious attention has been given to the question of why small city traffic has been declining or what can be done about it. Government policy has been, at best, one of passive indifference, watching air traffic decline at small cities while it grows elsewhere, waiting for the EAS Program to end. In recent years, Government policymakers have tried to expedite the demise of small city air service with budget proposals that would terminate the EAS Program before the end of the 10-year period established in the 1978 Airline Deregualtion Act.

As might be expected, this attitude toward small city air service has denied subsidized points whatever chance they had to increase their traffic and grow toward self-sufficiency. When the EAS Program ends in 1988, virtually all 138 points covered by the program—currently 97 in the 48 contiguous States and 41 in Alaska—will lose scheduled airline service. The vast majority of such points are isolated and lack public transportation. For these points the loss of air service will have a disastrous effect on efforts to revive and strengthen their local economies.

That is not the outcome envisioned by Congress. When it adopted the Airline Deregulation Act, Congress was clearly hopeful that traffic development over the 10 years would enable most subsidized cities to achieve subsidy free status. In recent actions Congress has rebuffed the administration's proposal to end the 419 Program prematurely, and has made clear that it is anxious to find a way to avoid the dislocations that would result if the 419 Program came to an end.

There is a way. A new contract air service program has been proposed that will get away from the "nursing home" mentality that characterizes current EAS policy and give small cities a chance to develop healthy levels of air traffic. Such a program is possible without a significant increase in cost to the Federal Government—the current program costs about $30 million/year. The key features of the new program are: First, upgrading basic air service to levels that will encourage traffic growth and lower per passenger costs. Second, taking advantage of franchising or similar marketing arrangements between large and small airlines to increase small city traffic. Third, providing for States and localities to help design, and help pay the cost of, their air service. Fourth, attracting qualified airlines to compete to provide small city service. The following discussion shows how proposed legislation addresses each of these needs.

1. UPGRADING BASIC AIR SERVICE

The downward spiral of poor air service, leading to declining traffic and, in turn, to even poorer service must be arrested. In some places EAS service is now being provided with aircraft as small as eight passengers and one pilot. In many cases, flights operate at unattractive times; fares are often excessive and connections poorly timed. More detailed minimum service standards are required to arrest further loss of traffic.

Proposed legislation: A new standard of "basic air service" would be established for all currently eligible EAS points except that cities within 50 miles of a hub city would be excluded from the program. For most points basic air service would consist of well-timed morning and evening service in aircraft of at least 15-passenger capacity with 2 pilots and pressurization for higher altitudes. Fares would have to be in line with those charged elsewhere for such services.

2. FRANCHISING OR SIMILAR MARKETING ARRANGEMENTS WITH LARGE AIRLINES

In recent years there have been dramatic increases in traffic at many small cities as a result of marketing agreements between major airlines serving a hub and smaller airlines operating between the hub and small outlying points. Such agreements provide that the two airlines will establish convenient connections. In most cases the small airline adopts various trademarks which identify it closely with the large carrier and uses the larger airline's two letter designator code. This "code sharing" permits the small airline's flights to be listed in a favorable position on travel agency computer reservation screens as part of the larger carrier's route network.

Some subsidized points already benefit from service under such marketing arrangements. Many more could. Eighty to ninety percent or more of the revenue passenger miles generated by small cities are carried by a large airline beyond the hub city. The larger airline obviously has an interest in continuing to capture those revenue passenger miles. The recent spread of franchise agreements reflects their enormous potential for tapping new traffic. For the very small points, however, a modest financial incentive—less perhaps than current subsidy payments—is necessary to encourage the creation of such marketing agreements. The current EAS Program focuses only on service to a hub city. It ignores the interest of large beyond hub airlines in capturing small city passengers and makes no effort to transform that interest into lower subsidy.

Proposed legislation: In selecting airlines to provide subsidized services the Secretary of Transportation would be directed to encourage and give preference to the submission joint airline proposals to maximize connecting services. DOT would be expected to play an active role in bringing carriers together and encouraging the formation of marketing agreements.

3. LOCAL INPUT AND COST SHARING

A number of cities and States now in the EAS Program would be willing to share the cost of their service, especially if they were given a greater voice in designing their own air service. A study of the practicality of cost sharing has already been made at Congress' request.[1] However, the current program provides no means for cities and States to prescribe their own service or help pay for it.

Proposed legislation: The States and localities would have a greater voice in determining basic air service and specifying service levels above basic service if they are willing to pay 50 percent of the added cost. Experimental services at cities not previously covered by the EAS Program could also be triggered by a

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[1] The Airline Deregulation Act provided for a study of cost sharing by CAB and DOT which was later submitted as "Sharing of Federal Government Airline Subsidy Costs By State Governments And Their Political Subdivisons," a joint report to Congress by the Civil Aeronautics Board and the Department of Transportation, January 1, 1980. In some States however, constitutional provisions bar direct State payments to business enterprises.

50 percent State or local contribution to the cost.

4. AIRLINE PARTICIPATION

Many of the small airlines that now participate in the current EAS Program or have done so in the past are no longer interested in participating. This is due in many cases to CAB/DOT subsidy rates which the carriers believe have not adequately compensated them but which they have no effective power to challenge. Further, the airlines object to being held in by DOT for long periods at cities where subsidies do not cover costs. A major reason for the long hold-in periods is that, thanks to these same policies, replacement airlines are not coming forward.

If good service at reasonable cost is to be provided at small cities, there must be a sizable group of airlines seeking the opportunity to provide it. This requires an entirely different approach than the current program in which the carriers feel helpless to deal with what they contend are unfair subsidy rates and hold in policies.

Proposed legislation: The new program would be operated as a conventional Government contract program with competitive contract negotiations. This would assure the lowest subsidy cost but would provide the traditional protection of Contract Appeals Board procedures. "Hold-in" power would still be necessary to protect against interrupted service but would be much less of a problem because: First, substitute airlines would more willingly step forward; and second, the held-in airline would have to be compensated for its fully allocated costs plus the reasonable cost of profit opportunities lost because the Government had, in effect, requisitioned its aircraft.

TRENDS IN GLOBAL POPULATION RESOURCES AND THE ENVIRONMENT

HON. BUDDY MacKAY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. MACKAY. Mr. Speaker, today, I am introducing legislation designed to improve our ability to adequately project and evaluate future trends in global population, resources, and the environment. Senator HATFIELD will be introducing a companion bill in the near future.

The Global Resource, Environment, and Population Act calls for coordination among Federal agencies to ensure that policymakers use consistent data in planning and decisionmaking. It requires a review of all Federal agencies' programs to identify those which lead to increased pressure on the environment. It also requires the President's Council on Environmental Quality to improve its foresight capabilty by preparing reports on global resources, environment, and population.

The legislation declares that it is our national policy to balance economic growth with population, environmental, and natural resources.

In the United States, our consumption patterns are such that we use the resources of a populus many, many times our size. Changes in our consumption habits can have dramatic impacts on our environment and natural resource base. We must have reliable data on these trends and look for ways to conserve and recycle resources.

The inability of our infrastructure to keep up with population growth and our failure to conserve and recycle is reaching crisis proportions. As television accounts suggest, the wanderings of the barge with 3,000 tons of Long Island garbage with no place to dump it has become a saga of our times.

Mr. Speaker, far too often we in Congress become involved only in managing crisis rather than looking for ways to anticipate change and head off conflict. Crisis management in an era of unprecedented rapid change and uncertainty is a dangerous way to govern.

This bill would provide the Government with the foresight capability to anticipate changes, enabling us to plan for improvements in the quality of life in the United States and around the world.

FARM ISSUE OF GREAT CONCERN

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. DORGAN of North Dakota. Mr. Speaker, I am introducing a bill today that addresses an issue of great concern to farmers, managers of rural grain elevators, and railroad employees in my State of North Dakota. This legislation will provide for the review of sales of railroad lines to make sure the sales are in the public interest.

For the past several years, North Dakotans have been fighting attempts by major railroads to abandon service on branch lines which extend from the main line out into the country to collect grain grown by farmers. Public officials in North Dakota have opposed most of these abandonment requests because we feel the railroads have a commitment, stemming from land grants Congress gave them 100 years ago, to provide service throughout their rail system.

We now face a threat from a different quarter. The major railroads want to sell some of these branch lines because, they claim, they are unprofitable to operate as a class I carrier. So they now are proposing to sell the lines to independent companies that could operate the railroad without the current labor contracts to which the class I carrier is bound.

I do not want to suggest that all such sales would be contrary to the public interest. Clearly, if a sale to an independent operator is the only alternative to abandonment, we need to approve it. If a line is now only providing a return on operating costs and not enough to perform necessary repairs on the line, clearly everyone would be better off if a new operator could earn enough profit to do the repairs and continue providing service indefinitely.

On the other hand, those of us who are public officials have a responsibility to ensure that the new operators of the line will perform good service and continued service on that line. We also have to be sure that these sales aren't simply devices to get rid of unwanted labor contracts. We have a lot of skilled rail labor working these lines, people who have put in many years of service for the railroad and for local communities. I don't want to see these people displaced by a sale. If we determine that a sale is the only way to prevent eventual abandonment, then we must make sure the current employees have every opportunity to get employment with the new railroad company.

Our problem is that, right now, we have no way of knowing whether a proposed sale would be good or bad for the people affected. If the proposed new operator is not currently operating a railroad, the Interstate Commerce Commission will exempt the proposed sale from normal ICC review procedures. There is no requirement that States be given an opportunity to review or protest these sales before the ICC grants the exemption.

The bill I am introducing today would change this process in several ways. Most importantly, States would be given 60 days to review and consider a protest of any proposed sale involving more than 50 miles of track. If a State protests a sale, the ICC would be required to determine, in an expeditious manner, whether the proposed sale is in the public interest.

In addition, the proposed new operator would be required to provide substantially more information concerning the proposed acquisition of the railroad lines to facilitate review by the State and the ICC. The application would also include the names and job descriptions of any railroad employees whose terms of employment would be substantially affected by the transaction.

A third section of the bill requires that, in order to be approved, an application must provide for the carrier selling the railroad to resume service if, within 2 years, the new carrier ceases to provide service along any such line. This is necessary to protect against abandonments of these lines, because once a line is no longer operated by a class I carrier, there is no requirement that abandonments be reviewed. Current law and procedures allow these sales to be a form of back-door abandonment if a class I carrier decides to dump some branch lines. I would hope that wouldn't happen, but we need to protect against that possibility. This provision will also give the selling carrier that much more incentive to find a financially viable buyer to operate the lines.

Finally, the legislation, if enacted, would apply to all sales on or after June 1, 1987. This is meant to discourage any attempt to avoid the law's review requirements by rushing to conclude deals before the law takes effect, but at the same time it gives an opportunity to those who are now negotiating to complete any agreements based on the law as it currently exists.

I have discussed these issues with representatives of the railroad industry. While they steadfastly maintain that they would never try to use such a sale as a means of avoiding lengthy abandonment proceedings, they do acknowledge there is a lack of opportunity for public input on these proposed sales. I hope they will work with the Congress to find an acceptable means by which the public, especially those most affected by a proposed sale, can learn as much as possible about a proposed sale and participate in the review process.

Mr. Speaker, I'd like to ask my colleagues to support the farmers, rural elevators, and railroad workers in North Dakota and other States affected by these sales of railroad branch lines by supporting this legislation.

NATIONAL BARBER SHOP QUARTET MONTH

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Ms. OAKAR. Mr. Speaker, today I am introducing legislation to designate the month of April 1988, as National Barber Shop Quartet Month.

Barber shop harmony is a style of unaccompanied singing with three voices harmonizing to the melody. The voice parts are called tenor, lead, baritone, and bass. Characteristically, the lead sings the melody and the tenor provides the high range, the bass provides the lower range and the baritone completes the balance of the chord harmoniously. The style is distinguished by uniformity of word sounds with a special emphasis on close harmony.

Mr. Speaker, the expression "barber shop music" and "barber shop harmony" survive from an English expression where, during the 16th, 17th and early 18th centuries, the barber shop was a regular haunt for music while customers awaited service.

The first American barbers music was probably strummed and vocalized in the South, where a light-hearted, socially oriented society provided the ideal atmosphere for the planting of a seed of harmony that was eventually destined to sprout in all areas of the continent.

Mr. Speaker, the barber shop quartet played an important role in the beginning of an industry that was destined to expand into one of America's most enterprising establishments. Barber shop quartets sing about human interest in love, politics, war, habits and traditions, heroes and villains, slang and everyday diversions.

In April 1938, the Society for the Preservation and Propagation of Barber Shop Quartet singing in the United States was born. It is a fitting tribute that next year marks the 50th anniversary of the society during the month of April. Mr. Speaker, barber shop quartet singing, as a hobby and individual self-expression, has preserved cherished songs for the ages. For these reasons, I have introduced this legislation to commemorate this true art form.

AN OUTSTANDING AND GIFTED STUDENT, A MODEL CITIZEN: KIVA V. JAMES

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. OWENS of New York. Mr. Speaker, Oliver Wendell Holmes once said we should thank God that in our youths our hearts were touched with fire. He must have lived in an elite world, for it is rare to see today's youth so blessed with the gift of passion and desire to pursue excellence of which he spoke. When one such youth is discovered, it is of profound importance that we encourage his or her achievements; like a diamond in the rough, true talent must be honed and perfected with guidance and admiration. It is with the latter purpose in mind that I here pay tribute to one of my district's most extraordinary young women.

Kiva V. James, of the Jackie Robinson Intermediate School, has demonstrated not only extraordinary academic effort, but also undying commitment to learning and public service, above and beyond the requirements of a normal student.

She is described by the principal of her school as having a "devotion to excellence" that makes her unquestionably the most "outstanding scholar in the entire student body." Her dedication has brought her countless awards and positions of honor. Among the latter are the New York City English Teacher's Writing Award, an award for her fine performance in the Arthur Miller Essay Contest, a certificate of commendation from the New York City Board of Education, and the position of valedictorian in her graduating class. Indeed, the unparalleled academic excellence with which she graced the halls of her school served to gain her admission to two of the finest secondary schools in the city, Stuyvesant, and the Brooklyn School of Technology. Kiva will surely continue to achieve, in her later academic life, the singular excellence which has marked her early performance as a student.

She has achieved excellence in fields other than academics. Her efforts on behalf of the community have brought her a certificate of commendation from the fire department, and a trophy for her participation in the district's Women's History Month, among other honors.

President Kennedy once said that "liberty without learning is in peril, and learning without liberty is in vain." It is thus particularly important that we use the forum of this Congress to honor a young woman as bright and dedicated as Kiva James. Perhaps the honor we bestow upon her will encourage her to seek a position of leadership in this country: a position that, for Kiva, will surely help to guarantee the simultaneous existence of both liberty and learning in this country, no matter what turbulence may lie ahead.

BOARD OF EDUCATION OF THE CITY
OF NEW YORK, JACKIE ROBINSON
INTERMEDIATE SCHOOL 320,
Brooklyn, NY, March 23, 1987.
(Attention of Ms. James).
c/o Congressman WALTER FAUNTROY,
Rayburn HOB, Washington, DC.

DEAR MS. CLEMONTS-JAMES: Unequivocally, Kiva V. James is the outstanding scholar in the entire student body.

Her academic attainments have recently afforded her the opportunity to apply and be admitted to the most selective and prestigious secondary schools in New York city, including Stuyvesant and Brooklyn Technical High Schools.

Of the 156 students from the Jackie Robinson Intermediate School who sat for the New York City Board of Education Specialized Science High School Admissions Test, Kiva earned 503, the highest score.

Kiva is a student who has merited special recognition for her outstanding scholastic achievements as well as other noteworthy accomplishments. She has been described by her teachers as being a bright, vivacious, and outgoing student with an energetic approach to work and learning. Miss James has been nominated to be the valedictorian of the 1986-87 graduating class of approximately 500 students.

I can recall a unique incident which took place in Kiva's elementary school while I was principal there. I had requested that the children give suggestions on improving the cafeteria. Kiva responded in a diplomatic fashion by suggesting several ways of improving the lunch period. Then, with typical youthful insouciance and complete frankness, she added that a principal should be able to resolve school related problems without resorting to student input.

Kiva's aim for perfection and dedication to the acquisition of knowledge has resulted in many remarkable accomplishments for which she has received the following accolades:

1. Placques: (a) Arthur Miller Commendation Essay Contest—June, 1984; and (b) Superintendent's Award, Dr. Minta Spain—June, 1985.

2. Trophies: (a) P.S. 138 Science Fair—May, 1984; (b) Women's History Month Contest—May, 1985, District 17; and (c) I.S. 320 Dance—June, 1986.

3. Medals: (a) Storytelling, P.S. 138—1985; and (b) Spelling, P.S. 138—1985.

4. Certificates: (a) Faithful Service Award—June, 1985; (b) Participation in Science Fair—March, 1986; (c) Certificate of Merit in Science—June, 1986; (d) Certificate of Merit in Math—June, 1986; (e) Certificate of Award in Spanish—June, 1986; (f) Certificate of Appreciation in Women's History Month Contest, Howard Goldin—March, 1985; (g) Certificate of Appreciation in Women's History Month Contest, Howard Goldin—March, 1984; (h) Participation in Arthur Miller Commendation Contest—June, 1984; (i) School Spelling Champion, January, 1984—Daily News; (j) Honor Roll—June, 1984; (k) School Volunteer Program Essay Contest—June, 1984; (l) Excellence in Writing, June, 1984—NYC Assoc. of Teachers of English; (m) School Spelling Bee Winner—June, 1984; (n) Participation in Fire Prevention Education Program—1983-1984 NYC fire Department; (o) New York County Tricentennial Commendation Contest—April, 1984 NYC Board of Education; (p) Elementary Science Fair, May, 1984—District 17; (q) Storytelling—Level II, May, 1984—District 17; (r) Outstanding Achievement in Social Studies—June, 1985—Association of Teachers of Social Studies; and (s) Golden Record of Achievement, May, 1985—Howard Goldin.

The staff and student body warmly applaud her efforts and devotion to excellence and can think of no other student more deserving of being cited in the Congressional Record.

Yours in the struggle,
SISTER V. R. MUHAMMAD,
Principal.

A TRIBUTE TO LUTHER BURBANK

HON. TOM LEWIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. LEWIS of Florida. Mr. Speaker, I would like to take this opportunity to say a few words about a man whose name is not well known but whose contributions to society can be seen in gardens and markets across the country. The man is Luther Burbank, a pioneer in plant research and experimentation. Among the plants he developed are the Burbank potato and the popular Shasta daisy.

Burbank was born in Lancaster, MA on March 7, 1849. His interest in horticulture and plant breeding developed throughout his childhood and early adult years. In the 1870s, Burbank achieved his first big success, the development of the potato that bears his name. He found an unusually large seed ball from the Early Rose potato which he bred and sold to a plant dealer who gave it Burbank's name. The proceeds from this discovery bankrolled his subsequent move to Santa Rosa, CA, where he was to work for many years developing the more than 800 new plants that are credited to him.

It was in his Santa Rosa garden that he worked on development of new flowers and fruits. Burbank originated several kinds of commercial berries, plums, and prunes. His pioneering work with cross-breeding and selection was years ahead of its time. The pace of his work advanced the development of plant breeding by two decades, enormously improving the quality and efficiency of the world's food supply.

Luther Burbank was a pioneer in the largest sense of the word. His achievements brought him fame and fortune, yet he remained a humble and simple scientist, satisfied with his work and family. His accomplishments in horticulture have benefited all of us and it is for that reason that I honor him today. Thank you very much.

MOUNT RUSHMORE FEES

HON. TIM JOHNSON

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. JOHNSON of South Dakota. Mr. Speaker, today I have introduced legislation which would prohibit the charging of entrance fees at the Mount Rushmore National Memorial in the Black Hills near Rapid City, SD.

Following the passage of H.R. 1320, the Land and Water Conservation Fund Act of 1987, earlier this month, there has been some uncertainty as to the status of fees at the Mount Rushmore Memorial. Although I have received assurance that the National Park Service has no intention of charging a fee at the memorial, I feel it is best to close this door before anyone decides to walk in.

Mount Rushmore is unique. Its significance as a shrine to democracy and to our national heritage is unequaled. Charging people to see it is simply wrong.

The memorial symbolizes not only the spirits of the men represented there, but also the hopes, dreams, determination and will of a nation, and of the sculptor, Gutzon Borglum.

Mount Rushmore was a project too big to be imagined, too difficult to be completed. But because of the determination of Borglum, we have today a mighty tribute to America.

Washington, Jefferson, Roosevelt, and Lincoln represent the finest ideals and achievements of America's past, and the vision for America's future. It is inconceivable that someday people might be turned away from this monument to our Nation's heritage simply because they cannot pay. We do not charge admission to see the memorials and monuments to these men here in Washington, DC. We should not do so in the Black Hills of South Dakota.

TRIBUTE TO JOHN T. DETWILER

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. GEKAS. Mr. Speaker, I would like to pay tribute to a good friend and community leader, John T. Detwiler, of Williamsport, PA. Over the years Jack has distinguished himself as a doer, one unafraid to take risks, one always concerned with the welfare of others.

Jack Detwiler, president and chief operating officer of Commonwealth Bank & Trust Co., will be recognized for his good deeds at a May 5 dinner when the Susquehanna Council of Boy Scouts will present Jack with their 1987 distinguished citizen award. Jack's involvement with the Boy Scouts of America, West Branch Council, is evidence of his unselfish devotion to the people of Lycoming County.

In addition to his work in scouting, Jack is actively involved in several other civic activities. He serves as director of HOPE Enterprises, Inc., the Lycoming United Way, Divine Providence Hospital, and Eagles Mere Country Club. His past civic activities are equally long and impressive. Jack has served as chairman of the Little League Baseball Stadium drive, chairman of the 1985 Lycoming United Way Campaign, president and director of Enterprises for the Handicapped, and director of the Community Arts Council. This list is not all inclusive by any means.

Mr. Speaker, I am proud to recognize Jack Detwiler today for his longstanding and outstanding generosity and hard work on behalf of the people of Williamsport and Lycoming County. I would like to join the Susquehanna Council of Boy Scouts in saluting Jack. May his example motivate and inspire us to follow his lead in community service.

A TRIBUTE TO PASTOR JOHNSON

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. STARK. Mr. Speaker, one of my constituents, Pastor Earl Johnson of San Leandro, CA, was arrested just outside of Washington, DC, Monday morning. I would like to commend him. I commend him not for getting arrested but for his leadership, his willingness to take action for his beliefs, and to accept the consequences of that action.

Pastor Johnson was one of the 561 people arrested outside of the gates of the Central Intelligence Agency in protest of the United States policy in Central America and South Africa. The silent majority is starting to end its silence on the wrongheaded foreign policies of the Reagan administration.

The Reagan administration expects, me, Congressman STARK, and some other Members of Congress to oppose their policies in Central America. The administration expects us to say that the United States should reverse its current policies and embargo South Africa while applying constructive engagement to the Government of Nicaragua. It does not expect the tens of thousands of people on the Mall in Washington protesting their actions.

Pastor Johnson and the hundreds who were arrested with him are on the vanguard of change, Mr. Speaker. Public opinion polls have long told us that the American people have disagreed with this administration's foreign policy in Central America and South Africa. I encourage people to continue letting the Reagan administration know of their discontent with their actions. I hope more and more people will follow the example of Pastor Johnson by acting on their beliefs.

HALLANDALE CHARGERS

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. SMITH of Florida. Mr. Speaker, the Hallandale (FL) High School Chargers basketball team is the class 3A State champs.

But, being true to their drive for excellence, the Chargers weren't satisfied with their well-earned mantle of victory. The Chargers also finished the season with a 31-1 record.

Because a triumph of this kind reflects student body spirit and character, in addition to sports ability, all the teachers, students, and administrators at Hallandale High School who are under the direction of Principal Dr. Patricia Grimes, also must share the victory.

The Hallandale Chargers' coach and players are as follows:

Coach: Greg Samuel.

Players: Steve Williams, captain; Reggie Samuel, Jeff Corouthers, Tony Williams, Brett Lewis, Pat Groome, Johnny Holmes, Moses Frazier, Jonathan Witherspoon, Donell Grier, Derrick Wallace, Jody Williams.

A TRIBUTE TO DAN ALOI

HON. JOE KOLTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 29, 1987

Mr. KOLTER. Mr. Speaker, today I rise to honor a young constituent of the Fourth District of Pennsylvania who is a fine basketball player.

The Pittsburgh Press newspaper scholastic staff voted Dan Aloi of Ellwood City High School its Player of the Year. He was also named one of "The Five Finest Seniors" in the area.

Aloi averaged 37 points in four playoff games and scored all but six of his team's points in their 51-43 overtime loss to Aliquippa during the western Pennsylvania regional final.

Dan Aloi averaged 26 points a game in the regular season. He completed 56 percent of his field goal attempts and was successful on 81 percent of his free throws.

Aloi holds the Beaver County area high school career scoring record having scored 1,932 points. He is also the first Ellwood City basketball player to have his jersey number retired.

The outstanding achievements of Dan Aloi in high school basketball are an inspiration to all young athletes in the Fourth District. I am proud to tell my colleagues, Mr. Speaker, about the athletic achievements of Dan Aloi.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, April 30, 1987, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 1

9:30 a.m.

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development and related agencies, focusing on the space station program.

SD-124

Finance

Business meeting, to continue markup of S. 490, Omnibus Trade Act of 1987.

SD-215

Labor and Human Resources

Business meeting, to consider proposed legislation authorizing funds for the National Science Foundation, S. 857, Bilingual Education Act Amendments of 1987, S. 538, Economic Dislocation and Workers Adjustment Assistance Act, S. 557, Civil Rights Restoration Act of 1987, S. 406, Education for Competitive America Act, and pending nominations.

SD-430

10:30 a.m.

Environment and Public Works

Water Resources, Transportation, and Infrastructure Subcommittee

To hold hearings on proposed legislation to authorize construction of a Federal office building and a trade and cultural center on Pennsylvania Avenue.

SD-406

2:00 p.m.

Armed Services

Closed business meeting, to consider proposed legislation authorizing funds for fiscal years 1988 and 1989 for the Department of Defense.

SR-222

MAY 4

9:30 a.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Labor, Health and Human Services, Education, and related agencies.

SD-192

2:00 p.m.

Energy and Natural Resources

Research and Development Subcommittee

To hold hearings on proposals to restructure the Department of Energy's uranium enrichment program.

SD-366

MAY 5

9:30 a.m.

Agriculture, Nutrition, and Forestry

To resume hearings to review economic problems of rural communities.

SR-332

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Labor, Health and Human Services, Education, and related agencies.

SD-138

Commerce, Science, and Transportation

Business meeting, to consider pending calendar business.

SR-253

10:00 a.m.

Foreign Relations

Business meeting, to mark up S. 766, authorizing funds for fiscal years 1988 and 1989 for the Department of State, S. 740, authorizing funds for fiscal years 1988 and 1989 for the Board for International Broadcasting, S. 767, authorizing funds for fiscal years 1988 and 1989 for the United States Information Agency, and S. 859, authorizing funds for fiscal year 1988 and 1989 for the Arms Control and Disarmament Agency.

SD-419

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To hold joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on Matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Smithsonian Institution, Woodrow Wilson International Center for Scholars, and the Holocaust Memorial Council.

SD-138

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

MAY 6

9:00 a.m.

Environment and Public Works

Nuclear Regulation Subcommittee

To hold hearings on proposed legislation authorizing funds for the Nuclear Regulatory Commission.

SD-406

9:30 a.m.

Agriculture, Nutrition, and Forestry

Business meeting, to mark up S. 512, Agricultural Competitiveness and Trade Act of 1987.

SR-332

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-116

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the U.S. Supreme Court, and for the Department of Justice, focusing on the Federal Bureau of Investigation, Drug Enforcement Administration, and the U.S. Marshals Service.

S-146, Capitol

Budget

To hold hearings on U.S. access to Japanese financial markets.

SD-608

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

10:00 a.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1988 for military construction programs, focusing on defense agencies.

SD-192

Judiciary

To hold hearings to review competitiveness and antitrust issues.

SD-226

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on Matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Commerce, Science, and Transportation

Foreign Commerce and Tourism Subcommittee

To hold hearings on proposed legislation authorizing funds for the U.S. Travel and Tourism Administration, Department of Commerce.

SR-253

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:30 p.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-116

5:30 p.m.

Banking, Housing, and Urban Affairs

Business meeting, to mark up proposed legislation to amend the Export Administration Act of 1979, to amend the Bank Export Services Act of 1982, to enhance the competitiveness of U.S. exports in world trade, to provide for long-term exchange rate stability, to increase bank safety and soundness, and to alleviate the international debt crisis.

SD-538

MAY 7

9:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for fossil energy, and clean coal technology programs.

SD-192

Rules and Administration

Business meeting, to consider proposed committee requests for supplemental funding for fiscal year ending September 30, 1987, S. Con. Res. 53, to authorize the reprinting of Senate Report 100-9, 100th Congress, 1st Session, H. Con. Res. 91, to authorize the 1987 Special Olympics Torch Relay to be run through the Capitol Grounds, and other pending committee business.

SR-301

9:30 a.m.

Agriculture, Nutrition, and Forestry

Business meeting, to mark up S. 512, Agricultural Competitiveness and Trade Act of 1987.

SR-332

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-116

Environment and Public Works

Nuclear Regulation Subcommittee

To hold hearings on emergency planning.

SD-406

Judiciary

Constitution Subcommittee

To hold oversight hearings on death penalty issues.

SD-538

10:00 a.m.

Appropriations

Military Construction Subcommittee

To resume hearings on proposed budget estimates for fiscal year 1988 for military construction programs, focusing on Army and Army Reserve Components.

SD-146

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Federal Aviation Administration, and the General Accounting Office (FAA operations).

SD-138

Energy and Natural Resources

Public Lands, National Parks and Forests Subcommittee

To hold hearings on H.R. 191 and S. 261, bills to authorize the establishment of a Peace Garden on a site to be selected by the Secretary of the Interior, and S. 451, to authorize a study to determine the appropriate minimum altitude for aircraft flying over national park system units.

SD-366

Judiciary

To continue hearings to review competitiveness and antitrust issues.

SD-226

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Energy and Natural Resources

To resume hearings on S. 839, to authorize the Secretary of Energy to enter into incentive agreements with certain States and affected Indian tribes concerning the storage and disposal of high-level radioactive waste and spent nuclear fuel.

SD-366

Judiciary

Business meeting, to consider pending calendar business.

SD-226

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:30 p.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-116

MAY 8

9:30 a.m.

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-192

Energy and Natural Resources

Research and Development Subcommittee

To resume hearings on proposals to restructure the Department of Energy's uranium enrichment program.

SD-366

Joint Economic

To hold hearings to review the employment/unemployment statistics for April.

Room to be announced

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development, and independent agencies.

SD-124

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Federal Aviation Administration of the Department of Transportation, and the General Accounting Office (R, E&D, F&E, Airport Grants).

SD-138

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran

on matters relating to the Iran/Contra affair.
SR-325

2:30 p.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Departments of Labor, Health and Human Services, Education, and related agencies.
SD-192

MAY 11

10:00 a.m.
Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Legal Services Corporation.
S-146, Capitol

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 12

9:00 a.m.
Judiciary
Technology and the Law Subcommittee
To hold hearings to review legal issues that arise when color is added to films originally produced, sold, and distributed in black and white.
SD-628

10:00 a.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for certain export financing programs.
S-126, Capitol

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Board for International Broadcasting, and the Equal Employment Opportunity Commission.
S-146, Capitol

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To resume hearings on proposed legislation authorizing funds for the Hazardous Materials Transportation Act.
SR-253

Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on S. 84, authorizing funds for the Land and Water Conservation fund, and S. 735, relating to the distribution of revenues received under the Land and Water Conservation Fund Act.
SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 13

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

10:00 a.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for foreign assistance programs.
S-126, Capitol

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988, to receive public testimony on certain programs of the Departments of Commerce, Justice, State, the Judiciary, and related agencies.
S-146, Capitol

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Transportation and related agencies.
SD-138

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the National Ocean Policy Study on proposed legislation authorizing funds for the National Oceanic and Atmospheric Administration, focusing on atmosphere and satellite programs.
SR-253

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 14

9:00 a.m.
Governmental Affairs
Federal Services, Post Office, and Civil Service Subcommittee
To hold joint hearings with the House Committee on the Post Office and Civil Service's Subcommittee on Census and Population to review the 1990 census questionnaire.
SD-342

9:30 a.m.
Veterans' Affairs
Business meeting, to consider proposed legislation providing employment assistance to veterans, and proposed legislation approving VA construction of major medical facilities.
SR-418

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Transportation and related agencies.
SD-138

Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To resume hearings on S. 84, authorizing funds for the Land and Water Conservation fund, and S. 735, relating to the distribution of revenues received under the Land and Water Conservation Fund Act.
SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 15

9:30 a.m.
Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 506, Digital Audio Recorder Act.
SR-253

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development, and independent agencies.
SD-124

MAY 18

2:00 p.m.
Commerce, Science, and Transportation
To hold hearings on pending nominations for the Board of Directors of the Corporation for Public Broadcasting.
SR-253

Energy and Natural Resources
To hold hearings on proposed legislation to expand the clean coal technology program.
SD-366

MAY 19

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To resume joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

MAY 20

9:00 a.m.

Veterans' Affairs

To hold hearings on S. 6, Veterans' Health Care Improvement Act, S. 216, to increase the per diem rates paid to States for providing care to veterans in State homes, S. 631, to improve the procedures for the procurement of medical and pharmaceutical supplies by the VA, S. 713, to facilitate the recruitment of registered nurses by the VA, proposed Veterans Administration Health Personnel Recruitment and Retention Act of 1987, and other related proposals, and proposed legislation approving VA construction of major medical facilities.

SR-418

9:30 a.m.

Agricultural, Nutrition, and Forestry

To resume oversight hearings on the implementation of the Federal Insecticide, Fungicide, and Rodenticide Act, focusing on pesticide residues in domestic and imported food.

SR-332

10:00 a.m.

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Judicial Conference, Commission for the Bicentennial of the Constitution, U.S. Sentencing Commission, and the State Justice Institute.

S-146, Capitol

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

MAY 21

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

MAY 27

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To resume joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

MAY 28

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

MAY 29

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

JUNE 2

9:30 a.m.

Energy and Natural Resources

To hold hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 4

9:30 a.m.

Energy and Natural Resources

To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 8

9:30 a.m.

Energy and Natural Resources

To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 10

9:30 a.m.

Veterans' Affairs

To hold hearings on S. 9, Service-Disabled Veterans' Benefits Improvement Act, S. 453, to improve the standards for determining whether a radiation-related disease is service-connected, proposed Veterans' Radiation Exposure Compensation Act of 1987, and other related proposals.

SR-418

JUNE 11

9:30 a.m.

Energy and Natural Resources

To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.

SD-366

JUNE 23

10:00 a.m.

Appropriations

Foreign Operations Subcommittee

To hold hearings to review proposed budget estimates for fiscal year 1988 for the Department of State.

SD-192

JUNE 30

9:30 a.m.

Veterans' Affairs

Business meeting, to consider S. 9, Service-Disabled Veterans' Benefits Improvement Act, proposals providing VA compensation, pension, education assistance, home loan, and other related benefits, proposed legislation providing for disability payments based on nuclear-detonation radiation exposure, and proposed legislation relating to the administration of the VA loan guaranty program.

SR-418

CANCELLATIONS

MAY 7

2:00 p.m.

Energy and Natural Resources

Research and Development Subcommittee

To hold hearings to review the status of the Department of Energy's defense materials production facilities.

SD-366

SENATE—*Thursday, April 30, 1987*

(Legislative day of Tuesday, April 21, 1987)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the Honorable WYCHE FOWLER, JR., a Senator from the State of Georgia.

PRAYER

The **PRESIDING OFFICER.** Our prayer today will be offered by the Reverend Robert A. Goodrich, Jr., of Christ Episcopal Church in Bluefield, WV.

Let us pray:

Almighty God our Heavenly Father, You declare Your glory and show forth Your handiwork in the heavens and in the Earth: Deliver us in our various occupations from the service of self alone, that we may do the work You give us to do in truth and beauty and for the common good; As You have made all the peoples of the Earth for Your glory, to serve You in freedom and in peace: Grant we pray this day the people of our country a zeal for justice and the strength of forbearance, that we may use our liberty in accordance with Your gracious will; through Jesus Christ Our Lord, who lives and reigns with You and the Holy Spirit, one God, for ever and ever. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The **PRESIDING OFFICER.** The clerk will please read a communication to the Senate from the President pro tempore (Mr. STENNIS).

The legislative clerk read the following letter:

U.S. SENATE:
PRESIDENT PRO TEMPORE,
Washington, DC, April 30, 1987.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WYCHE FOWLER, Jr., a Senator from the State of Georgia, to perform the duties of the Chair.

JOHN C. STENNIS,
President pro tempore.

Mr. **FOWLER** thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The **ACTING PRESIDENT** pro tempore. The majority leader.

THE REVEREND ROBERT A. GOODRICH, JR.

Mr. BYRD. Mr. President, I speak for all of my colleagues in thanking Mr. Goodrich for his thoughtful prayer.

Speaking as a Senator from West Virginia, I welcome the Reverend Mr. Goodrich to the U.S. Senate today. He comes from Bluefield down on the West Virginia-Virginia border on the southeast, bordering the State of Virginia.

When I was brought to West Virginia from North Carolina where I was born, I was brought at the age of about 3 years and the earliest memories of my life are the memories of Bluefield, WV.

I remember the old streetcar tracks that ran up the hill in Bluefield. My foster father, who later became a coal miner, worked at the Bluefield Brewing Co. That was 65 years ago or more.

So, it is a city in which my early roots are deep. I am particularly proud of that city and the great county of Mercer.

I began going to school in a two-room schoolhouse in Mercer County along about 1922 or 1923. I had good teachers. They were not paid much in those days, but they were dedicated.

Then I lived at Wolf Creek, a little hillside farm down 3.1 miles of what we called the hard road in those days. We had an old telephone where I would crank up three longs and two shorts, and a boy friend 2 miles down the hollow would answer the phone. He would lift up the receiver and so would everybody else in the neighborhood, everybody. Then I would step down off the chair on which I had to stand to reach the phone and I would let the receiver hang down and I would take my old fiddle and I would play Old Joe Clark or Going Up Cripple Creek. Everybody around the countryside heard me play it.

In those days we had what we called "molassie makings." I would go down the creek for a couple miles and watch "molassie makings." There was a left-handed fiddler there who played music for the event. I always wanted to learn to play the fiddle like that left-handed fiddler could play the fiddle.

I later moved then to Stotesbury in Raleigh County and then back to Wolf Creek. Wolf Creek was $3\frac{1}{10}$ miles on the hard road and the nearest neighbor was a mile away.

Many times I would go up on the mountain to Ed Blankenship's mill and store and take a sack of corn. He would grind it in the mill, and I would take it back to the house and my mom would make cornbread. She could make cornbread. No sugar in it. Cornbread the way it ought to be baked.

Then in later life I went to school at Concord College. I graduated from high school in 1934, 53 years ago, and I could not go on to college. Times were hard. There were no Federal programs that would help students to go to college. I could not go to college. I had to get a job in a gas station at $50 a month. I walked 4 miles a day to the gas station. Then 16 years later I began going to college while I was in the State legislature. In the summertime I would go to Concord College at Athens in Mercer County.

I say all those things just to say my roots are deep in Mercer County and I am exceptionally proud today that this good man has come to open the Senate with prayer.

Not many Senators are present on the floor but many Senators listen and millions of people out there heard that prayer. They saw God's servant pray. There is no higher calling.

So I am glad that this man from West Virginia, Bluefield, Mercer County, could deliver the prayer today. I hope that his prayer inspired people out there who watch the Senate.

I hope they see our minister each day and give God's called and chosen servant a moment to speak. It is for a few seconds, but God has first place in this Senate when God's servant speaks.

So I thank the good pastor.

Mr. Goodrich is a long-time resident of West Virginia. He received his undergraduate education at Marshall University in Huntington.

I attended Marshall one semester. I took 22 hours in one semester—eight courses, eight A's; not bad for a boy from Wolf Creek, I guess.

Mr. Goodrich earned his theological degree at Duquesne University in Pittsburgh.

After earning his master of arts degree in theology, Mr. Goodrich served as an assistant pastor in Charles Town, a very historic town in the eastern panhandle.

I invite everybody listening to go see it; go to Charles Town and enjoy the atmosphere and the Southern hospitality. There are good neighbors, good food, and one feels himself walking in

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● **This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.**

the fields of American history in Charles Town.

Mr. Goodrich later filled a full pastorage in Weston, WV. Weston is the city from which the late Rush D. Holt, a former U.S. Senator from West Virginia, came.

Mr. Goodrich's wife is the former Mary Warren, of Weston. They have one son, Robert A. Goodrich III.

I am glad that the Goodrich family can be with us today, and I hope their time on Capitol Hill will be exciting and memorable.

RECOGNITION OF THE MINORITY LEADER

Mr. BYRD. Mr. President, I ask unanimous consent that the time of the distinguished Republican leader not be reserved. He is here.

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

AFTERMATH OF GEPHARDT

Mr. DOLE. Mr. President, yesterday in the House, the Gephardt amendment passed. Already the results are coming in.

The Wall Street Journal carries a number of articles today about the reaction of our markets to the news.

Are they pleased? The headlines tell it all.

Page 63: "Stocks give up half their gains after Gephardt measure is passed."

Page 50: "Bond prices plunge in last few minutes on House passage of Gephardt provision."

Page 42: "Dollar declines (sharply) on House vote on trade bill."

Page 3: "Futures fall."

Page 1: "Financial markets shuddered as House vote heightened inflation worries."

The Gephardt amendment was a disaster yesterday, and it is a disaster today. I think the Senate will stop it in its tracks. And there is no doubt, with the very close vote, that it will never become the law of the land. A veto would be sustained easily if it should ever be in the final bill.

But, in any event, I think it is an indication, with the close vote yesterday, that the passage of the amendment may have been its pinnacle.

BUDGET DEBATE

Mr. DOLE. Mr. President, I guess it is fair to say that yesterday, by a 1-vote margin—50 to 49—we established a benchmark for our budget debate. I think it was a bad decision. But that is what we are dealing with from here on out.

So I am reluctant to kick off any statement with a round of budget bashing, because I have been here before. I have been here when it was the Republican's responsibility to put a budget out here. I know how tough it is. I do not want to quarrel with any of my colleagues who have that responsibility.

We had a victory of 50 to 49, as I recall, on May 10, 1985, at about 2 o'clock in the morning—a 1-vote margin, precisely the margin yesterday. In that effort, we had one Democrat support us. In the effort yesterday, one Republican supported the Chiles' budget.

So I guess that the score is settled now and we are all even and from here on it is probably going to be uphill.

It is very difficult to put a budget together. But I do not believe that the budget of my distinguished friend from Florida, Senator CHILES, responsibly reflects the spending priorities and economic realities of this country.

We sit here in Washington deciding how to spend the Federal Government's money. But it is the American taxpayer who foots the bill. And I do not believe there are very many of them who would, if they could fathom all the intricacies of the budget resolution—and I am not sure how many Senators do—many who would go along with: Emasculating the defense budget without seriously scrutinizing domestic spending; raising taxes $100 billion over the next 4 years; and skewing spending so one part of the country—the western part—would suffer disproportionately.

DEFENSE SPENDING

Mr. President, clearly my biggest concern is defense spending. While on the surface the Chiles plan allegedly calls for a small increase in defense outlays, the fact is it would represent a major slash in needed defense spending.

Last year's Congress appropriated almost $280 billion in outlays to meet our defense needs. To simply maintain this level and take inflation into account, nearly $294 billion in outlays would be required. Just for openers, the Chiles plan totally ignores this inflation factor, and so starts out as a $10 billion real cut.

And we get rumors there may be a $10 billion increase amendment offered by someone, but that would be paid for by a $10 billion additional increase in taxes.

There are also other fiscal obligations clearly on the books—money we have to spend for badly needed programs, such as the new Federal employees retirement system, and a fiscal year 1988 pay raise to help retain our quality force, which the Chiles budget ignores. And the Chiles plan also ignores money which, in fact, we should have counted against last year's spending, but did not—to make last year's budget fit under Gramm-Rudman. For example, delaying the last pay day of fiscal year 1987 for 24 hours, so it would be counted as fiscal year 1988 spending.

When we get around to counting these items—which everyone knows must be accommodated, but which have been ignored—what does it mean? It means rather than $284 billion dollars to meet our defense needs, we will have $284 billion minus all the billions to pay for these pressing, outstanding obligations.

WHAT GETS CUT IN DEFENSE

Under the Chiles program, present procurement accounts will have to be reduced significantly. Some previously funded programs will be terminated, such as the Marines' Harrier jump jet and attack helicopter programs. New starts on needed weapons systems will be deferred. And, finally, any additional shortfalls will come from the always vulnerable personnel and operations accounts.

And what is the bottom line? Reductions in force, less funds for quality of life initiatives, and certainly less flying and steaming hours to keep our forces in combat-ready condition.

SASC RECOMMENDATION

Earlier this spring, the Senate Armed Services Committee, voting in an overwhelmingly bipartisan way, 18 to 2, recommended the President's $298 billion defense outlay request to the Budget Committee. The Armed Services Committee described this figure as both "credible and restrained."

We all know that Defense will be called upon to tighten its belt, like all other Government programs. But the Chiles plan—a wolf in sheep's clothing—goes much too far in slashing the resources that are truly necessary to meet our national security commitments, both at home and abroad.

ANTI-WEST BIAS

Another unfortunate victim of the Chiles budget is the West. Simply put, over the next 4 years this budget provides an additional $300 million for programs tailored for Eastern States, while slashing $2.7 billion from energy and natural resource programs designed to accommodate the special needs of Western States.

The Federal Government owns one-third of the land in the West, and therefore has a special obligation to it. And yet this budget takes such steps as cutting the Forest Service road budget in half; doubles grazing fees right when Western ranchers are fighting to survive; and it increases recreation user fees for the thousands of Americans who visit national parks throughout the year.

ECONOMIC ASSUMPTIONS

But overriding the defense and every other spending issue in the budget, is the fast and loose game we are playing with economic assumptions. I do not know who is being fooled into believing that the Chiles budget complies with the Gramm-Rudman-Hollings law. Remember "Rosy Scenario." Well, this year's budget gimmickry makes that exercise pale in comparison.

Our job is not to cosmetically meet a law, a law in which we promised the American people we would achieve a balanced budget in 1991. Our job, unfortunately is to make the tough choices—to set the fiscal priorities, priorities that we can live with—the Federal Government must live with—and the American people must live with.

It is an awesome task, and a responsibility that I do not believe we can walk away from.

But we have, I can assure my colleagues that I, for one, will not.

We are going to try to offer amendments some time during the day, and I want to accommodate the majority leader wherever we can to see if we can wrap this up.

There are still 27 or 28 hours. I think we have plenty of time. I do not know what the majority leader's plans are, or whether he hopes to finish it late tomorrow or whether we are going to finish it sometime next week. But we will be pleased to discuss that with the majority leader.

It may be that later in the day the distinguished ranking member of the Budget Committee, Senator Domenici, will offer an amendment which would correct some of the problems that he sees in the budget. There will be other amendments, I assume, from both sides.

It seems to me we can certainly have a significant reduction in time before the day is out or maybe sometime early tomorrow.

Mr. BYRD. Mr. President, I thank the distinguished Republican leader.

I join with him in hoping that the Senate can reach early conclusion to the budget resolution. There is the Chiles amendment. Mr. Chiles is not here at the moment to speak to this amendment, and there obviously will be time to discuss it later today. He can be present to do that.

I would simply say, as I have said before, that the Chiles amendment is a good starting point. The Democrats brought this resolution out of committee without a single Republican vote on that committee.

So it was the very best that could be gotten out of the committee. If the Republican members had joined in the committee, and participated and contributed to the product, perhaps it would have been an improved product. But from what I understand, there was no contribution by the other side. The Chiles budget represents the votes of 13 Democrats who stood alone in reporting the budget. We have to deal with this budget.

It is not one party's problem; it is a problem of both parties. It is a problem that faces the country. We have asked the President to participate. Thus far, he is insisting on viewing the process as a spectator sport. He can point his finger and bash the Congress, but he does not, apparently, want to sit down and work things out. He says once Congress has presented the budget, he will think about joining. The House has produced a budget, with not a single Republican vote on the House side. Not a single Republican member supported that budget. The Budget Committee, which is controlled by the Democrats, has produced a budget. It is a good starting point. It can undergo some refining and it will undergo some refining. We ourselves will offer some refinements to it. We may do that today.

I would also like to see the President's budget submitted to a vote in the Senate. Let us see where the President's budget stands. The President has taxes in his budget. He says he will veto any bill that comes across his desk that has taxes in it. He has taxes in his budget.

He has not admitted it. I do not know whether anybody has told him about it or not. There are increased taxes on coal; there are taxes on black lung payments. Those affect my State of West Virginia and my people. We are all going to be affected by any revenues, any taxes, no question about it. But the assumptions in the President's budget will not stand up under scrutiny. So we are going to be working on this budget. We Democrats will be offering some amendments as well.

We welcome support from our friends on the other side. It is a tough job and the distinguished Republican leader has had to deal with this kind of problem before. He has dealt with it capably and masterfully and I saluted him for it and admired him for it.

Nobody is going to agree with everything that is in this budget. Whatever budget finally passes the Senate—and we have to pass one—is not going to please every one of us. I know I am not going to be pleased with everything, but the American people expect us to lead and so we shall.

Mr. President, I yield the floor and I shall talk about another matter in a moment.

I apologize to the distinguished Senator from Wisconsin.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under a previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 10 a.m., with Senators permitted to speak therein for not more than 2 minutes each.

Mr. PROXMIRE. Mr. President, will the Chair repeat that? Two minutes.

Mr. BYRD. Mr. President, let me speak to that. I set up the order. I ask unanimous consent that the distinguished Senator from Wisconsin may have 5 or 10 minutes. He is always punctual. One never has to worry where he is. He is always going to be here. I commend him for it. I ask unanimous consent that Senator Proxmire may have as much time as he wishes.

The ACTING PRESIDENT pro tempore. Is there objection? Hearing no objection, the Senator from Wisconsin is recognized for such time as he may use.

Mr. PROXMIRE. Mr. President, the majority and minority leaders have their jobs to do and they are superb. I do hope we will not have the situation where, when we come to the floor, first we had 10 minutes, then 5 minutes, now it is 2 minutes. I realize we are having a difficult time. The leader is under pressure here to get action on the budget resolution. I do not want to make it difficult for him.

Mr. BYRD. Mr. President, the Senator is never a problem and this Senator always tries to protect the rights of the Senator from Wisconsin and every other Senator. The leaders have a problem here, too. Many times, we set up time for Senators and they do not show and we have 15-minute quorum calls waiting for Senators to arrive. So we do have the responsibility of operating the Senate and getting the people's business done.

The Senator can be sure he will have time to speak every morning if I have to give him my time, as I often do. I sit down and let him speak and I do not grumble about it. The Senator will always have time; if he does not, it will be over my dead body.

Mr. PROXMIRE. I thank the Senator.

COMPLIANCE WITH ARMS CONTROL SERVES SOVIET INTERESTS

Mr. PROXMIRE. Mr. President, can we trust the Soviet Union not to cheat on whatever nuclear test ban treaty we may negotiate with them? Yes. Under one condition and only one condition can we trust the Soviet Union not to cheat. What is that condition? That is if the Soviets believe that cheating is not in their interest. And under what circumstances would cheating by the Soviet Union not be in their interest? Answer: It would not be in their interest if that cheating could be readily detected, and if the detected violation would jeopardize the treaty and further, if compliance by both sides were in the national security interests of the Soviet Union. Can these conditions be met in a test ban treaty the United States could negotiate with the Soviet Union now?

The answer is, absolutely. They certainly could be met. Could we detect Soviet violations of a test ban treaty? The answer is sure, provided we first insist on tough verification requirements when we negotiate the treaty. What verification requirements can we make as absolute conditions necessary for our agreement? We should insist on the location of international seismic monitoring stations throughout the Soviet Union. We should further insist on unannounced on-the-spot international inspection of any unusual explosion within the Soviet Union or the countries allied in the Warsaw Pact.

Second, we should agree to limit the size of underground nuclear weapons' explosions to less than 1 kiloton. Explosions below that level would have no military significance.

Third, we should make it clear that the determination of a significant pattern of violation of the treaty by the Soviet Union would terminate the treaty.

Fourth, we should aggressively monitor compliance with the treaty. We should not hesitate to go promptly to the Standing Consultative Commission to pursue any significant evidence of Soviet violations.

Mr. President, there is a persistent belief held by many Americans, by many Members of the Congress, by much of the press, and by persons of considerable power and influence in the administration, that in the history of nuclear weapon arms control agreements with the Soviet Union, our Communist adversary has brazenly and persistently cheated again and again, and on virtually every significant treaty. Nothing poisons the arms control well more deeply or surely than these charges. Let us face it. Few Americans and in fact, few Members of Congress pay much attention to the details of arms control. Most Americans, and most Members of Congress, view the Soviet Union as a country totally dominated by an unreliable, opportunistic, unscrupulous group of Communist commissars who are constantly on the lookout for any chance to advance the international Communist cause by any means whatsoever.

So it is easy to believe the Russians cheat, cheat big, cheat so much that any agreement with them will unilaterally limit us but not our Communist adversary. Mr. President, if we accept this view, how can we possibly support arms control agreements with the Soviets? The answer is that we can make an agreement with any country or any person no matter how we feel about their reliability with reasonable assurance the agreement will be substantially kept if we are convinced that the party with whom we make the agreement recognizes that keeping the agreement is in their own selfish interest.

But how do we determine this with respect to arms control agreements with the Soviet Union? The answer, Mr. President, is in the 25-year history of arms control agreements with the Soviet Union. On balance, has the Soviet Union complied with those agreements, or has it engaged in violations that are militarily significant? For the answer, consider a recent article that appeared in the Washington Post by two patriotic and tough-minded Americans who are also eminently qualified as outstanding scientists to make the judgment. One is Kosta Tsipis. Tsipis is principal research scientist at the Massachusetts Institute of Technology. The other is Jerome Weisner. Weisner is the former president of MIT. He also served as the science adviser to President Kennedy.

Tsipis and Weisner conclude:

> The current claims of Soviet cheating are presented to the public as the justification for continuing the arms race. The American people are being deceived by this argument. We have examined both the major administration claims of Soviet violations and the weight of independent judgment about them.

These experts summarize the case as follows: With respect to the ABM Treaty, the prime charge against the Soviet Union concerns the Soviet radar at Krasnoyarsk in Siberia. The radar is well inside the Soviet perimeter and therefore appears to constitute a prima facie violation. It is not of military significance because it is not operational. The United States should pursue its charge at the Standing Consultative Commission.

With respect to the SALT II Treaty, there are two prime charges of Soviet violations. First, the SS-25. The United States claims the SS-25 violates the treaty restriction on a second new missile. The Soviets deny this. They claim the SS-25 falls within the treaty's permission of a modernized missile. In this case, they claim it is not new but a modernized version of the SS-13. Resolving this kind of disagreement is what the Standing Consultative Commission was created for. The United States claims the Soviets have violated the treaty by testing the SS-25 with a warhead that is less than 50 percent of its total throw-weight. Tsipis and Weisner say that the Soviet Union has now tested the SS-25 at full range and the results of these tests—while known to the United States—have not been made public by the administration.

Another alleged Soviet violation of the SALT II Treaty has been the encryption—or encoding—of telemetry—messages sent from missile tests. The treaty permits encryption provided it does not prevent verification of compliance with the treaty. But the administration will not tell the Soviets that telemetry we want them to decode.

Finally, the administration has charged that the Soviets have violated the Limited Test Ban Treaty as modified to prohibit explosions in excess of 150 kilotons. Tsipis and Weisner contend the United States is wrong in these charges. They contend that because of systematic errors in the calibration of our measuring instruments, the United States has overestimated the yield of Soviet underground tests. Are Tsipis and Weisner right? Consider the documentation they cite. They point out that British, Swedish, Japanese and independent American scientists have agreed on these errors. And that is not all. Three separate Government contractors have concluded that current methods are incorrect. Their results have been endorsed by the DOD Technical Revision Panel on Nuclear Test Ban Verification and the Air Force Technical Applications Center. Furthermore, even the administration itself has not challenged these conclusions.

Mr. President, these two eminent scientists conclude that:

> The possibility of Soviet cheating on a complete test ban agreement would pose a minuscule threat to United States security compared to the dangers of a continuing arms race.

To which this Senator says Amen.

Mr. President, I ask unanimous consent that the article to which I have referred from a recent edition of the Washington Post be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIET CHEATING SHOULDN'T HINDER A NUCLEAR TEST BAN

(By Kosta Tsipis and Jerome B. Wiesner)

Success at the summit this weekend will have to mark a turning point in the Reagan administration's current insistence that the Soviets cannot be trusted in arms control agreements and, therefore, that no complete ban on nuclear testing is possible. A change in this attitude would bring the administration more in line with the best thinking of past administrations.

A little history: when President Eisenhower first proposed banning nuclear tests in the hope of slowing down the nuclear arms race, he was confronted with a barrage of suggestions of ways in which the Soviets might violate such a ban undetected, including testing behind the Sun. His administration refuted the arguments as they appeared, but opponents of arms control simply continued their delaying tactics until he left office.

Although President Kennedy did achieve the Partial Test Ban Treaty, his efforts to negotiate a comprehensive test ban were frustrated by the same kind of opposition. In the 1970s, during the Carter administration, the Committee on the Present Danger made similar charges of Soviet violations that again turn out to be either false or unprovable, but that sank SALT II.

The current claims of Soviet cheating are presented to the public as the justification for continuing the arms race. The American people are being deceived by this argument.

We have examined both the major administration claims of Soviet violations and the weight of independent judgment about them, and we summarize our findings here.

The ABM treaty: The Reagan administration's claim is that the Soviet Union is violating this treaty by preparing defenses for its territory. But the official report of the president to Congress reads: "The evidence is insufficient to fully assess compliance of the Soviet Union with the Treaty . . ." In other words, this claim is a guess.

The administration points to the construction of a large radar at Krasnoyarsk in Siberia as further proof of the ABM treaty violation. This installation, if it becomes operational, will indeed violate the treaty provision prohibiting early-warning radars anywhere but on the nation's borders. The Soviet Union declares that Krasnoyarsk is a spacetracking radar. The optimal way of dealing with this controversy is to take it up at the Standing Consultative Commission in Geneva. The United States has not been willing to do this, perhaps because the Soviet Union is challenging some U.S. radar deployments.

The SS-25: The administration says that this Soviet missile violates the SALT II agreements twice. First, it claims the SS-25 violates the limit on new types of missiles, defined as a missile differing in any parameter from existing types by more than 5 percent. The Soviets claim that the SS-25 is a modernization of the SS-13; the administration says the SS-25 throw-weight is more than 5 percent greater.

Second, the administration charges that the Soviets have tested the SS-25 with a warhead that is less than 50 percent of its total throw-weight, a violation of a SALT II provision designed to prevent the addition of warheads after a missile's test phase. The Soviets respond that U.S. intelligence has underestimated the throw-weight of the older SS-13, and they reportedly conducted several SS-13 launchings in 1985 to give us a chance to measure correctly.

Further, they say that during the limited-range testing of the SS-25 they use a heavy instrumentation package, which both gives the impression of greater throw-weight and makes the warhead appear less than 50 percent of the payload. The Soviet Union has now tested the SS-25 at full range. The results of these tests, known to the United States, should resolve the question, but the administration has not made them public.

Encryption: The United States claims that the Soviets are encrypting (encoding) data during their missile tests in violation of a SALT II provision that requires that all telemetry relevant to compliance with treaty provisions be broadcast openly. Judging from the administration's detailed comparison of the SS-13 and SS-25, information relevant to determining whether the missiles differ by more than 5 percent is not being encrypted.

Characteristics limited by the treaty, such as missile size and maneuvers associated with multiple warheads, satellite cameras, so verification of compliance with these SALT provisions does not depend on unencrypted telemetry. Telemetry may be relevant in other cases, but the administration has been unwilling to respond to the Soviet request that we tell them exactly which telemetry we want them to decode.

Underground testing: The Reagan administration states that "while ambiguities exist . . . the U.S. reaffirms that a number of [Soviet] tests constitute likely violations" of the Partial Test Ban Treaty. For many years now, because of systematic errors in the calibration of our measuring instruments, the United States has been overestimating the yield of Soviet underground tests. British, Swedish Japanese and independent American scientists have pointed out the source of these errors. Reports prepared in 1985 for the CIA and the Defense Department have recommended that the administration promptly revise its methods of estimating Soviet explosion yields. Three separate government contractors have concluded that current methods are incorrect, and their results have been endorsed by the DOD Technical Revision Panel on Nuclear Test Ban Verification and the Air Force Technical Applications Center. The administration has not questioned these conclusions. The vast majority of U.S. seismologists share the belief that the Soviet Union has not exceded the Partial Test Ban Treaty limit of 150 kilotons. The administration proposes more studies.

From the very first Soviet nuclear bomb test, the unilateral monitoring systems of the United States have enabled us to detect and determine the characteristics of new Soviet weapons and to monitor their deployment. Proposed inspection arrangements would reinforce these unilateral verification capabilities. The possibility of Soviet "cheating" on a complete test ban agreement would pose a minuscule threat to U.S. security compared to the dangers of a continuing arms race. The administration's argument to reject a test ban on these grounds is contrived and should not be accepted.

BICENTENNIAL MINUTE

APRIL 30, 1789: FIRST PRESIDENTIAL INAUGURATION

Mr. DOLE. Mr. President, on April 30, 1789, 198 years ago today and nearly 2 months after the date set for the new government's first meeting, the Senate and the House were finally able to carry out their arrangements for George Washington's first inauguration in New York City.

Washington arrived at Federal Hall dressed in a dark brown coat and knee breeches with metal buttons embossed with eagles, white stockings, and a steel-hilted sword. His hair was powdered and drawn back. Escorted by a committee made up of Senators Tristram Dalton, Ralph Izard, and Richard Henry Lee, Washington entered the Senate Chamber and advanced between the Senators and Representatives, bowing to each. Vice President John Adams led him to the chair. The Senate and Adams, its President, were arrayed on Washington's right, the House and its Speaker on his left. Washington then stepped out onto a balcony and acknowledged the shouts from the crowd below with a bow. He laid his hand upon the Bible, solemnly repeated the oath administered by the chancellor of the State of New York, Robert Livingston, and bending reverently, kissed the book. Livingston stepped forward and raising his hand, cried, "Long live George Washington, President of the United States!" On that note, cannons pounded, bells rang, and three cheers erupted the crowd.

Washington returned to the Senate Chamber and read his inaugural address to a standing Congress. Afterwards there was a grand walking procession to St. Paul's chapel for prayers. The Senate resumed business after the service, appointed a committee to draft a reply to Washington's address, and adjourned. That night New York was illuminated with bonfires making the end of an auspicious, exciting day.

IRAN/NICARAGUA COMMITTEE HEARINGS TO BE TELEVISED ON CHANNEL 13

Mr. FORD. Mr. President, I am pleased to announce that at the request of the two chairmen, Senator Inouye and Congressman Hamilton, I have authorized on behalf of the Senate that the public hearings of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition and the House Select Committee to Investigate Covert Arms Transactions with Iran be broadcast live on the closed circuit congressional cable system. These proceedings will be carried on channel 13.

I am informed that Congressman Rose has made a similar authorization on behalf of the House.

I hope that this will permit Senators and staff to keep informed on the events as they occur during these important hearings.

TRIBUTE TO AMERICA REMEMBERS CAMPAIGN

Mr. HEFLIN. Mr. President, I would like to share a very special story with my distinguished colleagues today; a story about one man who has touched the lives of tens of thousands of Americans; a special group of Americans who live and work overseas—our armed services personnel.

Mr. President, I rise today to pay very special tribute to an organization, the America Remembers Campaign, and its founder, Don Grimes, who brings joy and happiness to these tens of thousands of military servicemen and women stationed overseas.

The America Remembers Campaign is a 4-year-old project that publicizes the addresses of U.S. military units throughout the world and encourages Americans to write to these overseas servicemen and women during the Christmas season.

The holiday season is a difficult time for our overseas service people. Many of them are quite young—only 18 or 19 years old—and have never spent much time away from home. The cards and letters that they receive from our Nation's citizens truly tell them that America remembers; that Americans are grateful for the vital role they are playing in protecting their country; and that Americans know they are helping to keep the peace throughout the world.

Don Grimes of Bloomfield Hills, MI, a U.S. Army Reserve sergeant, started the America Remembers Campaign in 1983. During that first year he collected over 850 pounds of mail which he distributed to military personnel overseas.

Since then after spending countless hours and much of his own money on the endeavor, Don has increased the volume of mail and has enlisted the help of many more people, including the famous syndicated columnist Abigail Van Buren or "Dear Abby" in his mission.

Don's philosophy is that "we should show appreciation for people who keep us free not just when there is a war."

This past Christmas over 80,000 American troops stationed in over 34 countries and on board ships in 3 oceans received stacks of Christmas cards from tens of thousands of Americans. Some people mailed their letters directly to the military units, but thousands of letters were received at America Remembers. It was then that Don decided to personally deliver those letters addressed to American soldiers based in West Germany during the Christmas season.

Well over 2 million letters were received via "Dear Abby" for soldiers in South Korea, sailors in the Mediterranean and the Indian Ocean, marines in Okinawa, and soldiers in West Germany, just to name a few.

Through this program, tens of thousands of Americans have expressed their heartfelt thanks to all the military personnel stationed abroad or deployed at sea.

And as Capt. J.A. Moriarty, commanding officer of the U.S.S. *John F. Kennedy,* wrote to me, the cards and letters from back home boosted the troops' morale and truly showed them they were of value:

> We were a long way from our families, loved ones, and fellow Americans back home but through your efforts we felt much closer. Down deep we always knew America remembered us but it was so nice to see overwhelming proof that America does remember and does care deeply for her men overseas.

In a letter, Lin Hurley, executive director of the Camp Foster USO in Okinawa, Japan, described the excitement exhibited by troops when they began opening the mail on Christmas Eve:

> Foster USO began distribution at 5:00 p.m. on Christmas Eve—it was a reading frenzie! Many troops stayed all night reading through hundreds of letters—two men found letters from folks they knew. We were overwhelmed at the enthusiasm shown by our troops reading the wonderfully warm and funny letters word by word.
>
> The troops themselves began sorting by State—their loyalty to their hometowns is outstanding. We think every State was represented but where they couldn't match an exact town they searched for the closest to it * * * the entire shipment of letters was laid out on the center floor while they searched. It kept them cheerfully busy for two days and kept their minds off their loneliness.
>
> * * * These letters let the Marines and other service personnel remember why they're here and that its worth every inconvenience. They're walking a little taller with the motivation from the States.

When I read these words, I felt the full impact that this program has made on these men and women. They feel more fully appreciated and understood now that America has proven that it does care.

I am deeply honored to be associated with the America Remembers Campaign, and I commend Don Grimes on the valuable service he is performing for our American servicemen.

During times of peace, it is easy for us to take these brave men and women, who have given their all for liberty and freedom, for granted. But I am hopeful that Don Grimes and his America Remembers Campaign will remind us of the vital role that this very special group of Americans play in defending our national security.

CONGRATULATIONS TO DR. CHARLES A. McCALLUM

Mr. HEFLIN. Mr. President, I am delighted to rise, today, to congratulate Dr. Charles A. McCallum who recently was unanimously chosen as the third president of the University of Alabama at Birmingham. As president, Dr. McCallum will continue to provide UAB with outstanding leadership and guidance in the coming years, as he has done for so long in the past. In choosing Dr. McCallum for this post, I believe that the trustee search committee has completely fulfilled its responsibility. It has made a thorough search of possible candidates throughout the Nation, and has chosen the one individual who is best able to lead the students, the faculty, and the alumni of UAB, as well as the people of Birmingham and Alabama, on to greater accomplishments and achievements than ever before.

Through more than three decades, Dr. McCallum has been connected with UAB in every capacity imaginable, having been a student, a resident, a faculty member, a dean, a vice president, an acting president, and now the president. His efforts have always been marked with consistent achievement. He has always been greatly respected by his colleagues and students.

Dr. McCallum first came to Birmingham in 1951, after being graduated from the Tufts College Dental School near Boston, to begin a residency in oral surgery at the Medical College of Alabama—the predecessor of UAB. He received his medical degree from the college in 1957, and then continued as an instructor of oral surgery, eventually being named chairman of the oral surgery department. Dr. McCallum became dean of the school of dentistry in 1962, the same year that a new team took over at the medical college with a dream of turning the institution into a nationally known health institution and teaching hospital.

Since the University of Alabama at Birmingham was given university status within the University of Alabama system in 1966, many achievements have been made and many successes have been wrought. These successes have been made possible by the common dreams, the joint commitment, and the unified efforts of various people. Dr. Charles McCallum is one of those who, through the years, have worked with tireless zeal and dedication to make the dream of the University of Alabama at Birmingham take shape and form. He is among those who have dedicated their lives and their labors to make UAB one of the premier teaching hospitals in the world.

Throughout his service with UAB, Dr. McCallum has shown time and again both an enormous devotion to UAB as an institution, and his readiness to respond to the call of duty. In 1977, when Dr. Richardson Hill was named president of UAB, Charles McCallum was chosen to take his place as the vice president for health affairs of UAB and as director of the university medical center. When Dr. Hill announced last September that he planned to take a sabbatical for 1 year and then return to teaching, Dr. McCallum was chosen to serve as acting president, while still responsible for the demands of his former job, as well.

As the president of UAB, I know that Charles McCallum will work with great industry to further strengthen the university, building on the great tradition of excellence that already exists. Under his leadership, UAB will be able to meet the challenges of the future. I believe that Dr. Charles McCallum will add greatly to his already significant contributions to education in Alabama and in America. I look forward to working with him and with all who are involved with education at the University of Alabama at Birmingham, as well as all those throughout the University of Alabama system to provide the citizens of our State with the greatest educational opportunities available in the world.

Again, I would like to congratulate Dr. Charles McCallum on his selection as president of UAB. I know that his family and friends are very proud, and that he eagerly anticipates the coming years.

Mr. President, I ask unanimous consent that the attached articles be printed in the CONGRESSIONAL RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Birmingham Post-Herald, Apr. 3, 1987]

UAB'S MCCALLUM FINISHES CLIMB FROM RESIDENCY TO PRESIDENCY

(By Jamie Lucke)

HUNTSVILLE.—It was snowing by the time Charles A. "Scotty" McCallum finished shaking hands with dozens of well-wishers yesterday afternoon.

Even though the skies looked threatening and home was 100 miles away, he found a pay phone before leaving the University of Alabama in Huntsville and called his 92-year-old mother in Birmingham to tell her the news. He had just been named president of the University of Alabama at Birmingham.

The good-natured, hard-working McCallum was the favorite for the job from the outset. His advancement into the presidency is almost like a family succession. He started his career in Birmingham 36 years ago when the idea of a world-class medical center in Alabama seemed like a wild dream at best, a bad joke at worst.

But McCallum, 61, was part of the team that made that dream come true. He has been a player in the UAB success story for most of the medical center's 41-year history.

"He's part of the generation that started everything," said UAB student trustee Charlie Priest, a member of the 16-member presidential search committee.

Born in North Adams, Mass., on Nov. 1, 1925, McCallum attended Dartmouth College and Wesleyan University. After graduating from Tufts College Dental School near Boston in 1951, he came to Birmingham and began a residency in oral surgery.

He earned a medical degree from the then-Medical College of Alabama in Birmingham in 1957. Meanwhile, he had become an instructor of oral surgery and eventually was named chairman of the oral surgery department.

McCallum became dean of the School of Dentistry in 1962, the year a new team took the medical center's reins and began pushing the institution toward national prominence. Dr. Joseph Volker was named vice president for health affairs. Dr. S. Richardson Hill became dean of the medical school.

In 1966, when UAB was given university status within the University of Alabama System, McCallum already had been associated with the institution 16 years.

When Volker became chancellor of the University of Alabama System in 1977 and Hill moved into the UAB presidency, McCallum moved into Hill's former position as vice president for health affairs and director of the medical center.

McCallum has received numerous professional honors, including Alabama Dentist of the Year in 1984.

He served as a visiting professor at the University of Baghdad School of Dentistry in Iraq from 1975-77.

He received an honorary doctorate from Georgetown University in 1982 and had held numerous offices in professional organizations.

He is married to the former Alice Rebecca Lasseter, who was at the meeting yesterday when the University of Alabama System Board of Trustees unanimously named him UAB president.

The McCallums have four sons.

After the vote, University of Alabama President Joab Thomas reached over to shake McCallum's hand.

Priest, a former UAB student government vice president, also shook McCallum's hand. When Priest joked that he hoped the new president would continue to be responsive to students, McCallum gave him a friendly punch on the shoulder.

After the meeting, Priest praised McCallum's style and abilities. "He's frank. He's blunt—at least he is with the students. And I appreciate that. He's a workaholic. And he pays great attention to detail.

"A lot of people may think it wasn't a genuine effort to find a new president. It really was. We had some long meetings and heated debates and Dr. McCallum was the best choice."

McCallum often stresses the need to maintain the high quality of the medical team at UAB and the need to give the faculty the resources and space they need to excel.

In typical fashion yesterday, McCallum made a point, when speaking to reporters, to praise his secretary, Kitty Robinson, and the other members of his office staff for the extra work they have done during the seven months he has held both top positions at UAB. "I have some great help," he said.

In an interview after being named president, McCallum said he has not changed his stand against UAB football. He said the search committee asked about that and he reaffirmed his opposition to starting a UAB football program at this time.

"I think we have more critical things to think about," he said, "adding that there may be a point in time" when it would be appropriate to start a football program at UAB.

[From the Birmingham Post-Herald, Apr. 3, 1987]

TRUSTEES NAME DR. MCCALLUM UAB PRESIDENT

(By Jamine Lucke)

HUNTSVILLE.—Dr. Charles A. "Scotty" McCallum, the new president of the University of Alabama at Birmingham, said yesterday that his goal is to "make UAB even greater."

"I inherit a rich tradition, great faculty and dedicated student body," McCallum told the school's board of trustees after being unanimously chosen as UAB's third president.

"What I like about each and every individual at this institution is the spirit to excel; not to accept average, but to be outstanding."

McCallum, 61 has served as UAB's acting president since September.

The university is Birmingham's largest employer and its president is regarded as one of the most influential and powerful members of the community.

University of Alabama Chancellor Thomas Bartlett, who yesterday recommended McCallum to the trustees, said he considered him "the standard against whom all other candidates should be judged."

McCallum was chosen from a field of candidates that originally numbered 127. A 16-member search committee identified seven finalists. Bartlett said he invited "the strongest" of the seven to meet the committee.

The decision finally came down to McCallum and an out-of-state physican, according to trustee Yetta Samford, who headed a trustee advisory committee that aided the search.

"There were many reasons for choosing Dr. McCallum," Samford said. "He's well-respected throughout the country. He has shown what good administrative skills he has. And he knows UAB."

McCallum is less than four years away from the standard retirement age for UA system administrators. Bartlett and others said McCallum's knowledge of UAB outweighed the disadvantage of his age because he will be immediately effective as president.

"I think age probably would have been a drawback had he not been so familiar with this university," Samford said. "He won't need a learning period."

Bartlett said, "There's a lot going on at UAB. It's important to keep up the momentum. UAB is a campus that has to do so much for itself because the state is not in a financial position to do a great deal. Under Dr. McCallum, UAB can move forward without missing a stride."

UA System policy is for senior administrators to retire at 65, Bartlett said. The mandatory state retirement age is 70.

McCallum said he has not even thought about retirement.

"I've just got too much enthusiasm and too many things to accomplish and do," McCallum said. "Some people are happy to hang up their shoes at a certain time. I'm not. I've worked long hours and always have, and I don't see why that would change."

The choice of McCallum as president came as no surprise, although the timing was unexpected.

Bartlett said the search committee finished its work Tuesday, the same day that McCallum was interviewed by the committee for about two hours.

After meeting with Bartlett Wednesday, McCallum said, he expected an announcement to be made at the trustees meeting yesterday. But he did not know for sure that he was the final choice until he heard Bartlett say so at the afternoon meeting at the University of Alabama in Huntsville.

"I must say things have moved along very rapidly," McCallum said, adding that he was "pleased and proud to have been selected."

None of the finalists' names were made public. Bartlett said the confidentiality would aid the UA System in future searches because candidates would have greater confidence that their current jobs would not be jeopardized by publicity.

The seven top contenders were all physicians, according to a source on the committee. The Second-place finisher was a top administrator at a teaching hospital.

McCallum, a physician, dentist and oral surgeon, has been associated with the medical center in Birmingham for more than three decades.

"I am fortunate to have had a long and intimate relationship with the institution," he said.

He has been a student, a resident, a faculty member, a dean, a vice president and an acting president at UAB.

Since becoming acting president, McCallum has continued to serve as medical vice president and medical center director.

"I've done both for seven months," he said. "It would be impossible to continue that on a long-range basis."

He said one of his first tasks as president will be to begin the selection process for a new vice president for medical affairs and medical center director. That is the position from which UAB presidents traditionally are chosen.

UAB's first two presidents—Joseph Volker and S. Richardson Hill—each headed the medical school and the medical center before becoming president.

Hill, 63, announced last May that he would step down from the presidency this year and return to teaching. Meanwhile, Hill began a one year sabbatical and McCallum was named acting president.

Reaction in Birmingham to McCallum's appointment was positive.

"I am absolutely delighted with the selection of Dr. McCallum as our president. I think he has the qualities that we need to continue to develop on this campus," said Mary Neil Sprayberry, assistant administrator for University Hospital and assistant vice president for health affairs and information services. "I would say that he was clearly the correct choice for the position."

She served on the 16-member search committee that began screening candidates in September. She said the committee received applications from many highly qualified individuals.

I. Fred Trawick Jr., an associate marketing professor and committee member, said outsiders might believe that McCallum had a lock on the presidency from the start.

"The truth is, it was a real search," he said. "We looked nationally for the best person to be president at an institution like UAB. When we finished our work, it just looked like the inside candidate was the strongest one."

Trawick said the committee interviewed only McCallum and the strongest outside candidate and saw no reason to interview others.

Trawick, who also is chairman of the faculty senate of University College, said McCallum was the best qualified to head both UAB's medical facilities and its nonmedical areas.

"As acting president, he has made a lot of effort to find out a lot more about our side of campus and has expressed his concerns for the development and for the situation of low faculty salaries," Trawick said. "I think he will continue to show those concerns as president."

Attorney James C. Barton Sr., another committee member, said McCallum's selection "is certainly an excellent appointment. UAB is in good hands."

Barton said McCallum's experience and proven executive ability were so great that he set the standard by which other candidates were measured.

Committee member Louis Willie, president of Booker T. Washington Insurance Co., agreed that McCallum was the best choice.

"We had several outstanding people who were considered and seriously considered," he said. "But, in the final analysis, we felt that Dr. McCallum was the most outstanding of all those considered.

"I think that he will be good for the whole of Birmingham, as well as being a good president for the university."

Ed LaMonte, a former UAB faculty member and executive secretary to Birmingham Mayor Richard Arrington, said he does not know McCallum well but has great respect for the new president.

"I think that he is going to be a very strong and no-nonsense leader at the university," he said.

"My impression is that he is really one of the early contributors to the great success of the university, that in his own field of work and in the medical center he has established a national and international reputation," said LaMonte, who will join the faculty at Birmingham-Southern College this fall.

Neal Berte, Birmingham-Southern president, said he got to know McCallum well about four years ago when Berte was general campaign chairman for the United Way and McCallum was a co-chairman.

"I have very strong feelings about his commitment to this community, his knowledge of education and his dedication to the University of Alabama at Birmingham," Berte said.

He said McCallum has a reputation "as a very fine administrator of a medically related academic program."

TRIBUTE TO MAJ. GEN. ROBERT O. BUGG

Mr. HEFLIN. Mr. President, it is my honor to rise today to pay tribute to Maj. Gen. Robert O. Bugg, of Wadley, AL, for the outstanding leadership and service that he has provided as commander of the 121st U.S. Army Reserve Command, located in Birmingham, AL. General Bugg has recently completed his assignment as commander of the 121st ARCOM, and was honored last Friday night at a banquet that was held in Birmingham. This banquet provided recognition long due, for General Bugg has served our Nation, my State, and the U.S. Army Reserve with great loyalty, distinction, and dedication for many, many years. His contributions to our national defense are, indeed, immense. For over 31 years of commissioned service, he has responded with honor and dignity to his country's call of duty. He has, indeed, well served the people of Alabama and of America.

General Bugg received his commission as a second lieutenant on August 5, 1955, after receiving his bachelor of science degree in agricultural education from Auburn University. He also later received his master of science degree in agricultural education from Auburn in 1958, and a degree in school administration from Jacksonville State University in 1979.

During his service in the U.S. Army Reserve, General Bugg has held various positions which have provided him with a wealth of expertise at many levels of command and in a great range of different areas of concern. His experience includes service as a platoon leader, as adjutant to both an engineer battalion and quartermaster battalion, as an operations officer of a quartermaster battalion, as well as operations officer of a support group and field depot. He has also served as the director of security, intelligence, planning, and training of a field depot, as commander of a maintenance battalion, as commander of a field depot, and as a commander of a transportation brigade. Prior to assuming command of the 121st ARCOM, General Bugg served for almost 4 years as deputy commander. In each of these positions, General Bugg has earned the respect and the admiration of his inferior as well as superior officers. Through his professionalism, his hard work, and his great devotion, he has truly distinguished himself, earning a great reputation throughout the entire Armed Forces.

With such great experience in so many different areas, General Bugg possesses a tremendous practical knowledge of operations that is of enormous benefit when combined with his administrative training, skills, and experience. Additionally, he has received advanced military training at Quartermaster School, at the Command and General Staff College, at the Industrial College of the Armed Forces, at Transportation School, and at the Army War College. He has also received a degree from the executive program in national and international security at Harvard University.

Throughout his assignment as the commander of the 121st ARCOM, General Bugg has implemented this vast knowledge and training in ways which have benefited the entire command. During his tenure, the overall strength of the ARCOM has been significantly fortified and increased. Equipment has improved and personnel strength and training is better. Essentially, General Bugg has ensured that the 121st U.S. Army Reserve Command is in an enhanced state of mobilization readiness. And throughout his 31 years of service, he has dedicated himself to the arduous goal of preparing those who serve him with the knowledge and confidence to lead in their own right. These are the duties of every commander, and Maj. Gen. Robert Bugg has fulfilled his duties in an outstanding capacity.

In addition to the numerous contributions he has made to my State and our Nation through his involvement with the Army Reserve, General Bugg has provided an outstanding service to the people of his community and Alabama as the vocational director for the Randolph County and Roanoke City Board of Education. Thus, he is instrumental in preparing students for careers, and in providing businesses with skilled employees. His work is important to the happiness and the fulfillment of the lives of those who utilize vocational education programs in Randolph County.

For many, many years, Maj. Gen. Robert Bugg has worked to serve his community, my State, and our Nation with tireless energy and great care. His achievements are numerous and his contributions are tremendous. He has set an example that all should follow. I believe that the present and future success of our country is entirely dependent on efforts such as those that General Bugg has made. I congratulate him on his accomplishments and commend him for his work. The citizens of Alabama and of America are in his debt.

CONCLUSION OF MORNING BUSINESS

Mr. BYRD. Mr. President, has morning business expired?

The PRESIDING OFFICER (Mr. CONRAD). Morning business was to expire at 10 o'clock.

Morning business is closed.

CONGRESSIONAL BUDGET RESOLUTION—1988

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now resume consideration of the pending business, which the clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 49) setting forth the congressional budget for the United States Government for the fiscal years 1988, 1989, 1990, and 1991.

The Senate resumed consideration of the concurrent resolution.

Pending:

(1) Byrd motion to recommit the resolution to the Committee on the Budget, with instructions to report back forthwith, with language in the nature of a substitute.

(2) Chiles Amendment No. 174 (to the motion to recommit), with language in the nature of a substitute.

(3) Chiles Amendment No. 179 (to Amendment No. 174), of a perfecting nature.

Mr. BYRD. Mr. President, I ask unanimous consent that the distinguished Senator from Idaho [Mr. SYMMS] may speak for 5 minutes out of order, that the distinguished Senator from Oregon [Mr. HATFIELD] may speak for 5 minutes, 5 to 10 minutes, each of them, out of order, and that I may then speak 5 minutes out of order, and that the time be equally charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. SYMMS, Mr. HATFIELD, and Mr. BYRD pertaining to the introduction of legislation are printed later in today's RECORD.)

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BYRD. Mr. President, I believe that under the order, I was to be recognized to speak out of order.

The PRESIDING OFFICER. The Senator is correct.

BILATERAL SEMICONDUCTOR ARRANGEMENT WITH JAPAN

Mr. BYRD. Mr. President, I have written the following letter to President Reagan:

DEAR MR. PRESIDENT: Your decision on April 17, 1987, to increase tariffs on certain articles from Japan, in retaliation for noncompliance by the Government of Japan in implementing the provisions of our bilateral semiconductor arrangement, was justified, timely, and appropriate. As you know, the Senate adopted, by an overwhelming vote of 93-0, on March 19, 1987, a resolution urging just such retaliatory action by you.

There have been a spate of recent reports, attributed to high-ranking officials in your Administration, to the effect that the Japanese government has corrected the situation and it is now in compliance with the agreement. Lacking clear cut evidence that Japan is now implementing the agreement and that such implemention will be sustained over the long-run, I believe it would be a great mistake to lift the sanctions that you have imposed. First, the sanctions themselves were mild in their effect, imposed on only four products and at a level of value that cannot possibly have any significant economic impact on our overall economic relationship with Japan. Since the sanctions, therefore, are primarily symbolic in nature, to lift them at this time would be a symbol of something else—American indecisiveness and vacillation—

I did not have "vacillation" in the letter. It is another good word that occurred to me—

American indecisiveness and confusion.

Secondly, and most important, no case has been made in any convincing manner that the Japanese are abiding by, or in good faith attempting to implement the key provisions of the semiconductor agreement. In regard to American industry access to the Japanese semiconductor market, the agreement provided that the "expected improvement in access to Japanese markets should be gradual and steady." However, the U.S. share of the Japanese semiconductor market has been flat from the time of signing the agreement last September through this February, and the March figures show a slight decline in that share, according to your Trade Representatives' office, from 8.5 percent to around 8.4 percent. In order to maintain that the agreement is being implemented, there would have to be a sustainable trend for several months, gradually increasing above this level. Clearly, no such trend is yet observable.

As to the provision requiring prevention of Japanese dumping in third countries, the figures for March, according to your trade office, show no improvement in the situation. Apparently, dumping has continued unabated, in that most third country sales are at least 30 percent below market value. Obviously, without verification that such practices have stopped for at least a month or more, it could not be maintained that the provision is being implemented.

In addition, there is a provision (section 3 of the Arrangement) that requires the Japanese to establish an "organization which will provide sales assistance for foreign semiconductor producers as they attempt to penetrate the Japanese market", and promotes "long-term relationships between Japanese semiconductor purchasers and foreign producers . . ." In fact, the shell of such an organization was established, but American semiconductor manufacturers are boycotting the organization because the Japanese are requiring cash contributions of hundreds of thousands of dollars in order for U.S. companies to have the right to participate. This "buy-in" requirement is nowhere in the agreement and seems to me to indicate a lack of good faith on the part of the Japanese to execute Section 3.

Mr. President, I believe that the United States has a historic record of abiding in good faith with agreements which we reach with other nations. We have every right to require good faith compliance in all such agreements, be they in the field of arms control or trade, and our co-signatories should expect us to act firmly if they do not live up to commitments solemnly made. It would be entirely counterproductive to lift the sanctions you rightly imposed in connection with the semiconductor matter until sustained compliance, over a period of months, can be clearly demonstrated.

If it is necessary to sustain your decision by legislative means, I stand ready to provide you with that kind of support. In your discussions with the Japanese leader, for whom I have the greatest respect, I believe it is important to convey this message in terms which are unmistakable and direct.

Sincerely,

ROBERT C. BYRD.

Mr. President, that is the letter in its entirety which I wrote President Reagan yesterday.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, I understand the distinguished Senator from Delaware [Mr. ROTH] wishes to speak out of order.

Mr. President, I ask unanimous consent that the distinguished Senator from Delaware may speak out of order for not to exceed 5 minutes, that the time be charged equally on both sides of the resolution which I think is preeminent and fair, and I ask unanimous consent that upon the conclusion of Mr. ROTH's remarks, the Senate stand in recess.

Mr. CHILES indicated he would like to be in recess for a while because the discussions are going on off the floor and rather than just keep the Senate in a long quorum call, I ask unanimous consent that the Senate stand in recess following Mr. ROTH's remarks for 45 minutes and that the time be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. I thank the distinguished leader.

TAX AND SPEND BUDGET POLICY

Mr. ROTH. Mr. President, over the last 18 months or so the budget picture seemed to improve somewhat. Instead of growing deficits as far as the eye could see, deficits were projected to shrink under current policy. If Congress did nothing, deficits would decline by about $18 billion annually, falling to a level of around $85 billion by 1992. This projection was due to a slowdown in the pace of Federal spending growth, while revenues climbed an average of $77 billion each year. By 1992, baseline revenues under current policy would be almost $400 billion over their fiscal 1987 level.

If Congress took responsible steps to restrain spending growth over the next 5 years, the deficit problem could be virtually eliminated. However, from its behavior it is evident that some in Congress have no real interest in controlling Federal spending; instead they are pushing Federal spending ever higher. This spending spree will prevent the projected deficit decline from taking place, throwing away a tremendous opportunity to put our fiscal house in order. Instead of fiscal restraint, advocates of unbridled spending argue for more taxes. Though they will justify tax increases in the name of deficit reduction, these revenues would in fact stimulate a surge in Federal outlays.

As pointed out by Nobel Laureate James Buchanan, budgeting in legislatures is not always based on cool consideration of costs and benefits. The benefits of each constituent program are visible, and often amplified by lobbyists, while the costs of each program are diffused among present and future taxpayers. As a result, special interest pressure to increase an item of spending is usually much more intense and better organized than is opposition to the cost imposed on each of the taxpayers. Moreover, cooperation among special interest groups and logrolling can lead to funding of many programs which could not pass individually justified on their own merits.

Now if Senators were to stand on this floor and say "we are going to embark on a spending spree, and we will finance it on the backs of the taxpayers" everyone would be amazed. But this is exactly what we are about to do. The tax increases in the various budget proposals have nothing to do with deficit reduction. Congress has shown time and time again that it will spend every dime of additional revenue raised, and then some. It shouldn't surprise anyone that new taxes will be used for additional spending. If a Senator has the choice of voting for an appropriations bill that includes many urgently needed new benefits for his constitutents, or voting against it in order to protect the general interest of burdened taxpayers, many yet unborn, it's no wonder that the impulse to spend often wins out. The only way to make sure the extra taxes are not spent is not to collect them in the first place. The tax burden is already high enough.

How many Members of the Senate believe that the American people are undertaxed? Few would say so openly, but many will vote for new taxes. As I noted earlier, according to CBO, almost $400 billion in additional revenue will be added to the revenue baseline under current law. Those who vote for more taxes are really saying that $400 billion in additional revenue isn't enough, that we need much more to run the Government and reduce the deficit. In truth, they are saying that over $1 trillion isn't enough for the Federal Government to spend, so the Congress will have to take even more.

Mr. President, today I am releasing a new report prepared for the Republican members of the JEC on our budget dilemma. After discussing some of the reasons why Congress might be expected to respond to additional revenues with more spending, this report proceeds to test this hypothesis with sophisticated econometric techniques. The result is that after controlling for unemployment, inflation, business cycles, and wars, Government is found to spend $1.58 every additional dollar of revenue. The significance of this report is clear: New taxes will stimulate more spending and larger deficits.

The advocacy of new taxes is especially perverse given concerns voiced about the health of the American economy and international competitiveness. Oil import fees, higher tax rates, transaction taxes, and other suggested taxes would damage the economy. New taxes would remove resources from the private sector, undermining economic growth and the average American's standard of living. These economic costs would be imposed without putting a dent in the deficit.

Mr. President, we cannot tax ourselves into prosperity, or into a balanced budget. The number and expense of new spending initiatives this year make it clear where any new revenues will go. In our consideration of taxes and the budget Congress resembles nothing so much as a dog chasing its own tail.

Today, I am releasing a study that shows that tax increases will increase, not decrease, the budget deficit. Each additional dollar of tax revenue is found to stimulate $1.58 of new Federal spending, thus pushing the deficit up 58 cents for each revenue dollar.

This study entitled "Federal Tax Increases and the Budget Deficit" provides evidence to test the public choice theory that new revenues will encourage many Members of Congress to favor new additional constituent spending.

The study was undertaken by two academic economists, Professors Vedder and Gallaway of Ohio University, and a JEC staff member.

Public choice is a theory of government behavior which was recognized by the 1986 award of the Nobel Prize to Dr. James Buchanan, the economist who had a major role in the development of this theory.

The public choice theory asserts that public officials make budget decisions on the basis of benefits to constituents and special interest pressures, rather than on the basis of sound fiscal policy.

A recent example of this public choice theory would, of course, be the highway bill.

According to recent CBO numbers the budget picture has improved over the last 18 months. Instead of growing deficits as far as the eye could see, CBO has projected that deficits under current policy would decline by about $18 billion annually, falling to a level of around $85 billion by 1992.

This results from the fact that the pace of Federal spending growth has slowed while revenues are estimated to increase an average of $77 billion over each of the next 5 years.

In other words, the current budget outlook can be seen as encouraging as long, and I emphasize, as long as the general budget policy is one of restraint.

This presents us an opportunity to bring the deficits under control, but it also brings a danger that an irresponsible spending policy could change the assumptions and prevent a decline in the deficit. Though a tax increase will be presumably justified by a desire to reduce the deficit, its actual result will be to stimulate more spending and thereby increase the deficit.

We cannot tax ourselves into prosperity or into a balanced budget. The number and expense of new spending initiatives have made it clear where the new revenues will go. In the consideration of taxes and the budget, those who argue for tax increases resemble nothing so much as a dog chasing its own tail.

I urge my colleagues to reject the false premise of tax increases to meet deficit targets.

Mr. President, I ask unanimous consent that the report be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

FEDERAL TAX INCREASES AND THE BUDGET DEFICIT, 1947–1986 SOME EMPIRICAL EVIDENCE

(By Richard Vedder [1], Lowell Gallaway and Christopher Frenze)

Conventional wisdom says the federal budget deficit can be lowered by increasing taxes. Receipts will rise, while expenditures are unchanged, lowering the gap between the two components of the deficit. An alternative hypothesis, however, is that tax increases will not reduce the deficit. The alternative hypothesis takes two forms. The "weak" variant holds that tax increases will not significantly change the deficit; the "strong" variant holds that tax increases will increase the deficit.

THE ALTERNATIVE HYPOTHESIS AND PUBLIC CHOICE

The alternative hypothesis springs from a "public choice" perspective on government. The public choice approach applies economic reasoning to political decision-making. It dispenses with the conventional presumption that public officials necessarily act on superior motives or knowledge. With the distinctions between the bases of private and public decision-making erased, microeconomic theory can be extended into the analysis of public policy. Public choice is useful in analyzing a wide range of policies produced under dramatic decision processes. Its prominence was underscored by the 1986 award of the Nobel Prize to James Buchanan, who developed the theory with a small number of colleagues.

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[1] Richard Vedder and Lowell Gallaway are Professors of Economics at Ohio University. Mr. Frenze is an economist on the staff of the Joint Economic Committee.

One of the many useful concepts introduced by public choice is the notion of fiscal illusion. Fiscal illusion is the distortion of the cost-benefit calculus by the way publicly provided goods and services are financed. One good example is the practice of off-budget spending, under which the benefits of marginal programs are provided to constituents at apparently no budget cost. Probably one of the most dangerous forms of fiscal illusion is the increase in the tax revenues generated by an inflationary monetary policy. Another avenue for taxpayer exploitation is to play off the various income classes against one another. More government benefits can allegedly be provided, for instance, if only the relatively small group of wealthy taxpayers are taxed more heavily. This targeting of the rich can then be used as a smokescreen to directly or indirectly increase the taxation of all taxpayers. The probability that the burden of higher personal tax rates or the proposed securities transaction tax would fall on middle and lower income taxpayers is hidden.

Another form of fiscal illusion entails justifying additional taxation for a relatively popular purpose, though revenues will actually be diverted by government to other uses deemed less popular. For example, tax increases may be justified to the public as a means of deficit reduction, whereas the actual result will be to stimulate additional spending on programs favored by influential special interest groups. This "bait and switch" tactic would be all the more effective under complex or incoherent budget processes which make taxpayer oversight almost impossible.

Legislators and key bureaucrats, like others, try to increase their satisfaction ("maximize their utility" to economists.) Public officials are under intense pressure to boost funding for constituent spending programs. Raising taxes reduces their political popularity, and endangers job security. If taxes are to be raised, lawmakers tend to anticipate this and compensate by increasing government spending, an action that increases popularity, enhances job security, and perhaps even raises prospective post-Congressional income. If the spending increases exceed the tax increase, the "strong" version of the alternative hypothesis tends to be confirmed. If it merely equals it or approaches it, the "weak" version is verified. Other statistical work by two of the authors confirms a positive relationship beween additional Federal receipts and Federal spending growth. This paper will focus directly on the relationship between additional Federal revenues and higher deficits.

Public choice theory suggests an analogy between the behavior of a private monopolist and government. According to this analysis, government would be expected to maximize its "profits" by maximizing revenue extraction. Even if government behaves only occasionally in accordance with this monopoly model, tax increases would be sizable. Given the short time horizon of modern government, episodic monopolistic behavior by government may result in even higher taxation than a longer run perspective would deem appropriate. These additional revenues would be used to finance public expenditures favored by leading proponents of tax increases. In any event, the empirical question is whether and to what extent more tax revenues cause sufficient additional spending to generate larger deficits.

As the table below indicates, casual inspection of the personal tax burden and deficit shared by GNP over the last 20 fiscal years shows that both have risen together. This is consistent witht he strong variant of the hypothesis—additional tax revenues lead to higher Federal spending and deficits. The next section includes a more sophisticated analysis of the data.

TABLE I.—FEDERAL TAXES AND DEFICITS, 1966–87

Period [1]	Average tax rate (percent) [2]	Average Federal deficit as percent of GNP [3]
1966–72	17.25	0.92
1972–79	18.48	1.83
1980–86	19.80	4.06

[1] Calendar years.

[2] Personal Tax and nontax receipts plus contributions for social insurance, as a percent of personal income.

[3] National income accounts basis.

The issue has important implications for policy. For example, can the current relatively large deficits be reduced by tax initiatives, as suggested by some in the Congressional leadership?

PROCEDURES

Regression analysis is used to test the conventional and alternative hypotheses on the tax-deficit relationship, using data for the postwar period (1947-86). All data are from the "1987 Economic Report of the President". We wish to explain variations in calendar year federal deficits (national income accounts basis) expressed as a percent of GNP. As our major explanatory variable, we use federal receipts as a percent of GNP, a rough measure of the aggregate tax take or rate of the federal government.

Other factors may be important in explaining variations in deficit spending and thus are incorporated into the model for control purposes (to reduce the possibility of "omitted variable bias.") Deficits vary with the business cycle; the unemployment rate and the rate of real GNP growth are thus introduced as additional variables. Wars lead to unanticipated spending increases; we accordingly have used a dummy variable for war years (1950-53, 1965-72). Unanticipated inflation might lead to temporary deficit reduction, as tax revenues rise faster than expenditures. Unanticipated inflation can be negative—disinflation. Unanticipated inflation is defined as this year's change in consumer prices (measured December to December) minus the average change in consumer prices in the past three years.

The results obtained using this simple model are reported in TABLE II. An autoregressive technique (moving average) is used to correct for a statistical problem, serial correlation. The findings are totally inconsistent with the conventional hypothesis that higher taxes are associated with lower deficits. Indeed, the results tend to support the *strong* version of the alternative hypothesis. Increases in taxes, other things equal, are associated with higher deficits, with the results statistically significant at the five percent level. A one dollar increase in taxes, other factors held constant, is estimated to lead to a 58 cent increase in the deficit, meaning a $1.58 increase in spending. The control variables, except for GNP growth work as expected, with the unemployment and unanticipated inflation variables particularly robust. A public choice perspective might argue that unanticipated inflation is a politically "cheap" way of reducing deficits in the short run, explaining its considerable presence in the postwar era.

SENSITIVITY ANALYSIS

We tried varying the model in a variety of ways to see if the observed relationship was a "fluke." We tried alternative tax measures, including looking only at individual income taxes, and looking at non-income tax receipts as they relate to GNP. The income tax variable behaves in a manner even more strongly consistent with the "strong" version of the alternative hypothesis, being significant at the one percent level. Raising income taxes historically has been associated with worsening deficits. The non-income tax variable is not statistically significant, meaning it is consistent with the "weak" version of the alternative hypothesis (increases in taxes have no impact on the deficit.)

Likewise, we altered the control variables used, and varied the sample period (e.g., 1955-86, to eliminate the immediate postwar and Korean War years.) In several of the variants on the model, there was no statistically significant relationship between the tax variable and the deficit variable, consistent with the "weak" version of the alternative hypothesis. In none of the regressions run, however, was there a statistically significant negative relationship between the tax variable and the deficit. We even ran a rather different model using quarterly data. The model suggested any deficit-reducing impact of taxes was dissipated within a year. In other words, there was no support for the conventional wisdom that increased taxes mean lower deficits.

CONCLUSIONS

The analysis above can be criticized on a number of grounds; some might, for example, raise the issue of causality, others would argue a more elaborate model is necessary. The tax variables are subject to criticism on the grounds they use an average rather than marginal rate concept of measurement. Still, the findings are so strongly inconsistent with the conventional wisdom that they raise serious doubts as to whether tax increases will be effective in reducing the deficit. Indeed, they suggest that tax increases may worsen rather than improve the problem. Perhaps the changing institutional framework (e.g., the Gramm-Rudman budget law) has changed sufficiently so that historical experience is not valid, although we are highly skeptical of that perspective given the growing indications that the Gramm-Rudman limits are not going to be met in 1987. The evidence clearly does not support tax increases as a deficit reduction measure.

TABLE II.—STATISTICAL RESULTS, TAX-DEFICIT REGRESSION, 1947–86

Variable	Regression coefficient	T-Value	Significant at what level? (percent)
Constant term	−15.1400	−3.6061	1
Federal taxes (receipts) as percent of GNP	.05818	2.3939	5
Civilian worker unemployment rate	0.8536	4.6735	1
Growth, real GNP during year	0.0379	0.4731	None.
War year dummy (1950–53, 1965–72 = 1, other years = 0)	0.7710	1.2869	None.
Inflationary expectations (see text)	−0.1918	−2.4826	5

$R^2 = .676$, D−W = 1.928.

The moving average autoregressive term is not reported.

Source: See text: original data all in "1987 Economic Report of the President" (Washington, D.C.: Government Printing Office, 1987).

Mr. ROTH. I yield the floor.

RECESS UNTIL 11:21 A.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 11:21 a.m.

Thereupon, at 10:35 a.m., the Senate recessed until 11:21 a.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. SANFORD).

Mr. BYRD. Mr. President, the managers are still in discussion off the floor, and the Democrats intend to have a conference at 12:45. The Republicans might have a conference as well.

I ask the distinguished Republican leader if that is correct.

Mr. DOLE. Yes, we may do that.

Mr. BYRD. With those reasons in mind, Mr. President, and because the discussions can probably be more profitable off the floor, I ask unanimous consent that the Senate stand in recess until the hour of 2:30 p.m. today and that the time between now and the time the Senate reconvenes be charged equally against both sides on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Thereupon, at 11:21 a.m., the Senate recessed until 2:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. DASCHLE).

Mr. BYRD. Mr. President, discussions are still going on anent the budget. There are discussions going on on both sides.

Oftentimes to the surprise and amazement and wonder perhaps of people who may be happening to watch the Senate at a given moment, progress can be made off the floor better than it can be made on the floor at times.

This is one of those instances when those discussions are being carried on.

RECESS UNTIL 4 P.M.

Mr. BYRD. Mr. President, for the convenience, then, of Senators who are participating in discussions and who need not be interrupted, and I have cleared this with the able Republican leader, I ask unanimous consent that the Senate stand in recess until the hour of 4 o'clock p.m. today.

There being no objection, the Senate, at 2:31 p.m., recessed until 4 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. CRANSTON).

RECESS UNTIL 5:15 P.M.

Mr. BYRD. Mr. President, I have cleared this request with the able Republican leader.

I ask unanimous consent that while discussions are still going on off stage with respect to the budget that the Senate stand in recess until the hour of 5:15 p.m. today; and, that the time be equally charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Thereupon, at 4 p.m., the Senate recessed until 5:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. FORD).

RECESS UNTIL 5:30 P.M.

The PRESIDING OFFICER. The Senator from Kentucky, using his prerogative as a Senator, moves that we stand in recess until 5:30.

The motion was agreed to, and at 5:15 p.m., the Senate recessed until 5:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. FORD).

The PRESIDING OFFICER. The distinguished majority leader.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of morning business with statements by Senators permitted, but not permitted beyond 5 minutes each and that the period extend not more than 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

RETIREMENT OF E. FRANCES GARRO, OFFICIAL REPORTER OF DEBATES

Mr. BYRD. Mr. President, today is the last day of service to the Senate of E. Frances Garro, who has been an official reporter of debates since 1974.

Prior to joining the staff of the official reporters, Frances Garro had a distinguished career as a senior reporter with a prominent reporting company in Washington and reported numerous House and Senate committee hearings. The highlight of that part of her career was the reporting of the Watergate hearings, presided over by the late Senator Sam Ervin.

In 1974, with the introduction of machine shorthand in the Senate, Frances Garro was one of the first stenotypists employed by the Senate. She has served as an official reporter for 13 years and she has always performed her duties in a highly professional manner. She is held in great esteem by Senators, officers of the Senate, Senate staff, and her colleagues.

On behalf of the Senate, I extend to Frances Garro our deep appreciation for her devoted service to the Senate, and she carries with her, Mr. President, every good wish for a long and happy retirement.

She has been a very, very dedicated person who has served the Senate well.

I wish for her and her loved ones a happy retirement, much success in future endeavors, and God's wonderful blessings always.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, there will be no rollcall votes today. I expect a rollcall vote or rollcall votes tomorrow. I would also expect that any rollcall vote or votes tomorrow would occur certainly prior to 3 o'clock, or thereabouts.

I ask unanimous consent the quorum call which the Senate just had and the one which I am about to suggest be equally divided, the time thereof, between both sides, on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from West Virginia.

EXTENSION OF TIME FOR MORNING BUSINESS FOR 10 MINUTES

Mr. BYRD. Mr. President, I ask unanimous consent that the period for routine morning business be extended under the same conditions for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nebraska.

Mr. EXON. I thank the Chair and I thank the majority leader.

COMMODITY CREDIT CORPORATION

Mr. EXON. Mr. President, I rise today to call attention to a problem which unfortunately, has become too common. That is the continuing practice of allowing the Commodity Credit Corporation, which is so important to rural America, to run out of funds.

On or about May 1, Commodity Credit Corporation funds will run dry. Although the first week of May is not an extremely high demand time in Nebraska for CCC funds, any delay in Farm Program payments is painful. Anyone who is paying attention knows how important those funds are to rural America under our current, misguided farm policies.

Our colleagues on the Senate Appropriations Committee have been working very hard to complete their action on the supplemental appropriations bill. I commend them for their work. The fact remains that this crunch could have been avoided if the House of Representatives had been more timely. At any rate, the bottom line is that this important funding, which we have known would be needed for some time, has not been approved. Once again, farmers will be waiting while Washington is debating—and debating—and debating.

Just a few days ago I voted against a motion to waive the Budget Act so that the Senate could consider some rather sweeping changes to the 1985 farm bill. I did that because I thought it was fiscally responsible. I did that because I feel a change of that magnitude should rightfully be considered by the Senate Agriculture Committee. In the coming days, we will again be in a position where the Budget Act will have to be waived so that these funds, which everyone knew would be needed, can be appropriated. I would remind my colleagues that this budgetary predicament is very different from the one we faced a few days ago during consideration of the wheat bill. We knew the CCC's request was coming down the line a long time ago.

Mr. President, it is conceivable that we will have an overall supplemental appropriations measure before us in the very near future. However, I doubt that any differences between the House and Senate versions can be resolved prior to the May 1 run out date for the Commodity Credit Corporation.

Therefore, today I suggest to the majority and minority leaders that an urgent supplemental appropriation dealing only with the Commodity Credit Corporation would be in order and should be enacted by Friday and Monday at the latest. We should get together with the Speaker and the minority leader of the House and agree to this course of action before the end of the week.

Mr. President, we must accept our responsibility here in the Congress and serve our farmers as they rightfully deserve to be served.

CAL LARSON

Mr. HATFIELD. Mr. President, 4 years ago, I came to the Senate floor and asked my colleagues to take a minute to consider life as a victim of epidermolysis bullosa [EB]. Today I come back to this floor to ask my colleagues to join me in remembering Cal Larson, the man who taught me about the disease and about its toll.

Last night, Cal Larson, whose tireless crusade through the Halls of Congress focused attention on the debilitating disease, quietly passed away.

More than 5 years ago when he was in his early 20's, Cal endured the physical pain of traveling from office to office in Washington's normally uncomfortable summer to focus attention not on himself, but on the disease that distorted and blistered his body. Before his crusade, few of us had heard of EB, let alone understood its torturous effects.

EB is a complex group of genetic disorders which causes severe blistering and distortion of the skin and mucous membranes. The painful and often gruesome symptoms of EB include a lifetime of pain, scarring, deformity, malnutrition, retardation, dental problems, corneal erosions, and carcinoma. In its most severe forms, EB means premature death. Fifty thousand Americans suffer from EB, and another 100,000 to 150,000 may be carriers. Exorbitant medical costs—usually not covered under insurance plans, SSI, or Medicare programs—and a high rate of institutionalization of infants and young children, burden the victims of this disease and their families.

There is no known cure for EB.

These facts have not changed since Cal first entered my office. The symptoms remain almost unbearable and the cure is only a dream in the restless sleep of its victims. But through Cal's effort, that dream, Cal's dream, and the dream of other victims and families suffering from EB may become reality. For those of us who had the privilege of knowing Cal, his purpose and accomplishments are clear.

Since his mission began, Congress has passed two National EB Awareness Weeks and with the help of the Dystrophic Epidermolysis Bullosa Research Association [DEBRA], has seen the awareness and level of Federal funding increase.

In 1980, DEBRA was founded by Arlene Pessar to promote and support research into the causes, treatment and prevention of EB, and to provide advocacy, support and information for EB victims and their families.

But one need only look to the funding history of EB to understand Cal Larson's contribution, and that of DEBRA. In 1982, the National Institutes of Health provided only $150,000 for the study of EB. In fiscal year 1985, the National Institute of Arthritis, Diabetes, Digestive and Kidney Disease [NIADDK] funded nine research grants totaling $750,000, and in fiscal year 1987, $3.9 million has been designated by the Federal Government to research EB.

A national EB registry has been formed to help collect information on EB victims and to assess the economic and social impact on their families.

Cal was not only the victim of EB. There are thousands of brave men, women and children whose lives have been torn apart by the disease. But Cal stood not for himself, but for them all. Without his energy and inspiration, the budget figures and the public awareness of EB may not have come; certainly they would not have come so soon. Cal showed us the direct correlation between increased awareness and increased funding. He showed us how an individual confronted with an extreme handicap, a handicap with symptoms which could not be hidden, can teach, serve and be an inspiration to those of us whose handicaps are just as present, but not as visible.

Cal showed us how to reach outside ourselves to a world that all too often turns away. He accomplished a great deal in his lifetime. It is my hope that his death will help us attend to the needs of those who must live with physical handicaps. And may his life remind us how beautiful people can be when they overcome their handicaps and show the world how to love and care for others.

AVIATION TRUST FUND

Mr. SANFORD. Mr. President, the Senate will soon consider several budget alternatives that would essentially mandate a freeze on aviation spending at a time when many of us are being critical about problems in our national air transportation system. There is increasing public dissatisfaction about traffic delays and lagging investment in airport and airway improvements. It is apparent that the aviation trust fund is being rendered virtually useless by the budget situation. Unfortunately, Congress has been arguing over these same problems since 1970 when the trust fund was first established.

There is a broad consensus in this body and among the aviation community that vital improvements in the system are needed and there are ample resources to get the job done. I would like to call attention to a recent letter I received from an important coalition of aviation organizations that is right on the mark. The users of the system are paying their fair share. In fact, despite the urgency of the situation, they have overpaid. There is a huge uncommitted trust fund surplus of some $5 billion. We are breaking faith with millions of air travelers if we do not utilize money that is sitting idle to support the action necessary to enhance the safety, capacity and efficiency of our aviation system in order to meet burgeoning air travel demand.

Mr. President, I ask unanimous consent that the letter I referred to be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

April 21, 1987.

Dear Senator: The Senate will soon consider budget alternatives that could mandate a freeze in aviation spending levels for Fiscal Year 1988. This happens at a time when the air transportation system's needs are at their greatest, and while there is a huge uncommitted surplus in the Aviation Trust Fund.

As representatives of the aviation community, including air carriers, airports, general aviation, state aviation officials, and aviation manufacturers, we urge you to lend your support for improving the capacity and efficiency of the airport and airway system. At a time when many in Congress are critical of an overburdened and undermanned airport and airway system, it seems unconscionable for Congress to fail to take the opportunity to improve the system by providing readily available user-fee money for vital projects.

If the Senate embraces an Airport Improvement Program (AIP) spending assumption of just over $1 billion it would be approximately $500-$800 million too low. Facilities and Equipment (F&E) spending at a freeze level of about $800 million would be more than $500 million less than the President's request and barely half of what is urgently required.

Airline passengers, shippers and general aviation users have paid billions of dollars into the Aviation Trust Fund with the understanding that Congress will support capacity enhancements and modernization efforts with that money. Currently, the unobligated surplus in the Aviation Trust Fund stands at more than $5 billion.

The users of the system are paying their fair share and are demanding that system improvements be funded and implemented promptly. Congress holds the purse strings and will ultimately determine whether our air transportation system is forced to sit and wait at the gate or be improved as the nation requires. We urge you to join efforts that will assure the necessary funding to improve aviation system safety, capacity and efficiency.

Respectfully,

Aircraft Owners & Pilots Association; Airline Pilots Association; Airport Operators Council International; Air Traffic Control Association; Air Transport Association; Allied Pilots Association; American Association of Airport Executives; Experimental Aircraft Association; General Aviation Manufacturers Association; National Aeronautic Association; National Air Transportation Association; National Association of State Aviation Officials; National Business Aircraft Association; Regional Airline Association.

MESSAGES FROM THE HOUSE

At 5:30 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 903. An act to extend certain provisions under title 11 of the United States Code, the Bankruptcy Code.

The message also announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 57. Joint resolution to designate the period commencing on May 3, 1987, and ending on May 10, 1987, as "National Older Americans Abuse Prevention Week"; and

S.J. Res. 67. Joint resolution to designate the month of May 1987 as "National Digestive Diseases Awareness Week".

The enrolled joint resolutions were subsequently signed by the Deputy President pro tempore (Mr. Mitchell).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FORD, from the Committee on Rules and Administration, without amendment:

S. Res. 198: An original resolution to pay a gratuity to Gloria S. Garner.

S. Res. 199: An original resolution to pay a gratuity to Margaret C. Mitchell.

S. Res. 200: An original resolution to pay a gratuity to William Macklin.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. KENNEDY (for himself and Mr. Kerry):

S. 1113. A bill to designate the Federal Building located at 10 Causeway Street in Boston, MA, as the "Thomas P. O'Neill Jr. Federal Building"; to the Committee on Environment and Public Works.

By Mr. HEFLIN:

S. 1114. A bill to impose a temporary duty on laser discs; to the Committee on Finance.

By Mr. LAUTENBERG:

S. 1115. A bill to amend the Older Americans Act of 1965 to provide financial assistance for home services for frail older Americans and for preventive health services, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. EXON:

S. 1116. A bill to establish the Office of Barter and Countertrade within the Department of Commerce; to the Committee on Commerce, Science, and Transportation.

By Mr. HEINZ:

S. 1117. A bill to amend the International Lending Supervision Act of 1983 and the Bank Holding Company Act of 1956 with respect to the treatment of developing country debt; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. SYMMS (for himself and Mr. Byrd):

S.J. Res. 120. Joint resolution to void certain agreements relating to the site of the Soviet Union's embassy in the District of Columbia; to the Committee on Foreign Relations.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. FORD, from the Committee on Rules and Administration:

S. Res. 198. An original resolution to pay a gratuity to Gloria S. Garner; placed on the calendar

S. Res. 199. An original resolution to pay a gratuity to Margaret C. Mitchell; placed on the calendar.

S. Res. 200. An original resolution to pay a gratuity to William Macklin; placed on the calendar.

By Mr. MOYNIHAN (for himself, Mr. Adams, Mr. Biden, Mr. Boren, Mr. Bradley, Mr. Burdick, Mr. Chiles, Mr. Daschle, Mr. DeConcini, Mr. Dodd, Mr. Exon, Mr. Glenn, Mr. Gore, Mr. Graham, Mr. Harkin, Mr. Inouye, Mr. Kerry, Mr. Lautenberg, Mr. Levin, Mr. Matsunaga, Ms. Mikulski, Mr. Mitchell, Mr. Pell, Mr. Proxmire, Mr. Riegle, Mr. Rockefeller, Mr. Sanford, Mr. Sarbanes, Mr. Sasser, Mr. Simon, Mr. Bond, Mr. Boschwitz, Mr. Chafee, Mr. D'Amato, Mr. Danforth, Mr. Dole, Mr. Durenberger, Mr. Gramm, Mr. Grassley, Mr. Hecht, Mr. Heinz, Mrs. Kassebaum, Mr. Lugar, Mr. McConnell, Mr. Nickles, Mr. Pressler, Mr. Quayle, Mr. Roth, Mr. Simpson, Mr. Specter, Mr. Symms, Mr. Trible, Mr. Weicker, Mr. Wilson, Mr. Hatfield, Mr. Leahy, and Mr. Murkowski):

S. Res. 201. A resolution to express the sense of the Senate in support of Solidarity Sunday; to the Committee on the Judiciary.

By Mr. BYRD (for himself and Mr. Dole):

S. Res. 202. A resolution to direct the Senate Legal Counsel to represent Senator Hecht in the case of O'Connor v. Hecht, et al.; considered and agreed to.

By Mr. BYRD (for himself and Mr. Dole):

S. Res. 203. A resolution to authorize testimony and production of documents by Senate employees in an Unemployment Compensation appeals matter; considered and agreed to.

By Mr. HATFIELD (for himself, Mr. Pell, Mr. Simpson, Mr. DeConcini, Mr. Domenici, Mr. Kennedy, Mr. Stafford, Mr. Hecht, Mrs. Kassebaum, Mr. Kerry, Mr. Daschle, Mr. Levin, Mr. Lugar, Mr. Pressler and Mr. Sanford):

S. Con. Res. 54. Concurrent resolution expressing the sense of the Congress with respect to relations between Vietnam and the United States; to the Committee on Foreign Relations.

By Mr. MOYNIHAN (for himself and Mr. D'AMATO):

S. Con. Res. 55. Concurrent resolution providing for participation by delegations of members of both Houses of Congress in ceremonies to be held in April 1989 in New York City marking the 200th anniversaries of the implementation of the Constitution as the form of government of the United States, the inauguration of President George Washington, and the proposal of the Bill of Rights as the first 10 amendments to the Constitution; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KENNEDY (for himself and Mr. KERRY):

S. 1113. A bill to designate the Federal Building located at 10 Causeway Street in Boston, MA, as the "Thomas P. O'Neill, Jr. Federal Building;" to the Committee on Environment and Public Works.

THOMAS P. O'NEILL, JR. FEDERAL BUILDING

Mr. KENNEDY. Mr. President, I am proud to join with my colleague Senator KERRY in introducing this bill to designate the Federal Building located at 10 Causeway Street in Boston as the "Thomas P. O'Neill Jr. Federal Building."

It is appropriate that this new Federal building in Boston should be dedicated to an extraordinary son of Massachusetts who devoted his life to public service and became one of the finest leaders in our country. For 34 years, Tip O'Neill represented the Eighth Congressional District of Massachusetts. In spite of his high position he attained and the high honors he received, he never forgot his roots. He never forgot the worker in Cambridge, the grandparents in Brighton, the barber in Somerville, the young family starting off in Watertown.

Tip O'Neill was a Speaker who always spoke for the common man and woman. He never mortgaged his high principles to the passing fashions of the day. He never lost his Irish common touch and common sense, and he never turned away from all those who needed his help.

Tip O'Neill was a descendent of the immigrants who crossed the sea from Ireland. That experience gave the Irish who came here and the children they raised here a special sense of compassion and commitment. Tip O'Neill epitomized the best of these virtues—and more.

He will always be one of the greatest Democrats in the history of our party, and the new Federal Building in Boston will stand as an enduring tribute to one of Boston's greatest sons. Those of us who had the honor to serve beside him in Congress will always remember his leadership in the great battles of the day—for progress and justice and a brighter future for every American in every city, town and village of this land.

Tip O'Neill's true measure of greatness is that he brought a genuine spirit to the leadership of our Nation and that he helped make life better not only for people of his district but for millions of others whose names he may never have known, but who have greater hope and opportunity because of Tip O'Neill. As he often liked to say, in the phrase that became his trademark, "all politics is local" and he practiced what he preached by ensuring that the voices of the people were always heard in Washington.

Massachusetts is deeply indebted to Tip O'Neill for his courage, his hard work and his dedication to public service. This legislation designating the Federal Building in Boston after him is a fitting sign of our appreciation and gratitude, and I urge the Senate to adopt it.

I ask unanimous consent that the text of the bill may be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1113

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF BUILDING.

The Federal Building located at 10 Causeway Street in Boston, Massachusetts, shall hereafter be known and designated as the "Thomas P. O'Neill Jr. Federal Building".

SEC. 2. LEGAL REFERENCES TO BUILDING.

Any reference in any law, regulation, document, record, map, or other paper of the United States to the building referred to in section 1 is deemed to be a reference to the "Thomas P. O'Neill Jr. Federal Building".

Mr. KERRY. Mr. President, I am pleased to join with my colleague from Massachusetts, Senator KENNEDY, today in introducing a bill to designate the Federal Building located at 10 Causeway Street in Boston, MA, as the "Thomas P. O'Neill Jr. Federal Building."

Thomas P. "Tip" O'Neill served as Speaker of the House of Representatives from 1977 through 1986, and gave honor to that seat. Throughout his 50-year career in public life, including 34 years in the U.S. House of Representatives, Tip served with a strong dedication to his work and his country. As speaker, he provided not only strength and leadership, but compassion as well. Tip always believed that an affluent society can afford to help the poor and underprivileged, and he spent his entire career in public life dedicated to promoting that belief.

While Tip was a leader of the Democratic Party, and of the Nation, he never forgot his constituents—the people who sent him to Washington. From Bunker Hill to Beacon Hill, from the Back Bay to Brighton, this Roman Catholic from Cambridge served his people with as much distinction as he served the institution of the House of Representatives. Tip O'Neill's political credo, "all politics is local," typified this man's commitment to the people whom he represented. While there was never a national problem too big for Speaker O'Neill, there wasn't a constituent problem too small for Tip.

It was certainly an honor for me to serve in the Massachusetts delegation with Tip O'Neill, even if only for a couple of years. I'm sure that my colleagues in the delegation agree that we have our work cut out for us if we are going to begin to live up to the model that Tip provided for us here in Washington, and back in Massachusetts. The Thomas P. O'Neill Jr. Federal Building will be a small, but important, reminder of the leadership and dedication that this man brought to politics and to the people of Massachusetts.

By Mr. HELFIN:

S. 1114. A bill to impose a temporary duty on laser discs; to the Committee on Finance.

TEMPORARY DUTY ON LASER DISCS

● Mr. HEFLIN. Mr. President, I rise today to introduce legislation which will permit an infant industry, the U.S. compact disc industry, to grow and compete effectively in domestic and world markets. Currently, there is only one major compact disc manufacturer in the world which is wholly American-owned. That company has facilities in California and in Alabama. The Alabama facility, which is located in Huntsville, began production in October of last year. The bill which I am introducing today will, on a temporary basis, increase the tariff on audio compact discs or CD's, the new generation of recording devices.

The majority of compact discs sold in the United States in 1986 were imported. Japanese and West German companies, the major exporters of compact discs to the United States, have a longer history of manufacturing this product. Japan is clearly the largest producer in the world.

Nevertheless, Japan has imposed a substantial tariff on imported CD's. The U.S. producer would face an effective duty of approximately 30 cents per disc on any item it imports into Japan.

On the other hand, a Japanese disc manufacturer that imports into the United States faces a tariff which is the equivalent of less than 1 cent per disc. This is a prime example of the tilted playing field on which American industries are asked to compete.

Here we have a new domestic producer which has not shied away from entering the fray against a foreign producer. In a comparatively short time, this plant will reach its maximum efficiency. To allow that growth to occur, Congress should initiate action now to ensure that it can compete on an equal basis with the Japanese producers, and that it is not destroyed by imports before it reaches its full potential.

Compact discs represent a new technology that has not been addressed specifically in the Tariff Schedules. The Customs Service has determined that CD's should be considered under the general category of sound recordings, because a compact disc is closer to items in that category than to any other existing category. The tariff in that grouping, which is based on square footage of surface, was obviously designed for larger items such as long-playing records. As a result, there is only this insignificant tariff on CD's imported into the United States.

The combination of the lack of any meaningful tariff and the fact that foreign producers have been making discs for a longer period of time, has resulted in the sale of imported discs at a price which threatens the ability of this new U.S. industry to compete in our own domestic market.

The Huntsville plant alone will produce 10 million CD's during 1987. It is projecting a near-term annual production level of 60 million discs. However, these plans will be jeopardized if the American producer finds it uneconomical to invest the capital necessary to achieve competitive efficiencies.

If the company operating the facility can establish its position in the U.S. market and increase production as projected, the number of employees in the short run will reach between 400 and 450. If the company is able to grow as projected, there will be between 1,000 and 1,200 employees by mid-1988.

This is one of those limited situations in which the imposition of a tariff, a temporary tariff, to promote a U.S. industry would be an effective trade measure. Imposing a duty on CD's of 35 cents per disc for 5 years, as this measure does, will make the tariff significant and fair. It will also allow this domestic industry to grow and compete effectively in the U.S. and world markets.

Mr. President, we must provide assistance to this infant industry which is too young to compete with foreign competitors. This temporary measure will yield lasting results for the American economy. Passage of this bill will permit a new domestic industry to develop and prosper. Defeat of this bill will condemn our Nation to a future of increased imports. I hope that my colleagues will see the wisdom embodied in this legislation.●

By Mr. LAUTENBERG:

S. 1115. A bill to amend the Older Americans Act of 1965 to provide financial assistance for home services for frail older Americans and for preventive health services, and for other purposes; to the Committee on Labor and Human Resources.

HOME AND PREVENTIVE HEALTH SERVICES FOR OLDER AMERICANS ACT

● Mr. LAUTENBERG. Mr. President, I rise today to introduce a bill to amend the Older Americans Act. The Older Americans Act has been a valuable resource for senior citizens all over the country. For over 20 years, older Americans have received community and social services through OAA funding. I am pleased to be a cosponsor of Chairman MATSUNAGA's bill to reauthorize the OAA for another 4 years.

My bill would add two new services to title III, the part of the Older Americans Act that provides grants for State and community programs on aging. My first proposal is for in-home services for frail older individuals. In fiscal year 1988, $25 million would be authorized for grants to States to provide in-home services, such as homemaker aides, visiting and telephone reassurance, chore maintenance, or in-home respite care for families.

My second proposal is to authorize periodic preventive health services, to be offered at senior centers or other convenient locations. These preventive services would be those not covered by Medicare, such as routine physical examinations, immunizations, vision and hearing screening, and counseling and referral for followup health services.

These relatively modest proposals would make a start in dealing with some important unmet needs of our older constituents. We all know that people are living longer lives. Men reaching age 85 now can expect to live 15 percent longer than an 85-year-old man in 1960. For women the increase is twice as much—33 percent longer.

The question to ask is whether longer lives mean better lives. Are people staying healthy and vigorous as they live longer? A Canadian study covering 1951 to 1978 found that life expectancy increased by an average of 6 years, but for almost 5 of those years a person's activity was limited.

But that does not mean an older person needs to be in a nursing home or other institution. Often people can stay in their own homes if they receive some assistance. They may have chronic conditions which threaten their independence, but not their lives. These conditions include arthritis, hypertension, heart conditions, and hearing disorders. About 41 percent of people age 65 to 74 and 53 percent of people age 75 and over had some limitation in activity due to chronic conditions. But only 15 percent of the younger group and 22 percent of the older were unable to carry on any major activity. Most of the group with a limitation could remain independent with some assistance.

In 1985, about 5.2 million senior citizens required some assistance to maintain their independence. The assistance needed falls into different categories. Less than half need assistance in some or all basic physical activities, sometimes called activities of daily living. This category includes getting in and out of bed, dressing, eating, bathing, and using the toilet.

A slightly larger group needs assistance with home management activities, also called instrumental activities of daily living. These include shopping, cooking, and cleaning.

Some activities are more difficult than others for senior citizens. Some of the activities which caused the most difficulty for older people are as follows: heavy work around the house—3.8 million people; shopping for groceries—2.9 million; going places outside—2.4 million; bathing—2.1 million; doing laundry—2.1 million; preparing meals—1.5 million; getting in or out of bed—1.3 million; managing one's own money—1.3 million.

Many of these older Americans receive assistance in their homes, primarily from family and friends. The 1984 National Health Interview Survey found that nearly one-third of the people age 65 and over who were living in the community had trouble with basic physical or home management activities. However, only about one quarter of the over 65 population received assistance with these activities. This means that nearly 10 percent of the over 65 population needs help at home and is not receiving it.

My proposal, which is based on a recommendation of the National Governors' Association and supported by the National Council of Senior Citizens, would authorize a program of grants to provide these much-needed in-home services. The services will help many older Americans to continue living in their homes or in the homes of others without having to give up their independence by going into a nursing home. The services also will assist the family and friends who already provide much of this help, giving them a deserved respite or helping hand.

Many of the health problems of senior citizens, as well as all the rest of us, can be avoided or kept in check by early detection. Preventive medicine is the most cost-effective medicine. However, many people do not have regular checkups and health screenings. There are a variety of explanations for this, including the fact that Medicare and many other health insurance plans do not pay for these routine services. Also physicians are not readily accessible in many areas.

My proposal would authorize grants for preventive health services to be provided at senior centers or other sites. These services would be provided periodically, perhaps three or four times a year. Perhaps a health fair format would be used, providing informal health education as well as examinations and screening. These screenings should identify the early stages of diseases and disabling conditions so that the individual can receive timely treatment and advice from physicians. The proposal specifically excludes services which would be paid for by Medicare. Priority in services would be given to areas which are medically underserved and which have a concentration of economically needy individuals.

Mr. President, I hope that the Senate will consider my proposals as we move ahead with reauthorization of the Older Americans Act. I urge my colleagues to join me as cosponsors of this bill.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1115

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Home and Preventive Health Services for Older Americans Act of 1987".

IN-HOME SERVICES FOR FRAIL OLDER INDIVIDUALS

Sec. 2. (a) Authorization of Appropriations.—Section 303 of the Older Americans Act of 1965 (42 U.S.C. 3023) (hereafter is the Act referred to as the "Act") is amended by adding at the end thereof the following:

"(d) There are authorized to be appropriated $25,000,000 for fiscal year 1988, $26,250,000 for fiscal year 1989, $27,563,000 for fiscal year 1990, and $28,941,000 for fiscal year 1991 for the purpose of making grants under part D of this title (relating to in-home services).".

(b) Area Plans.—Section 306(a) of the Act is amended—

(1) by redesignating paragraph (6) as paragraph (7), and

(2) by inserting after paragraph (5) the following:

"(6) provide assurances that any amount received under part D will be expended in accordance with such part;".

(c) State Plans.—(1) Section 307(a)(3) of the Act is amended—

(A) by striking out "and" at the end of clause (A);

(B) by redesignating clause (B) as clause (C); and

(C) by adding after clause (A) the following new clause:

"(B) provide assurances that the State agency will comply with the provisions of part D, relating to in-home services;".

(2) Section 307(a)(10) of the Act is amended by inserting "or in-home services" after "nutrition services".

(d) Program.—Title III of the Act is amended by adding at the end there of the following:

"Part D—In-Home Services For Frail Older Individuals

"PROGRAM AUTHORIZED

"Sec. 341. The Commissioner shall carry out a program for making grants to States under State plans approved under section 307 to provide in-home services to frail older individuals.

"STATE CRITERIA

"Sec. 342. The State agency shall develop eligibility criteria for providing in-home services to frail older individuals which shall take into account—

"(1) age;

"(2) greatest economic need;

"(3) noneconomic factors contributing to the frail condition; and

"(4) noneconomic and nonhealth factors contributing to the need for such services.

"MAINTENANCE OF EFFORT

"Sec. 343. Funds made available under this part shall be in addition to, and may not be used to supplant, any funds that would otherwise be expended under any Federal, State, or local law by a State or unit of general purpose local government for the purpose described in this part.

"DEFINITIONS

"Sec. 344. For the purpose of this part and section 307—

"(1) the term 'in-home service' means—

"(A) homemaker aides;

"(B) visiting and telephone reassurance;

"(C) chore maintenance; or

"(D) in-home respite care for families;

"(2) the term 'greatest economic need' has the same meaning given that term by section 305(a)(2); and

"(3) the term 'frail' means having a physical or mental disability that restricts the ability of an individual to perform normal daily tasks or which threatens the capacity of an individual to live independently.".

PREVENTIVE HEALTH SERVICES FOR OLDER AMERICANS

Sec. 3. (a) Authorization of Appropriations.—Section 303 of the Act is further amended by adding at the end thereof the following:

"(e) There are authorized to be appropriated such sums as may be necessary for each of fiscal years 1988, 1989, 1990, and 1991 for the purpose of making grants under part E of this title (relating to preventive health services).".

(b) Area Plans.—Section 306(a) of the Act is amended—

(1) by redesignating paragraph (7) (as redesignated by section 2(b)) as paragraph (8), and

(2) by inserting after paragraph (6) (as added by section 2(b)), the following:

"(7) provide assurances that any amount received under part E will be expended in accordance with such part; and".

(c) State Plans.—(1) Section 307(a)(3)(B) of the Act (as added by section 2) is amended by inserting before the semicolon a comma and the following: "and with the provisions of part E, relating to preventive health services".

(2) Section 307(a)(10) of the Act (as amended by section 2) is further amended by striking out "or in-home services" and inserting in lieu thereof a comma and the following: "in-home services or preventive health services".

(d) Program.—Title III of the Act (as amended by section 2) is further amended by adding at the end thereof the following:

"Part E—Preventive Health Services

"PROGRAM AUTHORIZED

"Sec. 351. The Commissioner shall carry out a program for making grants to States under State plans approved under section 307 for periodic preventive health services to be provided at senior centers or alternative sites as appropriate. Preventive health services may not include services eligible for reimbursement under Medicare.

"DISTRIBUTION TO AREA AGENCIES

"Sec. 352. The State agency shall give priority, in carrying out this part, to areas of the State—

"(1) which are designated as medically underserved; and

"(2) in which there are a large member of other individuals who have the greatest economic need for such services.

"MAINTENANCE OF EFFORT

"Sec. 353. Funds made available under this part shall be in addition to, and may not be used to supplant, any funds that would otherwise be expended under any Federal, State, or local law by a State or unit of general purpose local government for the purpose described in this part.

"DEFINITIONS

"Sec. 354. For the purpose of this part and section 307—

"(1) the term 'prevention health services' means—

"(A) routine physical examinations and tests directly related to such examinations, including blood pressure checks;

"(B) immunizations;

"(C) vision and hearing screening; and

"(D) counseling and referral for followup health services based on the examination and screening; and

"(2) the term 'greatest economic need' has the same meaning given that term by section 305(a)(2).".●

By Mr. EXON:

S. 1116. A bill to establish the Office of Barter and Countertrade within the Department of Commerce; to the Committee on Commerce, Science, and Transportation.

BARTER AND COUNTERTRADE ACT

Mr. EXON. Mr. President, last month I came to the Senate floor to make a statement on international barter. In a time when the United States is awash with surplus food commodities, and Third World nations are experiencing shortages of foreign currencies, the United States should look to barter transactions as a way to creatively convert these apparent disadvantages into economic advantages.

Promoting barter is one specific way we can assist hard-pressed American farmers and ranchers without adding to record Federal payments which add to the deficit.

The United States is purchasing record amounts of imported oil. Economic hardship has fallen upon several developing oil producing nations. With an aggressive policy and administration support, for example, it might be possible for the United States to exchange food for oil or some other strategic mineral. Such transactions would be mutually beneficial.

While barter and countertrade account for 25 percent of world trade, the United States has been slow to capitalize on this trend. In fact the U.S. Government has actively tried to discourage some barter arrangements.

It is time to recognize barter trade as an economic fact of life and garner our forces to compete and win in this arena.

Today, I am pleased to introduce legislation to create an Office of Barter and Countertrade within the Department of Commerce. This Office would gather, evaluate and disseminate information on international barter transactions and assist and inform business and Government enterprises of barter opportunities.

In the international barter trade market, information is power. An active Barter and Countertrade Office within the Department of Commerce would be a useful tool for the United States to compete and prosper in this sector of international trade.

I encourage my colleagues to review the legislation I introduce today, and I solicit their advice and support.

I ask unanimous consent that the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1116

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Barter and Countertrade Act of 1987".

OFFICE OF BARTER AND COUNTERTRADE

SEC. 2. (a) There is established, within the Department of Commerce, the Office of Barter and Countertrade (hereinafter referred to in this Act as the "Office").

(b) The Office shall be headed by the Director of the Office of Barter and Countertrade, who shall be appointed by the Secretary of Commerce.

(c) The Secretary of Commerce shall transfer such staff to the Office as he determines necessary to enable it to carryout its functions under this Act.

FUNCTIONS

SEC. 3. It shall be the function of the Office to—

(1) monitor information relating to trends in international barter and countertrade;

(2) organize and disseminate international barter and countertrade information in a manner useful to business firms, educational institutions, and export related Federal and State governmental agencies;

(3) notify Federal agencies with operations abroad of instances where it would be beneficial to the United States for the Federal Government to barter government-owned surplus commodities for goods and services purchased abroad by the Federal Government;

(4) publish periodic lists of known commercial opportunities for barter transactions beneficial to United States enterprises; and

(5) provide assistance to enterprises seeking barter and countertrade opportunities.

By Mr. HEINZ:

S. 1117. A bill to amend the International Lending Supervision Act of 1983 and the Bank Holding Company Act of 1956 with respect to the treatment of developing country debt; to the Committee on Banking, Housing, and Urban Affairs.

INTERNATIONAL DEBT RECOVERY ACT

● Mr. HEINZ. Mr. President, today I am introducing legislation intended to provide new incentives for commercial banks and debtor countries to resolve the international debt problem. Unless we breathe new life into the negotiating process between debtors and creditors, we risk having the debt problem become a permanent plague on the world economy.

We can ill afford such a stalemate. It is contrary to our political interests that most Latin economies are smaller now than they were prior to the debt crisis in 1982. Our financial system is strained by heavy bank exposure to troubled debtors. Despite 5 years of capital building, aggregate exposure of our largest banks to Latin debtors is still larger than their total capital.

Most worrisome is the continuing impact of the debt problem on U.S. trade. U.S. exports to Latin America are more than $10 billion below their level in 1981, representing a loss of roughly a quarter-million jobs in U.S. export industries. Total U.S. trade with Latin America has gone from rough balance in 1981 to an accumulated deficit of $78 billion over the last 5 years. There will be no relief for U.S. exporters until sustainable economic growth is restored in Latin America and these economies can service their debt without running large trade surpluses.

The question of course is how best to promote debtor recovery. In redefining the U.S. debt strategy in 1985, Secretary Baker focused on growth as the key to recovery based on economic reform by each debtor country and supported by new funds from their creditors. This growth focus was a breath of fresh air that unfortunately has now gone a little stale. Economic growth and policy reform in debtor countries have been erratic and arranging new bank loans is becoming increasingly difficult.

It is appealing to think that we can overcome the debtor-creditor logjam with a new and simpler approach to debt. It has been suggested that we create a debt facility to buy out the banks or build a wall of reserves around the banks so that we need not worry about the debt problem. These approaches are simple and direct but will not solve the problem.

Debt relief offers limited promise of economic reform or recovery, at a high cost to taxpayers. A plan focused only on bank capital may appear to improve bank safety but does so by sacrificing already tenuous relations between banks and debtors that are the key to the health of the debtors and bank portfolios alike.

The debt problem will only be resolved through continued negotiation and accommodation by the debtors and their creditors. We must encourage this process by providing stronger incentives through the regulatory system—a regulatory carrot and stick. This would involve greater differentiation of country risk by regulators coupled with measures to support countries that are coming to grips with their debt problems while increasing bank capital requirements in the case of exposure to countries that are moving toward insolvency.

This approach implies a more activist role for the regulators in differentiating country risk and in influencing bank capital and reserve policies. Current practice is to categorize country exposure as other transfer risk problems or substandard, but to take no other action with regard to the loans. My approach would have regulators distinguish significant repayments risks in countries unable or unwilling to undertake policy reforms and moving toward insolvency from good loans to countries implementing reforms and self-help measures and working with their creditors.

For good performers and their creditors, regulators would affirm the collectibility of that debt, take no action with regard to bank capital, and provide the widest possible support for debt-equity conversions and efforts to provide a breather on debt service consistent with bank safety and soundness.

For poor performers and their banks, regulators would ensure that the higher risk of exposure to these countries is reflected in bank capital and reserve positions. This would be above and beyond any special reserves for value impaired countries.

This proposal would encourage continued debtor-creditor cooperation and a greater range of options in formulating financing packages. To the extent that debt-equity swaps and other modest debt-service reducing options are added to the equation, the chances of success are enhanced. I urge my colleagues to support this reasonable plan that avoids sending the false signal to debtors that congressionally mandated debt relief or debt write-downs will solve their economic problems.●

By Mr. SYMMS (for himself and Mr. BYRD):

S.J. Res. 120. Joint resolution to void certain agreements relating to the sire of the Soviet Union's Embassy in the District of Columbia; to the Committee on Foreign Relations.

VOIDING OF U.S./U.S.S.R. AGREEMENT ON EMBASSY SITES

Mr. SYMMS. Mr. President, today I am introducing a joint resolution directing the President to void the Embassy agreements signed in 1969 and 1972 which allowed the Soviet Union to construct a new Embassy at Mount Alto, approximately 350 feet above mean sea level and the second highest land site in the District of Columbia. Under my resolution, the President is further directed to enter into negotiations for a new agreement requiring the Soviets to move their new Embassy to a site not more than 90 feet above mean-sea level—approximately the elevation of the U.S. Capitol. The President already has the authority under 22 U.S.C. 4305 Sub. B. I ask unanimous consent that the text of the joint resolution be printed in the Record following my remarks.

Yesterday morning, Congressman Dick Armey of Texas and I held a press conference to discuss our legislation on the rooftop of the Howard Johnson Wellington Hotel, located just across Wisconsin Avenue from the new Soviet Embassy site. From that rooftop, we had a commanding view of Washington, including the Capitol Building and House and Senate office buildings, the White House, the State Department, the FBI headquarters, and the Pentagon. It is impossible to gaze at that panorama and comprehend how State Department negotiators could ever have agreed to give the Soviets that site for the construction of their new Embassy.

We were joined at the press conference by Stanislav Levchenko, a former major in the KGB who was stationed in Japan before he defected to the United States in 1979. Mr. Levchenko observed that in most world capitals the Soviet Embassy can be found at or near the highest point in the city. The Soviets seek this high ground because it provides maximum access to radio and other signals generated randomly by various communications media in government and private office buildings. According to Levchenko, monitoring such communications signals is an important part of the mission of the Soviet diplomatic corps, 40 percent of whom are full-time intelligence agents.

The Mount Alto site provides the Soviets with line of sight access to some of our Government's most sensitive civilian and military facilities. To help us understand the advantage of line of sight access, Tim Johnson, an expert in electronic countermeasures, joined us yesterday to discuss the surveillance technology the Soviets might utilize at the Mount Alto site. Mr. Johnson currently is president of Technical Security Consultants, Inc. in Chandler, AZ. He has served for 15 years coordinating electronic countermeasures for the Air Force Office of Special Investigations and later for the Department of Energy and NASA.

According to Mr. Johnson, line of sight access permits the interception of any electronic signal generated either by a bona fide transmission or by secondary transmissions, such as those generated by computers, electronic typewriters, or other electronic equipment—including certain telephones. Radio signals, he says, especially those of higher frequency, travel in a straight line. Their signal strength is weakened by any structure inserted between the transmitting device and the receiver; thus, Johnson explains, without line of sight access to our Government buildings, the number of randomly generated signals available to Soviet surveillance equipment would be greatly reduced.

Before he returned to Phoenix yesterday afternoon, Mr. Johnson handed me a letter explaining more fully the technological advantages our security agencies must try to counter if the Soviets are allowed to fully utilize the new Embassy. I ask unanimous consent that Mr. Johnson's letter to me be printed in the Record following my remarks.

Congressional concern about United States vulnerability to Soviet electronic espionage is not new. Congressman Armey and I are not the first Members of Congress to raise these important questions in congressional debate. In this body alone, Senators Moynihan, Dole, Byrd, Wallop, Helms, and others have spoken eloquently in the past about the massive Soviet espionage network and the significant national security losses we may face if the Soviets are allowed to occupy the chancery at Mount Alto.

The April 1987 edition of Popular Mechanics magazine carried an excellent article by our colleague, Senator Moynihan, regarding Soviet espionage activities in this country. The article includes a detailed overview of the advanced technology with which the Soviets likely are able to monitor up to 70 percent of the Nation's long-distance telecommunications, including both Government and private telecommunications. I ask unanimous consent that Senator Moynihan's article be printed in the Record following my remarks, and I urge my colleagues to take the time to read the article carefully.

While congressional concern about the location of the new Soviet Embassy is longstanding, I believe recent revelations about the extent of Soviet bugging of the United States Embassy in Moscow make it imperative that we reassess the strategically advantageous site we've provided for the Soviet Embassy in Washington. If we fail to act now, we will be condoning a sustained and unguarded attack on the ability of the American people and their representatives to act with sovereign authority within our own borders. I urge my colleagues not to allow this transgression against our national security. Cosponsor my resolution, and in the interest of freedom at home and abroad, let us reclaim Mount Alto.

This issue has become very popular in this town in the last few days and I think for good reason.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. SYMMS. Yes, I will be happy to yield.

Mr. BYRD. Mr. President, the Intelligence Committee has recommended that the American Embassy in Moscow be razed and that the Soviets not be allowed to move into their Embassy here until we can move into our Embassy there. That seems to me to be very reasonable recommendation.

Mr. SYMMS. I thank the distinguished majority leader.

Mr. BYRD. I want to join the distinguished Senator as a cosponsor if he will allow me.

Mr. SYMMS. I thank the distinguished majority leader. I am delighted to have him as a cosponsor.

I will do what I can to give the President support on this issue because without a firm standing by the United States we are inviting a consistent continued debasement of our ability to run our own country.

I thank the majority leader. I ask unanimous consent that the distinguished majority leader be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the material was ordered to be printed in the Record, as follows:

S.J. Res. 120

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

(a) Findings.—The Congress finds that—

(1) Soviet espionage agents have installed listening devices in the structure of the new American embassy in Moscow in blatant defiance of the spirit of the embassy agreements and certain recognized norms of international relations;

(2) this Soviet espionage effort has been so extensive and insidious as to require the virtual rebuilding of a large part of the new American embassy in Moscow, the construction of which has cost American taxpayers tens of millions of dollars;

(3) it is well known that Soviet espionage agents intend to use the new Soviet embassy in this country as a platform to conduct highly sophisticated electronic surveillance of the United States Government offices and even the private telephone calls of American citizens;

(4) the purpose of this surveillance can be none other than to undermine the national security of the United States and further the expansionist ambitions of the Soviet Union;

(5) the location of the new Soviet embassy at a site nearly 350 feet above sea level is ideal for this type of surveillance, having been offered to the Soviets at a time when electronic surveillance techniques and potentials were not fully understood in the West.

(6) subsection (b) of 22 U.S.C. 4304 specifically allows the Secretary of State to "require any foreign mission to divest itself of . . . real property . . . where otherwise necessary to protect the interests of the United States"; and

(7) Congress, through enactment of such subsection, has clearly expressed the desire

that the Secretary exercise such authority when necessary to protect the vital security interests of the United States.

(b) NEW AGREEMENT WITH SOVIET UNION.—The President shall—

(1) void the current embassy agreements; and

(2) enter into negotiations for a new agreement under which the Soviet Union will move its new embassy to a site in the District of Columbia that is not more than 90 feet above mean sea level.

(c) EMBASSY AGREEMENTS.—For the purposes of this section the term "embassy agreements" means—

(1) the "Agreement between the United States of America and the Union of Soviet Socialist Republics on Reciprocal Allocation for Use Free of Charge of Plots of Land in Moscow and Washington", entered into force on May 16, 1969; and

(2) the "Agreement between the United States of America and the Union of Soviet Socialist Republics on Conditions of Construction of Complexes of Buildings of the Embassy of the United States of America in Moscow and the Embassy of the Union of Soviet Socialist Republics in Washington", entered into force on December 4, 1972.

TECHNICAL SECURITY
CONSULTANTS, INC.,
April 29, 1987.

Hon. STEVEN SYMMS,
U.S. Senate,
Washington, DC.

DEAR SENATOR SYMMS: From its position atop Mt. Alto the Soviet Embassy has an excellent platform from which to operate its intelligence gathering apparatus. Their position provides them with a "look down" capability, allowing both visual and line of sight access to many of the governments most sensitive facilities. This line of sight permits the interception of any electronic signal generated, either as a result of bona fide transmissions or those of a secondary nature, such as the signals generated by computers or their associated terminals, electronic typewritters, or the many other pieces of electronic equipment in use.

The signals generated don't, of necessity, have to be of high signal strength to be of concern, especially when you consider the fact we presently have a space probe located several hundred million miles away and we can receive its signal; this is in spite of the fact its radiated signal is less than one watt in power.

Moving the Soviet embassy to a lower sea level location would remove this advantage they presently have. Radio signals, especially the higher frequency ones, travel in a straight line. Their signal strength is affected primarily by any structure inserted between the transmitting device and the receiver. Without their higher level location, the number of randomly generated signals they would have access to would be greatly reduced. This is not to say they would be unable to receive any signals from a lower location, just that their access would be reduced.

Sincerely,

TIMITH JOHNSON,
President.

HOW THE SOVIETS ARE BUGGING AMERICA

(By Senator Daniel Patrick Moynihan)

Soviet agents may be listening to your personal telephone conversations. If you're involved in the government, in the defense industry or in sensitive scientific activity, there is a good chance they are.

In fact, a recent unclassified Senate Intelligence Committee report on counterintelligence indicates more than half of all telephone calls in the United States made over any distance are vulnerable to interception. Every American has a right to know this.

You should also know that the Reagan administration has recognized this threat for a long time now, but so far, the bureaucratic response has been piecemeal, and at times reluctant.

Consider this as background: In 1975, when I was named permanent U.S. representative to the United Nations, Vice President Nelson Rockefeller summoned me to his office in the Old Executive Office Building. There was something urgent he had to tell me. The first thing I must know about the United Nations, he said, is that the Soviets would be listening to every telephone call I made from our mission and from the ambassador's suite in the Waldorf Towers. I thought this a very deep secret, and treated it as such. Only later did I learn that Rockefeller had publicly reported this intelligence breach to the president in June 1975. The Rockefeller Report to the President on CIA Activities Within the United States notes:

"We believe these countries (communist bloc) can monitor and record thousands of private telephone conversations. Americans have a right to be uneasy if not seriously disturbed at the real possibility that their personal and business activities, which they discuss freely over the telephone, could be recorded and analyzed by agents of foreign powers."

The Soviets conduct this eavesdropping from their "diplomatic" facilities in New York City; Glen Cove, Long Island; San Francisco; and Washington. By some estimates, they have been doing so since 1958. President Reagan knows this well. He sat on the Rockefeller Commission and signed its final report concluding that such covert activities existed.

If we had any doubts about this eavesdropping effort, Arkady Schevchenko dispelled them when he came over in 1975 and subsequently defected in 1978. As you will recall, Schevchenko was, at the time, the second-ranking Soviet at the United Nations and an up-and-comer in the Soviet hierarchy. He describes the listening operation in New York City in his book *Breaking With Moscow:* "The rooftops at Glen Cove, the apartment building in Riverdale, and the Mission all bristled with antennas for listening to American conversations."

But we have to worry about more than just parabolic dish antennas tucked behind the curtains in the Soviet "apartment" building in Riverdale, New York.

There are also those Russian trawlers that travel up and down our coast. They are fishing, but fishing for what? Communications. And now the Soviets have taken their eavesdropping a step further and have built two new classes of AGI, or Auxiliary Gathering Intelligence, vessels. From the hull up, these new vessels are floating antennas, I suppose.

Most dangerous of all, perhaps, is the Soviet listening complex in Lourdes, Cuba, just outside Havana. This facility is the largest such Soviet listening facility outside its national territory. According to the president, it "has grown by more than 60 percent in size and capability during the past decade."

Lourdes allows instant communication with Moscow, and is manned by 2100 Soviet technicians. 2100!

By comparison, our Department of State numbers some 4400 Foreign Service Officers-total.

Again, to cite the recent Senate Intelligence Committee report: "The massive Soviet surveillance efforts from Cuba and elsewhere demonstrate . . . that the Soviet intelligence payoff from interception of unsecured communications is immense." Intelligence specialists are not prone to exaggeration, they do not last long that way. You can be assured that "massive" and "immense" are not subtle words as used in this context.

There are, however, two things you should know.

First, our most secret government messages are now protected from interception or are scrambled, and all classified message and data communications are secure. In addition, protected communications zones are being established in Washington, San Francisco and New York by rerouting most government circuits and by encrypting microwave links which continue to be vulnerable to intercept. But there are still communications links which carry unclassified, but sensitive, information that we need to protect.

Second, it is a truism in the intelligence field that while bits of information may be unclassified, in aggregate they can present a classified whole. The Senate Intelligence Committee informs us, "Due to inherent human weakness, government and contractor officials, at all levels, inevitably fail to follow strict security rules. . . . Security briefings and penalties were simply not adequate to prevent discussion of classified information on open lines." If the Soviets can piece it together, you must assume that they will, given the resources they invest toward this effort.

But the intelligence community needs no reminder that we are up against a determined and crafty opponent. In 1983, for example, a delegation of Soviet scientists were invited to tour a Grumman plant on Long Island. No cameras. No notes. All secure, right? Wrong. The delegation had attached adhesive tape to the soles of their shoes to gather metal fragments from the plant floor for further study at home. The Soviets are pretty good at metallurgy—probably the best in the world—and we don't need to help them any further.

But concern is not always translated into budgetary action, at least not in the realm of communications security. Let us take a look at the technical problem confronting us.

As you know, there are two basic ways voice can be transmitted over telephone media: digital and analog. Analog refers to voice waves which are modulated (amplified) up to a very high frequency (HF). That is, they are increased in speed from hundreds of cycles per second to thousands of cycles per second. This facilitates their passage over distance.

Nevertheless, because analog radio waves diminish rapidly over distance, it's necessary to periodically amplify, or boost, the signal either at a microwave relay tower repeater or satellite transponder. (Actually, the signals are diminished in frequency to voice quality and then brought back up to high frequency.)

Digital transmissions are voice or data vibration signals which are converted into a series of on-and-off pulses, zeros and ones, as in a computer. Like analog telephone calls, digital calls go through a process of modulation and demodulation.

For the purposes of this discussion, we need only remember two things about analog and digital telephony.

First, analog telephony is fast being replaced by digital telephony because it better translates computer language. But, more importantly, after a high initial overhaul cost, it's possible to send thousands of digital calls (bundles) over a single conduit. Therefore, as we expand our digital capacity, we must ensure that both our analog and digital communications are protected from Soviet eavesdropping.

Second, sending bundles over a single conduit is the base block at which we introduce, the encryption I am talking about.

When you place a long-distance telephone call from point A to point B, there are three communications paths, or circuits, over which your call might travel: microwave, satellite or cable.

Cable is the most secure. However, it is the least practical and economical method for bulk transmission over long distances. As a result, 90 percent of our long-distance telephone traffic is sent by microwave or satellite, and that which is in the air can be readily intercepted.

As your signal travels along the cable from your home to the local switching station and then on to a long-haul switching station, it is combined (stacked and bundled might better describe the process) with as many as 1200 other signals trying to get to the same region of the country.

This system of stacking and bundling signals is called multiplexing and it's how the telecommunications industry gets around the problem of 7 million New Yorkers all trying to call their Senator at the same time on the same copper wire or radio frequency.

If you use a common carrier, that is, if you have not rented a dedicated channel from a telecommunications company, a computer at the long-haul switching station will select the first available route to establish a circuit over which your call signals may travel.

Therefore, calls that the caller believes to be on less vulnerable circuits may be automatically switched to more vulnerable ones. All this takes place in 1 to 3 seconds.

So let's follow your call as it goes by either microwave or satellite.

If your call goes via microwave, it will be relayed across the country as a radio wave in about 25-mile intervals from tower to tower (watch for the towers the next time you drive on an interstate route) until it eventually reaches a distant switching station where it is unlinked from the other signals, passed over cable to your friend's telephone, and converted back into voice.

The problem with this system: Along these microwave paths there is what we call "spill." This measures about 12.5 meters in width and the full 25 miles between towers. This is where the microwave signals is most at risk. Using a well-aimed parabolic dish antenna (located, let's say, on the top of Mount Alto, one of the highest hills in the District of Columbia, and site of the new Soviet embassy) you can intercept this signal and pull it in. And that is just what the Soviets are doing.

My solution: Throw the bastards out if they are listening to our microwave signals. Nothing technical about it. On three occasions I have introduced legislation requiring the president to do just that, unless in doing so, he might compromise an intelligence source. On June 7, 1985, this measure was adopted by the Senate as Title VII to the Foreign Relations Authorization Bill, but it was dropped in conference with the House of Representatives at the urging of the administration.

Nevertheless, I think the administration accepted the simple logic behind the proposal when at the end of October, 55 Soviet diplomats were ordered to leave the country, including, the *New York Times* tell us, "operatives for intercepting communications." Now, let's not let the Soviets just replace one agent with another.

The process is much the same for a satellite telephone call. Today, approximately eight telecommunications carriers offer satellite service using something like 25 satellites. Let's suppose your signal has traveled to a long-haul switching station and all microwave paths are filled. The carrier's computer searches for an alternative path to send the signal and picks out a satellite connection. At the ground station, your call is sent by a transponder up to a satellite and then down again to a distant ground station.

Using an array of satellite dishes at Lourdes, the Soviets can seize these signals from the sky just as a backyard satellite dish can pull in television (and telephone) signals. High-speed computers then sort through the calls and identify topics and numbers of particular interest. And if the information provided is real time intelligence, the Soviets have the ability to transmit it instantaneously to Moscow. And yes, the Soviets have the range at Lourdes to grasp our satellite transmissions as they travel from New York to Los Angeles or Washington to Omaha.

Here, too, there is a solution: Develop and procure cryptographic hardware for use at the common-carrier long-haul switching stations. This hardware will encrypt the multiplexed telephonic signals (that is, approximately 1200 calls at a time) before they are transmitted as radio waves from ground station to ground station, a technique analogous to the cable networks scrambling their signals. This can be done for under $1 billion. If we start by encrypting just those unclassified signals we categorize as sensitive, those having greatest impact on the national defense or foreign relations of the U.S. government, it would cost us about half as much. It would cost us so much more not to do so.

Communications security has no constituency. There is no tangible product and the public can never really be sure that we have done anything. But National Security Decision Directive 145 says it is a national policy and national responsibility to offer assistance to the private sector in protecting communications. It's time to make communications security (ComSec in the lingo) a true national security priority supported with resources as well as rhetoric. This was certainly the conclusion of the Comprehensive Intelligence Committee report.

I agree, and have suggested a way to get on with it. If someone has a better idea—if you have another idea—I would be happy to know it. The important thing is that we stop this massive leak of sensitive information and protect your privacy.

ADDITIONAL COSPONSORS

S. 264

At the request of Mr. HUMPHREY, the name of the Senator from Nevada [Mr. HECHT] was added as a cosponsor of S. 264, a bill to amend the Internal Revenue Code of 1986 to deny status as a tax-exempt organization, and as charitable contribution recipient, for organizations which perform, finance, or provide facilities for abortions.

S. 577

At the request of Mr. INOUYE, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of S. 577, a bill to amend the Federal Election Campaign Act of 1971 to regulate political advertising in campaigns for Federal elective office.

S. 686

At the request of Mr. DASCHLE, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of S. 686, a bill to amend the Agricultural Act of 1949 to limit the quantity of milk protein products that may be imported into the United States.

S. 734

At the request of Mr. JOHNSTON, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 734, a bill to extend trade adjustment assistance to workers and firms in the oil and gas industry whose services or products are not directly competitive with imports.

S. 924

At the request of Mr. BENTSEN, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 924, a bill to revise the allotment formula for the alcohol, drug abuse, and mental health services block grant under part B of title XIX of the Public Health Service Act.

S. 1020

At the request of Mr. MOYNIHAN, the name of the Senator from Kentucky [Mr. FORD], the Senator from Alaska [Mr. STEVENS], and the Senator from Arizona [Mr. DECONCINI] were added as cosponsors of S. 1020, a bill to create the office of Librarian of Congress Emeritus.

SENATE JOINT RESOLUTION 15

At the request of Mr. KARNES, his name was added as a cosponsor of Senate Joint Resolution 15, a joint resolution designating the month of November 1987 as "National Alzheimer's Disease Month."

SENATE JOINT RESOLUTION 76

At the request of Mr. KARNES, his name was added as a cosponsor of Senate Joint Resolution 76, a joint resolution to designate the week of October 4, 1987, through October 10, 1987 as "Mental Illness Awareness Week."

SENATE JOINT RESOLUTION 107

At the request of Mr. SPECTER, the names of the Senator from Kansas [Mr. DOLE], the Senator from Kentucky [Mr. MCCONNELL], the Senator from Oklahoma [Mr. NICKLES], the Senator from New Jersey [Mr. BRADLEY], the Senator from Maryland [Ms. MIKULSKI], the Senator from Florida [Mr. GRAHAM], and the Senator from West Virginia [Mr. ROCKEFELLER] were added as cosponsors of Senate Joint

Resolution 107, a joint resolution to designate April 1987, as "Fair Housing Month."

SENATE JOINT RESOLUTION 115

At the request of Mr. SYMMS, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of Senate Joint Resolution 115, a joint resolution making an urgent supplemental appropriation for emergency assistance to the Polish independent trade union organization NSZZ "Solidarnosc" for the fiscal year ending September 30, 1987, and for other purposes.

SENATE CONCURRENT RESOLUTION 15

At the request of Mr. HEFLIN, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of Senate Concurrent Resolution 15, a concurrent resolution expressing the sense of the Congress that no major change in the payment methodology for physicians' services, including services furnished to hospital inpatients, under the Medicare Program should be made until reports required by the 99th Congress have been received and evaluated.

SENATE CONCURRENT RESOLUTION 54—URGING THE PRESIDENT TO SEND A SPECIAL REPRESENTATIVE TO VIETNAM TO RESOLVE PENDING HUMANITARIAN ISSUES AND TO ESTABLISH TECHNICAL RESOLUTION OFFICES IN BOTH COUNTRIES

Mr. HATFIELD (for himself, Mr. PELL, Mr. SIMPSON, Mr. DECONCINI, Mr. DOMENICI, Mr. KENNEDY, Mr. STAFFORD, Mr. HECHT, Mrs. KASSEBAUM, Mr. KERRY, Mr. DASCHLE, Mr. LEVIN, Mr. LUGAR, Mr. PRESSLER, Mr. SANFORD) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 54

Whereas twelve years have passed since the end of the Vietnam War, and it is in the best interests of the United States to put the War behind the Nation;

Whereas the United States is deeply committed to the resolution of the many pending humanitarian issues which are a legacy of the Vietnam War and which cannot be quickly and finally resolved without increased cooperation and open channels of communication between the United States and Vietnam; and

Whereas unresolved humantarian issues affect people in both countries and range widely, including the fullest possible accounting of American MIAs and POW's; the release of political prisoners in Vietnamese re-education camps; the rejuvenation of the emigration procedures for Vietnamese through the Orderly Departure Program; the resettlement of Amerasians still in Vietnam; and the health and safety of Indochinese refugees living in camps throughout Southeast Asia, particularly along the troubled Thai-Cambodian border: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President should designate and send to Vietnam at the earliest practicable date a special Presidential representative to negotiate with the Government of Vietnam for—

(1) an agreement for the speedy resolution of all the aforementioned outstanding humanitarian issues between the two countries; and

(2) an agreement for the establishment of technical resolution offices in the capitals of both countries for the purpose of implementing the agreement described in paragraph (1).

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

Mr. HATFIELD. Mr. President, on this day 12 years ago the war in Vietnam ended. Today I am submitting a concurrent resolution which will address the lingering anguish of the thousands of Americans for whom the war has not ended.

I am submitting a concurrent resolution with Senators PELL, SIMPSON, DECONCINI, KENNEDY, DOMENICI, and several others which urges the President to take bold, new steps to resolve with the Government of Vietnam the POW-MIA issue and the many other compelling humanitarian issues yet to be resolved. These issues are a legacy of the war which separate our two countries, and which can only be resolved through cooperation and upgraded diplomacy. Senator MCCLURE and I were in Hanoi at the beginning of this year. It was the first time I had the opportunity to go back to Vietnam since my own war period their in 1945 when Ho Chi Minh and the United States were allies fighting a common war. When Senator MCCLURE and I were there we emphasized with the Vietnamese leadership one point: The United States of America speaks with one voice in its resolve to receive the fullest possible accounting of American servicemen who did not return from the war in Vietnam, Laos, and Cambodia. On this issue there are no liberals or conservatives, no Democrats or Republicans, no hawks or doves—only Americans. This resolution I am introducing today will serve as a vehicle to accelerate the dialog between the United States and Vietnam, and hopefully usher in a new era in relations to hasten to an end the uncertainty that hangs heavy over the lives of these unfortunate families.

This resolution asks the President to send to Vietnam at the earliest practicable date a special representative to negotiate with Vietnam a resolution agreement on the many humanitarian questions at issue between our two countries. And I emphasize "humanitarian." To facilitate the implementation of this agreement, this resolution calls for the establishment of technical offices in Hanoi and Washington to allow for the more frequent exchanges of information and technical data on these humanitarian issues.

The infrequent technical talks have had to be totally and completely inhibited and crippled because we have to shuttle our representative between Bangkok and Hanoi, for the simple reason we have no presence in Hanoi.

The National League of Families of American Prisoners and Missing in Southeast Asia reports that there are 2,416 American POW's and MIA's. Of that number, 1,113 are known to have been killed in action, their bodies have never been recovered. In another 647 cases, a presumptive finding of death was made at the time of loss, during the time the United States was still in Vietnam. So by the end of the war, fewer than 800 were technically regarded by the Pentagon as either MIA or POW. And of this number, the Pentagon lists 436 cases as "nonrecoverable" because of the circumstances of loss, such as loss at sea. So while we want the fullest possible accounting of all 2,416, this breakdown encourages me to believe that the task before us is achievable.

Mr. President, the families of the MIA's-POW's are best served by a higher level, and more frequent, dialog between our two countries, and that is precisely what this resolution presents to the families for whom the Vietnam war is not a thing of the past. I am certain that many of our newest citizens—Americans of Vietnamese origin—who have loved ones in reeducation camps or in the backlogged and broken-down Orderly Departure Program also will welcome this resolution. And the neglected cause of Amerasians in Vietnam also will be given new life by the recommendations of this resolution, as will the plight of the hapless victims of the tumult from the war who are trapped in refugee camps throughout Southeast Asia and cannot go home safely.

Here we are, a decade and a half removed from the war, and look at where we stand: The POW-MIA talks are stalled, and followup from past talks logistically snarled; the ODP Program has not seen a new interview in over a year; the reeducation camp prisoner negotiations long ago fell apart; and Amerasians are still stuck in Vietnam. Therefore, I believe the United States must enlist additional personnel and new, forthcoming strategies in its battle to resolve the pending humanitarian issues. That is all this resolution says.

Mr. President, we should be entering a new era in United States-Vietnam relations, and we must lay aside the successful but now inefficient practices of low level, piecemeal diplomacy. We need sunshine dialog, more frequent talks, better channels of communications, and new players in the process. Let us face the facts: While we have made progress on some of the humanitarian issues in dispute, we face such serious logistical and diplomatic problems that anything short of what this resolution calls for will be terribly inadequate, as well as disappointing to the families still suffering from the war. In 1986, four technical talks in POW's-MIA's were held, and in 1987 none have been held.

Now, there are many reasons for this hiatus in dialog, principal of which is the shakeup of the Vietnamese leadership.

It was recently announced that last fall Gen. John Vessey was appointed as the administration's special representative to Vietnam. I am gratified by the news of the designation of such a representative. One might find interesting the timing of the announcement since I made the request for a special representative to President Reagan, Secretary Shultz, and National Security Council Director Carlucci on February 4, this year and no mention of the appointment, or even its consideration was made in our discussion in the Oval Office.

But be that as it may, I am hopeful that General Vessey, a man I respect deeply, will go to Vietnam immediately and precipitate a new era in relations with Vietnam, an era which can only help the families still suffering from the legacies of the war. I told Deputy Prime Minister Thach that I felt an improvement in relations through improved and upgraded contacts was the only way to resolve the humanitarian issues, and I repeat that assessment today. I would speak for Senator McCLURE on this subject, but he is free to speak for himself. I believe he would agree with my statement today, although I do not want to commit him to my perspective on these issues.

Let us be frank: Hard line diplomacy means hard times for MIA-POW families in America. The United States does not want to be in the position by the tone of its diplomacy of finding itself pushing the Vietnamese further into dependence upon the Soviet Union.

Let me turn to the Cambodian question briefly, for this resolution is silent on Cambodia. First, I find it simply inconceivable that the United States is not marshalling all of its diplomatic force on the Government of China, with whom we have diplomatic ties, to terminate their financial and moral support for the murderous Pol Pot and the Khmer Rouge. The United States as leader of the free world and as global champion of human rights cannot be silent while regional politics somehow have found a respectable place for the genocidal Khmer Rouge to flourish. Until the Khmer Rouge are disbanded, and until the Democratic resistance led by Prince Sihanouk and Son Sann stands alone as the alternative to a Vietnamese occupation, the world community will be forced with the ugly choice of a Cambodia which is Vietnamese occupied or Khmer Rouge terrorized. The United States and ASEAN countries cannot claim innocence when we knowingly allow the perpetuation of the Khmer Rouge cadre as an unholy partner in the struggle to get the Vietnamese out of Cambodia. We may not be giving the Khmer Rouge a penny, but we have allowed them a place to live and operate by not demanding their banishment, even though history will soon show Pol Pot and his troops among mankind's most heinous killers.

I believe the United States can join with its friends Thailand, Singapore, Australia, and others to help seek a negotiated end to the Vietnamese occupation. I went to Bangkok prior to my departure to Hanoi to stress to my friends my conviction that the best interests of Thailand and ASEAN are served by the United States removing its self-imposed muzzle and involving itself in the Cambodia debate in a significant way. We cannot grant our proxy on geopolitical questions to any country or any association of countries. If any of my colleagues wants to help ASEAN countries and safeguard them from the spread of communism, then they can join with me in holding these countries harmless from the punitive, destructive trade bill that is about to be before the Senate.

Before concluding, I want to address the resolution as it affects the lives of the hundreds of thousands of refugees living in camps throughout Southeast Asia. We can all agree that the preferred solution for these refugees is repatriation. Unfortunately, repatriation for Hmong, Lao, Cambodian, and Vietnamese refugees today is synonomous with summary execution or immediate imprisonment. How many times must we look to what the Heng Semerin regime or the Pathet Lao do to push backs before we quit talking about repatriation as a viable option. It is not. In fact, repatriation will never be a viable option for the refugees of the region until the United States plays a major role in that process. And until the United States has an improved relationship with Vietnam, the United States will not be involved in the negotiations for safe repatriation for the region's refugees.

Fourteen Senators, including Senators, PELL, SIMON, and I, introduced S. 814, the Indochinese Refugee Resettlement and Protection Act of 1987. This measure is a bridge until a repatriation agreement is adopted. It safeguards asylum for the refugees of the region; it commits the United States to a modest refugee resettlement program through the end of the decade; and it offers help to Thailand and our other friends who have given asylum to the refugees. I urge my colleagues to join in cosponsorship of that measure which I intend to offer as an agreement to the State Department or the Foreign Aid authorization measures when they come before the Senate. Time is of the essence, and as it stands, the plug has been pulled on the refugee program, and the United States is bedside, front and center, wringing its hands, expressing compassion, doing little and nothing. But again, the whole resolution of the refugee problem turns on U.S. involvement in the diplomatic process, not as bystanders dealing with the symptoms, but as activists working toward the solutions.

Mr. President, let me close with the simple statement: I believe Ronald Reagan can go down in history as the President who put the Vietnam war behind the nation, and I believe this resolution proposes a bold, new step in that direction. And I believe that step must be taken immediately. President Reagan has done more to elevate the importance of these humanitarian issues than any other President, and I believe he can be the President to finally resolve them.

SENATE CONCURRENT RESOLUTION 55—PROVIDING FOR SENATE AND HOUSE DELEGATIONS TO PARTICIPATE IN CEREMONIES IN NEW YORK CITY COMMEMORATING THE BICENTENNIAL OF THE CONSTITUTION

Mr. MOYNIHAN (for himself and Mr. D'AMATO) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

S. CON. RES. 55

Whereas the Constitution officially became the form of government of the United States on March 4, 1789;

Whereas New York City served as the first capital of the United States;

Whereas the first Congress convened in New York City in April 1789;

Whereas George Washington was inaugurated as the first President of the United States in New York City on April 30, 1789;

Whereas while meeting in New York City, the first Congress passed legislation creating the executive departments of the Federal government and the Federal court system; and

Whereas while meeting in New York City, the first Congress, under the leadership of Representative James Madison of Virginia, framed and proposed to the states the ten constitutional amendments known today as the Bill of Rights: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Speaker of the House of Representatives and the Majority Leader of the Senate, in consultation with the Minority Leaders of their respective Houses, are authorized and directed to appoint members of their respective Houses to serve on a delegation of members of the Congress which will take part in ceremonies to be held in New York City in April 1989 commemorating the 200th anniversaries of the implementation of the Constitution as the form of government of the

United States, the inauguration of George Washington as the first President of the United States, and the proposal of the Bill of Rights as the first ten amendments to the Constitution, and shall invite the President to join this delegation in participating in these ceremonies.

● Mr. MOYNIHAN. Mr. President, I rise today to introduce, with my distinguished colleague from New York, a concurrent resolution to provide for the participation by delegates from both Houses of Congress in ceremonies celebrating the role New York City played in the establishment of the American Republic, Congressman SCHEUER is introducing the same resolution in the House of Representatives.

Specifically, this resolution directs the Speaker of the House and the majority and minority leaders in the Senate to appoint Members of the Congress to serve as members of a delegation to these ceremonies. Such ceremonies will include observance of the day on which the Constitution officially became the basis of our form of government, the anniversary of the inauguration of George Washington as the first President of the United States in New York City on April 30, 1789, and the convening of the first Congress in New York in April 1789.

The role of New York City in the early history of this Nation is more significant than many realize. The story of the moving of the Capital from New York City to Washington is a fascinating tale which gives a unique insight to the concerns of our Founding Fathers. On or about June 20, 1790, Thomas Jefferson, then Secretary of State, Alexander Hamilton, Secretary of the Treasury, and James Madison, Member of the House of Representatives for the Fifth District of Virginia, met over Jefferson's dinner table at 57 Maiden Lane, in Manhattan, and reached a momentous agreement.

Two issues were involved. First, whether the new National Government would assume the debt incurred by the States during the Revolutionary War. Hamilton had proposed this 5 months earlier, in his "Report on the Public Credit." Here was a classical regional conflict. Virginia, which pretty much spoke for the South, had arranged to repay its debt. It would gain little if the National Government were to pay off the debt of others. The Northern States had not paid theirs (and also had more debt—nearly a third of the battles of the Revolutionary War were fought on New York soil). Northern financiers had bought up a good deal of this debt, in the form of much-discounted bonds, and stood to make a bundle if Hamilton could deliver.

The second issue was whether the Capital would remain in New York or move south, The Constitution had left the matter unresolved, providing only that the seat of the Government of the United States be located in an area "not exceeding 10 miles square." More than just the region was at issue. Was ours to be a country run by Southern farmers or by Northern financiers? Never mind that the Southern farmers were not quite plowmen, while the Manhattan financiers had to deal with an already developed urban democracy that was not notably disposed to an oligarchy of position. Something large and enduring was at stake. Jefferson and Hamilton understood this. Jefferson made the deal. The war debt would be assumed. In return, the Capital would move to a swamp on the banks of the Potomac.

In a sense, we New Yorkers gave up the distinguished honor of being home to our Capital in order that the country—the Republic—could begin on solid economic footing. A small price to pay for the security of a nation.

It is for these and many other contributions that New York made during the birth of our Nation that we offer this resolution.

I urge my colleagues to support this resolution.●

● Mr. D'AMATO. Mr. President, I am proud to join my colleague from New York [Mr. MOYNIHAN] in sponsoring a concurrent resolution relating to ceremonies scheduled for April 1989 in New York City. Our resolution establishes a delegation of Members of both Houses to participate in a formal celebration of the 200th anniversaries of our Constitution, the inauguration of George Washington as our first President, and the proposal of the Bill of Rights as the first 10 amendments to our Constitution.

Some of my colleagues will be selected to attend these ceremonies, but every American will be there in spirit, just as early Americans had their eyes and ears on New York City back in April 1789. Imagine the excitement of the colonialists as the Constitution was unveiled; their pride as George Washington became the first President; and their anticipation of a new era as Congress first convened in New York City, our Nation's first Capital.

The celebration of these events, to be held in New York City in April 1989, comes close on the heels of the 100th anniversary and rededication of the Statue of Liberty. Last July 4 we were reminded of the spirit that is America and of the freedoms we all enjoy. Two years hence we will celebrate the birth of our government, and reaffirm a promise the American people made nearly 200 years ago:

> We the people, in order to form a more perfect union, establish justice, insue domestic tranquility, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

I urge my colleagues to join Senator MOYNIHAN and me in this effort.●

SENATE RESOLUTION 198—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO GLORIA S. GARNER

Mr. FORD, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 198

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Gloria S. Garner, widow of William F. Garner, Sr., an employee of the Senate at the time of his death, a sum equal to eleven and one-half months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 199—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO MARGARET C. MITCHELL

Mr. FORD, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 199

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Margaret C. Mitchell, mother of Dorothy M. Mitchell, an employee of the Senate at the time of her death, a sum equal to six and one-half months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 200—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO WILLIAM MACKLIN

Mr. FORD, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 200

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to William Macklin, nephew of William J. Wooten, an employee of the Architect of the Capitol assigned to duty on the Senate side at the time of his death, a sum to equal six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 201—SENSE OF THE SENATE IN SUPPORT OF SOLIDARITY SUNDAY

Mr. MOYNIHAN (for himself, Mr. ADAMS, Mr. BIDEN, Mr. BOREN, Mr. BRADLEY, Mr. BURDICK, Mr. CHILES, Mr. Daschle, Mr. DeConcini, Mr. Dodd, Mr. Exon, Mr. Glenn, Mr. Gore, Mr. Graham, Mr. Harkin, Mr. Inouye, Mr. Kerry, Mr. Lautenberg, Mr. Levin, Mr. Matsunaga, Ms. Mikulski, Mr. Mitchell, Mr. Pell, Mr. Proxmire, Mr. Riegle, Mr. Rockefeller, Mr. Sanford, Mr. Sarbanes, Mr. Sasser, Mr. Simon, Mr. Bond, Mr. Boschwitz, Mr. Chafee, Mr. D'Amato, Mr. Danforth, Mr. Dole, Mr. Durenberger, Mr. Gramm, Mr. Grassley, Mr. Hecht, Mr. Heinz, Mrs. Kassebaum, Mr. Lugar, Mr. McConnell, Mr. Nickles, Mr. Pressler, Mr. Quayle, Mr. Roth, Mr. Simpson, Mr. Specter, Mr. Symms, Mr. Trible, Mr. Weicker, Mr. Wilson, Mr. Hatfield, Mr. Leahy, and Mr. Murkowski) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. Res. 201

Whereas, on May 3, 1987, the constituent agencies of the Coalition to Free Soviet Jews will sponsor "Solidarity Sunday for Soviet Jewry" in reaffirmation of the American people's resolve to secure freedom for Soviet Jews and other beleaguered individuals;

Whereas, Americans of all faiths will join with the Coalition in public expressions of solidarity with the more than 2.5 million Jews in the Soviet Union;

Whereas, the right to emigrate freely and to be reunited with one's family abroad is being denied by Soviet authorities to Soviet Jews and other groups in direct contravention of the Universal Declaration of Human Rights, the Helsinki Final Act, and Madrid Concluding Document, to all of which the Soviet Union is signatory;

Whereas, the government of the Soviet Union has implemented new emigration restrictions designed to make the process of obtaining an emigration visa even more difficult;

Whereas, the emigration of Soviet Jews has been severely restricted in recent years, hovering at 1,000 per year or less, from a high of 51,320 in 1979;

Whereas, those Soviet Jews and other persons who have applied to leave the Soviet Union have been subjected to expulsion from jobs and schools, exile from major Soviet cities, constant surveillance and harassment and even arrest and imprisonment on false charges;

Whereas, the government of the Soviet Union continues to persecute its Jewish citizens and deny them even those few rights and privileges accorded other recognized religions in the Soviet Union;

Whereas, the government of the Soviet Union discriminates against Jewish cultural and religious activities by banning and suspending Hebrew and Jewish cultural classes, arresting Hebrew teachers on false criminal charges, attacking Hebrew teaching circles as "subversive", promoting anti-Semitic ideology under the cloak of "anti-Zionism", and harassing those Soviet Jews who seek only to exercise their rights to practice their religious and cultural heritage;

Whereas, the government of the Soviet Union will not succeed in isolating Soviet Jews from their friends in the free world so long as those who cherish liberty and human rights continue to speak out on behalf of beleaguered people everywhere;

Whereas, the Soviet Union has undertaken positive steps in the area of human rights, among these a minimal increase in monthly emigration and the release of several prominent prisoners of conscience;

Whereas, progress in the area of Jewish emigration and Jewish religious and cultural rights would contribute importantly to improve U.S.-Soviet relations; and

Whereas, "Solidarity Sunday for Soviet Jewry" will serve as an expression of American determination to continue efforts to obtain freedom for Soviet Jews who are prisoners of conscience, to have exit visas granted to refuseniks, many of whom have sought permission to emigrate for up to seventeen years, and to secure the free exercise of religious beliefs and cultural expression for all minorities: Now, therefore, be it

Resolved, by the Senate of the United States of America, That the President is authorized and requested to issue a proclamation designating May 3, 1987 as "Solidarity Sunday for Soviet Jewry" and calling upon the people of the United States, State and local government agencies, and interested organizations to observe these days with appropriate ceremonies, activities and programs.

● Mr. MOYNIHAN. Mr. President, I am pleased to submit a resolution expressing the support of the Senate for Solidarity Sunday for Soviet Jewry. This resolution is cosponsored by 53 Senators.

Sunday, May 3, 1987, is Solidarity Sunday for Soviet Jewry. Tens of thousands of Americans of all faiths will gather in New York City for a march and rally, demonstrating their solidarity with the 2½ million oppressed Jews of the Soviet Union. Initiated 15 years ago by the organization known as the Coalition to Free Soviet Jews, Solidarity Sunday has become something of a tradition. It is regrettable that such action has been necessary, but also heartening that Americans have continued their support of the event.

For the 11th consecutive year I will be privileged to participate in Solidarity Sunday. But this year is different. Events in the Soviet Union have given the question of Soviet Jewry a new sense of urgency. The new Soviet Government has taken several specific steps during the past year that have been welcomed by people throughout the world who cherish human rights. These developments—and reports of possible further improvements—have been welcomed by all those who had hoped that the new Soviet leaders would understand how strongly the American people feel about the issue of human rights.

Yet, the Government of the Soviet Union remains the single largest and most powerful threat to human liberty in the world. Other regimes are more murderous than the U.S.S.R. is today, but none are as powerful or as devoted to the construction of a totalitarian world in which the individual has no status save what the state finds convenient to accord. So on the subject of human rights we inevitably and repeatedly return to the policies of the Soviet regime. And we find those policies wanting. Particularly with respect to the treatment accorded to ethnic minorities, and most especially with respect to its Jewish citizens, we find Soviet policies unacceptably intolerant of individual rights.

In order for the United States to begin to accord the Soviet Union the status of a civilized society with which we will find it acceptable to deal on a regular and regularized basis—engaging in international commerce and exchanges of information and ideas, for instance—the U.S.S.R. must meet certain minimum standards of behavior in the area of human rights. This is not the sole requisite to improved bilateral relations, but it is an important one.

Earlier this year, 55 U.S. Senators joined Senator John Heinz and myself in sending a letter to General Secretary Gorbachev. This letter expressed our conviction that "the construction of much desired further bilateral progress—between the United States and the Soviet Union—depends to a large degree on progress on emigration and related issues."●

SENATE RESOLUTION 202—AUTHORIZING REPRESENTATION BY THE SENATE LEGAL COUNSEL

Mr. BYRD (for himself and Mr. Dole) submitted the following resolution; which was considered and agreed to:

S. Res. 202

Whereas, in the case of *O'Conner* v. *Hecht, et al.*, CV-N-87-93-LDG, pending in the United States District Court for the District of Nevada, the plaintiff has named Senator Chic Hecht as a defendant;

Whereas, pursuant to sections 703(a) and 704(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. § 288b(a) and 288c(a)(1) (1982), the Senate may direct its counsel to represent Members of the Senate with respect to actions against them in their official capacity; Now, therefore be it

Resolved, That the Senate Legal Counsel is directed to represent Senator Hecht in the case of *O'Connor* v. *Hecht, et al.*

SENATE RESOLUTION 203—AUTHORIZING TESTIMONY BY CERTAIN SENATE EMPLOYEES

Mr. BYRD (for himself and Mr. Dole) submitted the following resolution; which was considered and agreed to:

S. Res. 203

Whereas, in the claim of former Senate employee Charles K. Carrothers, Appeal No. 87.1246-UCFE, pending in the District of Columbia Department of Employment Services, a representative of the Senate has been asked to appear at a hearing to present evidence and testimony concerning the nature of the claimant's separation from employment;

Whereas, Linda C. Takayama, Director of Human Resources for the Sergeant at Arms, and Jay C. Woodall, Senate Postmaster, have information which may be relevant to that proceeding;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that the testimony of and production of documents by Senate employees in their official capacities may be needful in any forum for the promotion of justice or equity, the Senate will act to promote the resolution of claims in a manner consistent with the privileges and rights of the Senate; Now, therefore be it

Resolved, That Linda C. Takayama, Jay C. Woodall and any other Senate employee who may be requested, are authorized to testify and produce documents relevant to the Unemployment Compensation Claim of Charles K. Carrothers, except concerning matters which may be privileged.

NOTICES OF MEETING

COMMITTEE ON RULES AND ADMINISTRATION

Mr. FORD. Mr. President, I wish to announce that the agenda for the meeting of the Committee on Rules and Administration in SR-301, Russell Senate Office Building, on Thursday, May 7, 1987, at 9 a.m., has been revised. The committee will be considering the following: Senate committee requests for supplemental funding for fiscal year 1987; Senate Concurrent Resolution 53, to authorize the reprinting as a Senate document of Senate Report 100-9, 100th Congress, 1st session, entitled "Developments in Aging"; House Concurrent Resolution 91, authorizing the 1987 Olympics Torch Relay to be run through the Capitol Grounds; and such other business as is ready for committee consideration.

For information on this business meeting, please contact Carole Blessington of the Rules Committee staff on extension 40278.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON EXPORT EXPANSION

Mr. BYRD. Mr. President, I ask unanimous consent that the Small Business Committee's Subcommittee on Export Expansion be authorized to meet during the session of the Senate on Thursday, April 30, 1987, at 2 p.m., to examine the issues related to increasing small business participation in export markets.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BYRD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, April 30, 1987, at 3:30 p.m. to resume the confirmation hearings on William H. Webster to be Director of Central Intelligence.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Thursday, April 30, 1987, to mark up the fiscal years 1988 and 1989 authorization legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, April 30, 1987, at 2 p.m. for an open hearing on Embassy Moscow security.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENVIRONMENTAL PROTECTION

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Environmental Protection, Committee on Environment and Public Works, be authorized to meet during the session of the Senate on April 30, beginning at 2 p.m., to mark up S. 744 and S. 743, bills relating to assessment and control of radon gas.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

NATIONAL VOLUNTEER WEEK

● Mr. DECONCINI. Mr. President, I would like to call the attention of the Senate to an event taking place in the Sun Cities of Arizona this week. Sun City and Sun City West are active adult communities with 60,000 residents who have not let retirement slow them down. These are unique communities, full of productive individuals whose generous spirit has earned the communities the title "Volunteer Capital of the United States."

On Thursday, April 30, thousands of Sun Citians will salute National Volunteer Week, which takes place April 26 through May 2, at the Sun Cities Volunteerfest.

According to the most recent national survey, Americans volunteered over 16 billion hours of time in 1985. Had they been paid the volunteers' paycheck would have totaled $110 billion.

These volunteer services vary widely. They can range from the simple act of taking a neighbor to a doctor's appointment, to the more complex job of organizing fundraising drives for charities.

The Sun Cities represent one of the best examples of the tremendous benefits of volunteer service. Last year Sun Citians donated 4.8 million hours of their time—an equivalent of $46 million, to church, civic, recreational, and other charitable organizations. These people donate their time in many and varied ways. For example, a group of former judges and lawyers of the Sun Cities serve on an advisory board in Phoenix to improve Arizona's juvenile justice system. And thanks to the help of 400 Sun Citians, who act as the eyes and ears of the Sheriff's Department, this community has one of the lowest crime rates in the Nation.

In addition, Sun Citians donate time instructing classes in art, crafts, and exercise. And to help keep the community litter free and maintain its environment, the Sun Cities have set up an organization called PRIDES [proud residents independently donating essential services], with over 500 members. Finally, more than 1,900 volunteers have donated $8.2 million in services to Boswell Hospital and have raised over $1 million to purchase hospital equipment. These are services that Maricopa County taxpayers would have to pay for, were it not for the volunteers of the Sun Cities.

As a result of this volunteer work, Sun Citians enjoy a high quality of life. They are rewarded by a community enriched through their efforts—a community without many problems. Indeed, the Sun Cities represent a microcosm of how volunteering can help solve the social problems that we struggle with as a nation. Today, I salute the Sun Cities as the Volunteer Capital of the United States.●

SUN CITIES VOLUNTEER FEST

● Mr. McCAIN. Mr. President, the Gallup organization defines volunteering as "working in some way to help others for no monetary pay." Many people reading "helping others" and "no pay" might assume that volunteering is an activity in which very few Americans would be interested.

I am pleased to report that both in Arizona and our Nation, participants in volunteer activities are incredibly numerous. In Sun City and Sun City West alone, over 30,000 Arizonans worked as volunteers last year. Today the Sun Cities in my State are commemorating National Volunteer Week with the first "Sun Cities Volunteer Fest." I wish to commend Sun Cities' 30,000-plus volunteers, which have earned that area the title "Volunteerism Capital of the United States."

In 1986, individuals in Sun City donated 4.8 million hours of service to civic, service, church, charitable, recreational, and volunteer organizations. The value of these services is estimated to be worth $46 million. At a time of shrinking resources, the significance of these volunteered services is great indeed.

To recognize the contributions of volunteers nationwide, the Sun Cities Volunteer Fest is to be addressed by

Mr. Kenn Allen, president of VOLUNTEER—the national center. Other activities are also scheduled involving the over 500 organizations which benefit from the volunteers in the Sun Cities.

Mr. President, the thousands of dedicated individuals serving as volunteers in Arizona are not alone in helping others in their communities. In 1985 nearly 90 million Americans gave their time and energy to perform volunteer work. Volunteers gave more than 16 billion hours of service in the areas of health, education, recreation, social welfare, and community action—religious, political and cultural.

These statistics are both surprising and encouraging. It is even more remarkable to note the phenomenal number of retired or semiretired Americans that are using the skills gained over their working lifetimes to provide assistance to organizations within their communities. In 1985, 43 percent of Americans between the ages of 65 and 75 did some volunteer work. With our Nation's elderly population growing, we can look forward to an increasing number of volunteers serving in our communities in the future.

In Sun City and Sun City West, AZ, when one talks about the active participation of seniors in volunteer activities, the future is now. No other community, on a per capita basis, is as involved in volunteer activities as the Sun Cities. Specific volunteer activities in these vibrant communities include the Sheriffs' posse. The posse is made up of over 400 Sun City residents trained in crime prevention. The members have donated 110,000 hours to perform crime prevention activities that have helped keep the Sun Cities crime rate among the lowest in the Nation. Other activities have included a hospital auxiliary organization that has provided over $8 million in services and raised another $1 million in hospital equipment for one Arizona hospital alone. Groups of retired executives, judges, and lawyers, and others have formed to provide an opportunity for these volunteers to share their skills and experience.

In conclusion, Mr. President, I wish to commend each American that has volunteered his or her time and energy to support projects in the communities around this country. In recognition of these volunteers, and National Volunteer Week, I salute the participants in the Sun Cities Volunteer Fest of 1987.●

COMMEMORATING THE 40TH ANNIVERSARY OF SCULPTOR KORCZAK ZIOLKOWSKI'S ARRIVAL TO THE BLACK HILLS OF SOUTH DAKOTA

● Mr. DASCHLE. Mr. President, I rise today with great pride to inform my colleagues that May 3 will mark the 40th anniversary of world renowned sculptor Korczak Ziolkowski's arrival in the Black Hills of South Dakota to accept the invitation of Lakota chiefs to carve a statue of the Indian leader Crazy Horse.

The carving is to be more than just a sculpture of a great Indian hero. It is a nonprofit, cultural project for the benefit of the Indian people of America which has been financed entirely through the free enterprise system.

While South Dakota is better known for its other imposing granite mountain carving, Mount Rushmore, but just a few miles from the "Shrine of Democracy," one can see the Crazy Horse Memorial still in its infancy.

It is an ambitious understanding. Korczak Ziolkowski's tribute to the American Indian will someday stand taller than the Washington Monument. No sculptor in the modern or ancient world ever conceived or attempted such a colossal project. The dimensions of the equestrian are astonishing. Overall, it will be 563 feet high and 641 feet long. Crazy Horse's head alone will be nearly 90 feet high; all four of the 60-foot Presidential heads of Mount Rushmore would fit inside of it.

It was Sioux Chief Henry Standing Bear who wrote to Ziolkowski in 1939 to invite him to venture to the Black Hills from the east coast to carve an icon of the Indian legend Crazy Horse. Standing Bear wrote, "My fellow chiefs and I would like the white man to know the red man has great heroes too." Eight years later Ziolkowski moved to the picturesque Black Hills to begin the project he realized at the outset he would not live to complete.

It was the Indians who picked Crazy Horse for the mountain carving. In essence, Crazy Horse was an Indian's Indian—a brave warrior and brilliant military tactician. He was the first Indian known to have used the decoy system. He never surrendered, never signed a treaty and never went on a reservation.

The Crazy Horse Memorial is intended to represent the spirit of all American Indians. Korczak Ziolkowski's vision was for the Crazy Horse Memorial to be a link joining the past with the present and bridging the gap between the present and the future.

When Korczak Ziolkowski died in 1982 at the age of 74, his wife and children assumed responsibility for orchestrating the huge mountain carving. Ruth Ziolkowski tells onlookers that her husband wanted to carve Crazy Horse as a reaffirmation of the American dream—namely, that you can do anything you want if you believe strongly enough, work hard enough and are willing to pay the price.

About 1 million people visit Crazy Horse annually, and the memorial is increasingly recognized nationally. Just last fall, President Reagan flew over this Indian memorial. Korczak Ziolkowski presented President Kennedy a wooden carving of Chief Standing Bear at the dedication of the Oahe Dam in South Dakota. Millions of Americans first learned of the mountain carving through the U.S. Postal Service. In 1982 the agency issued a stamp honoring the Crazy Horse Memorial. In all, over 1 billion stamps displaying the mountain carving were issued.

Today the memorial includes one of the foremost Indian museums of its kind. It represents the education and cultural purposes of the nonprofit project that Ziolkowski envisioned.

To this day, no State or Federal dollars have been used toward the construction of the Crazy Horse Memorial. Korczak Ziolkowski believed so strongly in free enterprise that he twice turned down $10 million in potential funding for the Indian memorial. Also, the storyteller in stone felt that the Federal Government would neither finish the mountain carving nor carry out the project's humanitarian goals.

Due to the harsh winters and other inclement weather, the actual time allowed to work on the mountain averages only 5 months a year. Ruth Ziolkowski estimates over the 40-year period the actual time carving the mountain has been just 15 full years. But this is what this unique project is all about. Having a dream so large that the first four decades only marks the beginning. I look forward to following the Ziolkowski family's challenge of completing the memorial in the years to come.

In closing, Mr. President, I hope my colleagues will take the opportunity to visit my fine State and experience Korczak's dream during this special anniversary year. I leave you with a Korczak Ziolkowski quotation that has inspired me numerous times: "when the legends die, the dreams end; when the dreams end, there is no more greatness."●

AN ARIZONA HERO—GREGORY ROBERTSON

● Mr. DECONCINI. Mr. President, "One man with courage makes a majority." The words were Andrew Jackson's. In an incredible act of courage last week, Gregory Robertson became a one-man majority.

Anyone who has heard Gregory Robertson's story would agree it is unbelievable. On April 23, 9,000 feet above Phoenix, this young skydiver made a decision to risk his life in order to save an unconscious colleague falling to Earth at 150 mph.

The story made headlines across the Nation. Debbie Williams had jumped from a plane along with five other parachutists in what was to have been a formation dive. Instead she collided with one of the five skydivers and began a 3-mile fall to Earth.

At that moment, without any intention of becoming a hero, Gregory Robertson, chose the heroic course of action. Gregory is an ace skydiver—a veteran with over 1,500 jumps. But no amount of training, no fine degree of skill can fully explain his action. You have to look at words like "courage" and "selflessness" and "sacrifice" to understand what happened.

Three miles over Phoenix, Gregory Robertson forgot about his own safety. He accelerated into a 180 mph dive to catch up with Debbie Williams. I'd like to quote from an Associated Press account of what followed:

> Robinson, holding his arms against his sides and clenching his legs together to reduce air friction, plunged into headlong pursuit. "I pulled down out of one dive and saw I wasn't there yet," then dove again, Robertson said. He caught up with her at about 3,500 feet, "pushed her into a sitting position and pulled the ripcord," he said.

Debbie Williams' parachute opened less than 10 seconds before she hit the ground on her back. Today she is alive thanks to the courage of Gregory Robertson.

What makes Gregory Robertson's story even more incredible is his matter-of-fact attitude—an attitude that he was just doing his job. "Somebody tried to die at my drop zone," he said, "and I didn't like it."

But people who have heard Gregory's story know better. And Debbie Williams' fiance knows better. He's a skydiver too, and I like what he said: "Gregory acts like he was just doing his job. But I'm in the business. I know better. This was a one-in-a-million thing."

This may be what heroes are all about—these one-in-a-million people—seemingly ordinary people who choose extraordinary action, not for themselves but for the sake of another.●

TOM DINE ON SOUTH AFRICA AND ISRAEL

● Mr. LEVIN. Mr. President, on April 10, Thomas A. Dine, the executive director of the American Israel Public Affairs Committee, delivered an important speech on "The American-Israel Alliance and the South Africa Problem." It is a thoughtful analysis, typical of the kind of work we have come to expect from Tom. I commend it to my colleagues and to other readers of the RECORD, and I ask that the speech be printed in the RECORD.

The speech follows:

ISRAEL AND SOUTH AFRICA

This Shabbat presents me an opportunity to discuss a recent episode in American foreign policy—a difficult episode, an episode fraught with international and domestic ramifications. Last week the State Department issued a report to Congress on the extent to which nations violate the United Nations arms embargo on the sale of arms and military technology to South Africa. It is the politics surrounding this report I want to address tonight.

South Africa's political-social policy of apartheid is abhorrent to every value all in this sanctuary hold and stand for. The apartheid regime is immoral. Americans—and all freedom loving people around the world—look forward to the day when the Pretoria government is democratic, elected by all the people and proudly represents all the people of that country.

America's conscience about the apartheid condition in South Africa has grown considerably over the last few years. Despite stringent censorship laws, tragic events in that racially-torn society have consistently appeared on the nightly television news and the front pages of our newspapers. Books describing first hand accounts of race relations regularly are on our best seller list. An anti-apartheid lobby in Washington has appeared on the scene. In the summer of 1986, after lengthy debate and opposition from the Reagan Administration, Congress passed the toughest economic sanctions bill ever against South Africa. The law drastically cut back on U.S. financial and commercial relations with Pretoria. The law also contained a provision calling for a report on all nations that violate the 1977 UN arms embargo to South Africa.

Arms and South Africa make for a highly emotional issue. The combination is made more difficult because, as the State Department report declares, America's best friends sell arms to the regime. Israel and six European nations—France, Italy, Germany, Britain, Netherlands and Switzerland—are named.

All seven countries are democracies. All seven are in America's global camp. Five are NATO allies and last year Israel was declared by Congress and our secretaries of state and defense to be a major non-NATO ally of the United States.

For me and perhaps for most of you here this evening, it is Israel's arms connection to South Africa which is excruciatingly painful. In analyzing this difficult issue, I do so as a political practitioner, as the chief advocate of this country's close and special relationship with Israel, and as someone deeply concerned with Israel's moral standing in the eyes of their own citizens, in the eyes of worldwide Jewry, and in the eyes of the world's population. But this issue involves not just moral concerns. It involves security ones as well. It also involves tensions between interest groups in this country, and the handling of these tensions.

Because it is Passover season, let me ask four questions:

(1) Why would Israel, given its history and values, enter into any relationship whatsoever with South Africa? Of what does that relationship consist?

(2) What is American Jewry's position on Israel's relationship to South Africa?

(3) How do the Jewish and Black communities continue to work together, knowing that many interests converge, but that several pertinent interests diverge?

(4) What has been the impact of the State Department's report?

Allow me, first, to set forth the background to Jerusalem's dealings with Pretoria. Israel symbolizes many things to this world—a country reborn and reaching the point of self-rule after 2000 years of domination by others; a country re-established out of the ashes of the holocaust; a country whose people were dispersed and then regathered from all parts of the globe; and a country that strives, with hostility all around, to perpetuate a just, free, and democratic society.

Israel's contemporary relationship with South Africa evolved through several phases. In the 1950s and 1960s, Israel had only consular relations with South Africa. Israel's main emphasis in Africa was to begin relationships with emerging sub-Saharan states. Thirty-three African countries had diplomatic ties with Israel until 1973. Israel's developing political-economic experience became a model for Third World countries. I remember in a 1966 trip to Nigeria meeting Israeli technical experts in Lagos and other cities. Africans did not see or fear Israelis being neo-colonists. Nor did Africa's new leadership fear that close ties with Israel would draw them into a global or regional alliance. Instead, this leadership saw Israel as an example of a newly independent nation pointing the way to economic equity and growth and political modernization that they could follow.

In 1961, Israel and Upper Volta issued a joint statement at the United Nations condemning racial discrimination and South Africa's policy of apartheid as detrimental to the interests of the African majority. As a result, Israel's relations with Pretoria deteriorated; diplomatic relations were downgraded. Affairs were further exacerbated when Prime Minister Golda Meir made a $10 million dollar donation to the Organization of American Unity. South Africa retaliated against South African Jewry. Israel, by the way, was the first Western state to declare publicly its abhorrence of apartheid; the U.K., France, the U.S. and others abstained from voting in the General Assembly and Secretary Council on this point.

Israel's situation with Black Africa, however, changed drastically after the 1973 war and the Arab boycott of Israel. At that time, Arab countries threatened to cut-off ties with African nations that maintained trade and other relations with the Jewish state. The Arabs promised to increase aid and provide oil at reduced prices to Africa. This occurred as oil prices were quadrupling. Anti-Israel resolutions were repeatedly passed at the Organization of African Unity meetings. Many of those called on Israel to withdraw from "African" territory, specifically the Sinai, which Israel had held since the Six Day War in 1967.

Thirty-one of 33 Black African nations proceeded to break diplomatic ties with Israel in 1973. The "Afro-Arab lobby" at the United Nations intensified its efforts against Israel, climaxing in the infamous resolution of 1967 equating Zionism with Racism. The United Nations became an international hunting ground for Third World vitriolic rhetoric against Israel.

Israel's very existence was at stake. Israel felt the economic strain of fighting its third major war since its recreation just 25 years before. Using the new cascade of petro-dollar cash, Israel's Arab neighbors engaged in steady military build-ups while several Western countries effectively maintained a military boycott against it. The sense of being permanently trapped became a constant reality. It is at this point—facing diplomatic isolation, economic boycott, an arms escalation by the Arabs with the Western world's top-of-the-line weapons systems—that Israel began to develop its own arms industry—with an export component—which out of necessity has grown considerably.

During these same 14 years, Israel's commercial trade with South Africa only came to less than one percent of Pretoria's total trade. South Africa's major trading partners are the U.S., the U.K., France, Japan, West Germany, Switzerland and Italy. Forty-six out of 52 Black African countries now have trade links with South Africa. The Soviet Union extensively trades with South Africa. Arab countries profit handsomely from oil trade with Pretoria, estimated to be worth $3 billion annually, even in this period of international ecomomic sanctions. Parenthetically, the human rights records of the Arab and African countries and the Soviet Union also leave a great deal to be desired. This is not to justify South Africa's apartheid policy. It is to put into perspective Israel's relationship and to stress the hypocrisy of the many countries who point fingers at Jerusalem for being involved with the apartheid regime.

Congress's legislative action last summer, which was passed into law over the veto of President Reagan, changed official U.S. policy toward South Africa. Still the Administration remains opposed to economic sanctions. Anti-communism is the major reason. Cooperation among NATO, Japan, Israel, Australia, and South Africa has existed to a large degree not because these countries agree with South Africa's internal policies, but because of its strategic importance to the Western alliance. Specifically, South Africa controls the sea lanes around the Cape of Good Hope. Any restriction on the passage of ships would deal a sharp blow to the West's oil supply and shipping in general.

Outside the Soviet Union, South Africa, as you may know, contains the only significant source of strategic minerals upon which the industrial nations depend. While Congress has studied options for lessening our dependence on these minerals, many experts believe it would be unwise to impede our access to these which might be caused by drastic steps taken against Pretoria.

The West has also received intelligence from South Africa's sophisticated listening centers at Silvermine and Simonstown. Security agencies are not willing to abandon these sources because other sources in that part of the world are few and far between, and certainly not reliable.

Chester Crocker, currently Assistant Secretary of State for African Affairs and former member of the National Security Council, wrote in 1977:

"Pretoria has enjoyed virtually all the substance, but few of the status symbols, of an institutionalized Western defense relationship. The lack of visibility simply reflected an effort to camouflage tacit defense ties. The level of cooperation is below what it would be if Western powers considered themselves able, politically, to act on the basis of straightforward defense criteria. As a result, cooperation has been sub rosa."

It is in this context to remember that Israel, at the request of the U.S. government, has acted as a surrogate for Washington in the supply of arms, for example, missile boats.

Geo-political interests are often counter to moral democratic imperatives in foreign policy, and this certainly is one clear instance of such a collision course.

To summarize this point: Most Western countries trade with South Africa as do Arab, African, Asian, Latin, and Communist countries. Israel's percentage is miniscule. Israel's relationship with South Africa developed in large part because of the Arab boycott and of the constant threat from its Arab neighbors supplied by the United States, other Western countries, and the Soviet Union. This prevented Israel from having the luxury of choosing its trading partners. Finally, Israel's military relationship did not emerge in isolation. It was part of a Western strategy. Critics of Israel have failed to acknowledge this.

Let me move on to the second question asked in the beginning. What is the American Jewish community's position on Israel's relationship to South Africa?

America's Jewish community, individuals and organizations alike, have been in the forefront of our country's antiapartheid movement. (South Africa's Jewish community has served the same role there.) While we understand the context of the bilateral relationship between Jerusalem and Pretoria and between the Western alliance and Pretoria, which should in no way be minimized, we remain concerned about anything that may contribute to the perpetuation of apartheid. Over the course of many years, we have often communicated these sentiments to Israel's leaders, not just in light of the State Department's report that became public last week.

On the third question, how do the Black and Jewish communities work together, the history of the civil rights movement is pertinent to this part of the analysis. Permit me to share my own experiences. I have personally felt a strong Black-Jewish bond of alliance from an early age. As a high school sophomore in Cincinnati in 1955, I joined rabbinical students of the Hebrew Union College to send telegrams to and collect money for a then-unknown minister in Montgomery, Alabama, in order to help Dr. King carry out the bus boycott. As a member of CORE from 1959-61, I picketed the Cincinnati *Enquirer*, the city's dominant newspaper, in the summers to force it to stop its insensitive portrayals of Black Americans in advertisements. To this day, I attribute my baptism in politics to the civil rights movement. I am certain the same is true for many of the congregants seated here.

I want to highlight another aspect to this Black-Jewish partnership. Both groups in Congress have worked together for years on issues of common concern. When Black legislators sought support for social and economic legislation, their Jewish colleagues consistently supported them. In 1981, for instance, the Congressional Black Caucus rated their House of Representatives colleagues on how well they supported Caucus priorities. Although Jewish members of the House numbered less than 7% of the total House membership, they accounted for 42%—or almost half—of the non-Black members with a perfect record of support.

In essence, Blacks and Jews have shared each other's pain, helped each other's causes, and at times worked more closely than any other of America's ethnic communities. While relations have been good, problems between the two groups exist and are well known. The comments by Louis Farrakhan during the 1984 elections and subsequently have been most harmful. And, while individual Jews have working relationships with Jesse Jackson, the Jewish community as a whole has been deeply offended at both his expressions of friendship with Yasser Arafat and his reference to Jews as "Hymies." Black resentment toward Jews goes back to the Supreme Court decision on Bakke and the ongoing debate over the value of affirmative action as national policy.

The fourth question looks at the impact last week's State Department report has had. Since the report stipulated that countries found to be in violation of the international arms embargo should be looked at by the President "with a view toward cutting military aid," Israel's $1.8 billion of annual military assistance was believed to be in jeopardy. Most Members of Congress, however, have pointed out that a cut in aid to Israel as punishment would not be realistic because of the strategic importance of Israel in the Middle East. Also, since America's NATO allies were named and are technically the recipients of U.S. defense dollars, the hypocricy would be blatant. Still, there was some talk before the report of punishing Israel through the foreign aid program. In Congress, when emotions are high and the mood is right, nothing is impossible, even cutting one of the most popular causes in Congress such as aid to Israel. The report also had the potential for creating tremendous tensions between the Jewish and Black communities, including respective Members of Congress.

What made the difference? What were the deciding factors that prevented a head on collision which many felt was inevitable?

I believe the first reason is the report itself. Seven countries were highlighted, not just Israel. In fact, in reading the report, it is clear that the seven are only the tip of the iceberg. From a diplomatic standpoint, the Administration's sensitive treatment of France is interesting. Although the report was due on April 1st, the Administration refrained from releasing the report on President Jacque Chirac's last day in Washington so as "not to embarrass him." The State Department thus went out of its way not to treat our allies in a punitive manner.

Second, I believe the process of responsible foreign policy includes responsible participation by concerned domestic interest groups. In this case, that also helped ease the tensions. It was hard work, based on years of working closely together on a host of issues.

In this spirit 11 days ago, several Jewish community leaders, including myself and Jewish Members of Congress, met with members of the Congressional Black Caucus over breakfast to see how tensions from the report could be ameliorated. From the Jewish perspective, I want to acknowledge the leadership of Rabbi David Saperstein of the Union of American Hebrew Congregations Religious Action Center here in Washington, D.C. for being the driving force in initiating and implementing this process.

Those in attendance agreed to hold a joint news conference following the report's issue. Caucus Chairman Mervyn Dymally appointed Congressman Mickey Leland of Texas and Howard Berman of California to be the spokesmen for this initiative. These men, joined by the House's Majority Whip, Tony Coelho, and Chairman of the House Foreign Affairs Committee, Dante Fascell, sent a strong message to Israel and to the other involved countries that they viewed any military cooperation with Pretoria as unacceptable. Simultaneously they praised the steps announced by Israel just two weeks before to limit its ties to Pretoria. On March 18th, the Israeli Cabinet had conformed to the language of U.N. sanctions and banned all new sales contracts with Pretoria and set up a committee to re-evaluate the government's policies and to recommend further steps to distance Jerusalem from the Pretoria government. The joint press conference, and its obvious symbolism sent a message to the Black community—do not just express hurt and outrage at Israel. Be fair, the problem is worldwide, including Black Africa. To Black political leaders outside Congress, the press conference sent a message to be careful in your rhetoric, exacerbating Black-Jewish tensions will not work. It will not advance Black interest in Washington.

Two legislative actions also resulted from the breakfast. Congressman Howard Wolpe, Chairman of the House Foreign Affairs Subcommittee on Africa, moved in full committee mark-up to add $100 million more to the African program. It passed. So did an amendment offered by Mr. Dymally based on the South Africa arms report, to study the sale of petroleum and refined petroleum products to South Africa.

This example of two domestic groups seeking conciliation, not confrontation is indeed remarkable.

What are the lessons learned from this foreign policy episode?

1. American foreign policy's twin goals in the post-World War II era have been and continue to be fostering democracy and opposing Communism. When we pursue only one, we are not as effective as when we pursue both simultaneously.

2. Moral wrongs in this world need attention and need to be righted. The goal of eliminating the rule of apartheid has still not been achieved. South Africa's own population must do the changing, hopefully through peaceful means. But the international community needs to focus on this as a priority goal. This means the countries of the Western alliance, it means African and Arab countries, it means the Warsaw bloc countries.

3. Arms transfers to South Africa by all countries and corporations must cease. Israel must hastily terminate its ongoing contracts.

4. Another moral wrong needs to be righted. Black Africa's many countries should diplomatically recognize Israel. Only five countries do so now. It is time to end isolating Israel. Israel has returned the Sinai to Egypt; Israel continues its development assistance in Africa; the Arabs did not live up to their promises to Africa. It is time for Black Africa to re-establish formal relations with Jerusalem.

5. If you are not involved, do not expect things to go your way. If the Jews and Blacks had not been involved with each other before, last week would not have happened. This lesson pertains to the role of political activity in affecting policy. Working in the political arena is the best and most effective way to produce the outcome you want. In that sense, I encourage all of you to become involved in the political process. Work in a local, state, or federal campaign. Develop your skills so that you can contribute to the process. Politics is exciting, it is rewarding, it is the beauty of what America stands for. And in this way, we express our perspective on issues and safeguard our interests—now and on into the future.●

PHELPS DODGE CORP.

● Mr. DOMENICI. Mr. President, I have on many occasions talked about the efforts of our domestic copper industry to compete successfully in world markets. Today, I am pleased to share with you a success story involving Phelps Dodge Corp. The company is the largest industrial employer in New Mexico, employing more than 2,100 workers in New Mexico. The company is also the largest domestic producer of copper.

Phelps Dodge produces nearly half of the total copper mined in the United States. Along with other companies in the business, it has suffered from unfair foreign competition, depressed market conditions, and the resulting lack of interest by Wall Street investors.

The good news is that Phelps Dodge has turned things around for itself and is growing stronger and more competitive. The company has been profitable in the past 2 years, despite having lost more than $400 million from 1982 through 1984. They have achieved this through technological advances and cost-cutting initiatives in a market that continues to be depressed. According to a recent article in Barron's, company managers speak with pride of the $37 million Phelps Dodge spent to overhaul its Hidalgo, NM, smelter and provide lower cost production capabilities.

The details of the Phelps Dodge success story were provided in the April 20, Barron's article entitled "Out of the Pits—Phelps Dodge Proves Its Mettle." It was written by Jonathan R. Laing. I ask that the article be printed in the RECORD.

The article follows:

OUT OF THE PITS—PHELPS DODGE PROVES ITS METTLE

(By Jonathan R. Laing)

PHOENIX.—In the long-lived and powerful bull market of the 'Eighties, the U.S. copper industry is among the few stock groups that investors have seemingly shunned. And not without reason: The copper companies have been drenched in red ink for most of the period, as prices of the red metal failed to recover from their collapse during the 1981-1982 recession. Today's 64 cents a pound or so is less than half the price fetched during the vertiginous peak of the commodity boom in late 1979 and early 1980.

While the price of the metal languishes at depressed levels, so does interest. Not the least of the dampeners is that even though much copper mining and smelting capacity around the world has been closed, fund managers and other investment pros fear that many of the operations will be revived at the first hint of price recovery.

They also note that, even at current low prices, demand has been less than robust. Nor does the future exactly shine: fiberoptics are supposed to all but replace copper in telecommunications one day, just as plastic is becoming an increasingly frequent substitute for the metal in automobile and construction uses.

All the more remarkable, then, that in this indisputably grim environment. Phelps Dodge Corp., the largest U.S. copper producer, has staged a remarkable turnaround. After losing more than $400 million from 1982 through 1984, the company has posted profits the past two years.

By contrast, Asarco, Newmont Mining Corp., Inspiration Resources and Cyprus Minerals all lost money on their copper operations in '85 and '86. The copper picture was so depressing that Atlantic Richfield's Anaconda unit and Standard Oil's Kennecott Corp. subsidiary were forced by their parents to sharply pare their copper operations. And Amoco and Newmont Mining both saw fit to spin off their copper operations to shareholders to eliminate the drag on their earnings.

This year looks even better for Phelps Dodge, according to Vahid Fathi, senior metals and mining analyst at Cleveland's Prescott Ball & Turben Inc. and one of the few bulls on Phelps Dodge or the U.S. copper industry. He expects Phelps Dodge to earn around $2.40 a share, even assuming that the company is a full taxpayer, which, of course, it's not, having some $480 million in unused net operating loss carryforwards. Furthermore, Fathi claims that with just a modest improvement in copper prices of five cents or so a pound, earnings in 1988 could top $4 a share.

The shares, which have a book or liquidation value of about $35, currently trade on the Big Board for around $30, far below their all-time peak, reached in the 'Seventies, of just over $50.

The company's recent comeback has been accomplished mostly by feverish cost-cutting, gutsy capital spending in new technology and mining acreage and the jettisoning of numerous unprofitable facilities and businesses. Among other things, Phelps Dodge went to the wall with its mining unions in 1983 and survived a violence-marred strike to get its way.

The jump in productivity from these efforts has been astounding, particularly in a lowtech industry like copper mining, where Mother Nature grudgingly yields just 10 to 12 pounds of the metal for every ton of ore mined. Since 1981, Phelps Dodge has dropped its production costs some 33%, from 90 cents a pound to just under 60 cents. Furthermore, over the next several years, the company expects to cut costs to around 50 cents a pound. Already, Phelps Dodge is reputed to be the lowest-cost producer of copper in the world outside of Chile, the Saudi Arabia of copper producers with its abundant and rich ore bodies.

"We're extremely proud of what we've accomplished so far and what's planned for the future," G. Robert (Bull) Durham, Phelps Dodge's chairman and president, says. "While we hope for some price improvement in copper, our business plan permits us to survive and make money even at today's depressed price levels. If times improve, our leverage will be tremendous. Each penny a pound we save in operating costs or realize in price improvements means another $10 million, or 35 cents a share, in earnings."

Bolstering his confidence are several subtle and largely overlooked shifts in copper supply and demand, shifts that augur well for the U.S. industry. Most important is that copper supplies appear to be tightening after years of glut. At the end of last year, Free World inventories were below one million tons, the lowest level since 1973 and equal to less than two months of consumption. By contrast, as recently as 1983, inventories stood almost twice as high.

The reasons for the improvement are many. The aforementioned shutdown of high-cost mining and smelting facilities in the U.S. and elsewhere, for one thing. The most celebrated example is Anaconda's 1983 abandonment of its giant open-pit mine in Butte, Mont.

For another, the realities of the marketplace are finally making themselves felt on such Third World copper producers as Chile, Peru, Zaire and Zambia. They long have flooded the world market with copper without regard to price because of their eagerness to earn precious foreign exchange and provide employment. Phelps Dodge, for example, produces as much refined copper as Zambia with less than a tenth of the workforce.

But the era of pell-mell capacity expansion seems over for the developing nations. Multilateral development lending for such facilities is drying up as the World Bank and major commercial banks are pulling in their horns. In like vein, the International Monetary Fund seems to have concluded that it makes little sense to maximize Third World commodity exports if, in the process, the sales destroy the international price structure. These days, lenders are demanding proof of economic viability before financing construction projects in developing countries.

Moreover, woes increasingly endemic to the shaky economies of the lesser developed countries are exacting a toll on key overseas copper producers. Zambia and Zaire are experiencing problems with production machinery and shipping. In Peru, labor strife, cocaine trafficking and growing insurgency by Maoist Shining Path guerrillas have hampered copper output. Even the dependable supplier, Chile, is having its share of port and labor problems.

Free World copper consumption, meanwhile, seems to be perking up. Last year's total was the second highest on record, just short of 1984's record 8.5 million tons. While Phelps Dodge officials don't expect future copper demand to grow at the torrid 4.5% annual pace it did from 1950 to 1974, it should continue to inch up at some 60% or so of the global economic growth rate.

Demand for copper should rise appreciably as the newly industrialized and lesser developed countries add to their electric power and telecommunications infrastructures, say Phelps Dodge officials. At the same time, the erosion in copper usage in automobiles seems to have been arrested. The loss of copper radiators is being offset by the profusion of computer-directed electric motors in modern cars. The metal, moreover, has made something of a comeback in the housing market, helped along by the trim and tubing market, but also as a result of the growing popularity of brass furniture and fixtures. Finally, copper has managed to put a dent in aluminum substitution in magnet wire and certain kinds of transformers.

"The upshot of all this is that we may see copper shortages and rising prices in the not-too-distant future," asserts Douglas C. Yearley, a Phelps Dodge executive vice president. "The pipeline has little accumulation of product, and there is a lot less elasticity on the supply side than most people suspect. It would take a substantial increase in copper prices for most companies to do all the things necessary to reopen operations, such as hiring new workers, entering into new power agreements and resuming payment of abated property taxes."

Phelps Dodge, however, is not merely sitting around tweedling its corporate thumbs waiting for higher copper prices. Rather, the company is moving on a number of interesting fronts outside the copper industry.

Late last year, for example, Phelps Dodge purchased closely-held Columbian Chemicals Co. for some $240 million in cash. Columbian is the second largest U.S. producer of carbon blacks, which are used as reinforcing agents in rubber tires and in such other industrial applications as printing pigments. The company also makes synthetic iron oxides, colorants in paints, cosmetics and plastics.

Phelps Dodge Chairman Durham calls the Columbian acquisition a superb deal on a number of counts, though only time will tell, of course. For one thing, Columbian should contribute at least $20 million in earnings after all debt service in its first year, which is no mean achievement in today's high-priced acquisition climate. That figure could run as much as $8 million higher if Phelps Dodge is able to use the lion's share of its recent $250 million convertible exchangeable preferred stock issue to repay the $180 million bank loan incurred in the Columbian acquisition.

The preferred issue's dividend rate is 6%, while the variable-rate bank debt currently costs some 200 basis points (2%) more. The amount of the substitution depends, however, on how many holders of the company's other outstanding convertible preferred issues choose to convert into the common stock and how many opt to redeem their preferred shares for cash. The older issues were recently called for redemption on May 1.

Columbian, also, according to Durham, is a battle-tested survivor in an industry that has been through its own rough times. "Columbian had to go through the downsizing and radialization of the tire industry. Now that the oil companies have bailed out of the carbon black business, Columbian and a few other concerns have the bulk of the business to themselves," he says.

In addition, the carbon black business boasts reasonable protection from import competition—the substances don't transport well—and a high technological content. And its cycles are less ferocious than copper's.

In addition, Phelps Dodge is testing the waters in real estate. Late last week, the company announced formation of a subsidiary that would begin venture development of more than 22,000 acres of choice company property in Arizona and New Mexico. As part of the effort, Phelps Dodge has enlisted Estes Co., Arizona's largest builder and developer.

Phelps Dodge values the land it's contributing to the venture in excess of $50 million. That may be a conservative reckoning. For included in the parcels are 300 acres of its Show Low Lake holdings in the scenic mountain region north of Phoenix. Other acreage slated for development is in the Morenci and Verde Valley areas of Arizona and the Tyrone and Gila River areas of New Mexico.

The company became aware of commercial potential of its land holdings when, after shutting down a nearby smelter and mine in the Ajo, Ariz., desert region, it sold the company-owned homes to retirees. "And if you think it gets hot in Phoenix and Tucson in July, I invite you to try Ajo." comments one former Phelps Dodge mining official.

The company is sedulously downplaying its real-estate plans out of fear that its landholdings might attract unwanted attention from Wall Street's many sharks. It's not widely known, for example, that, next to the federal government, Phelps Dodge is the largest landowner in the Arizona-New Mexico area, with more than 600,000 acres.

Moreover, the company has strong water rights, which give it an enormous leg up on other developers in this arid region. And much of the land is in areas of higher elevation, where the summers are temperate and therefore, more suitable to retirees and "snowbirds" from the North.

Phelps Dodge's real estate is unquestionably a hidden asset. For undepreciated plant and equipment accounts for the bulk of the $1.3 billion that the company carries its property at on the balance sheet. Most of the property was acquired years ago at knockdown prices.

Not so long ago, such ornaments as an acquisition and real-estate development program would have been unthinkable for Phelps Dodge. Not surprising, really. After all, the company was fighting for its very life as world copper prices plummeted far below production costs. Red ink gushed and many of the concern's lenders began looking nervously for the exits. The fact that Phelps Dodge survived—let alone achieved its present status—bears testimony to the adept ministrations of its present management team and its recently retired chairman, George B. Munroe.

The centerpiece of their executive exertions was cost-cutting, or "rationalization" as it has come to be known in the copper and many other industries. The buzzword was admirably euphemistic in that it lent an air of reasonableness to the emotional turmoil and suffering caused by facility shutdowns and layoffs. At Phelps Dodge, as elsewhere, the process was gut-wrenching for all involved.

In 1982, the company took all the familiar steps. It froze and later cut salaries of its executives and salaried workers. The dividend was first reduced and then omitted. The company got out of its downstream copper manufacturing operations that produced building wire and telephone and power cable. Finally, it shut down its mines in an effort to clear out inventory-clotted product pipelines. The mines remained closed from six months to over a year.

The following year, the company broke ranks with the rest of the copper industry in its triennial labor negotiations and demanded that its Arizona miners accept a wage freeze and new work rules and elimination of an onerous cost-of-living allowance. "Since everybody else had already made sacrifices, we felt that it was only right that the unions did, too," explains Bull Durham.

The miners didn't agree, and a strike ensued. Phelps Dodge quickly reopened the mines anyway, with non-union workers and union members who crossed the picket lines. Violence flared. The daughter of one of the strikebreakers was seriously wounded by a random shot fired into their house at night. The Arizona National Guard had to be mobilized twice to keep peace on the picket lines.

The company won. The mines stayed open. The striking unions were subsequently decertified. And today, Phelps Dodge boasts an hourly workforce whose productivity is the envy of the industry. "Our people are a motivated bunch who really do a job. Good vibes reign at the mines and smelters," claims Durham. Ironically, several other copper companies negotiated a 25% wage cut last year, making the Phelps Dodge workforce today one of the best paid in the industry.

With all this, Phelps Dodge was still losing money. So in 1984, it put into place an even more radical program to ensure profitability, even if copper prices remained depressed.

The company took some $195 million in immediate writeoffs. Among other things, it has dumped its oil and gas and uranium businesses, shut its mines at Safford and

Ajo, Ariz., and closed smelters at Morenci and Douglas, Ariz., rather than spend the money necessary to bring them into Environmental Protection Agency compliance. It also put on the block three manufacturing affiliates in Thailand, the Philippines and India and its 45% interest in a silver, zinc and copper mine in South Africa.

Likewise, Phelps Dodge reduced its headquarters staff by nearly half, saving some $10 million a year in the process. Next month, it will complete the relocation of its corporate headquarters from New York to Phoenix, a move that will further cut overhead.

Finally, the company raised $75 million by selling a 15% interest in its prized Morenci mine to Japan's Sumitomo Corp. and one of its subsidiaries.

But even in the woebegone copper industry, to make money and lower unit costs, one must spend. And, indeed, Phelps Dodge has bellied up to the table in recent years and made capital expenditures during a period when competitors have been selling copper properties and leaving the business in droves.

Some of those capital investments are of a kind that excite only metallurgical engineers like Phelps Dodge Executive Vice President Leonard Judd. He waxes rhapsodic about the $37 million Phelps Dodge spent to overhaul its Hidalgo, N.M., smelter and provide "oxygen-enriched air" to the flash furnace and converters.

But much of the spending is of the kind that's easily grasped by the layman. Late last year, for example, Phelps Dodge bought Kennecott Corp's two-thirds interest in the Chino, N.M., mines for some $88 million and an additional $20 million in working capital infusions. Even though the Chino properties have had operating problems, the deal was widely regarded as a steal. Phelps Dodge paid only a third of the facility's replacement cost. And Chino has extensive ore reserves and state-of-the-art mills and smelters.

Already, Phelps Dodge has engineered something of a turn-around. Proof of this lies in the recent decision by its one-third partner in Chino, Mitsubishi Corp., to retain its share rather than sell on the same terms as Kennecott.

By the end of this year, Phelps Dodge will have spent some $140 million on a new technology called solvent extraction/electrowining that produces refined copper at less than half the cost of conventional methods. The process by-passes the expensive crushing, concentrating and smelting stages of copper production by percolating water through huge dumps of low-grade ore, dissolving the copper minerals and pumping the copper-impregnated solution to nearby plants where the copper is extracted by organic solvents and electrolytically refined. The process is so automated that it involves little in the way of direct labor. Most of the impurities that are so expensive to remove from copper ore-sulphur, iron and silica—remain in the dump, like used coffee grounds.

Currently, the process accounts for some 7 percent of the company's total annual production of 500,000 tons. By year-end, that proportion will rise to 15 percent; it could exceed 20 percent next year if the company decides to put in an electrowinning facility in Chino.

Despite all this spending, the company's balance sheet is lots stronger than it was just a few years ago, as a result of improved cash flow and debt reduction. At the end of this year's first quarter, its ratio of long-term debt to net worth stood at 44 percent. That ratio was over 70 percent at year-end 1984.

Phelps Dodge officials say that the company may be in a position to resume paying a dividend sometime next year. However, that depends on its level of earnings over the next few years or the elimination of restrictive dividend covenants on two privately placed long-term notes. The company may decide to pay off the notes or negotiate waivers with the institutional debt holders.

Phelps Dodge is waging war on production costs in more pedestrian ways, too. A new efficiency here, elimination of a frill there . . . it all adds up. "The Phelps Dodge people are really sharp operators who plan like crazy and know their costs," says an admiring Bill Epler, the crusty editor and publisher of Pay Dirt, a Western mining trade magazine headquartered in Bisbee, Ariz.

One gains a sense of this on a visit to the company's Tyrone, N.M., mine. From the dispatcher's hut high on a wind-swept hill, the open-pit mine stretches panoramically below.

The scale is Brobdingnagian.

The active pit is more than a mile in diameter and a quarter-mile deep. Huge mounds of rocky overburden, low-grade ore and waste materials form giant sculpted redoubts for miles around the rim. From the hill, the five-story-high shovels and 170-ton "muck" (ore-hauling) trucks on the mine floor look like mere Corgi Toys. And the 50-foot benches or terraces forming the side of the pit ressemble the steps of miniature Mayan temples.

Inside the hut, the dispatcher monitors a computer system that, through special control panels inside the trucks, tells the driver where to haul each load and which shovel most urgently needs him next. The proprietary system, which is just a few years old, has boosted mining productivity dramatically. Not only does it eliminate all the guesswork in routing, but it has a collateral benefit the company doesn't talk about much; precise measurement of the efficiency of each driver, shift by shift, day by day.

In Zambia, mining officials may drive Mercedes limos, purchased with recycle World Bank and IMF funds, but not at Tyrone. Phelps Dodge executives tool around in ancient company cars, redolent of the movie American Graffiti. Most have at least 100,000 miles on them, and some are pushing 200,000. When the cars break down, they are fixed and reconditioned in the mammoth machine shop at Tyrone.

Likewise, the company is meticulous in its mining practices. The haulage ramps and roads are babied more than the nearby dirt roads maintained by the county. "You'd be surprised how much money we save on our truck tires by avoiding rock cuts and the like," observes a local mining offical.

At the Morenci Mine, Phelps Dodge steepened the gradient of the pit walls beyond standard industry practice in order to mine more efficiently the underlying ore. It worked because the company's careful mineral analysis indicated unusual strength in the composition of the area's rock.

The list is longer, of course. Behind all the measures is an obsessive attention to detail. "We figure that if we get all the little things right, the big picture will fall into place, too," asserts a longtime Phelps Dodge vice president. "The turnaround is happening, and yet we seem to be playing to a nearly empty house as far as Wall Street is concerned."

Maybe so. But the ticket lines are likely to grow.

THE DEATH OF BENJAMIN LINDER IN NICARAGUA

● Mr. LEAHY. Mr. President, the death in Nicaragua of Benjamin Linder, a 27-year-old American of Portland, OR, is the most recent casualty in a long history of violence against civilians in that war-torn country.

Mr. Linder was well-known to many peace activists in Vermont, who admired his willingness to work for the betterment of the Nicaraguan people in the face of great danger. That danger was only too real, and Mr. Linder became another victim in this tragic, futile war.

According to press reports, Mr. Linder, a mechanical engineer, was working in Nicaragua as a volunteer on a small hydroelectric project. Eyewitnesses at the site reportedly have said Mr. Linder was one of three unarmed civilians killed by the Contras in an unprovoked attack. Some reports say he was executed, gangland style.

It is still too early to know for certain what happened. According to the Sandinistas, Mr. Linder was murdered. The Contras claim he was killed in a fight with Sandinista militia defending the hydroelectric project. I don't have much faith in official statements, but I will withhold judgment until the facts are known. I join other Members of Congress in demanding a complete, unbiased investigation by the State Department, and a full report. I hope international human rights groups will also conduct their own investigations. They may be more reliable than any government inquiries.

Last week, tens of thousands of Americans came to Washington to protest against the Reagan administration's war against Nicaragua. Hundreds of Vermonters joined the protest. As one who has resolutely opposed this failed policy from the beginning, I fear that Mr. Linder's death will be just a prelude to many more deaths of Americans who may be sent to fight in Nicaragua.

Benjamin Linder's death, and the sight of his grieving parents on the evening news, is a warning to my colleagues of what lies ahead if we do not have the courage to put an end to the President's war against Nicaragua. Once again, I reaffirm my commitment to do everything I can to stop it.●

THE DANGER OF BUDGET CUTS FOR THE COAST GUARD UNDER THE BUDGET COMMITTEE PROPOSAL

● Mr. D'AMATO. Mr. President, on October 27, last year, the President signed into law the Anti-Drug Abuse

Act of 1986. At the time, we all went before our constituents and took credit for this great accomplishment. Now 5 months later, we are considering a budget resolution that will determine whether we keep the promises we made last fall.

Mr. President, I would like to call my colleagues' attention to what appears to be a reneging on our promise to the American people to combat drugs in a practical, not rhetorical, way. There is a serious threat contained in this resolution to the Coast Guard's capacity to interdict shipments of drugs outside our borders and on our waterways.

In section 3251 of the Anti-Drug Abuse Act of 1986, we promised to increase the full-time equivalent strength of the Coast Guard to 39,220, and to increase the utilization rate of Coast Guard equipment.

The budget resolution before us threatens to reduce both Coast Guard personnel levels and use of equipment. This problem was called to my attention last week at a Transportation Appropriations Subcommittee hearing. The Commandant of the Coast Guard, Admiral Yost, alerted me to a possible shortfall of over $160 million in the Coast Guard's budget caused by the Budget Committee's proposal for the transportation function. This shortfall would directly affect Coast Guard operations. The issue is: Will we provide the operational funds required to make use of the assets already acquired by the Coast Guard to fulfill the mission we have directed that the Coast Guard undertake.

I ask that a detailed listing of the shortfalls caused by this proposal be printed in its entirety at the conclusion of my remarks.

The Coast Guard informs me:

First, the Budget Committee's proposal does not provide:

The $75 million that the Coast Guard received from the Department of Defense last year for military readiness, or the $15 million it received from the Defense Department to place Coast Guard personnel on Navy ships for drug interdiction purposes.

Second, the resolution does not provide the $16.1 million that the Coast Guard requires to operate the equipment and facilities it acquired last year, such as:

The 270-foot cutters *Tahoma* and *Campbell.*

Two new aerostats.

The 110-foot patrol boat *Sanibel.*

Three new HH-65a helicopters.

Third it does not provide the $30.6 million needed to operate new equipment and facilities being acquired this year, such as:

The 270-foot cutters *Legare, Thetis,* and *Forward.*

The maintenance augmentation teams in New Bedford, MA, and Long Beach, CA.

Additional C-130 long range drug interdiction search planes.

Additional HH-65A helicopters.

I ask that explanations of these programs on pages 33, 37, 38, 41, 42, and 43 of the Coast Guard's budget estimates be printed at the conclusion of my remarks.

Mr. President, I would like to ask the chairman of the Budget Committee to comment on the problem as I have outlined it and to suggest a possible remedy.

I have heard reports that even after a budget resolution is reported by a House-Senate conference, the chairman does not intend to provide a functional breakdown by Appropriations Subcommittee account to the Appropriations Committee. I ask the distinguished chairman, is that true?

If it is, then the real battle will be when the Appropriations Committee meets to make its so-called section 302(b) allocations. At that time, will the chairman of the Budget Committee, as a member of the Appropriations Committee, support my effort to provide sufficient appropriations for the Coast Guard to prevent the shortfall I have just discussed?

CLOSING REMARKS

I would remind my colleagues that in fiscal year 1986 the Coast Guard's appropriations were about $90 million less than they needed. This resulted in a so-called squeeze-down/slow-down. The Coast Guard stopped buying spare parts. It reduced the number of hours its planes and ships operated. It cut its drug patrols to save fuel. It stopped recruiting, and it was forced to grant early retirement to experienced officers. The Coast Guard has still not recovered. It is still below its authorized personnel levels. Unless we address these problems, all the promises we made when we passed last year's drug bill are nothing but a sham.

The material follows:

Full year costs of FY-1987 Coast Guard operations

[In millions of dollars]

	Totals
FY-1987 budget authority:	
FY-87 budget authority	1,746.1
CY-86 Drug Omnibus Act (OE only)	39.0
FY-87 boat safety transfer	15.0
Total funding appropriated to USCG	1,800.1
Additional funding made available to USCG:	
DOD reimb. for military readiness	75.0
DOD reimb. for LEDET programs	15.0
Pay raise supplemental	20.1
FERS supplemental	2.0
Total outside funding	112.1
Total funding available to Coast Guard for FY-87 operations	1,912.2
Further funding needed for FY-88:	
To operate new equipment and facilities received in FY-87 for full year in FY-88 (net)	16.1
To pay full year FERS in FY-88 (net)	5.9
Total additional funding required	22.0
Total funding required to maintain FY-87 operations levels in FY-88	1,934.2

FY-1988 budget freeze for Coast Guard

[In millions of dollars]

	Totals
Frozen FY-87 appropriation level	1,800.1
Less: FY-88 needs to maintain FY-87 operational levels	−1,934.2
Shortfall (due to FY-88 freeze)	−134.1
Shortfall FY-88 starts	−30.6
Total shortfall	−164.7

Annualizations of FY 1987 part-year funding $14,408,000

Certain projects for which resources were first provided in FY 1987 were funded only for part of the year. Additional funding and full-time equivalents are required to provide full year resources for the following items:

[Dollar amounts in thousands]

Item	Amount	FTE	
		Military	Civilian
HH-65A Barbers Point follow-on	$85	3	0
HH-65A Humboldt Bay follow-on	134	6	0
HH-65A Savannah follow-on	85	4	0
110' Patrol Boats (WPB) Edisto/Sepelo follow-on	756	13	0
110' Patrol Boats (WPB) Nantucket/Matinicus follow-on	1,070	20	0
270' pipeline training follow-on	623	28	0
Boat construction standards enforcement	121	0	3
Misc. support—Information resource management F/O	86	0	3
Enhance investigative support	118	5	0
270' Medium Endurance Cutter (WMEC) operate Tahoma	761	0	0
270' Medium Endurance Cutter (WMEC) operate Campbell	2,135	30	0
Operate 2 Aerostats follow-on	7,576	36	0
110' Patrol Boat (WPB) Sanibel follow-on	175	0	0
Decommission USCGC Unimak	59	0	0
Multi-Crew WPB's	624	19	0
Total	14,408	164	6

Operate new facilities

HH-65A maintenance and operations follow-on $1,143,000

Follow-on funding is required to operate and maintain 96 Short Range Recovery (SRR) HH-65A helicopters. Eighty of the helicopters will be operational by mid FY 1989; the other 16 will be used to provide for the overhaul and replacement of the operational helicopters. By the end of FY 1988, 70 aircraft will be fully implemented into actual operations. These funds are needed to increase funded program flight hours per year from 530 to approximately 555 per aircraft. Net operating and maintenance costs are higher for the HH-65A due to increased capability and performance (twin engine, higher speed, and more sophisticated avionics).

HC-130 Aircraft Follow-on............ $4,596,000

The FY 1986 Coastal Defense Augmentation Account (CDAA) provides for the purchase of 3 HC-140 aircraft. This will increase the Coast Guard's allowance of C-130 aircraft to 29. Additional funds and personnel are required for the operation and maintenance of the aircraft. This request provides only part-year personnel and funding to operate C-130 #27 for 3 quarters and C-130 #28 for 1 quarter during FY 1988.

Personnel—Military:

POS	60
FTE	30

270′ WMEC MAT Long Beach follow-on $182,000

Funds and personnel are required to form the first part of the 270-foot Medium Endurance Cutter (WMEC) Maintenance Augmentation Team (MAT) at Long Beach, California. Four new Famous-Class WMECs will be homeported in Long Beach, and these cutters will rely on a dedicated shoreside MAT for maintenance support. Only partial staffing and funding for this MAT are required in FY 1988 to support Coast Guard Cutter Thetis, the first WMEC assigned to the Long Beach cluster. CGC Thetis is scheduled to arrive in Long Beach in November 1988.

Personnel—Military:

POS	18
FTE	4

270′ WMEC MAT New Bedford follow-on $136,000

Funds and personnel are required for the 270-foot Medium Endurance Cutter (WMEC) Maintenance Augmentation Team (MAT) at New Bedford, Massachusetts. Two new Famous-class WMECs will be homeported in New Bedford. These cutters will rely on a dedicated shoreside MAT for maintenance support. The New Bedford MAT was partially staffed and funded in the FY 1986 budget; this request is necessary to complete the MAT and provide support for the second WMEC, USCGC Campbell, which is scheduled to arrive in May 1988.

Personnel—Military:

POS	17
FTE	4

Operate USCGC Thetis................ $3,043,000

Follow-on crewing and operating funds are required for USCGC Thetis. This 270-foot Medium Endurance Cutter (WMEC) is scheduled for delivery in February 1988. Operating fund and personnel are required for 2 quarters. Thetis is a multi-mission, flight deck-equipped cutter which will be used for enforcement of laws and treaties, search and rescue, and defense readiness. When operational it will replace an older, less capable cutter approximately one year after delivery. Thetis will be clustered with three other Famous-class cutters in Long Beach, California to make optimum use of a shoreside Maintenance Augmentation Team (MAT).

Personnel—Military:

POS	121
FTE	60

Operate USCGC Forward $1,534,000

Follow-on crewing and operating funds are required for USCGC Forward. This 270-foot Medium Endurance Cutter (WMEC) is scheduled for delivery in June 1988. Operating funds and personnel are required for 1 quarter. It will replace an older, less capable cutter approximately one year after delivery. Forward will eventually be clustered with three other Famous-class cutters in Long Beach, California.

Personnel—Military:

POS	121
FTE	30

Crew USCGC Legare..................... $1,307,000

Follow-on funds are required to form the pre-commissioning crew for USCGC Legare. Although this 270-foot Medium Endurance Cutter (WMEC) is not scheduled for delivery until October 1988, personnel funds are required for 1 quarter in FY 1988 to provide a fully-trained crew to accept the ship. It will replace an older, less capable cutter approximately one year after delivery. Legare will eventually be clustered with three other Famous-class cutters in Long Beach, California.

Personnel—Military:

POS	121
FTE	30

NOMINEES TO U.S. COURTS

● Mr. LEAHY. Mr. President, the Senate now has before it several nominations to various Federal courts. These nominees were examined at hearings of the Judiciary Committee on April 1, and April 7, 1987, at which I presided in whole or part. Based on the investigation conducted by committee staff, and on the record made at the hearings, all the nominees appear qualified for the judgships to which they have been nominated. For the benefit of the Senate as it considers these nominations, I offer the following brief summaries of the nominees' qualifications, and of the testimony elicited at the hearings.

First, David S. Doty has been nominated to be U.S. district judge for the District of Minnesota. Mr. Doty has been an active trial litigator throughout his 26 years in private practice in the Twin Cities area. He has demonstrated particular expertise in professional liability, labor, equal employment opportunity, and securities litigation, and has represented several public agencies. Among his public service activities, he has served as president of his county and State bar associations, and as chairman of Minnesota's judicial merit selection committee.

At the hearing on April 1, Mr. Doty was questioned concerning judicial merit selection, and the selection process by which he became a nominee to the Federal bench. He also responded satisfactorily to questions regarding two controversial cases in which he has been involved, one dealing with a dispute over buses purchased by the Metropolitan Transit Commission, and another involving a class action employment discrimination lawsuit and to a followup question concerning his criminal law experience.

Second, Richard J. Daronco has been nominated to be U.S. district judge for the Southern District of New York. Judge Daronco conducted an active trial practice, primarily in the defense of civil litigation, for 12 years before ascending the bench in the New York State courts in 1971. He has served as a judge of family court, county court, and, since 1979, as a justice of the Supreme Court (the highest court of general trial jurisdiction). Among other assignments, he served for more than a year as the deputy chief administrative judge of New York State, supervising the activities of all courts outside New York City. Judge Daronco will bring to the Federal bench an extensive practical knowledge of trial procedures—a subject he has taught at two New York area law schools—and of court administration. At the hearing on April 1, Judge Daronco was questioned concerning the transition from the State to the Federal bench, the role of a judge in improving trial advocacy, and the problems of administering a heavy caseload. His responses were satisfactory.

The court to which Judge Daronco has been nominated is one of the busiest Federal courts in the Nation, with far more than its share of unusually complex cases and protracted trials. The demands placed on a Federal judge in the Southern District of New York, in terms of managing a docket of complex litigation and rendering written opinions, may substantially exceed those encountered by a judge in a suburban trial court. The record established in the investigation of and hearing on this nomination, including the detailed inquiry conducted by the Association of the Bar of the city of New York, provides reasons for confidence in Judge Daronco's abilities to make this transition.

Third, Reena Raggi has been nominated to be U.S. district judge for the Eastern District of New York. Ms. Raggi graduated from law schools in 1976, and has spent most of her career as a prosecutor in the office of the U.S. attorney for the court to which she has been nominated. There, she has held positions of increasing responsibility, culminating in her appointment by the judges of that court as U.S. attorney for several months in 1986. Ms. Raggi has compiled an impressive record of criminal trial and appellate advocacy, and has more limited experience in civil litigation. The questions at her hearing on April 1 focused primarily on her limited experience at the bar, and on the issue of making the transition from the role of prosecutor to that of judge.

Although Ms. Raggi's practice experience is short in duration—a fact that evidently led a small minority of the American Bar Association's Standing Committee on the Federal Judiciary to rate her as unqualified—it appears to have been valuable experience, and her record as an advocate is impressive. I would not quarrel with the ABA's rule of thumb that a candidate for the Federal bench should ordinarily have at least 12 years' experience at the bar. But the committee's responsibility is to make an independent judgment, based on all the evidence before it. In this case, the nominee has spent most of her 11 years since law school graduation in an active and unusually successful trial practice. The sitting judges of the Eastern District of New York obviously have great confidence in Ms. Raggi's abilities, as demonstrated by their appointment of her as interim U.S. attorney. The investigation conducted by the Association of the Bar of the city of New York, and the comments elicited from the local bench and bar during the investigation of the nomination, together with the nominee's responses at the Judiciary Committee hearing, all lead me to the conclusion that, in this unusual case, the nominee's short experience in practice should not disqualify her from approval as a U.S. district judge.

Fourth, Ronald S.W. Lew has been nominated to be U.S. District Judge for the Central District of California. He has served since 1982 as a State court judge in Los Angeles, first in municipal court and, since 1984, in superior court. Previously, he engaged in private practice in the Chinese-American community in Los Angeles. Judge Lew is highly regarded by his fellow judges and by attorneys who have appeared before him. He has successfully handled several complex, protracted, and high-profile criminal prosecutions in his court. At his confirmation hearing on April 7, Judge Lew responded satisfactorily to questions concerning his judicial experience and the transition from the State to the Federal bench.

Fifth, Bohdan A. Futey has been nominated to the U.S. Claims Court. He has served since 1984 as the Chairman of the Foreign Claims Settlement Commission, a quasi-judicial agency within the Justice Department that adjudicates and certifies claims of U.S. nationals arising from expropriation of property by certain foreign governments. Previously, Mr. Futey practiced law in Cleveland, OH, and held several positions with the city of Cleveland. Mr. Futey was questioned at his confirmation hearing on April 7 concerning the need for impartiality in resolving claims against the Federal Government, the role of a judge in settling cases, and his public service and pro bono activities. His responses were satisfactory.

Mr. President, these nominations have been carefully scrutinized by the Judiciary Committee. Each has been extensively investigated, and each nominee has responded satisfactorily to questions posed at a public hearing. I believe all these nominees are qualified to serve on the Federal bench, and I urge the Senate to confirm their nominations.●

AFGHANISTAN: LETTERS FROM THE STATE OF ARIZONA

● Mr. HUMPHREY. Mr. President, last December the brutal Soviet occupation of Afghanistan entered its eighth year. The horrible condition of human rights in Afghanistan was recently described in a United Nations report as: "A Situation Approaching Genocide."

As chairman of the Congressional Task Force on Afghanistan, I have received thousands of letters from Americans across the Nation who are outraged at the senseless atrocities being committed today in Afghanistan. Many of these letters are from Americans who are shocked at this Nation's relative silence about the genocide taking place in Afghanistan.

In the weeks and months ahead, I plan to share some of these letters with my colleagues. I will insert into the RECORD two letters each day from various States in the Nation. Today, I submit two letters from the State of Arizona and ask that they be printed in the RECORD.

The letters follow.

TUCSON, AZ.

DEAR MR. HUMPHREY: We have been appalled at news reports and articles in the periodicals that detail the atrocities committed by the Soviet occupation forces against the people of Afghanistan. We ask that you use your influence to secure military and financial support for the freedom fighters and to impose political and economic sanctions against the Soviet Union until they withdraw from Afghanistan.

Sincerely,

TIM and MARILYN TOLSON.

MESA, AZ.

DEAR HON. HUMPHREY: I can't believe what I've read in Reader's Digest in the article "Agony in Afghanistan". Why is our government being so passive about it?

I think it's time that we stand up to the Soviet government on what is right and wrong. Somebody has to. It may severely affect our diplomatic relations with them but we should be ready to accept the consequences.

If we don't call their hand on something like this, then how can we object to anything they do.

Tell President Reagan that if he wants my continued respect, he needs to do something.

Sincerely,

JEFFREY COOK.●

ST. JOSEPH'S COLLEGIATE INSTITUTE

● Mr. MOYNIHAN. Mr. President, 1987 marks the 125th anniversary of St. Joseph's Collegiate Institute in Buffalo, NY. St. Joe's has seen its enrollment rise from 3 students in 1862 to 815 today. It has since its founding been relocated and rebuilt, bought and sold, and has managed to weather trying financial times. Through it all, St. Joe's has maintained its dedication to excellence in education.

Mr. President, this May 7 will be St. Joseph's Collegiate Institute Day in Buffalo. I rise today to salute St. Joseph's Collegiate Institute on this happy occasion, and to wish them continued success in their second century.●

ECONOMIC DISPLACEMENT AND WORKER ADJUSTMENT ASSISTANCE ACT

● Mr. HUMPHREY. Mr. President, the Committee on Labor and Human Resources has announced that markup of S. 538, the Economic Displacement and Worker Adjustment Assistance Act, will commence on Friday, May 1.

There have been bipartisan negotiations underway for some time on titles I and III of this legislation. These titles address Federal assistance during, and subsequent to, plant closings. Title I resembles closely the administration's $1 billion job-retraining proposal. The administration is actively cooperating in these negotiations. An agreement may be imminent.

However, title II of the bill, which proposes mandatory notice and consultation in the event of plant closings, continue to plague this legislation. Many editorial writers and columnists have taken strong exception to the provisions of this title.

In a recent column, syndicated columnist Warren Brooks went to the heart of the problem with this title, "The key to economic growth is not curtailing plant closings, but fostering more plant openings."

S. 538 will positively reverse this priority: capital will be spent to keep uneconomical plants open and thus will not be available to invest in new technology, new plants, and new jobs.

The editorial writers of the Akron Beacon Journal and the Providence Journal have recently studied this proposal. I suspect that they are not strangers to the hardships imposed on workers and communities by plant shutdowns. But their unfavorable conclusions are identical to those expressed in editorials by the New York Times, the Wall Street Journal, and the Detroit News. I entered the latter editorials into the RECORD several weeks ago.

Mr. President, I ask that these two editorials be reprinted in the RECORD. I hope my colleagues will take the time to examine the arguments against S. 538 contained therein.

The editorials follow:

[From the Akron Beacon Journal, Apr. 20, 1987]

HOW NOT TO SAVE JOBS

As too many in Northeast Ohio already know, the closing of a plant is painful and frightening. Jobs are lost, sending shudders through communities. Families are strained. Often workers are left to find a whole new way to make a living.

A bill currently under consideration in Congress purports to ease the plight of workers. It would require advance notice of plant closings. In cases involving 50 to 100 workers 90-days notice would be required; 120 days when 100 to 500 workers are affected; 180 days when more than 500 would be laid off. The bill would also authorize nearly $1 billion in job training and counseling.

Sen. Howard Metzenbaum, a chief sponsor of the legislation, argues the bill is essential to help workers in troubled industries prepare for the future. It's simply indefensible, he says, to give workers little more than a moment's warning before their livelihood is gone. The Metzenbaum view was supported, in part, by a recent U.S. Labor Department task force that concluded prior notification dramatically contributes to laid-off workers making a successful transition to new jobs.

Unfortunately, except for the money directed at training and counseling, Mr. Metzenbaum's bill would likely have a deleterious effect on the economy as a whole. Similar to trade protection, a plant-closing bill would harm the country's competitiveness, denying companies the flexibility needed to shut down inefficient and unprofitable operations.

As some economists put it: Restrictions on plant closings are restrictions on plant openings. Clearly, legislation requiring prior notification would help workers at a troubled plant, but almost surely, that assist would come at the expense of others who seek work. Resources would be tied up at a less efficient plant, and therefore, capital would likely be diverted from more productive use. The result would be fewer jobs overall.

Perhaps the most positive way to handle the pain of plant closings is to stay away from legislative remedies and seek solutions through the collective-bargaining process. Contracts could include language laying out how workers would be treated in case a plant shuts down. Issues such as health benefits, severance pay, retraining and prior notification could be hammered out in negotiations. Most notably, that approach would highlight local circumstances—something national legislation would find difficult to achieve.

Beyond the use of collective bargaining, another approach might be to encourage communities to purchase insurance against the impact of major plant closings. Tax bases could be protected from sudden erosion and assistance made available to the suddenly jobless.

Whatever the case, there are more imaginative responses than a congressional prior-notification bill. Mr. Metzenbaum points to a disturbing issue. The task is to find a solution that benefits workers without harming the overall economy.

[From the Providence Journal, Feb. 23, 1987]

MISGUIDED NOTION ABOUT PLANT CLOSINGS

It is always unfortunate when workers lose their jobs because a business has been forced to retrench or even shut down in the face of changing economic conditions. But the understandable desire to do "something" about such situations should not lure Congress into doing the wrong thing.

Regrettably, that is exactly what a congressional coalition is proposing to do with a bill requiring management to give prior public notification before shutting down plants or making major layoffs. The notification period would run up to six months in advance of such action, depending on plant size. A firm failing to comply would be liable for worker back pay.

This type of legislation unrealistically prescribes the establishment and announcement of a "date certain" under conditions—filled with all sorts of intricate and sometimes desperate legal and financial negotiations—which often do not allow for such a clearcut decision.

And the decision will have to be the "right" one. An early announcement might cause the premature loss of customers, suppliers and potential creditors. A tardy decision would open the company to employee suits or require it to stay in business even after unprofitability had made continuing operations patently futile.

Supporters of this measure claim the government cannot continue to "do nothing" in the face of major layoffs or plant closings. But the government has been doing something about this problem for decades—through the system of unemployment benefits, which provides financial assistance over several months to persons who have lost their jobs. Moreover, this system does not require the kind of rigid and potentially counterproductive regulations envisaged by "plant closing" legislation.

The efficiency of the free enterprise system relies on the mobility of capital and labor, which is undermined by steps like the proposed "plant closing" measure. Congress may want to consider such jobless-relief programs as those relating to the retraining of dislocated workers. But it ought to spurn calls for misguided "plant closing" legislation.●

EVERYWHERE YOU LOOKED THERE WERE TRACTORS

● Mr. **DURENBERGER.** Mr. President, I have often said that we as a nation have been nourished, both physically and spiritually, by the rural areas of our country. Food and raw materials are important to our future, but less so than the values produced by the strong families and supportive communities of America's Heartland.

Yesterday the St. Paul Dispatch and Pioneer Press ran a story by Ann Baker which illustrates what I have been talking about. The events reported in this story are not really news in rural America, because these sorts of things happen all the time. I hope my colleagues will take the time to read this article, and renew their own understanding of why they call places like Denmark Township the "Heartland."

I ask that this article be printed at this point in the RECORD.

The article follows:

[From the St. Paul Dispatch and Pioneer Press, Apr. 29, 1987]

NEIGHBORS PLOW FIELDS, PLANT TO AID SICK FARMER

(By Ann Baker)

Oliver Van Alstine realized several weeks ago that this spring he wouldn't be able to plow the 75 acres in southern Washington County that he plants with corn and soybeans.

A disabling artery disease has paralyzed his hands and feet since last fall, making it almost impossible to walk or hang on to things. It contributed to his decision to sell his 40 dairy cows.

Doctors had trouble discovering what was wrong with Van Alstine until March when he spent a month in St. Joseph's Hospital. The physicians finally diagnosed his illness as a rare and recently identified disorder known as necrotizing vasculitis. The disease results in deterioration of the blood veins and arteries feeding the nerves.

When the 51-year-old farmer came back home to his Denmark Township farm two weeks ago, his neighbors started talking to each other about his trouble.

Ron Pecuman had been stopping by Van Alstine's farm to feed the cattle. His father, retired farmer Lloyd Pecuman, suggested to neighbors Charley Swanson and Don and Buster Schneider that the four of them should plow Van Alstine's fields for him.

Other neighbors heard about the idea and it grew.

After the sun came up April 20, tractors started rolling into Van Alstine's yard on County Road 76, where the Wisconsin hills are visible above the St. Croix valley to the east. First came the moldboard plows, pulled by Swanson, Buster Schneider and Ivan Bahe. After they broke up the sod, along came the chisel plows, then the discs.

At least 10 rigs went over Van Alstine's property turning over and breaking up the soil.

"It was a beautiful sight," Lloyd Pecuman said. "Everywhere you looked there were tractors."

Duane, Gordy and Tom Herman came, as well as Jeff Keene, David Magone and Tom Biscoe. When the plowing was finished in the 75 acres, Van Alstine's remaining 25 acres were planted with oats by Buster Schneider and Gordy Herman. Don Schneider and Lloyd Pecuman finished the day's work by going through the 75 acres with a rock-picker.

Then another neighbor, Georganne Biscoe, drove in with a lunch.

The farmers said it was fun. They enjoyed working together, trading a few jokes, knowing they were helping a friend.

They also felt they were keeping a tradition. It wasn't the first time some of them had done this. About 10 years ago a farmer was hurt in a combine accident and the neighbors gathered to harvest his fields. Another farmer was injured in a diving accident, and the neighbors came and picked his crops.

Van Alstine lives on the same land his grandfather started farming. His father was born there.

Because of an illness that afflicted his father, Oliver Van Alstine began farming the place before he graduated from Hastings High School.

His wife, Valda, is a legal secretary in St. Paul. their daughter, Brenda Natala, lives with her husband and month-old baby in St. Paul. and their son, Kevin, is a student of motorcycle repair at Hutchinson Area Technical Vocational Institute.

Oliver Van Alstine said the number of farms has dwindled steadily on the three-mile stretch of County Road 76 where he lives.

"I can remember when every farmer here milked cows, at least 10 or 12. Now there's only four farmers left on this road, and some of them have jobs off the farm," he said. "If a farm is sold, the people who buy it usually commute to jobs and the farm is rented to a farmer."

Van Alstine said he has no idea whether he will recover from his disease, from which he is being treated with steroids and pain medicine.

"I might have this the rest of my life and I might get well right quick. they don't know. We do know it's going to be several months and maybe several years," he said.

When his neighbors came to plow "I told them this thing could get me down," Van Alstine said.

But their response lifted his spirits. "After this, I feel I've got to get well—for the community," he said.

In a couple of weeks, his neighbors will be back to plant the corn and soybeans.●

THE FAHRENKOPF ARTICLE

● Mr. BOSCHWITZ. Mr. President, I will ask that an op-ed by Mr. Frank J. Fahrenkopf, Jr., distinguished chairman of the Republican National Committee, be printed in the RECORD. Mr. Fahrenkopf's op-ed, which appeared in today's edition of the Washington Post, does an excellent job of pointing out some of the reasons why public financing of Senate races would be bad legislation.

Mr. President, we may soon be debating a bill to provide voluntary public financing of Senate races and limitations on contributions by Political Action Committees [PAC's]. I will have much more to say on each of those proposals at that time. Presently however, I would simply like to point out that while the idea of public financing may be popular to a relatively small group of people, particularly "inside the beltway," the American taxpayers have already told us—loud and clear—that they are opposed to public financing.

Our current system of public financing of Presidential elections is financed by a $1 checkoff on tax returns. Only 23 percent of taxpayers in 1985 elected to participate in the checkoff. That is down from 27.5 percent of the taxpayers when the system was instituted in 1976 and down from the high-water mark of 28.7 percent in 1980. In reviewing these figures it is important to point out that the tax form clearly states that the checkoff will not reduce the taxpayer's refund or increase the tax due. People are telling us they do not want to foot the bill for Senate elections.

Mr. President, I will be speaking out further in the weeks ahead on the legislation passed out of the Rules Committee yesterday to reform our campaign finance laws. I ask that Mr. Fahrenkopf's op-ed now be printed in the RECORD.

The article follows:

[From the Washington Post, Apr. 30, 1987]

THE CAMPAIGN FINANCE SYSTEM ISN'T SICK

(By Frank J. Fahrenkopf, Jr.)

A blizzard of newspaper editorials (The Post's among them), Common Cause appeals and legislative proposals decries the ills of our "sick system" of financing campaigns. But before devising cures, let's question the diagnosis.

The physicians of reform say that (1) campaigns are too expensive; (2) candidates and officeholders spend too much time and effort raising funds; and (3) special-interest groups have too much influence. None of these allegations stands up to rigorous analysis.

Is too much money being spent on political campaigns in the United States? Too much in comparison to what? Simply citing a gross dollar amount is much too simplistic. If you compare U.S. campaign spending with other countries' on a per-voter basis, we spend much less in the United States than in many, if not most, other Western democracies.

In America, millions more are spent on advertising pet food than are spent by all the House and Senate campaigns combined. Should we spend more money discussing dog feed than discussing who will lead our nation politically into the decade and century? Politics is the art of communication, and it is the cost of communication (television, radio, newspaper ads, direct mail, etc.) that has generated the need for increased campaign fund raising.

Is too much time and effort being spent raising funds? Many members of Congress complain bitterly about fund raising. In the past, it was possible to raise campaign funds more quickly than today, but ease of fund raising is not necessarily a virtue. The physicians of reform should review past campaign finance practices. Fund raising now consumes more time precisely because of public disclosure and tight limits.

Are special interests too powerful in the financing of our campaigns? Concerns over special-interest groups are not new. In the Federalist, James Madison repeatedly recognized the dangers of conflict between special interests, but conceded the inevitability of such strife. He knew a democracy must deal with competing factions; it cannot be neat and tidy.

But we should trust the intelligence of the American people. Time and again, from Adlai Stevenson to Walter Mondale, the voters have rejected politicians they recognized as beholden to special interests. And I am confident they will continue to do so, as long as we have public disclosure and accountability.

Congressional prescriptions for the ills of our campaign financing process, like the Boren-Byrd "public-financing" bill, are much more dangerous than the alleged disease.

Our present system of funding congressional elections is public financing. The public voluntarily decides who will receive its financial support. What Sens. Robert Byrd and David Boren are now proposing is to force the taxpayers to finance their campaigns.

As former Senator Eugene McCarthy said in testimony against public financing before a Senate committee: "The isolation of political leaders from influences of individuals and groups sounds like, and is, totalitarianism."

Taxpayer financing, like so many other well-intentioned government spending programs, also involves the government precisely in an arena it should venture into only with great trepidation—regulating the political debate. The proponents of taxpayer financing would turn the government, in a sense, into a monolithic political committee.

Our doctors of reform also argue that all candidates would get equal funding, and that equal funding is equal treatment. But what they would really give us would be the "Congressional Incumbent Protection Act of 1987."

Incumbents already have the advantages of free media coverage, millions of dollars of sophisticated franked mailings that often look more like political advertising than informational newsletters, and official travel funds. Challengers have to spend more time and more money to have anything approximating equal visibility and political impact in their campaigns. "Equal treatment" would move members of Congress that much closer to becoming life peers. America does not need a House of Lords.

Any taxpayer-financing system would also inevitably erode our two-party system, supplanting one of the principal functions of political parties: providing political and financial support to party candidates. Additionally, it would seriously endanger the traditional two-party political process by providing a taxpayer-financed incentive for creating splinter political campaigns.

For any taxpayer-financing system to be constitutional, it would have to permit reasonable and attainable access to federal financing by third-party and independent congressional candidates. It would encourage candidates to run for office to push their particular issue or cause without any actual intention to hold office. Federal funding in 1980 and 1984 of Lyndon LaRouche's "campaigns" for president is a prime example of this aberration of the public financing system.

If Congress believes it must apply some treatment, two areas should be examined: (1) strengthening political parties, and (2) strengthening the disclosure requirements of our present law.

The notion that party support corrupts candidates runs counter to nearly every theory of a political party's function in the United States. Simply stated, there is no reason to restrict the support that political candidates may receive from their party organizations. The present law permits the United Auto Workers or the National Conservative Political Action Committee to make unlimited independent expenditures on behalf of any candidate for federal office, but does not permit the Republican National Committee or Democratic National Committee the same treatment. There is no rationale for this discrimination. The Boren-Byrd bill would further reduce party support of its federal candidates.

The often-expressed concern about the level of financial support candidates receive from PACs can be addressed by increasing the amount of party funding available for campaigns.

In the area of disclosure, our present law works admirably, except in one particular area: "soft dollars" raised by national political party committees for campaign activities. "Soft dollars" are funds raised outside the limitations and restrictions of the Federal Election Campaign Act. The Republican National Committee alone voluntarily discloses this information, but the American electorate has the right to know the names of the financial supporters of both national political parties.

More than 50 years ago Will Rogers observed, "Politics has got so expensive that it takes lots of money to even get beat with." Campaign financing is not a new issue. The financing of campaigns is important, but our discussions of this issue should not obscure the fact that party, candidates and issues are still the dominant factors in deciding election results—not money.●

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, the following requests have been cleared by the able Republican leader, and not only have they been cleared by him but he has indicated to me that I am authorized to proceed with the transactions of the following requests, even though momentarily he is off the floor engaged in discussions in his office. So I thank him for this. In this way I will proceed, and the Senate will go out shortly.

SENATE LEGAL COUNSEL REPRESENTATION

Mr. BYRD. Mr. President, on behalf of myself and Mr. DOLE, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A Senate resolution (S. Res. 202) to direct the Senate counsel to represent Senator Hecht in the case of O'Connor v. Hecht, et al.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. BYRD. Mr. President, a resident of Nevada has brought an action in the Distirct of Nevada against Senator HECHT. The plaintiff has also named as defendants Representative VUCANOVICH and the Justices of the Nevada Supreme Court.

Last summer the plaintiff wrote to the congressional defendants to seek relief in favor of impeached Judge Harry E. Claiborne. In her lawsuit, the plaintiff is asking the district court to compel the congressional defendants to present her grievance to their respective chambers.

Every citizen has a right to petition the Congress. However, the committees and Members of the Congress have an absolute right under the separation of powers to decide whether to take any legislative action in response to the petitions which they receive.

This resolution will authorize the Senate Legal Counsel to represent Senator HECHT in this case.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 202) was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 202

Whereas, in the case of *O'Connor* v. *Hecht, et al.*, CV-N-87-93-LDG, pending in the United States District Court for the District of Nevada, the plaintiff has named Senator Chic Hecht as a defendant;

Whereas, pursuant to sections 703(a) and 704(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(1) (1982), the Senate may direct its counsel to represent Members of the Senate with respect to actions against them in their official capacity; Now, therefore be it

Resolved, That the Senate Legal Counsel is directed to represent Senator Hecht in the case of *O'Connor* v. *Hecht, et al.*

S. 795 REFERRED TO THE ENERGY COMMITTEE

Mr. BYRD. Mr. President, I ask unanimous consent that Calendar Order No. 101, S. 795, a bill dealing with Indian water rights be referred to the Energy Committee for a period not to exceed 30 calendar days, not including periods of 7 or more days that the Senate is not in session.

The PRESIDING OFFICER. Without objection, it is so ordered.

REVISED EDITION OF THE SENATE MANUAL

Mr. BYRD. Mr. President, pursuant to authority granted in 44 U.S. Code 3720, I ask unanimous consent that the Committee on Rules and Administration be hereby directed to prepare a revised edition of the Senate manual for the use of the 100th Congress; that said manual be printed as a Senate document; and, that 2,000 additional copies be printed and bound, of which 1,000 copies be for the use of the Senate, and that 550 copies be for the use of the Committee on Rules and Administration; and, that the remaining 450 copies be bound in morocco, tagged as to contents, and delivered as may be directed by the committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION OF TESTIMONY AND PRODUCTION OF DOCUMENTS

Mr. BYRD. Mr. President, on behalf of myself and Mr. DOLE, I send to the desk a resolution and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 203) to authorize testimony and production of documents by Senate employees in an unemployment compensation appeals matter.

The Senate proceeded to consider the resolution.

Mr. BYRD. Mr. President, in late January an employee of the Senate Post Office resigned his position as a mail sorter and handler, and subsequently applied for unemployment benefits. Benefits were denied because he had left his job voluntarily.

The claimant has appealed that finding to the District of Columbia Department of Employment Services, which has requested that a representative of the Senate appear before a hearing examiner to explain the nature of the former employee's separation. The Sergeant at Arms' Director of Human Resources, Linda Takayama, and the Senate Postmaster, Jay Woodall, would be the appropriate individuals to provide that information.

This resolution would authorize the testimony of and production of the documents by Ms. Takayama and Mr. Woodall at the appeals hearing.

Mr. President, I move adoption of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 203) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 203

Whereas, in the claim of former Senate employee Charles K. Carrothers, Appeal No. 87,1246-UCFE, pending in the District of Columbia Department of Employment Services, a representative of the Senate has been asked to appear at a hearing to present evidence and testimony concerning the nature of the claimant's separation from employment;

Whereas, Linda C. Takayama, Director of Human Resources for the Sergeant at Arms, and Jay C. Woodall, Senate Postmaster, have information which may be relevant to that proceeding;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that the testimony of and production of documents by Senate employees in their official capacities may be needful in any forum for the promotion of justice or equity, the Senate will act to promote the resolution of claims in a manner consistent with the privileges and rights of the Senate; Now, therefore be it

Resolved, That Linda C. Takayama, Jay C. Woodall and any other Senate employee who may be requested, are authorized to testify and produce documents relevant to the Unemployment Compensation Claim of Charles K. Carrothers, except concerning matters which may be privileged.

Mr. BYRD. Mr. President, I do not think there will be any need to move to reconsider, but I move to reconsider and I will move to table my motion to reconsider.

The motion to lay on the table was agreed to.

PROGRAM

Mr. BYRD. Mr. President, on tomorrow the Senate will resume consideration of the pending amendment by Mr. CHILES to the amendment by Mr. CHILES to the motion to recommit with instructions by myself. The Senate will, in my judgment, have at least one rollcall vote tomorrow and perhaps more rollcall votes.

I should state for the record that Senators may expect the Senate to proceed to take up the nomination of Arnold Lewis Raphel of New Jersey. This is a nomination that has been on the Executive Calendar since February 24 of this year. Mr. Raphel has been appointed to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Islamic Republic of Pakistan.

Additionally, the nomination of Melissa Wells of New York, a career member of the Senior Foreign Service, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the People's Republic of Mozambique has now been on the Executive Calendar since March 31. Tomorrow will be the 1st day of May. I state my intentions to proceed to these nominations on tomorrow, Mr. President. If there is objection to the request for unanimous consent to proceed, a motion to proceed is not debatable and there would be a rollcall vote on the motion to proceed. Of course, once on the nominations, Senators may debate them. But there also may be a rollcall vote on the nomination or nominations as well. And then the amendment by Mr. CHILES anent the budget resolution may be voted on tomorrow. So there will be rollcall votes.

I should think and hope that these rollcall votes that I have mentioned should be over and done with no later than 3 p.m. That is no commitment, no promise, because I am not in a position to make such at this time. It just seems to me that it might be reasonably expected to have any rollcall vote or rollcall votes in these respects by the hour of 3 p.m.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR SENATE PROCEDURE TOMORROW

Mr. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order on tomorrow, there be a period for the transaction of morning business, not to extend beyond the hour of 10 a.m.; that Senators be permitted to speak during that period of morning business for up to 5 minutes each; and that at the hour of 10 a.m., the Senate resume consideration of the budget resolution, the pending question at that time being on the amendment by Mr. CHILES in the second degree.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BYRD. Mr. President, I am advised that the Republican leader has no further business to transact, and he has no objection to my proceeding now to putting the Senate over until tomorrow.

Therefore, Mr. President, there being no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 9:30 a.m. tomorrow.

The motion was agreed to, and at 6:11 p.m., the Senate recessed until tomorrow, Friday, May 1, 1987, at 9:30 a.m.

HOUSE OF REPRESENTATIVES—*Thursday, April 30, 1987*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We confess, O God, that we so often see the difficulties of life—the very real problems that face us as individuals and as a nation. While we understand our focus is often on the stresses of life, yet we realize, gracious God, that our greatest emotion ought to be a spirit of thanksgiving for the gifts of life—thanksgiving for friends and family and colleagues, thanksgiving for opportunities for service to others, thanksgiving for love and life. We are grateful, O God, for all Your gifts and pray Your blessing upon us. Amen.

THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. **BARTON** of Texas. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The **SPEAKER**. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **BARTON** of Texas. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 291, nays 96, answered "present" 4, not voting 42, as follows:

[Roll No. 74]

YEAS—291

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Archer
Aspin
Atkins
AuCoin
Baker
Barnard
Bartlett
Bateman
Bates
Beilenson
Bennett
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Bosco
Boucher
Boulter
Boxer
Brennan
Brooks
Broomfield
Brown (CA)
Brown (CO)
Bruce
Bryant
Byron
Campbell
Cardin
Carper
Carr
Chapman
Chappell
Clarke
Clinger
Coats
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Coyne
Crockett
Daniel
Darden
Davis (MI)
DeFazio
Dellums
Derrick
DeWine
Dicks
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
English
Erdreich
Espy
Evans
Fascell
Fawell
Fazio
Feighan
Fish
Flake
Flippo
Florio
Foglietta
Foley
Frank
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gradison
Grant
Gray (IL)
Gray (PA)
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Harris
Hatcher
Hayes (IL)
Hefner
Hertel
Holloway
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Ireland
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (GA)
Lightfoot
Lipinski
Lowry (WA)
Lujan
Luken, Thomas
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCurdy
McDade
McEwen
McHugh
McMillan (NC)
McMillen (MD)
Mfume
Mica
Miller (CA)
Miller (WA)
Mineta
Moakley
Mollohan
Montgomery
Morella
Morrison (CT)
Morrison (WA)
Mrazek
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Olin
Ortiz
Owens (NY)
Owens (UT)
Oxley
Panetta
Patterson
Pease
Pepper
Perkins
Petri
Pickett
Pickle
Porter
Price (IL)
Price (NC)
Pursell
Quillen
Rahall
Ravenel
Ray
Regula
Richardson
Rinaldo
Robinson
Roe
Roemer
Rose
Rostenkowski
Roth
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Saiki
Sawyer
Scheuer
Schneider
Schuette
Schumer
Sharp
Shaw
Shumway
Shuster
Sisisky
Skaggs
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (TX)
Snowe
Solarz
Spence
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Sweeney
Swift
Synar
Tallon
Tauke
Taylor
Thomas (GA)
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weiss
Weldon
Wheat
Whitten
Williams
Wilson
Wise
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron

NAYS—96

Armey
Badham
Barton
Bentley
Bliley
Boehlert
Bunning
Burton
Callahan
Chandler
Cheney
Clay
Coble
Coughlin
Courter
Craig
Crane
Dannemeyer
Daub
Davis (IL)
DeLay
Dickinson
DioGuardi
Dreier
Emerson
Fields
Frenzel
Gallegly
Gallo
Gekas
Gingrich
Goodling
Grandy
Gregg
Hansen
Hastert
Hefley
Henry
Hiler
Hunter
Hyde
Jacobs
Kolbe
Konnyu
Kyl
Lagomarsino
Latta
Leach (IA)
Lewis (CA)
Lewis (FL)
Lloyd
Lott
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCandless
McCollum
Michel
Miller (OH)
Molinari
Moorhead
Nielson
Packard
Parris
Pashayan
Penny
Rhodes
Ridge
Roberts
Rogers
Roukema
Saxton
Schaefer
Sensenbrenner
Sikorski
Skeen
Slaughter (VA)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Stangeland
Stump
Sundquist
Swindall
Thomas (CA)
Upton
Vucanovich
Walker
Weber
Whittaker
Wolf
Young (AK)
Young (FL)

ANSWERED "PRESENT"—4

Ballenger
Hawkins
Murphy
Obey

NOT VOTING—42

Annunzio
Bilbray
Borski
Buechner
Bustamante
Conyers
Cooper
de la Garza
Dingell
Dixon
Edwards (OK)
Ford (MI)
Ford (TN)
Frost
Gordon
Hayes (LA)
Herger
Hochbrueckner
Houghton
Inhofe
Jones (NC)
Jones (TN)
Leath (TX)
Livingston
Lowery (CA)
Lukens, Donald
Lungren
McCloskey
McGrath
McKinney
Meyers
Moody
Rangel
Ritter
Rodino
Savage
Schroeder
Schulze
Skelton
Smith (NJ)
Tauzin
Torres

☐ 1020

Mr. **GALLEGLY** changed his vote from "yea" to "nay."

Mrs. **COLLINS** changed her vote from "nay" to "yea."

Mr. **HORTON** changed his vote from "present" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

CONGRATULATING THE HONORABLE WILLIAM H. NATCHER ON HIS VOTING RECORD

The **SPEAKER**. The Chair desires to make an announcement of some historic significance, and I know one of great interest to many Members of this Chamber.

Whenever a historic milestone is reached, it is worthy of our observing it, particularly when that historic milestone is one of proven, undeviating dedication to duty on the part of any public servant, and most particularly a Member of the U.S. House of Representatives.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface **indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.**

Today in the rollcall just passed, one such noteworthy milestone has occurred. The Honorable BILL NATCHER has been a Member of this body since his swearing in on January 6, 1954, a period slightly exceeding 33 years.

During the entirety of that period, BILL NATCHER has never missed being present and recorded on a rollcall vote or a quorum call.

During these years, he has cast 10,879 rollcall votes, and answered 4,121 quorum calls, making a total, as of this vote just taken, of exactly 15,000 rollcalls without ever having missed one time.

In spite of our determination that 1-minute speeches will not be accepted today in order that we may complete the bill, notwithstanding that, the Chair would like to make an exception and recognize the gentleman from Kentucky [Mr. NATCHER].

PRIDE IN SERVICE

(Mr. NATCHER asked and was given permission to address the House for 1 minute.)

Mr. NATCHER. Mr. Speaker, one of the nicest things that has happened to me during my lifetime, next to my marriage and the birth of my two children, was the day that I was elected a Member of the Congress of the United States.

It has been a distinct honor and privilege, Mr. Speaker, serving with you and all of the ladies and gentlemen that sit here today, and all of the Members in the House and in the other body.

Since March 4, 1789, we have had 11,173 Members to serve in both bodies. Five hundred and ninety, Mr. Speaker, served in both Houses.

I believe that I have served with about 2,000 Members; I think that is correct, and I have enjoyed every day of it, and I want you to know this.

I doubt if I could make 15,000 more, but I am going to try.

APPOINTMENT AS MEMBERS OF THE COMMISSION ON THE U.S. HOUSE OF REPRESENTATIVES BICENTENARY

The SPEAKER. Pursuant to section 3 of House Resolution 101, 100th Congress, the Chair appoints as members of the Commission on the U.S. House of Representatives Bicentenary the following Members of the House:

Mrs. BOGGS of Louisiana, chairman;
Mr. SHARP of Indiana;
Mr. FOGLIETTA of Pennsylvania;
Mr. SHUSTER of Pennsylvania;
Mr. GINGRICH of Georgia; and
Mr. HENRY of Michigan.

And the following former Members of the House:

Mr. Vandergriff of Texas; and
Mr. Rhodes of Arizona.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1157. An act to provide for an acreage diversion program applicable to producers of the crop of winter wheat harvested in 1987, and otherwise to extend assistance to farmers adversely affected by natural disasters in 1986.

REQUEST FOR PERMISSION TO OFFER AMENDMENT TO H.R. 3, TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987, NOTWITHSTANDING THE RULE

Mr. SOLOMON. Mr. Speaker, I rise to ask unanimous consent of this body to be able to offer an amendment which was inadvertently omitted by the Republican Members of the Rules Committee in offering it to the Rules Committee.

It is a terribly important amendment that was duly filed at the desk. It was one of the major issues before the Committee on Foreign Affairs.

It simply would require the Defense Department to reclaim its authority to regulate the sale of military, intelligence, and high technology to these countries which I have just been able to get declassified.

Mr. Speaker, those countries, and you all should pay attention, are Syria, Libya, Iran, and Iraq.

If I am able to offer my amendment, which I understand that the gentleman from Washington [Mr BONKER], who is the major manager of this bill in our Committee on Foreign Affairs, has no objection to the debate on, I would appreciate it very much if this Member would not be set out.

The SPEAKER. The gentleman from New York [Mr. SOLOMON] asks unanimous consent that, notwithstanding the rule adopted on Tuesday of this week, the amendment just described shall be made in order.

Mr. SOLOMON. Limited to 10 minutes of time of debate.

Mr. SPEAKER. And limited to 10 minutes of time inclusive of both sides.

Mr. SOLOMON. Five minutes to each side, Mr. Speaker.

The SPEAKER. During consideration of the trade bill.

Mr. SOLOMON. It is an amendment to section 3 which could be offered at the discretion of the Speaker at any time during the debate.

The SPEAKER. Members have heard the unanimous-consent request. Is there objection to the request of the gentleman from New York?

Mr. MICA. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from New York [Mr. SOLOMON] a question about his amendment.

Is this the amendment that was defeated 2 to 1 in the Committee on Foreign Affairs?

□ 1030

Mr. SOLOMON. Yes, it was.

Mr. MICA. Is this the amendment that was not provided for in the rules as my amendment was not provided for in the rules?

Mr. SOLOMON. I do not know that your amendment was offered in committee, but I think yours was not allowed either.

Mr. MICA. Both amendments were offered in the Rules Committee, my amendment and the gentleman from New York's amendment, as I understand it. Neither was provided for in the rule. One went 100 percent in one direction, one went 100 percent in the other direction and the committee felt that the moderation position of the Committee on Foreign Affairs should remain intact. Is this the amendment we are talking about?

Mr. SOLOMON. With all due respect to that member from Florida, a member of the Committee on Foreign Affairs, a member that I have the greatest respect for and that member that helped me straighten out the United Nations, as delegates to the United Nations last year, let me say that, yes, that is the amendment and perhaps the gentleman would not object, allow my amendment on the floor, he could air his side, I would air mine and then this body could work its will.

Mr. BERMAN. Mr. Speaker, will the gentleman yield?

Mr. MICA. Under my reservation, I yield to the gentleman from California.

Mr. BERMAN. I thank the gentleman for yielding.

I think it is only appropriate, Mr. Speaker, on the gentleman's reservation to point out that as to a number of the countries the gentleman has just mentioned, this country, in the Export Administration Act, has significant foreign policy and antiterrorist controls which require not only Commerce participation, but State Department participation in all licensing, not only of military equipment, but of any dual use high technology items which may in any way enhance the military capabilities of any of those countries mentioned and that this issue and the question of review authority by parties concerned with combating terrorism and our foreign policy interests are fully provided for in the existing law and are unaffected by the amendments presented in the trade bill.

Mr. SOLOMON. If I could reclaim my time just for a moment, I would just say that the reason we need the Defense Department to oversee approval of the sale of high technology which is militarily strategic is because the Commerce Department was not doing its job. If I could go ahead and read the rest of these names, you would understand why we need disarmament on the floor today.

Mr. AuCOIN. Mr. Speaker, I object.

Mr. MICA. Mr. Speaker, I believe I have the time and I would have objected, but I understand the gentleman will object.

Mr. AuCOIN. Mr. Speaker, I object.

Mr. SOLOMON. I guess it does not pay to be a nice guy like I was yesterday.

The SPEAKER. Objection is heard.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will recognize one other Member for a 1-minute speech having recognized the gentleman from Kentucky [Mr. NATCHER]. The Chair recognizes for 1 minute the gentleman from Massachusetts [Mr. CONTE].

NATCHER'S 15,000TH VOTE

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, I rise to offer my congratulations to my good friend—and I mean good friend—BILL NATCHER, who just cast consecutive vote No. 15,000.

I have served with the gentleman—and I mean gentleman—from Kentucky for the past 29 years.

It is fitting that his first election in August of 1953 was a special election, because BILL NATCHER is a special man.

He has spent his 33 years here paying attention to the things that matter to him and that make him such a wonderful Congressman and such a man of the House.

What has he done?

He brings his dedication to duty and his integrity to every daily act; he knows more about the rules of the House than the Parliamentarian; he treats both Members and staff with gentle grace; he pays attention to every detail of every issue; and he votes.

Boy does he vote! Fifteen thousand consecutive votes counting quorum calls and rollcalls. Some people wish that this last vote had been on something more meaningful than the House Journal.

Let me ease your minds. I know BILL NATCHER; I have sat with him every day in hearings and markup in the Labor, HHS, and Education Subcommittee for more years than we care to remember. Some of you newer Members may not know this, but BILL NATCHER has kept his own daily journal since his arrival. Someday, that journal will be the basis for political science courses in colleges and universities across the Nation. That is why, to BILL NATCHER, a vote on the Journal is as important as a vote on some multibillion dollar spending bill.

With this vote, BILL NATCHER has voted consecutively more than anyone in the history of the Congress. Congratulations, Chairman NATCHER, the 100th Congress now is truly historic.

TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987

The SPEAKER. Pursuant to House Resolution 151 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3.

□ 1037

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3) to enhance the competitiveness of American industry, and for other purposes, with Mr. BEILENSON in the chair.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, April 29, 1987, pending was amendment numbered 8 offered by the gentleman from New York [Mr. LENT]. The gentleman from New York [Mr. LENT] had 9 minutes remaining in support of his amendment, and the gentleman from Texas [Mr. BRYANT] had 9 minutes remaining in opposition.

The Chair recognizes the gentleman from New York [Mr. LENT].

Mr. LENT. Mr. Chairman, I yield 1 minute to the gentleman from Utah [Mr. NIELSON].

Mr. NIELSON of Utah. Mr. Chairman, I rise in support of the Lent amendment.

Yesterday, the opponents of this legislation said they have fixed the problems of the Securities Industry Association and the Shell Oil Co.

But they haven't fixed the problems of the National Association of Manufacturers, the Business Roundtable, the American Council of Life Insurance, many multinational companies that have been operating as good corporate citizens in the United States for years, like American Petrofina and the Ciba-Geigy Drug Co., and the Federal Reserve have not been fixed. They all support the Lent amendment. In addition, many new corporate citizens who have spent billions to bring plants to the United States, like Toyota and Nissan, are supporting the Lent amendment. If the Bryant provision has been fixed so well, why are the very groups whose billions in investment in the United States are at stake still expressing concern and supporting the Lent amendment?

The Lent amendment in no way whatsoever "guts" the Bryant provisions. It permits exemptions only if they are justified by preponderance of the evidence on the record.

The Bryant amendment, which passed the Energy and Commerce Committee by 21 to 20, is based on the presumption that foreign investment in the United States is bad, and I reject that presumption emphatically.

So there can't be any "secret deals" to grant exemptions. And if anyone actually believes the Secretary of Commerce would not be objective in ruling on exemptions, the amendment requires that he take into account a whole series of factors in making his decision, including U.S. employment and taxes, the trade balance, and the impact on real estate, securities, and natural resources markets.

All this debate boils down to one simple question: Shouldn't we allow a little reasonable flexibility in what is now an inflexible, controversial, and possibly damaging requirement in the trade bill? I say we must, and that is why I strongly support the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to myself.

Mr. Chaiman, I want to reiterate what I said yesterday. This provision in the bill which was adopted by the Committee on Energy and Commerce is a basic and simple provision that provides for the reporting of foreign ownership in the United States which has doubled in the last 5 years. The same kind of information would now be available to use as it is now available to virtually all other countries in the world. It is not complicated, it is not extensive, it simply requires that foreign ownership of a significant size be reported in the United States henceforth.

Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. FLORIO].

Mr. FLORIO. Let me strongly support the provision included in the bill by Mr. BRYANT. In the sense it is a commonsense provision that says that we should have a financial right to know what it is that is taking place in our markets and therefore we should have these reporting requirements as to foreign significant interests that are investing in this country.

□ 1040

The Commerce Department would be given the authority that is retained by most governments in this world to know about the interests that are taking place in their economy.

This authority is long overdue. The amendment of the gentleman from New York retains the concept, because to attempt to oppose the concept that we ought to know what is going on would be totally unacceptable. But unfortunately, the gentleman's amendments guts the substance by providing for massive exemptions, and would effectively let the foreign investor define whether it is he will report or not. That would be a result that would not make a lot of sense.

I would ask the body to reject the amendment of the gentleman from New York and accept the concept that the gentleman from Texas [Mr. BRYANT] has included in this bill.

Mr. LENT. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. COATS].

Mr. COATS. Mr. Chairman, I appreciate the gentleman for yielding.

The gentleman from New Jersey mentioned substance. There are substantive problems with the Bryant provision as incorporated in this bill. Let me just mention a couple of them.

What is a "group" under the Bryant provision? It looks like every member of any fund, or any trust fund, pooled investment fund, investment adviser, or anyone else who had 25-percent foreign participation would be covered.

Based on this group definition, would not all the thousands of individuals, foreign or American, who participate in those kinds of pension funds or other mutual funds or trusts, have to file the requisite reports and the annual updates, no matter how small their individual investment?

Mr. MARKEY yesterday said that debt is exempt. But what is and what is not considered debt? If a partnership agreement guarantees a partner that he will receive certain specific assets in repayment of his investments if the partnership is liquidated, is that debt? How about preferred stock with a mandatory dividend that is cumulative if not paid? Is that debt?

This amendment presents serious problems. It does exactly the opposite of what we ought to be encouraging and what we want; that is, foreign investors to invest their money here in the United States providing American jobs.

I urge support of the Lent amendment.

One final thing. There is absolutely no flexibility in the Secretary of Commerce with respect to disclosure in this provision. So while Shell Oil Co. got a special exemption because it would have been harmed competitively by having to disclose its confidential financial data, isn't it true that without the Lent amendment, the Secretary could not help any other company that showed up with a similar problem?

I say it's not fair to admit there could be problems with the Bryant provision, but not allow any authority to solve them. That is why I urge all Members to support the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentlewoman from Ohio [Ms. KAPTUR].

Ms. KAPTUR. Mr. Chairman, I rise in opposition to the Lent amendment, which seeks to give the Secretary of Commerce authority to exempt broad classes of foreign investors from registration of their interests in the United States.

Let me point out that this is a special time in our country. For the first time since before World War I, we have become a net debtor nation, which means that we now owe others more money than they owe us. We are experiencing unprecedented inflows of foreign investment into the United States, literally seeing it double in the last 5 years.

In my view, many segments of our defense industrial base are threatened. At this moment, 25 percent of this country's machine tool industry is owned by foreign investors, none of which have to register.

The bill, as drafted, merely requires basic disclosure to help America know what is happening to it when we are experiencing these huge unprecedented flows of foreign investment into our country.

The bill does not place any limits on foreign investment; it just allows us to track it. Americans ought to know who is buying and who has the potential to control our business, our industry, our banking institutions and our defense industrial base.

The bill will not discourage foreign investment. People want to invest here because we are still a growing economy.

What are we asking from foreign investors? We are not nationalizing their companies, as many foreign nations have done to our companies abroad over the years. We are not telling them they must have a local partner who has majority control, as many foreign nations do to our investors now. We are not telling them how much they must export, or who they must hire, as other nations routinely tell our companies abroad.

We are asking only that as they enter, they sign in. That they tell us who they are and what their major investments in U.S. businesses are. If they own a controlling interest in a large U.S. company, one whose business decisions can have a profound effect on American workers and communities, we are asking that they name the people who are exercising that control, and supply a balance sheet.

Why are they so intent on operating in secret? And why should we let them?

I urge my colleagues to defeat this amendment and support the Bryant language in the committee bill to require registration of foreign-held interests in U.S. business and property.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. FIELDS].

Mr. FIELDS. Mr. Chairman, I rise in support of the amendment offered by my colleague from New York [Mr. LENT].

During the Energy and Commerce Committee's consideration of H.R. 3, a foreign disclosure amendment was adopted by a 21-to-20 vote. The foreign disclosure provisions require a foreign investor to register his holdings in the United States.

Information a foreign investor must provide includes: the identity of the investor, his nationality, the investment acquired, the price paid for the investment and other such information as the Secretary of Commerce may require.

The Secretary of Commerce is then required to release proprietary information gathered from foreign investors to the public.

I might point out that the Department of Commerce already collects data on direct foreign investment in the United States in aggregate form. The International Trade Administration collects data on individual transactions and assesses their implications. Any direct investments which might negatively affect U.S. national interests are reviewed by the Interagency Committee on Foreign Investment. So, direct foreign investment data is available now for legitimate purposes.

Mr. Chairman, the author of the foreign disclosure language, Mr. BRYANT, contends that he does not intend to inhibit foreign investment in the United States. But, I am concerned that the required public disclosure of sensitive, proprietary information will drive foreign investors away from the United States—particularly, that coming from Mexico across the Rio Grande.

Foreign investment has financed our Federal budget deficit, provided funds for U.S. business expansion and created jobs for American workers. The safe haven for investment the United States provides strengthens our economy. It is a tremendous advantage the United States has over many other nations.

The sponsors of the foreign disclosure language in H.R. 3 assure us they do not want to discourage foreign investment. The Lent amendment puts their assurances in legislative language.

The Lent amendment gives the Secretary of Commerce the authority to exempt foreign investor disclosure when that exemption is necessary to prevent a substantial impairment of beneficial foreign investment in the United States.

I urge my colleagues to look beyond the superficial simplicity of foreign disclosure language and recognize the potentially damaging effects this language could have on the U.S. economy.

Support the Lent amendment—give the Secretary of Commerce reasonable authority to prevent damaging withdrawal of foreign investment from the United States.

Mr. BRYANT. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas [Mr. Bryant] has 6 minutes remaining.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. McMillen].

Mr. McMILLEN of Maryland. Mr. Chairman, I rise in opposition to the amendment offered by my colleague, the gentleman from New York.

Earlier this year I attended a meeting held by my colleague from California, Mr. Dornan. At this meeting, an internal high level Japanese Government memo was brought to our attention. This memo stated that Japanese investment in the United States will be targeted to congressional districts where it would result in the most political benefits. Such political benefits include PAC contributions to influence elections, the rallying of workers employed by foreign investors to political causes, and the use of direct and portfolio investment to influence the American political process.

Mr. Chairman, it is obvious that the Japanese and other foreign investors plan to use their dollars from trade surpluses to gain as much leverage in this country's decisionmaking as possible. In a report from the Special Trade Representatives Office, over $30 billion in foreign capital inflows are unaccounted for by present disclosure requirements. These funds could be foreign investors developing excessive influence in our political process, drug money, or flight capital from corrupt leaders such as Duvalier and Marcos.

Mr. Chairman, if we are to retain our domestic political and economic sovereignty that is clearly threatened by the influx of foreign capital into the United States we must be fully apprised of the extent of such investment through rigid disclosure requirements. Foreign investment already totals well over $1 trillion in the United States. With the fall in the value of the dollar, foreign investors have been given a huge discount on American assets which will surely increase the flow of foreign capital into the United States. I, therefore, urge my colleagues to vote with me in defeating the amendment before us.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. Frenzel].

Mr. FRENZEL. Mr. Chairman, I rise in strong opposition to section 703 of H.R. 3 which would impose additional, unfair reporting requirements on foreign investors, and in favor of the Lent substitute, which makes the requirements slightly more palatable by granting the Secretary of Commerce the authority to waive them in certain cases.

Section 703, which I would call the maybe we can get our interests rates up to 20 percent again amendment mandates the following: Privately held companies in which a foreigner has acquired a 25-percent interest must report for public disclosure the location of all facilities in the United States, the identity and nationality of directors and officers and their compensation, related business transactions, officers, and "significant civil litigation." Similar requirements apply to foreigners with an investment in U.S. property.

Lacking any arguments that they care to articulate clearly, proponents only mention that we have a right to more information about foreign investors because they are somehow suspects. My guess is that the real motives lie along the lines of harassment.

This provision, discriminatory against foreigners, would violate the principle of national treatment and undercut U.S. efforts to eliminate barriers to U.S. investment abroad. A top objective for the Uruguay Round of Trade Negotiations which this bill authorizes, getting an agreement on investment restrictions will be difficult to achieve if we have just increased our own. If our trading partners enacted mirror restrictions against the foreign investments of U.S. companies they would be tempted to pull up stakes I am sure.

Federal Reserve Chairman, Paul Volcker, and other economists have testified in numerous occasions before the Ways and Means Committee that economic expansion in this country and lower interest rates are due in no small measure to the faith that foreigners have in our market and their willingness to invest here. If this were not the case, we would be denied the foreign capital that supported 3 million jobs in the United States in 1985.

As dissenters in the committee report point out, the United States is known for its respect for personal property and the privacy of individuals. Sending signals that we now intend to hassle foreign investors is, I believe, a misguided and somewhat dangerous way to proceed. The retroactive nature of the requirements is highly unfair to those who decided to invest here based on current regulations.

Finally, the Department of Commerce and the Securities and Exchange Commission already have numerous reporting mechanisms in place to monitor foreign investment if that is the intention of the proponents of this section. Comprehensive data exists and to require more paperwork and public disclosure of foreign investors will only send their needed capital fleeing to stock exchanges and plant sites in other countries.

The substitute language offered by Mr. Lent to subsection J of the section 703 would authorize the Secretary of Commerce to exempt a person, interest, or class of interests from the reporting requirements if he determines the exemption is necessary to prevent a "substantial impairment of beneficial foreign investment in the United States." It's the least we can do to improve an exceedingly unwise provision and I urge my colleagues to support the Lent substitute.

Mr. Chairman, the gentleman from Texas [Mr. Fields] stated the case accurately a few moments ago. Under existing law, the Department of Commerce keeps sufficient data so that policymakers can make responsible decisions.

The extra data required by the gentleman from Texas [Mr. Bryant], article 703, is expensive to maintain, would not be much help, and is going to discourage foreign investors from investing in the United States.

It is a pretty simple proposition. This country has the lowest savings rate in the industrialized world. Our closest competitor is Canada, with a rate twice our size. Germany and Japan have from three to five times higher rate of savings than we do.

Because our Congress is profligate and openhanded, we incur about $200 billion of deficit every year. With our consumers on their usual spending binge, as was noted here yesterday, there simply is not enough capital in the United States of America to carry our economy and provide more jobs.

□ 1050

Thank heaven for offshore capital, for imported capital to keep this country going, to provide jobs for our people. If we pass the Bryant amendment, we can't keep it out. We can recapture those old glory days of Jimmy Carter when we had interest rates of 20 percent and more.

Do not pass this amendment which is calculated only to harass foreign investors. What I will do is discourage the marginal investors, and deny America the capital it needs to move forward.

If you like high interest rates, you will love, the Bryant amendment. I only wish the Lent amendment would strike it all instead of touching it lightly with a glove.

Mr. Chairman, I urge support for the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentlewoman from Illinois [Mrs. Collins].

Mrs. COLLINS of Illinois. Mr. Chairman, many people seem to think that the selling of America is the way we ought to go now. As has already been said for the first time in our Nation since World War I, America has been selling off its assets. It seems strange to me that we are embracing the selling of interests and sometimes even controlling interests in our banks, in our farmlands, in our refineries, in our buildings, and in our major corporations.

I happen to have been in Honolulu during the break that we just had and somebody was telling me that about 25 percent of that State is now owned by foreign capital.

At first glance, this investment might seem beneficial, but it carries a huge risk. For the first time since World War I, the United States has become a debtor nation—the largest in the world. America even ranks ahead of Brazil and Mexico in indebtedness.

Evidence also indicates that billions of dollars are being funnelled by Third World nations into our economy. This capital input siphons off the funds needed for development and counters the objectives of U.S. foreign development assistance. In one of the worst cases, the Philippine dictator, Ferdinand Marcos, invested billions of dollars in American real estate and other assets. Much of this money was skimmed directly from United States aid.

Growing foreign ownership threatens U.S. competitiveness, and with it our independence and prosperity. Foreign investors, through economic leverage, are gaining access to sensitive high technology and research. This information enables foreign nations to out compete us with our own research.

It seems to me that if we are selling off our assets, as some have said so that we can have jobs, this is a very short-sighted view. It is like selling off the family jewels so we can have a night out on the town.

Our economy has become so dependent on foreign capital that many economists, among whom is the Federal Reserve Chairman, Paul Volcker, have warned that a major withdrawal of this capital could lead the United States into an economic tailspin. I am sure we do not want that to happen.

While the Bryant amendment will not stop this practice, it will provide the information we need in order to make sound economy policy.

Originally, I had reservations regarding the Bryant amendment, I was concerned that the public disclosure requirement would adversely affect the securities industry. These problems, however, have now been alleviated.

Since 1980, known cumulative capital inflows into the United States from abroad have more than doubled. Foreign investments now total almost a trillion dollars. This capital has been deposited in U.S. banks, and some invested in U.S. corporate stocks, bonds, and Government securities. I for one, want to know to what extent.

In order to understand the full impact of foreign investment, we need to know its full extent. The disclosure provision insures that this information will be available. The amendment requires foreign investors to publicly register all major U.S. investments with the Department of Commerce, disclose the major interests behind them, and provide information about the investor and the nature of the investor's business.

This will not restrict foreign investment. It requires no greater disclosure than that required by other nations. It will, however, provide policymakers and the American people with the information needed to analyze the impact of foreign capital. And it will allow us to ascertain which nations are buying into America.

The American people deserve to know who owns America.

I think we ought to defeat the Lent amendment.

Mr. LENT. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I am going to vote for the Lent amendment because it makes the best of a bad situation we have with this rule. This provision should be stricken in its entirety.

We should be standing on the shores of America saying, "Bring us your savings. Invest them in America." That is what we did when America had its greatest growth. That is how the West was developed. That is how the railroads were built. That is how we got the great steel mills and the other things that we have in this country that made this country great.

Foreigners brought their savings here and invested in America, and it did not take anything away from us. The mills are here. The railroads are here. If we do not like the way they are run, we can regulate them, and we did. If we do not like the way they are not paying their fair share, we can tax them, and believe it or not, if we do not like them, we can confiscate them; but we should never, never tell people, "Don't build jobs in America." That is what you are doing when you regulate foreign investment.

Now, there is already a statute that prohibits investment in certain sensitive industries in America. If you want to add to those, let us bring them up and add to them; but do not get mad at your friends. Do not say, "Don't bring your savings here."

You know, Americans are very poor savers. I do not know why, but we are, and we have, since the beginning of this country, depended on foreigners to do our savings for us.

Why get mad at ourselves? Why not welcome that capital here? Why not regulate it while it is here? It has never done anything bad to us here. No one can point to one example in 200 years of American history when bringing capital to the United States from a foreign country has hurt this country. Can anybody think of an example?

Do not get mad at yourself. Do not run the capital out. Keep building America. Keep building jobs. We can regulate them. We can tax them and if necessary we can confiscate them.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, I ask my colleagues, what is wrong with a simple clearinghouse of information to determine the extent and nature of foreign investment in this country? What is wrong with disclosure of foreign ownership of securities, of farm land and real estate? Until we know what is going on, we do not know the extent of the problem, or potential danger, of foreign ownership.

Knowledge is power in this world, and without knowledge of foreign ownership, we could become the ultimate colonialized nation.

The Lent amendment would keep us in the dark, keep us ignorant about who is buying what in this country.

Defeat the Lent amendment.

Mr. LENT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I do not oppose the purpose of the Bryant provision. I just want to make sure that we do not burn down the barn to save the pig!

The Bryant provision is so confusing, it is Byzantine. It requires reports and then more reports. It is unclear whether a foreign investor would have to file 1, or 2, or 4, or 10 or 20 reports.

One thing we do know is that the good foreign investors we want in the United States are not going to risk a fine or a prison sentence provided for in the Bryant provision to find out.

Without my amendment, $344 billion in foreign investment in the United States could be at risk.

You can improve the Bryant provision by adopting this escape valve amendment, which simply enables the Secretary of Commerce to step in and grant certain exemptions if we experience a significant flight of foreign capital that undermines the stability of our markets or increases our trade imbalance or costs American jobs. It is a sensible amendment. It improves the Bryant provision and I urge its adoption.

Mr. BRYANT. Mr. Chairman, I yield 30 seconds to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, recently during the scandal involving the Philippines, President Marcos created an elaborate investment scheme which may have involved funds into safe havens in the United States. The Bryant language would have required disclosure. The Lent language would have allowed this concealment to continue.

During the Iranian crisis and the Libyan crisis, different Presidents of the United States pledged that they would freeze the assets of those foreign nationals in the United States and found themselves totally impotent for lack of information.

The Bryant language would give them that information. Vote against the Lent amendment.

Mr. BRYANT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, the Bryant amendment is clear, it is simple and it is correct. It is not an attempt to discourage foreign investment in this country. It is an attempt to understand what kind of foreign investment is taking place and what it might mean to the future of this country. That is why I support the Bryant amendment. It is very simple and, in my judgment, correct. I oppose the Lent amendment and hope we can preserve the Bryant amendment.

□ 1100

Mr. BRYANT. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas [Mr. BRYANT] has 2 minutes remaining.

Mr. BRYANT. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, I want to reiterate the basic fact that is before us today, and that is that foreign ownership of American banks, farmland, manufacturing companies, and every other type of asset has doubled in the last 5 years.

The Committee on Energy and Commerce has brought forward a reasonable proposal which requires only significant amounts of foreign investment to be reported here, not in complicated form, nothing difficult, nothing expensive. In fact, all that has to be reported is the identity and nationality of the foreign investor, the date that the interest was acquired, the size of it, and the purchase price of the interest.

In the unique case where control of a privately held company is sold to a foreign investor, then that company has to begin filing the same thing, and no more, that our publicly held corporations have to file at the present time, and that is all.

The Lent amendment would completely obviate the purposes of this fact-gathering amendment by saying that the Secretary of Commerce could waive entire classes of investments, entire classes of persons, without having to undergo any type of factual review. That is a mistake.

Mr. Chairman, I have heard many Members come forward and say, "I'm concerned. I've gotten a letter from a major foreign company in my district, and I don't know whether I can go along with you because I'm under a little bit of pressure."

Let me say something. That is a situation that we are trying to avoid in this country. This amendment does not prohibit foreign investment, but it says, "By golly, it's time that we knew what was going on in our own country."

I ask today for information. That is all that the sponsors of this provision ask for. That is all that the Energy and Commerce Committee asks for. And because that is all that this provision asks for, the Securities industry, Shell Oil Co. and I would point out to the gentlemen from the other side, the insurance council, all of their objections have been removed. None object any further.

This is a reasonable proposal. I urge Members to vote against the Lent amendment and vote in favor of information.

Mr. SMITH of Florida. Mr. Chairman, will the gentleman yield?

Mr. BRYANT. I yield to the gentleman from Florida.

Mr. SMITH of Florida. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the language and against the Lent amendment.

Mr. JONTZ. Mr. Chairman, today I rise in opposition to the amendment. The amendment of the gentleman from New York [Mr. LENT] undermines the purpose of title VII, section 703. The rapid growth of foreign holdings and investments in this country, while a reflection of international confidence in our economic vitality and political stability, is also a cause of concern to those of us worried about the impact this investment has on the overall economic health of our country, and on American jobs.

Today, we have no way to obtain accurate information about the exact nature and extent of foreign holdings in the United States. Given that current provisions in U.S. law do not require foreign investors to disclose their U.S. holdings or their identities, the result is a climate conducive to impropriety and outright illegality. The heavy United States investments of former Philippine President Ferdinand Marcos is recent evidence of this.

The high level of foreign investment in the United States has also had negative consequences for our national economy. The vast influx of foreign capital in the 1980's has allowed us to temporarily finance our large budget deficit. At the same time though, this increasing dependence on foreign capital makes our economy increasingly vulnerable to the periodic upheavals inherent in the international economics scene.

Finally, this influx of foreign investment and our inability to ascertain the exact nature of the investor and the investment also poses serious concerns in the area of national security. The possibility that a hostile foreign power could utilize the ambiguities and loopholes in U.S. laws to procure property or partial ownership in firms involved in work crucial to national security poses problems is frightening.

Such an effort on the part of the Soviets to buy United States banks in the mid-1970's was in fact foiled by the efforts of our intelligence services. This success, however, should not blind us to the reality that the Soviets or some other international power, whether friendly or hostile, might attempt a similiar undertaking.

Mr. Chairman, as a key participant in a global economy the United States cannot isolate itself from international economic or technological developments. At the same time, we must recognize that our open participation in the global economy contains risks that may adversely affect the health of our economy and the status of thousands of American jobs. It is for these reasons that I urge the House to oppose the amendment and preserve the integrity of section 703. Without 703 intact, we have no way of knowing what foreign investments have been made in the United States.

The CHAIRMAN. All time under the rule having expired, the question is on the amendment offered by the gentleman from New York [Mr. LENT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LENT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 190, noes 230, not voting 13, as follows:

[Roll No. 75]

AYES—190

Archer
Armey
AuCoin
Badham
Baker
Ballenger
Bartlett
Barton
Bateman
Bates
Bereuter
Bilirakis
Bliley
Boehlert
Bonker
Boulter
Broomfield
Brown (CO)
Buechner
Bunning
Burton
Callahan
Carper
Chandler
Cheney
Clinger
Coats
Coble
Coleman (MO)
Combest
Conte
Cooper
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Daub
de la Garza
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Downey
Dreier
Duncan
Edwards (OK)
Emerson
English
Fascell
Fawell
Fields
Fish
Foley
Frenzel
Gallegly
Gallo
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Goodling
Gordon
Gradison
Grandy
Green
Gregg
Gunderson
Hammerschmidt
Hansen
Hastert
Hefley
Henry
Herger
Hiler
Hopkins
Horton
Houghton
Hutto
Hyde
Inhofe
Ireland
Jeffords
Johnson (CT)
Kasich
Kemp
Kolbe
Konnyu
Kyl
LaFalce
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCandless
McCollum
McDade
McEwen
McGrath
McMillan (NC)
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Moody
Moorhead
Morella
Morrison (WA)
Mrazek
Myers
Nielson
Owens (UT)
Oxley
Packard
Parris
Pease

Petri
Porter
Pursell
Quillen
Ravenel
Rhodes
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rogers
Rostenkowski
Roukema
Rowland (CT)
Saiki
Saxton
Schaefer
Schneider
Schuette
Schulze
Schumer
Sensenbrenner
Shaw
Shumway
Shuster
Skeen
Slaughter (VA)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Spence
Stangeland
Stump
Sundquist
Swindall
Synar
Tauke
Taylor
Thomas (CA)
Upton
Vander Jagt
Vucanovich
Walker
Weber
Weiss
Weldon
Whittaker
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOES—230

Ackerman
Akaka
Anderson
Andrews
Anthony
Applegate
Aspin
Atkins
Barnard
Beilenson
Bennett
Bentley
Berman
Bevill
Biaggi
Bilbray
Boggs
Boland
Boner (TN)
Bonior (MI)
Bosco
Boucher
Boxer
Brennan
Brooks
Brown (CA)
Bruce
Bryant
Bustamante
Byron
Campbell
Cardin
Carr
Chapman
Chappell
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conyers
Coyne
Crockett
Darden
Davis (IL)
Davis (MI)
DeFazio
Derrick
Dicks
Dingell
Donnelly
Dorgan (ND)
Dowdy
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
Erdreich
Espy
Evans
Fazio
Feighan
Flake
Flippo
Florio
Foglietta
Ford (MI)
Ford (TN)
Frank
Frost
Garcia
Gaydos
Gephardt
Glickman
Gonzalez
Grant
Gray (IL)
Gray (PA)
Guarini
Hall (TX)
Hamilton
Harris
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefner
Hertel
Hochbrueckner
Holloway
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Jacobs
Jenkins
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
Lancaster
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Lowry (WA)
Luken, Thomas
Lukens, Donald
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McMillen (MD)
Mfume
Mica
Miller (CA)
Mineta
Moakley
Mollohan
Montgomery
Morrison (CT)
Murphy
Murtha
Nagle
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Panetta
Pashayan
Patterson
Penny
Pepper
Perkins
Pickett
Pickle
Price (IL)
Price (NC)
Rahall
Rangel
Ray
Regula
Richardson
Rodino
Roe
Roemer
Rose
Roth
Rowland (GA)
Roybal
Russo
Sabo
Savage
Sawyer
Scheuer
Sharp
Sikorski
Sisisky
Skaggs
Slaughter (NY)
Smith (FL)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Sweeney
Swift
Tallon
Thomas (GA)
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Wheat
Whitten
Williams
Wilson
Wise
Wolpe
Wyden
Yates
Yatron

NOT VOTING—13

Alexander
Annunzio
Borski
Dellums
Dixon
Hall (OH)
Livingston
McKinney
Schroeder
Skelton
Slattery
Tauzin
Torres

☐ 1120

Mr. NICHOLS, Mr. HUNTER, and Mr. ROTH changed their votes from "aye" to "no."

Messrs. McEWEN, HUNTER, and DOWNEY of New York changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. HOYER

Mr. HOYER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. HOYER: Page 807 after line 22, insert the following:

SEC. 880. SENSE OF CONGRESS REQUESTING THE PRESIDENT TO INSTRUCT THE SECRETARY OF THE TREASURY TO ENFORCE SECTION 1307 OF TITLE 19, UNITED STATES CODE, WITHOUT DELAY.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) its February 1983 report to the Congress on forced labor in the Union of Soviet Socialist Republics, the Department of State confirmed that Soviet forced labor is used "to produce large amounts of primary and manufactured goods for both domestic and Western export markets", and that such labor is used as an integral part of Soviet national economy;

(2) the Central Intelligence Agency has compiled a list of over three dozen products made by Soviet forced labor and imported by the United States, and that items on the September 27, 1983 list include chemicals, gold, uranium, aluminum, wood products and glassware;

(3) the International Commission on Human Rights has concluded that the Soviet Union "continues the deplorable practice of forced labor in manufacturing and construction projects; and that prisoners "are forced to work under conditions of extreme hardship including malnutrition, inadequate shelter and clothing, and severe discipline";

(4) the Congress is on record as opposing forced labor, having enacted a prohibition (which has been codified in section 1307 of title 19, United States Code) on the importation of goods made with such labor and having passed in the Ninety-eighth Congress by unanimous vote a resolution calling such practices morally reprehensible and calling upon the President to express to the Soviet Union the opposition of the United States to such policies;

(5) the prohibition enacted by the Congress declares that "goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited";

(6) there is ample knowledge of the Soviet forced labor system to require enforcement of the prohibition codified in section 1307 of title 19, United States Code; and

(7) the delay in enforcing the law brings into question the commitment of the United States to protest the inhumane treatment of prisoners in the Soviet Gulag, an estimated ten thousand of whom are political and religious prisoners according to the Department of State.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the President should express to the Soviet Union in the firmest possible terms the strong moral opposition of the United States to the slave labor policies of the Soviet Union by every means possible, including refusing to permit the importation into the United States of any products made in whole or in part by such labor.

(c) PRESIDENTIAL ACTION.—The President is hereby requested to instruct the Secretary of the Treasury to enforce section 307 of the Tariff Act of 1930 (19 U.S.C. 1307) without delay.

The CHAIRMAN. Under the rule, the gentleman from Maryland [Mr. HOYER] will be recognized for 15 minutes, and a Member opposed will be recognized for 15 minutes.

The Chair would inquire if any Member opposes the amendment and desires to be recognized in opposition.

Mr. FRENZEL. Mr. Chairman, I desire to be recognized.

The CHAIRMAN. The gentleman from Minnesota [Mr. FRENZEL] will be recognized for 15 minutes in opposition to the amendment.

The Chair recognizes the gentleman from Maryland [Mr. HOYER] for 15 minutes in support of his amendment.

Mr. HOYER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment is not new to the House floor. In point of fact, this amendment has passed unanimously before.

Nor is it new to the Congress of the United States. Indeed we have been discussing during the course of this debate fair labor laws in other nations, competing with our Nation, which we believe has fair and open laws to protect our workers.

This amendment deals with an existing section of the United States Code, section 1307.

The law is clear, Mr. Chairman. It says "all goods produced wholly or in part by forced labor shall not be entitled to entry at any of the ports of the United States."

The CIA and the U.S. Customs Service have certified that there are certain goods exported from the Soviet Union that utilize forced labor. The Treasury Department, however, has not acted to invoke a ban against the Soviet forced labor goods because it wants evidence that specific products, that is, brand names on specific shipments, are made with forced labor. But, Mr. Chairman, the law does not require a finding of specific items, rather, it requires that when goods of a particular class are made with forced labor and when such a finding exists as it does now, the burden of proof shifts to the importer to prove the goods are not made with forced labor.

The House should know, Mr. Chairman, that despite improvements in many areas of Soviet life, glasnost has not reached into the forced labor camps. Thousands remain in subhuman conditions in those camps. Food is rationed or denied as punishment; clothes are rationed in Siberian winter; family visits are regularly denied.

Last December Anatoly Marchenko, founder of the Moscow Helsinki Monitoring Group, died in one of these camps. Three more Ukranian Helsinki monitors have died in recent years.

We cannot wait for glasnost to reach the camps. We must help push glasnost into the camps. We should give hope to those who labor in these sites. We should deprive the marketplace for these goods made from the forced sweat and blood of prisoners of conscience.

Now as to the market impact, there are those who claim this will be perceived as economic warfare. It will not. The United States imports are a very small percentage of Soviet made goods. The estimates of goods affected by such a ban range from 5 to 34 percent of all Soviet imports. The dollar impact is insignificant.

Therefore, a ban on these goods will not unduly affect our marketplace. But even if it did, why would it be economic warfare to require the Soviets to live up to the Helsinki Final Act, the Madrid Concluding Document, the 1926 Antislavery Convention, the ILO Forced Labor Convention 29 of 1930, the United Nations Charter and other international documents which the Soviets are party to?

At the outset I said that the House adopted an almost identical resolution by a vote of 402 to nothing in 1983. The Senate failed to act. In point of fact, the Senate has a stronger provision that it is offering through the offices of Senator ARMSTRONG.

I urge my colleagues to vote in favor of this amendment and send this signal to the President and the Department of the Treasury that the United States should not import goods made with forced labor or that the law should be enforced to the fullest extent possible.

☐ 1130

Let me also make clear that this is existing law and affects all countries equally. I have mentioned the Soviet Union, but we do not single them out. It affects all countries who fall into the category of utilization of forced labor.

Our markets ought not be opened to such forced labor when a finding is made of such utilization.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, I congratulate the gentleman on his observations and his amendment.

I want the gentleman to know that the Committee on Ways and Means has reviewed this and finds it not objectionable at all. As a matter of fact, we encourage it.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I thank the gentleman for yielding, and I rise in strong support of the Hoyer amendment. I also congratulate the gentleman for his statement, for his leadership, for this cochairmanship of the Helsinki Watch Committee and his deep and profound concern for human rights.

I think this is a very important amendment. I particularly want to point out to my colleagues that I think this is a propitious time, a very important time for us to be sending this signal. Some of our colleagues yesterday wanted to take very strong action against Asia, and particularly at a time when the Prime Minister of Japan is visiting the United States. They thought it would send a good signal to Japan to open up their markets to vote for the Gephardt amendment, irrespective of how you voted on that.

At the moment in which the State Department and the Foreign Ministry of the Soviet Union are talking and negotiating and getting ready for further talks on IMB reductions, it seems to me absolutely timely for the United States Congress to send a very sharp signal to the Soviet Union that we are not going to neglect that aspect of our relationship with regard to human rights so important to those in the West who cherish the Judeo-Christian value of human liberty and human freedom.

I am a strong supporter and congratulate my friend, the gentleman from Maryland [Mr. HOYER]. I also want to commend the gentleman from Colorado [Mr. ARMSTRONG] for helping this push in the U.S. Senate.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Mr. Chairman, I would support the gentleman's amendment. I congratulate the gentleman for raising this issue in the context of the legislation today. I think it is extremely important that we realize how unconscionable it is that we would allow the importation of goods that have been made literally by slave labor.

As the gentleman has indicated, this is an issue that has been brought to the House in the past and recent years and has received overwhelming support. I would hope that today we are able to provide the same measure of support in the House on a vote on this amendment in support of the gentleman's efforts.

I salute the gentleman.

Mr. Chairman, I rise today to praise Mr. HOYER for his leadership of the Helsinki Commission and to commend him for introducing this amendment to the trade bill.

The Hoyer amendment simply asks the President to enforce U.S. law already on the books: This amendment asks the President to instruct the Secretary of the Treasury to stop importing goods that were produced wholly or in part by forced labor. To date, the Treasury Department has refused to enforce this law.

By refusing to enforce this law, the administration has turned its back on political prisoners and forced laborers in the Soviet Union. The Soviet gulag—the largest forced labor system in the world—is a network of 1,100 labor camps with 5 million people, including ten thousand political prisoners. These prisoners are forced to do work that no others would do, regardless of compensation. They are forced to work up to 14 hours each day, 7 days each week, trying to fill impossible production quotas. They are forced to live in cold, dark, wet, rat-infested quarters. They are forced to cut timber in freezing Siberia—in temperatures of 55 degrees below zero celsius. They are forced to construct furniture under conditions so terrible that they lose fingers and entire hands. They are forced to make glassware, without dust masks so that they breathe in clouds of glass dust, without gloves so that glass fibers eat the skin of their hands which become large open wounds.

And as Aleksandr Ginzburg—a former Soviet political prisoner and member of the Moscow Helsinki group—testified during a hearing of the Helsinki Commission, the guards at these Soviet labor camps taunt their prisoners, telling the prisoners that they are "working for the West"—that they are "producing these things for the West" under these terrible conditions.

Indeed, when the United States imports glass chandeliers or wood products or any other goods made by slave labor in the Soviet Union, we become accomplices to this unconscionable practice. This must not be. We must stop importing goods made by slave labor in the Soviet Union. I urge your support for this amendment.

Mr. HOYER. Mr. Chairman, I want to recognize the leadership and the effort of my distinguished friend from the State of Virginia [Mr. WOLF], as a cosponsor of this amendment. He has been so very deeply committed to this issue and has raised it in the context of the Treasury Postal Subcommittee deliberations on the Treasury Department's budget.

I want to acknowledge and thank him for his leadership on this effort.

Mr. Chairman, I reserve the balance of my time.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. Wolf].

Mr. WOLF. Mr. Chairman, I rise in strong support of the Hoyer amendment to the trade bill and urge unanimous support of this provisions.

The dependence of the Soviet Union on slave labor is well documented by our Government in State Department and CIA reports. Eyewitness confirmation by former prison camp inmates such as Nathan Shcharansky not only support our findings but expound on them, asserting almost everything produced in the Soviet Union is connected to slave labor. All official evidence affirms the need to adopt the Hoyer amendment.

The Soviet Union employs the largest slave labor system in the world. Since 1930, there has been a U.S. law that should prevent our support of this system, yet the U.S. Government's reluctance to comply with this law impedes our own industries' ability to compete and effectively supports the abhorrent practice of enslaved labor. Mr. Hoyer's amendment to the trade bill gives us the opportunity to change this nonenforcement policy, underscoring and illuminating to others the human rights atrocities taking place in the Soviet Union, while boosting United States industries competitive power.

Abundant evidence exists documenting the brutal working conditions withstood by the Soviet workers. Measures to goad production by prisoners include starvation and exposure to subzero temperatures. Desperation will pervade a labor camp and prisoner self-mutilation and suicide will follow. The continued Soviet use of slave labor to systematically bolster their economy indicates our need to strongly and clearly state the United States' position on the deplorable practice of forced labor.

Because the evidence is there, because we're here to improve trade conditions for our country, I urge your support for this amendment. It's already the law; let's see that it's enforced.

Mr. BIAGGI. Mr. Chairman, I rise in full support of the amendment offered by my colleague, Mr. Hoyer, to direct the President to inform the Soviet Union of the United States' opposition to Soviet forced labor policy. This amendment stems from House Concurrent Resolution 83, which I have cosponsored. I am proud that this amendment includes actions with its words. It calls upon the President to enforce section 307 of the 1930 Tariff Act, which prohibits the importation of any product made, in whole or in part, by slave labor.

The United States Customs Service has reported that many products from the Soviet Union have been made by forced labor including tea, crude petroleum, motor fuel, gold ore, glassware, and wood products. By continuing to allow the importation of these products we are condoning slave labor. I urge my colleagues to join me in ensuring this 57-year-old law is enforced—we must not allow slave labor to continue.

Mr. GILMAN. Mr. Chairman, I rise in strong support of the amendment of the gentleman from Maryland [Mr. Hoyer] to express the sense of Congress that the administration should work harder to bar the importation of items manufactured with slave labor and I commend the gentleman for his tireless diligent efforts in our right to improve respect for human rights though the world.

Mr. Chairman, those of us who take a special interest in the fate of political, religious, cultural, or ethnic dissidents in the Soviet Union sooner or later find it sadly necessary to focus on the terrible fate of those who are imprisoned for their beliefs or their nonviolent actions. It is not at all uncommon for those who transgress the rules of the Soviet system to find themselves working under the most appalling conditions—conditions which may well be called slavery.

Although laws against importing goods manufactured under slave labor conditions have been on the books for years, many of us share the concern, raised by the gentleman, from Maryland that these laws are not being enforced effectively by our Treasury Department and its Customs Service. The American people do not want to buy products created out of the tears of the Soviet people.

Accordingly, I urge my colleagues to send a message to the administration—that we want the laws on the books relating to slave-labor goods enforced strictly and I invite our Congress to support the pending amendment.

Mr. HOYER. Mr. Chairman, I had a number of other Members who wanted to speak on this issue. They do not appear to be on the floor at this point in time.

Mr. FRENZEL. Mr. Chairman, I am in the same embarrassing position.

Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I rose in technical disagreement with this amendment, but, as usual, the compelling oratory of the gentleman from Maryland has swayed me. Obviously, all of the members of the Commission who have spoken, and others who worked on this project, should have the congratulations and the thanks of the House of Representatives.

I assume that the vote will be unanimous and that there will be no need for a record vote.

Mr. Chairman, I yield back the balance of my time.

Mr. HOYER. Mr. Chairman, I yield back the balance of my time.

Mr. CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Maryland [Mr. Hoyer].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DONALD E. LUKENS

Mr. DONALD E. LUKENS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. Donald E. Lukens: Page 776, line 8, delete "paragraph (2)" and insert "paragraphs (2), (3)".

After paragraph (2) insert, "(3) Section 806 applies to articles entered on or after the 90th day after the date of the enactment of this Act.

MODIFICATION OF AMENDMENT OFFERED BY MR. DONALD E. LUKENS

Mr. DONALD E. LUKENS. Mr. Chairman, I ask unanimous consent to modify my amendment as follows: In line 4 of the amendment strike "90th" and insert "60th".

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. FRENZEL. Mr. Chairman, I reserve the right to object merely to observe that the gentleman from Ohio has checked out his amendment with both sides of the Committee on Ways and Means and particularly with the original author of this specific provision, the gentleman from Tennessee [Mr. Duncan].

From this side, and for the gentleman from Tennessee [Mr. Duncan], I can say that we have no objection to it, and I understand that on the majority side, there is no objection.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. ROSTENKOWSKI. Mr. Chairman, I reserve the right to object.

I have reviewed with the gentleman from Ohio [Mr. Donald E. Lukens] the intention of his amendment with the modification. I agree with it and I urge support of the amendment, as modified.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The text of the amendment, as modified, is as follows:

Amendment offered by Mr. Donald E. Lukens, as modified: Page 776, line 8, delete "paragraph (2)" and insert "paragraphs (2), (3)".

After paragraph (2) insert, "(3) Section 806 applies to articles entered on or after the 60th day after the date of the enactment of this Act.

The CHAIRMAN. Under the rule, the gentleman from Ohio [Mr. Donald E. Lukens] will be recognized for 15 minutes, and a Member opposed will be recognized for 15 minutes.

The Chairman recognizes the gentleman from Ohio [Mr. Donald E. Lukens].

Mr. DONALD E. LUKENS. Mr. Chairman, I thank the gentleman from Illinois [Mr. Rostenkowski] and the gentleman from Minnesota [Mr. FRENZEL] for making my position clear.

I would like to explain the intent of the amendment, as simple as it is.

Basically, there are some glove manufacturers in the United States, because of the double-tiered tariff that has been in existence, this bill would affect. It would create one level of tariff for all gloves imports into the United States. I have such a glove manufacturer in my district. I am under the impression there are half a dozen to a dozen other glove manufacturers that could be affected.

What we are trying to do, instead of the bill's language as currently written, which would give them only 15 days to order, process through Customs and arrive in the United States for sale their foreign purchases, this would give them 60 days. Because of the unfairness of 15 days, the period is so short that they could order at one price and find that the tax or tariffs imposed on them actually makes a loss for them in the purchase of the gloves.

□ 1140

So for that purpose, Mr. Chairman, I rise to amend this bill, and I ask the support of the Members for my amendment.

The CHAIRMAN. The gentleman from Ohio [Mr. DONALD E. LUKENS] reserves the balance of his time.

The Chair will inquire whether any Member is opposed to the amendment and wishes to seek time in opposition to the amendment.

If not, the gentleman from Ohio [Mr. DONALD E. LUKENS] yields back the balance of his time, and all time has expired.

The question is on the amendment, as modified, offered by the gentleman from Ohio [Mr. DONALD E. LUKENS].

The amendment, as modified, was agreed to.

AMENDMENT OFFERED BY MR. KONNYU

Mr. KONNYU. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. KONNYU: On page 845, beginning on line 19, thru page 858, line 15, strike all of Title X.

The CHAIRMAN. Under the rule, the gentleman from California [Mr. KONNYU] will be recognized for 20 minutes and a Member opposed will be recognized for 20 minutes.

The Chair now recognizes the gentleman from California [Mr. KONNYU].

Mr. KONNYU. Mr. Chairman, I yield myself such time as I may consume.

Mr. KONNYU. Mr. Chairman, the United States, through the trade deficit, has sent about $170 billion overseas where it is parked, and, of course, the holders of those dollars want to do something about that, and that action, of course, is to send it back to the United States, either through investment, for the buying of additional goods and services, or selling it to the U.S. Government in exchange for securities.

Because of the tremendous deficit that exists in terms of spending by the Federal Government, what has been happening is that those extra $170 billion of overseas dollars have been sucked back in by the U.S. Government. So, therefore, those dollars that should have stayed overseas to cheapen the value of the dollar and to make the yen and the German mark and the French franc more expensive cannot do their job.

So what this Congress and the President have done is to try, through other means of reducing our trade deficit, to solve the problem, because the natural economic answer is simply not working to alleviate the problem caused by our Federal spending deficit. So in trying to cure this horrible deficit problem, Members of this Congress have come up with various solutions.

One of those is this title X in the current bill. It is an unfortunate solution. Let me explain why. If title X goes into law, the cost of Government in the United States is going to increase significantly, and that is because title X eliminates substantial competition for the purchase of some $200 billion, worth of goods for the U.S. Government, and through that elimination of competition we are going to have cost increases.

Some people say, "Oh, gee, that's not true. We are not going to make the taxpayers pay even more for the same amount of government." But here is what the Congressional Budget Office—and that is not the Reagan administration, that is not Japan; that is our own Congressional Budget Office—said about this specific title X provision. The Congressional Budget Office said, "The decrease in competition would likely result in Federal agencies having to pay higher prices." Now, that is an independent biased observer.

In these times that are very tough on those who want government services and on those who want a stronger defense, to force the government to spend more dollars is a rather tragic situation, and, therefore, I oppose the bill.

Mr. Chairman, I yield 1 minute to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise today in strong support of the amendment offered by my friend from California, Mr. KONNYU.

The Buy America provisions in title X of this trade bill, according to U.S. Trade Representative Clayton Yeutter, could not be effectively implemented, are too costly from both an economic and policy perspective, and would not improve the existing situation.

Adoption of the Konnyu amendment would eliminate one of the most objectionable titles of this bill. I wish the House had an opportunity to further improve the bill by striking the Ocean Transportation Practices title.

This title, which is a thinly veiled cargo-preference initiative, is anticompetitive and protectionist.

It has no place in an omnibus trade bill designed to improve U.S. competitiveness, and I urge my colleagues who will be conferees to strike this title from the final bill.

If enacted, these provisions would subject—for the first time—private commerical shipping decisions to Government regulation. This title would create a large bureaucracy within the Federal Maritime Commission to investigate the trade practices of any nation discriminating against the use of expensive, rust-bucket U.S.-flag vessels in the carriage of ocean cargo.

If the FMC were to find that a foreign nation were using unfair practices, that nation would be required to reduce its cargo share by allocating the remaining shares to other—probably more costly—flagships.

I call that back-door cargo preference.

There may be some in the Congress who honestly believe that prohibiting American exporters from choosing the most safe and efficient ocean transportation carriers for their cargo will improve the competitiveness of American exports. I disagree.

Cargo preference increases export costs, it increases the cost of goods to consumers, and it invites retaliation—especially against U.S. agricultural exports—by foreign nations.

It's a bad idea, pure and simple.

I believe this provision not only compromises the objectives of the trade bill, but is certain to weaken relationships with U.S. trading partners worldwide.

And in my opinion, the Congress should have better things to do than to dream up ways to beg foreign nations to retaliate against U.S. agricultural exports.

Mr. KONNYU. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Does any Member who is opposed to the amendment seek time?

Mr. BROOKS. Mr. Chairman, I am opposed, and I claim time in opposition to the amendment.

The CHAIRMAN. The gentleman from Texas [Mr. BROOKS] is recognized for 20 minutes in opposition to the amendment.

Mr. BROOKS. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. Konnyu] to strike the Buy American Act from the trade bill. The arguments used by the opponents of this legislation are as worn and tattered as the promises of our trading partners to open up their markets. We know that these promises have not been kept. Instead, other nations have continued to pursue government procurement practices that blatantly discriminate against U.S. firms.

Mr. Chairman, the simple principle behind the Buy American Act of 1987 is that the U.S. Government should not be buying products from countries whose governments refuse to buy American products. In 1979, we signed in international agreement on government procurement in which we agreed to open up our Government market to foreign firms in other signatory countries and they would do the same for our firms.

We have kept our part of that bargain. In fact, our Government seems to be going out of its way to help foreign firms. In one case, a U.S. Government backed loan helped a Dutch firm compete against American companies for a U.S. Government contract. In another case involving a contract for military sidearms, DOD went so far as to exclude all U.S. suppliers from competing. The Army refused to even open the bid submitted by Smith & Wesson, a Massachusetts firm. Instead, they awarded a $75 million contract to the Beretta Corp. of Italy.

The fact is that we have opened up 4½ times more of our Government market than all the other signatories combined. Unfortunately, there does not appear to be much reason for optimism for any improvement in this situation. In January of this year, Ambassador Mansfield included the following comment in a cable describing a recent meeting he had with Japanese trade officials on supercomputers:

> In the end, the Japanese side acknowledged it is unwilling to take any steps to improve access for U.S. manufacturers to the Government-procured portion of the Japanese market.

Japan is not alone in pursuing predatory practices against our computer industry. If the French Government had lived up to its trade commitments last year, thousands of French schoolchildren might be using Apple computers today. The French Government blatantly manipulated the procurement process to prevent apple from competing and to make certain that the contract went to a French firm.

Mr. Chairman, we must recognize that these governments have no intention of ever making significant purchases of U.S. products under current procedures. We must do something to show them that we expect to be treated fairly and that we expect them to play by the same rules as we do. This is precisely what the Buy American Act of 1987 is intended to do. This legislation is not protectionist, it is not too harsh, and it is not costly. It is a statement that the U.S. Government will not continue to aid and abet those countries that have targeted for extinction our most vital industries—steel, autos, textiles, electronics, computers. If those countries want to do business with our Government, they are going to have to play by the Rules. That is all this bill says. I have no fear of American firms competing with foreign firms, even on their own turf, as long as we are given an even chance. I believe the American taxpayers would agree that we should not be spending their tax dollars to support countries that discriminate against our firms, take our jobs, and thumb their noses at us. I urge defeat of the amendment to strike this provision.

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Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Utah [Mr. Nielson].

Mr. NIELSON of Utah. Mr. Chairman, I rise in strong support of the Konnyu amendment.

I believe the Buy America Act will increase the cost of procurement to our armed services and all other branches of our Government. The additional procurement costs will increase our trade deficit and also our budget deficit. The gentlewoman from Nebraska [Mrs. Smith] has indicated the adverse impact of the Buy America amendment on agriculture which again will increase both deficits because we will have to use U.S.-flagships to a greater extent and that will increase the cost of everything we ship from this country.

I oppose this on a number of other grounds.

While the Buy America amendment is well-intentioned to help address serious trade questions, its practical effect is to tie the President's hands as he attempts to forge a tough and effective trade policy.

We do not question the fact that foreign governments have been consistently discriminating against American businesses as they attempt to secure contracts on foreign government procurements. At the same time, we recognize, the U.S. Government has consistently bent over backward to be fair in allowing foreign business to compete for Federal Government contracts in many areas. Reciprocity is definitely needed. Where we differ from the Buy America amendment is in the preferred approach to achieve nondiscriminatory procurements by foreign governments.

The amendment has several flaws. First, it would constrain the President's power to negotiate with foreign governments by mandating retaliation on a strict schedule. Experience has shown that eliminating the President's flexibility in such situations is a no-win scenario. Countermeasures would inevitably be taken by the foreign government involved, and the goal of open markets and free trade would be destroyed.

Second, the amendment would raise the profile of procurement disputes with foreign governments to a highly visible and formal legal kind of settlement. Businesses attest to the fact that the best and most lasting results are achieved by a decidedly more low-key approach. Since the signing of the International Agreement on Government Procurement in 1979, American businesses have been extremely reluctant to come forward in a public and forceful way to present evidence that they have been discriminated against by a foreign government in its procurement process. They have a legitimate fear that even if they should prevail with the foreign government in this instance, overt or subtle retaliation would be certain to be taken against them by the foreign government with regard to their other business in that country. Those successes which have been achieved have occurred through quiet work under Presidential discretion, without going through the dispute settlement mechanism required by the Buy America provisions of H.R.3.

Third, the requirement for a fixed period limitation on formal dispute settlement procedures forces the President to consider intentionally violating U.S. international obligations under the International Agreement on Government Procurement. Since no time limit now exists on dispute settlement cases, the United States would have to take steps against a country even though an international panel of reviewers might not have yet reached a conclusion on the validity of our claims. As the United States enters a new round of multilateral trade talks aimed at achieving consensus on new trade disciplines, this kind of requirement will not enhance American credibility.

Fourth, it is entirely possible that this provision would be very costly to put into effect. While an amendment was added in the Government Operations Committee requiring the President to include in his annual report to the Congress a statement of the costs of this bill in terms of Federal Government procurement, the provision would still eliminate a great deal of competition in the U.S. market, resulting in increased costs on many Government contracts. In addition, given the extensive reviews required by the legislation, the administrative costs of this bill alone could be substantial.

I urge the adoption of the Konnyu amendment to eliminate this unwise provision from the bill.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. Kleczka].

Mr. KLECZKA. Mr. Chairman, I rise in opposition to the gentleman from California's amendment.

The gentleman's amendment strikes from H.R. 3 provisions which would for the first time set U.S. Government procurement practices on an equal footing with those of other nations. Later today, the distinguished minority leader will offer a broader amendment that would also remove this same language.

I urge you to vote against both of these amendments because the Buy American Act amendments contained in H.R. 3 are both fair to our trading partners and effective in strengthening our trade policy.

The Buy American provisions of this trade bill were originally introduced as H.R. 1750 by the most distinguished chairman of the Committee on Government Operations and that committee's ranking minority member, Mr. HORTON. These provisions deal solely with U.S. Government procurement.

Countries have frequently favored Government purchase of domestic goods as a nontariff barrier against foreign goods. Government procurement is not covered by the GATT agreement, largely because it has been standard practice for countries to use government procurement to promote strategic economic development at home.

Only in 1979 was agreement reached on a Government Procurement Code which limits discrimination against foreign firms in government procurement practices.

Only 20 nations, including the United States, have signed the code. The General Accounting Office [GAO] has found some of the signators, notably Italy, France, and Japan, to be lax in their compliance with the code. The most recent statistics available to GAO show that, even assuming full compliance with the code, the United States opened up four times more of our Government market than all of the other signatory governments combined.

The Buy American provisions seek to address trade inequities that result when countries do not agree to sign the Government Procurement Code and when signators do not comply with its terms.

Most important, the Buy American Act amendments allow for flexibility by the President or the heads of departments, bureaus, and agencies. Exceptions are allowed when found to be in the public interest or in order to prevent a monopoly.

Under the terms of the bill, memorandums of understanding with foreign governments can be used to waive provisions of the Buy American provisions by a determination of the President or by the U.S. Trade Representative, if so delegated by the President. Memorandums of understanding are frequently used by the Department of Defense to avoid Buy American restrictions. It is most appropriate that the President make this determination, for we need to have a balancing of U.S. interests that the Defense Department cannot provide.

The disagreement before us in this amendment represents the fundamental issue that divides this body on trade policy. This disagreement is over whether or not the United States will possess the ability to establish a level playing field or whether we will pursue the administration's version of unilateral free trade.

The administration would have us believe free trade can be achieved by blind faith in the willingness of other nations to engage in free trade. I wish this were true but the facts do not support it.

The key to achieving free trade in the world today is reciprocity. Reciprocity is essential because free trade only works when everyone abides by the same rules. This concept best embodies the theme of this trade bill and of the Buy American provisions in it.

It is true that the U.S. economy had such unprecedented strength in the years following World War II that we were able to sustain our own growth and that of other nations as well. But times have changed and so must we.

I recognize that our response to unfair trade practices is just one of the things that must change. I recognize that unfair trade practices cannot account for most of our trade imbalance; but if we are asking our workers and our businesses to be more competitive, the least that Congress can do is to deliver fair rules for the game.

There is no better place to begin than Government procurement. If the U.S. Government will not agree to Buy American goods with U.S. tax dollars paid by our citizens, who will?

Even the Office of Management and Budget seemed to endorse the Buy American provisions in this bill at a Government Operations hearing in March. At that time, OMB's Administrator for Federal Procurement Policy acknowledged that the administration was still formulating a position on the bill but went on to say:

> We do not view this legislation as protectionist in nature. Rather, its purpose is to improve the operation of the International Agreement on Government Procurement.

No doubt many in the executive branch would like to pursue their purchases without consideration for U.S. trade concerns. This is a luxury we can no longer afford. Increased productivity cannot come without effort and without short-term sacrifices for long-term gain.

U.S. trade and economic competitiveness must be elevated in our priorities to the level of a national security issue. We cannot be secure if we are not productive. The Buy American provisions are essential if we are to strategically guide our economy back to a position of strength in the world.

I urge my colleagues to vote against the amendment.

Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. LIGHTFOOT].

Mr. LIGHTFOOT. Mr. Chairman, I rise in support of the amendment of the gentleman from California [Mr. KONNYU] to strike title X of the bill.

Title X would impose on the U.S. Trade Representative a number of requirements intended to open up foreign government procurement markets to U.S. exporters. That is a goal everyone can support, but the simple truth is that title X will not get us there. Instead, title X most likely will result in a tit-for-tat chain reaction which would worsen the current situation and raise costs to the American taxpayer in the process.

Mr. Chairman, let's take a moment to ask ourselves what is the appropriate role of the Government procurement process. I believe the answer to that question is to provide the Government with quality goods and services it needs in the most cost efficient manner possible. In carrying out that function, we have a responsibility to the taxpayers to keep costs to the bare minimum.

If foreign goods or services turn out to be more cost effective than those of domestic producers, then it becomes a judgment as to how far we are willing to spend our own tax dollars to make up the difference to buy American products. It is in this regard that I believe title X would go much too far in the effect it would have.

What is particularly alarming about title X is that no one knows how some of the requirements in this title will affect our trade policy because they have not been given thorough enough consideration. In fact, the bill which contains these requirements spent a total of only about 10 days in the Committee on Government Operations. It is also my understanding that the bill was not even considered by the Committee on Ways and Means, where it probably belonged in the first place.

As a member of the Committee on Government Operations, I still have some unanswered questions about the potential impact title X would have on our trade policy, and the U.S. Trade Representative has informed the committee that the language in this title is so vague that he is unable to determine what he is required to do. What the U.S. Trade Representative does know is that he had plenty of authority to deal with the problem under current law and that he will continue to use that authority to help American exporters in a less confrontational, more productive approach to gaining access to foreign government procurement markets.

In conclusion, Mr. Chairman, title X is another well-intended but simplistic solution to a complex problem that it will not help solve. It's expensive, it would be extremely difficult to implement, and it's bad public policy—plain and simple. I therefore urge my colleagues to support the Konnyu amendment to delete title X.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. ERDREICH].

Mr. ERDREICH. Mr. Chairman, I thank the gentleman for yielding this time.

Mr. Chairman, I rise in strong opposition to the motion to strike.

The Buy America provisions are very simply provisions for reciprocity. Why on Earth should we perpetuate Uncle Sam being Uncle Patsy, where our companies cannot get into foreign markets. Those nations will not buy our products. This very simply says, "OK, if you want as a matter of just fairness and equity, as a matter of reciprocity, your country's companies will have the chance to sell their products to our Government agencies when they go about the business of procurement."

Just yesterday, Mr. Chairman, I had a small businessman from Birmingham, AL, visit me. He does not deal much in international trade, but he was seeking to obtain an opportunity to sell to the South Korean Department of Defense. South Korea said, "Well, we might talk to you some," but they said, "There is one extra provision we want to make you familiar with."

He said, "What is that?"

They said, "We want to assure that your contract, if you get a contract with us, will include a 50-percent purchase of South Korean products and services inside your contract with us"—a slight little added requirement to this small businessman when he was seeking to make that sale to that particular nation.

Yes, indeed, these other countries put all sorts of requirements, or in many instances just slap prohibitions of our products going into their markets or being purchased by their procurement agencies.

It is past time that we add teeth to a Buy America provision. What is wrong with insisting on reciprocity? It is time that we put that and keep that in this bill, Mr. Chairman.

Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, I thank the gentleman from California for yielding this time and commend him for his amendment.

Mr. Chairman, this provision in the trade bill was originally introduced as H.R. 1750. The Buy America provision would force the closure of U.S. Government procurement markets as the primary means of increasing our leverage over foreign countries which we believe have offensive government procurement practices.

The legislation was jointly referred to both the Ways and Means Committee and the Government Operations Committee. This provision was incorporated into H.R. 3 as the title on Government Operations, without ever being considered by the Ways and Means Committee. A provision that can affect up to 200 billion dollars' worth of purchasing deserves at least to be looked at by the Ways and Means Committee before we rush to inclusion of it in this overall trade package.

Unilateral closure of our Government procurement markets would violate our international commitments, as well.

Enactment of this provision could subject our exporters to possible retaliation.

Further, it is an expensive provision. It would eliminate much of the competition in the U.S. procurement markets, leading to greater costs for the products acquired under the procurement process.

We already have a mechanism to encourage countries to eliminate their Buy National provisions. In the Trade Agreements Act of 1979, the Congress legislated a powerful incentive to nonsignatory countries to the International Government Procurement Code to get rid of their own Buy National policies and join the code. The incentive—we totally deny them access to our code-covered market until such time that they take steps to do away with their Buy National policies.

Currently, disputes between U.S. firms and foreign trading partners go to the USTR for a quiet low-key settlement. The Buy America provision would make these disputes highly publicized legal cases.

□ 1200

Firms prefer to keep these disputes in low profile, becaue they fear negative publicity could lead to a reduction in their business in the country with whom they have the dispute.

The Buy America provision would tie the President's hands in dealing with other countries suspected of trading violations as well.

Mr. Chairman, I urge our colleagues by all means to support this most important amendment offered by the gentleman from California.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. BOLAND], whose State is the home of the great Smith & Wesson.

Mr. BOLAND. Mr. Chairman, I will let Smith & Wesson know that the gentleman gave them that plug here.

Mr. Chairman, I strongly support the inclusion of the Brooks-Horton Buy America Act of 1987 in the trade bill, and urge my colleagues to resist all efforts to delete it.

The mix of principles which should guide our national trade policy is certainly a matter of fair debate, and I would agree that the ramifications of a number of initiatives in this area are only understandable, if at all, by economists. But I believe that there is fundamental agreement in this country that the single principle which ought to undergird the world trading system is fairness. The products of the United States ought to enjoy the same access to the West German market, as the products of West Germany have to Japan's market, and the products of Japan have to the market of the United States. I thought we had recognized that free trade meant fair trade. And I thought this trade bill was a reflection of the fact that there do exist situations in which the principle of fairness does not apply to trade, and that those situations can no longer be tolerated.

Nowhere, it seems to me, is it more important that we ensure that principle of fairness is scrupulously applied than in those instances in which the U.S. Government buys products from abroad. That is the purpose of the Brooks-Horton legislation which comprises title X of this bill. This title simply prohibits U.S. Government agencies from purchasing goods from nations whose governments discriminate against U.S. goods and services in making procurements. What could be fairer than that? What could better reflect the principle which ought to guide U.S. procurement policy?

I am sure that many of my colleagues have had to try and explain to constituents, as I have, why the U.S. Government should buy foreign products at all. It is a difficult task, especially when you are speaking, as I have, with employees of firms that have lost U.S. Government contracts to foreign competition. It is difficult for those people to accept the fact that if we are to be able to sell our products to foreign governments, our Government must be willing to buy overseas. Sure, we can give a preference to domestic firms as the various Buy America clauses do, but we cannot shut foreign goods out of our Government's $200 billion procurement market and expect our products to be welcomed by the purchasing agents of other countries. That argument, which I happen to believe to be true, is tough to sell. And it becomes impossible when we are confronted with instances in which other governments maintain procurement practices that discriminate against foreign firms. Title X of this bill says those practices must cease, as the price for continued access by the products of the countries maintaining them to the U.S. Government procurement market. That's called fairness. I am frankly surprised that there is any question about it.

I have heard the arguments from those opposed to this provision of the bill, or other provisions, or amendments; arguments which say, "No, let's not do that, the risks of retaliation are too great." From those arguments you would think that the United States enjoys a favorable position in world trade today, that our products enjoy free access to other markets, that free trade rather than discriminatory trade is the order of the day. If that were true, perhaps retaliation would be a real threat—if a good situation were going to be made bad, perhaps we would have something to fear. But we must deal with a system of world trade badly in need of reform. And if there is ever to be reform, this Nation cannot be afraid to identify countries that give lip service to the notion of free trade while in practice preventing its existence. And it cannot hesitate to use whatever leverage is available to encourage those countries to adopt new policies which will bring their words in line with their deeds. That is the purpose of this title and of this bill. Both deserve our support.

Mr. KONNYU. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. HORTON].

Mr. HORTON. Mr. Chairman, the Government Operations Committee reported out the Buy America Act after having a hearing which was held on Wednesday, March 25. At that hearing one of the witnesses was Robert Bedell, who is the Administrator of the Office of Federal Procurement Policy in the OMB.

In his testimony on this bill he stated:

> It is the policy of the U.S. Government to promote full and open competition in the award of contracts by our Government in accordance with the agreement and insist on like treatment by others.

Now this is the only witness that appeared on behalf of the administration from OMB. He further says:

> We believe that the Buy America amendments of 1987 have similar objectives. We support these objectives. We do not view this legislation as protectionist in nature. Rather, its purpose is to improve the operation of the international agreement on government procurement.

Mr. Chairman, we introduced this bill—Mr. BROOKS and myself—in order to provide for open procurement and make sure that we were being treated fairly. The International Agreement of Government Procurement, was signed in 1979 by the United States and 18 other countries.

The CHAIRMAN. The time of the gentleman from New York [Mr. HORTON] has expired.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HORTON].

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

Mr. Chairman, I want to associate myself with the gentleman's remarks and state that I strongly oppose this amendment, and commend the gentleman from Texas for that sterling speech which he made here on the floor of the House.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. KONNYU] and in strong support of the Buy American provisions in the bill.

Mr. Chairman, I have long been a supporter of Buy American legislation. In fact, I fought for Buy American amendments in the past for hand tools, paper for Social Security cards, and heavy electrical equipment. I am also continuing my fight on the 9-millimeter handgun, firmly convinced that it is in our national interest for our Defense Department to Buy American whenever U.S. products are competitive and would not compromise our defense preparedness. I remain of the belief that U.S. tax dollars should be used to support American industry whenever possible in Government procurement.

The Buy American provisions in the committee bill embody an important concept of that philosophy. Countries which practice unfair trade against the United States should not be allowed to benefit by bidding on U.S. Government contracts. To permit such would add insult to injury and stand the concepts of fair trade and reciprocity on their heads. Accordingly, the committee bill prevents nations which discriminate against U.S. goods and services from participating in Government procurement. That provision is not only just, it is essential.

I join my good friends from Texas, Mr. BROOKS, and New York, Mr. HORTON, in urging Members to vote down this amendment and support the committee provisions. Let's not have U.S. tax dollars supporting nations that discriminate against fair U.S. trade. Let's preserve integrity in our Buy American Program.

Mr. HORTON. Mr. Chairman, 18 countries signed that, and it is our view, based on the testimony which we received in the hearing from the GAO and others, that in spite of the fact that our doors are open, according to the information that we received, in the last year for which figures were publicly available, 64 percent of the nondefense U.S. Government procurements were open to foreign participation, but only 24 percent were available in other countries to our country.

Mr. Chairman, I just want to make sure that we undertand that there are organizations that are in favor of this Buy America Act. AT&T, for example, has informed me that they are in favor of the Buy America Act.

I have a letter from Apple Computer, Inc., signed by James Johnson, director, government affairs, in which he says:

APPLE COMPUTER, INC.,
Reston, VA.

Hon. FRANK HORTON,
Member of Congress, Rayburn Office Building, Washington, DC.

DEAR CONGRESSMAN HORTON: The leadership and employees of Apple Computer Incorporated are pleased to give you our strong and unqualified support for the Buy American Act of 1987. We wish to commend you for your tireless efforts to insure that true competition exists in foreign government procurement. The legislation which you have sponsored will help bring common sense and fair play to our government's purchasing policies.

We agree with the intent of your legislation to support American companies in their efforts to sell products abroad. This legislation sends an important message to foreign governments that, in fact, forbid, prohibit and frustrate attempts by American companies to sell to their governments. It provides them with a meaningful incentive to remove unfair discriminatory trade barriers.

In almost every developing nation in the world, as well as many major industrialized nations, American companies are forbidden or frustrated in their attempts to sell products to the governments as well as in the commercial marketplaces of those countries. As has been clearly pointed out in the April 9, 1987, Government Operations Committee Report, these barriers to free and fair trade are erected even by those countries who sell products to the United States Government. In too many cases our openness is not reciprocated by most foreign governments.

For these reasons we fully support the Buy American Act of 1987.

Sincerely,

JAMES A.R. JOHNSON,
Director, Government Affairs,
Apple Computer, Inc.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS], the distinguished ranking Democrat on the Committee on Ways and Means, a longtime descendant of early Florida residents.

Mr. GIBBONS. I thank the gentleman for yielding time to me.

Mr. Chairman, we share jurisdiction with the Committee on Government Operations of this subject matter. Mr. BROOKS sent his amendment to us, and while we never considered it in the full committee, we did consider it at the staff level. Mr. BROOK's staff worked with our staff, and we worked out what we thought were our major differences.

We have a Government Procurement Code that was entered into after the Tokyo round. I must say that the Government Procurement Code has not worked as well for U.S. manufacturers as it has for other manufacturers. I think that Mr. BROOK's amendment to the Government Procurement Code will be a healthy stick to help get reciprocity in this area, and therefore I support the Brooks amendment.

Mr. KONNYU. Mr. Chairman, how much time do we have remaining?

The CHAIRMAN. The gentleman from California [Mr. KONNYU] has 10 minutes remaining and the gentleman from Texas [Mr. BROOKS] has 5 minutes remaining.

Mr. KONNYU. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland [Mrs. BENTLEY].

Mrs. BENTLEY. Mr. Chairman, title X of the trade bill contains amendments to title 41, section 10 of the United States Code, more commonly known as Buy America.

There is a need for Buy America legislation. Title X, contrary to what you might think, weakens the current Buy America law.

Buy America is based on a simple premise: American taxpayer dollars are better spent on goods and services manufactured or developed in the United States.

Americans pay taxes on hard earned wages. We here, in Congress, are constitutionally and—morally—charged with spending their money in their best interest.

I submit America's best interest includes keeping Americans employed. If the United States buys from American firms, more Americans will have work.

Too often, we hear bandied about these Chambers that it's cheaper overseas—that the product is better made overseas.

It is cheaper? Yes, only if you ignore the 42.1 cents out of every dollar that goes back—by way of taxes—to United States, State, and local coffers.

Our country has minimum wage, child labor, and environmental laws. Because of this, the United States is a better place to live. However, these laws carry a cost. A cost that has been placed on U.S. firms. If we were to repeal the laws that protect our workers and the workplace, we, in the United States, could beat the competition overseas. But, our workers, our constituents would suffer. How can we condone such abuses abroad? How can we spend U.S. foreign aid dollars on one hand to improve the condition of our fellow man in the world, and then with our trade policy subsidize sweat shops overseas?

Congress can and must be the court of equity for the American workers—who are our constituents. We are the ones responsible for keeping America—and not Japan—working.

A vote against Buy America, to me, is tantamount to an admission that Americans can't do the job.

Title X weakens Buy America.

Not only can you drive a Japanese truck, but you can also power a French train through a gaping loophole—as long as these engines of our destruction are assembled in a "least developed country" as defined by GATT.

And, if a constituent is the sole supplier of a product to the United States, the United States can go shopping overseas. Why overseas? If one American company can make something, why not another?

Last, the Department of Defense can exempt Federal agency procurement by including that procurement in a memorandum of understanding. Need I remind you these memoranda are classified, and we, in Congress, only see them if we have a need to know?

If you want Buy American—that is if you spell buy—b-u-y, then you will vote for the Konnyu amendment striking title X. If you want By America—that is if you spell bye—b-y-e, as in bye-bye to American tax dollars overseas to foreign workers, then vote against the Konnyu amendment.

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Mr. BROOKS. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas [Mr. BROOKS], who is entitled to finish up, has only 5 minutes remaining, and the gentleman from California [Mr. KONNYU] has 9 minutes remaining.

Mr. KONNYU. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. SWINDALL].

Mr. SWINDALL. Mr. Chairman, I rise in support of this amendment because I believe that the Buy American argument inadvertently sends the wrong message to our own industries as well as our foreign competition.

While I am supportive of efforts to encourage the purchase of American goods, current marketing efforts to encourage the American people to buy American reflects a fundamental lack of understanding as to the complexity of the trade issue.

For example, for the last several years we have engaged in ad campaigns that encourage people to buy any label that says "Made in America." Rather than encouraging people to buy American products simply because they carry such a label, we ought to be encouraging individuals to buy products that are made in America because the label infers "Made Better in America." Which I hope that all American goods are of the highest quality, the fact of the matter is that some of our goods are not. And this fact is underscored by the most recent trade figures.

It has been widely reported that unfair trade practices account for only 15 percent of the $170 billion trade deficit. That means that with completely open markets we would still have $145 billion in trade deficits. We must come to grips with the fact that we have lost some of our competitive edge.

To now respond by prohibiting the Federal Government from procuring goods from other nations is missing the point entirely and encouraging us to avoid rather than confront the real problems.

Instead of focusing our attention on merely purchasing goods because they are made in America I believe that we need to focus on how to improve the quality of our goods to the point that people will automatically buy American goods because they know that American goods are made better. That in a nut shell is the American tradition and that in a nut shell is how America will regain its competitive edge.

I urge my colleagues to support this amendment to strike the forced Buy American provisions so that we can move forward in addressing the real problems that have caused our trade deficit rather than trying to camouflage them.

Mr. KONNYU. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. LEWIS].

Mr. LEWIS of California. Mr. Chairman, I am not going to take any time, but I want the gentleman to know I very much appreciate his making this effort on behalf of those in California who are concerned about the issue he is addressing. It is a tough problem and the gentleman is doing a fine job and I really appreciate this effort.

Mr. KONNYU. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, I want to rise in strong support of the Konnyu amendment striking title X. This title amends the Buy America Act to place severe new restrictions on U.S. Government procurement.

The so-called Brooks provisions establish a flat prohibition against the awarding of any U.S. Government procurement contract to countries that discriminate against U.S. goods and services in any category. Under existing law, foreign bidders already have a penalty of 12 percent, 50 percent in the case of limited defense contracts that are even available to foreign firms, because of price preferences given to U.S. firms. Now we want to say no to foreign contractors. Of course at the same time we will be pulling the rug out from under U.S. firms that are seeking to bid in foreign markets.

Government procurement in all countries, including the United States is carefully regulated and controlled, with certain departments, entities, and types of products restricted and others totally open. The Brooks provisions basically state that the United States may keep its own restriction but other countries must not discriminate against U.S. efforts to bid in foreign markets. This is unrealistic and contrary to our international agreements.

The Brooks provisions do waive the prohibition for those countries that are signatories to the Government Procurement Code. However, it establishes what amounts to a unilateral dispute settlement procedure designed to determine whether a code country is in good standing. This in itself is a violation of the code's own dispute settlement procedures. Also, the Brooks provisions would have the effect of eliminating other legitimate foreign competition, and give code signatories a significant new benefit for which they have paid no concessions.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Mr. Chairman, I would like to underscore the point that was made by our colleague from Florida, Mr. GIBBONS. That is that we do have a Government procurement code. It has not worked as well for the United States as we had hoped. We have not gotten the kind of reciprocity we would hope.

What this provision in this bill would do is give some teeth to our ability to enforce what many nations in the world have already agreed to, and that is to provide open procurement for their government markets.

Mr. Chairman, I rise in opposition to the amendment.

I spoke at length during general debate about the merits of the title which the amendment would delete, and do not want to repeat myself here. I would take the time of the Members only to state my view that the language which the Government Operations Committee approved by voice vote would be extremely helpful in expanding Government procurement markets for American businesses overseas.

This title has been attacked as protectionist legislation which would encourage retaliation by our trading partners. Mr. Chairman, I opposed the Gephardt amendment, and I will continue to oppose measures which are protectionist and which would encourage retaliation. I am convinced that title X does not by any means fit this description. Title X would to the contrary force other countries to open their Government markets, on a nondiscriminatory basis, to American-made products. It is entirely consistent with a philosophy of freer trade.

The title has also been attacked as potentially costly because it would supposedly increase the cost of Government procurements. This is another criticism which cannot stand the light of careful scrutiny. If our Government is successful in using title X to open foreign markets, American producers will sell more goods abroad, hire more workers, and pay more taxes. Only if the administration fails to use the law properly will we prohibit foreign vendors from selling to Federal agencies. I might support the amendment, Mr. Chairman, if I believed that the administration were incapable of implementing the title to best advantage. I have great confidence in the abilities of the administration, though; and because I know it will use the law well, I believe, that the net result for the Government will be more revenue, not more costs.

Mr. Chairman, the criticisms of title X are misplaced. I urge my colleagues to join me in opposing the amendment.

Mr. KONNYU. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, now that we have done the initial maneuvering on this bill, let us look at some real specific problems.

The first problem with title X is that there was no long line to testify in front of our committee objecting to current, existing Buy America programs and the current laws, so my question to the House is: Is there a real problem that this bill addresses, or is this simply a statement of desires because times are challenging?

The second issue that I want to raise is the issue that this bill says in the event that there is a monopoly position on a certain item, the Federal Government can buy it despite certain provisions of this act, so it is a loophole; but there is no loophole for oligopoly corporations, corporations where six or fewer control the marketplace.

So again, as I said in my opening remarks, what happens is that the taxpayer is going to get stuck the extra cost of oligopoly companies selling to the Federal Government, and what is an oligopoly company where six or fewer control the marketplace?

Certainly the Japanese, the German, and the French, and the British automakers as several examples are prohibited from selling to the Federal Government, and they will be under these provisions because of the way the provisions are worded. Then only American cars can be bought by the Federal Government, even though the foreign cars could be cheaper and better, so the Federal Government could not emulate what our own citizens do every day in buying automobiles.

The third issue I want to raise is that even if perfect countries, that is, countries that fully comply with every element of this act, want to sell goods to certain of our departments such as the Department of Transportation, the Tennessee Valley Authority, the Department of Energy, they must pay an additional 6 to 12 percent in cost. In other words, they have a cost penalty even if they are perfect.

That is the kind of additional taxpayer expense that I am talking about that is not fair, and that is why this title should not be in the bill.

Some of my colleagues know that I come from Silicon Valley, and many corporations in Silicon Valley are very concerned about this, and let me tell you why.

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The reason it is so is because of the wording of the bill. Now, the bill says in here that if an item is manufactured in the United States substantially all costs had to be incurred in the United States. And I think that what they meant is not substantially, but 50 percent or higher costs. But nevertheless the exact wording, right on page 846, lines 20 through 22, is substantially all costs. So as a result what happens? Semiconductors from Silicon Valley that are in part manufactured in the United States and in part manufactured overseas our own companies, National Semi-Conductor, INTEL and the rest will not be able to sell to the Federal Government unless the President waives it.

Toyotas built in Freemont in a GM-Toyota corporation called NUMI in Freemont, CA, they are not going to be able to be sold to the Federal Government even though it is manufactured in the United States. Those are some of the major problems with this bill.

The CHAIRMAN. The gentleman from Texas [Mr. BROOKS] has 3 minutes remaining.

Mr. BROOKS. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. I thank the chairman.

I do not know how many have seen the television this morning, but Mr. Nakasone was in town. He made this great speech in front of the White House. He said that Japan and America must build a new two-lane bridge across the Pacific to facilitate new trade opportunities.

Ladies and gentlemen of the House, I believe we should have a new two-lane bridge, but American taxpayers should, No. 1, not pay for it and, No. 2, it should not be another fast lane for Japan and a heavy toll road for this country.

Now, when I heard the debate on Buy American and everybody standing up in this House saying that "if you speak out for Buy American, you are taking a simple approach, you are demagoging to the American people;" I am sick and tired of it. How foolish can we be to let these foreign nations continue to have free access to the American tax dollar in our budget and not get the equal treatment what we afford them.

Now, I have also heard about the great Presidential veto, I, in my own little humble Democrat way, am going to say this: Mr. President, please make my day, because if you veto this bill on a Buy American provision, you will send the Republican Party back 10 years.

And I think every Member of the House should be calibrated on the vote that they measure today on this amendment.

This does not even go far enough. In my closing response I have a Buy American bill that is now getting around the respective committees. It would amplify, expand, and amend on the 1933 Buy American provision that is so token and so watered down it is an affront to the intelligence of the American people, let alone its Representatives.

Now, we are elected here today to take care of America and I think it is time that we do that. And I say this: I think the day has come when you stand up for America in this House you are being charged with being a demagogue, that is going to continue to upset me. I am going to try and knock your amendment so silly it will sound off the walls of this great Chamber. And that is nothing personal, the gentleman is a great Member. But I not only disagree, I think America disagrees and I think we have to defeat this amendment.

Mr. KONNYU. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, this bill is, as the gentleman from Ohio just said, is true veto bait. The U.S. Trade Representative has said that, the Secretary of Commerce has said that, the President is against this bill because he knows what it will create.

I have already told you about Toyotas built in Freemont in cooperation with GM, semiconductors built mostly in the United States that are not going to be able to be sold at the Federal level.

The amendment is simply amending the Buy America Act of 1933. Think about when it was created. In 1933, the days of the Depression, and that is the thinking that is prevailing behind this amendment; more Depression type thinking.

Instead of recognizing, as obviously some in this room have not, that this is the time of international trade. It would cost California, if you cut off all the trade, 1 million jobs in California, 1 out of every 10 jobs, 1 million jobs. That is what the Governor wrote me in a letter expressing his concern about what is going on in Congress. That is Depression-era thinking.

The macho thinking of this bill; forgetting about foreign retaliation, if you are an aircraft worker from Washington State building those Boeing 747's, you might as well forget a bunch of your jobs, workers in Washington, because this bill in not going to allow Boeing to sell those aircraft to Air France, to Lufthansa, to British Air, to JAL, because it is the government airline, a government owns that and they are going to retaliate against America.

This, Mr. Chairman, and Members, is a terrible provision. That is why I really believe in opposing it. This is a macho bill that will feel good today and hurt us for decades to come.

Mr. BROOKS. Mr. Chairman, I yield the balance of my time to myself.

Under this bill, the U.S. Government would use access to our $200 billion a year procurement market to encourage other nations to open up their procurements to American firms. The rules would be simple and effective. If a government in a foreign country continues to discriminate against the United States and our companies, then products from that country will be banned from eventual procurement. Every year billions and billions of dollars in potential contracts with foreign governments are being denied to U.S. firms; those jobs, those profits, those opportunities.

In the meantime, our Government has been continuing to blithely award contracts to companies from these very same countries. U.S. taxpayers cannot continue to contribute to the welfare of countries that do not treat American producers fairly.

The Buy America Act of 1987 will make sure that everybody is playing by the same rules and that our companies—and there is nothing wrong with our companies, made in the United States is not criminal—will be given an even chance.

I urge you to vote "no" on this amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. KONNYU].

The question was taken; and on a division (demanded by Mr. KONNYU) there were—ayes 8, noes 17.

So, the amendment was rejected.

AMENDMENT OFFERED BY MR. WOLF

Mr. WOLF. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. WOLF: Page 896, after line 17, insert the following:

TITLE XV—MOST-FAVORED-NATION TREATMENT TO PRODUCTS OF ROMANIA

SEC 1501. MOST-FAVORED-NATION TREATMENT TO PRODUCTS OF ROMANIA.

(a) CONGRESSIONAL FINDINGS.—The Congress—

(1) notes that the Department of State, in the publication Country Reports on Human Rights Practices for 1985, determined that "In the area of human rights, major discrepancies exist between generally accepted standards, for example as embodied in the Helsinki Final Act of the Conference on Security and Cooperation in Europe, and Romanian practice. . . . The party, through the Government, continues to restrict and control the right to free speech, free assembly and association, and the practice of one's religion.";

(2) is aware of numerous accounts from the Department of State, Congressional delegations, and various human rights organizations, that Romanian citizens are being arbitrarily harassed, interrogated, and arrested by Romanian government authorities for the exercise of civil and religious liberties;

(3) finds that official Romanian harassment of religious believers has not only been extended to the arrest of persons for carrying Bibles and other religious materials, but even carried to the point of destroying places of worship, including most recently the country's largest Seventh Day Adventist Church and the Sephardic synagogue in Bucharest;

(4) further finds that the United States trade deficit with Romania (which continues to be high) is a result of our extension of nondiscriminatory treatment (most-favored-nation treatment) to that country and can be considered as an endorsement of that nation's abusive internal practices;

(5) is aware of the severe limits placed on the rights of Hungarians and other ethnic minorities within Romania to express and maintain their cultural heritage, as is illustrated by the attempts made by the Romanian government to eliminate systematically Hungarian churches, schools, traditions, and even the Hungarian language from Romanian society;

(6) recognizes and emphasizes the continued dedication of the United States to fundamental human rights (as noted in section 402 of the Trade Act of 1974) and is concerned with Romania's commitment to those rights; and

(7) commends the President for withdrawing Romania's eligibility for duty-free treatment under the Generalized System of Preferences because of Romania's violation of "internationally recognized worker rights".

(b) OBJECTIVES.—The objectives of this section are to effect—

(1) the termination of the current policies and practice of the Government of Romania under which—

(A) its citizens are denied the right or opportunity to emigrate,

(B) more than a nominal tax is imposed on emigration or on the visas or other documents required for emigration, and

(C) more than nominal taxes, levies, fines, fees, or other charges are imposed on citizens as a consequence of their desire to emigrate to the countries of their choice; and

(2) substantial progress in halting the persecution by the Government of Romania of its citizens on religious and political grounds, and the repression by such Government of Hungarians and other ethnic minorities within Romania.

(c) DEFINITIONS OF RIGHTS REVIEW PERIOD.—As used in this section, the term "rights review period" means—

(1) the 6-month period referred to in subsection (d)(1); and

(2) each successive period of 180 consecutive calendar days occurring after the last day of the 6-month period referred to in paragraph (1).

(d) SUSPENSION OF NONDISCRIMINATORY TREATMENT FOR ROMANIAN PRODUCTS.—(1) The products of Romania may not receive nondiscriminatory treatment (most-favored-nation treatment) during the 6-month period beginning on the date of the enactment of this section.

(2) The products of Romania may receive nondiscriminatory treatment (most-favored-nation treatment) during any rights review period referred to in subsection (c)(2) only if—

(A) no later than the 30th day before the close of the immediately preceding rights review period, the President submits to the House of Representatives and the Senate a document containing—

(i) a Presidental determination, and the reasons therefore, that the application of nondiscriminatory treatment to the products of Romania during the next rights review period will substantially promote the objectives listed in subsection (b),

(ii) a statement that the President has received assurances that the policies and practices of the Romanian government will henceforth lead substantially to the achievement of such objectives, and

(iii) based on such determination and finding, a recommendation by the President that nondiscrimatory treatment be applied to the products of Romania during the rights review period; and

(B) a joint resolution disapproving such application is not enacted, in accordance with the procedures referred to in subsection (e), before the close of the rights review period in which the document referred to in subparagraph (A) is submitted.

(e) Resolution Disapproving Nondiscriminatory Treatment for the Products of Romania.—(1) For purposes of this subsection, the term "joint resolution means only a joint resolution of the two Houses of Congress the matter after the resolving clause of which is as follows: "That the Congress disapproves the application of nondiscriminatory treatment (most-favored-nation treatment) to the products of Romania that was recommended by the President to the Congress on ", with the blank space being filed with the appropriate date.

(2) The provisions of section 152 of the Trade Act of 1974 (relating to concurrent resolutions) apply to joint resolutions except that in applying section 152(c)(1), all calendar days shall be counted and 5 calendar days shall be substituted for 30 calendar days. Section 154(a) of the Trade Act of 1974 applies to documents transmitted by the President under subsection (d)(2)(A).

(f) Inapplicability of Certain Title IV Provisions.—On and after the date of the enactment of this section, sections 401 of 402 of the Trade Act of 1974 do not apply with respect to the tariff treatment of the products of Romania.

The CHAIRMAN. Under the rule, the gentleman from Virginia [Mr. Wolf] will be recognized for 15 minutes and a Member in opposition to the gentleman's amendment will be recognized for 15 minutes.

The Chair recognizes the distinguished gentleman from Virginia [Mr. Wolf].

Mr. WOLF. Mr. Chairman, I rise in strong support of the amendment which will suspend the most-favored-nation status for the country of Romania for 6 months.

As the body remembers, last time we had an amendment on this floor which would have totally suspended it. This one will suspend for 6 months and is totally different.

Mr. Chairman, I reserve the balance of my time.

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The CHAIRMAN. The gentleman from Florida [Mr. Gibbons] is recognized for 15 minutes in opposition to the amendment.

Mr. GIBBONS. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. Rostenkowski].

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in opposition to this amendment which would suspend most-favored-nation trading status for Romania. I believe that while the author of the amendment is well-intentioned, the proposed remedy is the wrong one. I, too, am concerned about the people of Romania—that they be able to pray freely, emigrate freely, and enjoy basic human rights. Where we differ is in the means to achieve improvements in those areas. The amendment's sponsors would cut off our most important ties with Romania in an effort to force the Romanian Government to bend to our will. However, I firmly believe that the effect of cutting off or suspending MFN trading status would be just the opposite of what they seek—namely, a backlash by the Romanian Government against its people. That would be a cruel twist of fate for the people of Romania—the very people we are trying to help.

The only leverage the Congress and the administration have over Romania is the annual MFN renewal process and the threat of a cut off. I urge my colleagues to vote against the amendment.

Mr. WOLF. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. Hall].

Mr. HALL of Ohio. Mr. Chairman, I rise in support of the Wolf amendment, which I am pleased to cosponsor with the gentleman from Virginia.

This amendment will temporarily suspend for 6 months most-favored-nation trade status for Romania because of that nation's failure to respect basic human rights.

I want to make it clear to my colleagues that this is a human rights vote. But it is also a vote that will affect our trade deficit and our dealings with a country that supports international terrorism.

Let's look at the trade picture first. Our trade deficit with Communist Romania in 1986 was $588 million. This was a trade deficit ratio of 3.4 to 1—worst than the 3-to-1 deficit ratio with Japan. If you have constituents who are concerned about the impact on America of imported textiles, shoes, pork products, wood and furniture, and petroleum products, then you should vote for this amendment.

Second, let's look at what Romania does to support international terrorism and to oppose American interests around the world. The value of Romanian arms transfers between 1979 and 1983 was $3.1 billion, with about $400 million of arms going to Iraq and $310 million going to Libya. Another $120 million went to North Korea. You can be sure that large amounts of these weapons were transferred around the world to promote terrorism. Since 1983, Romania and Libya have been engaged in formal military cooperation.

My colleagues also should keep in mind that Romania supplies military aid to the Palestine Liberation Organization [PLO]. Former U.S. Ambassador David Funderburk has said that Romania "has a large number of Arab radical terrorists who are training, near Bucharest."

Romania has tried to cultivate a moderate image in the West. But this image cannot hide the reality: Romania is a repressive Communist country which is under the thumb of the Soviet Union and which works to promote terrorism and instability around the world.

These foreign misdeeds are understandable when you look at the way the Romanian Government treats its own people. As State Department's human rights report on Romania says:

> The party, through the Government, continues to limit and often deny the right to free speech and free assembly and association, and to apply restrictions to religious practice.

Last summer, after we renewed MFN, the Romanians bulldozed the last remaining sephardic synagogue in Eastern Europe, Bucharest's Spanish Synagogue, and also bulldozed Bucharest's main Adventist Church. Over a dozen churches of different denominations have been razed for alleged "building code violations" and for "zoning laws." And in 1985, some 20,000 Bibles donated by the Hungarian Reformed Church were turned into toilet paper at a Romanian paper and pulp mill.

But people—not just property—have also been abused. Prisoners of conscience and religious activists have been jailed, beaten, and subjected to both physical and physchological torture. To make it seem that the number of prisoners is being reduced, inmates are released to the auxiliary forces of the Ministry of the Interior, where they become forced laborers with no freedom.

With regard to general labor conditions, my colleagues should keep in mind that the administration suspended GSP duty-free access to Romanian products due to the lack of internationally-recognized workers' rights in Romania.

I travelled to Romania in 1985 and saw firsthand the lack of civil rights and human rights for the Romanian people. I was especially struck by the efforts of the Romanian Government to harass and repress the free exercise of religion.

In promoting respect for human rights overseas, we need to use the best leverage we have with respect to each repressive government. In the case of Romania, a 6-month suspension of MFN is the most effective means we have to encourage genuine improvements regarding religious rights, labor rights, emigration, treatment of ethnic minorities, and overall human rights.

I urge a strong vote of support for the Wolf-Hall amendment.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Chairman, I oppose the amendment. I think we ought to be a little more clear in understanding exactly what Romania signifies in connection with Eastern Europe and the Soviet Union.

Romania is not in the Warsaw Pact. In fact, they do not allow foreign officers to command their military units. The President of Romania, Mr. Ceausescu, has spoken on many occasions with a very significant difference in terms of policy matters from the Soviet Union.

It is true that there are some human rights problems in Romania, but a significant portion of those problems result from the fact that the Soviet Union has forced the Romanians to move from their homes and into other areas, and we have Hungarians who have been forcefully moved into Romania and Romanians who are located in Hungary; not because they want to, but because they were forced there by the Soviet Union.

Yet the Soviet Union has refused to improve the situation for these people who have had their homes wiped out.

One other significant matter is that there has been a substantial amount of interest in Romania for purchasing American goods. We are supposedly fighting this trade battle because we are not able to export our manufactured goods. In my own hometown to the generation of electric power, the General Electric Co., in Schenectady, NY, has received orders for two or three additional nuclear generators which the Romanian Government has ordered. This kind of business is vitally needed in a city that has layoffs in the turbine section because of over "no work" for 5,000 GE employees. Let us provide to unemployed Americans the kind of jobs that Romania has provided in many parts of America—in New York as well as Virginia.

Mr. WOLF. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. KONNYU].

Mr. KONNYU. Mr. Chairman, I am a Hungarian immigrant, and because I am so, the Hungarian community throughout the States through their leaders have come to me and asked for help, not for themselves, but for their loved ones, their friends, their relatives living under the tyranny of Romania.

Clearly, Romania as part of the Warsaw Pact countries, does serve a great threat because of that membership to the West.

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Clearly their human rights violations are an abomination. Even the Under Secretary, Mr. Whitehead, disagrees with this amendment. Nevertheless, he confessed that Romania has the worst human rights violations of all of the Eastern bloc countries. They have closed down synagogues, they have beaten to death Catholic priests, and they have increased immigration fees so people who are not well off cannnot leave that country. They do that year after year, and they come to the Congress, and Congress says, "Yes, I know, but you are going to improve. We will give you another chance." So we let them have another trade surplus every year because of MFN, and they continue to violate human rights. They have done that for 12 years, and now they are coming back again for more.

The Gephardt amendment addressed trade surplus countries, and in terms of ratio the No. 1 trade surplus country with the United States is Romania. With Romania, the ratio is 3½ to 1. That is because of MFN.

They are killing priests, they are closing down synagogues, they are raising immigration fees, and their Hungarian language books are burned. Bibles from the West sent to Romania are reprocessed as toilet paper, as the gentleman just said, and yet we extend them MFN.

Mr. Chairman, I support this amendment. It is right, it is American, it is great for human rights. I thank the gentleman from Virginia [Mr. WOLF] for helping my friends out.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Chairman, I rise in reluctant opposition to the amendment offered by my good friend, the gentleman from Virginia [Mr. WOLF].

Mr. Chairman, I think it is perfectly clear that there are widespread human rights abuses in Romania. I join the gentleman in condemning those violations, as I have repeatedly, and as I did long before the gentleman began his distinguished service in this House.

Yet we are required to consider not whether Romania commits human rights abuses, but whether Romania should have its MFN status suspended here and now.

Would a suspension of Romania's MFN status improve the observance of rights in Romania? I submit that we do much more for the human rights of the people of Romania, and for the national interest of the United States, by sticking with the existing system of reviewing Romania's MFN status on an annual basis, following a careful, stringent review by the administration.

It is clear that the process of annual reviews has left human rights in much better circumstances than would otherwise be the case. We can approach the Romanian Government with family reunification or emigration cases every year, as many of us do. Many if not most of those cases are favorably resolved. What possible leverage would we have with Romania if we gave up on this system? We should also bear in mind that over 15,000 individuals were permitted to leave Romania in 1986; accordingly the cases that come to our attention represent only the tip of the iceberg of Romanian emigration.

We have to be realistic in our expectations for change in the short term. We recognize that our systems differ from one another; progress will be slow. Certainly we should hold up the Helsinki accords and other human rights agreements as the standard of observance. On the other hand, we owe it to ourselves and to the Romanian people, who we all care about, to look at the past practice and to see what progress has been made.

With respect to the effect of a break with Romania on this matter on our overall interests in Eastern Europe, I can state, as the ranking Republican on the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, that the policy of differentiation—whereby we attempt to work out ways in which we can recognize the different policies each Eastern European nation carries out—is essential if we desire to treat each country in that part of the world as a truly independent nation, able to act in its own interests, and not just in the interests of the Soviet Union.

To some degree this is now occurring in Romania. For example, Romania is not prepared to commit its troops to the Warsaw Pact, the main threat to Western interests in Europe. Romania maintains diplomatic links with Israel notwithstanding the boycott of Israel by the rest of the nations in Eastern Europe. It has strong ties with West Germany and China.

Accordingly, Mr. Chairman, I urge my colleagues to join with the chairman and ranking member of the Subcommittee on Trade, and with such organizations as the B'nai B'rith and the National Conference on Soviet Jewry, and vote against the pending amendment.

Mr. WOLF. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. Chairman, I ask my colleagues to support this amendment which is offered by my good friend and colleague, Mr. WOLF, to suspend Romania's most-favored-nation trading status for 6 months because of ongoing egregious human rights violations—particularly violations of freedom of religion.

Mr. WOLF's amendment is identical to H.R. 1250 introduced by Mr. WOLF, Mr. HALL of Ohio, and myself. This legislation has bipartisan support and a total of 60 cosponsors at this time.

About 2 years ago, Mr. HALL, Mr. WOLF, and I traveled to Romania in an ongoing effort in order to gather information and impressions regarding human rights and religious freedom. We met with high government leaders including then Foreign Minister Stefan Andrei and religious leaders. The discussions were candid and at times provocative, but we came home deeply concerned. Our concern was based on numerous reports and eyewitness accounts involving the persecution of Christians, the bulldozing of churches and synagogues, and other repressive actions by the Government. My colleagues and I were moved by numerous accounts of believers who sacrificed much to cling to their faith and principle. Our concern over the years since has not abated—our sincere hope and expectation for significant improvements in human rights in Romania have not materialized. The time has come to up the ante.

I would like to remind my colleagues that the Romanian Government took the regrettable action of bulldozing the last remaining Sephardic Synagogue in Eastern Europe last July following the President's recommendation for renewal of MFN. The timing was perplexing. Shortly thereafter, on July 29, when the House was voting on the resolution to disapprove the recommendation of the President, crews arrived at the large Seventh Day Adventist Church in Bucharest to begin the demolition of that building. Numerous other churches, especially evangelical churches, have repeatedly been refused building permits to construct or expand their facilities.

Mr. Chairman, human rights are indivisible. I believe that they are God given, not man made. For this reason, I believe that respect for the human rights of their citizens by the countries of the world isn't optional. Clearly it is fundamental, and is the only legitimate basis for genuine trust and friendship in bilateral relations. Members are aware that the Jackson-Vanik provision of the 1974 Trade Act cites emigration policy as the chief criteria for conferrence of MFN—and that fact is clearly recognized in Mr. Wolf's amendment. It should be noted then that the figures show a decline in emigration from Romania to the United States, to Israel and to Germany. The total emigration figures indicated a 28-percent reduction in 1986 emigration in comparison to 1984.

I believe the broad array of interlocking human rights must not be overlooked or trivialized. Indeed, the lives and futures of thousands depend on how well we utilize the considerable leverage at our disposal.

When the President reported to Congress last year that he had decided to continue MFN for Romania for another year, I think it is very significant, Mr. Chairman, that he admitted that he made this determination "with difficulty." Furthermore, the President noted that he was "disappointed by the Romanian Government's very limited response to numerous expressions of strong U.S. public, congressional and administration concern about its performance in areas of human rights and religious issues * * *."

As stated, the President "share(s) the strong concerns manifested among the public and in Congress regarding the Romanian Government's restrictions on religious liberties."

Mr. Chairman, it is sad but true that the Communist authorities in Bucharest continue to restrict and control the right of religion, free speech, and free association, which is contrary to the Helsinki accords. I believe support of Mr. Wolf's amendment will send a clear message to the Romanian Government to clean up their human rights record.

Mr. GIBBONS. Mr. Chairman, I yield 1½ minutes to the gentleman from Maryland [Mr. Hoyer].

Mr. HOYER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in reluctant opposition to the amendment, and I want to express my congratulations to the gentleman from Virginia [Mr. Wolf], the gentleman from New Jersey [Mr. Smith], and the gentleman from Ohio [Mr. Hall] for their focus on this issue.

The Helsinki Commission, which I chair, is very concerned about this issue, and the gentleman from New Jersey [Mr. Smith] of course, is a member of that commission. However, at this point in time I rise in opposition to the amendment because I believe it is not timely. That is not to say it is ever not timely to speak out on violations of human rights. It is. However, as the Members of the House know, there is a process for consideration of MFN status which is now ongoing.

The President on June 3 will need to make a finding and recommendation to Congress. That recommendation will come to the subcommittee chaired by the gentleman from Florida [Mr. Gibbons] as it has in years past. We are now in the posture of looking very closely at this entire matter, and it may well be the recommendation of the Commission that we terminate MFN status for Romania. We are in the process of reviewing the MFN status of Romania as it relates to their human rights performance. We are in communication with the administration as to whether or not the administration ought to recommend termination of the MFN status, and because of that, after discussions with the chairman of the Foreign Affairs Committee, the gentleman from Florida [Mr. Fascell] who also has been chairman of the Helsinki Commission for 8 years, we make the recommendation to the House at this time that we not adopt this amendment.

Mr. Chairman, we do urge the defeat of the amendment, but we pay tribute to the sponsors of the amendment.

Mr. WOLF. Mr. Chairman, may I inquire as to how much time both sides have?

The CHAIRMAN. The gentleman from Virginia [Mr. Wolf] has 7 minutes remaining and the gentleman from Florida [Mr. Gibbons] who is entitled to close, has 8½ minutes remaining.

Mr. WOLF. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. Traficant].

Mr. TRAFICANT. Mr. Chairman, it is seldom that I take the floor opposing the position of the gentleman from Maryland [Mr. Hoyer] or the committee on matters like this. But you only get people's attention sometimes by hitting their pocketbook. And what other leverage is there in this matter?

I would like to make an appeal of a different sort in this particular debate. Not every Member of the House knows what actually goes on in all these maneuvers. The gentleman from Ohio [Mr. Hall], one of the most respected Members, the gentleman from Virginia [Mr. Wolf], and the gentleman from New Jersey [Mr. Smith] has been there. The churches where they have spoken and conducted their meetings have since been bulldozed. How can Congress know what is going on if we do not accept the testimony of our own Members? This is a bipartisan group of Members.

I do now know who is right or who is wrong. I do know this: they have all come back and said the same things. I happen to be somewhat distantly removed, but I am of Hungarian descent, and I think the only leverage we have is to hit that pocketbook. It is only a 6-month temporary suspension.

Mr. Chairman, I commend the gentleman from Virginia [Mr. Wolf], the gentleman from New Jersey [Mr. Smith], and certainly my dear friend and colleague, the gentleman from Ohio [Mr. Hall].

Mr. GIBBONS. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska [Mr. Bereuter].

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the Wolf amendment. I believe there are better, more timely ways to proceed, such as with major export market legislation, H.R. 1784.

Mr. Chairman, I oppose this amendment because I believe there is a better way to address our trade relations not only with Romania, but all Eastern European countries.

I do not dispute the human rights, or foreign policy issues which this amendment raises. Romania is a repressive regime which impedes and violates the right of its citizens to emigrate. I also oppose the inconsistent manner in which Congress and the administration have extended MFN status to Romania and Poland, but have not extended it to other Eastern European countries such as Czechoslovakia, the Germany Democratic Republic, and Bulgaria.

Under the Jackson-Vanik amendment to the Trade Act of 1974, nonmarket countries are not eligible for most-favored-nation [MFN] status, U.S. Government credits, or investment guarantees if that country directly or indirectly limits the right of its citizens to emigrate. Where we have extended MFN status to a nonmarket economy such as Romania, it is inconsistent and often inappropriate for foreign policy reasons.

To address this problem, I have reintroduced legislation—H.R. 1784—that would create a new trade status which I call major export market [MEM] status. The MEM trade status would provide the United States with a more flexible and workable trade policy toward nonmarket economies.

The major provisions included in this legislation would provide nondiscriminatory treatment—often called Column One duty status—for products shipped to the United States by a country which: First, is ineligible for most-favored-nation status; second, is a major export market for U.S. goods; and third, has a negative trade balance with the United States.

This legislation would also provide for regular review of MEM-status countries to be sure they continue to have a negative trade balance with the United States. This would ensure that MEM will benefit U.S. trade because if a country with MEM status ever has a positive balance with the United States, then it would lose its MEM status.

Unlike MFN status, MEM would not make nonmarket economies eligible for export credits. It only offers them the same import duties that we offer most of our other major trading partners. This legislation would increase U.S. nonstrategic manufactured and agricultural exports, improve trade relations between the United States and Eastern European countries and give U.S. farmers and manufacturers an opportunity to expand their overseas markets.

In closing, I would only reiterate that Congress should consider the creation of a specal trade status that addresses the unique economic and foreign policy situation that exists in Eastern Europe. In the meantime, we should not blindly penalize those United States companies or other concerns which are currently selling their products to Romania.

I urge my colleagues to oppose the Wolf amendment and vote against it.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from Virginia [Mr. BOUCHER].

□ 1250

Mr. BOUCHER. Mr. Chairman, I rise in opposition to the Wolf amendment. While I do not dispute the assertion of my colleague that the Government of Romania disrespects religious freedom, I am very concerned by the effect that the passage of this amendment would have on U.S. trade.

This is a bill designed to enhance U.S. trade, and that goal should be the focus of the debate on this amendment.

If this amendment is adopted, I fear the loss of a major contract through which my constituents derive more than $25 million in trade annually with Romania.

Since 1977, the Government of Romania has invested more than $60 million in the development of a joint coal mining venture in Virginia with Island Creek Coal Co. The agreement provides for the exportation of 14 million tons of coal to Romania over a 35-year period. The mine was developed expressly for sales to Romania. In 1986, 500,000 tons with a delivered value of $25 million was shipped to Romania through four east coast and gulf ports. The benefits of this contract are felt in Buchanan County, VA, where unemployment today exceeds 30 percent.

The economic benefits of Island Creek's joint venture with the Romanian Government stretch from one end of Virginia to the other. Hundreds of coal miners and railroad and port workers depend on this venture as a source of their employment. Communities from Appalachia to the Atlantic benefit from the economic activity generated by the mining, transportation, and shipment of coal under the contract.

The Romanian Ambassador has informed me that should Romania lose MFN status, it will no longer have the currency to buy Appalachian coal and other American products. It will cease the purchase of Virginia coal, forfeiting its investment if necessary.

While I support the objective of enhancing religious freedom, I suggest that we can best achieve that goal by negotiation at a time when the MFN status remains in effect.

I urge the objection of this amendment.

Mr. WOLF. Mr. Chairman, I yield 30 seconds to the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, the size of U.S. trade deficit last year with the Government of Romania was $588 million, or 3.4 to 1. This is a ratio higher than our trade deficit with any other country, any other country in the world, including Japan. If we want to uphold our commitment to the Helsinki final act and lower our trade deficit, there is not a better place, Mr. Chairman, to begin.

I strongly support the Wolf amendment to suspend most-favored-nation Status to the Communist government of Romania until they clean up their act and uphold their promises made in the Helsinki agreement and in their own constitution.

Mr. GIBBONS. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Virginia which would suspend most-favored-nation trade treatment for Romania.

The proponents have stated their view that a 6-month suspension would put Romania on notice and shape them up. In my judgement, sudden suspension of MFN would be a tragic mistake because it would entirely eliminate our ability to influence—now and in the future—the treatment of those who are suffering there.

No one denies we face a difficult and distasteful choice when we decide to continue MFN treatment to Romania. Harassment of minorities and denial of religious freedom is so abhorrent to us we might easily cast a vote for this amendment in outrage.

But while temporarily alleviating our own anger, adoption of the Wolf amendment would leave us empty-handed and powerless to continue to achieve the successes we have had increasing emigration levels. The strength of our position in obtaining the release of thousands of Romanians develops out of the process of the review.

The Wolf amendment may make us feel good, but we ought to think about the people we want to help. We should not give up the only way we have to help them.

Every year, as we approach June and the pressure mounts, emigration approvals rise, more people are released from jail, more bibles are allowed in and more improvements in religious freedom occur. The cyclical nature of their efforts is unfortunate and the situation remains dismal but can we really believe things will be helped if the United States is no longer involved?

The Ways and Means Committee, which looks at the question of emigration levels annually, considered the Wolf proposal last year and rejected it as unhelpful.

All witnesses from the business community involved in trade with Romania were in agreement with the administration that a 6 month suspension would have the same effect as letting MFN status lapse altogether. In the everyday world of business decisions it is not conceivable that trade, interrupted for 6 months—would easily resume again. The United States would likely lose some or all of the 5,000 jobs associated with our $250 million in exports to Romania. That country could only be expected to angrily drop all purchases from the United States.

United States purchases of Romanian products which are the basis of our leverage would not automatically be resumed if the President were to recertify the country after a 6-months lapse. Business plans cannot be constructed on the basis of an on-again-off-again supplier.

Additionally we would be putting the President in the highly difficult position of having to bless a country with which we have so many concerns if he were to recommend the renewal of MFN after the 6 months. We disciplined Romania once this year by removing it from eligibility under the generalized system of preferences for violations of workers rights. Another sanction at this time, I believe, is unwise.

My view is that the current process of an annual MFN review with a close monitoring of emigration is far more effective in achieving our goals than a sudden abrogation of the MFN agreement would be.

I urge my colleagues to vote "no" on the Wolf amendment.

As noted earlier, the Wolf amendment would entirely eliminate our ability to influence now and in the future the treatment of the people who we seek to help and who are now suffering in Romania.

The Wolf amendment is going to make us feel very good because we can say that we have struck a great blow for human rights. But, we ought to think just a little bit about the people we are trying to help in Romania. If we pass the Wolf amendment, we forfeit our ability to help them.

Mr. Chairman, I yield to no one in my admiration for the sponsors of this amendment. I think they have brought great new ideas to the scene. But, I do not want this body to think that Romania has been undiscovered until now. The gentleman from Florida and I have been to Romania for years and years. I have made five visits myself.

Yesterday I had the chief rabbi of Romania in my office who told me that they had given permission to the government to bulldoze that synagogue which was referred to on this floor. And the B'nai B'rith organization, of course, opposes this amendment, so does the Christian Rescue Effort for Emancipation of Dissidents. (CREED) oppose this particular amendment.

We had some reference to emigration from other countries. The Ways and Means Committee has been working hard to help potential Romanian emigrants out who want to get out. Since MFN, 154,000 Romanians have emigrated. That is more than the combined total of immigrants from Russia, Bulgaria, Czechoslovakia, and Hungary—Hungary lately has MFN—which have 13 times the population of Romania.

Now, I submit if you want to help the people over there, if you want to get people out, you ought to reaffirm that record, because that is what is getting people out.

I do not really have time to talk about toilet paper, but I have not seen any documentation of it. I have asked paper companies whether such a thing can be done. The report has come back negative. The State Department has no evidence on it.

The State Department has no evidence of Romanian support of international terrorism. I do not doubt it, but we have not seen the evidence of it.

The problem with this amendment is that it has no place here. There is nothing in this bill that it is amending. It is adding language which is nongermane.

The place to present this evidence and to make this case is in the Ways and Means Committee and the time is coming soon at the time of the annual review of MFN.

I salute the authors for a worthy amendment, raised with very strong motivation, and I say to the Members of this House that to approve it would do exactly opposite to that which the proposers of the amendment say they would like to do.

Mr. Chairman, I urge the Wolf amendment be defeated.

Mr. WOLF. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Chairman, I thank my distinguished colleague from Virginia for yielding me this time and commend the gentleman for the introduction of this amendment.

On the back side of a Dear Colleague Letter we all received from our distinguished colleagues, the gentleman from Minnesota and the gentleman from Florida, there is a copy of a letter from the Secretary of Commerce, Mr. Baldrige, urging the defeat of this measure. There are three fundamental arguments employed by Mr. Baldrige. One is that this amendment would somehow hamper our ability to get an increased flow of emigration. The second is that adoption of the amendment would hamper our ability to get an improvement in human rights. Then further into the letter he gets into the third argument, the economic argument, suggesting that this amendment could cost 5,000 American jobs.

You have already heard the ratios of exports from Romania here versus what is getting into Romania.

I submit to you that cutting off their $840 million worth of exports here is better calculated to improve the job picture here than to continue with this most-favored-nation treatment, when only $250 million worth of goods are going from this country into Romania.

Turning to the emigration question, there is a letter that perhaps some of you saw that was sent to President Ceausescu by our distinguished colleague from Pennsylvania on the Ways and Means Committee [Mr. SCHULZE].

A man named Napoleon Fodor is in this country and, for 5 years, many Members of Congress have petitioned unsuccessfully dictator Ceausescu, to let Mr. Fodor's wife and son join him. We are, obviously, making a lot of headway when it comes to improving their liberal views on emigration policy.

In addition to this, with regard to the human rights question, Romania passed a law in 1971 that provides for patriotic slave labor for 11-year-old kids. You know, under this law, you can put in several weeks at the height of summer, especially during harvest, you can work 8 to 10 hour days, all of which is "patriotic" slave labor.

In fact, this whole issue may be unnecessary in light of the Pease amendment in the Ways and Means Committee bill which calls for observance of human rights, like the right to organize and bargain collectively, prohibited there; the right to form independent unions, prohibited there; observance of the rights of youngsters: worker rights; in addition to that, minimum wage laws and what have you. Clearly, they do not observe any of these things.

This is probably the most dictatorial regime on the face of this Earth.

When it comes to emigration and the figures cited by our colleague from Minnesota, it should be noted that on Ion Pacepa, the highest ranking intelligence officer from a Soviet-bloc country to defect to this country, reported that the last act he did for Ceausescu, was to deposit $450 million in Ceausescu's Swiss bank account because Ceausescu is selling Jews, selling Jews at $8,000 to $12,000 a head, and Ceausescu is the beneficiary.

I submit to you that this is the most iniquitous violative regime on the face of this Earth.

If you want to get their attention, all this amendment does is call for a 6-months suspension. Let them prove to us they can clean up their act and if they do not in 6 months, then we can talk about further sanctions.

Our administration has already said because of the total absence of workers' rights observances, the benefits of the general system of preferences [GSP] would be suspended. This happened in January.

Mr. Chairman, I urge all of you to support the amendment of my colleague, the gentleman from Virginia.

Mr. GREEN. Mr. Chairman, no consideration of human rights abuses in Romania would be complete without mentioning the Hungarian minority in that country.

The repression of the 2.5 million Hungarian nationals in Romania, who constitute more than 10 percent of the country's population, continues unabated. The situation has not improved and, in fact, according to testimony in congressional hearings, the repression is on the rise. Ample evidence was presented at these hearings to demonstrate that Romania is pursuing a systematic effort to destroy the very fabric of Hungarian cultural life in Romania by eliminating Hungarian schools, classes, and other institutions.

According to the State Department's Country Report on Human Rights, "In 1985 there were frequent reports of confiscations of foreign-source materials, including Hungarian-language publications at the border. In 1985 there was reportedly an increase in the number of books banned or restricted."

Since 1975, when the United States granted most-favored-nation status to Romania, it has become increasingly clear that the goal of the Romanian Government is to destroy the very fabric of the cultural and religious life of its Hungarian citizens.

We have been told that only by continuing to grant MFN status to Romania can we exercise the necessary leverage over the Romanian Government to improve its emigration policies and its treatment of the Hungarian minority. Mr. Chairman, I have come to realize that this is a bankrupt policy. We have not been able to influence the Romanians. In fact, their policies have grown increasingly repressive.

Just as the U.S. Government expresses its concerns for oppressed minorities in countries around the world—the Jews of the Soviet Union, the Tamil Separatists in Sri Lanka, the Sikhs of India—so must we continue to speak out on behalf of the Hungarians in Romania.

The Romanian Government is a signatory to numerous international treaties, such as the Helsinki Final Act and the International Pact for Civil and Political Rights, and has yet to fulfill its international obligations under these agreements. Instead of continually extending MFN, we should put the Romanian Government to the acid test to see whether it will live up to its professed commitments on freer emigration and human rights. The amendment offered by my distinguished colleague from Virginia, Mr. WOLF, would put the Romanian Government on notice that the Congress will no longer passively tolerate the atrocities perpetrated on the people of Romania.

Mr. Chairman, to continue to reward Romania with trade concessions while its Government denies its minorities the most basic of human rights is wrong and not consistent with the country's values. I, therefore, urge my colleagues to send a message of hope to the beleaguered Hungarian minority and suspend MFN status for Romania.

Mr. LANTOS. Mr. Chairman, I welcome the amendment that the House is now considering to suspend most-favored-nation treatment to Romania for its failure to assure essential human rights to its citizens. I intend to vote for this amendment and I urge my colleagues to do so as well.

This year, as we commemorate the 200th anniversary of our Constitution, it is essential that we reaffirm our commitment to fundamental human rights. These are the basis of our system of government, and the basis of our foreign policy as well.

Mr. Chairman, Romania has agreed to observe certain fundamental human rights in solemn international agreements, including the Helsinki Final Act and the International Declaration of Human Rights under the United Nations. Unfortunately, however, those obligations have not been met.

The Government of Romania has violated the nationality rights of its ethnically Hungarian citizens, it has violated the religious freedom of its citizens of all nationalities, it has restricted the right of its citizens to emigrate, and it has followed a policy of discrimination and persecution against all those of its subjects who have courageously stood up for these rights.

It is with deepest regret, Mr. Chairman, that I have concluded that we must suspend most-favored-nation treatment for Romanian exports to the United States. Our country's relationship with Romania has long been beneficial to both our countries. Human rights, however, are so fundamental an element of our own foreign policy that we must take this action. I urge my colleagues to join me in voting for this amendment.

Mr. SOLARZ. Mr. Chairman, I rise to opposition to the adoption of the Wolf amendment which would suspend MFN to Romania for 6 months. MFN remains the strongest possible lever which we in the United States have to encourage the Government of Romania to permit its people to emigrate and to improve human rights conditions in that country.

Passage of this amendment, far from transforming Romanian human rights policies and creating a political paradise in that country, will actually add to the suffering of the people of that country whom we have been trying to help. It may even close their one remaining escape hatch. Since the provision of most-favored-nation trading status to Romania, over 170,000 Romanian citizens have been permitted to leave that country. While 1986 emigration figures to the United States had fallen a disappointing 30 percent from 1985, strong American interventions on behalf of a number of outstanding cases led Romania so far this year to permit over 838 persons to leave for the United States.

The loss of MFN status could close this one important door to freedom for thousands of Romanians and also put increased pressure on the already reduced standard of living of the Romanian people as it loses export markets in the United States.

While Romania has many serious human rights problems, let us not forget that it was a country where Hitler decimated the Jewish people, yet Romania today is the only Eastern European state where the Jewish community may freely practice their religion. On April 27 we in Washington were treated to performances of a Jewish choir, which will be touring the United States. It is a wonderful choir which I first heard several years ago in Romania, and the very fact that it exists and is here performing, indicates that the Government in Romania is not totally repressive.

This week a number of us were invited to meet with members of a delegation of religious leaders from Romania, which included representatives of all the major faiths, Orthodox, Catholic, Protestant, and Jewish. These leaders reported that no Romanians are now being held in prison because of their religious beliefs. They said that the Romanian Government regularly gave permission for the construction or renovation of churches and houses of worship, and that there were some 18,000 houses of worship and religiously owned and operated buildings and workshops in their country.

Protestant leaders told me of their satisfaction in being able to print their bibles in Romania and of the Government's willingness to allow them to import bibles in the past. The group said they openly published over 19 religious magazines in Romanian, Magyar, German, Hebrew, Serbocroatian, English, and French. They vigorously denied the reports that bibles had been confiscated by the Government and pulped for toilet paper. Said one protestant clergymen "do you think we have so little regard for our bible that we would turn it over?"

While the churches in Romania obviously have some problems, the real issue before the Congress today is whether or not it is in the interests of the United States to suspend MFN to Romania, or whether or not we should retain the leverage on human rights, religious freedom, and emigration which MFN has given to the Congress and the administration. I believe that it is in the interests of the American people, and those people in Romania whom we seek to aid, to continue MFN to Romania. I urge my colleagues to vote against this amendment.

Mr. GIBBONS. Mr. Chairman, I reserve my time to close debate.

Mr. WOLF. Mr. Chairman, may I ask how much time I have left?

The CHAIRMAN. The gentleman from Virginia [Mr. WOLF] has 2½ minutes remaining.

Mr. WOLF. Mr. Chairman, I yield myself the balance of my time.

□ 1300

Mr. WOLF. Mr. Chairman, first, this is a timely time to take advantage of this.

Second, it is a bipartisan amendment. Congressman HALL and Congressman SMITH and Republicans and Democrats on both sides of the aisle are sponsoring it.

Third, it is moderate. It is not extreme, it is 6 months.

Fourth, Romania is the most repressive nation going. Yesterday we stuck it to Japan, and they are an ally. These people are not allies, they are repressive. Let us not debate that issue. It is the most Salinist nation going. Last year we gave them MFN and then they bulldozed the Spanish Synagogue. Then we gave them MFN again and then they bulldoze the Seventh Day Adventist Church, and the people were still in the church. They were still in the church.

Trade. This is a trade bill. Let us talk about trade. Ratio, 3.4-to-1 advantage to the United States, the highest ratio of any country in the world.

Yesterday we passed the Gephardt amendment to take on Japan. Let us do something on this repressive nation.

Second, for those from Michigan, auto workers and steel, they are ready in August to import a new car called the "Oltcit." It is made with slave labor. It costs $3,900. It will be another Yugo. It will knock our employees out. This is also a trade issue.

Some Members have textiles in their districts. They are beating us on that. Shoes? They are beating us on that. Pork? They are beating us on that. Petroleum? They are whipping us on that. How about wood and furniture?

Mr. Chairman, last year I voted for economic sanctions for South Africa, and I am proud of it, because it was the right thing to do. I got a lot of criticism, but it was the right thing. This is the right vote. We should not worry about criticism; we should do what is right.

Lastly, I want to say something: They—the Romanian Government—provided the passports to the PLO terrorist groups that they used in the *Achille Lauro* highjacking. The passports came from Romania. And also the El Al flight in 1985.

Mr. Chairman, I close on this. Let us pass this moderate bipartisan amendment and send a message to the Romanian Government that we will not put up with persecution and human rights violations. A Catholic priest in 1984 said that Christmas should be a holiday, and they beat him and killed him.

Even more important than sending a message to the Romanian Government, let us send a message to the Romanian people, who at night listen to Radio Free Europe. They listen to it because it is the only honest thing that comes in. If this body defeats this amendment, the people of Romania will be demoralized. They will be demoralized. They will find out that the people's body, the U.S. Congress, has voted in favor of Communist dictator Ceausescu and not in favor of the people.

Let us send them a message and let them know that the Congress cares about the Romanian people, so when they sit by their radios tomorrow night they check that little static that says that the body that represents the people in this country said to the Romanian people, "We care."

Mr. Chairman, I urge a unanimous vote for this amendment.

Mr. GIBBONS. Mr. Chairman, I yield myself the remainder of my time.

Mr. Chairman, when I was privileged to start serving as chairman of the Trade Subcommittee, I did not know as much about Romania as I do now, and all these fiery speeches made my red blood boil. I am just as incensed by atrocities and alleged atrocities as anybody in this Chamber, perhaps even a little more so, because I have shed some blood in that part of the world.

There is no way that I can ever convince any Hungarian that anything in Romania is right, so I will give up on that. The bad blood between Hungarians and Romanians has been going on for so long that recorded history will not go back that far, and nobody knows who is right. It is kind of like the Arab-Israeli conflict. It has been going on forever, and probably will go on forever.

Let us look at what the facts are. The fact is that nobody in this Government supports the Wolf amendment. The Defense Department is opposed to it, because Romania, while it is not a military ally, does not allow a Russian soldier on its territory, and the Romanians tell the Warsaw bloc to go to hell every now and then. That is the first thing.

The second thing is, the State Department, which has to work with emigration matters, knows that the Romanians have allowed more people to emigrate than any of the Eastern bloc countries, and that there is not a religious prisoner in Romania.

Romania is a land that has suffered from religious intolerance since before the time of Christ, and yet there now is not a religious prisoner in Romania. The chief rabbi of Romania was in my office yesterday, and I had to tell him about the Wolf amendment. He had not even heard about it. He assured me that there were not any religious prisoners there. The Christian people who go over there and worry about people being incarcerated because of their beliefs assure us that there are not prisoners in jail because of that. The Romanians are even now printing a Protestant Bible in their country.

As far as churches being torn down, the first time that I heard about that I was incensed. But we have torn down churches in the United States; we have torn them down in Tampa, FL. They have an urban-renewal program just like we have an urban-renewal program, and if they tear down your church, they build you another one. They do not just recklessly go around and tear down churches.

I am not here apologizing for Romania or trying to convince anybody that it is a Garden of Eden. But everybody in our Government knows that the best way to deal with the Romanians is to use the leverage that we now have and to continue getting concessions out of them.

As far as trade is concerned, it is mostly petroleum. A few wool rugs, a little urea. Do you know what that is? That is what we are importing from these people.

Sure, they do not buy much. They are so broke that they have difficulty paying their debts. But let me say that they are doing the best that they can to pay their debts. They have tightened the belt in Romania, and that is a large part of the reason for dissatisfaction, their effort to pay their debts to the non-Communist West. They are paying. They are out there striving.

I would not want Ceausescu as the leader of this country, nor would other Members. But at least he is a man who is trying to honor his debts. He says, "We owe the money, we borrowed it, and we are going to pay it back." And they are paying it back.

Everybody who deals with this problem on a nonemotional basis, day to day, our Government is opposed to the Wolf amendment. Certainly there are problems there. There are problems that are so deep in history that recorded history does not go that far back. When they came out of World War II there was no country that was more torn up by the Nazis and by the Communists than this poor country. They are tired, they are exhausted, they are poor, and they need help. And we are trying to work it out with them.

Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. SOLARZ].

The CHAIRMAN. Under the rule, all time has expired.

The question is on the amendment offered by the gentleman from Virginia [Mr. WOLF].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WOLF. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 232, noes 183, not voting 18, as follows:

[Roll No. 76]

AYES—232

Akaka
Applegate
Armey
Atkins
Badham
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bates
Bentley
Bevill
Bilirakis
Bliley
Boner (TN)
Boulter
Brennan
Broomfield
Brown (CO)
Bryant
Bunning
Burton
Callahan
Campbell
Chandler
Chapman
Chappell
Cheney
Coats
Coble
Coleman (TX)
Courter
Craig
Crane
Daniel
Dannemeyer
Darden
Daub
Davis (IL)
Davis (MI)
DeFazio
DeLay
Derrick
DeWine
Dickinson
DioGuardi
Dorgan (ND)
Dornan (CA)
Dowdy
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart
Edwards (OK)
Emerson
English
Erdreich
Espy
Fawell
Feighan
Fields
Flake
Flippo
Gallegly
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gingrich
Goodling
Gordon
Grandy
Grant
Green
Gregg
Gunderson
Hall (OH)
Hall (TX)
Harris
Hastert
Hatcher
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Holloway
Hopkins
Hubbard
Huckaby
Hunter
Hutto
Hyde
Inhofe
Ireland
Jenkins
Johnson (CT)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kemp
Kennedy
Kennelly
Kolbe
Konnyu
Kyl
Lagomarsino
Lancaster
Lantos
Latta
Leath (TX)
Lewis (CA)
Lewis (FL)
Lipinski
Lloyd
Lott
Lujan
Luken, Thomas
Lukens, Donald
Lungren
Mack
MacKay
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCandless
McCollum
McCurdy

McDade
McEwen
McGrath
McMillan (NC)
Michel
Miller (OH)
Miller (WA)
Montgomery
Moorhead
Morella
Morrison (CT)
Murphy
Myers
Neal
Nelson
Oakar
Ortiz
Owens (NY)
Oxley
Packard
Parris
Pashayan
Patterson
Penny
Pickle
Porter
Price (NC)
Pursell
Quillen
Ray
Rhodes
Ritter
Robinson
Roe
Roemer
Rogers
Rose
Roth
Rowland (GA)
Russo
Saiki
Saxton
Schaefer
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Skeen
Skelton
Slaughter (VA)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Snowe
Solomon
Spence
Spratt
Staggers
Stallings
Stangeland
Stump
Sundquist
Sweeney
Swindall
Synar
Tallon
Tauke
Taylor
Thomas (GA)
Traficant
Udall
Upton
Valentine
Volkmer
Vucanovich
Walgren
Walker
Watkins
Weber
Weldon
Wheat
Whittaker
Wilson
Wise
Wolf
Wortley
Wyden
Wylie
Yatron
Young (AK)
Young (FL)

NOES—183

Ackerman
Alexander
Anderson
Andrews
Anthony
Archer
Aspin
AuCoin
Beilenson
Bennett
Bereuter
Berman
Biaggi
Bilbray
Boehlert
Boggs
Boland
Bonior (MI)
Bosco
Boucher
Boxer
Brooks
Brown (CA)
Bruce
Buechner
Bustamante
Cardin
Carper
Clarke
Clay
Clinger
Coelho
Coleman (MO)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Coyne
Crockett
Dellums
Dicks
Dingell
Dixon
Donnelly
Downey
Dymally
Edwards (CA)
Evans
Fascell
Fazio
Fish
Florio
Foglietta
Foley
Ford (MI)
Frank
Frenzel
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gradison
Gray (IL)
Gray (PA)
Guarini
Hamilton
Hammerschmidt
Hansen
Hayes (IL)
Hochbrueckner
Horton
Houghton
Howard
Hoyer
Hughes
Jacobs
Jeffords
Johnson (SD)
Jones (NC)
Jontz
Kastenmeier
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (GA)
Lightfoot
Lowry (WA)
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McHugh
McMillen (MD)
Meyers
Mfume
Mica
Miller (CA)
Mineta
Moakley
Molinari
Mollohan
Moody
Morrison (WA)
Mrazek
Murtha
Nagle
Natcher
Nichols
Nielson
Nowak
Oberstar
Obey
Olin
Owens (UT)
Panetta
Pease
Pepper
Perkins
Petri
Pickett
Price (IL)
Rahall
Rangel
Ravenel
Regula
Richardson
Ridge
Rinaldo
Roberts
Rodino
Rostenkowski
Roukema
Rowland (CT)
Roybal
Sabo
Sawyer
Scheuer
Schneider
Schumer
Sharp
Sikorski
Sisisky
Skaggs
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NE)
Solarz
St Germain
Stark
Stokes
Stratton
Studds
Swift
Thomas (CA)
Torricelli
Towns
Traxler
Vander Jagt
Vento
Visclosky
Waxman
Weiss
Whitten
Williams
Wolpe
Yates

NOT VOTING—18

Annunzio
Bonker
Borski
Byron
Carr
de la Garza
Ford (TN)
Frost
Hawkins
Livingston
Lowery (CA)
McKinney
Savage
Schroeder
Smith, Robert (OR)
Stenholm
Tauzin
Torres

□ 1320

The Clerk announced the following pairs:

On this vote:

Mr. Torres for, with Mr. Bonker against.

Mrs. Byron for, with Mr. Ford of Tennessee against.

Mr. KLECZKA and Mr. MILLER of California changed their votes from "aye" to "no."

Messrs. HOLLOWAY, DOWDY of Mississippi, and JONES of Tennessee changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. PEASE

Mr. PEASE. Mr. Chairman, I offer an amendment.

Mr. CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. Pease: Page 896, after line 17, insert the following:

TITLE XV—FEDERAL BUDGET COMPETITIVENESS IMPACT STATEMENT

SEC. 1501. PRESIDENT'S ANNUAL BUDGET SUBMISSION.

Subsection (a) of section 1105 of title 31, United States Code, is amended by inserting at the end thereof the following new paragraph:

"(26) an analysis, prepared by the Office of Management and Budget after consultation with the chairman of the Council of Economic Advisers, of the budget's impact on the international competitiveness of United States business and the United States balance of payments position and shall include the following projections, based upon the best information available at the time, for the fiscal year for which the budget is submitted—

"(A) the amount of borrowing by the Government in private credit markets;

"(B) new domestic savings (defined as personal savings, corporate savings, and the fiscal surplus of State and local governments);

"(C) net private domestic investment;

"(D) the merchandise trade and current accounts;

"(E) the net increase or decrease in foreign indebtedness (defined as net foreign investment); and

"(F) the estimated direction and extent of the influence of the Government's borrowing in private credit markets on United States dollar interest rates and on the real effective exchange rate of the United States dollar.".

SEC. 1502. ANNUAL CONCURRENT RESOLUTION ON THE BUDGET.

Subsection (e) of section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632(e)) is amended by "and" at the end of paragraph (8), by striking out the period and by inserting "; and" at the end of paragraph (9), and by inserting at the end thereof the following new paragraph:

"(10) an analysis, prepared after consultation with the Director of the Congressional Budget Office, of the concurrent resolution's impact on the international competitiveness of United States business and the United States balance of payments position and shall include the following projections, based upon the best information available at the time, for the fiscal year covered by the concurrent resolution—

"(A) the amount of borrowing by the Government in private credit markets;

"(B) net domestic savings (defined as personal savings, corporate savings, and the fiscal surplus of State and local governments);

"(C) net private domestic investment;

"(D) the merchandise trade and current accounts;

"(E) the net increase or decrease in foreign indebtedness (defined as net foreign investment); and

"(F) the estimated direction and extent of the influence of the Government's borrowing in private credit markets on United States dollar interest rates and on the real effective exchange rate of the United States dollar.".

SEC. 1503. EFFECTIVE DATE.

The amendment made by section 1401 shall be effective for fiscal years 1989, 1990, 1991, and 1992, and shall be fully reflected in the budgets submitted by the President as required by section 1105(a) of title 31, United States Code, for each such fiscal year, and the amendment made by section 1402 shall be effective for fiscal years 1989, 1990, 1991, and 1992.

□ 1330

The CHAIRMAN. Under the rule, the gentleman from Ohio [Mr. Pease] will be recognized for 15 minutes.

The Chair would inquire if there is any Member opposed to the amendment who seeks recognition?

Mr. FRENZEL. Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The gentleman from Minnesota [Mr. Frenzel] will be recognized for 15 minutes in opposition to the amendment.

The Chair recognizes the gentleman from Ohio [Mr. Pease].

Mr. PEASE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment is in the jurisdiction of both the Committee on Government Operations and the Committee on Rules, and obviously impacts as well on the Committee on the Budget.

I would advise Members at the outset that this amendment is a product of the work of the staffs of all three committees.

I commend especially the gentleman from Texas [Mr. Brooks], the chairman of the Committee on Government Operations, and the gentleman from New York [Mr. Horton], the ranking member of that committee.

Mr. Chairman, we are talking a lot in connection with H.R. 3 about reducing our excessive trade deficits. We all recognize that there are at least three causes of that deficit: Unfair trade practices on the part of our trading partners; a lack of competitiveness here in the United States; and our fiscal deficits.

H.R. 3 deals very well with the unfair trading practices of our trading partners. That is really the heart and soul of H.R. 3.

H.R. 3 also begins to deal with the competitiveness issue that concerns us all. It does it in the titles reported by the Committee on Education and Labor, the Committee on Ways and Means, the Committee on Foreign Affairs and so on, to try to make our Nation more competitive for the long haul.

So far, what this bill, H.R. 3, does not deal with is the large fiscal deficits which have such an important impact on our trade problems. It is to correct that imbalance, that lack, that I submit this amendment today.

It would respond, I think, in a very positive and direct way to the concern of many people that it is really our large fiscal deficits which are at the root of our trade problem.

So in the interest of lending balance to the bill and the interest of bringing the contents of H.R. 3 more into line with our primary objective, that is reducing the trade deficit, I offer this amendment to require a trade impact statement on the major budget proposals of the President and of the House and Senate Budget Committees.

We cannot resolve the budget stalemate on the floor today, but we can make the link between the budget and trade deficits more visible to the policymakers who draft the budget and we can make the relationship more visible to the voting public. We can assure that the administration and Members of Congress will consider the impact of the budget on our trade accounts, and that they do that while they draft the budget, not after it has passed and the damage has been done.

I offer this amendment, Mr. Chairman. I think it is a good, worthy addition to this bill which will complete the cycle, if you will, and make certain that we present to the American public a complete package as a major comprehensive trade bill.

Mr. Chairman, I urge passage of this amendment.

Mr. Chairman, H.R. 3 is excellent trade legislation. However, as it now stands, the bill is silent on what is widely viewed as the major cause of the trade deficit—the Federal budget deficit.

The administration and Members of Congress of both parties have proclaimed competitiveness to be an issue of paramount national importance. Yet, in fairness, we must acknowledge that no combination of proposals to improve education, training, trade, and export promotion policies will necessarily eliminate the trade deficit. This is not to say that the proposals in H.R. 3 are unimportant. They are vitally important. However, basic accounting dictates that the key to the trade deficit lies in our fiscal deficit.

Mr. Chairman, in the interest of lending balance to the bill; in the interest of bringing the contents of H.R. 3 more into line with its primary objective—reducing the trade deficit—I am offering an amendment to require a trade impact statement on the major budget proposals.

We cannot resolve the budget stalemate on the floor today. But we can make the link between budget and trade deficits more visible to the policymakers who draft the budget and to the voting public. We can ensure that the administration and Members of Congress will consider the impact of the budget on our trade accounts while they draft the budget, not after it has passed and the damage is done.

The link between fiscal and trade deficits is not simply theoretical or circumstantial. It is an accounting identity that the current account deficit equals the excess of private investment and the fiscal deficit over the Nation's savings. Since private savings and investment behavior tends to be cyclical and predictable, it is no exaggeration to characterize the Federal budget as the single most important "competitiveness" and "trade deficit reduction" legislation before us.

In spite of this, the budget process in both the legislative and executive branches treats the budget's impact on our trade accounts as an afterthought, a residual consideration. This defies common sense, since we are perfectly capable of estimating in advance the current account deficit that will accompany any given budget proposal.

It is not the size of the budget deficit which determines how fiscal policy affects our international competitiveness, but whether that deficit can be financed out of the savings available in the domestic economy.

Japan, for example, has a sizable fiscal deficit. But it more than finances its deficit out of domestic savings.

Indeed, it is the great excess of savings—or underconsumption—in Japan that leads to that country's excessive trade surpluses.

My amendment would require the President, in his annual budget proposal, and the House and Senate Budget Committees, in their annual reports on the budget resolution, to analyze the extent to which the fiscal deficit resulting from their proposals could be funded out of the Nation's savings. Based on this analysis, they would in turn estimate the corresponding trade and current account deficits.

In other words, the President's budget proposal and the congressional budget resolution would forecast not only the budget deficit, but also the trade deficit and the increase or decrease in our foreign debt.

Our continuing reliance on foreign capital to finance the budget deficit dangerously ties the hands of the Federal Reserve when the dollar is weak. It also batters the manufacturing sector of the economy by perpetuating massive trade deficits.

Mr. Chairman, as President Reagan belatedly learned from the overvaluation of the dollar, the growing exposure of the economy to foreign competition has taught us that we can no longer ignore the foreign trade implications of major economic policy decisions. From now on, international competitiveness and external balance must be an explicit, prominent variable in deliberations over fiscal and monetary policy.

My amendment would add this important international economic policy reform in H.R. 3, the Trade and International Economic Policy Reform Act of 1987.

The amendment would also enhance the transparency and public accountability of the budget process. Proposals like asset sales, which have no impact on the trade deficit, would be plainly exposed for what they are—short-term, illusory fixes.

Finally, the requirement that we frame the budget in terms of its impact on the Nation's savings-investment balance would increase pressure on all parties, including the President, to negotiate a compromise on the budget stalemate. At a time when international competitiveness is supposedly a primary concern, none of us wishes to be seen as advocating legislation which will produce a trade deficit of, for example, $170 billion.

Mr. Chairman, I reserve the balance of my time.

Mr. FRENZEL. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. Horton], the ranking member of the Committee on Government Operations, who is a distinguished cosponsor of this provision.

Mr. HORTON. Mr. Chairman, I rise in support of the Pease amendment. This amendment is based on his bill H.R. 1307, which I have cosponsored. I concur with our colleague's assessment that no trade bill would be complete if it failed to address the impact which the Federal budget has on our trade imbalance.

This amendment would require each annual budget proposal by the President and by the Budget Committees of the Congress to include projections of the impact of their proposals on our trade deficit, balance of payments, and international competitiveness. Such a competitiveness impact statement would allow us to estimate in advance the impact of budget proposals on our ability to compete in the international marketplace.

If this amendment were enacted into law, I would hope that in preparing the budget, OMB and the Budget Committees would consider the ramifications of their proposals on our balance of payments and our trade deficit, and make final decisions at least in part based upon those projections.

I believe this amendment deserves our support, and I would note here that this concept has received the endorsement of several respected leaders in the field of economics. In addition, the Washington Post has written that "among the many ideas about trade now floating around the city, this is one worth preserving."

Mr. Chairman, I commend our colleague, Mr. Pease, for his efforts, and I urge support for this amendment.

Mr. PEASE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Chairman, I want to commend my colleague on the Committee on Ways and Means for offering this very constructive amendment. I think that we need to understand, more than we generally do, the relationship between the fiscal deficit and the trade deficit.

We understand much of that relationship, but it needs to be elaborated on explicitly in the budget document. Also, I think we need to increase the education among our colleagues who hopefully will read those reports.

Clearly, there is on the fiscal or financial side a close relationship through the linkage of the impact on the currency values, the value of the dollar, which is directly impacted by the need to borrow from abroad to cover the high Federal fiscal deficit. That currency change, in turn, impacts on the trade deficit, which, in turn, feeds back onto the fiscal deficit as we have to pay more and more out in interest payments to cover the fiscal deficit and to cover the part of the fiscal deficit which is borrowed from overseas. So there is an interaction both ways which needs to be discussed and analyzed and quantified to the extent possible.

There are also flows on the real side, as opposed to financial side through the competitiveness linkage. The budget policy does have impact on our competitiveness through its impact on education and on infrastructure, that is, on the investment, and improving competitiveness, improving productivity in our economy through investing in human beings and in the infrastructure.

□ 1340

That in turn makes us more competitive, which enables us to sell our goods overseas. So those flows work in both directions, both on the real side and on the financial side. The two are interlinked in both cases, and that needs to be elucidated so that our policy can be better formulated and our Members can understand the linkages better.

Again, Mr. Chairman, I commend the gentleman from Ohio [Mr. PEASE] for introducing this important amendment.

Mr. FRENZEL. Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise in strong support of the Pease amendment, and I congratulate my colleague on proposing it.

It is of the utmost importance that this body consider the competitiveness impact of everything it does. Certainly the budget, as our primary responsibility ought to be developed and proposed with dedicated attention to its impact on America's competitive position in the global market.

So I rise in strong support of the amendment, and commend my colleague on his leadership.

I also want to comment on some of the aspects of this bill that I think make it the strong ally, and Government the strong ally, of American business and American workers and so will make us a more competitive society.

This bill allows us for the first time to respond to export targeting. The ability of particularly Japan to organize and subsidize an attack on a specific product or sector of the American market has devastated the American machine tool and bearing industries, and now threatens the auto parts industry. American companies are legally prevented by antitrust and other laws from many of the cooperative efforts that effective export targeting requires and so it is intolerate that foreign competitors be allowed to so target over markets. For the first time this bill provides the legal foundation for us to respond in a decisive and timely manner to export targeting.

It also increases our resources for the education and training of our most precious resource, America's people, by better assisting dislocated workers and thereby enhancing our competitiveness. In my district, among the people I represent, that section of this bill will make lives better, transitions easier, and America more competitive. I have long sought, and will introduce again in this Congress, legislation in the retraining area which goes even further.

It also provides tough penalties. It is a tough trade law. It is real reform. Its tough penalties include mandating retaliation when negotiated agreements are broken, compensation for parties that are injured by dumping. And finally, very importantly, it expands the opportunities for American business to export.

Indeed this whole trade debate started for me with companies sitting in my office saying, "At least remove our own barriers to American products flowing abroad. Give us a chance to get out there in the markets."

Indeed this bill does that. H.R. 3 does that, and I am proud of that accomplishment by this body. It will expand American exports by relieving unnecessary controls on low technology exports and beginning the process of declassifying many other products. It enhances trade by establishing a trade development program to assure that our development assistance to other nations creates American export opportunities. It expands trading opportunities by providing a stronger competitive financing program, an aggressive mixed credit program which I have pressed with legislation so that American exports can fight back foreign financial subsidies that have so injured our ability to compete in past years. It enhances America's exports by providing needed support for small business to better hook that job machine into the only market of the future, the global market. This new section I worked hard on with my colleagues Mr. RIDGE of Pennsylvania and Mr. LAFALCE of New York.

Lastly it addresses more aggressively than current law the emerging problem of fair trade with nonmarket nations by establishing a fairer and more effective means of determining the fair market price of products from nonmarket economies. I congratulate the committee on that section of the bill that has not received much attention in this debate, but it is the nonmarket economies that are now the most rapidly growing markets for bearings and the next largest growing market for machine tools, and indeed we must learn to do business with those countries in a fair and equitable manner.

Mr. Chairman, I rise in strong support of the amendment, and I support passage of H.R. 3.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Chairman, I had a request before the Committee on Rules to have an amendment made in order. There was a great deal of interest in the amendment and what it seeks to do on the part of the members of the Committee on Rules and on the part of Members on both sides of the aisle of the Committee on Ways and Means, but there was a decision made to further study its full implications before proceeding.

So I take advantage of this time today to acclaim the need for this key amendment and to urge that my colleagues on both sides of the aisle, as they prepare for the conference on this important legislation, give this matter the urgent and pressing consideration it deserves.

What my amendment is intended to address is the circumvention of antidumping orders. Under the present system, when an antidumping order is issued, this is what happens: and I will give the Members a case in point, on the Smith-Corona Co. in Cortland, NY, which is the last domestic manufacturer of typewriters. That company spent 8 years and an untold amount of money to secure final approval of an antidumping order. This company, which once enjoyed prosperity, employing almost 5,000 employees, has witnessed that prosperity go downhill steadily and found just 2 years ago that it was down to 850 employees. Some people were beginning to write the obituary for the company, but it has turned the situation around.

But the problem facing this last domestic manufacturer of portable electric typewriters is that the creativity of our competitors in Japan was put into full force by adding a simple calculating function to a portable electric typewriter, and a tariff was avoided, a tariff of $40, and it bumped this typewriter into a new classification.

What is the implication of that in terms of the U.S. Treasury? Well, a loss of revenue on 1 million typewriters coming into the United States each year. If you have a tariff of $40 per machine, you quickly realize that you have millions of dollars lost to the U.S. Treasury. But more important is the question of unfair competition to a company like Smith-Corona, which has an existing antidumping order.

The very basis of my amendment refers to a modest change in function. When you have a modest change in scope, you should not be able to bump the product into a new classification, thereby avoiding the tariff.

As I say, Mr. Chairman, as both the gentleman from Minnesota [Mr. Frenzel] and the gentleman from Ohio [Mr. Pease], I think, will concede, there is some interest in this amendment. There is a desire to study it further. I present it today for consideration with the hope and expectation that fairness will rule the day and that this amendment is given the very thorough consideration it deserves.

Mr. Chairman, at this point in the Record I include that amendment and a more detailed explanation of it, as follows:

Amendments to the Amendment in the Nature of a Substitute to H.R. 3 Offered by Mr. Boehlert

Page 201, line 3, strike out "finding.'." and insert "finding.".

Page 201, between lines 3 and 4 insert the following:

"(E) Scope of Orders.—For purposes of determining whether a later-developed product is subject to an outstanding antidumping or countervailing duty order, the administering authority shall consider whether the new product—

"(i) competes with currently-produced products of the domestic industry on whose behalf the order was entered, and

"(ii) is sold through the same channels of distribution, and at roughly comparable price points, as the currently-produced products.

The administering authority may not exclude a later-developed product from an order merely because the product—

"(I) is classified under a tariff classification other than that identified in the petition or the administering authority's notices during the original investigation, or

"(II) permits the purchaser to perform additional functions, unless such additional functions constitute the primary use of the product and the cost of the additional functions constitute more than 35 percent of the total cost of production of the product.".

The Boehlert Amendment to H.R. 3

In brief, my amendment would add a section (e) to the anticircumvention sections of H.R. 3 (Sec. 155 on pages 198-201 in the Committee Print). This addition would allow the Commerce Department to consider "later developed products" within the scope of an existing anti-dumping order. The proposal clarifies that Commerce shall not presumptively dismiss a later developed product as being within the scope of an order merely because such a product would be considered under a different tariff classification.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I am glad to yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, the gentleman approached both the majority and the minority with this amendment even before he went to the Rules Committee and sought to have it made in order. The problem was that it was a little complicated and it came in a little late. We need to look into it further.

There is no doubt that the gentleman's amendment on the surface at least seems to have merit, but it is something that we hope we can work on as the bill moves its way forward. Without making any guarantees, we hope that the gentleman will be able to get some relief.

Mr. BOEHLERT. Mr. Chairman, I thank my colleague, the gentleman from Minnesota.

Mr. BONIOR of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I am glad to yield to the gentleman from Michigan.

Mr. BONIOR of Michigan. Mr. Chairman, I just want to commend the gentleman for his amendment and say that I regret that the Rules Committee did not make it in order because I think it is an eminently fair amendment. But evidently there had not been the required amount of study on it by certain Members, and we did not make it in order, in order to keep some comity between both parties on this issue.

But I think the gentleman does make an excellent case, and I hope that in the Senate and eventually in the conference this amendment is successful and that when it comes back to the House, we will take a serious look at it, because I believe the amendment has a great amount of merit.

Mr. BOEHLERT. Mr. Chairman, I thank my colleague, the gentleman from Michigan.

□ 1450

Mr. PEASE. Mr. Chairman, I yield 1 minute to the distinguished chairman of the Trade Subcommittee, the gentleman from Florida [Mr. Gibbons].

Mr. GIBBONS. Mr. Chairman, I rise in support of the Pease amendment. It is a fine amendment. It is needed in this bill. Mr. Chairman, this amendment is just like its author. The author is thoughtful, he is thorough, he is a great craftsman, and he is a very constructive Member of this body. I am glad the gentleman put this amendment together. I support it with a great deal of enthusiasm.

Mr. FRENZEL. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I must echo the comments of subcommittee chairman Gibbons about the proposer of this amendment. As the sole remaining member of the Curmudgeon caucus, I find it difficult to compliment anybody in this House, but if there is one whose work is always studious, always conscientious and always complete, it is the gentleman from Ohio. His work on the Trade Subcommittee has really been one of the shining examples of good legislative craftsmanship.

Now, understand, his ideas are not always meritorious, but his work is always first-class. He is a complete legislator. He is straight and honest in presenting or evaluating every proposal.

I must say personally as one who has opposed a large number of his amendments, the gentleman has always been a delight to work with. I think the Trade Committee would be much poorer without him. I think this Congress, without his advice and counsel on the subject of trade, would be much poorer.

Mr. Chairman, I rose in technical disagreement with this amendment so that members of the committee would have a chance to participate in debate in an otherwise restricted environment. I have no objection to the gentleman's amendment. It is a good example of great work by a great Congressman. I think it should be adopted by acclamation.

Mr. Chairman, I yield back the balance of my time.

Mr. PEASE. Mr. Chairman, I yield back the balance of my time in deep humility for the kind of comments of the previous distinguished speaker.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. Pease].

The amendment was agreed to.

AMENDMENT IN THE NATURE OF A SUBSTITUTE AS MODIFIED, OFFERED BY MR. MICHEL

Mr. MICHEL. Mr. Chairman, I offer an amendment in the nature of a subsitute.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute, as modified, offered by Mr. Michel: Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Trade and Export Enhancement Act of 1987".

TITLE I—TRADE LAW AMENDMENTS

Subtitle A—National Trade Policy and Agenda

SEC. 101. NATIONAL TRADE POLICY.

(a) Congressional Findings.—The Congress finds that—

(1) the United States is confronted with a fundamental disequilibrium in its trade and current account balances and a rapid increase in its net external debt;

(2) such disequilibrium and increase are a result of numerous factors, including—

(A) disparities between the macroeconomic policies of the major trading nations,

(B) the large United States budget deficit,

(C) instabilities and structural defects in the world monetary system,

(D) the growth of debt throughout the developing world;

(E) structural defects in the world trading system;

(F) governmental distortions and barriers,

(G) serious inadequacies in United States trade policy; and

(H) inadequate growth in the productivity and competitiveness of United States firms and industries relative to their overseas competition.

(3) the continuation of such disequilibrium, coupled with a further accumulation of external debt, will—

(A) seriously undermine the United States economy,

(B) continue, at a faster rate, the already-alarming decline in United States industrial and agricultural competitiveness,

(C) hasten the decline in living standards of workers and consumers,

(D) increase unemployment, and

(E) bring about, over time, world-wide economic disruptions and stagnation of world trade, thus jeopardizing the economic security of the free world; and

(4) it is therefore essential, and should be the highest priority of the United States Government, to pursue a broad array of domestic and international policies to ensure future stability in external trade of the United States and to guarantee the continued vitality of the technological, industrial, and agricultural base of the United States.

(b) National Policy.—It is the policy of the United States—

(1) to reduce substantially the deficits in the national trade and current accounts;

(2) to seek to achieve, no later than 1992, a more consistent equilibrium in such accounts, allowing only for reasonable fluctuations during periods of economic expansion or contraction; and

(3) to maintain, through greater cooperation and leadership within the international financial system, a system of reasonably stable exchange rates, to be effected through measures designed to ensure that the value of the dollar remains at a level designed to maintain the competitiveness of United States exports and prevent disruptive surges in United States imports.

(c) Presidential Action.—The President shall use all appropriate powers to achieve the national trade policy set forth in subsection (b), including—

(1) recommending to the Congress appropriate changes in implementing fiscal, regulatory, and general economic policy;

(2) making greater efforts to coordinate economic and monetary policy with the major trading partners of the United States;

(3) more effectively utilizing trade policy measures (including, but not limited to, those authorized under this Act) to expand markets for United States exports, discipline the unfair trade policies of other nations, and negotiate a more open world trading system; and

(4) effecting better management of Third World debt.

The President shall report to the Congress, in conjunction with the annual trade policy agenda statement required under section 102, regarding the progress made, or the reasons why no progress was made, during the year covered by the report in reducing the United States trade and current account deficits.

(d) Congressional Action.—In developing legislation, the Congress shall give the highest priority to achieving the national policy set forth in subsection (b) and to Presidential recommendations for achieving that policy.

SEC. 102. ANNUAL NATIONAL TRADE POLICY AGENDA.

(a) In General.—By no later than March 1 of each year, the United States Trade Representative shall submit in writing (in confidence if appropriate) to the Congress a statement of—

(1) the trade policy objectives and priorities of the United States for the year, and the reasons therefor;

(2) the actions proposed, or anticipated, to be undertaken during the year to achieve such objectives and priorities, including, but not limited to, actions authorized under the trade laws and negotiations with foreign countries;

(3) any proposed legislation necessary or appropriate to achieve any of such objectives or priorities; and

(4) the progress that was made during the preceding year in achieving the trade policy objectives and priorities included in the statement provided for that year under this subsection.

(b) Consultation Before Statement.—Before submitting the statement required under subsection (a) for any year, the United States Trade Representative shall seek advice from the appropriate advisory committees established under section 135 of the Trade Act of 1974 and shall consult with the appropriate committees of the Congress. In preparing the statement, the United States Trade Representative shall take into account the annual sectoral competitiveness studies prepared by the United States International Trade Commission under section 332(h) of the Tariff Act of 1930.

(c) Consultation After Statement.—The United States Trade Representative and other appropriate officials of the United States Government shall consult periodically with the appropriate committees of the Congress regarding the annual objectives and priorities set forth in the statement required under subsection (a) with respect to—

(1) the status and results of the actions that have been undertaken to achieve the objectives and priorities; and

(2) any development which may require, or result in, changes to any of such objectives or priorities.

SEC. 103. INFORMATION AND ADVICE FROM PRIVATE AND PUBLIC SECTORS RELATING TO TRADE POLICY AND AGREEMENTS.

Section 135 of the Trade Act of 1974 (19 U.S.C. 2155) is amended to read as follows:

"SEC. 135. INFORMATION AND ADVICE FROM PRIVATE AND PUBLIC SECTORS.

"(a) In General.—

"(1) The President shall seek information and advice from representative elements of the private sector and the non-Federal governmental sector with respect to—

"(A) negotiating objectives and bargaining positions before entering into a trade agreement under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987;

"(B) the operation of any trade agreement once entered into; and

"(C) other matters arising in connection with the development, implementation, and administration of the trade policy of the United States, including those matters referred to in Reorganization Plan Number 3 of 1979 and Executive Order Numbered 12188, and the priorities for actions thereunder.

To the maximum extent feasible, such information and advice on negotiating objectives shall be sought and considered before the commencement of negotiations.

"(2) The President shall consult with representative elements of the private sector and the non-Federal governmental sector on the overall current trade policy of the United States. The consultations shall include, but are not limited to, the following elements of such policy:

"(A) The principal multilateral and bilateral trade negotiating objectives and the progress being made toward their achievement.

"(B) The implementation, operation, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes.

"(C) The actions taken under the trade laws of the United States and the effectiveness of such actions in achieving trade policy objectives.

"(D) Important developments in other areas of trade for which there must be developed a proper policy response.

"(3) The President shall take the advice received through consultation under paragraph (2) into account in determining the importance which should be placed on each major objective and negotiating position that should be adopted in order to achieve the overall trade policy of the United States.

"(b) Advisory Committee for Trade Policy and Negotiations.—

"(1) The President shall establish an Advisory Committee for Trade Policy and Negotiations to provide overall policy advice on matters referred to in subsection (a). The committee shall be composed of not more than 45 individuals and shall include representatives of non-Federal governments, labor, industry, agriculture, small business, service industries, retailers, and consumer interests. The committee shall be broadly representative of the key sectors and groups of the economy, particularly with respect to those sectors and groups which are affected by trade. Members of the committee shall be nominated by the United States Trade Representative and appointed by the President. The term of appointment is 2 years. An individual may be reappointed to committee for any number of terms. The appointments made to the committee must reflect a balance between the political parties.

"(2) The committee shall meet not less than quarterly, and at any time at the call of the United States Trade Representative or at the call of two-thirds of the members of the committee. The chairman of the committee shall be elected by the committee from among its members.

"(3) The United States Trade Representative shall make available to the committee such staff, information, personnel, and administrative services and assistance as it may reasonably require to carry out its activities.

"(c) GENERAL POLICY, SECTORAL, OR FUNCTIONAL ADVISORY COMMITTEES.—

"(1) The President may, on his own initiative or at the request of organizations representing industry, labor, agriculture, or services, establish general policy advisory committees for industry, labor, agriculture, or services, respectively, to provide general policy advice on matters referred to in subsection (a). Such committees shall, insofar as is practicable, be representative of all industry, labor, agricultural, and service interests, respectively, including small business interests, and shall be organized by the United States Trade Representative and the Secretaries of Commerce, Defense, Labor, Agriculture, or other executive departments, as appropriate. Individual policy advisory committees should be established for services, investment, agriculture, defense, industry, and labor. The members of such committees shall be appointed by the United States Trade Representative in consultation with such Secretaries.

"(2) The President shall establish such sectoral or functional advisory committees as may be appropriate. Such committees shall, insofar as is practicable, be representative of all industry, labor, agricultural, or service interests (including small business interests) in the sector or functional areas concerned. In organizing such committees, the United States Trade Representative and the Secretaries of Commerce, Labor, Agriculture or other executive departments, as appropriate, shall—

"(A) consult with interested private organizations; and

"(B) take into account such factors as—

"(i) patterns of actual and potential competition between United States industry and agriculture and foreign enterprise in international trade,

"(ii) the character of the nontariff barriers and other distortions affecting such competition,

"(iii) the necessity for reasonable limits on the number of such advisory committees,

"(iv) the necessity that each committee be reasonably limited in size, and

"(v) in the case of each sectoral committee, that the product lines covered by each committee be reasonably related.

"(3) The President—

"(A) may establish policy advisory committees representing non-Federal governmental interests to provide, if the President finds it necessary, policy advice—

"(i) on matters referred to in subsection (a), and

"(ii) with respect to implementation of trade agreements, and

"(B) shall include as members of committees established under subparagraph (A) representatives of non-Federal governmental interests if he finds such inclusion appropriate after consultation by the United States Trade Representative with such representatives.

"(d) POLICY, TECHNICAL, AND OTHER ADVICE AND INFORMATION.—Committees established under subsection (c) shall meet at the call of the United States Trade Representative and the Secretaries of Agriculture, Commerce, Labor, Defense, or other executive departments, as appropriate, to provide policy advice, technical advice and information, and advice on other factors relevant to the matters referred to in subsection (a).

"(e) MEETING OF ADVISORY COMMITTEES AT CONCLUSION OF NEGOTIATIONS.—

"(1) The Advisory Committee for Trade Policy and Negotiations, each appropriate policy advisory committee, and each sectoral or functional advisory committee, if the sector or area which such committee represents is affected, shall meet at the conclusion of negotiations for each trade agreement entered into under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, to provide to the President, to Congress, and to the United States Trade Representative a report on such agreement. Each report, if it applies to a trade agreement entered into under section 102 of this Act or section 113 of such Act of 1987, shall be provided under the preceding sentence not later than the date on which the draft of the implementing bill for the agreement is submitted to Congress under section 102(e) of this Act or section 114(b) of such Act of 1987, as the case may be.

"(2) The report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee shall include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the overall and principal negotiating objectives set forth in this title or section 111 of the Trade Policy and International Economic Policy Reform Act of 1987, as appropriate.

"(3) The report of the appropriate sectoral or functional committee under paragraph (1) shall include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sector or within the functional area.

"(f) APPLICATION OF FEDERAL ADVISORY COMMITTEE ACT.—The provisions of the Federal Advisory Committee Act applies—

"(1) to the Advisory Committee for Trade Policy and Negotiations established under subsection (b); and

"(2) to all other advisory committees which may be established under subsection (c); except that the meetings of advisory committees established under subsections (b) and (c) shall be exempt from the requirements of subsections (a) and (b) of sections 10 and 11 of the Federal Advisory Committee Act (relating to open meetings, public notice, public participation, and public availability of documents), whenever and to the extent it is determined by the President or his designee that such meetings will be concerned with matters the disclosure of which would seriously compromise the Government's development of trade policy, priorities, negotiating objectives or bargaining positions with respect to matters referred to in subsection (a) of this section, and that meetings may be called of such special task forces, plenary meetings of chairmen, or other such groups made up of members of the committees established under subsections (b) and (c) of this section.

"(g) TRADE SECRETS AND CONFIDENTIAL INFORMATION.—

"(1) Trade secrets and commercial or financial information which is privileged or confidential, and which is submitted in confidence by the private sector or non-Federal government to officers or employees of the United States in connection with trade negotiations, may be disclosed upon request to—

"(A) officers and employees of the United States designated by the United States Trade Representative;

"(B) members of the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate who are designated as official advisers under section 161(a)(1) or are designated by the chairmen of either such committee under section 161(b)(3)(A) and staff members of either such committee designated by the chairmen under section 161(b)(3)(A); and

"(C) members of any committee of the House or Senate or any joint committee of Congress who are designated as advisers under section 161(a)(2) or designated by the chairman of such committee under section 161(b)(3)(B) and staff members of such committee designated under section 161(b)(3)(B), but disclosure may be made under this subparagraph only with respect to trade secrets or commercial or financial information that is relevant to trade policy matters or negotiations that are within the legislative jurisdiction of such committee;

for use in connection with matters referred to in subsection (a).

"(2) Information other than that described in paragraph (1), and advice submitted in confidence by the private sector or non-Federal government to officers or employees of the United States, to the Advisory Committee for Trade Policy and Negotiations, or to any advisory committee established under subsection (c), in connection with matters referred to in subsection (a), may be disclosed upon request to—

"(A) the individuals described in paragraph (1); and

"(B) the appropriate advisory committee established under this section.

"(3) Information submitted in confidence by officers or employees of the United States to the Advisory Committee for Trade Policy and Negotiations, or to any advisory committee established under subsection (c), may be disclosed in accordance with rules issued by the United States Trade Representative and the Secretaries of Commerce, Labor, Defense, Agriculture, or other executive departments, as appropriate, after consultation with the relevant advisory committees established under subsection (c). Such rules shall define the categories of information which require restricted or confidential handling by such committee considering the extent to which public disclosure of such information can reasonably be expected to prejudice the development of trade policy, priorities, or United States negotiating objectives. Such rules shall, to the maximum extent feasible, permit meaningful consultations by advisory committee members with persons affected by matters referred to in subsection (a).

"(4) Nothing in this section, or the rules promulgated under this section, shall be construed to affect the ability of the Congress, any Committee of the Congress, or the Comptroller General to obtain trade secrets and commercial or financial information, or any information submitted under this subsection, in accordance with applicable provisions of Federal statutes and the rules of the House of Representatives and the Senate.

"(h) ADVISORY COMMITTEE SUPPORT.—The United States Trade Representative, and the Secretaries of Commerce, Labor, Defense, Agriculture, or other executive departments, as appropriate, shall provide such staff, information, personnel, and administrative services and assistance to advisory committees established under subsection (c) as such committees may reasonably require to carry out their activities.

"(i) CONSULTATION WITH ADVISORY COMMITTEES; PROCEDURES; NONACCEPTANCE OF

COMMITTEE ADVICE OR RECOMMENDATIONS.—It shall be the responsibility of the United States Trade Representative, in conjunction with the Secretaries of Commerce, Labor, Agriculture, or other executive departments, as appropriate, to adopt procedures for consultation with and obtaining information and advice from the advisory committees established under subsection (c) on a continuing and timely basis. Such consultation shall include the provision of information to each advisory committee as to—

"(1) significant issues and developments; and

"(2) overall negotiating objectives and positions of the United States and other parties;

with respect to matters referred to in subsection (a). The United States Trade Representative shall not be bound by the advice or recommendations of such advisory committees, but shall inform the advisory committees of significant departures from such advice or recommendations made. In addition, in the course of consultations with the Congress under this title, information on the advice and information provided by advisory committees shall be made available to congressional advisers.

"(j) PRIVATE ORGANIZATIONS OR GROUPS.—In addition to any advisory committee established under this section, the President shall provide adequate, timely and continuing opportunity for the submission on an informal basis (and, if such information is submitted under the provisions of subsection (g), on a confidential basis) by private organizations or groups, representing government, labor, industry, agriculture, small business, service industries, consumer interests, and others, of statistics, data and other trade information, as well as policy recommendations, pertinent to any matter referred to in subsection (a).

"(k) SCOPE OF PARTICIPATION BY MEMBERS OF ADVISORY COMMITTEES.—Nothing contained in this section shall be construed to authorize or permit any individual to participate directly in any negotiation of any matters referred to in subsection (a). To the maximum extent practicable, the members of the committees established under subsections (b) and (c), and other appropriate parties, shall be informed and consulted before and during any such negotiations. They may be designated as advisors to a negotiating delegation, and may be permitted to participate in international meetings to the extent the head of the United States delegation deems appropriate. However, they may not speak or negotiate for the United States.

"(l) ADVISORY COMMITTEES ESTABLISHED BY DEPARTMENT OF AGRICULTURE.—The provisions of title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to any advisory committee established under subsection (c).

"(m) NON-FEDERAL GOVERNMENT DEFINED.—The term 'non-Federal government' means—

"(1) any State, territory, or possession of the United States, or the District of Columbia, or any political subdivision thereof, or

"(2) any agency or instrumentality of any entity described in paragraph (1).".

SEC. 104. CONGRESSIONAL LIAISON REGARDING TRADE POLICY AND AGREEMENTS.

Sections 161 and 162 of the Trade Act of 1974 (19 U.S.C. 2211 and 2212) are amended to read as follows:

"SEC. 161. CONGRESSIONAL ADVISERS FOR TRADE POLICY AND NEGOTIATIONS.

"(a) SELECTION.—

"(1) At the beginning of each regular session of Congress, the Speaker of the House of Representatives, upon the recommendation of the chairman of the Committee on Ways and Means, shall select 5 members (not more than 3 of whom are members of the same political party) of such committee, and the President pro tempore of the Senate, upon the recommendation of the chairman of the Committee on Finance, shall select 5 members (not more than 3 of whom are members of the same political party) of such committee, who shall be designated congressional advisers on trade policy and negotiations. They shall provide advice on the development of trade policy and priorities for the implementation thereof. They shall also be accredited by the United States Trade Representative on behalf of the President as official advisers to the United States delegations to international conferences, meetings, and negotiating sessions relating to trade agreements.

"(2)(A) In addition to the advisers designated under paragraph (1) from the Committee on Ways and Means and the Committee on Finance—

"(i) the Speaker of the House may select additional members of the House, for designation as congressional advisers regarding specific trade policy matters or negotiations, from any other committee of the House or joint committee of Congress that has jurisdiction over legislation likely to be affected by such matters or negotiations; and

"(ii) the President pro tempore of the Senate may select additional members of the Senate, for designation as congressional advisers regarding specific trade policy matters or negotiations, from any other committee of the Senate or joint committee of Congress that has jurisdiction over legislation likely to be affected by such matters or negotiations.

Members of the House and Senate selected as congressional advisers under this subparagraph shall be accredited by the United States Trade Representative.

"(B) Before designating any member under subparagraph (A), the Speaker or the President pro tempore shall consult with—

"(i) the chairman and ranking member of the Committee on Ways and Means or the Committee on Finance, as appropriate; and

"(ii) the chairman and ranking minority member of the committee from which the member will be selected.

"(C) Not more than 3 members (not more than 2 of whom are members of the same political party) may be selected under this paragraph as advisers from any committee of Congress.

"(b) BRIEFING.—

"(1) The United States Trade Representative shall keep each official adviser designated under subsection (a)(1) currently informed on matters affecting the trade policy of the United States and, with respect to possible agreements, negotiating objectives, the status of negotiations in progress, and the nature of any changes in domestic law or the administration thereof which may be recommended to Congress to carry out any trade agreement or any requirement of, amendment to, or recommendation under, such agreement.

"(2) The United States Trade Representative shall keep each official adviser designated under subsection (a)(2) currently informed regarding the trade policy matters and negotiations with respect to which the adviser is designated.

"(3)(A) The chairmen of the Committee on Ways and Means and the Committee on Finance may designate members (in addition to the official advisers under subsection (a)(1)) and staff members of their respective committees who shall have access to the information provided to official advisers under paragraph (1).

"(B) The Chairman of any committee of the House or Senate or any joint committee of Congress from which official advisers are selected under subsection (a)(2) may designate other members of such committee, and staff members of such committee, who shall have access to the information provided to official advisers under paragraph (2).

"(c) COMMITTEE CONSULTATION.—The United States Trade Representative shall consult not less than quarterly with the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the other appropriate committees of the House and Senate on the development, implementation, and administration of overall trade policy of the United States. Such consultations shall include, but are not limited to, the following elements of such policy:

"(1) The principal multilateral and bilateral negotiating objectives and the progress being made toward their achievement.

"(2) The implementation, administration, and effectiveness of recently concluded multilateral and bilateral trade agreements and resolution of trade disputes.

"(3) The actions taken, and proposed to be taken, under the trade laws of the United States and the effectiveness, or anticipated effectiveness, of such actions in achieving trade policy objectives.

"(4) The important developments and issues in other areas of trade for which there must be developed proper policy response.

When necessary, meetings shall be held with each Committee in executive session to review matters under negotiation.

"SEC. 162. TRANSMISSION OF AGREEMENTS TO CONGRESS.

"(a) SUBMISSION OF COPY AND REASONS.—As soon as practicable after a trade agreement entered into under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987 has entered into force with respect to the United States, the United States Trade Representative on behalf of the President shall, if he has not previously done so, transmit to each House of the Congress a copy of such trade agreement. He shall transmit with such agreement a statement containing—

"(1) the reasons for entering into the agreement in the light of the advice, if any, of the International Trade Commission under section 131(b) and of any other relevant considerations;

"(2) a description of the consultations regarding the agreement under section 135(i) between the United States Trade Representative and the advisory committees established under section 135(c) and if any advice or recommendation of any such committee was not accepted, the reasons therefor; and

"(3) an explanation of how the agreement will enhance the international trade competitiveness of the United States, expand export opportunities, establish equitable trade patterns, and further the overall trade policy of the United States.

"(b) SUBMISSION TO EACH MEMBER.—The United States Trade Representative, on behalf of the President, shall transmit to each Member of the Congress a summary of the information required to be transmitted to each House under subsection (a).

For purposes of this subsection, the term 'Member' includes any Delegate or Resident Commissioner.".

SEC. 105. TRADE COMPETITIVENESS IMPACT STATEMENTS.

(a) IN GENERAL.—In any case in which the provisions of an executive trade agreement may have a significant impact on the ability of significant domestic product and service industries to compete in domestic and international markets against foreign products, the President shall, at least 60 days before the date on which such agreement will take effect, submit to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and other appropriate committees of the Congress a statement describing the short- and long-term impact the provisions are likely to have (such as during the 1- and 5-year periods after the date on which such statement is submitted) on United States imports and exports, the balance of payments, and the ability of United States industries to compete in domestic and international markets against foreign products.

(b) WAIVERS.—The President may waive the requirements of subsection (a) with respect to a particular executive trade agreement if the President determines that it is necessary, in order to serve the national interest, to deal with an emergency situation, to comply with statutory deadlines, or to take action required by law that such agreement take effect immediately without compliance with subsection (a). The President shall transmit a statement describing each waiver made under this subsection to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and other appropriate committees of Congress, and shall publish a copy of such statement in the Federal Register.

Subtitle B—Trade Agreement Negotiating Authority, Enforcement of United States Rights Under Trade Agreements, and Response to Foreign Trade Practices

CHAPTER 1—TRADE AGREEMENT NEGOTIATING AUTHORITY

SEC. 111. OVERALL AND PRINCIPAL TRADE NEGOTIATING OBJECTIVES OF THE UNITED STATES.

(a) OVERALL TRADE NEGOTIATING OBJECTIVES.—(1) The overall trade negotiating objectives of the United States are to obtain—

(1) more open, equitable, and reciprocal market access;

(2) the harmonization, reduction, or elimination of policies or measures which impede or distort international commerce; and

(3) a more effective system of international trading disciplines and procedures.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—The principal trade negotiating objectives of the United States are as follows:

(1) AGRICULTURE.—The principal negotiating objectives with respect to agriculture are to achieve, on an expedited basis to the maximum extent feasible, more open and fair conditions of trade in agricultural commodities by—

(A) developing, strengthening, and clarifying rules to discipline restrictive or trade-distorting import and export practices;

(B) eliminating and reducing substantially specific constraints to fair trade and more open market access, such as tariffs, quotas, subsidies, and other nontariff practices, including unjustified phytosanitary and sanitary restrictions; and

(C) seeking agreements by which the major agricultural exporting nations agree to pursue policies to reduce excessive production of agricultural commodities during periods of oversupply, with due regard for the fact that the United States already undertakes such policies, and without recourse to arbitrary schemes to divide market shares among major exporting countries.

(2) DISPUTE SETTLEMENT.—The principal negotiating objectives with respect to dispute settlement are—

(A) to provide for more effective and expeditious dispute settlement mechanisms and procedures; and

(B) to ensure that such mechanisms within the General Agreement on Tariffs and Trade (hereinafter in this chapter referred to as the "GATT") and GATT agreements provide for more effective and expeditious resolution of disputes and enable better enforcement of United States rights.

(3) UNFAIR TRADE PRACTICES.—The principal negotiating objectives with respect to unfair trade practices are—

(A) to improve the provisions of the GATT and nontariff measure agreements to deter, and to provide greater discipline regarding, unfair trade practices, including forms of subsidy, dumping, and export targeting practices not adequately covered;

(B) to improve further the provisions applicable to agricultural trade so as to be consistent with those applicable to industrial products; and

(C) to seek otherwise greater discipline regarding, and to discourage the persistent use of, unfair trade practices.

(4) TRADE IN SERVICES.—The principal negotiating objectives regarding trade in services are—

(A) to reduce or to eliminate barriers to, or other distortions of, international trade in services (particularly United States service sector trade in foreign markets), including barriers that deny national treatment and restrictions on establishment and operation in such markets; and

(B) to develop internationally agreed rules, including dispute settlement procedures, which—

(i) are consistent with the commercial policies of the United States; and

(ii) will reduce or eliminate such barriers or distortions, and help ensure fair, equitable opportunities for foreign markets.

(5) INTELLECTUAL PROPERTY.—The principal negotiating objectives regarding intellectual property are—

(A) to seek the enactment and effective enforcement by foreign countries of laws which recognize and adequately protect intellectual property, including copyrights, patents, trademarks, mask works, and trade secrets; and

(B) to develop and strengthen international rules, dispute settlement provisions, and enforcement procedures against trade-distorting practices arising from inadequate national protection and ineffective enforcement of intellectual property rights, including—

(i) the incorporation into the GATT of adequate and effective substantive norms and standards for the protection and enforcement of intellectual property rights as the basis for the dispute settlement provisions and enforcement procedures, which norms and standards are complementary to those of existing international conventions; and

(ii) the supplementing and strengthening of standards for protection and enforcement in existing international intellectual property conventions administered by other international organizations, including expansion to cover new and emerging technologies and elimination of discrimination or unreasonable exceptions or preconditions to protection.

(6) FOREIGN DIRECT INVESTMENT.—The principal negotiating objectives regarding foreign direct investment are—

(A) to reduce or to eliminate artificial or trade-distorting barriers to foreign direct investment, to expand the principle of national treatment, and to reduce unreasonable barriers to establishment; and

(B) to develop internationally agreed rules, including dispute settlement procedures, which—

(i) will help ensure a free flow of foreign direct investment, and

(ii) will reduce or eliminate the trade distortive effects of certain trade-related investment measures.

(7) SAFEGUARDS.—The principal negotiating objectives regarding safeguards are—

(A) to improve and expand rules and procedures covering safeguard measures; and

(B) to ensure that safeguard measures are—

(i) transparent,

(ii) temporary,

(iii) degressive, and

(iv) subject to review and termination when no longer necessary to remedy injury and to facilitate adjustment.

(8) IMPROVEMENT OF THE GATT AND MULTILATERAL TRADE NEGOTIATION AGREEMENTS.—The principal negotiating objectives regarding the improvement of GATT and multilateral trade negotiation agreements are—

(A) to improve the operation and expand the coverage of such agreements and arrangements; and

(B) to expand participation, where appropriate.

(9) SPECIFIC BARRIERS.—The principal negotiating objective regarding specific barriers is to achieve maximum reduction, elimination, or harmonization of specific tariff and nontariff trade barriers, particularly measures identified in the annual report prepared under section 181 of the Trade Act of 1974, and disparities in tariff levels which impede access to particular export markets.

(10) WORKER RIGHTS.—The principal negotiating objectives regarding worker rights are—

(A) to promote respect for worker rights;

(B) to secure a review of the relationship of worker rights to GATT articles, objectives, and related instruments with a view to ensuring that the benefits of the trading system are available to all workers; and

(C) to adopt, as a principle of the GATT, that the denial of worker rights should not be a means for a country or its industries to gain competitive advantage in international trade.

(11) DEVELOPING COUNTRIES.—The principal negotiating objective regarding developing countries is to ensure that developing countries, commensurate with their attaining more advanced and competitive levels of economic development, assume a full measure of responsibility for achieving and maintaining an open international trading system by providing reciprocal benefits and assuming equivalent obligations with respect to their import and export practices.

(12) ACCESS TO HIGH TECHNOLOGY.—The principal negotiating objective regarding access to high technology is to obtain the elimination or reduction of foreign barriers to, and acts, policies, or practices by foreign governments which limit, equitable access by United States persons to foreign-developed technology, including barriers, acts,

policies, or practices which have the effect of—

(A) restricting the participation of United States persons in government-supported research and development projects;

(B) denying equitable access by United States persons to government-held patents;

(C) requiring the approval or agreement of government entities, or imposing other forms of government interventions, as a condition for the granting of licenses to United States persons by foreign persons (except for approval or agreement which may be necessary for national security purposes to control the export of critical military technology); and

(D) otherwise denying equitable access by United States persons to foreign-developed technology or contributing to the inequitable flow of technology between the United States and its trading partners.

In pursuing this objective, the United States shall take into account United States Government policies in licensing or otherwise making available to foreign persons technology and other information developed by United States laboratories.

(13) CURRENT ACCOUNT SURPLUSES.—The principal negotiating objective regarding current account surpluses is to develop rules that impose greater responsibility on countries with large and persistent current account surpluses to undertake policy changes aimed at restoring current account equilibrium, including expedited implementation of trade agreements where feasible and appropriate.

(14) TRADE AND MONETARY COORDINATION.—The principal negotiating objective regarding trade and monetary coordination is to develop mechanisms to assure greater coordination, consistency, and cooperation between international trade and monetary systems and institutions.

(c) UNFAIR TRADE PRACTICES AND TRADE BARRIERS AFFECTING AGRICULTURAL MARKETS.—

(1) The Congress finds that—

(A) United States agricultural exports accounted for $26,300,000,000, or 13 percent of total United States exports, in 1986;

(B) United States agricultural exports have declined dramatically in recent years, from $43,800,000,000 in fiscal year 1981 to $27,500,000,000 in 1986;

(C) the United States trade balance in agriculture, which has historically been in surplus, fell into deficit in May, June, and July of 1986 for the first time in 27 years;

(D) the proliferation of unfair trade practices and foreign trade barriers in agricultural markets impedes the ability of United States exporters to compete on a fair basis and attain their potential in export markets;

(E) the persistence of such practices and barriers exacerbates the United States trade deficit, and increases pressures for the United States to pursue protectionist policies and restrict foreign access to United States markets; and

(F) the elimination of unfair trade practices and foreign trade barriers is absolutely essential if foreign nations want to maintain their access to United States markets and want the United States to pursue a free and fair trade orientation in its laws and policies.

(2) It is the sense of Congress that the United States Trade Representative should immediately enter into negotiations and use all power and authority of his office to achieve the elimination of the numerous tariff and nontariff barriers and unfair trade practices (including, but not limited to, those listed in the reports prepared under section 181 of the Trade Act of 1974), of many foreign countries that affect United States agricultural products, with particular attention being given to the following:

(A) With respect to the European Community (EC):

(i) Nontariff barriers to United States meat exports, including the EC third-country meat directive and the EC hormone ban.

(ii) Restrictions on imported feed grains and soybean products.

(iii) Internal processor oilseed subsidies.

(iv) Export subsidies on numerous products, including poultry, beef, veal, pork and pork products, sugar, citrus, and wheat products.

(v) Excessive tariffs on processed almonds.

(B) With respect to Japan:

(i) Failure to comply with its obligations under the United States-Japan beef agreement which calls for the immediate and meaningful liberalization of its market for United States beef.

(ii) Persistent and prolonged use of trade barriers and unfair trade practices to protect its beef market, including high tariffs, import distribution practices, and other restrictive or discriminatory practices by the Livestock Industry Promotion Corporation.

(iii) Prohibition on the importation of rice.

(iv) Imposition of fumigation and quarantine requirements that are far in excess of those necessary to protect health and safety for purposes of restricting imports of citrus and avocadoes, among others.

(v) Continued restrictions on imports of United States forestry products.

(vi) Excessive tariffs and quotas on imports of citrus products (especially fresh oranges), frozen peaches, pistachios, and wine.

(C) With respect to Korea:

(i) Restrictions on meat imports, including a ban on all imports of high quality beef, an excessive tariff on red meat products, and restrictive distribution practices for meat imports.

(ii) Prohibition on the importation of numerous agricultural products (except for use in foreign hotels and commissaries), including, but not limited to, fresh oranges, avocadoes, kiwi, frozen peaches, and canned fruit.

(iii) Imposition of an unjustified quarantine on all United States fresh citrus.

(iv) Excessive tariffs on numerous agricultural products, including fresh oranges, almonds, pistachios, kiwi, raisins, frozen peaches, and canned fruit.

(v) Unfair licensing restrictions on numerous imports, including pistachios.

(D) With respect to Taiwan, excessive tariffs and nontariff barriers on numerous agricultural products, including, but not limited to, fresh citrus, frozen concentrated orange juice, apples, canned fruit, frozen peaches, raisins, roasted pistachios, and walnuts.

(E) With respect to India, licensing restrictions and excessive tariffs on almonds, raisins, and other dried fruit and nuts.

(F) With respect to Canada:

(i) Import licensing system administered by the Canadian Wheat Board, under which import licenses for wheat or wheat-containing products will not be issued unless the Wheat Board determines that such product is not readily available in Canada, thus constituting an unfair nontariff trade barrier.

(ii) Freight rate export subsidy program for certain grains and other feed ingredients, including rapeseed oil and meal.

(G) With respect to Argentina, differential export taxes on soybeans and soybean products and sunflower seeds and sunflower seed products.

(3) It is the further sense of Congress that the United States Trade Representative shall use all power and authority of his office, and take all steps—

(A) to achieve the elimination of unfair trade practices and foreign trade barriers affecting United States exports of forest products; and

(B) to ensure that any agreement negotiated to reduce or eliminate unfair trade in forest products, including the recent United States-Canada agreement on lumber, is fully implemented by all parties concerned within the timeframe contemplated by the agreement.

(d) POLICY WITH RESPECT TO THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS.—

(1) IN GENERAL.—It is the policy of the United States to use the opportunity presented by the Uruguay Round of Multilateral Trade Negotiations to enter into multilateral agreements that achieve, on a reciprocal and mutually advantageous basis, the purposes and objectives of this title, in particular through—

(A) increasing the market opportunities abroad for the export of United States products and services;

(B) achieving fairer terms and conditions of international trade competition;

(C) strengthening the provisions for international negotiation and the settlement of disputes;

(D) ensuring a fuller responsibility by all trading countries for achieving and maintaining a fair international trading system; and

(E) improving the institutional structure, and enhancing the role, of the GATT.

(2) PREFERENCE FOR MULTILATERAL TRADE AGREEMENTS.—The policy specified in paragraph (1) should be achieved, to the maximum extent feasible and appropriate, through the entering into of multilateral trade agreements (negotiated with both developed and developing countries); except that nothing in this section may be construed as precluding the President from—

(A) negotiating bilateral and other types of agreements to achieve such policy if the use of such agreements would be more effective or appropriate, or the entering into of multilateral agreements is not feasible; or

(B) seeking agreements outside of, or supplemental to, the Uruguay Round or the GATT, if—

(i) results from the Uruguay Round are unduly delayed, or

(ii) United States overall and principal negotiating objectives can be obtained more effectively through bilateral or plurilateral agreements entered into outside of, or supplemental to, the Uruguay Round or the GATT.

SEC. 112. TRADE AGREEMENTS REGARDING TARIFF BARRIERS.

(a) IN GENERAL.—Whenever the President determines that one or more existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes, policies, and objectives of this title will be promoted thereby, the President—

(1) until January 3, 1993, may enter into trade agreements with foreign countries or instrumentalities thereof; and

(2) may, subject to subsections (b) and (c), proclaim such modification or continuance of any existing duty, such continuance of existing duty-free or excise treatment, or such additional duties, as he determines to be required or appropriate to carry out any such trade agreement.

(b) Limitation on Reduction.—No proclamation may be made under subsection (a) that reduces a rate of duty below 40 percent of the rate existing on the date of the enactment of this Act if—

(1) the United States International Trade Commission advises under section 131 of the Trade Act of 1974; or

(2) the United States Trade Representative determines on the basis of available information;

that a reduction exceeding such percentage on the imported article would have a probable significant adverse economic effect on the United States industry that produces a like or directly competitive product.

(c) Staging and Rounding.—

(1) The aggregate reduction in a rate of duty to which the limitation in subsection (b) applies shall be phased in over the 10-year period beginning on the effective date of the first reduction; but such reduction need not take effect in equal annual stages.

(2) If—

(A) the United States International Trade Commission advises under section 131 of the Trade Act of 1974; or

(B) the United States Trade Representative determines on the basis of available information;

that a reduction in a rate of duty under a trade agreement entered into under subsection (a) would have a probable adverse economic effect on the United States industry that produces a like or directly competitive product, the reduction shall be phased in over a period of 2 or more years.

(3) If the President determines that such action will simplify the computation of reductions under paragraphs (1) and (2), the President may round an annual reduction by the lesser of—

(A) the difference between the reduction without regard to this paragraph and the next lower whole number; or

(B) one-half of 1 percent ad valorem.

(4) No reduction in a rate of duty under a trade agreement entered into under subsection (a) on any article may take effect more than 10 years after the effective date of the first reduction that is proclaimed to carry out the trade agreement with respect to such article.

SEC. 113. TRADE AGREEMENTS REGARDING OTHER THAN TARIFF BARRIERS.

(a) Regarding Nontariff Barriers.—

(1) Whenever the President determines that—

(A) one or more barriers to (or other distortions of) international trade of any foreign country or the United States unduly burden and restrict the foreign trade of the United States or adversely affect the United States economy; or

(B) the imposition of any such barrier is likely to result in such a burden, restriction, or adverse effect;

and that the purposes, policies, and objectives of this title will be promoted thereby, the President may enter into a trade agreement with foreign countries providing for—

(i) the harmonization, reduction, or elimination of such barriers (or other distortions); or

(ii) the prohibition of, or limitations on the imposition of, such barriers (or other distortions).

(2) A trade agreement to implement the International Convention on the Harmonized Commodity Description and Coding System may be entered into under the authority of paragraph (1).

(b) Regarding Certain Bilateral Agreements.—

(1) Until January 3, 1993, and subject to paragraph (2), the President may enter into bilateral trade agreements with foreign countries that provide for the elimination or reduction of any duty imposed by the United States. A trade agreement entered into under this paragraph may also provide for the harmonization, reduction, or elimination of barriers to (or other distortions of) international trade of the foreign country or the United States.

(2)(A) A trade agreement may be entered into under paragraph (1) between the United States and a foreign country only if—

(i) the foreign country requests the negotiation of such an agreement; and

(ii) the President, at least 60 days before the date notice is provided under section 114(b)(1)—

(I) provides written notice of the negotiation to each of the Committees, and

(II) consults with the Committees regarding the negotiation of the agreement.

(B) The 60 days referred to in subparagraph (A)(ii) are computed without regard to—

(i) the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

(ii) any Saturday and Sunday, not excluded under subparagraph (A), when either House of Congress is not in session.

(3) Notwithstanding any other provision of law, no trade benefit shall be extended to any country by reason of the extension of any trade benefit to another country under a trade agreement entered into under paragraph (1) with such other country.

(4) This subsection does not apply to any bilateral agreement that, as of January 1, 1987, was under negotiation under the authority of section 102(b)(4)(A) of the Trade Act of 1974.

(5) In any case in which there is an inconsistency between any provision of this Act and any bilateral free trade area agreement that entered into force and effect with respect to the United States before January 1, 1987, the provision shall not apply with respect to the foreign country that is party to that agreement.

(6) Before the close of the 1-year period beginning on the date of the enactment of this Act, the United States Trade Representative shall—

(A) undertake a review of the bilateral trade relationships of the United States and identify those foreign countries that, in the opinion of the Trade Representative, have the best potential for free trade area relationships with the United States; and

(B) consult with each of the Committees regarding the results of such review.

(c) Consultation With Congress.—

(1) Before the President enters into any trade agreement under subsection (a) or (b), the President shall consult with—

(A) each of the Committees; and

(B) each other committee of the House and the Senate, and each joint committee of the Congress, which has jurisdiction over legislation involving subject matters which would be affected by the trade agreement.

(2) The consultation under paragraph (1) shall include—

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the purposes, policies, and objectives of this title; and

(C) all matters relating to the implementation of the agreement under section 114.

(3) If it is proposed to implement a trade agreement entered into under subsection (a), together with one or more other trade agreements entered into under that subsection, in a single implementing bill under this section, the consultation under paragraph (1) shall include the desirability and feasibility of such proposed implementation.

(d) Definitions.—For purposes of this subsection:

(1) The term "barrier" includes any duty or other import restriction.

(2) The term "Committees" means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(3) The term "distortion" includes a subsidy and any denial of adequate and effective protection of intellectual property rights.

(4) The term "foreign country" includes any foreign instrumentality.

(5) The term "international trade" includes—

(A) trade in both goods and services, and

(B) foreign direct investment by United States persons especially if such investment has implications for trade in goods and services.

SEC. 114. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) Definition.—For purposes of this section, the term "implementing bill" has the meaning given such term in section 151(b)(1) of the Trade Act of 1974.

(b) Implementation Procedures.—A trade agreement entered into under section 113 (a) or (b) shall enter into force and effect with respect to the United States if (and only if)—

(1) the President, not less than 90 days before the day on which he enters into the trade agreement, notifies the House of Representatives and the Senate, and promptly thereafter publishes a notice in the Federal Register, of his intention to enter into such agreement;

(2) after entering into the agreement, the President submits a document to the House of Representatives and to the Senate containing a copy of the final legal text of such agreement together with—

(A) a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, and an explanation as to how the implementing bill and proposed administrative action change or affect existing law,

(B) a statement—

(i) that the agreement achieves the applicable purposes, policies, and objectives of this title,

(ii) of his reasons as to—

(I) how and to what extent the agreement achieves the purposes, policies, and objectives referred to in clause (i), and why and to what extent the agreement does not achieve other such purposes, policies, and objectives,

(II) how the agreement serves the interests of United States commerce, and

(III) why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement, and

(iii) describing the efforts made by the President to obtain international exchange rate equilibrium and any effect the agreement may have regarding increased international monetary stability; and

(3) the implementing bill is enacted into law.

(c) RECOMMENDATIONS REGARDING SECTION 113(a) AGREEMENTS.—To ensure that a foreign country or instrumentality which receives benefits under a trade agreement entered into under section 113(a) is subject to the obligations imposed by such agreement, the President shall recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the signatory parties to the agreement, if such treatment is appropriate and consistent with the terms of such agreement and the international obligations of the United States. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(d) USE OF "FAST TRACK" PROCEDURES FOR NONTARIFF BARRIER AGREEMENT IMPLEMENTING BILLS.—

(1) Except as provided in paragraph (2), the provisions of section 151(c) through (g) of the Trade Act of 1974 (19 U.S.C. 2191) do not apply to any implementing bill for a trade agreement that is entered into under section 113(a) after January 3, 1991.

(2) If—

(A) the United States Trade Representative, after consultation with the Committee on Ways and Means of the House of Representatives of the Committee on Finance of the Senate, submits a report to the committees no later than July 15, 1990, that—

(i) requests that the date referred to in paragraph (1) be extended until January 3, 1993,

(ii) describes the progress that has been made in multilateral and other negotiations to achieve the purposes, policies, and objectives of this title, and states that such progress justifies the continuation of negotiations, and

(iii) states the reasons why the extension is needed to complete the negotiations; and

(B) neither of such committees, before January 4, 1991, disapproves the use of such provisions with respect to agreements entered into under section 113(a) before January 4, 1993;

then, effective January 3, 1991, paragraph (1) is amended—

(I) by striking out "Except as provided in paragraph (2), the" and inserting "The", and

(II) by striking out "1991" and inserting "1993".

(e) USE OF "FAST TRACK" PROCEDURES FOR CERTAIN BILATERAL AGREEMENT IMPLEMENTING BILLS.—The provisions of section 151(c) through (g) of the Trade Act of 1974 do not apply to any implementing bill for a trade agreement entered into under section 113(b) if—

(1) the requirements under section 113(b)(2)(A) were not met with respect to the negotiation of the agreement; or

(2) the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate disapproves of the negotiation of the agreement before the close of the 60-day period (computed without regard to the days referred to in clauses (i) and (ii) of section 113(b)(2)(B)) which begins on the date on which notice is provided to such committees under section 113(b)(2)(A)(ii).

SEC. 115. AMENDMENTS TO THE TRADE ACT OF 1974.

(a) ADVICE FROM ITC AND OTHER FEDERAL AGENCIES CONCERNING TRADE POLICY AND NEGOTIATIONS.—Sections 131 through 134 inclusive of the Trade Act of 1974 (19 U.S.C. 2151-2154) are amended to read as follows:

"SEC. 131. ADVICE FROM INTERNATIONAL TRADE COMMISSION.

"(a) LISTS OF ARTICLES WHICH MAY BE CONSIDERED FOR ACTION.—

"(1) In connection with any proposed trade agreement under section 123 of this Act or section 112 of the Trade and International Economic Policy Reform Act of 1987, the President shall from time to time publish and furnish the International Trade Commission (hereafter in this section referred to as the 'Commission') with lists of articles which may be considered for modification or continuance of United States duties, continuance of United States duty-free or excise treatment, or additional duties. In the case of any article with respect to which consideration may be given to reducing or increasing the rate of duty, the list shall specify the provision of this subchapter under which such consideration may be given.

"(2) In connection with any proposed trade agreement under section 113 of the Trade and International Economic Policy Reform Act of 1987, the President may from time to time publish and furnish the Commission with lists of non-tariff matters which may be considered for modification.

"(b) ADVICE TO PRESIDENT BY COMMISSION.—Within 6 months after receipt of a list under subsection (a) or, in the case of a list submitted in connection with a trade agreement authorized under section 133, within 90 days after receipt of such list, the Commission shall advise the President, with respect to each article or non-tariff matter, of its judgment as to the probable economic effect of modification of the tariff or non-tariff measure on industries producing like or directly competitive articles and on consumers, so as to assist the President in making an informed judgment as to the impact which might be caused by such modifications on United States interests, such as sectors involved in manufacturing, agriculture, mining, fishing, services, intellectual property, investment, labor, and consumers. Such advice may include in the case of any article the advice of the Commission as to whether any reduction in the rate of duty should take place over a longer period of time than the minimum period provided for in section 112(c)(2).

"(c) ADDITIONAL INVESTIGATIONS AND REPORTS REQUESTED BY THE PRESIDENT OR THE TRADE REPRESENTATIVE.—In addition, in order to assist the President in his determination whether to enter into any agreement under this title or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, or how to develop trade policy, priorities or other matters (such as priorities for actions to improve opportunities in foreign markets), the Commission shall make such investigations and reports as may be requested by the President on matters such as effects of modification of any barrier to (or other distortion of) international trade on domestic workers, industries or sectors, purchasers, prices and quantities of articles in the United States.

"(d) COMMISSION STEPS IN PREPARING ITS ADVICE TO THE PRESIDENT.—In preparing its advice to the President under this section, the Commission shall to the extent practicable—

"(1) investigate conditions, causes, and effects relating to competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles or services;

"(2) analyze the production, trade, and consumption of each like or directly competitive article, or service taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production;

"(3) describe the probable nature and extent of any significant change in employment, profit levels, and use of productive facilities; the overall impact of such or other possible changes on the competitiveness of relevant domestic industries or sectors; and such other conditions as it deems relevant in the domestic industries or sectors concerned which it believes such modifications would cause; and

"(4) make special studies (including studies of real wages paid in foreign supply countries), whenever deemed to be warranted, of particular proposed modifications affecting United States manufacturing, agriculture, mining, fishing, labor, consumers, services, intellectual property and investment, using to the fullest extent practicable United States Government facilities abroad and appropriate personnel of the United States.

"(e) PUBLIC HEARING.—In preparing its advice to the President under this section, the Commission shall, after reasonable notice, hold public hearings.

"SEC. 132. ADVICE FROM EXECUTIVE DEPARTMENTS AND OTHER SOURCES.

"Before any trade agreement is entered into under section 123 of this Act or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, the President shall seek information and advice with respect to such agreement from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State and the Treasury, from the United States Trade Representative, and from such other sources as he may deem appropriate. Such advice shall be prepared and presented consistent with the provisions of Reorganization Plan Number 3 of 1979 and Executive Order Numbered 12188.

"SEC. 133. PUBLIC HEARINGS.

"(a) OPPORTUNITY FOR PRESENTATION OF VIEWS.—In connection with any proposed trade agreement under section 123 of this Act or section 112 or 113 of the Trade Policy and International Economic Policy Reform Act of 1987, the President shall afford an opportunity of any interested person to present his views concerning any article on a list published under section 131, any matter or article which should be so listed, any concession which should be sought by the United States, or any other matter relevant to such proposed trade agreement. For this purpose, the President shall designate any agency or an interagency committee which shall, after reasonable notice, hold public hearings and prescribe regulations governing the conduct of such hearings. When appropriate, such procedures shall apply to the development of trade policy and priorities.

"(b) Summary of Hearings.—The organization holding such hearing shall furnish the President with a summary thereof.

"SEC. 134. PREREQUISITES FOR OFFERS.

"In any negotiation seeking an agreement under section 123 of this Act or section 112 or 113 of the Trade and International Economic Policy Reform Act of 1987, the President may make a formal offer for the modification or continuance of any United States duty, import restrictions, or barriers to (or other distortions of) international trade, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, import restrictions, or other barrier to (or other distortion of) international trade including trade in services, foreign direct investment and intellectual property as covered by this title, with respect to any article or matter only after he has received a summary of the hearings at which an opportunity to be heard with respect to such article has been afforded under section 133. In addition, the President may make an offer for the modification or continuance of any United States duty, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, with respect to any article included in a list published and furnished under section 131(a), only after he has received advice concerning such article from the Commission under section 131(b), or after the expiration of the 6-month or 90-day period provided for in that section, as appropriate, whichever first occurs.".

(b) Application of Other Provisions of 1974 Act.—For purposes of applying sections 125, 126(a), and 127 of the Trade Act of 1974 (19 U.S.C. 2135, et seq.)—

(1) any trade agreement entered into under section 112 or 113 of this Act shall be treated as an agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974 (19 U.S.C. 2112), and

(2) any proclamation or Executive order issued pursuant to an agreement entered into under section 112 or 113 of this Act shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 101 or 102, as appropriate, of the Trade Act of 1974.

(c) Conforming Amendment.—Section 151(b)(1) and (c)(1) of the Trade Act of 1974 (19 U.S.C. 2191(b)(1)) are each amended by striking out "section 102" and inserting "section 102 of this Act or section 114 of the Trade and International Economic Policy Reform Act of 1987".

SEC. 116. COMPENSATION AUTHORITY.

Section 123 of the Trade Act of 1974 (19 U.S.C. 2133) is amended to read as follows:

"SEC. 123. COMPENSATION AUTHORITY.

"(a) In General.—Whenever—

"(1) any action taken under chapter 1 of title II or chapter 1 of title III;

"(2) any Act of Congress enacted after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987; or

"(3) any judicial or administrative tariff reclassification that becomes final after the date of the enactment of such Act of 1987;

increases or imposes any duty or other import restriction, the President—

"(A) may enter into trade agreements with foreign countries or instrumentalities for the purpose of granting new concessions as compensation in order to maintain the general level of reciprocal and mutually advantageous concessions; and

"(B) may proclaim such modification or continuance of any existing duty, or such continuance of existing duty-free or excise treatment, as he determines to be required or appropriate to carry out any such agreement;

but only if the entering into of any such agreement is necessary or appropriate to meet the international obligations of the United States.

"(b) Factors Considered Before Entering Into Agreement.—Before entering into any trade agreement under this section with any foreign country or instrumentality, the President shall consider whether such country or instrumentality has violated trade concessions of benefit to the United States and such violation has not been adequately offset by the action of the United States or by such country or instrumentality.

"(c) Application of Section 112 Limitations.—Section 112 (b) and (c) apply to any modification of existing duties that is granted as a concession under this section.

"(d) Reduction and Termination.—Any concession granted under subsection (a) shall be reduced and terminated according to a schedule that the President determines is substantially equivalent to the effect and duration of the action of the United States that gave rise to the concession.".

SEC. 117. TARIFF AGREEMENTS WITH CANADA.

(a) In General.—Chapter 2 of title I is amended by inserting at the end thereof the following new section:

"SEC. 129. NEGOTIATION OF CERTAIN MISCELLANEOUS TARIFF AGREEMENTS WITH THE GOVERNMENT OF CANADA.

"(a) The President may, subject to the provisions of subsections (b), (c), and (d) of this section—

"(1) enter into tariff agreements with the Government of Canada relating to the items listed in this section; and

"(2) may proclaim the modification or elimination of any existing duty on these items as he deems appropriate to carry out such agreements.

"(b) The President shall exercise his authority under this section only with respect to articles provided for in the following items of the Tariff Schedules of the United States (19 U.S.C. 1202):

"(1) Frozen cranberries (provided for in item 146.71).

"(2) Dialysis cyclers (provided for in item 709.17).

"(3) Packaging goods for tea (described in headnote 2 to subpart A of part 11 of schedule 1).

"(4) Dried fababeans (provided for in items 140.11 and 140.16).

"(5) Cat litter (provided for in items 256.90 and 512.24).

"(6) Mechanics tool boxes (provided for in item 706.62).

"(7) Medical tubing (provided for in item 772.65).

"(8) Synthetic fireplace materials (provided for in item 792.32).

"(9) Spirits (provided for in items 169.21 and 169.22).

"(10) Miners safety lamps, components, and battery chargers (provided for in items 683.80 and 682.60).

"(11) Computerized paper cutter control retrofit units (provided for in items 685.90 and 676.15).

"(c) The President shall exercise his authority to proclaim changes in existing duties under this section only to the extent that tariff concessions of approximately equivalent value are granted by the Government of Canada in exchange for reductions authorized under this section.

"(d) The President may exercise the authority granted under this section only during the 5-year period beginning on the date of the enactment of this section.".

(b) Conforming Amendment.—The table of contents of chapter 2 of title I is amended by adding at the end thereof the following:

"Sec. 129. Negotiation of certain miscellaneous trade agreements with the Government of Canada.".

SEC. 118. IMPLEMENTATION OF UNITED STATES-EC AGREEMENT ON CITRUS AND PASTA.

(a) Purpose.—The purpose of this section is to provide for the implementation of tariff reductions agreed to by the United States in the Agreement between the European Economic Community and the United States, concluded February 24, 1987, with respect to citrus and pasta.

(b) Proclamation Authority.—

(1) The amendments made by subsection (c) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after a date proclaimed by the President as being appropriate to carry out the Agreement referred to in subsection (a).

(2) The President is authorized at any time to modify or terminate by proclamation any provision of law enacted by the amendments made by subsection (c).

(3) The rates of duty in column numbered 1 of the Tariff Schedules of the United States that are enacted by the amendments made by subsection (c) shall be treated—

(A) as not having the status of statutory provisions enacted by the Congress; but

(B) as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party.

(c) Tariff Schedules Amendments.—

(1) Anchovies.—Subpart C of part 3 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out item 112.40 and inserting the following new items in numerical sequence, with the superior heading thereto at the same level of indentation as the article description in item 112.42:

	"Anchovies:		
112.39	For an aggregate quantity entered in any calendar year not to exceed 3,000 metric tons.	3% ad val...	30% ad val.
112.41	Other	6% ad val...	30% ad val.":

(2) Cheeses.—Subpart C of part 4 of schedule 1 of such Schedules is amended as follows:

(A) Item 117.65 is amended by striking out "9% ad val." and inserting "Free".

(B) Item 117.67 is amended by striking out "12% ad val." and inserting "Free".

(3) Satsuma oranges.—Subpart B of part 9 of such schedule 1 is amended by striking out item 147.29 and inserting in numerical sequence the following new items and superior heading thereto, with such heading at the same level of indentation as the article description in item 147.30:

"Mandarin, packed in airtight containers:

—Continued

147.28	Satsuma, for an aggregate quantity entered in any calendar year not to exceed 40,000 metric tons.	Free	1¢ per lb.
147.29	Other	0.2¢ per lb.	1¢ per lb.":

(4) OLIVES.—Subpart B of part 9 of such schedule 1 is amended—

(A) by inserting in numerical sequence the following new item, with the article description at the same level of indentation as item 148.42:

"148.43	Green in color and in containers each holding 3 gallons or more, to be used for repacking or sale as green olives, for a quantity entered in any calendar year not to exceed 4,400 metric tons.	10¢ per gal.	20¢ per gal.":

(B) by redesignating item 148.44 as 148.45;

(C) by inserting in numerical sequence the following new item, with the article description at the same level of indentation as item 148.46:

"148.47	Green in color and in containers each holding not more than 5 gallons, for a quantity entered in any calendar year not to exceed 730 metric tons.	15¢ per gal.	30¢ per gal.":

(D) by redesignating item 148.48 as 148.49;

(E) by striking out the article description for item 148.50 and inserting "Pitted".

(F) by striking out "5¢ per lb." in item 148.52 and inserting "2.5¢ per lb.";

(G) by redesignating items 148.52 and 148.54 as items 148.55 and 148.57, respectively;

(H) by inserting in numerical sequence the following new items and the superior heading thereto, with such heading at the same level of indentation as the article description for item 148.50:

	"Stuffed:		
148.51	Placed packed in containers each holding not more than 0.3 gallon, for a quantity entered in any calendar year not to exceed 2,700 metric tons.	15¢ per gal.	30¢ per gal.
148.53	Other	30¢ per gal.	30¢ per gal.":

(I) by striking out item 148.56 and inserting in lieu thereof in numerical sequence the following new items and superior heading thereto, with such heading at the same level of indentation as the superior heading to items 148.55 and 148.57 (as redesignated by subparagraph (G)):

	"Otherwise prepared or preserved:		
148.58	Green in color and in containers each holding not more than 5 gallons, for a quantity entered in any calendar year not to exceed 550 metric tons.	2.5¢ per lb.	5¢ per lb.
148.59	Other	5¢ per lb.	5¢ per lb.".

(5) CAPERS.—Subpart B of part 11 of such schedule 1 is amended by striking out "16% ad val." in each of the items 161.06 and 161.08 and inserting "8% ad val.".

(6) PAPRIKA.—Subpart B of part 11 of such schedule 1 is amended by striking out "2¢ per lb." in item 161.71 and inserting "1.35¢ per lb.".

(7) CIDER.—Subpart C of part 12 of such schedule 1 is amended by striking out "3¢ per gal." in item 167.15 and inserting "1.5¢ per gal.".

(8) OLIVE OIL.—Subpart B of part 14 of such schedule 1 is amended—

(A) by striking out "3.8¢ per lb. on contents and container" in item 176.29 and inserting "2.28¢ per lb. on contents and container."; and

(B) by striking out "2.6¢ per lb." in item 176.30 and inserting "1.56¢ per lb.".

SEC. 119. REPORTS ON NEGOTIATIONS TO ELIMINATE WINE TRADE BARRIERS.

Before the close of the 13-month period beginning on the date of the enactment of this Act, the President shall update each report that the President submitted to the Committee on Ways and Means and the Committee on Finance under section 905(b) of the Wine Equity and Export Expansion Act of 1984 (19 U.S.C. 2804) and submit the updated report to both of such committees. Each updated report shall contain, with respect to the major wine trading country concerned—

(1) a description of each tariff or nontariff barrier to (or other distortion of) trade in United States wine of that country with respect to which the United States Trade Representative has carried out consultations since the report required under such section 905(b) was submitted;

(2) the status of the consultations described under paragraph (1); and

(3) information, explanations, and recommendations of the kind referred to in paragraph (1) (C), (D), and (E) of such section 905(b) that are based on developments (including the taking of relevant actions, if any, of a kind not contemplated at the time of the enactment of such 1984 Act) since the submission of the report required under such section.

CHAPTER 2—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO FOREIGN TRADE PRACTICES

SEC. 121. ACTION REQUIRED IN RESPONSE TO DETERMINATIONS.

Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended as follows:

(1) Subsection (a) is amended—

(A) by redesignating paragraph (2) as paragraph (5);

(B) by striking out paragraph (1) and inserting the following:

"(1) MANDATORY ACTION.—

"(A) BY THE TRADE REPRESENTATIVE.—If the United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative') after an investigation under section 302 determines that—

"(i) the rights of the United States under any trade agreement are being denied; or

"(ii) an act, policy, or practice of a foreign country—

"(I) violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement, or

"(II) is unjustifiable and burdens or restricts United States commerce (including commerce between the United States and another foreign country);

the Trade Representative, subject to the specific direction, if any, of the President, shall, subject to subparagraph (B), take action under subsection (b) or (c), or both, and shall take all other appropriate and feasible action within his power, to enforce such rights or to obtain the elimination of such act, policy, or practice.

"(B) EXCEPTION.—The Trade Representative is not required to take action under subparagraph (A) in any case in which—

"(i) the Contracting Parties to the General Agreement on Tariffs and Trade (hereinafter in this title referred to as the 'GATT') have determined, or a panel of experts has reported to the Contracting Parties, that—

"(I) the rights of the United States under a trade agreement are not being denied, or

"(II) the act, policy, or practice is not a violation of, or inconsistent with, the rights of the United States, or does not deny, nullify, or impair benefits to the United States under any trade agreement; or

"(ii) the Trade Representative finds that—

"(I) the foreign country is taking satisfactory measures to grant the rights of the United States under a trade agreement,

"(II) the foreign country has agreed to eliminate or phase out the act, policy, or practice, or has agreed to an imminent solution to the burden or restriction on United States commerce that is satisfactory to the Trade Representative,

"(III) it is impossible for the foreign country to achieve the results described in subclause (I) or (II), as appropriate, but the foreign country agrees to provide to the United States compensatory trade benefits that are satisfactory to the Trade Representative, or

"(IV) such action is not in the national economic interest of the United States because it would result in United States economic interests being more adversely affected if action were taken under this subclause than if not, and he complies with the reporting requirement under subparagraph (E).

"(C) EXPORT TARGETING.—

"(i) IN GENERAL.—If the Trade Representative determines after an investigation under section 302 that export targeting by a foreign country exists and is a significant burden or restriction on United States commerce, the Trade Representative, subject to the specific direction, if any, of the President, shall, subject to clause (ii)—

"(I) take action under subsection (b) or (c), or both, to obtain the elimination of the export targeting;

"(II) enter into an agreement under which the foreign country provides an imminent solution to the significant burden or restriction on United States commerce, or provides compensatory trade benefits satisfactory to the Trade Representative; or

"(III) take any combination of actions under subclauses (I) and (II).

The action under this subparagraph shall, to the extent possible, reflect the full benefit level of the export targeting to the beneficiary over the period during which it has an effect.

"(ii) Exception.—The Trade Representative is not required to take action under clause (i) if the Trade Representative—

"(I) finds that such action is not in the national economic interest of the United States by reason of the cause described in subparagraph (B)(ii)(IV); and

"(II) complies with the reporting requirement under subparagraph (E).

"(iii) Additional actions.—In addition to taking action under clause (i), the Trade Representative, subject to the specific direction, if any, of the President, may take administrative actions, and, if necessary, propose legislation, to implement any other action by the United States that would restore or improve the international competitive position of the industry affected by the export targeting.

"(iv) Private sector advice.—If the Trade Representative does not take action under clause (i) on the basis of the exception provided for under clause (ii), the Trade Representative shall promptly appoint a panel of experts to advise on measures to promote the competitiveness of the industry affected by the export targeting. The panel shall consist of individuals from the private sector (including individuals who represent management and labor in the industry) who, by education or experience, are qualified to serve on the panel. The panel shall submit to the Trade Representative a statement of its advice and recommendations regarding the industry within 6 months after the date on which the panel is first convened. The Trade Representative shall promptly thereafter submit the statement, together with any recommendation he may have regarding the statement, to Congress.

"(D) Equivalency of value.—Any action taken—

"(i) under subparagraph (A) to eliminate an act, policy, or practice; or

"(ii) under subparagraph (C) to eliminate export targeting;

shall be devised so as to affect goods or services of the foreign country involved in an amount that is equivalent in value to the burden or restriction being imposed by that country on United States commerce.

"(E) Report to congress.—The Trade Representative shall promptly report in writing to Congress with respect to each action taken (or the reasons why no action was taken) under this paragraph—

"(i) to enforce the rights of the United States or to eliminate the acts, policies, and practices described in subparagraph (A); or

"(ii) to eliminate export targeting under subparagraph (C).

"(2) Discretionary action.—

"(A) In general.—If the Trade Representative determines after an investigation under section 302, that an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce (including commerce between the United States and another foreign country); the Trade Representative, if he determines that action by the United States is appropriate and subject to the specific direction, if any, of the President, shall take all appropriate and feasible action within his power to obtain the elimination of that act, policy, or practice.

"(B) Export targeting.—If the Trade Representative determines after an investigation under section 302 that export targeting by a foreign country exists and threatens to be a significant burden or restriction on United States commerce, the Trade Representative, if he determines that action by the United States is appropriate and subject to the specific direction, if any, of the President, shall take all appropriate and feasible action to obtain the elimination of the export targeting."; and

(C) by amending paragraph (5) (as redesignated by paragraph (1)) to read as follows:

"(5) Scope of action.—In exercising authority under this section with respect to any goods or sector, the Trade Representative—

"(A) may act on a nondiscriminatory basis or solely against the foreign country involved; but

"(B) shall give preference—

"(i) to taking action with respect to the goods or sector involved in the act, policy, or practice identified under paragraph (1) or (2), or

"(ii) if the provision of compensatory trade benefits to the United States is under negotiation, to seeking compensatory benefits with respect to the same goods or sector.".

(2) Subsection (b) is amended—

(A) by striking out the matter appearing before paragraph (1) and inserting the following:

"(b) Other Action.—

"(1) In general.—For purposes of carrying out paragraphs (1) and (2) of subsection (a), the Trade Representative is authorized to—";

(B) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(C) by striking out the period at the end of subparagraph (B) and inserting "; and"; and

(D) by inserting after subparagraph (B) the following:

"(C) withdraw or refrain from proclaiming under title V—

"(i) the designation of such foreign country as a beneficiary developing country; or

"(ii) the designation of any product of such foreign country as an eligible article.

"(2) Factors affecting use of import restrictions.—In applying paragraph (1), the Trade Representative shall—

"(A) give preference to the imposition of duties over the imposition of other import restrictions;

"(B) if an import restriction other than a duty is imposed, consider substituting, on an incremental basis, an equivalent duty for such other import restriction; and

"(C) before determining to take action to restrict imports, take into account the likely impact that such action will have on United States agricultural exports.".

(3) Subsection (c) is amended—

(A) by striking out "President may—" in paragraph (1) and inserting "Trade Representative is authorized to—";

(B) by striking out "President" in paragraph (1)(A) and inserting "he";

(C) by amending paragraph (2)(B) to read as follows:

"(B) a determination to initiate an investigation is made by the Trade Representative under section 302(c)."; and

(D) by striking out "President" in paragraph (3) and inserting "Trade Representative,".

(4) Subsection (d) is amended to read as follows:

"(d) Procedures.—

"(1) Action after trade representative decisions.—

"(A) In general.—Unless subparagraph (B) applies, the Trade Representative, subject to the specific direction, if any, of the President, within 30 days after making a decision under section 304 or 308(b) to take action under subsection (a)(1)(A) or (C) or (2) shall implement the action.

"(B) Delay in implementing action.—The Trade Representative may delay, by not more than 90 days, the implementation of an action under subsection (b) or (c), or both—

"(i) if either—

"(I) in the case of an investigation initiated under section 302(b), the petitioner requests a delay, or

"(II) in the case of an investigation initiated under section 302(c), a delay is requested by the domestic industry that would benefit from the action; or

"(ii) the Trade Representative determines that substantial progress is being made, or that a delay is necessary or desirable, to obtain United States rights or a satisfactory solution with respect to the act, policy, or practice, or export targeting concerned.

"(2) Notice.—The Trade Representative shall promptly cause notice to be published in the Federal Register of—

"(A) each decision to be implemented under paragraph (1)(A);

"(B) each delay decided upon under subparagraph (1)(B);

"(C) the reasons for the decision or delay; and

"(D) if the decision is to impose an import restriction, the likely impact, if any, of the restriction on United States agricultural exports.".

(5) Subsection (e) is amended—

(A) by striking out "For purposes of this section—" and inserting "For purposes of this chapter—";

(B) by amending paragraph (3) to read as follows:

"(3) Unreasonable.—

"(A) In general.—The term 'unreasonable' means any act, policy, or practice which, while not necessarily in violation of or inconsistent with the international legal rights of the United States, is otherwise deemed to be unfair and inequitable. In determining whether an act, policy, or practice is unreasonable, reciprocal opportunities in the United States for foreign nationals and firms shall be taken into account, to the extent appropriate. The term includes, but is not limited to, any act, policy, or practice that—

"(i) subject to section 304(a)(2), with respect to workers—

"(I) denies the right of association,

"(II) denies the right to organize and bargain collectively,

"(III) permits any form of forced or compulsory labor,

"(IV) fails to provide a minimum age for the employment of children, and

"(V) taking into account a country's level of economic development, fails to provide standards for minimum wages, hours of work, and occupational safety and health; or

"(ii) denies fair and equitable—

"(I) market opportunities, including the toleration by a government of systematic anticompetitive activities by private firms or among private firms in the foreign country that have the effect of restricting, on a basis that is inconsistent with commercial considerations, access of United States goods to purchasing by such firms,

"(II) opportunities for the establishment of an enterprise, or

"(III) provision of adequate and effective protection of intellectual property rights."; and

(C) by adding at the end thereof the following new paragraphs:

"(7) Foreign country.—The term 'foreign country' includes any foreign instrumentality.

"(8) Export targeting.—The term 'export targeting' means any government plan or scheme consisting of a combination of coordinated actions, whether carried out severally or jointly, that are bestowed on a specific enterprise, industry, or group thereof the effect of which is to assist the enterprise, industry, or group to become more competitive in the export of a class or kind of merchandise.

"(9) Interested persons.—For purposes of sections 301(d)(1), 302(b)(2)(B), 304(b)(1), and 307(b), the term 'interested persons' includes, but is not limited to, domestic firms and workers, representatives of consumer interests, and United States product exporters that may be affected.".

SEC. 122. INVESTIGATORY PROCEDURES.

(a) Obtaining Information.—Section 302 of the Trade Act of 1974 (19 U.S.C. 2412) is further amended by adding at the end thereof the following new subsection:

"(d) Obtaining Information.—

"(1) In general.—With respect to any investigation initiated under subsection (b)(2), the Trade Representative shall direct to the foreign countries relevant to the investigation such inquiries as the Trade Representative considers appropriate for the purpose of obtaining information relevant to the decisions required under section 304(a).

"(2) Verification and use of best information otherwise available.—The Trade Representative may, as to any information furnished in response to an inquiry under paragraph (1), request that the foreign country furnishing such information provide such documentation, or permit such verification, of the information as the Trade Representative considers appropriate. With respect to any information requested in an inquiry under paragraph (1) which is either—

"(A) not furnished in a timely manner;

"(B) is furnished in incomplete or inadequate form; or

"(C) is not documented or verified to the extent considered sufficient by the Trade Representative;

the Trade Representative may disregard all or any part of such information, and instead use the best information otherwise available for purposes of making the determinations and recommendations required under section 304(a).".

(b) Conforming Amendments.—Section 302 is further amended—

(1) by amending subsection (a)(1) to read as follows:

"(1) In general.—Any interested person may file a petition with the Trade Representative requesting that action be taken under section 301 and setting forth the allegations in support of the request."; and

(2) by striking out "advise the President concerning the exercise of the President's authority" in subsection (c)(1) and inserting "determine whether the matter is actionable".

SEC. 123. CONSULTATION UPON INITIATION OF INVESTIGATIONS.

Section 303 of the Trade Act of 1974 (19 U.S.C. 2413) is amended—

(1) by amending the second sentence of subsection (a) to read as follows: "If the case involves a trade agreement and a mutually acceptable resolution is not reached before the earlier of—

"(A) the close of the consultation period, if any, specified in the trade agreement; or

"(B) the 150th day after the day on which consultation was commenced;

the Trade Representative shall promptly request proceedings on the matter under the formal dispute settlement procedures provided under such agreement."; and

(2) by inserting ", after consulting with the petitioner," after "may" in subsection (b)(1)(A).

SEC. 124. ACTION DECISIONS BY TRADE REPRESENTATIVE.

Section 304 of the Trade Act of 1974 (19 U.S.C. 2414) is amended as follows:

(1) Subsection (a) is amended—

(A) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5);

(B) by amending that portion of paragraph (1) that precedes subparagraph (A) to read as follows:

"(a) Decisions.—

"(1) In general.—On the basis of the investigation under section 302 and the consultations (and the proceedings, if applicable) under section 303 and subject to subsection (b), the Trade Representative shall determine whether—

"(A) the rights to which the United States is entitled under any trade agreement are being denied, or

"(B) any act, policy, or practice described in section 301(a) exists;

and if the determination is affirmative, shall decide, as the case may be what action, if any, he should take under section 301(a)(1)(A) or (C) or (2).

"(2) Special rule for determinations involving worker rights.—The Trade Representative may determine an act, policy, or practice described in section 301(e)(3)(A)(i) not to be unreasonable if the Trade Representative finds that the foreign country concerned has taken, or is taking, steps that demonstrate a significant and measurable overall advancement to afford throughout the country (including any designated zone within the country) the rights and other standards described in subclauses (I) through (V) of such section.

"(3) Time for making decisions.—The Trade Representative shall make the decision required under paragraph (1) not later than—";

(C) by amending paragraph (3) (as redesignated by subparagraph (B))—

(i) by inserting "exclusively" after "alleges" in subparagraph (B);

(ii) by inserting ", or 18 months after the date of the investigation initiation, whichever first occurs" before the semicolon in subparagraph (C), and

(iii) by inserting at the end thereof the following: "The Trade Representative shall make a determination under section 301(a)(1)(C) or (2)(B), as the case may be, regarding whether export targeting exists and is, or threatens to be, a significant burden or restriction on United States commerce within 6 months after the investigation regarding the alleged targeting is initiated under section 302. The Trade Representative may consult with appropriate Federal agencies before making such a determination."; and

(D) by striking out "paragraph (1)" each place it appears in paragraphs (4) and (5) (as redesignated by subparagraph (A)) and inserting "paragraph (3)".

(2) Subsection (b) is amended—

(A) by amending that portion of subsection (b) that appears before paragraph (1) to read as follows:

"(b) Consultation Before Decision.—Before deciding upon an action to be taken by him under section 301(a)(1)(A) or (C) or (2) with respect to the treatment of any product or service of a foreign country which is the subject of a petition under section 302, the Trade Representative, unless he determines that expeditious action is required—";

(B) by redesignating paragraph (1) as subparagraph (A) and amending such subparagraph to read as follows:

"(A) shall provide opportunity (after giving not less than 30 days notice thereof) for the presentation of views by interested persons, and such opportunity shall include a public hearing, if requested by any interested person;";

(C) by redesignating paragraphs (2) and (3) as subparagraphs (C) and (D), respectively;

(D) by inserting after subparagraph (A) (as so redesignated) the following new paragraph:

"(B) shall, if export targeting is involved, consult with representatives of the United States industry and workers affected by the targeting, and with other interested persons, with respect to the nature of the appropriate remedial action, including possible measures to enhance the international competitiveness of that industry;"; and

(E) by striking out "paragraph (1) and (2)" in the last sentence and inserting "subparagraphs (A), (B), and (C)".

(4) The side heading to such section is amended to read as follows:

"SEC. 304. DECISIONS BY THE TRADE REPRESENTATIVE.".

SEC. 125. MODIFICATION AND TERMINATION OF ACTIONS; MONITORING OF FOREIGN COMPLIANCE.

Chapter 1 of title III of the Trade Act of 1974 is further amended by adding at the end thereof the following new sections:

"SEC. 307. MODIFICATION AND TERMINATION OF ACTIONS.

"(a) In General.—The Trade Representative may modify or terminate an action taken by him under section 301 if—

"(1) the Contracting Parties to the GATT have determined, or a panel of experts has reported to the Contracting Parties, that—

"(A) the action violates, or is inconsistent with, the international obligations of the United States, or

"(B) the foreign act, policy, or practice to which the action responds—

"(i) is not a violation of a trade agreement, or

"(ii) is not inconsistent with the provisions of, or otherwise does not otherwise deny, nullify, or impair benefits to the United States under, any trade agreement; or

"(2) the Trade Representative determines that—

"(A) the foreign act, policy, or practice has been eliminated or is being phased out in a manner satisfactory to him, or

"(B) the action is not effective or its continuation is not in the national economic interest.

"(b) Biennial Review and Assessment.—The Trade Representative shall, on a biennial basis, review and assess the results and commercial effects of each action taken under section 301. On the basis of such review, the Trade Representative shall decide whether the modification or termination of any prior action taken by him under section 301(a)(1)(A) or (C) or (2) is appropriate. During the review, the Trade Representative shall consult with the petitioner, if any, representatives of the domestic industry concerned, and shall provide opportunity for the presentation of views by other interested persons affected by the action under review concerning its effectiveness and whether any modification or termination of the action is indicated.

"(c) Notice; Report to Congress.—The Trade Representative shall promptly cause notice to be published in the Federal Register of, and report in writing to Congress with respect to, any modification or termination of an action that is implemented under subsection (a) and the reasons therefor.

"SEC. 308. MONITORING OF FOREIGN COMPLIANCE.

"(a) In General.—The Trade Representative shall monitor the implementation of each measure undertaken, or agreement of a kind described in section 301(a)(1)(B)(ii)(I), (II), or (III) or (C)(i)(II) that is entered into under section 301(a)(1) or (2), by a foreign country—

"(1) to enforce the rights of the United States under any trade agreement;

"(2) to eliminate any act, policy, or practice described in section 301(a)(1)(A)(ii) or (2)(A); or

"(3) to eliminate export targeting.

"(b) Further Action.—If, on the basis of the monitoring carried out under subsection (a), the Trade Representative considers that a foreign country is not satisfactorily implementing a measure or agreement referred to in subsection (a), the Trade Representative shall decide what further action he shall take under section 301(a)(1). For purposes of section 301, any such decision shall be treated as a decision made under section 304(a)(1).

"(c) Consultations.—Before making any decision or recommendation under subsection (b), the Trade Representative shall—

"(1) consult with the petitioner, if any, involved in the initial investigation under this chapter and with representatives of the domestic industry concerned; and

"(2) provide an opportunity for the presentation of views by interested persons.".

SEC. 126. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES WITH THE UNITED STATES.

(a) In General.—Chapter 1 of title III of the Trade Act of 1974 is amended by adding at the end thereof the following:

"Subchapter B—Special Provisions Regarding Trade Deficits

"SEC. 311. MANDATORY NEGOTIATIONS AND ACTION REGARDING FOREIGN COUNTRIES HAVING EXCESSIVE AND UNWARRANTED TRADE SURPLUSES.

"(a) Determination of Excessive Trade Surplus Countries.—

"(1) Determinations.—The United States International Trade Commission (hereinafter referred to as the 'Commission'), on the basis of the best available trade data, shall—

"(A) determine whether each major exporting country is an excessive trade surplus country for each year occurring within the period beginning on January 1, 1987, and ending December 31, 1990; and

"(B) determine if the percentage obtained by dividing—

"(i) the deficit of the United States, if any, in the merchandise balance of trade between the United States and the rest of the world during each of such years, by

"(ii) the gross national product of the United States for such year,

is less than 1.5 percent.

"(2) Reports.—The Commission shall make the determinations required under paragraph (1), and prepare and submit to the Trade Representative a report thereon, by April 1 of the year after the year with respect to which the determinations apply; except that the determinations for 1986 must be made, and the report submitted, by August 1, 1987.

"(3) Publication in federal register.—Each report submitted to the Trade Representative under paragraph (2) shall be published in the Federal Register.

"(4) Suspension of application of section.—For any year for which the Commission reports that the percentage referred to in paragraph (1)(B) is less than 1.5 percent—

"(A) no determinations are required under subsection (b)(1) for that year; and

"(B) no actions may be taken under subsection (e) during that year.

"(b) Designation of Excessive and Unwarranted Trade Surplus Countries.—

"(1) Determinations.—The Trade Representative shall, during the 15-day period beginning on the day after the day on which a report is submitted under subsection (a)(2), determine whether each major exporting country identified as an excessive trade surplus country in the report maintained, during the year to which the report applies, a pattern of act, policies, or practices that—

"(A) are unjustifiable, unreasonable, or discriminatory; and

"(B) have an adverse effect on United States commerce and contribute to the excessive trade surplus of that country.

"(2) Factors.—In making determinations under paragraph (1), the Trade Representative shall take into account—

"(A) information submitted under section 181;

"(B) the decisions, if any, for action made under section 304 with respect to that country;

"(C) countervailing duty and antidumping duty actions taken under section 303 and title VII of the Tariff Act of 1930 with respect to merchandise of that country;

"(D) adverse determinations under the GATT relating to that country; and

"(E) any other relevant information pertaining to the trade practices or policies of that country, including, but not limited to, the existence of discriminatory government procurement, excessive government regulation designed to discriminate against imported products, governmental tolerance of extensive dumping in foreign markets, export subsidy and targeting policies, excessive tariff barriers, and any other illegal trade barrier.

"(3) Designation.—If not designated as an excessive and unwarranted trade surplus country for the preceding year, a major exporting country with respect to which affirmative determinations are made under subsection (a)(1) and paragraph (1) for the same year shall, on the last day of the 15-day period referred to in paragraph (1), be designated as an excessive and unwarranted trade surplus country for such same year and such designation shall remain in effect until terminated.

"(4) Termination of designations.—The designation of a major exporting country as an excessive and unwarranted trade surplus country shall terminate if a negative determination is made by the Commission under subsection (a)(1) with respect to any year, or by the Trade Representative under paragraph (1) with respect to any year. The termination shall apply for the year in which either of such negative determinations is made and shall continue in effect until affirmative determinations, if any, regarding that country are made under subsection (a)(1) and paragraph (1) with respect to any subsequent year.

"(5) List.—The Trade Representative shall publish in the Federal Register, by the 10th day after the last day of the 15-day period referred to in paragraph (1), a list of all major exporting countries the designations of which as excessive and unwarranted trade surplus countries have not been terminated.

"(c) Negotiations.—

"(1) In general.—During the 180-day period after the 15-day period referred to in subsection (b)(1), the Trade Representative shall enter into negotiations with each foreign country that was designated as an excessive and unwarranted trade surplus country on the last day of that 15-day period under subsection (b)(2) for the purpose of entering into a bilateral trading arrangement providing for—

"(A) the substantial reduction of any unjustifiable, unreasonable, or discriminatory acts, policies, or practices of the foreign country that were determined under subsection (b)(1); or

"(B) the substantial reduction of the adverse effect which such acts, policies, and practices have on United States commerce.

"(2) Factors.—In deciding whether the terms of an arrangement will achieve the substantial reduction requirement under paragraph (1), the Trade Representative shall, to the extent possible, estimate the commercial value of the practices referred to in paragraph (1)(A) and must be satisfied that the terms will allow United States firms a realistic opportunity to improve their share of trade with that country by an amount equal to that value.

"(3) Extension.—If the Trade Representative considers that further negotiations with a foreign country are necessary to reach an arrangement under paragraph (1), the Trade Representative may extend the 180-day period referred to in paragraph (1) by not more than an additional 60 days.

"(d) Action By the United States Trade Representative.—

"(1) In general.—If the Trade Representative is unable to enter into a bilateral arrangement under subsection (c) with an excessive and unwarranted trade surplus country to achieve the objectives set forth in paragraph (1) of that subsection, the Trade Representative, subject to the specific direction, if any, of the President, shall after the close of the 180-day negotiating period (or the last day of that period as extended under subsection (c)(3)), take any of the actions specified in section 301(b) that he considers necessary or appropriate with regard to each unjustifiable, unreasonable, or discriminatory act, policy, or practice of the country that was determined under subsection (b)(1) or became apparent during the negotiating period. Any action taken under this subsection shall be devised so as to affect goods or services of such country in an amount that is equivalent in value to the burden or restriction being imposed by the country on United States commerce.

"(2) Modification and termination.—The Trade Representative may modify or terminate any action taken under paragraph (1). Section 307 applies to modifications and terminations made under paragraph (1) in the same manner and the same extent as it applies to actions taken under section 301.

"(e) Waiver.—

"(1) In general.—Subject to paragraph (2), the Trade Representative, subject to the specific direction, if any, of the President, may waive the taking of any action under subsection (d) with respect to one or more of the acts, policies, or practices of a foreign country if he considers that the taking of any such action with respect to—

"(A) any unjustifiable act, policy, or practice would result in the national economic interest of the United States being more affected, to a significantly adverse extent, than if such action were not taken; or

"(B) any unreasonable or discriminatory act, policy, or practice would result in the national economic interest of the United States being more adversely affected than if such action were not taken.

"(2) CONDITIONS AFFECTING WAIVERS.—

"(A) CONGRESSIONAL NOTIFICATION.—No waiver under paragraph (1) with respect to any excessive and unwarranted trade surplus country shall have force and effect unless the Trade Representative submits to the Congress within 10 days after the close of the negotiating period under subsection (d) a document stating his intention to implement such waiver.

"(B) CONGRESSIONAL DISAPPROVAL.—No waiver under paragraph (1) with respect to any excessive and unwarranted trade surplus country shall have force and effect if a joint resolution described in section 152(a)(1)(C) is enacted within the 60-day period beginning on the date on which the document referred to in subparagraph (A) regarding the waiver is submitted to Congress.

"(f) CURRENCY MANIPULATION.—

"(1) IN GENERAL.—The Secretary of the Treasury shall determine if any foreign country that is designated as an excessive surplus country is maintaining its currency at an artificially low level that does not reflect the country's competitive strength in international trade.

"(2) NEGOTIATIONS.—The Secretary of the Treasury shall initiate negotiations with the government of each foreign country with respect to which an affirmative determination is made under paragraph (1) for the purpose of entering into an agreement under which realistic realignments of that country's currency will be ensured.

"(3) ACTION IF NEGOTIATIONS UNSUCCESSFUL.—If the government of a foreign country refuses to negotiate, or to enter into an agreement described in paragraph (2), the President may direct the Secretary of the Treasury to impose an exchange rate equalization tariff on the products of such country that are imported into the United States.

"(g) ROUNDING OF TRADE STATISTICS.—For purposes of this section, any trade statistic or limitation shall—

"(1) be rounded off to the nearest billion dollars; and

"(2) shall be adjusted to reflect the fact that certain products of the United States may not, under law, be exported.

"(h) CPI ADJUSTMENT.—For each year after 1986, the Trade Representative shall adjust the dollar limitation set forth in subsection (i)(2) and (5) to reflect the percentage increase or decrease in the Consumer Price Index, published by the Bureau of Labor Statistics of the Department of Labor, for the preceding year.

"(i) DEFINITIONS.—For purposes of this section—

"(1) The term 'excessive trade surplus country' means any major exporting country which has—

"(A) a bilateral export percentage for the year that exceeds 175 percent;

"(B) a bilateral trade surplus for the year; and

"(C) a global trade surplus for the year.

For purposes of subparagraph (C), a global trade surplus exists if the aggregate value of all merchandise exported from the country during the year exceeds the aggregate value of all merchandise imported into the country during the year.

"(2) A foreign country is a major exporting country for a year if the aggregate value of the merchandise trade between such foreign country and the United States during such year is more than $7,000,000,000.

"(3) The term 'foreign country' includes any instrumentality of a foreign country.

"(4) The term 'bilateral export percentage' means, with respect to any foreign country for any year, the percentage determined by dividing—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year; by

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year.

"(5) The term 'bilateral trade surplus' means, with respect to any foreign country for any year, an excess of—

"(A) the aggregate value of nonpetroleum products of such country exported to the United States during such year; over

"(B) the aggregate value of nonpetroleum products of the United States imported into such country during such year;

if such excess is at least $3,000,000,000.

"(6) The term 'nonpetroleum product' means any merchandise other than merchandise classified to division 33 of the Standard International Trade Classification (revision II) published by the United Nations.

"(7) The term 'value' means—

"(A) with respect to merchandise imported into the United States, the customs valuation under the Tariff Act of 1930 of those imports, plus all freight, insurance, and other charges incurred regarding the importation (excluding United States tariffs and import excise taxes), and

"(B) with respect to merchandise imported into a foreign country, the transaction prices of such imports plus the freight, insurance, and other charges determined by the Secretary of the Treasury that are incurred in placing the exports alongside the carriers at the United States ports of export.

"(8) The term 'entered' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

"(9) The term 'entry' includes any withdrawal from warehouse for consumption.

"(10) The term 'best trade data available' means—

"(A) with regard to data on the international trade of the United States, official trade information, including the estimates required under section 181, of the United States Government, and

"(B) with regard to data on the international trade of any other country, data that the Commission determines is the most reliable data available for the period under consideration, and may include estimates if the actual data required by this section, or the forms of the data required by this section, are not directly available.

"(11) Any article that is grown, produced, or manufactured in a country is a product of such country.

"(12) Any reference to a year in this section shall be treated as a reference to a calendar year.

"(j) TERMINATION OF EFFECT OF SECTION.—Neither this section nor any action taken, or agreement entered into, under the authority of this section shall have force and effect after December 31, 1990.".

(b) CONFORMING AMENDMENTS.—Section 152(a)(1) of the Trade Act of 1974 (19 U.S.C. 2192(a)(1)) is amended—

(1) by striking out "and" at the end of subparagraph (A);

(2) by striking out the period at the end of subparagraph (B) and inserting "; and"; and

(3) by adding after subparagraph (B) the following:

"(C) a joint resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the waiver (under section 311 of the Trade Act of 1974) described in the document transmitted to Congress on   .', the blank space being filled with the appropriate date.".

SEC. 127. CONFORMING AMENDMENTS AND EFFECTIVE DATE.

(a) CONFORMING AMENDMENTS.—Title III of the Trade Act of 1974 is further amended—

(1) by amending the table of contents by—

(A) inserting before the entry for section 301 the following:

"SUBCHAPTER A—General Provisions",

(B) by amending the entry for section 304 to read as follows:

"Sec. 304. Decisions by the Trade Representative.", and

(C) by adding at the end of the entries for title III the following:

"Sec. 307. Modification and termination of actions.

"Sec. 308. Monitoring of foreign compliance.

"SUBCHAPTER B—Special Provisions Regarding Trade Deficits

"Sec. 311. Mandatory negotiations and action regarding foreign countries having excessive and unwarranted trade surpluses.";

(2) by striking out "Initiation of" in the entry for section 302 in the table of contents;

(3) by amending section 305—

(A) by striking out "merchandise" in subsection (a)(1) and inserting "goods, services, investment, or intellectual property rights", and

(B) by striking out "an interested party" in subsection (b) and inserting "a person";

(4) section 306(3) is amended by striking out "and the actions taken," and all that follows thereafter and inserting "the actions taken, or the reasons for no action, by the President under section 301, and the commercial effects of actions taken under such section.".

(5) by striking out "or instrumentality" each place it appears.

(b) EFFECTIVE DATE.—

(1) Unless otherwise provided in paragraphs (2) and (3), this chapter and the amendments made by it take effect on the date of the enactment of this Act.

(2) The amendments made by sections 121 and 122 apply to—

(A) petitions filed, and investigations initiated on his own motion by the United States Trade Representative, under section 302 of the Trade Act of 1974 on or after the date of the enactment of this Act; and

(B) petitions filed, and investigations self-initiated by date of enactment if by that date no decision had been made under section 304 regarding the petition or investigation.

SEC. 128. SENSE OF CONGRESS REGARDING THE EXPEDITIOUS DISPOSITION OF 301 CASES RELATING TO UNFAIR FOREIGN AGRICULTURAL EXPORT PRACTICES.

It is the sense of Congress that the United States Trade Representative should take all necessary or appropriate action to conclude, as soon as possible, all pending cases under section 301 of the Trade Act of 1974 that involve unfair foreign agricultural export practices, including export subsidies and differential export taxes.

Subtitle C—Relief From Injury Caused by Import Competition

CHAPTER 1—INDUSTRY RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

SEC. 131. IMPORT RELIEF.

(a) IN GENERAL.—Chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251-2253) is amended to read as follows:

"CHAPTER 1—IMPORT RELIEF

"SEC. 201. PETITIONS FOR RELIEF.

"(a) IN GENERAL.—

"(1) A petition for eligibility for import relief for the purpose of enhancing the long-term competitiveness, or otherwise facilitating the orderly adjustment to import competition, of a domestic industry may be filed with the Commission by an entity, including a trade association, firm, certified or recognized union, or group of workers, which is representative of the industry.

"(2) A petition filed under paragraph (1)—

"(A) shall include a statement describing the specific purposes for which import relief is being sought, which may include such objectives as facilitating the orderly transfer of resources to alternative uses and other means of adjustment to new conditions of competition;

"(B) if critical circumstances are alleged to exist, shall include information supporting that allegation; and

"(C) if injury caused by imports of a perishable agricultural product is alleged, may request, subject to section 202(b)(2), emergency relief under section 202(c).

"(3) Whenever a petition is filed under paragraph (1), the Commission shall promptly transmit copies of the petition to the Office of the United States Trade Representative and other Federal agencies directly concerned.

"(b) STATEMENT OF PROPOSED ADJUSTMENT MEASURES.—

"(1) A petitioner under subsection (a) (and any other member of the domestic industry that wishes to join with the petitioner) may submit to the Commission and the Trade Representative, either with the petition or at any time within 120 days after the date of filing of the petition, a statement which should include, to the extent practicable, the following:

"(A) An assessment of the current problems affecting the ability of the domestic industry to compete with imports.

"(B) Recommendations regarding the types of actions that both workers and firms within the industry could undertake, during a period when import relief is provided under this chapter—

"(i) to improve the ability of the industry to compete on its own after such relief terminates; or

"(ii) if long-term competitiveness is not the primary objective, to facilitate orderly adjustment to increased import competition.

"(C) Recommendations regarding the types of actions that Federal agencies could take to assist the efforts of the domestic industry either to enhance its competitiveness or to adjust to import competition.

"(D) An explanation regarding how import relief will assist the industry in enhancing competitiveness or achieving adjustment.

"(2)(A) Before submitting a statement under paragraph (1), the petitioner may consult with the Trade Representative, the officers and employees of other Federal agencies considered appropriate by the Trade Representative, and members of the domestic industry, for purposes of evaluating the adequacy of the recommendations being considered for inclusion in the statement in relation to various forms of import relief that are authorized under this chapter.

"(B) A request for consultation under subparagraph (A) must be made to the Trade Representative. Upon receiving such a request, the Trade Representative shall consult with the petitioner and provide such assistance, including publication of appropriate notice in the Federal Register, as may be practicable in obtaining other participants in the consultation. No consultation may occur under subparagraph (A) unless the Trade Representative, or his delegate, is in attendance.

"SEC. 202. EMERGENCY RELIEF FROM INJURY CAUSED BY IMPORTS OF PERISHABLE AGRICULTURAL PRODUCTS.

"(a) MONITORING OF IMPORTS.—

"(1) An entity representing a domestic industry that—

"(A) produces a perishable agricultural product that is like or directly competitive with an imported perishable agricultural product; and

"(B) has reason to believe that such perishable agricultural product is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the industry;

may file a request with the Trade Representative for the monitoring of such imports under paragraph (2). Within 21 days after receiving the request, the Trade Representative shall determine if—

"(A) the imported product is a perishable agricultural product; and

"(B) there is a reasonable indication that the domestic industry is vulnerable to serious injury or the threat thereof as a result of such increased imports (either actual or relative to domestic production).

"(2) If the determinations under paragraph (1)(A) and (B) are affirmative, the Trade Representative shall request, under section 332(g) of the Tariff Act of 1930, the Commission to monitor and investigate the imports concerned for a period not to exceed 2 years. The monitoring and investigation shall include the collection and analysis of information that would expedite an investigation under section 203.

"(b) REQUESTS FOR EMERGENCY RELIEF.—

"(1) If a petition is filed under section 201(a) that alleges injury from imports of a product that is, on the date of filing, subject to monitoring and investigation by the Commission under subsection (a), the petitioner may also request that emergency relief be provided under subsection (c) with respect to such imports.

"(2) A petition containing a request for emergency relief may not be filed under section 201(a) before the 90th day after the date on which the Commission commenced the monitoring and investigation of the imports concerned under subsection (a).

"(c) DETERMINATION AND ACTION ON REQUESTS FOR EMERGENCY RELIEF.—

"(1) If emergency relief is requested under subsection (b), the Commission shall promptly make an investigation to determine, on the basis of available information, whether—

"(A) increased imports (either actual or relative to domestic production) of the perishable agricultural product are a substantial cause of serious injury, or the threat thereof, to the domestic industry producing a like or directly competitive perishable product;

"(B) the serious injury is likely to be difficult to repair by reason of perishability of the like or directly competitive agricultural product; and

"(C) the serious injury cannot be timely prevented through investigation and action under sections 203 and 204.

"(2)(A) If the Commission finds that the criteria described in paragraph (1) have been met, the Commission shall find that amount of any increase in, or imposition of, any duty or import restriction on such product which is necessary to prevent or remedy such injury.

"(B) In recommending import relief, the Commission shall give preference to an increase in or the imposition of a duty on imports, if such relief is feasible and would prevent or remedy such injury.

"(3) The Commission shall report its determination under paragraph (1) and finding under paragraph (2) to the Trade Representative at the earliest practicable time, but not later than the 21st day after the day on which the petition is filed under section 201(a).

"(4) After receiving a report from the Commission containing an affirmative finding under paragraph (1), the Trade Representative shall provide emergency relief for the domestic industry unless he determines that provision of emergency relief is not in the national economic interest. The Trade Representative shall decide whether or not to provide emergency relief within 7 days after the day on which the report is received.

"(5) If the Trade Representative decides to provide emergency relief under this section, he shall, after taking into account the finding of the Commission under paragraph (2)—

"(A) order import relief in the form and amount he determines necessary to prevent the serious injury or threat thereof; or

"(B) order—

"(i) the suspension of liquidation of all imported articles subject to a determination under paragraph (4) that are entered, or withdrawn from the warehouse for consumption, after the date of the determination,

"(ii) the posting of a cash deposit, bond, or other security, in such amount as he considers appropriate, for the entry or withdrawal of articles to which the suspension of liquidation applies, or

"(iii) action under both clauses (i) and (ii).

"(d) TERMINATION OF EMERGENCY RELIEF.—

"(1) Any emergency relief provided under subsection (c) with respect to imported articles may not remain in effect after the date on which—

"(A) the Commission reports under section 203(g) that it did not find serious injury, or the threat thereof, to the domestic industry;

"(B) the denial of import relief for the industry under section 204 becomes final;

"(C) import relief for the industry first takes effect under section 204; or

"(D) the Trade Representative terminates the emergency relief because changed circumstances indicates that such action is no longer warranted.

"(2) If emergency relief is terminated under paragraph (1)—

"(A) any suspension of liquidation ordered under subsection (c)(5)(B) shall promptly be terminated;

"(B) any bond or security shall promptly be released; and

"(C) any cash deposit shall promptly be refunded.

"(3) If import relief is granted under section 204 in the form of—

"(A) an increase in, or imposition of, duties, such increase or imposition shall apply to articles with respect to which liquidation was suspended under subsection (c)(5)(B); or

"(B) the imposition of a quantitative restriction, the articles with respect to which liquidation was suspended under subsection (c)(5)(B) shall be counted against such restriction.

"(e) Definition of Perishable Agricultural Product.—For purposes of this section, a perishable agricultural product is any agricultural article, including livestock, regarding which the Trade Representative considers action under this section to be appropriate after taking into account—

"(1) whether the article has—

"(A) a short shelf life,

"(B) a short growing season, or

"(C) a short marketing period,

"(2) whether the article is treated as a perishable product under any other Federal law or regulation; and

"(3) any other factor considered appropriate by the Trade Representative.

The presence or absence of any factor which the Trade Representative is required to take into account under paragraph (1), (2), or (3) is not necessarily dispositive of whether an article is a perishable agricultural product.

"SEC. 203. INVESTIGATIONS AND DETERMINATIONS BY COMMISSION.

"(a) In General.—Upon—

"(1) the filing of a petition under section 201(a);

"(2) the request of the President or the Trade Representative;

"(3) the resolution of either the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate; or

"(4) its own motion;

the Commission shall promptly make an investigation to determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

"(b) Critical Circumstances.—If a petition alleges that critical circumstances exist, the Commission shall determine, at the same time when the determination under subsection (a) is made, whether such circumstances do exist.

"(c) Economic Factors.—

"(1) In making determinations under subsection (a), the Commission shall take into account all economic factors which it considers relevant, including (but not limited to)—

"(A) with respect to serious injury—

"(i) the significant idling of productive facilities in the domestic industry (which includes the closing of plants or the under-utilization of production capacity),

"(ii) the inability of a significant number of firms to carry out domestic production operations at a reasonable level of profit, and

"(iii) significant unemployment or underemployment within the domestic industry;

"(B) with respect to threat of serious injury—

"(i) a decline in sales,

"(ii) a decrease in market share,

"(iii) a higher and growing inventory (whether maintained by domestic producers, importers, wholesalers, or retailers),

"(iv) a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry,

"(v) the inability of producers in the domestic industry to generate adequate capital to finance the modernization of their domestic plants and equipment, and

"(vi) the extent to which the United States market is the focal point for the diversion of exports of the article concerned by reason of restraints on exports of such article to or on imports of such article into third country markets; and

"(C) with respect to substantial cause, an increase in imports (either actual or relative to domestic production) and a decline in the proportion of the domestic market supplied by domestic producers.

"(2) For purposes of this subsection, the term 'substantial cause' means a cause which is important and not less than any other cause.

"(3) In applying this subsection, the Commission shall consider the condition of the domestic industry over the course of the relevant business cycle, but may not aggregate the causes of declining demand associated with a recession or economic downturn in the United States economy into a single cause of serious injury or threat of injury.

"(4) The presence or absence of any factor which the Commission is required to evaluate in subparagraphs (A) and (B) of paragraph (1) is not necessarily dispositive of whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry.

"(5) In the case of an investigation involving imports of a seasonable agricultural article, the Commission may find that increased imports of such article are a substantial cause of serious injury or threat thereof to the domestic industry producing an article like or directly competitive with the imported article if such increased imports are largely entered during a specific period or season of the year and are largely impacting only those domestic producers harvesting or marketing the like or directly competitive article during that period or season of the year.

"(d) Determination of Domestic Industry.—

"(1) For purposes of subsection (a), in determining the domestic industry producing an article like or directly competitive with an imported article, the Commission—

"(A) shall, to the extent information is available—

"(i) in the case of a domestic producer which also imports, treat as part of such domestic industry only its domestic production, and

"(ii) in the case of a domestic producer which produces more than one article, treat as part of such domestic industry only that portion or subdivision of the producer which produces the like or directly competitive article; and

"(B) may, in the case of one or more domestic producers which produce a like or directly competitive article in a major geographic area of the United States and whose production facilities in such area for such article constitute a substantial portion of the domestic industry in the United States and primarily serve the market in such area, and where the imports are concentrated in such area, threat as such domestic industry only that segment of the production located in such area.

"(2) The term 'domestic industry' includes producers located in the United States insular possession.

"(e) Treatment of Geographically Isolated Markets.—In making determinations under subsection (a), the Commission may, in appropriate circumstances, disregard quantities of the article imported into a geographically isolated market. A geographically isolated market is a market in which—

"(1) the producers located within the market have not supplied demand in that market to any substantial degree in the most recent representative period, and there is no reasonable likelihood that they will do so in the future;

"(2) the producers have made no significant effort, as measured by capital investments in plant and equipment, or in distribution and marketing, within a reasonably recent period, to meet demand in the market, and there is no reasonable likelihood that they will do so in the future; and

"(3) producers located outside the market have not historically met demand within the market at prices reasonably equivalent to prices prevailing elsewhere in the United States because of transportation, insurance, or other costs which would be incurred to ship the product to, or sell the product in, the market.

"(f) Other Matters Pertaining to Investigations.—In the course of any investigation under subsection (a), the Commission shall—

"(1) seek information (on a confidential basis, to the extent appropriate) on actions being taken, or planned to be taken, or both, by firms and workers in the industry to enhance competitiveness or adjust to import competition;

"(2) investigate any factor which in its judgment may be contributing to increased imports of the article under investigation, and, whenever in the course of its investigation the Commission has reason to believe that the increased imports are attributable in part to circumstances which come within the purview of subtitles A and B of title VII or section 337 of the Tariff Act of 1930, or other remedial provisions of law, the Commission shall promptly notify the appropriate agency so that such action may be taken as is otherwise authorized by such provisions of law; and

"(3) after reasonable notice, hold public hearings and afford interested parties an opportunity to be present, to present evidence, and to be heard at such hearings.

"(g) Import Injury Determinations by Commission.—

"(1) Within 120 days after commencing an investigation under subsection (a) with respect to a domestic industry, the Commission shall—

"(A) determine whether increased imports are a substantial cause of serious injury, or the threat thereof, to the industry; and

"(B) if the determination under subparagraph (A) is affirmative and the petition alleged critical circumstances, determine if critical circumstances exist.

"(2)(A) If the Commission determines under paragraph (1)(B) that critical circumstances exist, the Commission—

"(i) shall direct the Commissioner of Customs to order the suspension of the liquidation of all articles subject to the determination that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of notice of the order in the Federal Register; and

"(ii) may direct the Commissioner of Customs to order the posting of a cash deposit, bond, or other security, in such amount as he considers appropriate, for the entry of articles to which the suspension of liquidation applies.

"(B) The Commission shall immediately notify the Trade Representative of a determination made under subparagraph (B). Within 7 days after the day on which such notification is received, the Trade Representative, shall terminate the action taken by the Commission if he considers such action not to be in the national economic interest.

"(C) The Trade Representative shall terminate a suspension of liquidation ordered under subparagraph (A)(i), and release any bond or other security, and refund any cash deposit, required under subparagraph (A)(ii), if—

"(i) a denial of import relief for the industry concerned under section 204 becomes final; or

"(ii) import relief in a form other than an increase in, or the imposition of, duties is provided under section 204.

"(D) If import relief is granted under section 204 in the form of—

"(i) an increase in, or imposition of, duties, such increase or imposition shall apply to articles with respect to which liquidation was suspended under subparagraph (A)(i); or

"(ii) the imposition of a quantitative restriction, the articles with respect to which liquidation was suspended under subparagraph (A)(i) shall be counted against such restriction.

"(h) Import Relief Determinations by Commission.—

"(1) Within 60 days after making a determination under subsection (g)(1)(A) that serious injury, or the threat thereof, to a domestic industry exists, the Commission shall determine the form and amount of import relief that would be the most effective—

"(A) in preventing or remedying the serious injury or threat thereof; and

"(B) in facilitating the efforts by the domestic industry to enhance its long-term competitiveness or to adjust to import competition.

If the Commission recommends under subparagraph (A) the imposition of a quantitative restriction on imports, the Commission shall recommend the administration of such a restriction through the public auction of import licenses unless the Commission determines that the use of such an auction would have undesirable economic results.

"(2) In determining the form and amount of import relief under paragraph (1), the Commission shall consider the following factors:

"(A) The extent to which import relief, if implemented in conjunction with existing or proposed actions by the domestic industry that are—

"(i) specified in the statement of proposed adjustment measures, if any, submitted under section 201(b); or

"(ii) revealed to the Commission under subsection (f)(1);

are likely to enhance the long-term competitiveness, or otherwise facilitate the adjustment to import competition, of the domestic industry.

"(B) The current competitive position of the domestic industry in the United States and world markets.

"(C) The trends in conditions of competition in the United States and world markets that are likely to continue.

"(D) The role of the particular industry in the national economy, including its importance to United States national economic security.

"(i) Report by Commission.—

"(1) The Commission shall report to the Trade Representative its findings, and the basis therefor, with respect to each investigation undertaken under subsection (a). The report shall be made at the earliest practicable time, but not later than 180 days after the date on which the petition is filed, or resolution is received, or the motion is adopted, as the case may be.

"(2) The Commission shall include in the report required under paragraph (1) the following:

"(A) The determination made under subsection (g)(1)(A).

"(B) If the determination under subsection (g)(1)(A) is affirmative, the import relief determination made under subsection (h)(1).

"(C) Any dissenting or separate views by members of the Commission regarding the determinations.

"(D) A detailed statement regarding how the factors listed in subsection (h)(2) were applied in determining the form and amount of import relief.

"(E) An estimate of—

"(i) the effects (on the basis of either costs or benefits, or both) of the import relief on—

"(I) consumers of the imported product and consumers of the product generally, and

"(II) on other sectors of the United States economy, and

"(ii) the economic or social costs or benefits to taxpayers, communities, and workers which would likely result if import relief were or were not provided.

"(F) Information, if any, obtained by the Commission under subsection (f)(1) regarding actions or proposed actions by the domestic industry.

"(3) The Commission, after submitting a report to the Trade Representative under paragraph (1), shall promptly make it available to the public (with the exception of the confidential information obtained under subsection (f)(1) and any other information which the Commission determines to be confidential) and cause a summary thereof to be published in the Federal Register.

"(4) Except for good cause determined by the Commission to exist, no investigation for the purposes of this section shall be made with respect to the same subject matter as a previous investigation under this chapter, unless 1 year has elapsed since the Commission made its report to the President or the Trade Representative as the case may be of the results of such previous investigation.

"(j) Notification Effecting Automatic Certification of Eligibility To Apply for Adjustment Allowances.—Within 48 hours after the Commission finds with respect to any article the serious injury, or the threat thereof, described in subsection (a) to a domestic industry, it shall notify the Secretary of Labor and the Secretary of Commerce (for purposes of effecting automatic certification of eligibility to apply for adjustment assistance under section 222(b) or 251(c)(2), as the case may be) of the identity of—

"(1) the domestic industry;

"(2) the firms and subdivisions, to the extent known, within such industry; and

"(3) the articles produced by such industry that are like or directly competitive to the imported articles that caused such injury or threat.

"SEC. 204. ACTION BY TRADE REPRESENTATIVE AFTER DETERMINATION OF IMPORT INJURY.

"(a) Determinations Regarding Relief.—

"(1) After receiving a report containing an affirmative finding under section 203(i) regarding a domestic industry and taking into account the matters specified in paragraph (3), the Trade Representative shall decide either—

"(A) to provide import relief to the extent that, and for such time (not to exceed 5 years) as, he determines necessary to prevent or remedy the serious injury, or the threat thereof, to the industry and to enhance the long-term competitiveness or otherwise facilitate the orderly adjustment to import competition of the industry; or

"(B) not to provide import relief because—

"(i) the provision of any import relief would threaten the national security of the United States; or

"(ii) the economic costs of providing any import relief are so great that they outweigh the economic and social benefits of providing import relief.

"(2) In addition to, or in lieu of, the forms of import relief specified in section 206(a)(3), the Trade Representative may initiate negotiations with the foreign governments concerned to address the underlying cause of the increase in imports, or otherwise to alleviate the serious injury or threat thereof to the domestic industry. If the Trade Representative decides to initiate negotiations in lieu of providing any other form of import relief, such decision shall be treated, for purposes of subsection (b)(1), as a decision to provide relief that differs from the import relief determined by the Commission. In the document required to be submitted under subsection (b)(1), the Trade Representative shall state the period of time in which he will undertake such negotiations. If at, or any time before, the close of such period of time (if Congress does not implement under subsection (b)(5) the import relief recommended by the Commission) the Trade Representative reports to Congress that the negotiations have not been successful, the Trade Representative is authorized to provide import relief under subsection (a) to the domestic industry concerned. For purposes of exercising such authority, the report of the Commission containing the affirmative finding under section 203(i) regarding the industry shall be treated as having been received by the Trade Representative on the day the negative report regarding the negotiations is made to Congress.

"(3) For purposes of making decisions under paragraph (1), the Trade Representative shall give particular weight to the estimate of costs and benefits included in the report of the Commission under section 203(i)(2)(E) and shall take into account, in addition to such other factors as he considers relevant—

"(A) information and advice from the Secretary of Labor on the extent to which workers in the industry will benefit from adjustment assistance under chapter 2 and other manpower programs;

"(B) information and advice from the Secretary of Commerce on the extent to which firms in the industry will benefit from adjustment assistance under chapter 3;

"(C) the factors set forth in subparagraphs (A) through (D) of section 203(h)(2);

"(D) the effect of import relief on consumers (including the price and availability of the imported article and the like or directly competitive article produced in the United States) and on competition in the domestic markets for such articles;

"(E) the likely effect of the import relief on the agricultural exports of the United States;

"(F) the effect of import relief on the international economic interests of the United States;

"(G) the impact on United States industries and firms as a consequence of any possible modification of duties or other import restrictions which may result from international obligations with respect to compensation;

"(H) the geographic concentration of imported articles marketed in the United States and presence, if any, of geographically isolated markets for such articles;

"(I) the extent to which the United States market is the focal point for exports of such article by reason of restraints on exports of such article, to, or on imports of such article into, third country markets;

"(J) the economic and social costs which would be incurred by taxpayers, communities, and workers, if import relief were or were not provided; and

"(K) if a seasonal agricultural product is involved, the seasonal nature of the imports.

"(4) The Trade Representative shall make the decision under paragraph (1) within 30 days (60 days if the Trade Representative considers the matter extraordinarily complicated) after receiving a report from the Commission containing an affirmative finding under section 204 (or a finding under section 204 which he considers to be an affirmative finding, by reason of section 330(d) of the Tariff Act of 1930); except that if a supplemental report is requested under paragraph (5), the Trade Representative shall make the decision under paragraph (1) within 30 days after the supplemental report is received.

"(5) The Trade Representative may, within 15 days after the date on which he receives an affirmative finding of the Commission under section 204 with respect to a domestic industry, request additional information from the Commission. The Commission shall, as soon as practicable but in no event more than 30 days after the date on which it receives the Trade Representative's request, furnish additional information with respect to the industry in a supplemental report.

"(b) Reports to Congress.—

"(1) On the day the Trade Representative decides to provide import relief under subsection (a) to a domestic industry, the Trade Representative shall transmit to Congress a document describing that relief. If the import relief to be provided differs from the import relief determined by the Commission under section 203(h)(1), the Trade Representative shall state the reasons in detail for the difference.

"(2) On the day on which the Trade Representative decides not to provide import relief under subsection (a)(1)(B) to a domestic industry, the Trade Representative shall transmit to Congress a document that sets forth—

"(A) in detail, the reasons for the decision; and

"(B) what other actions, if any, are being taken to help the industry to overcome the serious injury or threat thereof and the workers to find productive employment.

"(3) The document required to be transmitted to Congress under paragraph (1) or (2) shall specify how the Trade Representative applied—

"(A) the estimates of costs and benefits included in the report of the Commission under section 203(i)(2)(E); and

"(B) the factors set forth in subsection (a)(3)(A) through (I);

with respect to the decision under such paragraph.

"(4) On the day on which the Trade Representative implements any import relief under section 205 not reported under paragraph (1), he shall transmit to Congress a document setting forth the action he is taking and the reasons therefor.

"(5) If the Trade Representative reports under paragraph (1) or (2) that the import relief being provided differs from the import relief determined by the Commission, or that import relief will not be provided to the domestic industry, the import relief determined by the Commission under section 203(h)(1) shall take effect (as provided in subsection (c)(2)) upon enactment of a joint resolution described in section 152(a)(1)(A) within the 90-day period beginning on the date on which the document referred to in paragraph (1) or (2) is transmitted to the Congress.

"(c) Time for Taking Effect of Relief.—

"(1) Except as provided in paragraphs (1) and (2), the Trade Representative shall order (or otherwise implement) import relief provided under this chapter to take effect within 15 days after the date on which the Trade Representative decides to provide the relief under section 204(a).

"(2) If the contingency set forth in subsection (b)(5) occurs, the Trade Representative shall, within 30 days after the date of the enactment of the joint resolution referred to in such subsection, order (or otherwise implement) the import relief that was determined by the Commission under section 203(h)(1).

"(3) If the Trade Representative announces on the date on which the decision is made under section 204(a) his intention to negotiate one or more orderly marketing or other agreements, the import relief shall be implemented and take effect within 90 days after such date.

"(d) Orderly Marketing and Other Agreements.—

"(1) If the Trade Representative provides import relief other than through orderly marketing or other agreements, he may, after such relief takes effect, negotiate orderly marketing or other agreements with foreign countries, and may, after such agreements take effect, suspend or terminate, in whole or in part, any import relief previously provided.

"(2) If the Trade Representative negotiates an orderly marketing or other agreement and the agreement does not continue to be effective, he may, consistent with the limitations contained in section 205, provide any other import relief.

"(e) Treatment of Certain Suspensions of Duty.—

"(1) The suspension of—

"(A) item 806.30 or 807.00 of the Tariff Schedules of the United States with respect to an article; and

"(B) the designation of any article as an eligible article for purposes of title V;

shall be treated as an increase in duty under section 206(a)(3).

"(2) No order providing for a suspension referred to in paragraph (1) with respect to any article may be made by the Trade Representative, nor may any such suspension be determined by the Commission under section 203(h)(1), unless the Commission determines in the course of its investigation under section 203 that the serious injury, or threat thereof, substantially caused by imports to the domestic industry producing a like or directly competitive article results from, as the case may be—

"(A) the application of item 806.30 or item 807.00; or

"(B) the designation of the article as an eligible article for the purposes of title V.

"(f) Regulations.—

"(1) The Trade Representative shall by regulation provide for the efficient and fair administration of any import relief provided under this chapter.

"(2) In order to carry out an orderly marketing or other agreements concluded to carry out this chapter, the Trade Representative may prescribe regulations governing the entry or withdrawal from warehouse of articles covered by such agreement. In addition, in order to carry out any orderly marketing agreement concluded under this chapter with one or more countries accounting for a major part of United States imports of the article covered by such agreements, including imports into a major geographic area of the United States, the Trade Representative may issue regulations governing the entry or withdrawal from warehouse of like articles which are the product of countries not parties to such agreement.

"(3) Regulations prescribed under this subsection shall, to the extent practicable and consistent with efficient and fair administration, insure against inequitable sharing of imports by a relatively small number of the larger importers.

"SEC. 205. EXTENSION, MODIFICATION, AND TERMINATION OF IMPORT RELIEF.

"(a) Extension, Modification, and Termination.—Any import relief provided under this chapter—

"(1) shall, unless extended under paragraph (3), terminate no later than the close of the 5th anniversary of the day on which import relief with respect to the article in question first took effect under section 204;

"(2) if provided for a period of more than 3 years, shall, to the extent feasible, be phased down during the period of such relief, with the first reduction of relief taking effect no later than the close of the 3rd anniversary of the day on which such relief first took effect;

"(3) may be extended by the Trade Representative at a level of relief no greater than the level in effect immediately before such extension, for one period of not more than 3 years if the Trade Representative determines, after taking into account the advice received from the Commission under subsection (b) and after taking into account the matters referred to in section 204(a)(3), that such extension is in the national interest; and

"(4) shall be terminated by the Trade Representative if he determines, after taking into account the advice received from the Commission under subsection (b) and after seeking advice of the Secretary of Commerce and the Secretary of Labor (and the Secretary of Agriculture if an agricultural product is involved), that such reduction or termination is in the national interest.

"(b) REGULAR COMMISSION REVIEW.—

"(1) So long as any import relief remains in effect, the Commission shall keep under review developments with respect to the industry concerned (including the progress and specific efforts made by the firms in the industry concerned to enhance competitiveness or adjust to import competition). The Commission shall submit to the Congress and the Trade Representative, and make available to the public, an annual report on the review undertaken under this paragraph while the import relief is in effect.

"(2) Upon request of the Trade Representative or upon its own motion, the Commission shall advise the Trade Representative of its judgment as to the probable economic effect on the industry concerned of the extension, reduction, or termination of the import relief.

"(3) Upon petition on behalf of the industry concerned, filed with the Commission not earlier than the date which is 9 months, and not later than the date which is 6 months, before the day any import relief provided under this chapter is to terminate by reason of the expiration of the initial period therefor, the Commission shall advise the Trade Representative of its judgment as to the probable economic effect on such industry of such termination.

"(4) In advising the Trade Representative under paragraph (2) or (3) as to the probable economic effect on the industry concerned, the Commission shall take into account all economic factors which it considers relevant, including the matters referred to in section 204(a)(3) and the progress and specific efforts made by the industry concerned to enhance competitiveness or to adjust to import competition.

"(5) Advice by the Commission under paragraph (2) or (3) shall be given on the basis of an investigation during the course of which the Commission shall hold a hearing at which interested persons shall be given a reasonable opportunity to be present, to produce evidence, and to be heard.

"(c) SPECIAL COMMISSION REVIEW.—

"(1) The Commission—

"(A) at the request of the Trade Representative shall; and

"(B) at the request of any interested party, or on its own motion, may;

undertake a review to determine whether a modification of the form or amount of any import relief provided under this chapter would be appropriate—

"(i) to compensate for changes in currency exchange rates;

"(ii) to prevent or respond to attempts to circumvent the import relief;

"(iii) to ensure the effectiveness of the import relief in providing adequate opportunity for facilitating competitiveness or adjustment;

"(iv) to account for changed circumstances in the domestic economy; or

"(v) to account for actions taken or not taken by the domestic industry to become more competitive or to adjust.

During any review undertaken under this paragraph, the Commission shall provide opportunity for the presentation of views by interested persons.

"(2) As promptly as feasible, but not later than the 90th day after commencing a review under paragraph (1), the Commission shall submit to the Trade Representative each import relief modification, and a detailed statement of the reasons therefor, that it determines under paragraph (1) to be appropriate. Within 21 days after receiving the proposed modification and statement, the Trade Representative shall decide whether to order or implement the proposed modification or any part thereof.

For purposes of the preceding sentence, a proposed modification of the Commission shall be treated by the Trade Representative as an affirmative determination of the Commission under section 203(i) and the provisions of section 204 apply to a proposed modification in the same manner and to the same extent as to such an affirmative determination.

"SEC. 206. DEFINITIONS; MISCELLANEOUS PROVISIONS.

"(a) DEFINITIONS.—For purposes of this chapter:

"(1) The term 'Commission' means the United States International Trade Commission.

"(2) Critical circumstances exist if a substantial increase (absolutely or relatively) in the quantity of an article being imported into the United States over a relatively short period of time has led to circumstances in which a delay in the taking effect of import relief would cause harm that would significantly impair the effectiveness of such relief.

"(3)(A) The term 'import relief' means one or more of the following actions with respect to an imported article:

"(i) Subject to subparagraph (B), the ordering of an increase in, or the imposition of, any duty on the article.

"(ii) Subject to subparagraph (B), the ordering of a tariff-rate quota on the article.

"(iii) The ordering of a modification of, or the imposition of, any quantitative restriction on the importation into the United States of the article.

"(iv) The negotiation, conclusion, and carrying out of orderly marketing agreements with foreign countries limiting the export from foreign countries or the importation into the United States of the article.

"(B) No order issued to implement import relief described in clause (i) or (ii) of subparagraph (A) shall be made increasing a rate of duty to (or imposing) a rate which is more than 50 percent ad valorem above the rate (if any) existing at the time of the order.

"(C) The import relief specified in clauses (iii) and (iv) of subparagraph (A) may not be provided to any industry at the same time.

"(4) The term 'Trade Representative' means the United States Trade Representative.

"(b) ARTICLES TO WHICH CHAPTER NOT APPLICABLE.—No investigation may be made under section 203 with respect to an article which has received import relief under this chapter unless 2 years have elapsed since the last day on which such import relief was provided with respect to that article.

"(c) OTHER PROVISIONS.—

"(1) Actions by the Trade Representative under this chapter may be taken without regard to the provisions of section 126(a) of this Act but only after consideration of the relation of such actions to the international obligations of the United States.

"(2) If the Commission treats as the domestic industry production located in a major geographic area of the United States under section 203(d)(1)(B), then the Trade Representative shall take into account the geographic concentration of domestic production and of imports in that area in providing import relief, if any, which may include actions authorized under paragraph (1)."

(b) CONFORMING AMENDMENTS.—

(1) TRADE ACT OF 1974.—The Trade Act of 1974 is amended as follows:

(A) section 127(b) (19 U.S.C. 2137(b)) is amended by striking out "203" and inserting "204".

(B) Sections 224 and 264 (19 U.S.C. 2274 and 2354) are each amended—

(i) by striking out "201" in subsection (a) and inserting "203";

(ii) by striking out "201" in subsection (b) and inserting "203(i)"; and

such section 264 is amended by striking out "201(b)" in subsection (c) and inserting "203(g)".

(C) Section 406 (19 U.S.C. 2436) is amended—

(i) by striking out "201(a)(1)" in subsection (a)(1) and subsection (d) and inserting "201(a)";

(ii) by striking out "subsections (a)(2), (b)(3), and (c) of section 201" in subsection (a)(2) and inserting "sections 201(b) and 203(d) and (e)(3)";

(iii) by amending subsection (b)—

(I) by striking out "sections 202 and 203" each place it appears and inserting "section 204", and

(II) by striking out "201(b)" and inserting "203(a)"; and

(iv) by striking out "202 and 203" in subsection (c) and inserting "204".

(2) CARIBBEAN BASIN ECONOMIC RECOVERY ACT.—Section 213 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703) is amended—

(A) by amending subsection (e)(1)—

(i) by striking out "President may by proclamation" and inserting "United States Trade Representative", and

(ii) by striking out "proclaimed pursuant to section 203" and inserting "provided under chapter 1 of title II";

(B) by striking out "President under section 201(d)(1)" in subsection (e)(2) and inserting "United States Trade Representative under section 204";

(C) by striking out "(a) and (c) of section 203" in subsection (e)(3) and inserting "chapter 1 of title II";

(D) by amending subsection (e)(4)—

(i) by striking out "proclamation" and inserting "import relief",

(ii) by striking out "made under subsections (a) and (c) of section 203" and inserting "provided under chapter 1 of title II"; and

(iii) by striking out "201(b)" each place it appears and inserting 203";

(E) by amending subsection (e)(5)—

(i) by striking out "proclamation issued pursuant to section 203" and inserting "import relief provided under chapter 1 of title II", and

(ii) by striking out "subsections (h) and (i) of section 203" and inserting "section 205";

(F) by amending subsection (f)(2) and (3) by striking out "President" each place it appears and inserting "United States Trade Representative";

(G) by amending subsection (f)(4)—

(i) by amending subparagraph (A) by striking out "proclamation" and inserting "provision", and by striking out "202(a)(1)" and inserting "204", and

(ii) by striking out "the President makes a determination pursuant to section

203(b)(2)" in subparagraph (B) and inserting "the United States Trade Representative makes a determination under section 204(a)(1)(B)".

(3) TRADE AND TARIFF ACT OF 1984.—

(A) Section 307(b)(4) of the Tariff and Trade Act of 1984 (19 U.S.C. 2114d(4)) is amended by striking out "actions taken under 203" and inserting "import relief provided under chapter 1 of title II".

(B) Title IV of the Tariff and Trade Act of 1984 is amended—

(i) by amending section 403—

(I) by striking out "President under section 201(d)(1)" in subsection (b) and inserting "United States Trade Representative under section 203",

(II) by striking out "subsections (a) and (c) of section 203" in subsections (c) and (d) and inserting "chapter 1 of title II",

(III) by striking out "201(b)" in subsection (d) and inserting "203(g)", and

(IV) by striking out "subsections (h) and (i) of section 203" in subsection (e)(2) and inserting "section 205"; and

(ii) by amending section 404—

(I) by striking out "President" each place it appears therein and inserting "United States Trade Representative";

(II) by striking out "proclamation of import relief under section 202(a)(1)" and inserting "provision of import relief under chapter 1 of title II", and

(III) by striking out "President makes a determination under section 203(b)(2)" and inserting "United States Trade Representative makes a decision under section 204(a)".

(4) TARIFF ACT OF 1930.—Section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)) is amended—

(A) by amending paragraph (1)—

(i) by striking out "201" and inserting "203", and

(ii) by striking out "(b)(1)" and inserting "(a)";

(B) by amending paragraph (2)—

(i) by striking out "President" each place it appears and inserting "United States Trade Representative",

(ii) by striking out "201" the first place it appears and inserting "203",

(iii) by striking out "201(d)(1)" and inserting "203(g)",

(iv) by striking out "202 and 203" each place it appears and inserting "203 and 204", and

(v) by striking out "203(b)" in subparagraph (B) and inserting "204(a)"; and

(C) by striking out "203(c)(1)" in paragraph (4) and inserting "206(a)(4)".

(5) TABLE OF CONTENTS.—The entry for such chapter 1 in the table of contents to the Trade Act of 1974 is amended to read as follows:

"CHAPTER 1—IMPORT RELIEF

"Sec. 201. Petitions for relief.
"Sec. 202. Emergency relief from injury caused by imports of perishable agricultural products.
"Sec. 203. Investigations and determinations by Commission.
"Sec. 204. Action by Trade Representative after determination of import injury.
"Sec. 205. Extension, modification, and termination of import relief.
"Sec. 206. Definitions; miscellaneous provisions.".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on the date of the enactment of this Act and shall apply with respect to petitions filed under chapter 1 of title II of the Trade Act of 1974 on or after that date. Any petition filed under section 201 of such chapter before such date of enactment, and with respect to which the United States International Trade Commission did not make a finding before such date with respect to serious injury or the threat thereof, may be withdrawn and refiled, without prejudice, by the petitioner.

CHAPTER 2—INDUSTRY RELIEF FROM MARKET DISRUPTION CAUSED BY IMPORTS FROM NONMARKET ECONOMY COUNTRIES

SEC. 135. MARKET DISRUPTION.

(a) AMENDMENTS.—Section 406 of the Trade Act of 1974 (19 U.S.C. 2436) is amended—

(1) by striking out "President" each place it appears in paragraphs (3) and (4) of subsection (a), and in subsections (b), (c), and (d), and inserting "United States Trade Representative";

(2) by striking out "Communist country" each place it appears therein and inserting "nonmarket economy country"; and

(3) by amending subsection (e) to read as follows:

"(e) For purposes of this section, the term 'nonmarket economy country' means any country in which economic activity, as a whole, is generally determined through central government planning rather than being dependent on market forces."; and

(4) by adding at the end thereof the following new subsections:

"(f)(1) For purposes of this section, market disruption exists within a domestic industry whenever an article is being imported into the United States in such increased quantities (either absolutely or relatively) as to be an important cause of material injury or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

"(2) In making its determination under paragraph (1), the Commission shall consider, among other factors—

"(A) the volume of imports of the merchandise which is the subject of the investigation;

"(B) the effect of imports of the merchandise on prices in the United States for like or directly competitive articles;

"(C) the impact of imports of such merchandise on domestic producers of like or directly competitive articles; and

"(D) evidence of disruptive pricing practices, or other efforts to unfairly manage trade patterns.

"(3) For purposes of paragraph (2)—

"(A) In evaluating the volume of imports of merchandise, the Commission shall consider whether the increase in the volume of imports of the merchandise, either in absolute terms or relative to production or consumption in the United States, is significant.

"(B) In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether—

"(i) there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States, and

"(ii) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

"(C) In examining the impact on the affected industry, the Commission shall evaluate all relevant economic factors which have a bearing on the state of the industry, including, but not limited to—

"(i) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity.

"(ii) factors affecting domestic prices, and

"(iii) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment.

"(4) In making its determination under paragraph (1), the Commission shall, where appropriate, cumulate imports from 2 or more nonmarket economy countries subject to investigation under this section.

"(g) The Commission may recommend, in addition to other relief available under this section, a variable tariff that is equivalent to the average of—

"(1) the average price at which United States producers of merchandise that is like or similar to the article under investigation sell, or offer to sell, the merchandise in arms length transactions; and

"(2) the average price at which imported merchandise that is like or similar to the article under investigation is sold, or offered for sale, in the United States in arms length transactions.

"(h) The Trade Representative may deny import relief with respect to imports from a nonmarket economy country only if the provision of such relief would have a serious negative impact on the domestic economy.".

(b) EFFECTIVE DATE.—

(1) Except as provided in paragraph (2), the amendments made by subsection (a) apply with respect to petitions filed under section 406(a) of the Trade Act of 1974 on or after the date of the enactment of this Act.

(2) If there is in effect, on such date of enactment, any bilateral agreement between the United States and any nonmarket economy country containing obligations of the United States with which the amendments made by subsection (a) conflict, the amendments made by subsection (a) (except those made by paragraphs (1) and (2) of such subsection) shall apply with respect to petitions regarding imports from that country that are filed under section 406(a) of the Trade Act of 1974 on or after the date after such date of enactment on which such obligations under the bilateral agreement terminate.

CHAPTER 3—TRADE ADJUSTMENT ASSISTANCE

SEC. 141. TRADE READJUSTMENT ALLOWANCES.

(a) TO SUPPLEMENT REEMPLOYMENT WAGES.—Section 232 of the Trade Act of 1974 (19 U.S.C. 2292) is amended—

(1) by striking out "Subject to subsections (b) and (c)," in subsection (a) and inserting "Except as provided in subsection (d), and subject to subsections (b) and (c),"; and

(2) by adding at the end thereof the following new subsection:

"(d)(1) If an adversely affected worker accepts full-time employment (hereinafter referred to in this subsection as 'reemployment') at a weekly wage that is less than his average weekly wage in adversely affected employment and the worker has met the requirements of section 231(a)(1) and (2), the worker may elect to receive trade readjustment allowances (in the form of supplemental wage allowances) under this subsection with respect to any week during which the worker performs services in such reemployment job for scheduled hours of work in each such week. Upon making such an election, the adversely affected worker is not eligible for trade readjustment allowances under the other provisions of this part.

"(2) A supplement wage allowance shall be payable for any week of reemployment without regard to whether the worker is also receiving, or is entitled to, unemployment insurance with respect to such week.

"(3) The supplemental wage allowance payable to an adversely affected worker under this subsection with respect to any week in which services are performed in such a reemployment job shall be an amount that—

"(A) is equal to the difference between—

"(i) the weekly wage received for such week, and

"(ii) an amount equal to 80 percent of his average weekly wage in adversely affected employment (as determined for purposes of section 247(6)); but

"(B) does not exceed 50 percent of the weekly amount of trade readjustment allowance for the worker (as determined for purposes of subsection (a)).".

(b) DURATION OF ALLOWANCES.—Section 233(a) of the Trade Act of 1974 (19 U.S.C. 2293) is amended—

(1) by striking out "(1) The" and inserting "(1) Except as otherwise provided in this section, the";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(3) by inserting after paragraph (1) the following:

"(2) The maximum amount of supplemental wage allowances payable to a reemployed worker under section 232(d) with respect to the period covered by any certification shall in lieu of the maximum amount of trade readjustment allowance specified in paragraph (1) be the amount that is the product of 52 multiplied by the maximum weekly amount as determined under section 232(d)(2)(B), but such product shall be reduced by such maximum weekly amount multiplied by the number of weeks preceding the first week of work in the reemployment job with respect to which the worker was entitled to or paid a trade readjustment allowance."; and

(4) by amending paragraph (4) (as redesignated by paragraph (2) of this subsection) by striking out "under this chapter" and inserting "under section 231(a)".

SEC. 142. TRAINING FOR WORKERS.

(a) TRAINING PROGRAM ENROLLMENT A PREREQUISITE FOR ELIGIBILITY FOR TRADE READJUSTMENT ALLOWANCES.—Section 231 of the Trade Act of 1974 (19 U.S.C. 2291) is amended as follows:

(1) Subsection (a) is amended—

(A) by amending paragraph (5)—

(i) by amending that portion that precedes subparagraph (A) to read as follows: "(5) Such worker, if not subject to paragraph (6)—"; and

(ii) by adding at the end thereof the following flush sentence:

"The Secretary shall waive the application of subparagraph (A) in the case of any worker if the Secretary determines that no acceptable job search program is reasonably available for the worker."; and

(B) by adding at the end thereof the following new paragraph:

"(6) Such worker, unless exempt from this paragraph under subsection (e), has no reasonable prospect of being reemployed by the firm or subdivision from which the worker was totally separated and—

"(A) is enrolled in a training program approved by the Secretary under section 236(a); or

"(B) has, after the date on which the worker first became totally separated or partially separated from the adversely affected employment, completed a training program approved by the Secretary under section 236(a).".

(2) The following new subsections are added at the end thereof:

"(d) If the Secretary determines that—

"(1) an adversely affected worker—

"(A) is not enrolled in a training program as required under subsection (a)(6)(A), or

"(B) has ceased to participate in a training program approved by the Secretary under section 236(a) before completing the program; and

"(2) there is no justifiable cause for such failure to enroll or cessation;

no trade readjustment allowance may be paid to the adversely affected worker under this part on or after the date of such determination until the worker enrolls or resumes participation in a training program approved under section 236(a).

"(e) If the Secretary determines that it is not feasible or appropriate to approve a training program under section 236(a) for an adversely affected worker, the Secretary shall exempt the worker from subsection (a)(6).".

(b) ENTITLEMENT TO TRAINING; PAYMENT BY VOUCHER.—Section 236 of the Trade Act of 1974 (19 U.S.C. 2296) is amended as follows:

(1) Subsection (a) is amended—

(A) by striking out "(to the extent appropriated funds are available)" and all that follows down to "Insofar as possible," in paragraph (1) and inserting the following: "approve such training for the worker and the worker shall be entitled to have payment of the costs of such training (but not to exceed $4,000 with respect to any single certification and any one adversely affected worker) paid by the Secretary. The Secretary shall prescribe regulations that set forth the criteria under subparagraphs (A) through (E) that will be used as the basis for making determinations under this subsection.";

(B) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively;

(C) by inserting after paragraph (1) of subsection (a) the following new paragraph:

"(2) The Secretary shall pay the costs of training provided under paragraph (1) under a voucher system. If the costs of the training provided to a worker under paragraph (1) is less than $4,000, then a relocation allowance granted to the worker under section 238 may be paid, in whole or part, through the voucher system, but the aggregate payment under the voucher system of any such allowance together with the payment for training under paragraph (1) may not exceed the $4,000 limitation in that paragraph."; and

(D) by amending paragraph (5) (as so redesignated) by—

(i) striking out "and" in subparagraph (C),

(ii) redesignating subparagraph (D) as subparagraph (E), and

(iii) by inserting after subparagraph (C) the following:

"(D) a program of remedial education, and".

(2) Subsection (c) is repealed.

(3) Subsections (d), (e), and (f) are redesignated as subsections (c), (d), and (e), respectively.

(4) That part of subsection (c) (as so redesignated) that precedes paragraph (1) is amended to read as follows:

"(d) Notwithstanding any provision of subsection (a)(1), the Secretary shall pay the costs of on-the-job training of an adversely affected worker under subsection (a)(1) in 12 equal monthly installments, but the Secretary may pay such costs only if—".

(c) CONFORMING AMENDMENTS.—

(1) Section 233(b) of the Trade Act of 1974 (19 U.S.C. 2293(b)) is amended by striking out "if the adversely affected worker who would receive such allowance did" and inserting "in the case of an adversely affected worker who was exempted from the training requirement in section 231(a)(6) if the worker does".

(2) Section 239(a) of the Trade Act of 1974 (19 U.S.C. 2311(a)) is amended by striking out "and (4)" and inserting: "(4) will determine exemptions under section 231(e), and (5)".

SEC. 143. COOPERATING STATE AGENCY FUNCTIONS.

Section 239(f) of the Trade Act of 1974 (19 U.S.C. 2311(f)) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (3) and (4);

(2) by inserting before "to apply" in paragraph (3) (as so redesignated) the following: ", as appropriate, to enroll in a job search program or";

(3) by striking out "within 60 days" in paragraph (4) (as so redesignated) and inserting "as soon as practicable"; and

(4) by inserting before paragraph (3) (as so redesignated) the following:

"(1) advise each worker who applies for unemployment insurance of the benefits under this chapter and the procedures and deadlines for applying for such benefits,

"(2) facilitate the early filing of petitions under section 221 for workers who the agency considers likely to be eligible for benefits under this chapter,".

SEC. 144. SUPPLEMENTAL WORKER TRAINING PROGRAMS.

(a) IN GENERAL.—Title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended—

(1) by redesignating chapter 5 as chapter 6; and

(2) by inserting after chapter 4 the following new chapter:

"CHAPTER 5—SUPPLEMENTAL WORKER TRAINING

"SEC. 276. FINANCIAL ASSISTANCE FOR TRAINING PROGRAMS.

"(a) The Secretary of Commerce (hereinafter referred to in this chapter as the 'Secretary') may provide financial assistance in the form of grants and loans under this chapter to support, in whole or in part, training programs administered by educational institutions (whether public or private) and by firms for workers eligible for training under chapter 2.

"(b) Loans and grants made by the Secretary under this chapter shall be subject to such terms and conditions as the Secretary considers necessary to protect the interests of the United States, including the restrictions applicable to direct loans provided for in section 255 (b) and (c) and the following conditions:

"(1) The aggregate amount of loans made with respect to any one training program under this chapter and outstanding at any time may not exceed $1,000,000.

"(2) The aggregate amount of grants made under this chapter and outstanding at any time may not exceed $1,000,000.

"SEC. 277. ELIGIBLE TRAINING PROGRAMS.

"(a) Except as provided in subsection (b), the Secretary may not provide financial assistance under this chapter with regard to a training program unless the Secretary determines, after consultation with the Secretary of Labor, that the program will provide training that would meet the standards for approval under section 236(a)(1)(D).

"(b) The Secretary may exempt from subsection (a) any training program if the Secretary considers the program to contain innovative training methods that merit testing. Not more than 30 percent of the monies available in any fiscal year for the carrying out of this chapter may be expended on training programs subject to this subsection.

"SEC. 278. FINANCING.

"(a) There is established in the Treasury of the United States the Supplemental Training Fund (hereinafter in this section referred to as the 'fund') which shall be available, as provided for in advance in appropriation Acts, for the provision of financial assistance under this chapter. The fund shall consist of—

"(1) appropriations to the fund under subsection (b); and

"(2) payments of principal and interest, and other receipts, received by the Secretary in the administration of this chapter.

"(b) There are appropriated from time-to-time to the fund all monies in the account in the Treasury into which are deposited repayments and other receipts under section 257(c) other than such monies as are necessary for the carrying out of the administrative functions associated with the operation of the financial assistance program authorized under chapter 3.".

SEC. 145. AUTOMATIC CERTIFICATION OF ELIGIBILITY TO APPLY FOR ADJUSTMENT ASSISTANCE.

(a) CERTIFICATION OF WORKERS.—Section 222 of the Trade Act of 1974 (19 U.S.C. 2273) is amended—

(1) by striking out "The Secretary" and inserting "(a) Except as provided in subsection (b), the Secretary"; and

(2) by adding at the end thereof the following:

"(b) The Secretary shall treat any group of workers in a firm or subdivision that is—

"(1) within a domestic industry with respect to which the Secretary receives a notification under section 203(j); and

"(2) produces articles that are like or directly competitive with the articles identified in such notification;

as having met the requirements for certification under subsection (a) if the petition for certification is filed within 3 years after the date such notification is received. A certification of eligibility to apply for adjustment assistance shall be issued under section 223 specifically identifying each group of workers who qualify for certification under this subsection.".

(b) CERTIFICATION OF FIRMS.—Section 251(c) of the Trade Act of 1974 (19 U.S.C. 2341(a)) is amended—

(1) by redesignating subparagraphs (A) and (B) of paragraph (2) as clauses (i) and (ii), respectively;

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(3) by striking out "paragraph (3)" in the last sentence and inserting "subparagraph (C)";

(4) by striking out "The Secretary" and inserting "(1) Except as provided in paragraph (2), the Secretary"; and

(5) by inserting at the end thereof the following:

"(2) The Secretary shall treat any firm that is—

"(A) within a domestic industry with respect to which the Secretary receives a notification under section 203(j); and

"(B) produces articles that are like or directly competitive with the articles identified in such notification;

as having met the requirements for certification under paragraph (1) if the petition for certification is filed within 3 years after the date such notification is received.".

SEC. 146. ADJUSTMENT ASSISTANCE TRUST FUND.

(a) Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended to read as follows:

"SEC. 245. ADJUSTMENT ASSISTANCE TRUST FUND.

"(a) There is established in the Treasury of the United States a trust fund to be known as the Adjustment Assistance Trust Fund (hereinafter in this section referred to as the 'Trust Fund').

"(b) The Trust Fund shall consist of monies—

"(1) transferred under subsection (c);

"(2) deposited under subsection (d); and

"(3) appropriated pursuant to subsection (f).

"(c) The Secretary of the Treasury shall transfer, at least quarterly, to the Trust Fund out of the general fund of the Treasury of the United States amounts determined by the Secretary of the Treasury to be equivalent to the amounts received into the general fund that are attributable to—

"(1) the imposition of duties as import relief under chapter 1 of this title or as an action under section 301(a); and

"(2) the public auctioning of import licenses under section 1102 of the Trade Agreements Act of 1979 (19 U.S.C. 2581).

"(d) With respect to each fiscal year in which duties are imposed under section 245A, the Secretary of the Treasury shall deposit into the Trust Fund all duties collected under that section with respect to that year.

"(e) Amounts in the Trust Fund shall only be available—

"(1) to carry out part 1 and section 236, including administrative expenses; and

"(2) to the extent provided for in advance by appropriation Acts, to carry out—

"(A) chapters 2 (except part 1 and section 236) and 3 of this title, including administrative expenses, and

"(B) any community assistance program provided for under Federal law with respect to communities in which a substantial number of workers or firms, or both, are certified as eligible to apply for adjustment assistance under chapter 2 or 3.

"(f) There are authorized to be appropriated to the Trust Fund such sums as may be necessary to supplement the monies otherwise accruing to the Trust Fund to carry out the provisions referred to in subsection (e).

"(g) Any amount remaining in the Trust Fund at the close of a fiscal year not needed for current operations shall be deposited into the general fund of the Treasury as miscellaneous receipts.".

SEC. 147. IMPOSITION OF SMALL UNIFORM DUTY ON ALL IMPORTS.

(a) IN GENERAL.—Subchapter C of part III of chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2311 et seq.) is amended by inserting after section 245 the following new section:

"SEC. 245A. IMPOSITION OF DUTIES TO FUND WORKER ADJUSTMENT ASSISTANCE PROGRAM.

"(a)(1) The President shall undertake negotiations necessary to achieve changes in the General Agreement on Tariffs and Trade that would allow any country to impose a small uniform duty on all imports to such country for the purpose of using the revenue from such duty to fund any program which assists worker adjustment to import competition.

"(2) On the first day after the date of enactment of this section on which the General Agreement on Tariffs and Trade allows any country to impose a duty described in paragraph (1), the President shall submit to the Congress a written statement certifying that the General Agreement on Tariffs and Trade allows such a duty.

"(b) With respect to each fiscal year occurring after the fiscal year in which the statement referred to in subsection (a)(3) is submitted to Congress, there is imposed, subject to subsection (d) and in addition to any other duty imposed by law, a duty on all articles entered, or withdrawn from warehouse, for consumption in the customs territory of the United States during such fiscal year.

"(c) The rate of the duty imposed under subsection (b) during a fiscal year shall be a uniform ad valorem rate, proclaimed by the President at least 30 days before the beginning of such year, sufficient to provide the funding necessary to carry out the provisions of this chapter during such year.

"(d)(1) Except as otherwise provided in this subsection, duty-free treatment provided with respect to any article under any other provision of law shall not prevent the imposition of duty with respect to such article by subsection (b).

"(2) No duty may be imposed under subsection (b) with respect to—

"(A) any article that is accorded duty-free treatment under schedule 8 of the Tariff Schedules of the United States (other than an article provided for in item 870.40, 870.45, 870.50, 870.55, or 870.60 of such Schedule); or

"(B) any article which has a value of less than $1,000.".

SEC. 148. EFFECTIVE DATES AND CONFORMING AMENDMENTS.

(a) EFFECTIVE DATES.—

(1) Except as provided in paragraph (2), the amendments made by this chapter take effect after the date of the enactment of this Act.

(2) The amendments made by sections 141 and 142 apply with respect to workers covered by petitions filed under section 221 of the Trade Act of 1974 on or after such date of enactment.

(b) CONFORMING AMENDMENTS.—The table of contents to the Trade Act of 1974 is amended—

(1) by striking out the entry for section 245 and inserting the following:

"Sec. 245. Adjustment assistance trust fund.
"Sec. 245A. Imposition of duties to fund worker adjustment assistance program.";

(2) by redesignating chapter 5 of title II thereof as chapter 6; and

(3) by inserting after the entries for chapter 4 of such title the following:

"CHAPTER 5—SUPPLEMENTAL WORKER TRAINING

"Sec. 276. Financial assistance for training programs.
"Sec. 277. Eligible training programs.
"Sec. 278. Financing.".

Subtitle D—Relief From Injury Caused by Subsidies and Dumping

SEC. 151. REFERENCE TO THE TARIFF ACT OF 1930.

Unless otherwise provided, whenever in this chapter an amendment or repeal is expressed in terms of an amendment to, or repeal of, a title, subtitle, section, subsection, or other provision, the reference shall be considered to be made to a title, subtitle, section, subsection, or other provision of the Tariff Act of 1930 (19 U.S.C. 1671 et seq.).

SEC. 152. PROCESSED AGRICULTURAL PRODUCTS.

(a) Definition of Industry Producing Processed Agricultural Products.—Section 771(4) (19 U.S.C. 1677(4)) is amended by adding at the end thereof the following new subparagraph:

"(E) Industry producing processed agricultural products.—

"(i) In general.—In an investigation involving a processed agricultural product produced from any raw agricultural product, the producers or growers of the raw agricultural product may be considered part of the industry producing the processed product if—

"(I) the processed agricultural product is produced from the raw agricultural product through a single continuous line of production; and

"(II) there is a substantial coincidence of economic interest between the producers or growers of the raw agricultural product and the processors of the processed agricultural product based upon relevant economic factors, which may, in the discretion of the Commission, include price, added market value, or other economic interrelationships (regardless of whether such coincidence of economic interest is based upon any legal relationship).

"(ii) Processing.—For the purposes of this subparagraph, the processed agricultural product shall be considered to be processed from a raw agricultural product through a single continuous line of production if—

"(I) the raw agricultural product is substantially or completely devoted to the production of the processed agricultural product; and

"(II) the processed agricultural product is produced substantially or completely from the raw product.

"(iii) Relevant economic factors.—For purposes of clause (i)(II), in addition to such other factors it considers relevant to the question of coincidence of economic interest, the Commission shall—

"(I) if price is taken into account, consider the degree of correlation between the price of the raw agricultural product and the price of the processed agricultural product; and

"(II) if added market value is taken into account, consider whether the value of the raw agricultural product constitutes a significant percentage of the value of the processed agricultural product.

"(iv) Raw agricultural product.—For purposes of this subparagraph, the term 'raw agricultural product' means any farm or fishery product.".

(b) Material Injury.—Section 771(7)(F) (19 U.S.C. 1677(7)(F)) is amended—

(1) by striking out "and" at the end of subclause (VII);

(2) by striking out the period at the end of subclause (VIII) and inserting ", and"; and

(3) by adding at the end thereof the following:

"(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission with respect to either the raw agricultural product or the processed agricultural product (but not both).".

(c) Interested Parties.—Section 771(9) (19 U.S.C. 1677(9)) is amended—

(1) by striking out "and" at the end of subparagraph (E);

(2) by striking out the period at the end of subparagraph (F) and inserting in lieu thereof ", and"; and

(3) by adding at the end thereof the following new subparagraph:

"(G) in any investigation under this title involving an industry engaged in producing a processed agricultural product, as defined in paragraph (4)(E), a coalition or trade association which is representative of either—

"(i) processors, or

"(ii) processors and producers or growers.".

(d) Conforming Amendments.—

(1) Section 702(b)(1) and 732(b)(1) (19 U.S.C. 1671a(b)(1) and 1673(a)(b)(1)) are each amended by striking out "subparagraph (C), (D), (E), or (F) of section 771(9)" each place it appears and inserting in lieu thereof "subparagraph (C), (D), (E), (F), or (G) of section 771(9)".

(2) Subsections (g)(2) and (h)(1) of sections 704 and 734 (19 U.S.C. 1671c; 1673c) are each amended by striking out "subparagraph (C), (D), (E), and (F)" and inserting in lieu thereof "subparagraph (C), (D), (E), (F), or (G)".

(3) Section 514 (19 U.S.C. 1514) is amended by striking out "as defined in section 771(9)(C), (D), (E), and (F) of this Act".

(4) Subsection (a) of section 516 (19 U.S.C. 1516(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Any producer of a raw agricultural product who is considered under section 771(4)(E) to be part of the industry producing a processed agricultural product of the same class or kind as the designated imported merchandise shall, for purposes of this section, be treated as an interested party producing such processed agricultural product.".

SEC. 153. DEFINITION OF DOMESTIC SUBSIDY.

Section 771(5) (19 U.S.C. 1677(5)) is amended to read as follows:

"(5) Subsidy.—

"(A) In general.—The term 'subsidy' has the same meaning as the term 'bounty or grant' as that term is used in section 303 of this Act, and includes, but is not limited to, the following:

"(i) Any export subsidy described in Annex A to the Agreement (relating to illustrative list of export subsidies).

"(ii) The following domestic subsidies, if provided or required by government action to a specific enterprise or industry, or group of enterprises or industries, whether publicly or privately owned and whether paid or bestowed directly or indirectly on the manufacture, production, or export of any class or kind of merchandise:

"(I) The provision of capital, loans or loan guarantees on terms inconsistent with commercial considerations.

"(II) The provision of goods or services at preferential rates.

"(III) The grant of funds or forgiveness of debt to cover operating losses sustained by a specific industry.

"(IV) The assumption of any costs or expenses of manufacture, production, and distribution.

"(B) Special rule.—In applying subparagraph (A), the administering authority, in each investigation, shall determine whether the benefits under the bounty, grant, or subsidy are actually paid to or bestowed on a specific enterprise or industry, or group of enterprises or industries. A nominal general availability, under the terms of the law or rule establishing a bounty, grant, or subsidy, of the benefits thereunder is not cause for determining that the bounty, grant, or subsidy cannot be, or has not been, paid to or bestowed on a specific enterprise or industry, or group thereof.

"(C) Determination of preferential rates.—For purposes of determining under subparagraph (A)(ii)(II) whether the rate at which goods or services are provided is preferential, the administering authority shall compare such rate with the following:

"(i) The freely-available and market-determined rate at which such or similar goods or services are provided within the country.

"(ii) If a rate cannot be determined under clause (i), an appropriate rate applicable to external transactions regarding such or similar goods or services, including, but not limited to—

"(I) the rate (if different from the rate subject to investigation) at which the government provides such or similar goods or services for export;

"(II) the world market rate if any, for such or similar goods or services; or

"(III) the freely available and market-determined rate at which such or similar goods or services are provided within another country that has a market for the goods or service that is similar to the market of the country subject to the investigation.

"(iii) If a rate cannot be determined under clause (ii), a rate determined by the administering authority, on the basis of the best information available to it, that reflects—

"(I) the cost of producing the goods or providing the services; and

"(II) a reasonable profit for such production or provision,".

SEC. 154. DEFINITION OF MATERIAL INJURY AND THREAT OF MATERIAL INJURY.

Section 771(7) (19 U.S.C. 1677(7)) is amended—

(1) by amending subparagraph (B) to read as follows:

"(B) Volume and consequent impact.—In making its determinations under sections 703(a), 705(b), 733(a), and 735(b), the Commission, in each case—

"(i) shall consider—

"(I) the volume of imports of the merchandise which is the subject of the investigation,

"(II) the effect of imports of that merchandise on prices in the United States for like products, and

"(III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States; and

"(ii) may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

In the notification required under section 705(d) or 735(d), as the case may be, the Commission shall explain its analysis of each factor considered under clause (i), and identify each factor considered under clause (ii) and explain in full its relevance to the determination.";

(2) by amending subparagraph (C)—

(A) by amending the side heading to read as follows: "(C) EVALUATION OF RELEVANT FACTORS.—",

(B) by striking out "price undercutting" and inserting "price underselling" in clause (ii),

(C) by amending clause (iii)—

(i) by amending that part that precedes subclause (I) to read as follows:

"(iii) IMPACT ON AFFECTED DOMESTIC INDUSTRY.—In examining the impact required to be considered under subparagraph (B)(iii), the Commission shall evaluate all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to—", and

(ii) by adding at the end thereof the following flush sentence:

"The Commission shall evaluate all relevant economic factors within the context of the business cycle and conditions of competition that are distinctive to the affected industry.",

(C) by amending clause (iv) to read as follows:

"(iv) CUMULATION.—For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and price effects of imports from two or more countries if such imports compete with each other, and with like products of the domestic industry, in the United States market, and if such imports—

"(I) are subject to any investigation under section 303, 701, or 731;

"(II) are subject to any final order or suspension agreement resulting from an investigation under section 303, 701, or 731; or

"(III) were entered before any quantitative restraint was imposed, if such restraint was the basis on which a petition filed under section 303, 701, or 731 was withdrawn after the administering authority made an affirmative preliminary determination on the petition.

Subclauses (II) and (III) apply only if the order, agreement, or restraint concerned came into effect within the 12-month period ending on the date the investigation with respect to which this clause is being applied is initiated.", and

(D) by adding at the end thereof the following:

"(v) EXCLUSION OF NEGLIGIBLE IMPORTS FROM CUMULATION.—The Commission is not required to apply clause (iv) or subparagraph (F)(iii) in any case in which the Commission determines that imports of the merchandise subject to investigation are negligible and have no discernable adverse impact on the domestic industry. For purposes of making such a determination, the Commission shall evaluate all relevant economic factors regarding the imports, but not limited to, whether—

"(I) the volume and market share of the imports are negligible;

"(II) sales transactions involving the imports are isolated and sporadic; and

"(III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.";

(3) by amending subparagraph (E) to read as follows:

"(E) SPECIAL RULES.—For purposes of this paragraph—

"(i) STANDARD OF DETERMINATION.—The presence or absence of any factor which the Commission is required to evaluate under subparagraph (C) or (D) shall not necessarily give decisive guidance with respect to the determination by the Commission of material injury.

"(ii) GEOGRAPHICALLY ISOLATED MARKETS.—In determining whether material injury, the threat of material injury, or the material retardation of the establishment of an industry exists, the Commission may consider whether imports of the merchandise which is the subject of the investigation have historically supplied a substantial proportion of demand in a geographically isolated market, and, in appropriate circumstances, may disregard imports the merchandise into such a geographically isolated market in making its determination. A geographically isolated market is one in which—

"(I) producers located within such market have not supplied demand in that market to any substantial degree in the most recent representative period, and there is no reasonable likelihood that they will do so in the future;

"(II) producers have made no significant effort as measured by capital investment in plant and equipment, or in distribution and marketing, within a reasonably recent period, to meet demand in that market, and there is no reasonable likelihood that they will do so in the future; and

"(III) producers located outside the area have historically not met demand within the region at prices reasonably equivalent to prices prevailing elsewhere in the United States because of transportation, insurance, or other costs which would be incurred to ship the product to or market the product in the geographically isolated market."; and

(4) by amending subparagraph (F) (as amended by section 152(b))—

(A) by inserting the following before the comma at the end of clause (i)(I): "provided by a foreign country and effects likely to be caused by the subsidy",

(B) by striking out "and" at the end of clause (i)(VIII),

(C) by striking out the period at the end of clause (i)(IX) and inserting in lieu thereof ", and", and

(D) by adding at the end of clause (i) the following new subclause:

"(X) the extent to which the United States is a focal point for exports of the merchandise by reason of restraints on exports of the merchandise to, or on imports of the merchandise into, third country markets.", and

(E) by adding at the end thereof the following new clauses:

"(iii) CUMULATION.—To the extent practicable and subject to paragraph (C)(v), for purposes of clause (i) (III) and (IV), the Commission shall cumulatively assess the volume and price effects of imports from two or more countries if such imports—

"(I) compete with each other, and with like products of the domestic industry, in the United States market; and

"(II) are subject to any investigation under section 303, 701, or 731.

"(iv) EFFECT OF DUMPING IN THIRD-COUNTRY MARKETS.—In investigations under subtitle B, the Commission shall consider whether dumping in third-country markets, as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation, suggests a threat of material injury to the domestic industry. In the course of its investigation, the Commission shall request information from the foreign manufacturer, exporter, or United States importer concerning this issue. If the foreign manufacturer, exporter, or United States importer does not provide specific and convincing information to establish that there is no threat of injury to the United States industry, then the Commission may draw adverse inferences. For purposes of this clause, the term 'GATT member market' means any country which is a signatory to The Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade (relating to antidumping measures), and the European Community shall be treated as being one country.".

SEC. 155. PREVENTION OF CIRCUMVENTION OF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

Section 771 (19 U.S.C. 1677) is further amended by adding at the end thereof the following new paragraph:

"(18) PREVENTION OF CIRCUMVENTION OF FINDINGS AND ORDERS.—

"(A) DEFINITION.—As used in this paragraph, the term 'order or finding' means—

"(i) a countervailing duty order issued under section 303 or 706;

"(ii) an antidumping duty order issued under section 736; or

"(iii) a finding issued under the Antidumping Act, 1921.

"(B) DUMPING OR SUBSIDIZATION OF MERCHANDISE COMPLETED OR ASSEMBLED IN THE UNITED STATES.—If a product which is within the class or kind of merchandise covered by an order or finding is completed or assembled in the United States with parts or components imported from the country covered by such order or finding: the order or finding shall apply to those parts or components used in the completion or assembly of the merchandise in the United States, if—

"(i) substantially all the parts and components are imported from the country covered by the order or finding;

"(ii) the value added in the United States is small in relation to the total value of the merchandise entered into the commerce of the United States; and

"(iii) the parts or components were produced or exported by a company related to the company performing the completion or assembly in the United States.

"(C) DUMPING OR SUBSIDIZATION OF MERCHANDISE COMPLETED OR ASSEMBLED IN THIRD COUNTRIES.—If the administering authority decides such action to be appropriate to prevent significant evasion of an order or finding, the administering authority may include in the order or finding merchandise of the class or kind covered by the order or finding that is completed or assembled in a third country before importation into the United States if—

"(i) substantially all the parts and components are imported from a country covered by the order or finding;

"(ii) the value added in the third country is small in relation to the total value of the merchandise imported into the United States; and

"(iii) the parts or components were produced or exported by a company related to the company performing the completion or assembly in the third country.

"(D) MINOR ALTERATIONS OF MERCHANDISE.—The class or kind of merchandise subject to an order or finding shall presumptively include articles altered in form or appearance in minor respects (including raw agricultural products that have undergone minor processing), and whether or not included in the same tariff classification after such alteration, if such alteration does not result in a change in the class or kind of the merchandise, and unless the administering authority determines that it would be unnecessary to consider the altered merchandise within the scope of the order or finding.".

SEC. 156. DIVERSIONARY INPUT DUMPING.

(a) In General.—Section 771 of the Tariff Act of 1930 (19 U.S.C. 1677) is further amended by adding at the end thereof the following new paragraph:

"(19) Diversionary input dumping.—Diversionary input dumping occurs when any material or component—

"(A) which is incorporated into the merchandise under investigation; and

"(B) with respect to which, either—

(i) during the 6-year period occurring before the date on which the investigation referred to in subparagraph (A) was commenced—

"(I) an antidumping duty order was issued under section 736;

"(II) an investigation was suspended under section 734; or

"(III) a review occurred under section 751; or

(ii) an agreement, arrangement, or understanding containing quantitative limitations, restrictions, or other terms relating to the importation into the United States of such material or component on which an investigation termination under section 734 was based was entered into or undertaken after a preliminary determination was made during the 6-year period referred to in clause (i) by the United States and a country;

is purchased by the manufacturer or producer of such merchandise at a price that is less than the input value of such material or component determined under section 773(e)(4).".

(b) Investigation of Diversionary Input Dumping.—

(1) Section 732 (19 U.S.C. 1673a) is amended by adding at the end thereof the following new subsection:

"(e) Investigation of Diversionary Input Dumping.—The administering authority shall investigate whether diversionary input dumping is occurring whenever—

"(1) the administering authority has reasonable grounds to believe or suspect that diversionary input dumping is occurring;

"(2) a material or component described in clause (ii) of section 771(18)(A) is routinely used as a major material or component in manufacturing or producing the merchandise under investigation such that it has a significant effect on the cost of manufacturing the merchandise; and

"(3) official government statistics or other reliable, generally accepted trade statistics indicate that subsequent to the issuance of an antidumping duty order under section 736 or the entry into force of an international agreement or arrangement relating to the importation into the United States of the material or component, the following changes have occurred, as measured by quantity or market share—

"(A) shipments to the United States of the material or component have decreased absolutely or the rate of increase of such shipments has decreased, and

"(B) shipments to the United States of the merchandise under investigation have increased.".

(2) Section 733(b) (19 U.S.C. 1673b(b)) is amended by adding at the end thereof the following new paragraph:

"(3) Diversionary input dumping.—If, before making a preliminary determination under paragraph (1) or (2), the administering authority determines that there is reason to believe or suspect that diversionary input dumping is occurring, the period of time within which a preliminary determination must be made under paragraph (1) or (2) shall be extended to 190 days (240 days in cases declared extraordinarily complicated under subsection (c)) after the date on which the petition is filed under section 732(b) or the date on which the investigation is initiated under section 732(a).".

(3) Section 735(a) (19 U.S.C. 1673d(a)) is amended by adding at the end thereof the following new paragraph:

"(4) Diversionary input dumping.—If, after making a preliminary determination under section 733(b), the administering authority determines that there is reason to believe or suspect that diversionary input dumping is occurring, the period of time within which a final determination must be made under paragraph (1) shall be extended to 105 days (165 days if paragraph (2) applies) after the date on which the preliminary determination was made under section 733(b).".

(c) Determination of Input Value.—

(1) Section 773(a) (19 U.S.C. 1677b(a)) is amended by adding at the end thereof the following:

"(5) Diversionary input dumping.—Notwithstanding paragraph (1), if the administering authority determines that diversionary input dumping is occurring with respect to the merchandise under investigation, the foreign market value of such merchandise shall be the constructed value of such merchandise determined under subsection (e).".

(2) Section 773(e) (19 U.S.C. 1677b(e)) is amended by adding at the end thereof the following new paragraph:

"(4) Diversionary input dumping.—

"(A) In general.—If the administering authority determines that diversionary input dumping is occurring, the constructed value of the merchandise subject to investigation that is otherwise calculated under this subsection shall be increased by an amount equal to the excess of—

"(i) the input value of the material or component determined under subparagraph (B), over

"(ii) the price at which the manufacturer or producer of the merchandise under investigation purchased the material or component.

"(B) Determination of input value of materials and components.—

"(i) In general.—For purposes of this paragraph, and subject to clause (ii), the input value of any material or component involved in diversionary input dumping is the value of the material or component determined by the administering authority on the basis of—

"(I) if section 771(19)(B)(i) applies to the material or component, the foreign market value determined under the appropriate proceeding referred to in such section; or

"(II) if section 771(19)(B)(ii) applies to the material or component, the foreign market value calculated for purposes of the preliminary affirmative determination concerned or a value determined on the basis of reliable information presented by parties during the investigation or otherwise available to the Commission.

"(ii) Adjustment.—If the administering authority has reason to believe that the value determined under clause (i) does not accurately reflect the competitive benefit that the material or component gives to the manufacturer or producer of the merchandise subject to investigation, the administering authority may appropriately adjust the value to reflect the value of that benefit.".

SEC. 157. APPLICATION OF COUNTERVAILING DUTY LAWS TO NON-MARKET ECONOMY COUNTRIES.

(a) Title VII Amendment.—Section 701 (19 U.S.C. 1671) is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (b) the following:

"(c) Treatment of Non-Market Economy Countries.—The provisions of this subtitle apply with respect to any non-market economy country (as defined in section 406(e) of the Trade Act of 1974) to the extent that the administering authority can reasonably identify, and determine the amount of, a subsidy provided by that country.".

(b) Section 303 Amendments.—Section 303(a) of the Tariff Act of 1930 (19 U.S.C. 1303(a)) is amended—

(1) by adding at the end thereof the following:

"(3) The provisions of this section apply with respect to any non-market economy country (as defined in section 406(e) of the Trade Act of 1974) to the extent that the administering authority (as defined in section 777(1)) can reasonably identify, and determine the amount of, a grant or bounty provided by that country."; and

(2) by striking out "(as defined in section 777(1))" in subsection (b).

SEC. 158. ACCESS TO INFORMATION.

Section 777 (19 U.S.C. 1677f) is amended—

(1) by amending subsection (b)(1)(B)(ii) to read as follows:

"(ii) a statement to the administering authority that the business proprietary information is of a type that should not be released under administrative protective order, or a statement to the Commission that information should not be released under administrative protective order.";

(2) by amending subsection (c)(1)—

(A) by amending subparagraph (A) to read as follows:

"(A) In general.—Upon receipt of an application (before or after receipt of the information requested) which describes in general terms the information requested and sets forth the reasons for the request, the administering authority or the Commission may make all business proprietary information presented to, or obtained by it, during a proceeding (except privileged information, classified information, and information of a type which the administering authority or the Commission determines should not be released under administrative protective order) available under a protective order described in subparagraph (B), regardless of when the information is submitted during a proceeding."; and

(B) by adding at the end thereof the following new subparagraphs:

"(C) Time limitation.—The administering authority shall determine whether to make information available under this paragraph not later than 14 days (or 21 days if the statements described in subsection (b)(1)(B)(ii) are submitted with such information) after the date on which an application for disclosure is submitted under subparagraph (A); except that the administering authority may extend the 14-day or 21-day limitation, as the case may be, by not more than 10 additional days if the information is unusually voluminous or complex. If the determination is affirmative, business proprietary information already submitted to the administering authority shall be made available, subject to the terms and conditions of the protective order, on the date such determination occurs. Business proprietary information submitted to the administering authority after such determination shall be served as required by subsection (d).

"(D) FAILURE TO DISCLOSE.—If a person submitting information refuses to disclose business proprietary information which the administering authority determines should be released under a protective order described in subparagraph (B), the administering authority shall return the information, and any nonconfidential summary thereof, to the person submitting it and shall not consider them.

"(E) DIVERSIONARY INPUT DUMPING PROCEEDINGS.—In investigations of diversionary input dumping, the administering authority may release under administrative protective order, in accordance with this subsection, any information designated as business proprietary information by the person submitting it, whether or not submitted in the same proceeding, except that information submitted before the effective date of section 771(19) shall not be released under administrative protective order without the consent of the party without submitting it."; and

(3) by adding at the end thereof the following new subsections:

"(d) SERVICE.—Any party submitting business proprietary information to the administering authority during a proceeding shall, at the same time, serve the information upon all other parties to the proceeding, if the information is covered by a protective order. The administering authority shall not accept any such information that is not accompanied by a certificate of service and a copy of the protective order version of the document containing the information. Business proprietary information shall only be served upon parties that are subject to protective order; however, a nonconfidential summary thereof shall be served upon all other parties.

"(e) TIMELY SUBMISSIONS.—Information shall be submitted to the administering authority during the course of a proceeding on a timely basis and shall be subject to comment by other parties within such reasonable time as the administering authority shall provide. If information is submitted without an adequate opportunity for other parties to comment thereon, the administering authority shall return the information to the party submitting it and shall not consider it.".

SEC. 159. DRAWBACK TREATMENT.

(a) IN GENERAL.—Section 779 (19 U.S.C. 1677h) is amended by striking out "shall be treated as any other customs duties." and inserting "shall not be treated as being regular customs duties.".

(b) CONFORMING AMENDMENTS.—

(1) The section heading for such section 779 is amended by striking out "DRAWBACKS" and inserting "DRAWBACK TREATMENT".

(2) The table of contents for title VII is amended by striking out "Drawbacks." in the entry for section 779 and inserting "Drawback treatment.".

SEC. 160. APPLICATION OF COUNTERVAILING AND ANTIDUMPING DUTIES TO GOVERNMENTAL IMPORTATIONS.

(a) IN GENERAL.—Subtitle D (19 U.S.C. 1677 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 780. APPLICATION OF TITLE TO GOVERNMENTAL IMPORTATIONS.

"Merchandise imported by, or for the use of, an agency of the United States Government is not exempt from the provisions of this title.".

(b) CONFORMING AMENDMENT.—The table of contents for title VII is amended by adding at the end thereof the following:

"Sec. 780. Application of title to governmental importations.".

SEC. 161. CERTIFICATION OF SUBMISSIONS IN COUNTERVAILING AND ANTIDUMPING PROCEEDINGS.

Section 776 (19 U.S.C. 1677e) is amended—

(1) by redesignating subsections (a) and (b) as subsections (b) and (c), respectively;

(2) by amending the sideheading to subsection (b) (as so redesignated) to read as follows: "(b) VERIFICATION.—"; and

(3) by inserting before such subsection (b) the following:

"(a) CERTIFICATION OF SUBMISSIONS.—Any person providing factual information to the administering authority or the Commission in connection with a proceeding under this title on behalf of the petitioner or any other interested party shall certify that such information is accurate and complete to the best of that person's knowledge.".

SEC. 162. EXPLANATION OF SIGNIFICANT DEVIATIONS FROM ADMINISTRATIVE PRECEDENT.

(a) FINAL DETERMINATIONS.—Sections 705(d) and 735(d) (19 U.S.C. 1671d(d)) and 1673d(d)) are each amended by adding at the end thereof the following new sentence: "If there is any significant deviation from established administrative precedent in the determination of the administering authority, the notification required of the administrative authority under the preceding sentence shall contain an explanation of the deviation.".

(b) ADMINISTRATIVE REVIEW.—Section 751 (19 U.S.C. 1675) is amended by adding at the end thereof the following new subsection:

"(f) DEVIATION FROM ADMINISTRATIVE PRECEDENT.—If there is any significant deviation from established administrative precedent in any determination made by the administrative authority under this section, the notice required to be published under this section with respect to the determination shall contain an explanation of the deviation.".

SEC. 163. CORRECTION OF MINISTERIAL ERRORS.

(a) FINAL DETERMINATIONS.—Sections 705 and 735 (19 U.S.C. 1671d and 1673d) are each amended by adding at the end thereof the following new subsection:

"(e) CORRECTION OF MINISTERIAL ERRORS.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term 'ministerial error' includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.".

(b) ADMINISTRATIVE REVIEW.—Section 751 (19 U.S.C. 1675) is amended by adding at the end thereof the following new subsection:

"(g) CORRECTION OF MINISTERIAL ERRORS.—The administering authority shall establish procedures for the correction of ministerial errors in final determinations within a reasonable time after the determinations are issued under this section. Such procedures shall ensure opportunity for interested parties to present their views regarding any such errors. As used in this subsection, the term 'ministerial error' includes errors in addition, subtraction, or other arithmetic function, clerical errors resulting from inaccurate copying, duplication, or the like, and any other type of unintentional error which the administering authority considers ministerial.".

SEC. 164. DOWNSTREAM PRODUCT MONITORING.

(a) IN GENERAL.—Subtitle D (19 U.S.C. 1677 et seq.) is amended by adding at the end thereof the following:

"SEC. 781. DOWNSTREAM PRODUCT MONITORING.

"(a) DEFINITIONS.—As used in this section—

"(1) The term 'component part' means an imported article that—

"(A) during the 5-year period before the date on which a petition is filed under subsection (b) has been subject to—

"(i) an order issued under this title imposing a countervailing duty or antidumping duty of 15 percent ad valorem or higher, or

"(ii) an agreement entered into under section 704 or 734 after a preliminary affirmative determination under section 703(b) or 733(b)(1) was made involving an estimated net subsidy or net dumping margin of 15 percent ad valorem or higher; and

"(B) because of its inherent characteristics is routinely used as a major part, component, assembly, subassembly, or material in other manufactured articles.

"(2) The term 'downstream product' means any imported manufactured article into which is incorporated any component part.

"(b) PETITION REQUESTING MONITORING.—

"(1) IN GENERAL.—A domestic producer of an article that is like a component part or a downstream product may petition the administering authority to designate a downstream product for monitoring under subsection (c). The petition shall specify—

"(A) the downstream product;

"(B) the component product incorporated into such downstream product; and

"(C) reasons for suspecting the likely diversion, as a result of the imposition of antidumping or countervailing duties, of exports of the component part to the United States into increased production and exportation to the United States of such downstream product.

"(2) ACTION ON PETITIONS.—Within 14 days after receiving a petition, the administering authority shall determine whether there is a reasonable likelihood that imports into the United States of the downstream product will increase as an indirect result of any diversion with respect to component parts. In making such a determination, the administering authority may, if appropriate, take into account such factors as—

"(A) the value of the component part in relation to the value of the downstream product;

"(B) the extent to which the component part has been substantially transformed as a result of its incorporation into the downstream product; and

"(C) the relationship between the producers of component parts and producers of downstream products.

"(3) PUBLICATION OF DETERMINATION.—The administering authority shall publish notice of each determination under paragraph (2) in the Federal Register.

"(4) DETERMINATIONS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the administering authority under paragraph (2) is not subject to judicial review.

"(c) ITC MONITORING.—

"(1) Notice to ITC.—The administering authority shall immediately inform the Commission of an affirmative determination under subsection (b)(2) regarding a downstream product.

"(2) Monitoring.—The Commission shall immediately commence the monitoring of the volume of trade in downstream products regarding which notice is received under paragraph (1). If the Commission finds that imports of a downstream product being monitored increased during any calendar quarter by 5 percent or more over the preceding quarter, the Commission shall analyze that increase in the context of overall economic conditions in that product sector.

"(3) Reports.—The Commission shall make quarterly reports to the administering authority regarding the monitoring and analyses undertaken under paragraph (2). The Commission shall make the reports available to the public.

"(d) Action on Basis of Monitoring Reports.—The administering authority shall review the information in the reports prepared by the Commission under subsection (c) and—

"(1) consider the information in determining whether to initiate an investigation under section 702(a) or 732(a) regarding any downstream product; and

"(2) request the Commission to cease monitoring any downstream product if the information indicates that imports into the United States are not increasing and there is no reasonable likelihood of diversion with respect to component parts.".

(b) Conforming Amendment.—The table of contents for title VII is amended by adding at the end of the following:

"Sec. 781. Downstream product monitoring.".

SEC. 165. MULTIPLE OFFENDERS.

(a) Definitions.—As used in this section:

(1) The term "Act" means the Tariff Act of 1930.

(2) The term "antidumping action" means—

(A) an antidumping duty order published under section 736 of the Act; or

(B) a suspension agreement entered into under section 734 of the Act, but only if a final dumping margin is assessed.

(3) The term "Commission" means the United States International Trade Commission.

(4) The term "eligible domestic entity" means—

(A) a manufacturer or producer in the United States; or

(B) a certified union or recognized union or group of workers which is representative of an industry in the United States;

that produces a product that is—

(i) like or directly competitive with merchandise that is subject to an antidumping order; or

(ii) is similar enough to such merchandise as to be considered for inclusion with such merchandise in a product monitoring category established under this section.

(5) The term "first offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under an antidumping action with respect to a product included in a product monitoring category.

(6) The term "multiple offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under 3 or more antidumping actions imposed within any period of 10 consecutive 12-month periods with respect to one or more products included in a product monitoring category.

(7) The term "second offender" means any foreign manufacturer or producer for which a dumping margin has been finally determined under 2 antidumping actions imposed within any period of 10 consecutive 12-month periods with respect to one or more products included in a product monitoring category.

(8) The term "Secretary" means the Secretary of Commerce.

(9) The term "TSUS" means the Tariff Schedules of the United States (19 U.S.C. 1202).

(b) Establishment of Product Monitoring Category.—

(1) An eligible domestic equity may file a petition with the Secretary requesting that a product monitoring category be established.

(2) A petition submitted under paragraph (1) shall include such information as the Secretary considers necessary or appropriate, including, but not limited to—

(A) the specification of a general category of products based on the products produced by each of the foreign manufacturers for which a dumping margin was determined with respect to the antidumping action on which the petition is based;

(B) the specification, by TSUS item numbers or other appropriate classification, of each kind of product within the general category specified under subparagraph (A) that the petitioner wishes included or excluded from the requested product monitoring category, and the reasons for requesting inclusion or exclusion; and

(C) the specification of any kind of product not specified under subparagraph (B) that the petitioner wishes included in the requested category.

(3) Upon receiving a petition under paragraph (1), the Secretary shall—

(A) verify the antidumping action on which the petition is based;

(B) upon verification, determine if the petitioner is an eligible domestic entity; and

(C) if an eligible domestic entity, promptly submit a copy of the petition to the Commission and direct the Commission to establish a product monitoring category with respect to the product to which the antidumping action applies.

(c) Action by Commission.—

(1) After being directed by the Secretary under subsection (b)(3)(C), the Commission shall—

(A) publish notice in the Federal Register that the request has been received; and

(B) provide opportunity for the presentation of views regarding the establishment of the requested product monitoring category, including a public hearing if requested by any interested person.

(2) Within 90 days after receiving such a request, the Commission, after taking into account the information in the petition, the views received under paragraph (1)(B), and any other factor it considers relevant, shall establish a product monitoring category, using the appropriate TSUS item classifications, consisting of similar articles that are manufactured or produced by similar processes and that have similar uses.

(3) Upon petition by an interested person, or upon its own motion, the Commission may, after providing opportunity for the presentation of views by other interested persons, modify a product monitoring category to the extent considered necessary or appropriate.

(d) Action After Establishment of Product Monitoring Categories With Respect to First Offenders.—

(1) After a product monitoring category is established, any eligible domestic entity may request the Secretary to monitor the importation into the United States of any product that—

(A) is included in that category; and

(B) is produced by any first offender with respect to that category.

(2) After receiving a request under paragraph (1) regarding an imported article produced by a first offender, the Secretary shall decide whether there is a reasonable likelihood that sales at less than fair value in the United States of such product may occur. If the decision of the Secretary is affirmative, the Secretary shall monitor the importation into the United States of such product.

(3) If the monitoring implemented under paragraph (2) results in information indicating a reasonable likelihood that the imported product is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to the product under section 732(a) of the Act, unless a substantial proportion of the domestic manufacturers or producers of the like or directly competitive product request that such investigation not be initiated.

(e) Action After Establishment of Product Monitoring Categories With Respect to Second Offenders.—

(1) After a product monitoring category is established, the Secretary shall monitor the importation into the United States of all products within that category that are produced by each second offender with respect to that category.

(2) If the monitoring implemented under paragraph (1) results in information indicating a reasonable likelihood that one or more of such products is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to each of such products under section 732(a) of the Act.

(f) Action After Establishment of Product Monitoring Categories With Respect to Multiple Offenders.—

(1) After a product monitoring category is established, the Secretary shall monitor the importation into the United States of all products in that category, and products that are in any related product category, that are produced by each multiple offender with respect to that category.

(2) If the monitoring implemented under paragraph (1) results in evidence that one or more of such products is being sold in the United States at less than fair value, the Secretary shall immediately initiate an investigation with respect to each of such products under section 732(a) of the Act.

(g) Special Rules Relating to Investigations Initiated Under This Section.—In applying the provisions of subtitle B of title VII of the Act with respect to an investigation that is initiated as required under paragraph (1)—

(1) the Secretary and the Commission shall expedite the proceedings under sections 733 and 735 of the Act to the maximum extent possible;

(2) critical circumstances shall be presumed to exist for purposes of sections 733(e) and 735(a)(3) of the Act; and

(3) the Commission, in making its determinations regarding whether or not material injury or the threat thereof to the domestic industry exists, shall take into account any

effect on the industry that may have been caused by a previous dumping by the first, second, or multiple offender, as the case may be, involved in the investigation.

(h) TREATMENT OF PRIOR OFFENSES.—Any foreign manufacturer or producer for which a final dumping margin was determined under one or more antidumping actions imposed after January 1, 1980, and before the date of the enactment of this Act with respect to one or more products in a product monitoring category established under subsection (b) shall be treated as a second offender under this section if, within the 10-year period beginning on the date of the enactment of this Act, a dumping margin for that manufacturer or producer is determined under an antidumping action with respect to a product in the same category.

SEC. 166. CIVIL ACTIONS FOR RECOVERY OF DAMAGES.

Section 801 of the Act of September 8, 1916 (39 Stat. 198; 15 U.S.C. 72) is amended—

(1) by striking out "That it shall be unlawful for" in the first undesignated paragraph of such section and inserting "(a) For purposes of this section, an 'unfair competitive act' exists if";

(2) by striking out "to import, sell or cause" in subsection (a) (as so designated by paragraph (1)) and inserting "imports, sells or causes";

(3) by striking out the second undesignated paragraph;

(4) by striking out "Any person injured in his business or property by reason of any violation of, or combination or conspiracy to violate, this section," in the third undesignated paragraph and inserting "(b) Any person that is injured in his business or property by reason of the commission of, or the combination or conspiracy to commit, an unfair competitive act"; and

(5) by amending the fourth undesignated paragraph to read as follows:

"(c) For purposes of this section:

"(1) The provisions of subsections (a) and (b) may not be construed to deprive the proper State courts of jurisdiction in actions for damages under the section.

"(2) The term 'actual market value' means foreign market value as determined under section 773 of the Tariff Act of 1930.

"(3) If—

"(A) the person against whom a suit is brought under subsection (b) is, or has been, a multiple offender within the meaning of subsection (a)(6) of section 165 of the Trade and International Economic Policy Act of 1987 with respect to a product monitoring category established under that section; and

"(B) the articles involved in the alleged unfair competitive act under the suit are included within the same product monitoring category;

then there is a rebuttable presumption that an act committed by the foreign manufacturer under subsection (a) was committed with intent of destroying or injuring an industry in the United States. With respect to any suit brought under this section in which such a rebuttable presumption applies, recovery shall be limited to the actual damages sustained and the cost of the suit, including a reasonable attorney's fee".

SEC. 167. COMPENSATION AWARDS.

(a) DEFINITIONS.—As used in this section:

(1) The term "Act" means the Tariff Act of 1930.

(2) The term "affected domestic producer" means any manufacturer or producer within the domestic industry with respect to which an affirmative injury determination was made in connection with an antidumping order.

(3) The term "antidumping action" has the same meaning that is given such term in section 165(a)(2).

(4) The term "Commission" means the United States International Trade Commission.

(5) The term "dumped merchandise" means merchandise with respect to which an antidumping duty is imposed under an antidumping order.

(6) The term "dumping period" means the period of time during which foreign merchandise subject to an antidumping order was sold, or offered for sale, in the United States at less than fair value and applied by the Commission for purposes of making a determination under section 735(b) with respect to the domestic industry that produced a like or directly competitive product.

(b) APPLICATION PROCEDURES.—The Commission shall prescribe procedures governing when and the form and manner in which affected domestic producers may apply to the Commission for compensation under this section.

(c) COMPENSATION DETERMINATION.—

(1) Upon receiving a timely application under subsection (b), the Commission shall determine if the applicant—

(A) is an affected domestic producer; and

(B) suffered economic injury during the dumping period as a result of the sale, or offer for sale, in the United States of the dumped merchandise.

(2) If the Commission makes affirmative determinations under paragraph (1)(A) and (B), it shall—

(A) determine the monetary value of the economic injury that was suffered by the applicant; and

(B) issue to the applicant a compensation award stating the amount of money which is payable to the applicant from the appropriate special compensation account established under subsection (d).

(d) SPECIAL COMPENSATION ACCOUNTS.—

(1) On the date an antidumping order takes effect, the Secretary shall establish in the Treasury of the United States a special compensation account with respect to that order.

(2) The Secretary shall deposit into a special compensation account all antidumping duties that are collected under the antidumping order with respect to which the account was established.

(3) The monies in a special compensation account shall be available, to the extent provided for in advance in appropriation Acts, for the payment of compensation awards issued under subsection (c)(2) in conjunction with the antidumping order with respect to which the account was established.

(4) The Secretary shall by regulation prescribe the time and manner in which payment of compensation awards from special compensation accounts will be made. If the amount of compensation award claims made at any time exceed the amount of monies in the special compensation account, the Secretary shall make pro rata payments of the claims. After all compensation awards have been paid from a special compensation account, the Secretary shall terminate the account, and any monies remaining therein deposited into the general fund as miscellaneous receipts.

(5) Upon the termination of a special compensation account, all antidumping duties collected under the antidumping order with respect to which the account was established shall be deposited into the general fund of the Treasury as miscellaneous receipts.

SEC. 168. INJURY TEST FOR CERTAIN MERCHANDISE SUBJECT TO A COUNTERVAILING DUTY ORDER UNDER SECTION 303.

Section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) is amended by adding at the end of subsection (a) the following new paragraphs:

"(4)(A) The administering authority shall notify the Commission whenever the international obligations of the United States, as determined by the United States Trade Representative, require a determination of injury to the domestic industry with respect to merchandise covered by a countervailing duty order issued under this section for which there was no determination of injury by the Commission. Within 180 days after the date of such notice (hereinafter in this paragraph referred to as the 'injury requirement notice', the Commission shall make a determination of whether—

"(i) an industry in the United States—

"(I) would be materially injured, or

"(II) would be threatened with material injury, or

"(ii) the establishment of an industry in the United States would be materially retarded,

by reason of imports of the duty-free merchandise subject to the outstanding countervailing duty order if the outstanding order were revoked. This determination shall have the same force and effect as a final determination under section 705(b) and shall be communicated to the administering authority and published by the Commission in the Federal Register.

"(B) Pending receipt of the Commission's determination under subparagraph (A), the liquidation of all entries covered by the order and which are entered or withdrawn from warehouse for consumption on or after the date of the injury requirement notice shall be suspended, and the outstanding order, including any requirement for cash deposits, shall remain in effect. Pending receipt of the Commission's determination under subparagraph (A), the administering authority shall also suspend, as of the date of the injury requirement notice, the conduct of any administrative review of the outstanding order under section 751 which covers, in whole or in part, merchandise entered or withdrawn from warehouse for consumption on or after such date.

"(C)(i) Upon being notified of an affirmative determination under subparagraph (A) by the Commission, the administering authority shall, as appropriate, liquidate entries of merchandise the liquidation of which was suspended under subparagraph (B) in accordance with section 751 and continue suspension of liquidation and the collection of estimated duties required to be deposited. The countervailing duty order shall remain in effect until revoked, in whole or in part, under section 751(c).

"(ii) Upon being notified of a negative determination under subparagraph (A) by the Commission, the administering authority shall revoke the countervailing duty order then in effect, publish notice of the revocation in the Federal Register, and refund, without payment of interest, any estimated countervailing duties collected during the period of suspension of liquidation under subparagraph (B). Revocation of the order shall only apply with respect to entries of merchandise which are entered, or withdrawn from warehouse, for consumption on or after the date of the injury requirement notice.

"(5) If, during the pendency of an investigation under this section, the administering authority notifies the Commission that the international obligations of the United States require a determination of injury under subsection (a)(2) with respect to such imports, then—

"(A) if the administering authority has not yet made a preliminary determination under this section, the Commission shall commence an investigation of injury as if it had been informed by the administering authority at the time specified in section 702(d) that a countervailing duty investigation was being instituted and the administering authority may extend the time for its preliminary determination to an appropriate period not to exceed 45 days, but in no event shall such a determination be made before an affirmative determination by the Commission under section 703(a); and

"(B) if the administering authority has made a preliminary determination under this section, but not a final determination, as to whether a grant or bounty is being paid or bestowed, the Commission shall thereafter commence an investigation as if the preliminary determination by the administering authority was made on the effective date of the injury requirement. The administering authority may extend the time for its final determination an appropriate period not to exceed 120 days. The Commission shall make its preliminary determination under this paragraph not later than 45 days after the date on which it receives notification from the administering authority that the international obligations of the United States require an injury determination and its final determination under this paragraph not later than 120 days after being so informed by the administering authority, but in no event shall the Commission's final determination be made before the final determination by the administering authority under section 303 of the Act. Pending receipt of the Commission's final determination under this paragraph, any suspension of liquidation of entries and collection of determination of estimated duties ordered by the preliminary determination of the administering authority under this section, shall remain in effect.".

SEC. 169. STUDIES.

(a) Study of Market Orientation of China.—The Secretary of Commerce shall undertake a study regarding the new market orientation of the People's Republic of China. The study shall address, but not be limited to—

(1) the effect of the new orientation on Chinese market policies and price structure, and the relationship between domestic Chinese prices and world prices;

(2) the extent to which United States trade law practices can accommodate the increased market orientation of the Chinese economy; and

(3) the possible need for changes in United States antidumping laws as they apply to foreign countries, such as China, which are in transition to a more market-oriented economy.

The Secretary of Commerce shall submit to the Congress within 1 year after the date of the enactment of this Act a report on the study required under this section.

(b) Subsidies Code Commitments.—Within 90 days after the date of the enactment of this Act, the United States Trade Representative shall initiate a review of all bilateral subsidy commitments that have been entered into by foreign governments with the United States. The review shall include—

(1) an evaluation of the extent to which the commitments have been complied with;

(2) with respect to those commitments found under paragraph (1) not to have been complied with, an estimate regarding when compliance is likely; and

(3) recommendations regarding how compliance can be improved.

The United States Trade Representative shall complete the review required under this subsection, and submit a report thereon to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate within 180 days after the date of the enactment of this Act.

Subtitle E—Intellectual Property Rights

SEC. 171. CONGRESSIONAL FINDINGS AND PURPOSES.

(a) Findings.—The Congress finds that—

(1) international protection of intellectual property rights is vital to the international competitiveness of United States persons that rely on protection of intellectual property rights;

(2) United States persons that rely on protection of intellectual property rights are among the most advanced and competitive in the world;

(3) the existing protection under section 337 of the Tariff Act of 1930 against unfair trade practices is cumbersome and costly and has not provided United States owners of intellectual property rights with adequate protection against foreign companies violating such rights; and

(4) foreign barriers, and the absence of adequate and effective protection of United States intellectual property rights, seriously impede the ability of the United States persons that rely on protection of intellectual property rights to operate overseas, thereby harming the economic interests of the United States.

(b) Purposes.—The purposes of this chapter are—

(1) to amend section 337 of the Tariff Act of 1930 to make it a more effective remedy for the protection of United States intellectual property rights; and

(2) to provide for the development, with appropriate consultations, of an overall strategy to ensure adequate and effective international protection for United States persons that rely on protection of intellectual property rights.

SEC. 172. PROTECTION UNDER THE TARIFF ACT OF 1930.

(a) In General.—Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a)(1) Subject to paragraph (2), the following are unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provision of law, as provided in this section:

"(A) Unfair methods of competition and unfair acts in the importation of articles (other than articles provided for in subparagraphs (B), (C), and (D)) into the United States, or in the sale of such articles by the owner, importer, consignee, or agent of either, the threat or effect of which is—

"(i) to destroy or substantially injure an industry in the United States;

"(ii) to prevent the establishment of such an industry; or

"(iii) to restrain or monopolize trade and commerce in the United States.

"(B) The importation into the United States, or the sale by the owner, importer, consignee, or agent of either, of articles that—

"(i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17, United States Code; or

"(ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent.

"(C) The importation into the United States, or the sale by the owner, importer, consignee, or agent of either, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.

"(D) The importation, or the sale by the owner, importer, consignee, or agent of either, of a semiconductor chip product in a manner that constitutes infringement of a mask work registered under chapter 9 of title 17, United States Code.

"(2) Subparagraphs (B), (C), and (D) of paragraph (1) apply only if an industry in the United States, relating to the articles protected by the patent, copyright, trademark, or mask work concerned, exists or is in the process of being established.

"(3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent, copyright, trademark, or mask work concerned—

"(A) significant investment in plant and equipment;

"(B) significant employment of labor or capital; or

"(C) substantial investment in its exploitation, including engineering, research and development, or licensing.".

(2) Subsection (c) is amended by inserting before the period in the first sentence the following: ", except that the Commission may, by issuing a consent order or on the basis of a settlement agreement, terminate any such investigation, in whole or in part, without making such a determination".

(3) Subsection (e) is amended—

(A) by striking out "If" in the first sentence and inserting "(1) If"; and

(B) by adding at the end thereof the following new paragraphs:

"(2) A complainant may petition the Commission for the issuance of an order under this subsection. The Commission shall make a determination with regard to such petition by no later than the 90th day after the date on which the Commission's notice of investigation is published in the Federal Register. The Commission may extend the 90-day period for an additional 60 days in a case it designates as a more complicated case. The Commission shall publish in the Federal Register its reasons why it designated the case as being more complicated. The Commission may require the petitioner to post a bond as a prerequisite to the issuance of an order under this subsection. If the Commission later determines that the respondent has not violated the provisions of this section, the bond may be forfeited to the respondent. The Commission shall by rule prescribe the terms and conditions under which bonds may be forfeited to respondents under this paragraph.

"(3) The Commission may grant preliminary relief under this subsection or subsection (f) with respect to a violation involving a registered trademark, copyright, or mask work or a patent, to the same extent as preliminary injunctions and temporary restraining orders may be granted under the Federal Rules of Civil Procedure.".

(4) Subsection (f) is amended—

(A) by striking out "In lieu of" in paragraph (1) and inserting "In addition to, or in lieu of,"; and

(B) by inserting "twice" after "of $10,000 or".

(5) Such section is further amended—

(A) by striking out "President" each place it appears in subsection (g) and inserting "United States Trade Representative";

(B) by redesignating subsections (g), (h), (i), and (j) as subsections (i), (j), (k), and (l), respectively; and

(C) by inserting after subsection (f) the following new subsection:

"(g)(1) If—

"(A) a complaint is filed against a person under this section;

"(B) the complaint and a notice of investigation are served on the person;

"(C) the person fails to respond to the complaint and notice or otherwise fails to appear to answer the complaint and notice;

"(D) the person fails to show good cause why the person should not be found in default; and

"(E) the complainant seeks relief limited solely to that person;

the Commission shall presume the facts alleged in the complaint to be true and shall, upon request, issue an exclusion from entry or a cease and desist order, or both, limited to that person unless, after considering the effect of such exclusion or order upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, the Commission finds that such exclusion or order should not be issued.

"(2) A general exclusion from entry of the articles concerned, regardless of the source or importer of the article, may be issued if—

"(A) no person appeared to contest an investigation concerning a violation of the provisions of this section, and

"(B) such a violation is established by substantial, reliable, and probative evidence.

"(h) The Commission may by rule prescribe sanctions for abuse of discovery and abuse of process to the extent authorized by Rule 11 and Rule 37 of the Federal Rules of Civil Procedure.".

(6) Subsection (j) (as redesignated by paragraph (4)(A) of this section) is amended—

(A) by inserting "(1)" before the first sentence; and

(B) by adding at the end the following:

"(2) If any person who has previously been found by the Commission to be in violation of this section petitions the Commission for a determination that the petitioner is no longer in violation of this section or for a modification or rescission of an exclusion from entry or order under subsection (d), (e), (f), or (g)—

"(A) the burden of proof in any proceeding before the Commission regarding such petition shall be on the petitioner; and

"(B) relief may be granted by the Commission with respect to such petition—

"(i) on the basis of new evidence or evidence that could not have been presented at the prior proceeding, or

"(ii) on grounds which would permit relief from a judgment or order under the Federal Rules of Civil Procedure.".

(7) Subsection (k) (as redesignated by paragraph (4)(A) of this section) is amended—

(A) by striking out "claims of United States letters patent" in the first sentence and inserting "proceeding under subsection (a)(1) (B), (C), or (D)"; and

(B) by striking out "a patent owner" in the second sentence and inserting "an owner of the patent, copyright, registered trademark, or mask work".

(8) Such section is further amended by adding at the end the following:

"(m)(1) Information submitted to the Commission or exchanged among the parties in connection with proceedings under this section which is designated as confidential by the person submitting it may not be disclosed (except under a protective order issued under regulations of the Commission which authorizes limited disclosure of such information) to any person (other than a person described in paragraph (2)) without the consent of the person submitting it.

"(2) Notwithstanding the prohibition contained in paragraph (1), information referred to in that paragraph may be disclosed to—

"(A) an officer or employee of the Commission who is directly concerned with carrying out the investigation in connection with which the information is submitted,

"(B) an officer or employee of the United States Government who is directly involved in the review under subsection (h), or

"(C) an officer or employee of the United States Customs Service who is directly involved in administering an exclusion from entry under this section resulting from the investigation in connection with which the information is submitted.".

(b) TECHNICAL AMENDMENTS.—Section 337 (as amended by subsection (a)), is further amended—

(1) by amending subsection (c)—

(A) by striking out "or (f)" and inserting "(f), or (g)", and

(B) by striking out "and (f)" and inserting "(f), and (g)";

(2) by striking out "or (f)" each place it appears in subsection (i) and inserting "(f), or (g)";

(3) by striking out "(g)" in subsection (j) and inserting "(i)"; and

(4) by striking out "or (f)" in subsection (k) and inserting "(f), or (g)".

(c) CONFORMING AMENDMENT.—The Act entitled "An Act to limit the importation of products made, produced, processed, or mined under process covered by unexpired valid United States patents, and for other purposes", approved July 2, 1940 (54 Stat. 724, 19 U.S.C. 1337a), is repealed.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), the amendments made by this chapter shall apply with respect to findings made by the United States International Trade Commission under section 337 of the Tariff Act of 1930 on or after the date of the enactment of this Act.

(2) INVESTIGATIONS.—In the case of any investigation under section 337 of the Tariff Act of 1930 which must be completed by the International Trade Commission within 6 months after the date of the enactment of this Act, the Commission may, upon determining and declaring that the investigation is complicated, take up to an additional 3 months beyond the original statutory deadline to complete the investigation.

SEC. 173. ACTION AGAINST COUNTRIES THAT DENY ADEQUATE AND EFFECTIVE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

(a) IDENTIFICATION OF PRIORITY FOREIGN COUNTRIES.—

(1) Within 30 days after the annual report is issued under section 181(b) of the Trade Act of 1974, the United States Trade Representative (hereinafter in this section referred to as the "Trade Representative") shall identify those foreign countries and instrumentalities (hereinafter referred to as "priority foreign countries")—

(A) that have the most egregious acts, policies, or practices that deny adequate and effective protection of intellectual property rights;

(B) whose acts, policies, or practices that deny adequate and effective protection of intellectual property rights have the greatest adverse impact in their own markets, or in other international markets, for the affected United States items; and

(C) that have not entered into good faith negotiations, or are not making significant progress in bilateral or multilateral negotiations, to provide adequate and effective protection of intellectual property rights.

(2) For purposes of identifying priority foreign countries under paragraph (1), the Trade Representative shall—

(A) consult with the Register of Copyrights, the Commissioner of Patents and Trademarks, other appropriate officers of the United States Government; and

(B) take into account information from such sources as may be available to him or submitted to him by interested persons, including information contained in reports submitted under section 181(b) of the Trade Act of 1974 and petitions submitted under section 301 of that Act.

(3) The Trade Representative may at any time—

(A) revoke the identification of any priority foreign country made under paragraph (1); or

(B) identify as a priority foreign country under paragraph (1) any foreign country not previously so identified;

if information available to the Trade Representative indicates that such action is appropriate.

(4) The Trade Representative shall publish in the Federal Register a list of priority foreign countries identified under this section and shall make such revisions to the list as may be required by reason of action under paragraph (3).

(b) ACTION UNDER TITLE III OF THE 1974 ACT.—

(1) After a foreign country is identified as a priority foreign country under subsection (a), the Trade Representative, subject to paragraph (2), shall promptly initiate an investigation under section 302 of the Trade Act of 1974 with respect to any act, policy, or practice of that country that—

(A) was the basis for such identification; and

(B) is not at the time the subject of any investigation or action under chapter I of title III of such Act.

(2) The Trade Representative shall, from time to time, consult with the Register of Copyrights, the Commissioner of Patents and Trademarks, and other appropriate officers of the United States Government, during investigations initiated in accordance with paragraph (1).

(3) The Trade Representative shall not initiate an investigation under paragraph (1) with respect to an act, policy, or practice of a priority foreign country if the Trade Representative determines that the undertaking of the investigation would be detrimental to United States national economic interests. In any case in which an investiga-

tion is not initiated by reason of this section, the Trade Representative shall promptly submit to the Congress a written report setting forth, in detail, the reasons for the determination and specifying the United States economic interests that would be adversely affected.

(c) Application of Title III Provisions.—In applying chapter 1 of title III of the Trade Act of 1974 to any investigation initiated under this section, a determination and decision by the Trade Representative under section 304(a) on what action, if any, to take must be made within 6 months after the date of the initiation of the investigation, except that the Trade Representative may extend such 6-month period by not more than an additional 6 months if the Trade Representative determines that—

(A) complex or complicated issues are involved that require additional time;

(B) the priority foreign country is making substantial progress in drafting or implementing legislative or administrative measures that will provide adequate and effective protection of intellectual property rights; or

(C) the priority foreign country is undertaking enforcement measures to provide adequate and effective protection of intellectual property rights.

Subtitle F—Organization and Functions of Trade Agencies

CHAPTER 1—OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

SEC. 181. FUNCTIONS.

(a) In General.—Section 141(c) of the Trade Act of 1974 (19 U.S.C. 2171(c)) is amended—

(1) by amending paragraph (1) to read as follows:

"(c)(1) The United States Trade Representative shall—

"(A) have primary responsibility for developing, and for coordinating the implementation of, United States international trade policy, including commodity matters, and, to the extent they are related to international trade policy, direct investment matters;

"(B) serve as the principal advisor to the President on international trade policy and shall advise the President on the impact of other policies of the United States Government on international trade;

"(C) have lead responsibility for the conduct of, and shall be the chief representative of the United States for, international trade negotiations in which the United States participates;

"(D) issue and coordinate policy guidance to departments and agencies on basic issues of policy and interpretation arising in the exercise of international trade functions, to the extent necessary to assure the coordination of international trade policy and consistent with any other law;

"(E) act as the principal spokesman of the President on international trade;

"(F) report directly to the President and the Congress regarding, and be responsible to the President and the Congress for the administration of, trade agreements programs;

"(G) advise the President and Congress with respect to nontariff barriers to international trade, international commodity agreements, and other matters which are related to the trade agreements programs;

"(H) be responsible for making reports to Congress with respect to matters referred to in subparagraphs (C) and (F);

"(I) be chairman of the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962, and shall consult with and be advised by such organization in the performance of his functions; and

"(J) in addition to those functions that are delegated to the United States Trade Representative as of the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, be responsible for such other functions as the President may direct.";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(3) by inserting after paragraph (1) the following:

"(2) It is the sense of Congress that the United States Trade Representative should—

"(A) be the senior representative on any body that the President may establish for the purpose of providing to the President advice on overall economic policies in which international trade matters predominate; and

"(B) be included as a participant in all economic summit and other international meetings at which international trade is a major topic.".

(b) Office of Unfair Trade Practices.—Such section 141 is further amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f)(1) There is established in the Office an Office of Unfair Trade Practices (hereinafter in this subsection referred to as the 'Practices Office').

"(2) The functions of the Practices Office are as follows:

"(A) The coordination of the application of interagency resources to specific unfair trade practice cases.

"(B) The preparation of the annual report on foreign trade barriers required under section 181(b).

"(C) The identification, and referral to the appropriate administering authority for consideration with respect to action, of each act, policy, or practice in the report required under section 181(b), or otherwise known to the Office on the basis of other available information, that may be an unfair trade practice that either—

"(i) is considered to be inconsistent with the provisions of any trade agreement and has a significant adverse impact on United States commerce; or

"(ii) has a significant adverse impact on domestic firms or industries that are either too small or financially weak to initiate proceedings under the trade laws.

"(D) The submission of an annual report to the Committee on Ways and Means and the Committee on Finance describing each referral made to an administering authority under subparagraph (C) and any action taken on the referral.

"(E) The identification of practices having a significant adverse impact on United States commerce that the attainment of United States negotiating objective would eliminate.

"(F) The identification, on a biennial basis, of those United States Government policies and practices that, if engaged in by a foreign government, might constitute unfair trade practices under United States law.

"(3) In performing its functions under paragraph (2) the Practices Office shall be assisted by an interagency unfair trade practices advisory committee composed of the Trade Representative, who shall chair the committee, and senior representatives of the following agencies, appointed by the respective heads of those agencies:

"(A) The Bureau of Economics and Business Affairs of the Department of State.

"(B) The United States and Foreign Commercial Services of the Department of Commerce.

"(C) The International Trade Administration (other than the United States and Foreign Commercial Service) of the Department of Commerce.

"(D) The Foreign Agricultural Service of the Department of Agriculture.".

"(4) For purposes of this subsection, the term 'unfair trade practice' means any act, policy, or practice that—

"(A) may be a subsidy with respect to which countervailing duties may be imposed under subtitle A of title VII;

"(B) may result in the sale or likely sale of foreign merchandise with respect to which antidumping duties may be imposed under subtitle B of title VII;

"(C) may be either an unfair method of competition, or an unfair act in the importation of articles into the United States, that is unlawful under section 337; or

"(D) may be an act, policy, or practice of a kind with respect to which action may be taken under title III of the Trade Act of 1974.".

(c) Interagency Trade Organization.—

(1) Section 242 of the Trade Expansion Act of 1962 (19 U.S.C. 1872) is amended as follows:

(A) Subsection (a) is amended to read as follows:

"(a)(1) The President shall establish an interagency organization.

"(2) The functions of the organization are—

"(A) to assist, and make recommendations to, the President in carrying out the functions vested in him by the trade laws and to advise the Trade Representative in carrying out the functions set forth in section 141 of the Trade Act of 1974;

"(B) to assist the President, and advise the Trade Representative, with respect to the development and implementation of the international trade policy objectives of the United States; and

"(C) to advise the President and the Trade Representative with respect to the relationship between the international trade policy objectives of the United States and other major policy areas which may significantly affect the overall international trade policy and trade competitiveness of the United States.

"(3) The interagency organization shall be composed of the following:

"(A) The Trade Representative, who shall be chairperson.

"(B) The Secretary of Commerce.

"(C) The Secretary of State.

"(D) The Secretary of the Treasury.

"(E) The Secretary of Agriculture.

"(F) The Secretary of Labor.

The Trade Representative may invite representatives from other agencies, as appropriate, to attend particular meetings if subject matters of specific functional interest to such agencies are under consideration. It shall meet at such times and with respect to such matters as the President or the Chairman shall direct.".

(B) Subsection (b) is amended by adding at the end thereof the following:

"In carrying out its functions under this subsection, the organization shall take into account the advice of the congressional advisers and private sector advisory committees, as well as that of any committee or other body established to advise the department, agency, or office which a member of the organization heads.".

(2) It is the sense of Congress that the interagency organization established under subsection (a) should be the principal interagency forum within the executive branch on international trade policy matters.

SEC. 182. FUNCTIONS OF THE UNITED STATES TRADE REPRESENTATIVE IN ADMINISTERING GSP.

Title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.) is amended—

(1) by striking out "President" each place it appears and inserting "United States Trade Representative";

(2) By amending subsection (a) of section 502—

(A) by striking out "with respect to which there is in effect an Executive order or Presidential Proclamation" in paragraph (1) and inserting "which is designated",

(B) by striking out "of the United States designating such country" in paragraph (1),

(C) by striking out the parenthetical clause in paragraph (2), and

(D) by striking out "by Executive order or Presidential Proclamation" in paragraph (3).

(3) by amending subsection (a) of section 503—

(A) by amending the second sentence to read as follows: "Before any such list is furnished to the Commission, there shall be in effect a designation of beneficiary developing countries under section 502."; and

(B) by striking out "by Executive order or Presidential proclamation" in the last sentence; and

(4) by amending subsection (b) of section 504 by striking out "issues an Executive order or Presidential proclamation revoking" in the last sentence and inserting "revokes".

SEC. 183. REPORT BY UNITED STATES TRADE REPRESENTATIVE UNDER SECTION 181.

Section 181 of the Trade Act of 1974 (19 U.S.C. 2241) is amended as follows:

(1) Subsection (a)(1) is amended—

(A) by striking out "and" at the end of subparagraph (A);

(B) by redesignating subparagraph (B) as subparagraph (C);

(C) by inserting "or (B)" after "(A)" in subparagraph (C) (as so redesignated); and

(D) by inserting after subparagraph (A) the following new subparagraph:

"(B) identify and analyze any other significant act, policy, or practice not identified under subparagraph (A) that may constitute an element of export targeting as defined in section 301(e)(8); and".

(2) Subsection (b)(1) is amended by striking out "Committee on Ways and Means" and inserting "appropriate committees".

CHAPTER 2—UNITED STATES INTERNATIONAL TRADE COMMISSION

SEC. 185. ANNUAL REPORTS ON SECTORAL COMPETITIVENESS; IMPORT MONITORING.

Section 332 of the Tariff Act of 1930 (19 U.S.C. 1332) is amended by adding at the end thereof the following:

"(h) ANNUAL REPORTS ON SECTORAL COMPETITIVENESS.—(1) The Commission shall conduct studies, on an annual basis, regarding—

"(A) the conditions of competition between the United States and global markets with respect to key sectors of the United States economy;

"(B) the implications of such conditions of competition for the national economic security; and

"(C) the extent to which recent actions by the United States under the trade laws have affected the competitiveness of the sectors.

"(2) The purpose of the studies required under paragraph (1) is to provide to Congress and to appropriate officials of the United States Government useful analyses and information to assist in anticipating sectoral trade problems within the national economy and in formulating policies to avoid or remedy such problems.

"(3) In deciding which sectors of the national economy to study, the Commission shall—

"(A) consult with the appropriate committees of the Congress and with the United States Trade Representative; and

"(B) take in account—

"(i) the extent to which the sector involves a critical technology;

"(ii) the extent to which the sector contributes to the industrial base of an economy;

"(iii) the extent to which the sector contributes to the health or condition of other sectors;

"(iv) the role of the sector in the domestic economy generally;

"(v) the potential role of the sector in global markets over the next decade; and

"(vi) any other relevant factor.

"(4) The Commission shall submit reports containing the results of the studies conducted under this subsection to the Congress and to the United States Trade Representative as soon as practicable after the close of the year to which the studies pertain.

"(i) MONITORING OF IMPORTS.—The Commission shall, beginning on the date of the enactment of this section, monitor imports into the United States for the purposes of identifying, ranking, and providing analysis with respect to, those classes or kinds of imported merchandise that may pose potential significant problems from import competition for United States industries, based on such factors as changes in net trade balances of the articles concerned and evidence of increasing import penetration of the domestic market. The Commission shall submit to the Committees referred to in subsection (g) a quarterly report regarding the monitoring required under this subsection.".

SEC. 186. TRADE REMEDY ASSISTANCE OFFICE.

Section 339 of the Tariff Act of 1930 (19 U.S.C. 1339) is amended—

(1) by amending subsection (a)—

(A) by striking out "a Trade" and inserting "a separate office to be known as the Trade", and

(B) by striking out ", upon request, concerning—" and inserting "upon request and shall, to the extent feasible, provide assistance and advice to interested parties concerning—"; and

(2) by amending subsection (b) to read as follows:

"(b) The Trade Remedy Assistance Office, in coordination with each agency responsible for administering a trade law, shall provide technical and legal assistance and advice to eligible small businesses to enable them—

"(1) to prepare and file petitions and applications (other than those which, in the opinion of the Office, are frivolous); and

"(2) to seek to obtain the remedies and benefits available under the trade laws, including any administrative review or administrative appeal thereunder.".

SEC. 187. TREATMENT OF CONFIDENTIAL INFORMATION BY COMMISSION.

The first sentence of section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) is amended by striking out ", and shall report to Congress" and inserting ". However, the Commission may not release information which the Commission considers to be confidential business information unless the party submitting the confidential business information had notice, at the time of submission, that such information would be released by the Commission, or such party subsequently consents to the release of the information. The Commission shall report to Congress.".

SEC. 188. TREATMENT OF COMMISSION UNDER PAPERWORK REDUCTION ACT.

Section 330 of the Tariff Act of 1930 (19 U.S.C. 1330) is amended by adding at the end thereof the following new subsection:

"(f) The Commission shall be considered to be an independent regulatory agency for purposes of chapter 35 of title 44, United States Code.".

Subtitle G—Miscellaneous Trade Law Provisions

SEC. 191. IMPORTS AFFECTING NATIONAL SECURITY.

(a) AMENDMENT TO TEA OF 1962.—Section 232(b) of the Trade Expansion Act of 1962 (19 U.S.C. 1862(b)) is amended—

(1) by inserting "(1)" before "Upon request";

(2) by amending the third sentence by striking out "one year" and inserting "270 days";

(3) by striking out the last sentence; and

(4) by adding at the end thereof the following:

"(2) If the Secretary finds under paragraph (1) that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall advise the President of that finding in the report required under paragraph (1). Within 90 days after receiving the report, the President shall—

"(A) determine whether he concurs with the advice of the Secretary;

"(B) if he concurs, determine the nature and duration of the action that, in his judgment, must be taken to adjust the imports of the article and its derivatives so that such imports will not threaten to impair the national security; and

"(C) report in writing to the Congress the reasons for the determination under subparagraph (A), or under both subparagraphs (A) and (B), as the case may be.

"(3) If the President determines under paragraph (2)(B) to take action to adjust imports of an article and its derivatives, the President shall implement that action no later than the 15th day after the day on which he determines to take action under paragraph (2)(B).".

(b) APPLICATION OF AMENDMENTS.—

(1) The amendments made by subsection (a) apply with respect to investigations that are requested or applied for, or initiated by the Secretary of Commerce on his own motion, under section 232(b) of the Trade Expansion Act of 1962 on or after the date of the enactment of this Act.

(2) The amendment made by subsection (a) that requires the President to take action within 90 days after receiving a report from the Secretary of Commerce under such section 232(b) applies to advice submitted by the Secretary with respect to

investigations that were applied for under such section on or after April 1, 1987.

(c) ENFORCEMENT OF MACHINE TOOL IMPORT ARRANGEMENTS.—The Secretary of Commerce is authorized to request the Secretary of the Treasury to carry out such actions as may be necessary or appropriate to ensure the attainment of the objectives of the machine tool decision of the President on May 20, 1986, and to enforce any quantitative limitation, restriction, or exporting nations and contained in related bilateral arrangements. Such actions may include, but are not limited to, requirements that valid export licenses or other documentation issued by a foreign government be presented as a condition for the entry into the United States of assembled and unassembled machine tool products. For purposes of this subsection, the term "related bilateral arrangement" means any arrangement, agreement, or understanding entered into or undertaken, or previously entered into or undertaken, by the United States and any foreign country or customs union containing such quantitative limitations, restrictions, or other terms relating to the importation into, or exportation to, the United States of categories of assembled and unassembled machine tool products as may be necessary to implement such machine tool decision of May 20, 1986.

SEC. 192. GENERALIZED SYSTEM OF PREFERENCES.

(a) TREATMENT OF WATCHES.—Section 503(c)(1)(B) of the Trade Act of 1974 (19 U.S.C. 2463(c)(1)(B)) is amended to read as follows:

"(B) watches, except those watches the United States Trade Representative specifically determines, after public notice and comment, will not cause material injury to watch manufacturing and assembly operations in the United States or the United States insular possessions,".

(b) REALLOCATION OF CERTAIN BENEFITS.—Section 504(c)(3) of the Trade Act of 1974 (19 U.S.C. 2464(c)(3)) is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively;

(2) by inserting after subparagraph (B) the following new paragraph:

"(C)(i) Not earlier than January 4, 1987, the President shall waive the application of this subsection with respect to any eligible article of any beneficiary developing country that—

"(I) qualifies for waiver under subparagraphs (A) and (B);

"(II) is determined by the President to have difficulty servicing the debt it owes to foreign or multilateral sources; and

"(III) has not less than 20 percent of the debt that it owes to foreign or multilateral sources held by any combination of United States banks, the International Monetary Fund, and the World Bank.

"(ii) The aggregate value of articles to which waivers made under clause (i) may apply for any calendar year may not exceed the aggregate value of the articles with respect to which countries, on the basis of exports during the preceding calendar year, are no longer treated under this subsection as beneficiary developing countries.

"(iii) The President shall allocate the aggregate value waived under clause (i) for any calendar year among beneficiary developing countries referred to in that clause. In deciding which, if any, of such countries and which eligible articles to include in an allocation, the President shall give great weight to—

"(I) the amount of foreign and multilateral debt of each such country, relative to the gross national product of that country;

"(II) the estimated percentage of export earnings that each country would be required to devote to servicing foreign and multilateral debt under existing contracts;

"(III) the trade surplus that each country holds with the United States, relative to that country's level of debt outstanding to foreign or multilateral sources; and

"(IV) the extent to which each country is undertaking good faith efforts to meet its debt obligations."; and

(3) by striking out "subparagraph (A)" in subparagraph (E)(i) and (ii) (as redesignated under paragraph (1)) and inserting "subparagraphs (A) and (C)".

SEC. 193. CARIBBEAN BASIN INITIATIVE.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the Caribbean Basin Economic Recovery Act should be preserved;

(2) to the extent that the Congress imposes changes that are intended to improve the competitive environment for United States industries and workers, such changes should not unduly affect the unilateral duty-free trade system available to the beneficiary countries designated under such Act;

(3) generic changes in the trade laws of the United States should not discriminate against imports from designated beneficiary countries in relation to imports from other United States trading partners; and

(4) it is in the economic and security interest of the United States to maintain the commitment in such Act to the countries of the Western Hemisphere.

(b) AMENDMENT TO ACT.—Section 212(e) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701 et seq.) is amended to read as follows:

"(e) The President may, after complying with the requirements of subsection (a)(2)—

"(1) withdraw or suspend the designation of any country as a beneficiary country; or

"(2) withdraw, suspend, or limit the application of duty free treatment under this subtitle to any article of any country;

if, after such designation, he determines that as a result of changed circumstances such country would be barred from designation as a beneficiary country under subsection (b).".

SEC. 194. EXTENSION OF INTERNATIONAL COFFEE AGREEMENT ACT OF 1980.

(a) EXTENSION.—Section 2 of the International Coffee Agreement Act of 1980 (19 U.S.C. 1356k) is amended by striking out "October 1, 1986" and inserting "October 1, 1989".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect January 1, 1987.

SEC. 195. STEEL IMPORTS.

Section 805 of the Steel Import Stabilization Act is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) Any steel product that is manufactured in a country that is not party to a bilateral arrangement from steel which was melted and poured in a country that is party to a bilateral arrangement (hereinafter in this subsection referred to as an 'arrangement country') may be treated for purposes of the quantitative restrictions and related terms under that arrangement as if it were a product of the arrangement country.

"(2) The Secretary of Commerce, after consultation with the United States Trade Representative, may direct the Secretary of the Treasury to implement such procedures as may be necessary or appropriate to carry out the purpose of paragraph (1).".

SEC. 196. COAL EXPORTS TO JAPAN.

It is the sense of Congress that—

(1) the objectives of the November 1983 Joint Policy Statement on Energy Cooperation, as it relates to United States exports of coal to Japan, have not been achieved;

(2) the President should seek to establish reciprocity with Japan with respect to metallurgical coal exports and steel product imports and should encourage increased purchases by Japan of United States steam coal;

(3) to that end the President should direct the United States Trade Representative to negotiate an agreement with Japan under which Japan will import United States metallurgical coal on a market share basis equivalent to Japan's market share of steel products that are exported to the United States; and

(4) the President should report to the Congress by November 1, 1988, regarding the results of the outcome of any negotiation undertaken in response to this section.

SEC. 197. USE OF UNITED STATES VESSELS TO TRANSPORT IMPORTED AUTOMOBILES.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) millions of automobiles manufactured in foreign countries are imported into the United States each year, and those imports contribute substantially to the United States deficit in merchandise trade;

(2) unfair, restrictive, or discriminatory practices of exporting countries, and commercial interests of those countries engaged in the marine transportation of foreign automobiles to the United States, have practically precluded United States-flag vessels owned and operated by citizens of the United States and manned by United States seamen from participating in such transportation, with further adverse effects on the balance of trade in goods and services of the United States;

(3) United States-flag automobile-carrying vessels are competitive with foreign flag vessels, and it has recently been demonstrated, in a few instances at least, that, when the foreign unfair, restrictive, or discriminatory practices are removed or suspended, agreements can readily be negotiated with foreign automobile manufacturers and exporters for the ocean transportation in United States-flag vessels of the automobiles they import into the United States.

(b) PRESIDENTIAL ACTION.—The President shall take appropriate and feasible steps within his power, including the full exercise of all rights of the United States under international treaties, to negotiate trade agreements with each foreign country from which 50,000 or more automobiles are imported into the United States each year that will eliminate unfair, restrictive, or discriminatory practices in the marine transportation of such import.

(c) REPORT.—Within 180 days after the date of the enactment of this Act and semiannually thereafter the President shall report to the Congress on the progress of the negotiations carried out under subsection (b).

SEC. 198. PURCHASES OF UNITED STATES-MADE AUTOMOTIVE PARTS BY JAPAN.

(a) FINDINGS.—The Congress finds that—

(1) the United States merchandise trade deficit reached the unprecedented level of $170,000,000,000 in 1986;

(2) the United States trade deficit with Japan, which reached $59,000,000,000 in 1986, accounted for approximately one-third of the total deficit;

(3) approximately one-half of the United States trade deficit with Japan was in motor vehicles and equipment;

(4) Japanese automobile firms based in Japan produced 7,800,000 passenger cars in 1986 and exported 2,300,000 cars to the United States, United States exports of auto parts to Japan were only about $300,000,000 in 1986;

(5) United States automotive parts producers meet increasingly rigorous requirements for quality, just-in-time supply, and competitive pricing in the United States market; and

(6) the market-oriented sector specific (MOSS) talks on auto parts are aimed at overcoming substantial market access barriers and increasing the access of United States auto parts producers to the original and replacement parts market represented by Japanese automobiles produced in Japan, the United States, and third countries.

(b) SENSE OF CONGRESS.—The Congress—

(1) strongly supports efforts being made by United States negotiators to expand significantly the opportunities for United States automotive parts producers to supply original and replacement parts for Japanese automobiles, wherever those automobiles may be produced; and

(2) determines that success of the MOSS talks will be measured by a significant increase in sales by United States auto parts companies to Japanese vehicle companies and the initiation of long-term sourcing relationships between such companies.

(c) REPORT ON OUTCOME.—The United States Trade Representative and the Secretary of Commerce shall report to Congress at the conclusion of the MOSS talks on the outcome of the talks and on any agreements reached with Japan with respect to purchases by Japanese firms of United States automotive parts.

TITLE II—INTERNATIONAL TRADE IN TELECOMMUNICATIONS PRODUCTS AND SERVICES

SEC. 201. SHORT TITLE.

This title may be cited as the "Telecommunications Trade Act of 1987".

SEC. 202. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) rapid growth in the world market for telecommunications products and services will continue for several decades;

(2) the United States can improve prospects for—

(A) the growth of—

(i) United States exports of telecommunications products and services, and

(ii) export-related employment and consumer services in the United States, and

(B) the continuance of the technological leadership of the United States,

by undertaking a program to achieve an open world market for trade in telecommunications products, services, and investment;

(3) most foreign markets for telecommunications products, services, and investment are characterized by extensive government intervention (including restrictive import practices and discriminatory procurement practices) which adversely affect United States exports of telecommunications products and services and United States investment in telecommunications;

(4) unfair and discriminatory trade practices in foreign countries have resulted in, and continue to threaten, the loss of jobs in the United States telecommunications industry;

(5) the open nature of the United States telecommunications market, accruing from the liberalization and restructuring of such market, has resulted, and will continue to result, in a dramatic increase in imports of telecommunications products and a growing imbalance in competitive opportunities for trade in telecommunications; and

(6) unless this imbalance is corrected through the achievement of fully competitive market opportunities for United States telecommunications products and services in foreign markets, the United States should avoid granting continued open access to the telecommunications products and services, and other products and services, of such foreign countries in the United States market.

(b) PURPOSES.—The purposes of this title are—

(1) to foster the economic and technological growth of and employment in the United States telecommunications industry and to secure a high quality telecommunications network for the benefit of the people of the United States;

(2) to ensure that countries which have made commitments to open telecommunications trade fully abide by those commitments; and

(3) to achieve a more open world trading system for telecommunications products and services through negotiation and achievement of fully competitive market opportunities for United States telecommunications exporters and their subsidiaries in those markets in which barriers exist to free international trade.

SEC. 203. NEGOTIATING OBJECTIVES.

(a) PRIMARY OBJECTIVES.—The primary negotiating objectives of the United States under this title regarding telecommunications products and services are to provide for—

(1) the nondiscriminatory procurement of telecommunications products and related services by foreign entities that provide local exchange telecommunications services which are owned, regulated, or controlled by foreign governments;

(2) assurances that any requirement for the registration of telecommunications products, which are to be located on customer premises, for the purposes of—

(A) attachment to a telecommunications network in a foreign country, and

(B) the marketing of the products in a foreign country,

be limited to the certification by the manufacturer that the products meet the standards established by the foreign country for preventing harm to the network or network personnel;

(3) transparency of, and open participation in, the standards-setting processes used in foreign countries with respect to telecommunications products;

(4) the ability to have telecommunications products, which are to be located on customer premises, approved and registered by type, and, if appropriate, the establishment of procedures between the United States and foreign countries for the mutual recognition of type approvals;

(5) access to the basic telecommunications network in foreign countries on reasonable and nondiscriminatory terms and conditions (including non-discriminatory prices) for the provision of value-added services by United States suppliers; and

(6) monitoring and effective dispute settlement provisions regarding matters referred to in paragraphs (1) through (5).

(b) SECONDARY OBJECTIVES.—The secondary negotiating objectives of the United States under this title regarding telecommunications products and services are to obtain—

(1) national treatment for telecommunications products and services that are provided by United States firms;

(2) most-favored-nation treatment for such products and services;

(3) nondiscriminatory procurement policies with respect to such products and services and the inclusion under the Agreement on Government Procurement of the procurement (by sale or lease by government-owned or controlled entities) of all telecommunications products and services;

(4) the reduction or elimination of customs duties on telecommunications products;

(5) the elimination of subsidies, dumping, violations of intellectual property rights, and other unfair trade practices that distort international trade in telecommunications products and services;

(6) the elimination of investment barriers that restrict the establishment of foreign-owned business entities which market such products and services; and

(7) monitoring and dispute settlement mechanisms to facilitate compliance with telecommunications trade agreements.

SEC. 204. INVESTIGATIONS OF FOREIGN TELECOMMUNICATIONS TRADE BARRIERS.

(a) REQUIRED INITIAL INVESTIGATIONS.—

(1) The United States Trade Representative (hereinafter in this title referred to as the "Trade Representative"), in consultation with the Secretary of Commerce and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C 1872), shall undertake an investigation with respect to each foreign country for the purposes of—

(A) identifying and analyzing those acts, policies, and practices in the markets of that foreign country that deny fully competitive market opportunities to telecommunications products and services of United States firms; and

(B) establishing, on the basis of the analysis under subparagraph (A) and after taking into consideration—

(i) the needs of the affected United States industries,

(ii) the competitiveness of United States industries in domestic and world markets,

(iii) the progress being made to expand market opportunities under existing agreements or ongoing negotiations, and

(iv) the availability of appropriate incentives and effective remedies,

the specific primary and secondary negotiating objectives specified in section 203 that should be pursued in negotiations under section 205 in order to obtain fully competitive market opportunities in that foreign country for telecommunications products and services of United States firms.

(2) The Trade Representative may exclude any foreign country from the investigations required to be conducted under paragraph (1) if the Trade Representative determines that the potential market in that country for United States telecommunications products and services is not substantial.

(3) The Trade Representative shall complete each investigation required to be undertaken under paragraph (1) by no later

than the 180th day after the date of the enactment of this Act.

(b) Other Investigations.—If at any time after the investigations required under subsection (a) are completed the Trade Representative—

(1) on his own motion, considers that there is reason to believe that any act, policy, or practice in the market of a foreign country is such as to deny fully competitive market opportunities to telecommunications products or services of United States firms; or

(2) accepts a petition filed by an interested party alleging that any act, policy, or practice described in paragraph (1) exists;

the Trade Representative may undertake an investigation with respect to the foreign country concerned for the purposes described in subparagraphs (A) and (B) of subsection (a)(1). An investigation undertaken under this subsection shall be completed within 180 days after the date on which the Trade Representative commences the investigation under paragraph (1) or the petition is filed under paragraph (2).

(c) Review of Markets of Countries Initially Excluded From Investigation.—The Trade Representative shall—

(1) at least annually, review the potential market for United States telecommunications products and services in countries that were excluded from investigation under subsection (a) and with respect to which no investigation has been initiated under subsection (b); and

(2) if he considers any such country to have a market for United States telecommunications products and services which is substantial, undertake, and complete within 180 days, an investigation for the purposes described in subparagraphs (A) and (B) of subsection (a)(1) regarding that country.

(d) Report to Congress.—The Trade Representative shall submit to the Congress a report on the investigations undertaken under subsections (a), (b), and (c). Each report shall be submitted within 30 days after the investigation is completed.

SEC. 205. ACTION BY THE PRESIDENT IN RESPONSE TO INVESTIGATIONS BY TRADE REPRESENTATIVE.

(a) In General.—After—

(1) all investigations required under section 204(a) are completed (and in no case later than the 180th day after the date of the enactment of this Act); and

(2) each investigation undertaken under section 204 (b) or (c) is completed;

the President shall enter into negotiations with the foreign country or countries subject to investigation for the purpose of entering into bilateral or multilateral trade agreements, as appropriate, under section 208 which achieve the specific primary and secondary negotiating objectives that were established under section 204(a)(1)(B) with regard to such countries.

(b) Actions To Be Taken If No Agreement Obtained.—

(1) If the President is unable during the negotiating period to enter into a trade agreement or agreements under section 208 with a foreign country which achieve the specific primary and secondary negotiating objectives established for that country under section 204(a)(1)(B), the President, by no later than the close of the negotiating period—

(A) shall take whatever actions are authorized under paragraph (3) that are necessary and appropriate to achieve the purposes of the primary objectives not covered by agreement; and

(B) may take whatever actions are authorized under paragraph (3) that are necessary to achieve the secondary objectives not covered by agreement.

(2) In taking action under paragraph (1) (A) and (B), the President shall first take those actions which most directly affect trade in telecommunications products and services with the country concerned.

(3) The President is authorized to take any of the following actions under paragraph (1) (A) and (B):

(A) Terminate, withdraw, or suspend any portion of any trade agreement entered into under—

(i) the Trade Act of 1974;

(ii) section 201 of the Trade Expansion Act of 1962; or

(iii) section 350 of the Tariff Act of 1930; with respect to any duty or import restriction imposed by the United States on any telecommunications product.

(B) Take any action described in section 301 of the Trade Act of 1974.

(C) Prohibit the Federal Government from purchasing specified telecommunications products.

(D) Increase domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) for purchases by the Federal Government of specified telecommunications products.

(E) Suspend any waiver of domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) which may have been extended pursuant to the Trade Agreements Act of 1979 with respect to telecommunications products or any other products.

(F) Order the appropriate Federal officials to deny Federal funds or Federal credits for purchases of specified telecommunications products of any specified foreign country.

(G) Suspend, in whole or in part, benefits accorded articles from specified foreign countries under title V of the Trade Act of 1974 (19 U.S.C. 2461, et seq.).

(4) Notwithstanding section 125 of the Trade Act of 1974 and any other provision of law, if any portion of a trade agreement described in paragraph (3)(A) is terminated, withdrawn, or suspended under paragraph (1) with respect to any duty imposed by the United States, the rate of such duty determined by the President up to the rate provided for in rate column number 2 of the Tariff Schedules of the United States shall apply to such products after the date on which such termination, withdrawal, or suspension takes effect.

(5) No action taken under paragraph (1) shall affect any binding obligations under any written contract entered into before the date of the enactment of this Act, to which any citizen or national of the United States is a party.

(6) Any action the President decides to take under subparagraph (3) of this subsection shall be treated as an action necessary to implement a trade agreement for the purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974.

(c) Negotiating Period.—

(1) For purposes of subsection (b), the term "negotiating period" means—

(A) with respect to a foreign country investigated under section 204(a), the 18-month period beginning on the date of the enactment of this Act; and

(B) with respect to a foreign country investigated under section 204 (b) or (c), the 12-month period beginning on the date the investigation was completed.

(2) The negotiating period with respect to a foreign country may be extended by not more than two 12-month periods. An extension of the negotiating period shall take effect if (and only if)—

(A) the President, not less than 90 days before the negotiating period expires (or if extended previously, before the first extension period expires), submits to the House of Representatives and the Senate—

(i) a draft of a negotiating period extension bill, and

(ii) a statement that—

(I) substantial progress is being made in negotiations with the foreign country concerned, and

(II) further negotiations are necessary to reach an agreement which meets the specific primary and secondary negotiating objectives established under section 204(a)(1)(B) with regard to that country; and

(B) before the expiration of the negotiating period (or the first extension thereof), a negotiating period extension bill is enacted into law.

(3) For purposes of this subsection, the term "negotiating period extension bill" means a bill of either House of Congress the matter after the enacting clause of which is as follows: "That the Congress approves the extension for 12 months of the negotiating period with   that was requested by the President on   .", the first blank space being filled with the name of the foreign country concerned, and the second blank space being filled with the date on which the submissions to Congress under paragraph (2)(A) regarding the extension were made.

(4) On the day on which submissions to Congress under paragraph (2)(A) regarding an extension are made, the negotiating period extension bill submitted by the President shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a trade agreement is submitted, the implementing bill shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. Such bills shall be referred by the Presiding Officer of the respective Houses to the Committee on Ways and Means and the Committee on Finance.

(5) Subsections (d) through (g) of section 151 of the Trade Act of 1974 apply to any agreement period extension bill. Any reference in such subsections to an implementing bill shall be treated as a reference to a negotiating period extension bill.

(d) Modification and Termination Authority.—The President may modify or terminate any action taken under subsection (b) if, and only if, the foreign country concerned enters into a trade agreement under section 208 which achieves the specific negotiating objective regarding which such action was taken.

(e) Report.—The President shall promptly inform the appropriate committees of the House and Senate of any action taken under subsection (b) or of the modification or termination of any such action under subsection (d).

SEC. 206. REVIEW OF TRADE AGREEMENT IMPLEMENTATION BY TRADE REPRESENTATIVE.

(a) DEFINITION.—For purposes of this section, the term "trade agreement" means—

(1) a trade agreement entered into under section 208 that is in force with respect to the United States; and

(2) a trade agreement regarding telecommunications products or services that was in force with respect to the United States on the date of the enactment of this Act.

(b) PERIODIC REVIEW.—

(1) The Trade Representative shall review each trade agreement to determine whether any act, policy, or practice of the foreign country—

(A) is not in compliance with the terms of the agreement; or

(B) otherwise denies, within the context of the terms of the trade agreement, to telecommunications products and services of United States firms fully competitive market opportunities in that foreign country.

(2) The Trade Representative shall carry out the reviews required under paragraph (1)—

(A) with respect to each trade agreement described in subsection (a)(1), within 6 months after the agreement enters into force with respect to the United States, and annually thereafter; and

(B) with respect to each trade agreement described in subsection (a)(2), within 18 months after the date of the enactment of this Act, and annually thereafter.

(c) REVIEW FACTORS.—

(1) In undertaking reviews under subsection (a), the Trade Representative shall consider any evidence of actual patterns of trade (including United States exports of telecommunications products to a foreign country and sales and services related to those products) that do not reflect patterns of trade which would reasonably be anticipated to flow from the concessions or commitments of such country based on the international competitive position and export potential of such products and services.

(2) The Trade Representative shall consult with the United States International Trade Commission in regard to the actual patterns of trade described in paragraph (1).

(d) ACTION IN RESPONSE TO AFFIRMATIVE DETERMINATION.—If the Trade Representative makes an affirmative determination under subsection (b) with respect to any act, policy, or practice of a foreign country, the Trade Representative shall take whatever action authorized under paragraph (e) that is necessary—

(1) to offset fully such act, policy, or practice, and

(2) to restore the balance of concessions in telecommunications products and services trade between the United States and such foreign country;

except that the Trade Representative may not take any action under subsection (e) on the basis of a review under subsection (b) regarding a trade agreement described in subsection (a)(2) before the President takes action under section 205(b)(3) with respect to any country.

(e) AUTHORIZED ACTIONS.—

(1) The Trade Representative is authorized to take the following actions under subsection (d):

(A) Terminate, withdraw, or suspend any portion of any trade agreement entered into under—

(i) the Trade Act of 1974,

(ii) section 201 of the Trade Expansion Act of 1962, or

(iii) section 350 of the Tariff Act of 1930,

with respect to any duty or import restriction imposed by the United States on any telecommunications product.

(B) Take any action under section 301 of the Trade Act of 1974.

(2) Actions described in paragraph (1) may be taken under subsection (d) with respect to other than telecommunications products and services only if—

(A) the Trade Representative has taken all feasible actions described in subparagraphs (A) and (B) of paragraph (1) with respect to telecommunications products and services; and

(B) the applicable objectives established in section 204(a)(1)(B) have not been achieved.

(3) Notwithstanding section 125 of the Trade Act of 1974 and any other provision of law, if any portion of a trade agreement is terminated, withdrawn, or suspended under paragraph (1)(A) with respect to any duty imposed by the United States on any product, the rate of such duty determined by the United States Trade Representative up to the rate provided for in rate column number 2 of the Tariff Schedules of the United States shall apply to such products after the date on which such termination, withdrawal, or suspension takes effect.

(4) Any action the Trade Representative decides to take under paragraph (1) shall be treated as necessary to implement a trade agreement for the purposes of section 151 and subsections (c), (d), (e), (f) and (g) of section 102 of the Trade Act of 1974.

(f) ACTIONS NOT TO AFFECT CERTAIN CONTRACTUAL OBLIGATIONS.—No action taken under this section shall affect any binding obligations under any written contract entered into before the date of the enactment of this Act, to which any citizen or national of the United States is a party.

(g) MODIFICATION AND TERMINATION AUTHORITY.—The Trade Representative may modify or terminate any action taken under subsection (e) if, and only if, he determines that the foreign country has taken appropriate remedial action regarding the act, policy, or practice concerned.

(h) REPORT.—The Trade Representative shall promptly inform the appropriate committees of the House and Senate of any actions taken under subsection (c) or of the modification or termination of any such action under subsection (g).

SEC. 207. CONSULTATIONS.

(a) ADVICE FROM DEPARTMENTS AND AGENCIES.—For purposes of determining appropriate action under section 205(b) or 206(d), the President and the Trade Representative shall consult with the Secretary of Commerce and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872).

(b) ADVICE FROM THE PRIVATE SECTOR.—The—

(1) Trade Representative, in conducting investigations and establishing negotiating objectives under section 204, and for purposes of determining appropriate action under section 206(d); and

(2) President, for purposes of determining appropriate action under section 205(b);

shall provide the opportunity for presentation of views by any interested party, including appropriate committees established under section 135 of the Trade Act of 1974.

(c) CONSULTATIONS WITH CONGRESS AND OFFICIAL ADVISORS.—For purposes of conducting negotiations under section 205(a), the President shall keep appropriate committees of the Congress, as well as appropriate committees established pursuant to section 135 of the Trade Act of 1974, currently informed with respect to—

(1) the negotiating priorities and objectives for each country involved;

(2) the assessment of negotiating prospects, both bilateral and multilateral; and

(3) any United States concessions which might be included in negotiations to achieve the objectives described in section 205.

SEC. 208. GENERAL TRADE AGREEMENT AUTHORITY.

(a) IN GENERAL.—During the 42-month period beginning on the date of enactment of this Act, the President may enter into trade agreements, for purposes of achieving the primary and secondary negotiating objectives established under section 204(a)(1)(B), with foreign countries. The trade agreements may provide for—

(1) the harmonization, reduction, or elimination of—

(A) duties, or

(B) restrictions on, barriers to, or other distortions of international trade, or

(2) the prohibition of, or limitations on the imposition of—

(A) duties, or

(B) restrictions on, barriers to, or other distortions of international trade.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102 OF THE TRADE ACT OF 1974.—

(1) For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) (other than a trade agreement provided for under paragraph (2)) shall be treated as a trade agreement entered into under section 102 of the Trade Act of 1974.

(2) The President may by proclamation implement any trade agreement entered into under subsection (a) that provides solely for unilateral concessions by a foreign country to the United States.

(c) APPLICATION OF AGREEMENT BENEFITS.—Notwithstanding any other provision of law, any agreement entered into under this section may provide that the benefits and obligations of such agreement—

(1) apply solely to the parties to the agreement, or

(2) not apply uniformly to all parties to such agreement.

SEC. 209. COMPENSATION AUTHORITY.

(a) IN GENERAL.—If—

(1) the President takes action under section 205(b); or

(2) the Trade Representative takes action under section 206(d); and

(3) such action is found to be inconsistent with the international obligations of the United States, including the obligations under the General Agreement on Tariffs and Trade;

the President may enter into trade agreements with the foreign country concerned for the purpose of granting new concessions as compensation for such action in order to maintain the general level of reciprocal and mutually advantageous concessions.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102 OF THE TRADE ACT OF 1974.—For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) shall be treated as a trade agreement entered into under section 102 of the Trade Act of 1974.

SEC. 210. DEFINITION OF TELECOMMUNICATIONS PRODUCT.

For purposes of this title, the term "telecommunications product" means any paging alerting device provided for in item 685.70 of the Tariff Schedules of the United States (19 U.S.C. 1202), as in effect on November 14, 1985, and any article that is classified under the following item numbers of such Schedules:

684.57
684.58
684.59
684.65
684.66
684.67
684.80
685.16
685.24
685.25
685.28
685.30
685.32
685.34
685.48
688.17
688.41
707.90

SEC. 211. INTERNATIONAL OBLIGATIONS.

Nothing in this title may be construed to require the President and the United States Congress to act in a manner inconsistent with the legal obligations of the United States, including the General Agreement on Tariffs and Trade.

SEC. 212. FEDERAL COMMUNICATIONS COMMISSION.

(a) CLARIFICATION OF FACTORS FCC REQUIRED TO CONSIDER.—The Communications Act of 1934 is amended by adding at the end of title II (relating to common carriers) the following new section:

"CONSIDERATION OF INTERNATIONAL TRADE FACTORS

"SEC. 225. The Congress finds that international telecommunications trade has significant impact with regard to telecommunications policymaking in the United States. It is therefore the policy of the United States that the Commission, in order to fulfill its duties and obligation to make decisions on the basis of the public interest, convenience, and necessity under this title should, in making its determinations, take into account, where appropriate, the impact of international trade on the ability of the United States telecommunications industry to be competitive in the international marketplace and on the ability of the American public to obtain, on a continuing basis, quality services and equipment. Whenever the Commission makes determinations or takes actions which take into account the impact of international trade, it shall consult with the United States Trade Representative and other appropriate officials of the executive branch. The Commission should avoid taking actions which would conflict with or otherwise interfere with separate trade actions, including negotiations, which the United States Trade Representative or other trade-related agencies are taking.".

(b) REPORT TO CONGRESS.—On or before November 1, 1987, the Federal Communications Commission (hereafter referred to in this section as the "Commission") shall report to the Congress its findings and conclusions based on the Notice of Inquiry and Proposed Rulemaking, CC Docket No. 86-494, adopted on December 23, 1986. If further rulemaking action is considered appropriate based on such inquiry, the Commission shall commence a rulemaking based on such findings and conclusions not later than December 1, 1987.

(c) TELECOMMUNICATIONS COMPETITIVENESS IN THE UNITED STATES.—

(1)(A) The Secretary of Commerce, acting with the Federal Communications Commission and the National Telecommunications and Information Administration, shall conduct a study of the competitiveness of the United States domestic telecommunications industry and the effects of foreign telecommunications policies and practices thereon in order to assist the Congress and the President in determining what actions might be necessary to preserve the competitiveness of the American telecommunications industry.

(B) The study provided for by subparagraph (A) shall be carried out within available appropriations.

(2)(A) Within 45 days of the date of the enactment of this Act, the Secretary of Commerce and the Chairman of the Federal Communications Commission, or their designees, shall begin consultation and coordination on the study under paragraph (1)(A).

(B) The Commission shall provide notice and reasonable opportunity for the public comment within 90 days of the date of the enactment of this Act.

(3) The Commission shall, within 120 days of the date of the issuance of public notice of the study, transmit to the Congress and the President a copy of the findings and recommendations. Such findings and recommendations shall be referred to the appropriate committees of the House of Representatives and the Senate.

TITLE III—EXPORT ENHANCEMENT

SEC. 301. SHORT TITLE.

This title may be cited as the "Export Enhancement Act of 1987".

SEC. 302. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress makes the following findings:

(1) While a free and open world trading system has contributed substantially to world growth and prosperity in the 20th century, current macroeconomic policies and trade imbalances seriously threaten that system.

(2) The world trading system cannot be sustained unless the United States and its trading partners implement balanced growth policies.

(3) World economic growth requires both a financial system which fosters and supports stable exchange rates and the coordination of macroeconomic policies among industrialized countries.

(4) The United States trade deficit in 1986 of $169,800,000,000 threatens the long-term economic well-being of the United States.

(5) The unchecked bilateral trade imbalances between the United States and its trading partners could jeopardize the political, strategic, and economic relationships of the United States with other countries, relationships which are vital to world stability and peace.

(6) In order to provide more balanced and sustainable economic growth in the United States and abroad, the United States must lower its trade deficit by implementing macroeconomic and trade policies which facilitate and expand export opportunities.

(7) Since 1981, manufactured exports have stagnated and agricultural exports have fallen by almost 40 percent. The trade deficit has grown from $40 billion to almost $170 billion. Between 1981 and 1983 alone, the United States lost 2 million jobs, more than 1 million of which were in manufacturing.

(8) The significant decline in recent years in the volume and value of agricultural exports makes the development and implementation of an effective United States agricultural trade policy imperative.

(9) The indebtedness of third world countries not only poses risks for the United States financial system, but has affected jobs and exports as well. Exports to third world countries in 1985 were $11 billion below the level of exports in 1981. Falling exports to third world countries have cost the United States hundreds of thousands of jobs.

(10) In spite of the continuing need to expand exports, current Federal Government export promotion and facilitation programs are not sufficient to meet the challenge of competition from other countries for world markets.

(11) United States and Foreign Commercial Service Officers are often accorded insufficient status abroad, and are frequently diverted from their primary duty of promoting United States exports in order to perform export licensing duties.

(12) The activities of the Overseas Private Investment Corporation and the Trade and Development Program serve important United States development assistance and international economic objectives.

(13) Inadequate protection of and enforcement procedures for United States intellectual property interests abroad have resulted in the counterfeiting of United States trademarks and the piracy of United States copyrights, patents, and mask works, acts which violate basic international principles of fair trade, cause trade distortions due to lost sales by countries whose companies have developed the counterfeited or pirated goods, pose health and safety threats to consumers, and have caused a loss of United States jobs.

(b) PURPOSES.—The purposes of this title are—

(1) to promote world growth as a means of improving the standard of living in the United States and abroad;

(2) to broaden overseas markets for United States exports;

(3) to emphasize the importance for United States exports of establishing a stable and competitive dollar;

(4) to increase United States exports by—

(A) strengthening the United States and Foreign Commercial Services;

(B) streamlining export controls for national security purposes; and

(C) improving the operation of the United States mixed credit program; and

(5) restoring the markets for United States exports in developing countries by—

(A) committing the United States to world growth;

(B) broadening the authority of the Overseas Private Investment Corporation to help increase economic activity in developing countries; and

(C) enhancing the resources of the Trade and Development Program.

Subtitle A—Export Promotion

SEC. 311. UNITED STATES AND FOREIGN COMMERCIAL SERVICE.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Commerce shall establish, within the International Trade Administration, the United States and Foreign Commercial Service. The Secretary shall, to the greatest extent practicable, transfer to the Commercial Service the functions of the United States and Foreign Commercial Services.

(2) ASSISTANT SECRETARY OF COMMERCE AND DIRECTOR GENERAL.—The head of the Commercial Service shall be the Assistant Secretary of Commerce and Director General of the Commercial Service, who shall be appointed by the President, by and with the advice and consent of the Senate.

(3) COORDINATION WITH FOREIGN POLICY OBJECTIVES.—The Secretary shall take the nec-

essary steps to ensure that the activities of the Commercial Service are carried out in a manner consistent with United States foreign policy objectives, and the Secretary shall consult regularly with the Secretary of State in order to comply with this paragraph.

(4) Authority of chief of mission.—All activities of the Commercial Service shall be subject to section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

(b) Statement of Purpose.—The Commercial Service shall place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small businesses and medium-sized businesses, by carrying out activities such as—

(1) identifying United States businesses with the potential to export goods and services and providing such businesses with advice and information on establishing export businesses;

(2) providing United States exporters with information on economic conditions, market opportunities, and the legal and regulatory environment within foreign countries;

(3) providing United States exporters with information and advice on the necessary adaptation of product design and marketing strategy to meet the differing cultural and technical requirements of foreign countries;

(4) providing United States exporters with actual leads and an introduction to contacts within foreign countries;

(5) assisting United States exporters in locating reliable sources of business services in foreign countries;

(6) assisting United States exporters in their dealings with foreign governments and enterprises owned by foreign governments; and

(7) assisting the coordination of the efforts of State and local agencies and private organizations which seek to promote United States business interests abroad so as to maximize their effectiveness and minimize the duplication of efforts.

(c) Offices.—

(1) In general.—The Commercial Service shall consist of a headquarters office, district offices located in major United States cities, and foreign offices located in major foreign cities.

(2) Headquarters.—The headquarters of the Commercial Service shall provide such managerial, administrative, research, and other services as the Secretary considers necessary to carry out the purposes of the Commercial Service.

(3) District offices.—The Secretary shall establish district offices of the Commercial Service in any United States city in a region in which the Secretary determines that there is a need for Federal Government export assistance.

(4) Foreign offices.—(A) The Secretary may, after consultation with the Secretary of State, establish foreign offices of the Commercial Service. These offices shall be located in foreign cities in regions in which the Secretary determines there are significant business opportunities for United States exporters.

(B) The Secretary may, in consultation with the Secretary of State, assign to the foreign offices Commercial Officers and such other personnel as the Secretary considers necessary. In employing Commercial Officers and such other personnel, the Secretary shall use the Foreign Service personnel system in accordance with the Foreign Service Act of 1980. The Secretary shall designate a Commercial Officer as head of each foreign office.

(C) Upon the request of the Secretary, the Secretary of State shall attach the Commercial Officers and other employees of each foreign office to the diplomatic mission of the United States in the country in which that foreign office is located, and shall obtain for them diplomatic privileges and immunities equivalent to those enjoyed by Foreign Service personnel of comparable rank and salary.

(D) For purposes of official representation, the senior Commercial Officer in each country shall be considered to be the senior commercial representative of the United States in that country, and the United States chief of mission in that country shall accord that officer all privileges and responsibilities appropriate to the position of senior commercial representative of other countries.

(E) The Secretary of State is authorized, upon the request of the Secretary, to provide office space, equipment, facilities, and such other administrative and clerical services as may be required for the operation of the foreign offices. The Secretary is authorized to reimburse or advance funds to the Secretary of State for such services.

(F) The authority of the Secretary under this paragraph shall be subject to section 103 of the Diplomatic Security Act (22 U.S.C. 4802).

(d) Rank of Commercial Officers in Foreign Missions.—

(1) Minister-counselor.—Notwithstanding any other provision of law, upon the request of the Secretary, the Secretary of State shall accord the diplomatic title of Minister-Counselor to the senior Commercial Officer assigned to any United States mission abroad. The number of Commercial Service officers accorded such diplomatic title at any time may not exceed eight.

(2) Consul general.—In any United States consulate in which a vacancy occurs in the position of Consul General, the Secretary of State, in consultation with the Secretary, shall consider filling that vacancy with a Commercial Officer if the primary functions of the consulate are of a commercial nature and if there are significant business opportunities for United States exporters in the region in which the consulate is located.

(e) Report by the President.—Within 1 year after the date of the enactment of this Act, the President shall submit a report to the Congress containing an evaluation of existing export promotion services of the Department of Commerce, recommendations for improving those services, and proposals for new export promotion services.

(f) Information Dissemination.—In order to carry out subsection (b)(7), to lessen the cost of distribution of information produced by the Commercial Service, and to make that information more readily available, the Secretary should establish a system for distributing that information in those areas where no district offices of the Commercial Service are located. Distributors of the information should be State export promotion agencies or private export and trade promotion associations. The distribution system should be consistent with cost recovery objectives of the Department of Commerce.

(g) Audits.—The Inspector General of the Department of Commerce shall perform periodic audits of the operations of the Commercial Service, but at least once every 3 years. The Inspector General shall report to the Congress the results of each such audit. In addition to an overview of the activities and effectiveness of Commercial Service operations, the audit shall include—

(1) an evaluation of the current placement of domestic personnel and recommendations for transferring personnel among district offices;

(2) an evaluation of the current placement of foreign-based personnel and recommendations for transferring such personnel in response to newly emerging business opportunities for United States exporters; and

(3) an evaluation of the personnel system and its management, including the recruitment, assignment, promotion, and performance appraisal of personnel, the use of limited appointees, and the "time-in-class" system.

(h) Report by the Secretary.—Not later than January 1, 1988, the Secretary shall submit a report to the Congress on the feasibility and desirability, the progress to date, the present status, and the 5-year outlook, of the comprehensive integration of the functions and personnel of the foreign and domestic export promotion operations within the International Trade Administration of the Department of Commerce.

(i) Pay of Assistant Secretary and Director General.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.".

(j) Definitions.—For purposes of this section—

(1) the term "Secretary" means the Secretary of Commerce;

(2) the term "Commercial Service" means the United States and Foreign Commercial Service;

(3) the term "United States exporter" means—

(A) a United States citizen;

(B) a corporation, partnership, or other association created under the laws of the United States or of any State; or

(C) a foreign corporation, partnership, or other association, more than 95 percent of which is owned by persons described in subparagraphs (A) and (B),

that exports, or seeks to export, goods or services produced in the United States;

(4) the term "small business" means any small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632);

(5) the term "State" means any of the several States, the District of Columbia, or any commonwealth, territory, or possession of the United States; and

(6) the term "United States" means the several States, the District of Columbia, and any commonwealth, territory, or possession of the United States.

SEC. 312. DIPLOMATIC MISSIONS.

(a) In General.—(1) The Secretary of State and the Secretary of Commerce shall periodically review the current number of personnel assigned to United States diplomatic missions outside the United States to determine whether an adequate number of such personnel are engaged in economic or commercial duties to assist United States exporters and businesses doing business outside the United States. Whenever the Secretary of State and the Secretary of Commerce determine such number to be insufficient, they shall take such steps as may be necessary to increase the number of such personnel by adjustment of resources and personnel and other appropriate measures.

(2) The Secretary of State and the Secretary of Commerce should extend the length of assignment required of personnel de-

scribed in paragraph (1) in order to ensure greater continuity in promoting United States exports.

(b) Reports.—Each chief of a United States diplomatic mission to a country which is an important United States trading partner and which has significant potential for United States export sales shall, not later than 1 year after the date of the enactment of this Act, and not later than the end of every 1-year period thereafter, prepare and transmit to the President and to the Congress a report describing—

(1) the strategy used by such mission to expand United States exports; and

(2) the efforts of such mission to assist United States industries in expanding export sales and in improving their market position relative to other foreign competitors.

SEC. 313. COMMERCIAL SERVICE OFFICERS AND DEVELOPMENT BANKS.

(a) Appointment.—The Secretary of Commerce, in consultation with the Secretary of the Treasury, shall appoint an officer of the United States and Foreign Commercial Service to serve, on a full-time or part-time basis, with each of the United States Executive Directors of the multilateral development banks in which the United States participates.

(b) Duties of Officers.—It shall be the duty of each officer appointed under subsection (a) to assist the United States Executive Director with respect to whom such officer is appointed—

(1) in promoting opportunities for exports of goods and services from the United States;

(2) in taking actions to assure that United States businesses are fully informed of bidding opportunities in countries receiving loans from the respective banks; and

(3) in taking actions to assure that United States businesses can focus on projects in which they have a particular interest or competitive advantage and to permit them to complete and have an equal opportunity in submitting timely and conforming bidding documents.

(c) Functions of Executive Directors.—The Secretary of the Treasury shall instruct the United States Executive Director of each multilateral development bank to carry out the functions described in paragraphs (1) through (3) of subsection (b).

SEC. 314. MARKET DEVELOPMENT COOPERATOR PROGRAM AND TRADE SHOWS.

(a) Authority.—Title II of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051 and following) is amended—

(1) by redesignating sections 202 and 203 as sections 204 and 205, respectively; and

(2) by inserting after section 201 the following:

"SEC. 202. MARKET DEVELOPMENT COOPERATOR PROGRAM.

"(a) Authority To Establish Program.—In order to—

"(1) identify foreign market opportunities,

"(2) introduce new products and processes (but not allocate markets, establish prices, or otherwise engage directly in the production, distribution, or marketing of goods or services),

"(3) eliminate trade and technical barriers, and

"(4) improve economic and trade relations between the United States and other countries,

the Secretary of Commerce is authorized to establish a Market Development Cooperator Program. The purpose of the program is to develop, maintain, and expand foreign markets for nonagricultural goods and services produced in the United States.

"(b) Implementation of the Program.—The Secretary of Commerce shall carry out the Market Development Cooperator Program by entering into contracts with—

"(1) nonprofit industry organizations,

"(2) trade associations,

"(3) State departments of trade and their regional associations, including centers for international trade development, and

"(4) private industry firms or groups of firms in cases where no entity described in paragraph (1), (2), or (3) represents that industry,

(in this section referred to as 'cooperators') to engage in activities in order to carry out the purposes set forth in paragraphs (1) through (4) of subsection (a). The costs of activities under such a contract shall be shared equitably among the Department of Commerce, the cooperator involved, and, whenever appropriate, foreign businesses. The Department of Commerce shall undertake to support direct costs of activities under such a contract, and the cooperator shall undertake to support indirect costs of such activities. Activities under such a contract shall be carried out by the cooperator with the approval and assistance of the Secretary.

"(c) Cooperator Partnership Program.—(1)(A) As part of the program established under subsection (a), the Secretary of Commerce shall establish a partnership program with cooperators under which a cooperator may detail individuals, subject to the approval of the Secretary, to the United States and Foreign Commercial Service for a period of not less than 1 year or more than 2 years to supplement the Commercial Service.

"(B) Any individual detailed to the United States and Foreign Commercial Service under this subsection shall be responsible for such duties as the Secretary may prescribe in order to carry out the purposes set forth in paragraphs (1) through (4) of subsection (a).

"(C) Individuals detailed to the United States and Foreign Commercial Service under this subsection shall not be considered to be employees of the United States for the purposes of any law administered by the Office of Personnel Management, except that the Secretary of State may determine the applicability to such individuals of section 2(f) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2669(f)) and of any other law administered by the Secretary of State concerning the detail of such individuals abroad.

"(2) In order to qualify for the program established under this subsection, individuals shall have demonstrated expertise in the international business arena in at least 2 of the following areas: marketing, market research, and computer data bases.

"(3)(A) The cooperator who details an individual to the United States and Foreign Commercial Service under this subsection shall be responsible for that individual's salary and related expenses, including health care, life insurance, and other noncash benefits, if any, normally paid by such cooperator.

"(B) The Secretary of Commerce shall pay transportation and housing costs for each individual participating in the program established under this subsection.

"(d) Budget Act.—Contracts may be entered into under this section in a fiscal year only to such extent or in such amounts as are provided in appropriations Acts.

"SEC. 203. TRADE SHOWS.

"(a) Authority of the Secretary of Commerce.—In order to facilitate exporting by United States businesses, the Secretary of Commerce shall provide assistance for trade shows in the United States which bring together representatives of United States businesses seeking to export goods or services produced in the United States and representatives of foreign companies or governments seeking to buy such goods or services from these United States businesses.

"(b) Recipients of Assistance.—Assistance under subsection (a) may be provided to—

"(1) nonprofit industry organizations,

"(2) trade associations,

"(3) foreign trade zones, and

"(4) private industry firms or groups of firms in cases where no entity described in paragraph (1), (2), or (3) represents that industry,

to provide the services necessary to operate trade shows described in subsection (a).

"(c) Assistance to Small Businesses.—In providing assistance under this section, the Secretary of Commerce shall, in consultation with the Administrator of the Small Business Administration, make special efforts to facilitate participation by small businesses and companies new to export.

"(d) Uses of Assistance.—Funds appropriated to carry out this section shall be used to—

"(1) identify potential participants for trade show organizers,

"(2) provide information on trade shows to potential participants,

"(3) supply language services for participants, and

"(4) provide information on trade shows to small businesses and companies new to export.

"(e) Definitions.—As used in this section—

"(1) the term 'United States business' means—

"(A) a United States citizen;

"(B) a corporation, partnership, or other association created under the laws of the United States or of any State (including the District of Columbia or any commonwealth, territory, or possession of the United States); or

"(C) a foreign corporation, partnership, or other association, more than 95 percent of which is owned by persons described in subparagraphs (A) and (B); and

"(2) the term 'small business' means any small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632).".

(b) Definition of Export Promotion Program.—Section 201(d) of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051(d)) is amended—

(1) in paragraph (3) by striking "and";

(2) in paragraph (4) by striking the period and inserting a semicolon; and

(3) by adding at the end the following:

"(5) the Market Development Cooperator Program established under section 202; and

"(6) the assistance for trade shows which is authorized by section 203.".

(c) Authorization of Appropriations.—Section 204 of the Export Administration Amendments Act of 1985 (as redesignated by subsection (a)(1) of this section) is amended to read as follows:

"SEC. 204. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to the Department of Commerce to carry out export promotion programs—

"(1) $123,922,000 for the fiscal year 1987; and

"(2) $129,922,000 for the fiscal year 1988, of which $6,000,000 shall be available only for the Market Development Cooperator Program established under section 202 and for the assistance for trade shows which is authorized by section 203.".

SEC. 315. ESTABLISHMENT OF UNITED STATES AND FOREIGN COMMERCIAL SERVICE PACIFIC RIM INITIATIVE.

(a) Establishment of Pilot Program.—The Secretary of Commerce shall establish a pilot program in the United States and Foreign Commercial Service to encourage the export of United States goods and services to Japan, South Korea, and Taiwan. Such program shall provide that, in addition to any other duty, the United States and Foreign Commercial Service shall—

(1) identify United States goods and services which are not being exported to the markets of Japan, South Korea, and Taiwan but which could be exported to these markets under competitive market conditions;

(2) identify and notify United States persons who sell or provide such goods or services of potential opportunities identified under paragraph (1);

(3) present a list of the goods and services identified under paragraph (1), together with a list of any impediments to the export of such goods and services, to authorities in Japan, South Korea, and Taiwan, as appropriate, with a view toward liberalizing markets to such goods and services;

(4) develop semiannual goals for the number of goods and services to be identified under paragraph (1);

(5) facilitate the entrance of United States persons identified and notified under paragraph (2) into such markets; and

(6) monitor and evaluate the results of efforts to increase the sale of goods and services in such markets.

(b) Reports to Congress.—The Secretary of Commerce shall submit to the Congress semiannual reports on the progress of the program established under subsection (a). Such reports shall include—

(1) the goods and services proposed for liberalization;

(2) the results of any liberalization toward United States goods and services; and

(3) to the extent practicable, the increase in United States commercial sales in the markets identified under subsection (a)(1).

(c) Definition.—As used in this section, the term "United States person" means—

(1) a United States citizen; or

(2) a corporation, partnership, or other association created under the laws of the United States or of any State (including the District of Columbia or any commonwealth, territory, or possession of the United States).

SEC. 316. COMMERCIAL PERSONNEL AT THE AMERICAN INSTITUTE OF TAIWAN.

Section 6 of the Taiwan Relations Act (22 U.S.C. 3305) is amended by adding at the end the following:

"(d) The Institute shall employ personnel to perform duties similar to that performed by personnel of the United States and Foreign Commercial Service. The number of individuals employed under this subsection shall be commensurate with the number of United States personnel of the Commercial Service who are permanently assigned to the United States diplomatic mission to South Korea.".

SEC. 317. PRINTING AT OVERSEAS LOCATIONS.

(a) Exception to Printing by Government Printing Office.—Section 501 of title 44, United States Code, is amended by striking "All" and inserting "Except as otherwise expressly provided by law, all".

(b) Printing In Conjunction With Export Promotion Programs.—Section 201 of the Export Administration Amendments Act of 1985 (15 U.S.C. 4051) is amended by adding at the end the following:

"(e) Printing Outside the United States.—(1) In carrying out any export promotion program, and consistent with other applicable law, the Secretary of Commerce may authorize—

"(A) the printing, distribution, and sale of documents outside the contiguous United States, if the Secretary finds that the implementation of such export promotion program would be more efficient; and

"(B) the acceptance of private notices and advertisements in connection with the printing and distribution of such documents.

"(2) Any fees received by the Secretary pursuant to paragraph (1) shall be deposited in a separate account or accounts which may be used to defray directly the costs incurred in conducting activities authorized by paragraph (1) or to repay or make advances to appropriations or other funds available for such activities.".

SEC. 318. AGRICULTURAL TRADE POLICY.

(a) Statement of Policy.—It is the policy of the United States—

(1) to provide, through all possible means, agricultural commodities and the products thereof for export at competitive prices, with full assurance of quality and reliability of supply;

(2) to support the principle of free trade and the promotion of fair trade in agricultural commodities and the products thereof;

(3) to support fully the negotiating objectives set forth in section 111(b) of this Act to eliminate or reduce substantially constraints to fair and open trade in agricultural commodities and the products thereof;

(4) to utilize fully statutory authority to counter aggressively unfair foreign trade practices and to use all other available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and the products thereof, in order to encourage fair and more open trade; and

(5) to provide for increased representation of United States agricultural trade interests in the formulation of national fiscal and monetary policy affecting trade.

(b) Local Currencies Under P.L. 480.—

(1) Wood and wood products.—Section 104(b)(1) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b)(1)) is amended in the first sentence by inserting "(including wood and wood products of the United States)" after "agricultural commodities".

(2) Construction of housing and shelter.—Section 108(i) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1708(i)) is amended—

(A) in paragraph (1) by striking "and";

(B) in paragraph (2) by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(3) the terms 'private sector development activity' and 'private enterprise investment' include the construction of low- and medium-income housing and shelter."

(3) Nonemergency programs under title II of P.L. 480.—The first sentence of section 206 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726) is amended by inserting after "extraordinary relief requirements," the following: "or for nonemergency programs conducted by nonprofit voluntary agencies or cooperatives,".

(4) Uses of foreign currencies under title II.—Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(A) in subsection (a), by inserting "or cooperative" after "agency";

(B) in subsection (b), by striking out "5 percent" and inserting in lieu thereof "10 percent"; and

(C) by adding at the end the following:

"(c) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit voluntary agency or cooperative may be used to—

"(1) transport, store, or distribute agricultural commodities, to ensure that such commodities reach their final users in usable condition or otherwise enhance the effectiveness of the use of commodities donated under this title; and

"(2) implement income generation, community development, health, nutrition, cooperative development, or agricultural programs, or other developmental activities.".

(c) Short and Intermediate Export Credit.—

(1) Short-term credit.—Section 1125(b) of the Food Security Act of 1985 (7 U.S.C. 1736t(b)) is amended by inserting ", including wood and processed wood products" after "agricultural commodities and the products thereof".

(2) Intermediate export credit.—Section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) is amended in the second sentence by inserting before the period the following: ", except that, for purposes of this sentence, the term 'agricultural commodities' includes wood and processed wood products".

(d) Market Development Activities.—In order to improve the market development activities of the United States Department of Agriculture, the following shall apply:

(1) In order to provide enhanced trade policy and international economic information, the Secretary of Agriculture is authorized to expand the number of agricultural counselors, attaches, assistant attaches, and other diplomatic representatives of the Department of Agriculture overseas. The Secretary of Agriculture shall, to the maximum extent possible, assign agricultural marketing specialists or agricultural trade officers in overseas posts that offer short- or long-term market potential for United States agricultural commodities or products thereof and that are not served by an Agricultural Trade Office, agricultural trade officer, or agricultural marketing specialist.

(2) The Secretary of Agriculture shall assist departments of agriculture of the States in supporting the export efforts of private companies. Such assistance shall include the stationing of marketing specialists in States or regions as a part of the normal rotation of these specialists between Washington, D.C. and overseas locations.

(e) Rank of Foreign Agricultural Service Officers in Foreign Missions.—Notwithstanding any other provision of law, the Secretary of State shall, upon the request of the Secretary of Agriculture, accord the diplomatic title of Minister-Counselor to the senior Foreign Agricultural Service Officer assigned to any United States mission abroad. The number of Foreign Agricultural Service officers accorded such diplomatic title at any time may not exceed eight.

SEC. 319. JOINT DEVELOPMENT ASSISTANCE AGREEMENTS WITH CERTAIN TRADING PARTNERS.

(a) DEVELOPMENT OF PLAN.—With respect to any country that has a substantial positive trade balance with the United States, the Secretary of Agriculture, in consultation with the Secretary of State and (through the Secretary of State) representatives of the other country, may develop an appropriate plan (taking into consideration the agricultural economy of such country, the nature and extent of such country's programs to assist developing countries, and other relevant factors) under which that country would purchase United States agricultural commodities or products for use in development activities in developing countries. The Secretary of Agriculture shall submit each such plan to the President as soon as it is completed.

(b) AGREEMENT.—The President may enter into an agreement with any country that has a positive trade balance with the United States under which that country would purchase United States agricultural commodities or products for use in agreed-on development activities in developing countries.

SEC. 320. FOOD AID AND MARKET DEVELOPMENT.

(a) POLICY STATEMENT.—It is the policy of the United States to use food aid and agriculturally-related foreign economic assistance programs more effectively to develop markets for United States agricultural commodities and products.

(b) REQUIREMENTS.—The President (or, as appropriate, the Secretary of Agriculture) shall encourage the recipient country under food assistance agreements entered into under any program administered by the Secretary to agree to give preference to United States food and food products in its future food purchases.

SEC. 321. FINDINGS AND SENSE OF CONGRESS WITH RESPECT TO THE EUROPEAN COMMUNITY.

(a) FINDINGS.—The Congress finds that—

(1) the European Community has proposed to establish a tariff on the importation of vegetable and marine fats and oils; and

(2) the imposition of such a tariff would have a negative impact on United States exports of oil seeds and products and would be inconsistent with the European Community's obligations under the General Agreement on Tariffs and Trade.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) the President should firmly oppose actions by the European Community to establish a tariff on the importation of vegetable and marine fats and oils; and

(2) the President should take strong and immediate countermeasures should such a tariff be implemented.

SEC. 322. EXPORT-IMPORT BANK.

(a) FINDINGS.—The Congress makes the following findings:

(1) The actual level of support provided by the Export-Import Bank to United States exporters has decreased significantly since 1980, including a reduction from $5,400,000,000 in direct loans in fiscal year 1981 to $577,400,000 in direct loans in fiscal year 1986.

(2) The value of nonagricultural United States exports supported by the Export-Import Bank, in relation to all such exports, has also declined consistently during the last 5 years, from approximately 13 percent in 1980 to approximately 5 percent in 1986.

(3) The level of official financing provided by the governments of other industrialized countries to their exporters is typically from 25 to 40 percent of the nonagricultural exports from those countries.

(4) The programs of the Export-Import Bank, especially the direct loan program, enable United States exporters to compete in world markets on the basis of quality, price, and service, and are often crucial to the success of export endeavors. Export-Import Bank programs are particularly important for high technology products and large scale projects that are very capital intensive or that require longer terms.

(b) STATEMENT OF POLICY.—It is the sense of the Congress that the availability of adequate and flexible financing provided by the United States Government for United States exports contributes to the maintenance and expansion of United States exports and at the same time can serve to reverse the trend toward overseas production.

SEC. 323. COUNTRY REPORTS ON ECONOMIC POLICY AND TRADE PRACTICES.

The Secretary of State shall, not later than January 31 of each year, prepare and transmit to the Committee on Foreign Affairs and the Committee on Ways and Means of the House of Representatives, to the Committee on Foreign Relations and the Committee on Finance of the Senate, and to other appropriate committees of the Congress, a detailed report regarding the economic policy and trade practices of each country with which the United States has an economic or trade relationship. The Secretary may direct the appropriate officers of the Department of State who are serving overseas, in consultation with appropriate officers or employees of other departments and agencies of the United States, including the Department of Agriculture and the Department of Commerce, to coordinate the preparation of such information in a country as is necessary to prepare the report under this section. The report shall identify and describe, with respect to each country—

(1) the macroeconomic policies of the country and their impact on the overall growth in demand for United States exports;

(2) the impact of macroeconomic and other policies on the exchange rate of the country and the resulting impact on price competitiveness of United States exports;

(3) any change in structural policies (including tax incentives, regulations governing financial institutions, production standards, and patterns of industrial ownership) that may affect the country's growth rate and its demand for United States exports;

(4) the management of the country's external debt and its implications for trade with the United States;

(5) acts, policies, and practices that constitute significant barriers to United States exports or foreign direct investment in that country by United States persons, as identified under section 181(a)(1) of the Trade Act of 1974 (19 U.S.C. 2241(a)(1));

(6) acts, policies, and practices that provide direct or indirect government support for exports from that country, including exports by small businesses;

(7) the extent to which the country's laws and enforcement of those laws afford adequate protection to United States intellectual property, including patents, trademarks, copyrights, and mask works; and

(8) the country's laws and enforcement of those laws with respect to internationally recognized worker rights (as defined in section 502(a)(4) of the Trade Act of 1974), the conditions of worker rights in any sector which produces goods and in which United States capital is invested, the extent of such investment, and the extent to which the goods produced under these conditions are imported into the United States.

SEC. 324. EXPORT PROMOTION DATA SYSTEM.

(a) FINDINGS.—The Congress finds that—

(1) accurate, timely, and properly organized data and other information are essential for the promotion of international trade;

(2) the Federal Government is an appropriate institution for reporting needed data and other information it collects in its promotion of international trade;

(3) States have greatly expanded their programs to promote international trade and have become an integral part of the trade expansion effort of the United States; and

(4) as part of the Federal-State partnership, the Federal Government and State governments should share with each other and the private sector, in an open and timely manner, data and other information they collect relating to international trade.

(b) EXPORT PROMOTION DATA SYSTEM.—

(1) DEFINITIONS.—For purposes of this subsection—

(A) the term "Secretary" means the Secretary of Commerce;

(B) the term "Department" means the Department of Commerce; and

(C) the term "System" means the export promotion data system developed under paragraph (2).

(2) PURPOSES OF THE SYSTEM.—The Secretary shall develop and maintain an export promotion data system which—

(A) includes information on those foreign industrial sectors and markets which are perceived to be of the greatest interest to United States exporters, including private export associations and groups, and to State agencies that promote exports;

(B) includes such information as is collected through—

(i) the trade promotion and facilitation activities of the International Trade Administration of the Department; and

(ii) the activities of other Federal Government agencies, State agencies, and private entities;

(C) organizes information into the form which is most useful to United States exporters, including private export associations and groups, and to State agencies that promote exports;

(D) provides for the confidentiality of proprietary business information; and

(E) consistent with other provisions of law, disseminates, upon request and for a reasonable fee, information in the System in a timely manner to United States exporters, including private export associations and groups, and to State agencies that promote exports.

(3) COOPERATION WITH OTHER FEDERAL AGENCIES.—The Secretary shall determine which Federal Government agencies described in paragraph (2)(C)(ii) generate information which should be included in the System. The President shall direct those agencies to provide the System with access to such information. These agencies shall, in the case of information stored electronically, provide the System with the necessary interfacing between their respective data processing systems.

(4) DESIGN OF THE SYSTEM.—The System shall be designed to use the most effective means to monitor, organize, and disseminate in a timely manner, information on—

(A) United States exports of goods and services by State of origin, port of departure, and importing country;

(B) United States imports of goods and services by country of origin;

(C) specific business opportunities and contacts in foreign countries;

(D) characteristics of specific industrial sectors within foreign countries with high export potential, such as—

(i) size of the market;

(ii) distribution of products;

(iii) competition;

(iv) significant applicable laws, regulations, specifications, and standards;

(v) appropriate government officials; and

(vi) trade associations and other contact points; and

(E) foreign countries generally, such as—

(i) general economic conditions;

(ii) common business practices;

(iii) significant tariff and trade barriers; and

(iv) other significant laws and regulations regarding imports and licensing.

(5) Delivery.—(A) The Secretary shall devise a procedure for disseminating the information in the System that—

(i) provides useful information to the maximum number of users;

(ii) allows the System to recover a reasonable portion of its operating costs; and

(iii) minimizes competition between the Department and private sector information dissemination services.

(B) In establishing the procedure under subparagraph (A), the Secretary shall consider methods of disseminating information in the System which include—

(i) providing direct or indirect on-line access to all or part of the System's data banks; and

(ii) contracting with private sector information dissemination services to provide online access to all or part of the information in the System.

(C) The Secretary may establish a schedule of fees for users or distributors of the information in the System. Such fees shall be consistent with fees charged for similar services in the private sector.

(D) Within 180 days after the date of the enactment of this Act, the Secretary shall submit to the Congress a plan for the delivery procedure required by subparagraph (A).

(6) Exclusions from the system.—The System shall not include any information—

(A) which is collected in connection with any investigation; or

(B) the disclosure of which is prohibited by any provision of law.

(7) Consultations.—The Secretary shall consult with representatives of the private sector, including export associations and groups, and with State agencies that promote exports, regarding the ongoing development of the System.

(8) Implementation.—The Secretary shall, upon the submission under paragraph (5)(D) of the plan for the delivery procedure required by paragraph (5)(A), begin operation of the portions of the System described in paragraph (2)(B)(i). Within 1 year after the date of the enactment of this Act, the Secretary shall begin operation of the portion of the System described in paragraph (2)(B)(ii).

(9) Reports to congress.—The Secretary shall report to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, within 1 year after the date of the enactment of this Act, on the implementation of this section. Such report shall include comments on the implementation of the System which are provided by the private sector, including export associations and groups, and by State agencies that promote exports.

SEC. 325. PRESHIPMENT INSPECTION REGULATION PROGRAM.

(a) Findings.—The Congress finds that—

(1) preshipment inspection of goods can help facilitate trade by expediting customs clearance in the country of destination;

(2) there have been substantial complaints with respect to preshipment inspection, specifically regarding delays in shipment, increases in the cost of export transactions, price inspection, and request for confidential business information;

(3) preshipment inspection authority is currently unregulated and, if abused, can constitute an unreasonable restraint on trade;

(4) preshipment inspections of the financial terms of export transactions should not be employed in such a manner as to impose inappropriate controls on international prices;

(5) preshipment inspection requirements as imposed by importing countries should not be applied in such a manner as to discriminate against and burden or restrain United States trade;

(6) capital flight from developing countries is a significant contributor to their external debt burden, which is posing a serious threat to their economic stability and preventing a return to economic growth and development;

(7) preshipment inspection can facilitate trade by minimizing opportunities for capital flight, fraud, tax evasion, and inappropriate price discrimination by preventing fraudulent and abusive overinvoicing and underinvoicing; and

(8) the interests of all parties concerned would be enhanced by competition among preshipment companies.

(b) Purpose.—It is the purpose of this section to establish a regulatory program to ensure that preshipment inspection companies fulfill a useful role in facilitating trade, and to prevent activities which are inconsistent with the operation of free and open markets within the United States.

(c) Policy.—It shall be the policy of the United States to ensure that preshipment inspection requirements are a useful means of facilitating trade, and are not used as an instrument to restrict international commerce and business.

(d) Definitions.—For purposes of this section—

(1) the term "preshipment inspection activity" means any activity which is carried out in the United States on behalf of a governmental entity of a foreign country and which involves, as a governmentally imposed condition on the importing of goods into that foreign country or of receipt of payment for those goods from that foreign country—

(A) a physical inspection of those goods before the goods leave the United States;

(B) an inspection of the export value of the goods, including the financial terms of the export transaction; or

(C) any inspections of those goods which are normally carried out by the customs officials of the importing country;

(2) the term "inspection company" means any person that conducts preshipment inspection activities for compensation; and

(3) the term "Secretary" means the Secretary of Commerce.

(e) Certification of Preshipment Inspection Companies.—(1) A person may carry out preshipment inspection activities only if—

(A) the person is an inspection company holding a valid certification issued by the Secretary under this section; and

(B) the preshipment inspection activities are permitted under subsection (f).

(2) An inspection company may apply to the Secretary for a certification under this section. Such application shall be in such form and contain such information as the Secretary may specify by regulation.

(3) The Secretary shall issue or deny certification within 90 days after receipt of each application by an inspection company under paragraph (2), and such certification, if granted, shall be valid for such period of time as the Secretary shall specify.

(4) The Secretary shall establish the appropriate criteria for issuing a certification under this section.

(5) Each application for certification by an inspection company shall contain the following information, which shall be made available for public inspection at the Department of Commerce:

(A) The name of the inspection company, the names of its officers, owners, and affiliates, and the addresses of the company headquarters and all of its offices in the United States.

(B) A description of any other businesses of the company and its affiliates, other than preshipment inspection activities.

(C) The purpose of the company's proposed activities.

(D) The foreign governmental entities for which the company is to act as an agent.

(E) The activities which the company will undertake on behalf of any such foreign governmental entity.

(F) A description of controls the company intends to implement in order to ensure the protection of proprietary information.

(G) Copies of each statute, decree, or other regulation under the authority of which the company is conducting its activities within the United States.

(H) Any other information which the Secretary determines would be useful in monitoring the activities of the inspection company.

(6) Any inspection company to which a certification is issued under this section shall thereafter provide to the Secretary any additional information necessary to ensure the accuracy of the information submitted under paragraph (5).

(f) Allowable Preshipment Inspection Activities.—An inspection company issued a certification under this section may conduct the following preshipment inspection activities:

(1) Classification and valuation for customs purposes.

(2) Inspections for quantity and quality of goods.

(3) Inspection for health, safety, technical, and other standards as determined by the Secretary.

(4) Inspection of the value and financial terms of an export transaction for purposes of preventing customs fraud, capital flight, tax evasions, and unreasonable price discrimination.

(5) Other activities as determined by the Secretary.

(g) Activities Not Permitted.—An inspection company issued a certification under this section may not do the following:

(1) Engage in preshipment activities that would be discriminatory against and burden-

some on, or restrictive of, United States commerce.

(2) Provide to importing countries price information supplied by exporters on specific export transactions, other than information that is required or customarily provided for letters of credit or other forms of payment, or for customs, import licensing, or foreign exchange control purposes. Prices for goods exported from the United States may not be compared to prices for goods exported from other countries of supply except for internationally quoted commodities.

(3) Perform quantity and quality inspections in a manner that is more extensive or intrusive than inspections performed in accordance with customary international inspection standards.

(4) Carry out any activity which the Secretary determines to be inconsistent with the purposes of this section and which the Secretary determines would place an unreasonable burden on United States exporters.

(h) REGULATIONS.—(1) The Secretary shall prescribe such regulations as are necessary to carry out this section. Such regulations shall provide that—

(A) the preshipment activities of inspection companies shall not unreasonably interfere with the conduct of international business;

(B) preshipment inspection activities shall be conducted, and appropriate documentation shall be issued, in a timely and convenient manner so as to avoid any substantial delays to United States exporters;

(C) United States exporters subject to preshipment inspection activities as a condition of exporting goods shall be furnished with all information and instructions necessary to ensure compliance with the laws of the importing country that are administered by the inspection company, including a statement of the exporter's rights and of prohibited practices; and

(D) in the event that an inspection company decides that goods subject to preshipment inspection activities are not in compliance with the laws of the importing country, the inspection company shall provide a written explanation of the basis for noncompliance, and shall arrange with the United States exporter involved for a timely reinspection in order to ensure minimal delays to the exporter.

(2) Regulations under this subsection shall be issued and take effect not later than 6 months after the date of the enactment of this Act.

(i) CIVIL PENALTIES.—(1) The Secretary (and officers and employees of the Department of Commerce specifically designated by the Secretary) may impose a civil penalty of not more than $10,000 for each knowing violation of this section or any regulation or order issued under this section.

(2) The Secretary may suspend or revoke the certification of an inspection company that engages in a course of conduct in persistent violation of this section or any regulation or order issued under this section.

(3) Any sanction imposed under this subsection may be imposed only after notice and an opportunity for an agency hearing on the record in accordance with sections 554 through 557 of title 5, United States Code.

(4) The Secretary may by regulation provide standards for establishing levels of civil penalty provided in this subsection based upon the seriousness of the violation.

(j) APPEALS.—(1) The Secretary shall establish appropriate procedures for any United States exporter to appeal to the Secretary any determination by an inspection company that would prevent a United States exporter from making a shipment or receiving payment for a shipment, or to file a complaint concerning the conduct of an inspection company. Such procedures shall provide an opportunity for both the inspection company and the exporter to present views, and shall protect the confidentiality of all parties.

(2) When appropriate in connection with an appeal under paragraph (1), the Secretary shall attempt to resolve the differences between the exporter and the inspection company involved.

(k) MULTILATERAL AND BILATERAL CONSULTATIONS.—(1) The President shall instruct the United States representatives to all relevant multilateral international economic fora, to promote the United States policy on preshipment inspection activities, as set forth in this section.

(2) The President shall promote the United States policy on preshipment inspection activities where appropriate in any bilateral consultation with a United States trading partner.

SEC. 326. REPORT ON EXPORT TRADING COMPANIES.

The Export Trading Company Act of 1982 (15 U.S.C. 4001 et seq.) is amended by inserting after section 104 the following new section:

"SEC. 105. REPORT ON EXPORT TRADING COMPANIES.

"Not later than one year after the date of the enactment of this section and annually thereafter, the Secretary of Commerce shall submit a report to the Congress on the activities of the Department of Commerce to promote and encourage the formation of export trade associations and export trading companies. The report shall include a survey of the activities of export management companies and export trade associations, as well as an analysis of the operating experiences of those export trading companies established pursuant to this Act. The report shall not contain any information subject to the protections from disclosure provided in this Act.".

Subtitle B—Export Controls

SEC. 331. OIL EXPORTS.

(a) TO NONCONTIGUOUS COUNTRIES.—Section 7(d)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2406(d)(1)) (hereafter in this subtitle referred to as "the Act") is amended to read as follows: "(1) No domestically produced crude oil may be exported from the United States, subject to paragraph (2) of this subsection. The prohibition contained in the preceding sentence shall not apply to—

"(A) crude oil which is exported to an adjacent foreign country to be refined and consumed in that country; except that, in the case of any such export to an adjacent foreign country of any domestically produced crude oil transported by pipeline over rights-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1652), such export must be made in exchange for the same quantity of crude oil being exported from that country to the United States, and such exchange must result through convenience or increased efficiency of transportation in lower prices for consumers of petroleum products in the United States, or

"(B) crude oil which is temporarily exported for convenience or increased efficiency of transportation across parts of an adjacent foreign country and reenters the United States.".

(b) EXPORTS OF PRODUCTS OF EXPORT REFINERIES.—Section 7(d) of the Act (50 U.S.C. App. 2406(d)) is amended by adding at the end the following:

"(5)(A) The provisions of paragraphs (1) through (4) of this subsection shall apply to the export of any refined petroleum product, or partially refined petroleum product, which is produced by an export refinery to the same extent as the provisions of paragraphs (1) through (4) of this subsection apply to the export of domestically produced crude oil.

"(B) For purposes of this paragraph—

"(i) the term 'refined petroleum product' means gasoline, kerosene, distillates, propane or butane gas, diesel fuel, and residual fuel oil;

"(ii) the term 'partially refined petroleum product' means a mixture of hydrocarbons which existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities, and which has been processed through a crude oil distillation tower, including topped crude oil and other unfinished oils, but excluding any refined petroleum product; and

"(iii) the term 'export refinery' means, with respect to a proposed export, any crude oil refinery within the continental United States or Alaska which, were it to make the proposed export, would have exported more than 33 percent of all refined petroleum products and partially refined petroleum products produced by that refinery—

"(I) during the 1-year period ending on the day of such proposed export, in the case of a refinery that has been in commercial operation for 1 year or more, or

"(II) during the period in which it has been in commercial operation, in the case of a refinery that has been in commercial operation for less than 1 year.

"(C) Within 180 days after the date of the enactment of this paragraph, the Secretary shall issue such regulations as may be necessary to carry out this paragraph.".

(c) TECHNICAL AMENDMENT.—Section 28 of the Outer Continental Shelf Lands Act (43 U.S.C. 1354) is amended by striking "1969" each place it appears and inserting "1979".

SEC. 332. NATIONAL SECURITY CONTROLS.

(a) MULTIPLE LICENSE AUTHORITY.—Section 4(a)(2) of the Act (50 U.S.C. App. 2403(a)(2)) is amended—

(1) in subparagraph (A) by striking the period at the end of the first sentence and inserting ", except that the Secretary may establish a type of distribution license appropriate for consignees in the People's Republic of China."; and

(2) in subparagraph (B) in the first sentence by inserting "(except the People's Republic of China)" after "controlled countries".

(b) DOMESTIC SALES TO COMMERCIAL ENTITIES OF CONTROLLED COUNTRIES.—Section 5(a)(1) of the Act (50 U.S.C. App. 2404(a)(1)) is amended by inserting after the second sentence the following: "For purposes of the preceding sentence, the term 'affiliates' includes both governmental entities and commercial entities that are controlled in fact by controlled countries.".

(c) AUTHORITY FOR REEXPORTS.—Section 5(a) of the Act (50 U.S.C. App. 2404(a)) is amended by adding at the end the following:

"(4) No authority or permission to reexport any goods or technology subject to the jurisdiction of the United States may be required under this section—

"(A) to any country which maintains export controls on such goods or technology cooperatively with the United States pursuant to the agreement of the group known as the Coordinating Committee or pursuant to an agreement described in subsection (k) of this section, except that the Secretary may require authority or permission to reexport—

"(i) such goods or technology to such end users as the Secretary may specify by regulation, and

"(ii) such specific extraordinarily sophisticated goods or technology as the Secretary may specify by regulation, or

"(B) from any country when the goods or technology to be reexported are incorporated in other goods and do not constitute more than 25 percent of the value of the goods in which they are incorporated.".

(d) Exports to Countries Other Than Controlled Countries.—(1) Section 5(b) of the Act (50 U.S.C. App. 2404(b)) is amended by striking paragraph (2) and inserting the following:

"(2) No authority or permission to export may be required under this section for the export to any country other than a controlled country of any goods or technology which, if exported to the People's Republic of China on March 1, 1987, would require only notification of the participating governments of the group known as the Coordinating Committee, except that the Secretary may require authority or permission to export goods or technology described in this paragraph—

"(A) to such end users as the Secretary may specify by regulation; or

"(B) to any country which poses significant risks of diversion, as specified by the Secretary.

"(3)(A) Except as provided in subparagraph (B), no authority or permission to export may be required under this section for the export of goods or technology to a country which maintains export controls on such goods or technology cooperatively with the United States pursuant to the agreement of the group known as the Coordinating Committee or pursuant to an agreement described in subsection (k) of this section.

"(B)(i) The Secretary may require authority or permission to export to a country referred to in subparagraph (A) such specific extraordinarily sophisticated goods or technology as the Secretary may specify by regulation.

"(ii) The Secretary may require authority or permission to export goods or technology, which are otherwise eligible for export under subparagraph (A), to such end users as the Secretary may specify by regulation.

"(iii) The Secretary may require authority or permission to export goods or technology to a country referred to in subparagraph (A) if the Secretary, in consultation with the Secretary of State, determines that such country is engaging in a pattern and practice of noncompliance with the Coordinating Committee agreement or other applicable agreement.

"(4) The Secretary may require any person exporting any goods or technology under the provisions of paragraph (2) or (3) to notify the Department of Commerce of those exports.".

(2) The amendment made by paragraph (1) shall take effect 6 months after the date of the enactment of this Act.

(e) List Reviews; Regulations.—

(1) Control list.—(A) Section 5(c)(2) of the Act (50 U.S.C. App. 2404(c)(2)) is amended by striking the last sentence and inserting the following: "If the Secretary and the Secretary of Defense are unable to concur on such items, as determined by the Secretary, the Secretary of Defense may refer the matter to the President for resolution within 20 days after the Secretary's determination. The Secretary of Defense shall notify the Secretary of any such referral. The President shall notify the Secretary of his determination with respect to the inclusion of such items on the list not later than 20 days after such referral. Failure of the Secretary of Defense to notify the President or the Secretary, or failure of the President to notify the Secretary, in accordance with this paragraph, shall be deemed by the Secretary to constitute concurrence in the implementation of the actions proposed by the Secretary regarding the inclusion of such items on the list.".

(B) Section 5(c)(3) of the Act is amended to read as follows:

"(3) The Secretary shall conduct partial reviews of the list established pursuant to this subsection at least once each calendar quarter in order to carry out the policy set forth in section 3(2)(A) of this Act and the provisions of this section, and shall promptly make such revisions of the list as may be necessary after each such review. Before beginning each quarterly review, the Secretary shall publish notice of that review in the Federal Register. The Secretary shall provide a 30-day period during each review for comment and the submission of data, with or without oral presentation, by interested Government agencies and other affected or potentially affected parties. After consultation with appropriate Government agencies, the Secretary shall make a determination of any revisions in the list within 30 days after the end of the review period. The concurrence or approval of any other department or agency is not required before any such revision is made. The Secretary shall publish in the Federal Register any revisions in the list, with an explanation of the reasons for the revisions. The Secretary shall further assess, as part of each review, the availability from sources outside the United States of goods and technology comparable to those subject to export controls imposed under this section. All goods and technology on the list shall be reviewed at least once each year. The provisions of this paragraph apply to revisions of the list which consist of removing items from the list or making changes in categories of, or other specifications in, items on the list.".

(2) List of militarily critical technologies.—Section 5(d)(5) of the Act (50 U.S.C. App. 2404(d)(5)) is amended in the first sentence by striking "at least annually" and inserting "on an ongoing basis".

(3) Technical advisory committees.—(A) Section 5(c) of the Act is amended by adding at the end the following:

"(4) The appropriate technical advisory committee appointed under subsection (h) of this section shall be consulted by the Secretary with respect to changes, pursuant to paragraph (2) or (3), in the list established pursuant to this subsection, and such technical advisory committee may submit recommendations to the Secretary with respect to such changes. If such recommendations are submitted, such technical advisory committee shall be formally represented in that portion of the process involved in making such changes which relates to its recommendations. The Secretary shall consider the recommendations of the technical advisory committee and shall report to the committee the disposition of its recommendations and the reasons why they were accepted, modified, or rejected.".

(B) Section 5(h)(2) of the Act is amended—

(i) by redesignating clause (E) as clause (F); and

(ii) by striking clause (D) and inserting the following: "(D) revisions of the control list, including proposed revisions of multilateral controls in which the United States participates, (E) the issuance of regulations, and".

(C) Section 15(b) of the Act (50 U.S.C. App. 2414(b)) is amended in the third sentence—

(i) by striking "and such other" and inserting "such other"; and

(ii) by inserting after "appropriate" the following: ", and the appropriate technical advisory committee".

(f) Control List Reduction.—

(1) Reductions by the secretary.—Section 5(c) of the Act (50 U.S.C. App. 2404(c)) (as amended by subsection (e) of this section) is further amended by adding at the end the following:

"(5)(A) The Secretary, in consultation with the Secretary of Defense, shall, on the basis of subsections (f), (g), and (m) of this section, identify those goods and technology subject to export controls under this section which are no longer significant to the military potential of any controlled country. On the basis of the goods and technology so identified, the Secretary should seek, to the maximum extent feasible, to reduce by approximately 40 percent (taking into account those goods and technology described in subparagraph (B)), within 3 years after the date of the enactment of this paragraph, the number of all goods and technology subject to export controls under this section as of such date of enactment.

"(B) Not later than 6 months after the date of the enactment of this paragraph, the following shall no longer be subject to export controls under this section:

"(i) All goods or technology which, if exported to controlled countries on March 1, 1987, would require only notification of the participating governments of the Coordinating Committee.

"(ii) All medical instruments and equipment, subject to the exception set forth in subsection (m) of this section.

In addition, those goods should no longer be subject to export controls under this section which are so widely available to the general public in retail outlets that the export controls on those goods are rendered ineffective in achieving their purpose.

"(C) The Secretary shall submit to the Congress annually a report setting forth the goods and technology from which export controls have been removed under this paragraph.".

(2) Elimination of unilateral controls.—Section 5(c) of the Act (as amended by paragraph (1) of this subsection) is further amended by adding at the end the following:

"(6)(A) Notwithstanding subsection (f) or (h)(6) of this section, any export control imposed under this section which is maintained unilaterally by the United States shall expire 6 months after the date of the enactment of this paragraph, or 6 months after the export control is imposed, whichever date is later, except for controls on those goods or technology—

"(i) for which a determination of the Secretary that there is no foreign availability has been made under subsection (f) or (h)(6) of this section and is in effect, or

"(ii) with respect to which the President is actively pursuing negotiations with other countries to achieve multilateral export controls on those goods or technology.

"(B) Export controls on goods or technology described in clause (i) or (ii) of subparagraph (A) may be renewed—

"(i) in the case of goods or technology described in clause (i) of subparagraph (A), for periods of not more than 6 months each, and

"(ii) in the case of goods or technology described in clause (ii) of subparagraph (A), for 1 period of not more than 6 months,

if, before each renewal, the President submits to the Congress a report setting forth all the controls being renewed and stating the specific reasons for such renewal.".

(g) Review of Goods and Technology Eligible for Distribution License.—Section 5(e)(4) of the Act (50 U.S.C. 2404(e)(4)) is amended—

(1) by inserting "(A)" after "(4)"; and

(2) by adding at the end the following:

"(B) In any case in which the Secretary receives a request which—

"(i) is to revise the qualification requirements or minimum thresholds with respect to the eligibility of goods for export or reexport under a distribution license, and

"(ii) is made by an exporter of such goods, representatives of an industry which produces such goods, or a technical advisory committee established under subsection (h) of this section,

the Secretary, after consulting with other appropriate Government agencies and technical advisory committees established under subsection (h) of this section, shall determine whether to make such revision, or some other appropriate revision, in such qualification requirements or minimum thresholds. In making this determination, the Secretary shall take into account the availability of the goods to countries to which exports are controlled under this section from sources outside the United States. The Secretary shall make a determination on a request made under this subparagraph within 90 days after the date on which the request is filed. If the Secretary's determination pursuant to such a request is to make a revision, such revision shall be implemented within 120 days after the date on which the request is filed and shall be published in the Federal Register.".

(h) Trade Shows.—Section 5(e) of the Act (50 U.S.C. App. 2404(e)) is amended by adding at the end the following:

"(6) Certain exports for trade shows.—Upon application, the Secretary shall issue a license for the export to the People's Republic of China of any good subject to export controls under this section, without regard to the technical specifications of the good, for the purpose of demonstration or exhibition at a trade show if—

"(A) the United States exporter retains title to and control of the good during the entire period in which the good is in the People's Republic of China; and

"(B) the exporter removes the good from the People's Republic of China no later than at the conclusion of the trade show.".

(i) Foreign Availability.—

(1) Foreign availability determinations.—Section 5(f)(3) of Act (50 U.S.C. App. 2404(f)(3)) is amended by inserting after the second sentence the following:

"In a case in which an allegation is received from an export license applicant, the Secretary shall, within 30 days after receipt of the allegation, publish notice of such receipt in the Federal Register. Within 120 days after receipt of the allegation, the Secretary shall determine whether the foreign availability exists, and shall so notify the applicant. If the Secretary has determined that the foreign availability exists, the Secretary shall, upon making such determination, submit the determination for review to other departments and agencies as the Secretary considers appropriate. The Secretary's determination of foreign availability does not require the concurrence or approval of any official, department, or agency to which such a determination is submitted. Within 60 days following such submission, the Secretary shall respond in writing to the applicant and publish in the Federal Register, that—

"(A) the foreign availability does exist and—

"(i) the requirement of a validated license has been removed,

"(ii) the President has determined that export controls under this section must be maintained notwithstanding the foreign availability and the applicable steps are being taken under paragraph (4), or

"(iii) the foreign availability determination has been submitted to a multilateral review process in accordance with the agreement of the Coordinating Committee for a period of not more than 120 days after the determination of foreign availability is made; or

"(B) the foreign availability does not exist.

In any case in which the publication is not made within the time period specified in the preceding sentence, the Secretary may not thereafter require a license for the export of the goods or technology with respect to which the foreign availability allegation was made and, except in the case of foreign availability described in subparagraph (A)(ii) or (B), in no case may a license for such export be required after the end of the 8-month period beginning on the date on which the allegation is received.".

(2) Availability in particular countries.—Section 5(f)(4) of the Act (50 U.S.C. 2404(f)(4)) is amended by adding at the end the following: "In any case in which an agreement is reached with a country pursuant to negotiations under this paragraph to eliminate or prevent foreign availability of goods or technology, then the Secretary may not, after such agreement is reached, require a validated license for the export of such goods or technology to that country.".

(3) Foreign availability to other than controlled countries.—Section 5(f) of the Act is amended—

(A) by striking paragraph (7);

(B) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively; and

(C) by inserting after paragraph (4) the following:

"(5)(A) The Secretary shall review, on a continuing basis, the availability to countries, other than controlled countries, from sources outside the United States, of any goods or technology the export of which requires a validated license under this section. In any case in which the Secretary finds that any such goods or technology from foreign sources are of similar quality and are available to a country other than a controlled country without effective restrictions, the Secretary shall designate such goods or technology as eligible for export to such country under this paragraph.

"(B) In the case of goods or technology designated under subparagraph (A), then 20 working days after the date of formal filing with the Secretary of an individual validated license application for the export of those goods or technology to an eligible country, a license for the transaction specified in the application shall become valid and effective and the goods or technology are authorized for export pursuant to such license unless the license has been denied by the Secretary on account of an inappropriate end user. The Secretary may extend the 20-day period provided in the preceding sentence for an additional period of 15 days if the Secretary requires additional time to consider the application and so notifies the applicant.

"(C) The Secretary may make a foreign availability determination under subparagraph (A) on the Secretary's own initiative, upon receipt of an allegation from an export license applicant that such availability exists, or upon the submission of a certification by a technical advisory committee of appropriate jurisdiction that such availability exists. Upon receipt of such an allegation or certification, the Secretary shall publish notice of such allegation or certification in the Federal Register and shall make the foreign availability determination within 30 days after such receipt and publish the determination in the Federal Register. In the case of the failure of the Secretary to make and publish such determination within that 30-day period, the goods or technology involved shall be deemed to be designated as eligible for export to the country or countries involved, for purposes of subparagraph (B).

"(D) The provisions of paragraphs (1), (2), (3), and (4) do not apply with respect to determinations of foreign availability under this paragraph.".

(4) Sharing of information on foreign availability.—Section 5(f)(7) of the Act (as redesignated by paragraph (3)(B) of this subsection) is amended to read as follows:

"(7) Each department or agency of the United States, including any intelligence agency, and all contractors with any such department or agency, shall, upon the request of the Secretary and consistent with the protection of intelligence sources and methods, furnish information to the Office of Foreign Availability concerning foreign availability of goods and technology subject to export controls under this Act. Each such department or agency shall allow the Office of Foreign Availability direct access to any laboratory or other facility within such department or agency for the purpose of collecting such information.".

(5) Goods or technology affected by determinations.—Section 5(f) of the Act (as amended by paragraph (3)(B) of this subsection) is amended by adding at the end the following:

"(8) In any case in which the Secretary may not, pursuant to paragraph (1), (3), or (4) of this subsection or paragraph (6) of subsection (h) of this section, require a validated license for the export of goods or technology, then the Secretary may not require a validated license for the export of any similar goods or technology whose function, technological approach, performance thresholds, and other attributes that form the basis for export controls under this section do not exceed the technical parameters of the goods or technology from which the validated license requirement is removed under the applicable paragraph.".

(6) TECHNICAL ADVISORY COMMITTEE DETERMINATIONS.—Section 5(h)(6) of the Act (50 U.S.C. App. 2404(h)(6)) is amended by adding at the end the following: "In any case in which an agreement is reached with a country pursuant to negotiations under this paragraph to eliminate foreign availability of goods or technology, then the Secretary may not, after such agreement is reached, require a validated license for the export of such goods or technology to that country.".

(7) TECHNICAL AMENDMENT.—Section 14(a)(8) of the Act (50 U.S.C. 2413(a)(8)) is amended by striking "5(f)(5)" and inserting "5(f)(6)".

(j) DEFINITION OF AVAILABILITY.—Section 5 of the Act (50 U.S.C. App. 2404) is amended by adding at the end the following:

"(r) AVAILABILITY DEFINED.—For purposes of subsections (d), (f), and (h) of this section, the term 'available in fact to controlled countries' includes production or availability of any goods or technology in any country—

"(1) from which the goods or technology is not restricted for export to any controlled country; or

"(2) in which such export restrictions are determined by the Secretary to be ineffective.

For purposes of paragraph (2), the mere inclusion of goods or technology on a list of goods or technology subject to bilateral or multilateral national security export controls shall not, in and of itself, constitute credible evidence that a country provides an effective means of controlling the export of such goods or technology to controlled countries.".

(k) ADDITIONAL AUTHORIZATION OF APPROPRIATIONS.—Section 18(b) of the Act (50 U.S.C. App. 2417(b)) is amended—

(1) in paragraph (1)—

(A) by striking "for each of the fiscal years 1987 and 1988" and inserting "for the fiscal year 1987";

(B) by striking "for each such year" each place it appears; and

(C) by striking "and" after the semicolon;

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

"(2) $38,935,000 for the fiscal year 1988, of which $12,746,000 shall be available only for enforcement, $5,000,000 shall be available only for foreign availability assessments under subsections (f) and (h)(6) of section 5, and $21,189,000 shall be available for all other activities under this Act; and".

(l) NEGOTIATIONS WITH COCOM.—

(1) NEGOTIATING OBJECTIVES.—Section 5(i) of the Act (50 U.S.C. App. 2404(i)) is amended—

(A) by striking "The President" and inserting "Recognizing the ineffectiveness of unilateral controls and the importance of uniform enforcement measures to the effectiveness of multilateral controls, the President"; and

(B) by adding at the end the following:

"(10) Agreement to enhance cooperation among members of the Committee in obtaining the agreement of governments outside the Committee to restrict the export of goods and technology on the International Control List, to establish an ongoing mechanism in the Committee to coordinate planning and implementation of export control measures related to such agreements, and to remove items from the International Control List if such items continue to be available to controlled countries or if the control of the items no longer serves the common strategic objectives of the members of the Committee.

"(11) Agreement to expand the categories and levels of goods and technology that are eligible for export to the People's Republic of China, to the extent consistent with the national security interests of the United States and the other participating governments.".

(2) INDUSTRY REPRESENTATIVE TO COCOM.—(A) Section 5(i) of the Act is amended by adding at the end the following:

"For purposes of reviews of the list referred to in paragraph (1), the President shall include as advisors to the United States delegation to the Coordinating Committee representatives of industry who are knowledgeable with respect to the items being reviewed.".

(B) EFFECTIVE DATE.—(i) Subject to clause (ii), the amendment made by subparagraph (A) shall take effect 3 months after the date of the enactment of this Act.

(ii) The amendment made by subparagraph (A) shall not take effect if the President, before the end of the 3-month period referred to in clause (i), certifies to the Congress that the United States has obtained the agreement of all the governments participating in the Coordinating Committee to exclude industry representatives from negotiations of the Coordinating Committee.

(m) GOODS CONTAINING MICROPROCESSORS OR CERTAIN OTHER PARTS OR COMPONENTS.—Section 5(m) of the Act (50 U.S.C. 2404(m)) is amended to read as follows:

"(m) GOODS CONTAINING CERTAIN PARTS AND COMPONENTS.—Export controls may not be imposed under this section on a good solely on the basis that the good contains parts or components subject to export controls under this section if such parts or components—

"(1) are essential to the functioning of the good, and

"(2) are customarily included in sales of the good, unless the good itself, if exported, would by virtue of the functional characteristics of the good as a whole make a significant contribution to the military potential of a controlled country which would prove detrimental to the national security of the United States.".

(n) REVIEW OF LICENSES.—Section 10(g) of the Act (50 U.S.C. App. 2409(g)) is amended—

(1) in paragraphs (1) and (2) by striking "country to which exports are controlled for national security purposes" and inserting "controlled country";

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "particular country" and inserting "controlled country involved"; and

(ii) by striking "any other country;" and inserting "any other controlled country; or";

(B) by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B);

(C) by inserting after the third sentence the following:

"At the same time that the Secretary of Defense submits any recommendation to the President under subparagraph (A), the Secretary of Defense shall notify the Secretary of such recommendation."; and

(D) by adding at the end the following: "If the Secretary of Defense does not, within the time period specified in this paragraph, make a recommendation specified in subparagraph (A) or (B) or a notification to the Secretary of a recommendation under subparagraph (A), then the Secretary shall approve or disapprove the proposed export without such recommendation."; and

(3) by striking paragraph (4) and inserting the following:

"(4) Except as provided in this subsection, no request to export goods or technology pursuant to this Act may be required to be referred to the Secretary of Defense.".

SEC. 333. EXPORT LICENSE FEES.

Section 4 of the Act (50 U.S.C. App. 2403) is amended by adding at the end the following:

"(g) FEES.—No fee may be charged in connection with the submission or processing of an export license application.".

SEC. 334. VIOLATIONS.

Section 11(h) of the Act (50 U.S.C. App. 2410(h)) is amended—

(1) in the first sentence—

(A) by inserting "(1)" before "No"; and

(B) by inserting after "violation of" the following: "this Act (or any regulation, license, or order issued under this Act), any regulation, license, or order issued under the International Emergency Economic Powers Act,"; and

(2) by adding at the end the following:

"(2) The Secretary may exercise the authority under paragraph (1) with respect to any person related, through affiliation, ownership, or control, to any person convicted of any violation of law set forth in paragraph (1), upon a showing of such relationship with the convicted party, and after notice and an opportunity for a hearing.".

SEC. 335. ENFORCEMENT.

Section 12(a)(2)(B) of the Act (50 U.S.C. App. 2411(a)(2)(B)) is amended by adding at the end the following: "The Customs Service may not seize or detain for more than 10 days any shipment of goods or technology which the Secretary has determined is eligible for export under a general license under section 4(a)(3).".

SEC. 336. ISSUANCE OF TEMPORARY DENIAL ORDERS.

Section 13(d)(1) of the Act (50 U.S.C. App. 2412(d)(1)) is amended in the second sentence by striking "60" each place it appears and inserting "180".

SEC. 337. WESTERN REGIONAL OFFICE.

(a) ESTABLISHMENT AND FUNCTIONS.—Section 15 of the Act (50 U.S.C. App. 2414) is amended by adding at the end the following:

"(d) WESTERN REGIONAL OFFICE.—(1) The Secretary shall establish and maintain a western regional office which shall have the following authority and shall perform the following functions:

"(A) To issue validated licenses under section 4(a)(1) for the export of goods from the United States, the export of which—

"(i) is controlled under this Act only for national security purposes;

"(ii) is not subject to referral to any other department or agency pursuant to section 10(d); and

"(iii) is not subject to any multilateral review process to which section 10(h) applies.

"(B) To render written advisory opinions with respect to proposed exports of goods or technology from the United States in such cases as may be prescribed by the Secretary.

"(C) To provide assistance to United States exporters and prospective United States exporters in complying with this Act and the regulations issued under this Act, including maintaining, for sale or distribution, an adequate supply of all standard application forms, supporting documents, and copies of the regulations issued by the Secretary.

"(D) To promptly forward to the Department of Commerce any application for a validated export license which does not meet the requirements set forth in subparagraph (A) but which otherwise appears to be complete and capable of processing. In any such case, the western regional office shall issue an application number to the applicant.

"(2) In addition to amounts authorized by section 18, there are authorized to be appropriated to the Department of Commerce to carry out the purposes of this subsection such sums as may be necessary for the fiscal year 1988.".

(b) Annual Report.—Section 14 of the Act (50 U.S.C. App. 2413) is amended by adding at the end the following:

"(f) Report on Western Regional Office.—The Secretary shall include in each annual report a detailed description and analysis of the activities of the western regional office established pursuant to section 15(d), including—

"(1) a listing of the number of applications for validated export licenses filed with the western regional office in each month and the disposition of those licenses; and

"(2) a description in reasonable detail of activities conducted under section 15(d)(1)(C).".

SEC. 338. MONITORING OF WOOD EXPORTS.

The Secretary of Commerce shall, for a period of 2 years beginning on the date of the enactment of this Act, monitor exports of processed and unprocessed wood to all countries of the Pacific Rim. The Secretary shall include the results of such monitoring in monthly reports setting forth, with respect to each item monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. The Secretary shall transmit such reports to the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Finance, and Urban Affairs of the Senate.

SEC. 339. EXPORT ADMINISTRATION REFORM COMMISSION.

(a) Establishment.—The President shall, not later than 60 days after the date of the enactment of this Act, appoint an Export Administration Reform Commission (hereafter in this section referred to as the "Commission").

(b) Duties of the Commission.—The Commission shall—

(1) examine the adequacy of the current export administration system in safeguarding United States national security while maintaining United States international economic competitiveness and Western technological preeminence;

(2) determine the best means of minimizing the disruption of United States trading interests while preventing Western technology from enhancing the development of Soviet military capabilities;

(3) identify those goods and technologies which are likely to make crucial differences in military capabilities, and identify which of those goods and technologies the Soviet Union already possesses;

(4) establish criteria by which to judge the feasibility of export controls and apply such criteria to the commodity control list in order to eliminate ineffective controls;

(5) devise appropriate and effective alternative means of controlling exports;

(6) recommend improvements for a more efficient domestic and international export licensing system;

(7) develop proposals to improve United States and multilateral assessments of foreign availability of goods and technology subject to export controls;

(8) review the effectiveness of the Congress in overseeing export administration; and

(9) develop a feasible strategy for regulating the transfer of technical data.

The Commission shall hold public hearings in order to receive comments and recommendations on the options developed under paragraphs (1) through (9).

(c) Membership.—The Commission shall be composed of 24 members who shall be appointed as follows from among individuals in private life who by virtue of their experience and expertise are knowledgeable in relevant scientific, business, or legal matters and who, at the time of their appointment, are not elected or appointed officers or employees in the executive, legislative, or judicial branch of the Government:

(1) 12 individuals appointed by the President.

(2) 3 individuals appointed by the Speaker of the House of Representatives, and 3 individuals appointed by the minority leader of the House of Representatives.

(3) 3 individuals appointed by the majority leader of the Senate, and 3 individuals appointed by the minority leader of the Senate.

(d) Reports and Termination.—(1) The Commission shall prepare and submit to the President and the Congress, not later than 1 year after the Commission is appointed, a report which contains a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislative or regulatory reforms as it considers appropriate.

(2) The Commission shall terminate upon the submission of its report under paragraph (1).

(e) Authorization of Appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 340. FINDINGS AND DECLARATION OF POLICY.

(a) Findings.—The Congress makes the following findings:

(1) The use of unilateral export controls undermines the effectiveness of the multilateral export control system and undermines the competitiveness of United States industries.

(2) Unilateral reexport controls impede progress toward a cooperative and unified system of controls among the allies of the United States and decrease United States industrial competitiveness.

(3) An adequate national security export control system requires constant monitoring and periodic modification as conditions warrant to maintain the proper balance between the promotion of national economic vitality and the protection of military security.

(4) A harmonized multilateral export control system requires the cooperation of countries participating in the Coordinating Committee and other countries in order to control technology flowing to countries of the Soviet Bloc while simultaneously reducing impediments to West-West trade.

(5) The ineffective implementation of current foreign availability provisions places United States industries at a competitive disadvantage.

(6) Inherent in maintaining national security is the need for a strong industrial base in the United States.

(b) Declaration of Policy.—It is the policy of the United States—

(1) in maintaining export controls, to keep clearly separate national security and foreign policy export controls;

(2) to respect the sovereignty and rights of allies and friendly countries, and to rely on their cooperative efforts and commitments whenever possible;

(3) to maintain export control lists that are technically sound, narrowly focused, and coordinated multilaterally; and

(4) to adequately balance the need to maintain United States technological strength, economic vigor, and allied unity.

(c) Amendments to the Act.—Section 3 of the Act (50 U.S.C. App. 2402) is amended—

(1) in paragraph (1) by inserting after "export control policy" the following: ", to minimize delays and unnecessary regulatory burdens in administering export controls,"; and

(2) in paragraph (2) by inserting after "economy of the United States" the following: "(including the impact on the competitiveness and the long-term health of the industrial base of the United States)".

Subtitle C—Debt, Development, and World Growth

SEC. 341. INTERNATIONAL NEGOTIATIONS.

(a) Multilateral Negotiations.—The President and the Secretary of the Treasury shall take the necessary steps to continue ongoing negotiations with West Germany, the United Kingdom, France, and Japan, as well as to initiate negotiations with other countries through appropriate multilateral organizations, including the Organization for Economic Cooperation and Development, the United Nations, and the International Monetary Fund, in order to—

(1) coordinate macroeconomic policies of the major industrial countries so as to promote stable exchange rates and growth patterns;

(2) achieve expansionist economic policies and agreements which have the specific purpose of increasing the size of the market for exports from the United States and developing countries;

(3) promote growth-oriented economic policies in both developed and developing countries;

(4) encourage both developed and developing countries to base growth on a balance of foreign and domestic demand and to discourage excessive reliance by those countries on exports for growth; and

(5) advise the trading partners of the United States that the United States is prepared to retaliate against countries, in an equivalent manner, in cases involving unfair trade practices.

(b) International Economic or Trade Discussions.—

(1) Declaration of the United States Objective.—The Congress hereby declares that a key objective of the United States in its participation in economic summits and international meetings on economics or trade is to obtain the agreement of the participants in any such summit or meeting to adopt growth-oriented national economic policies and to take such actions as may be necessary to increase the size of the market for exports from the United States and developing countries.

(2) Executive Actions.—The President and the Secretaries of the Treasury and State shall seek to place discussions with respect to the objective described in paragraph (1) on the agenda of any economic summit or international economic meeting

to which the United States is a party and shall report to the Congress on any success they may have had in achieving such agreement at any such meeting.

SEC. 342. TRADE LIBERALIZATION IN DEVELOPING COUNTRIES.

(a) Sense of Congress.—It is the sense of the Congress that increases in the development of, and the achievement of prosperity for, developing countries and the recovery of the economic strength of the United States and the other industrialized countries can only be assured if world trade is expanded and market access for all countries is increased.

(b) Declaration of Policy.—The Congress declares it to be the policy of the United States that any foreign assistance provided by the United States to developing countries shall be consistent with and supportive of long-term trade liberalization in those countries.

SEC. 343. OVERSEAS PRIVATE INVESTMENT CORPORATION.

(a) Reaffirmation of Support for OPIC.—The Congress reaffirms its support for the Overseas Private Investment Corporation as a United States Government agency serving important development assistance goals. In order to enhance the Corporation's ability to meet these goals, the Overseas Private Investment Corporation should increase its loan guaranty and direct investment programs.

(b) Increase in Guaranties and Direct Investments.—

(1) Loan guaranties.—Section 235(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)) is amended—

(A) in paragraph (2) by striking $750,000,000" and inserting "$1,000,000,000";

(B) by redesignating paragraph (5) as paragraph (6); and

(C) by inserting after paragraph (4) the following:

"(5) Subject to paragraphs (2), (3), and (4), the Corporation shall issue guaranties under section 234(b) having an aggregate contingent liability with respect to principal of not less than $200,000,000 in each fiscal year, to the extent that there are eligible projects which meet the Corporation's criteria for such guaranties.".

(2) Direct investment.—Section 235(b) of the Foreign Assistance Act of 1961 is amended—

(A) by striking the comma after "Act of 1981" and inserting a period; and

(B) by striking "and the Corporation shall use" and all that follows through "funding" and inserting the following:

"The Corporation shall make loans under section 234(c) in an aggregate amount of not less than $25,000,000 in each fiscal year, to the extent that there are eligible projects which meet the Corporation's criteria for such loans".

(c) Increase in Staff.—In order to enable the Overseas Private Investment Corporation to carry out the provisions of subsections (a) and (b) of section 235 of the Foreign Assistance Act of 1961 in a manner which is consistent with title IV of chapter 2 of part I of that Act, beginning with the fiscal year 1988, the Corporation's administrative budget and full-time equivalent employee levels shall be not less than 110 percent of the levels at which the Corporation operated in the fiscal year 1984.

SEC. 344. TRADE AND DEVELOPMENT PROGRAM.

(a) Reaffirmation of Support for Trade and Development Program.—The Congress reaffirms its support for the Trade and Development Program, and believes that the Program's ability to support high priority development projects in developing countries would be enhanced by an increase in the funds authorized for the Program as well as by a clarification of the Program's status as a separate component of the International Development Cooperation Agency.

(b) Authorization and Uses of Funds; Establishment as Separate Agency.—

(1) Additional uses of funds.—Section 661(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(a)) is amended by inserting after the first sentence the following: "Funds under this section may be used to provide support for project planning, development, management, and procurement for both bilateral and multilateral projects, including training activities undertaken in connection with a project, for the purpose of promoting the use of United States exports in such projects.".

(2) Establishment as a separate agency.—Section 661 of that Act is amended—

(A) by redesignating subsection (b) as subsection (c); and

(B) by inserting after subsection (a) the following:

"(b)(1) The purposes of this section shall be carried out by the Trade and Development Program, which shall be a separate component agency of the International Development Cooperation Agency. The Trade and Development Program shall not be an agency within the Agency for International Development or any other component agency of the International Development Cooperation Agency.

"(2) There shall be at the head of the Trade and Development Program a Director. Any individual appointed as the Director on or after January 1, 1989, shall be appointed by the President, by and with the advice and consent of the Senate.

"(3) The Trade and Development Program should serve as the primary Federal agency to provide information to persons in the private sector concerning trade development and export promotion related to bilateral development projects. The Trade and Development Program shall cooperate with the Office of International Major Projects of the Department of Commerce in providing information to persons in the private sector concerning trade development and export promotion related to multilateral development projects. Other Federal departments and agencies shall cooperate with the Trade and Development Program in order for the Program to more effectively provide informational services in accordance with this paragraph.

"(4) The Director of the Trade and Development Program shall, not later than December 31 of each year, submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the activities of the Trade and Development Program in the preceding fiscal year.".

(3) Funding levels.—In addition to funds otherwise available to the President for purposes of section 661 of the Foreign Assistance Act of 1961—

(A) not less than $10,000,000 for fiscal year 1988 shall be made available for such purposes from amounts available to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 for such fiscal year; and

(B) not less than $11,000,000 for fiscal year 1989 shall be made available for such purposes from amounts available to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 for such fiscal year.

(c) Authorities Under the Trade Development and Enhancement Act of 1983.—

(1) Transfer of functions from AID to TDP.—(A) Section 644 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635q) is amended—

(i) in subsection (a)(2) by striking "Agency for International Development" and inserting "Trade and Development Program";

(ii) in subsection (a)(3)(A)—

(I) by striking "offered by the Agency for International Development" and inserting "made available under section 645(d) of this Act"; and

(II) by striking "Agency for International Development" and inserting "Trade and Development Program"; and

(iii) in subsection (d)—

(I) by striking "offered by the Agency for International Development" and inserting "made available under section 645(d) of this Act"; and

(II) by striking "subsections (c) and (d) of section 645" and inserting "section 645(c)".

(B) Section 645 of that Act (12 U.S.C. 635r) is amended—

(i) in the section heading by striking "IN THE AGENCY FOR INTERNATIONAL DEVELOPMENT" and inserting "ADMINISTERED BY THE TRADE AND DEVELOPMENT PROGRAM";

(ii) in subsection (a)—

(I) by striking "Administrator of the Agency for International Development shall establish within the Agency" and inserting "Director of the Trade and Development Program shall carry out";

(II) in paragraph (1) by striking "offered by the Agency for International Development" and inserting "made available under subsection (d)";

(III) in paragraph (1) by striking "Agency for International Development" and inserting "Trade and Development Program";

(IV) in paragraph (2) by striking "offered by the Agency for International Development" and inserting "made available under subsection (d)"; and

(V) in paragraph (2) by striking "Agency for International Development" and inserting "Trade and Development Program";

(iii) in subsection (c)—

(I) in paragraph (1) by striking "of the Agency for International Development"; and

(II) in paragraph (2) by striking "Administrator of the Agency for International Development" and inserting "Director of the Trade and Development Program"; and

(iv) by amending subsection (d) to read as follows:

"(d) Funds available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961, as agreed upon by the Secretary of State, the Administrator of the Agency for International Development, and the Director of the Trade and Development Program, may be used to carry out this section and section 644 (as provided in that section). Such funds may be used to finance a tied aid credit activity in any country eligible for tied aid credits under this Act.".

(2) Functions of National Advisory Council on International Monetary and Financial Policies.—Section 646 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635s) is amended—

(A) in subsection (a)(2) by striking "without the unanimous consent of the members of the National Advisory Council on International Monetary and Financial Policies" and inserting "unless a majority of the members of the National Advisory Council on International Monetary and Financial Policies approve the financing"; and

(B) by adding at the end the following:

"(b) The Trade and Development Program shall be represented at any meetings of the National Advisory Council on International Monetary and Financial Policies for discussion of tied aid credit matters, and the representative of the Trade and Development Program at any such meeting shall have the right to vote on any decisions of the Advisory Council relating to tied aid credit matters.".

(d) ADMINISTRATIVE PROVISIONS.—

(1) PAY OF DIRECTOR OF TDP.—Section 5314 of title 5, United States Code, is amended by adding at the end the following:

"Director, Trade and Development Program.".

(2) TRANSITION PROVISIONS.—(A) The Administrator of the Agency for International Development shall transfer to the Director of the Trade and Development Program all records, contracts, applications, and any other documents or information in connection with the functions transferred by virtue of the amendments made by subsection (c)(1).

(B) All determinations, regulations, and contracts—

(i) which have been issued, made, granted, or allowed to become effective by the President, the Agency for International Development, or by a court of competent jurisdiction, in the performance of the functions transferred by virtue of the amendments made by subsection (c)(1), and

(ii) which are in effect at the time this section takes effect,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with the law by the President, the Director of the Trade and Development Program, or other authorized official, by a court of competent jurisdiction, or by operation of law.

(C)(i) The amendments made by subsection (c)(1) shall not affect any proceedings, including notices of proposed rulemaking, or any application for any financial assistance, which is pending on the effective date of this section before the Agency for International Development in the exercise of functions transferred by virtue of the amendments made by subsection (c)(1). Such proceedings and applications, to the extent that they relate to functions so transferred, shall be continued.

(ii) Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this section had not been enacted. Orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Director of the Trade and Development Program or other authorized official, by a court of competent jurisdiction, or by operation of law.

(iii) Nothing in this subparagraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(iv) The Director of the Trade and Development Program is authorized to issue regulations providing for the orderly transfer of proceedings continued under this subparagraph to the Trade and Development Program.

(D) With respect to any function transferred by virtue of the amendments made by subsection (c)(1) and exercised on or after the effective date of this section, reference in any other Federal law to the Agency for International Development or any officer shall be deemed to refer to the Trade and Development Program or other official to which such function is so transferred.

(3) EFFECTIVE DATE.—This section and the amendments made by this section take effect on October 1, 1987.

SEC. 345. COUNTERTRADE.

(a) FINDING.—The Congress finds that developing countries are relying increasingly on countertrade as a means of sustaining imports as well as foreign markets in the short-term, and as a means of developing new export industries and exploiting underdeveloped natural resources in the long-term.

(b) ESTABLISHMENT OF INTERAGENCY GROUP.—The President shall establish an interagency group on countertrade, to be composed of such Government departments and agencies as the President considers appropriate. The Secretary of Commerce shall be the chairman of the interagency group. The interagency group shall review United States policy on countertrade and shall make recommendations to the President and the Congress on the use of countertrade as a mechanism for enhancing bilateral United States foreign economic assistance programs and on expanding the information available on countertrade, including information on export opportunities.

(c) LIST OF COUNTRIES RELATING TO COUNTERTRADE.—The Secretary of Commerce shall establish and maintain a list, by country, of the laws, policies, and regulations of each country relating to countertrade, and of any particular goods or services that have been designated by such country for countertrade transactions.

SEC. 346. LIMITATION ON PROCUREMENT IN FOREIGN ASSISTANCE PROGRAMS.

Section 604(g)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2354(g)(1)) is amended to read as follows:

"(g)(1) Notwithstanding subsection (a), none of the funds authorized to be appropriated or made available for obligation or expenditure under this Act may be made available for the procurement of goods and services from any advanced developing or industrialized country which has attained a competitive capability in international markets for such goods or services, unless United States goods and services are not competitive in the market where the goods and services are to be used. The restriction contained in this paragraph shall not apply to the use of funds under section 636(a)(3) of this Act.".

Subtitle D—Protection of United States Business Interests Abroad

SEC. 351. PROTECTION OF UNITED STATES INTELLECTUAL PROPERTY.

It is the sense of the Congress that—

(1) the Secretary of State, the United States Trade Representative, and the relevant United States Ambassadors should engage in immediate discussions with the appropriate countries to reduce instances of piracy of copyrights, patents, and mask works and counterfeiting of trademarks, to obtain adherence to existing international conventions for the protection of copyrights, patents, and trademarks, to work toward the development of an international convention for mask works, to gain the participation and support of those countries in the development of international intellectual property codes in future multilateral trade negotiations, and to achieve the objectives described in this paragraph without creating barriers to legitimate trade;

(2) the United States should seek to incorporate in international intellectual property codes the following enforcement mechanisms:

(A) civil remedies under domestic intellectual property laws;

(B) civil remedies under domestic trade laws; and

(C) other appropriate consultation and dispute settlement procedures;

(3) the United States should seek the involvement of the United States business community in intellectual property negotiations;

(4) the Secretary of State should urge international technical organizations, such as the World Intellectual Property Organization, to provide expertise and cooperate fully in developing effective standards, in the General Agreement on Tariffs and Trade, for the international protection of intellectual property rights;

(5) the President should take immediate and forceful action against those countries which are not prepared to commit formally to immediate improvements in their protection of United States intellectual property; and

(6) development assistance programs administered by the Agency for International Development, especially the reimbursable development program, should, in cooperation with the Copyright Office and the Patent and Trademark Office, include technical training for officials responsible for the protection of patents, copyrights, trademarks, and mask works in those countries that receive such development assistance.

Subtitle E—Miscellaneous Provisions

SEC. 361. TRADING WITH THE ENEMY ACT.

(a) TERMINATION OF OFFICE OF ALIEN PROPERTY.—(1) The Trading with the Enemy Act is amended by striking subsections (b) through (e) of section 39 (50 U.S.C. App. 39) and inserting the following new subsection:

"(b) The Attorney General shall cover into the Treasury, to the credit of miscellaneous receipts, all sums from property vested in or transferred to the Attorney General under this Act—

"(1) which the Attorney General receives after the date of the enactment of the Export Enhancement Act of 1987, or

"(2) which the Attorney General received before that date and which, as of that date, the Attorney General had not covered into the Treasury for deposit in the War Claims Fund, other than any such sums which the Attorney General determines in his or her discretion are the subject matter of any judicial action or proceeding.".

(2) Subsection (f) of such section is amended—

(A) by striking "(f)" and inserting "(c)"; and

(B) by striking "through (d)" and inserting "and (b)".

(b) REMOVAL OF REPORTING REQUIREMENT.—Section 6 of such Act (50 U.S.C. App. 6) is amended in the next to the last sentence by striking ": *Provided further,*" and all that follows through the end of the section and inserting a period.

SEC. 362. LIMITATION ON EXERCISE OF EMERGENCY AUTHORITIES.

(a) TRADING WITH THE ENEMY ACT.—Section 5(b) of the Trading With the Enemy Act (50 U.S.C. App. 5(b)) is amended by adding at the end the following new paragraph:

"(4) The authority granted to the President in this subsection does not include the authority to regulate or prohibit, directly or indirectly, the importation from any country, or the exportation to any country, whether commercial or otherwise, of publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, or other informational materials, which are not otherwise controlled for export under section 5 of the Export Administration Act of 1979 or with respect to which no acts are prohibited by chapter 37 of title 18, United States Code.".

(b) INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT.—Section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)) is amended—

(1) in paragraph (1) by striking "or" after the semicolon;

(2) in paragraph (2) by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(3) the importation from any country, or the exportation to any country, whether commercial or otherwise, of publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, or other informational materials, which are not otherwise controlled for export under section 5 of the Export Administration Act of 1979 or with respect to which no acts are prohibited by chapter 37 of title 18, United States Code.".

SEC. 363. RELATIONS WITH MEXICO.

(a) FINDINGS.—The Congress finds that—

(1) Mexico and the continued stability of its governing structure are of vital importance to the national interests of the United States;

(2) while the economic, cultural, and historical ties between Mexico and the United States are both varied and strong, foreign relations between the governments of these countries continue to be carried out on an ad hoc basis and in a crisis-to-crisis context;

(3) legislative and administrative policies often have unintended adverse or contradictory results in the two countries;

(4) there are a large number of bilateral issues now confronting the two countries which transcend normal diplomatic processes; and

(5) in order to improve relations with Mexico, the United States Government must take actions, conducted in the spirit of mutual respect and cooperation, which prioritize its foreign and economic policies toward Mexico.

(b) UNITED STATES-MEXICO INTERAGENCY COMMISSION.—(1)(A) The President shall establish an interagency group to be known as the "United States-Mexico Bilateral Commission" (hereafter in this subsection referred to as the "Commission").

(B) Membership on the Commission shall be composed of the Secretary of State, the Secretary of the Treasury, the Attorney General, the Secretary of Commerce, and the United States Trade Representative.

(C) The Chairman of the Commission shall be the Secretary of State (or a delegate of the Secretary).

(D)(i) The members of the Commission shall (not later than 3 months after the date of the enactment of this Act) execute a written memorandum of understanding which includes the goal of the Commission. The goal of the Commission shall be—

(I) to serve as a formal mechanism by which economic relations between the United States and Mexico are conducted in a comprehensive manner which allows input from any concerned agency of the United States; and

(II) to provide a channel of communication between the Government of the United States and the Government of Mexico pertaining to economic relations.

(ii) Not later than 6 months after the execution of the memorandum of understanding, each member of the Commission shall present to the Commission a review of all United States-Mexico issues which affect that member's agency. Each presentation shall include an assessment of, as well as recommendations for, action by that member.

(2) Not later than 12 months after the date of the enactment of this Act and every 12 months thereafter, the Chairman of the Commission shall report to the Congress on the activities of the Commission. Each such report shall include the specific projects, issues, and agency actions taken to achieve the goal of the Commission which occurred in the 12-month period preceding the submission of the report as well as proposed projects, issues, and agency actions.

(3) The Commission shall endeavor to meet semiannually with representatives of Mexico in order to carry out the goal of the Commission.

(c) BILATERAL SUMMIT ON ECONOMIC RELATIONS.—(1) It is the sense of the Congress that, consistent with the goal of strengthening political and commercial relations between the United States and Mexico, a bilateral summit on economic relations, as they pertain to trade and commerce, between these two countries should be held. The objectives of the summit should include—

(A) a discussion of the question of Mexico as a contracting party to the General Agreement on Tariffs and Trade;

(B) a discussion of the pending graduation from the Generalized System of Preferences of those Mexican products currently covered under such System;

(C) the promotion of direct investment in Mexico by United States businesses;

(D) the resolution of problems related to United States fishing rights within the territorial waters of Mexico;

(E) a discussion of the possibility of eventually establishing a free-trade zone along both sides of the United States-Mexico border;

(F) promotion of the development of industry along the United States-Mexico border regions in order to encourage increased employment opportunities;

(G) a discussion of the policies related to the development of the petroleum industry and alternative energy sources in the United States and Mexico;

(H) a discussion of the issues related to pollution arising from sources within the United States or Mexico which affects the other country, including water pollution, air pollution, soil pollution, and sewage treatment;

(I) a discussion on the development and coordination of border crossings between the United States and Mexico;

(J) a review and evaluation of all joint research and development projects currently being conducted between the United States and Mexico at both private and public levels, including projects in the areas of business, health, technology, and public policy;

(K) a discussion of mutual problems and concerns that confront both the United States and Mexico in the development of a comprehensive national policy regarding immigration;

(L) a discussion of mutual problems and concerns that confront both the United States and Mexico on the issues of external debt and foreign investment;

(M) the resolution of problems related to the trucking and transportation of products between the United States and Mexico, including a discussion of the construction of international bridges as a means to help alleviate these trucking and transportation problems; and

(N) the resolution of problems related to the trucking and transportation of products between the United States and Central American countries through Mexican territory, including a discussion to encourage the Government of Mexico to accede to existing international custom conventions on international in-transit shipments.

Discussions under subparagraph (N) may be conducted in concert with the nations of the region where the transiting shipments described in that subparagraph originate, including discussions with respect to the institution of appropriate and cooperative steps to make sealed-truck, no-inspection transit administratively acceptable to the Government of Mexico and other transited countries.

(2) The President is urged to enter into negotiations with representatives of the Government of Mexico for the purpose of commencing talks between the United States and Mexico in order to achieve the objectives described in paragraph (1).

SEC. 364. BUDGET ACT.

Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this title shall be effective for any fiscal year only to the extent or in such amounts as are provided in appropriation Acts.

TITLE IV—EDUCATION AND TRAINING FOR AMERICAN COMPETITIVENESS

SEC. 401. SHORT TITLE.

This title may be cited as the "Education and Training for American Competitiveness Act of 1987".

SEC. 402. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the relationship between a strong and vibrant educational system and a healthy national economy is inseparable in an era in which economic growth is dependent on technology and is imperiled by increased foreign competition;

(2) our Nation's once undisputed pre-eminence in international commerce is facing unprecedented challenges from competitor nations who have given priority to the relationship between education and economic growth in areas such as high technology industries;

(3) our standing in the international marketplace is being further eroded by the presence in the workforce of millions of Americans who are functionally or technologically illiterate or who lack the mathematics, science, foreign language, or vocational skills needed to adapt to the structural changes occurring in the global economy;

(4) our competitive position is also being eroded by declines in the number of students taking advanced courses in mathematics, science, and foreign languages and by the lack of modern technical and laboratory equipment in our educational institutions;

(5) restoring our competitiveness and enhancing our productivity will require that all workers possess basic educational skills and that many others possess highly specific skills in mathematics, science, foreign languages, and vocational areas; and

(6) our Nation must recognize the substantial impact that an investment in human capital will have on increasing productivity.

(b) Purposes.—It is therefore the purpose of this Act to establish programs designed—

(1) to enhance ongoing efforts in elementary and secondary education;

(2) to improve our productivity and competitive position by investing in human capital;

(3) to assist out-of-school youth and adults who are functionally illiterate in obtaining the basic skills needed for them to become productive workers in a competitive economy;

(4) to help educational institutions prepare those engaged in work relating to mathematics, science, and foreign languages by improving and expanding instruction in those areas and by modernizing laboratory and technical equipment;

(5) to enhance the skills of workers affected, or about to be affected, by economic change, in order to prevent dislocation within existing industries and to strengthen emerging domestic industries; and

(6) to accomplish such purposes without impairing the availability of funds to carry out existing programs that address the needs of dislocated workers, such as previously authorized education programs.

Subtitle A—Education for American Competitiveness

SEC. 405. DEFINITIONS.

As used in this subtitle—

(1) The term "institution of higher education" has the same meaning given that term by section 1201(a) of the Higher Education Act of 1965.

(2) The terms "local educational agency" and "State educational agency" have the same meaning given such terms under section 198 of the Elementary and Secondary Education Act of 1965.

(3) The term "Secretary" means the Secretary of Education.

(4) The term "State" means any of the several States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

SEC. 406. GENERAL PROVISIONS.

(a) Grant Requirements.—The Secretary shall ensure, with respect to grants provided under this subtitle, that—

(1) services assisted by funds received under such grants shall be made available to historically underrepresented and underserved populations of students, including females, minorities, handicapped individuals, individuals with limited English proficiency, and migrant students;

(2) the terms "training" and "instruction" are interpreted to include training and instruction through telecommunications technologies, including the full range of current and new technologies that can be used for educational purposes, such as television broadcasts, closed circuit television systems, cable television, satellite transmissions, computers, VHS, laser discs, and audio by discs, tapes, or broadcast, and such other video and telecommunications technologies that alone or in combination can assist in teaching and learning; and

(3) where appropriate, programs funded under this subtitle shall be coordinated with other federally funded education and training programs.

(b) Additional Eligible Institutions.—For purposes of any program authorized by this subtitle, institutions eligible to participate shall include any accredited proprietary institution providing a program of less than six months duration that is otherwise eligible to participate in any program under this subtitle.

CHAPTER 1—LITERACY PROGRAMS

SEC. 411. WORKPLACE LITERACY PARTNERSHIPS GRANTS.

(a) Establishment of Grant Program.—The Adult Education Act (20 U.S.C. 1201 et seq.) is amended by inserting after section 315 the following new section:

"BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY

"Sec. 316. (a) Grants to States.—(1) The Secretary may make grants to States which have State plans approved by the Secretary under section 306 to pay the Federal share of the cost of adult education programs which teach literacy skills needed in the workplace through partnerships between—

"(A) business, industry, or labor organizations, or private industry councils; and

"(B) State educational agencies, local educational agencies, institutions of higher education, or schools (including employment and training agencies or community-based organizations).

"(2) Grants under paragraph (1) may be used—

"(A) to fund 90 percent of the cost of programs which meet the requirements of subsection (b);

"(B) for administrative costs incurred by State educational agencies and local educational agencies in establishing programs funded under subparagraph (A); and

"(C) for costs incurred by State educational agencies in obtaining evaluations described in paragraph (3)(A)(iii).

"(3) A State shall be eligible to receive its allotment under subsection (e) if it—

"(A) includes in a State plan submitted to the Secretary under section 306 a description of—

"(i) the requirements for State approval of funding of a program;

"(ii) the procedures under which applications for such funding may be submitted; and

"(iii) the method by which the State shall obtain annual third-party evaluation of student achievement in, and overall effectiveness of services provided by, all programs which receive funding out of a grant made to the State under this section; and

"(B) satisfies the requirements of section 306(a).

"(b) Program Requirements.—Programs funded under subsection (a)(2)(A) shall be designed to improve the productivity of the workforce of a State through improvement of literacy skills needed in the workplace by—

"(1) providing adult literacy and other basic skills services and activities;

"(2) providing adult secondary education services and activities which may lead to the completion of a high school diploma or its equivalent;

"(3) meeting the literacy needs of adults with limited English proficiency;

"(4) upgrading or updating basic skills of adult workers in accordance with changes in workplace requirements, technology, products, or processes;

"(5) improving the competency of adult workers in speaking, listening, reasoning, and problem solving; or

"(6) providing education counseling, transportation, and nonworking hours child care services to adult workers while they participate in a program funded under subsection (a)(2)(A).

"(c) Program Applications.—An application to receive funding for a program out of a grant made to a State under subsection (a)(1) shall—

"(1) be submitted jointly by—

"(A) a business, industry, or labor organization, or private industry council; and

"(B) a State educational agency, local educational agency, institution of higher education, or school (including an employment and training agency or community-based organization).

"(2) set forth the respective roles of each member of the partnership; and

"(3) be submitted to the State educational agency in the time and manner and contain such additional information as such agency may require, including evidence of the applicant's experience in providing literacy services to working adults.

"(d) Direct Grants.—If a State is not eligible for a grant under subsection (a) the Secretary shall use the State's allotment under subsection (e)(2) to make direct grants to applicants in that State who are qualified to teach literacy skills needed in the workplace.

"(e) State Allotments.—(1) The Federal share of expenditures for programs in a State funded under subsection (a)(2)(A) shall be paid from a State's allotment under this subsection.

"(2) From the sum appropriated for each fiscal year under subsection (f), the Secretary shall allot—

"(A) $25,000 to each of American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands; and

"(B) to each remaining State an amount which bears the same ratio to the remainder of such sum as—

"(i) the number of adults in the State who do not have a certificate of graduation from a school providing secondary education (or its equivalent) and who are not currently required to be enrolled in schools in the State, bears to

"(ii) the number of such adults in all States.

"(3) At the end of each fiscal year the portion of any State's allotment for that fiscal year which—

"(A) exceeds 10 percent of the total allotment for the State under paragraph (2) for the fiscal year; and

"(B) remains unobligated;

shall be reallocated among the other States in the same proportion as each State's allocation for such fiscal year under paragraph (2).

"(f) Authorization of Appropriations.—(1) For the purpose of making grants under this section, there are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"(2) Amounts appropriated under this subsection shall remain available until expended.".

(b) Definitions.—Section 303 of the the Adult Education Act (20 U.S.C. 1201 et seq.) is amended by adding at the end the following new subsections:

"(k) The term 'community-based organization' has the meaning given such term in section 4(5) of the Job Training Partnership Act (21 U.S.C. 1501 et seq.).

"(l) The term 'private industry council' means the private industry council established under section 102 of the Job Training Partnership Act (21 U.S.C. 1501 et seq).".

SEC. 412. ENGLISH LITERACY GRANTS.

(a) Establishment of Grant Program.—The Adult Education Act (20 U.S.C. 1201 et seq.) is amended by inserting after section 316 (as added by section 411) the following new section:

"ENGLISH LITERACY PROGRAM GRANTS

"SEC. 317. (a) GRANTS TO STATES.—(1) The Secretary may make grants to States which have State plans approved by the Secretary under section 306 for the establishment, operation, and improvement of English literacy programs for individuals of limited English proficiency. Such grants may provide for support services for program participants, including child care and transportation costs.

"(2) A State shall be eligible to receive a grant under paragraph (1) if the State includes in a State plan submitted to the Secretary under section 306 a description of—

"(A) the number of individuals of limited English proficiency in the State who need or could benefit from programs assisted under this chapter;

"(B) the activities which would be undertaken under the grant and the manner in which such activities will promote English literacy and enable individuals in the State to participate fully in national life;

"(C) how the activities described in subparagraph (B) will serve individuals of limited English proficiency, including the qualifications and training of personnel who will participate in the proposed activities;

"(D) the resources necessary to develop and operate the proposed activities and the resources to be provided by the State; and

"(E) the specific goals of the proposed activities and how achievement of these goals will be measured.

"(3) Grants under this section shall be available for not more than three years. The Secretary may terminate a grant only if the Secretary determines that—

"(A) the State has not made substantial progress in achieving the specific educational goals set out in the application; or

"(B) there is no longer a need in the State for the activities funded by the grant.

"(b) SET-ASIDE FOR COMMUNITY-BASED ORGANIZATIONS.—A State that is awarded a grant under subsection (a) shall use not less than 50 percent of funds awarded under the grant to fund programs operated by community-based organizations with the demonstrated capability to administer English proficiency programs.

"(c) REPORT.—A State that is awarded a grant under subsection (a) shall submit to the Secretary a report describing the activities funded under the grant for each fiscal year covered by the grant.

"(d) DEMONSTRATION PROGRAM.—The Secretary, subject to the availability of funds appropriated pursuant to this section, shall directly, and through grants and contracts with public and private nonprofit agencies, institutions, and organizations, carry out a program through the Adult Education Division—

"(1) to develop innovative approaches and methods of literacy education for individuals of limited English proficiency utilizing new instructional methods and technologies; and

"(2) to establish a national clearinghouse on literacy education for individuals of limited English proficiency to collect and disseminate information concerning effective approaches or methods, including coordination with manpower training and other education programs.

"(e) EVALUATION AND AUDIT.—The Secretary shall evaluate the effectiveness of programs conducted under this section. Programs funded under this section shall be audited annually.

"(f) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the purposes of this section the sum of $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"(2) Funds appropriated pursuant to this section shall remain available until expended.

"(3) Not more than 10 percent of funds available under this section shall be used to carry out the purposes of subsection (d).".

(b) DEFINITIONS.—Section 303 of the Adult Education Act (20 U.S.C. 1201 et seq.) (as amended by section 511) is amended by adding at the end the following new subsections:

"(m) The term 'individual of limited English proficiency' means an adult or out-of-school youth who has limited ability in speaking, reading, writing, or understanding the English language and—

"(1) whose native language is a language other than English; or

"(2) who lives in a family or community environment where a language other than English is the dominant language.

"(n) The term 'out-of-school youth' means an individual who is under sixteen years of age and beyond the age of compulsory school attendance under State law who has not completed high school or the equivalent.

"(o) The term 'English literacy program' means a program of instruction designed to help limited English proficient adults, out-of-school youths, or both achieve full competence in the English language.

"(p) The term 'community-based organization' means a private nonprofit organization which is representative of a community or significant segments of a community and which provides education, vocational education, job training, or internship services and programs and includes neighborhood groups and organizations, community action agencies, community development corporations, union-related organizations, employer-related organizations, tribal governments, and organizations serving Native Alaskans and Indians.".

SEC. 413. COORDINATION OF LITERACY PROGRAMS.

(a) FEDERAL LITERACY OFFICE.—

(1) ESTABLISHMENT.—The Secretary shall establish in the Department of Education an office to be known as the Federal Literacy Coordination Office.

(2) FUNCTIONS.—The Federal Literacy Coordination Office shall—

(A) coordinate Federal literacy programs, including grant programs administered under this chapter and other grant programs funded under the Adult Education Act (20 U.S.C. 1201 et seq.); and

(B) provide information and guidance to States with respect to the establishment of State and local volunteer programs relating to literacy.

(b) GRANTS TO STATES.—

(1) IN GENERAL.—The Secretary may make grants to States for purposes of establishing State and local offices for coordination of literacy programs, including all programs funded under the Adult Education Act (20 U.S.C. 1201 et seq.).

(2) STATE PLANS.—A State shall be eligible for a grant under paragraph (1) if it submits a State plan to the Secretary and the Secretary approves such plan. The Secretary may not approve a State plan unless it provides for—

(A) designation of area offices for coordination of literacy programs, distributed throughout the State so that persons in all areas of the State have access to literacy programs;

(B) training of personnel who will operate the area offices;

(C) determination of curricula and materials for literacy programs;

(D) oversight of area offices;

(E) technical assistance to area offices;

(F) programs to recruit volunteers and participants;

(G) coordination of the programs described in paragraph (F) with existing literacy programs; and

(H) allocation of funds to area offices.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out this section $2,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

CHAPTER 2—SCIENCE AND MATHEMATICS ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

SEC. 415. DEPARTMENT OF EDUCATION PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Title III of the Education for Economic Security Act (20 U.S.C. 3981 et seq.) is amended—

(1) by inserting after the title heading the following:

"PART A—HIGHER EDUCATION PARTNERSHIPS"; and

(2) by adding at the end the following new part:

"PART B—ELEMENTARY AND SECONDARY EDUCATION PARTNERSHIPS

"PURPOSE

"SEC. 321. It is the purpose of this chapter to supplement State and local resources to—

"(1) improve the quality of instruction in the fields of mathematics and science in elementary and secondary schools;

"(2) furnish additional resources and support for the acquisition of equipment, and instructional and reference materials and improvement of laboratory facilities in elementary and secondary schools; and

"(3) encourage partnerships in science and mathematics education between the business community, museums, libraries, professional mathematics and scientific associations, private nonprofit organizations, appropriate State agencies and elementary and secondary schools.

"PROGRAMS AUTHORIZED

"SEC. 322. (a) GRANTS.—The Secretary may make grants to States to pay the Federal share of the cost of the programs described in section 324.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out this chapter $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993.

"AMENDMENT TO STATE APPLICATION

"SEC. 323. (a) APPLICATION.—A State shall be eligible to receive a grant under this chapter if—

"(1) the State submits to the Secretary as part of its application under section 209 such information and assurances as the Secretary may require at such time as the Secretary shall establish; and

"(2) the Secretary approves such application.

"(b) APPLICATION REQUIREMENTS.—The Secretary shall require each application to include—

"(1) a description of the State's procedures relating to the use of funds from grants received under this chapter, including the approval process for local applications;

"(2) an assurance that not more than 1 percent of the amount received shall be used for administrative expenses;

"(3) an assurance that the State will, to the extent possible, assist local school districts in economically depressed areas to obtain matching funds from business concerns.

"ELIGIBLE PROGRAMS

"SEC. 324. (a) IN GENERAL.—A State may use funds from grants received in any fiscal year under this chapter for elementary and secondary programs described in this section. The State educational agency shall administer such funds, which shall be awarded to such programs on a competitive basis.

"(b) USE OF FUNDS.—Funds from grants received under this chapter may be used for the following:

"(1) IMPROVEMENT OF ELEMENTARY AND SECONDARY RESOURCES.—Such funds may be used for acquisition of equipment, instructional and reference materials, and partnership in education programs designed to—

"(A) improve instruction in mathematics and science education at the elementary and secondary level;

"(B) improve laboratory facilities, classroom and library resources in elementary and secondary mathematics and science education; and

"(C) attract matching dollars and in kind contributions of equipment, learning resources or shared time from business concerns, libraries, museums, nonprofit private organizations, professional mathematics and scientific associations, and appropriate State agencies.

"(2) ADVANCED PLACEMENT PROGRAMS.—(A) Such funds may be used for advanced placement programs operated by local educational agencies that are designed to allow qualified secondary students to attend college preparatory schools, colleges, or universities on a part-time or full-time basis with respect to science and mathematics instruction.

"(B) A local educational agency that receives funds from a grant under this chapter for an advanced placement program described in subparagraph (A) shall allocate to such program a percentage of funds received from the State on a per student basis according to—

"(i) the number of students participating in the program; and

"(ii) the instruction time such students receive under the program.

"LOCAL APPLICATIONS

"SEC. 325. (a) ELIGIBILITY.—An applicant that desires to receive a grant under this chapter shall submit an application to the State educational agency, at such time, and in such manner, as the State may require. Such application may take the form of an amendment to an assessment submitted by the local educational agency under section 210, if appropriate.

"(b) REQUIREMENTS FOR APPLICATION.—The State shall require each application to include—

"(1) a description of the activities for which assistance under this part is sought;

"(2) assurances that not more than 5 percent of the amount received by the applicant in any fiscal year shall be expended on administrative expenses;

"(3) if the funds are to be used for improvement of elementary and secondary resources as described in subsection (b)(1)—

"(A) an estimate of the amount to be spent on equipment, facilities improvement, library resources, and classroom instructional material;

"(B) an estimate of the number of elementary and secondary students who will be aided by activities and expenditures under the grant;

"(C) assurances that—

"(i) except as provided in subsection (c), a minimum of 25 percent of the funds for each project will be supplied by business concerns within the community;

"(ii) no stipend shall be paid directly to employees of a profitmaking business concern;

"(iii) provision shall be made for the equitable participation in the project of children who are enrolled in private elementary and secondary schools; and

"(iv) consideration will be given to programs and activities designed to meet the needs of educationally disadvantaged and other traditionally underserved populations; and

"(4) if the funds are to be used for advanced placement programs as described in subsection (b)(2), a commitment as to the percentage of funds received from the State on a per student basis that shall be used by the local educational agency to defray costs of the advanced placement program.

"(c) WAIVER.—The State may waive or reduce the amount of matching funds required under subsection (b)(3)(C)(i) if the State determines that—

"(1) substantial need exists in the area served by the applicant for a grant under this part; and

"(2) the required amount of matching funds cannot be made available.

"(d) JOINT APPLICATIONS.—A regional consortium of applicants in two or more local school districts may file a joint application under subsection (a).

"SUBMISSION OF APPLICATIONS

"SEC. 326. An applicant within a State that desires to receive a grant under this chapter shall submit an application prepared in accordance with section 325 to the State educational agency for approval. Each application with respect to funds for improvement of elementary and secondary resources under section 324(b)(1) shall be submitted jointly by the local educational agency and each business concern or other party that is to participate in the activities for which assistance is sought.

"APPROVAL OF APPLICATIONS

"SEC. 327. (a) CRITERIA.—The State shall establish criteria for approval of applications under this section. Such criteria shall include—

"(1) consideration of the local district's need for, and inability to locally provide for, the activities, equipment, library and instructional materials requested;

"(2) the number and nature of elementary and secondary students who will benefit from the planned program;

"(3) the expressed level of financial and in-kind commitment from other parties to the program.

"(b) APPROVAL PROCEDURES.—The State shall adopt approval procedures designed to ensure that grants are equitably distributed among—

"(1) rural, urban, and suburban areas; and

"(2) small, medium, and large local educational agencies.

"COMPUTATION OF GRANT AMOUNTS

"SEC. 328. (a) PAYMENTS TO GRANTEES.—

"(1) PAYMENT BY STATE.—The State shall pay to the extent of amounts received by it from the Secretary under this chapter, to each applicant having an application approved under section 327, the Federal share of the cost of the program described in the application.

"(2) AMOUNT.—(A) Except as provided in subparagraph (B), the Federal share for each fiscal year shall be 75 percent.

"(B) In the case of an applicant that receives a waiver under section 325(c), the Federal share for each fiscal year may be as much as 100 percent.

"(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this chapter may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

"(b) PAYMENTS TO STATES.—

"(1) IN GENERAL.—Except as provided in subsection (c), each State shall receive under this chapter the greater of—

"(A) an amount equal to its share of funds appropriated under chapter 1 of the Education Consolidation and Improvement Act; or

"(B) $225,000.

"(2) LIMITATION.—A State may not use more than 5 percent of funds received by it under this chapter for administrative costs.

"(c) REDUCTION FOR INSUFFICIENT FUNDING.—If sums appropriated to carry out this part are not sufficient to permit the Secretary to pay in full the grants which States may receive under subsection (b), the amount of such grants shall be ratably reduced.".

(b) CONFORMING AMENDMENTS.—

(1) TITLE HEADING.—The title heading of such title is amended to read as follows:

"TITLE III—PARTNERSHIPS IN EDUCATION FOR MATHEMATICS, SCIENCE, AND ENGINEERING".

(2) REFERENCES.—Part A of such title (as redesignated by subsection (a)) is amended by striking out "title" each place such term appears and inserting in lieu thereof "part".

CHAPTER 3—ELEMENTARY AND SECONDARY FOREIGN LANGUAGE PROGRAMS

SEC. 421. PROGRAMS AUTHORIZED.

(a) GRANTS TO STATES.—From the amount reserved for purposes of this section under section 424B(b)(1), the Secretary shall make grants to States for which applications are approved under subsection (c) for purposes of making grants to local educational agencies for purposes of operating model programs designed to commence or improve and expand foreign language study for students residing within their jurisdictions.

(b) COMPUTATION OF GRANT AMOUNTS.—

(1) IN GENERAL.—A State for which an application is approved under subsection (c) shall receive an amount equal to the sum of—

(A) $50,000; and

(B) the product of—

(i) $0.04; and

(ii) the population of the State (as determined in accordance with the most recent decennial census).

(2) RENEWAL.—The amount described in paragraph (1) shall be made available to the State for two additional years after the first fiscal year during which the State receives a grant under this chapter if the Secretary determines that the funds made available to the State during the first year of funding were used in the manner required under the State's approved application.

(3) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which a State may receive under this subsection, the amount of such grants shall be ratably reduced.

(c) APPLICATIONS.—

(1) IN GENERAL.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

(2) RESTRICTIONS.—The Secretary may not approve an application unless the application—

(A) contains a description of model programs designed by local education agencies, and representing a variety of alternative and innovative approaches to foreign language instruction, which were selected by the State educational agency for funding under this section;

(B) provides assurances that all children aged five through seventeen who reside within the school district of the local educational agency shall be eligible to participate in any model program funded under this section (without regard to whether such children attend schools operated by such agency);

(C) provides assurances that, if the application of the State educational agency is approved, each model program described in the application shall have available to it sufficient funds from State and local sources, in addition to any funds under this section to ensure that the program is carried out as described in the application; and

(D) provides that the local educational agency will provide standard evaluations of pupils' proficiency at appropriate intervals in the program, and provide such evaluations to the State education agency.

SEC. 422. PROGRAMS FOR EXCEPTIONAL SECONDARY STUDENTS.

(a) GRANTS TO INSTITUTIONS OF HIGHER EDUCATION.—

(1) IN GENERAL.—From the amount reserved for purposes of this section under section 424B(b)(2), the Secretary shall make grants to an institution of higher education (or a consortium of such institutions) in each Federal region whose application is approved under subsection (b) for the purposes of providing assistance for intensive language training in summer institutes for exceptional secondary school students, who show ability in their development of foreign language skills.

(2) COMPUTATION OF AMOUNT.—An institution or consortium for which an application is approved under subsection (b) shall receive an amount equal to not more than the sum of

(A) the product of—

(i) $3,000; and

(ii) the number of students enrolled in such institute, not to exceed 150; and

(b) $500 for each student enrolled in such institute, which shall be paid to each such student as a stipend.

(3) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which institutions of higher education may receive under paragraph (2), the amount of such grants shall be ratably reduced.

(b) APPLICATION.—

(1) IN GENERAL.—Any institution of higher education or consortium of such institutions desiring to receive the grant for its region shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

(2) RESTRICTIONS.—The Secretary may not approve an application unless the application—

(A) contains a description of the proposed program of intensive instruction at the institute;

(B) provides adequate assurance that students from any Federal region who wish to participate will be selected on the basis of—

(i) aptitude in that language, as determined by appropriate testing and verified by their teachers; and

(ii) motivation;

(3) provides assurances that the institution of higher education will seek to enroll at least eighty qualified students in the institute; and

(4) provides assurances that the program of intensive instruction will be developed and operated in close cooperation with secondary school teachers and administrators.

(c) ENCOURAGEMENT OF DIVERSITY.—The Secretary shall encourage, to the extent possible, diversity in the languages taught in institutes during any summer within the United States, and shall consider the need to fund programs involving languages of critical importance to the Nation.

(d) BASIS OF AWARDS.—Awards under this section shall be made to institutes (or consortia) on the basis of excellence of the program proposed in the application, taking into consideration such elements as library resources, faculty achievement, and language learning facilities.

(e) ALLOWABLE USES OF FUNDS.—Funds available to institutes under this section may be used to cover costs associated with enrollment in an institute, including tuition, fees, administration, and living expenses.

SEC. 423. GRANTS FOR PROGRAMS OF STUDY ABROAD FOR ADVANCED SECONDARY FOREIGN LANGUAGE STUDENTS.

(a) GRANTS TO STATES.—From the amount reserved under section 424B(b)(3) for purposes of this section, the Secretary shall make grants to States for which applications are approved under subsection (c), for the purposes of providing assistance to enable advanced secondary foreign language students in their junior or senior year of high school to develop their language skills and their knowledge of foreign cultures and societies through study abroad in the following areas:

(1) Latin America for the study of Spanish or Portuguese.

(2) The Middle East for the study of major languages of that region.

(3) Japan for the study of Japanese.

(4) The People's Republic of China or the Republic of China for the study of Chinese.

(5) The Democratic Republic of Korea for the study of Korean.

(6) The Union of Soviet Socialist Republics for the study of Russian and other major languages of that region.

(7) Africa for the study of major languages of that region.

(8) South Asia for the study of Hindi and other major languages of that region.

(b) APPLICATION.—

(1) IN GENERAL.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. The Secretary may not approve an application unless the application—

(A) contains a description of the proposed program of study abroad;

(B) provides adequate assurance that those who wish to participate will be selected on the basis of demonstrated proficiency in the language, as shown by testing comparable to that conducted by the Foreign Service Institute of the Department of State; and

(C) demonstrates that the program will provide the opportunity to combine language study with the study of journalism, international business, finance, economic development, science, engineering, political science, international studies, or other related areas and is open to high school juniors and seniors demonstrating a significant interest in those areas who are otherwise qualified to participate in the program.

(2) COMPUTATION OF AMOUNT.—A State whose application is approved under paragraph (1) shall be eligible to receive a grant in an amount not to exceed one-half the cost of providing the program.

(3) ALLOWABLE USES OF FUNDS.—Funds available for study abroad under this section may be used to cover costs associated with enrollment in a foreign educational institute, including tuition, fees, administration, and living expenses.

(c) REDUCTION FOR INSUFFICIENT FUNDING.—If sums made available to carry out this section for any fiscal year are not sufficient to permit the Secretary to pay in full the grants which States may receive under subsection (b), the amount of such grants shall be ratably reduced.

SEC. 424. GRANTS FOR ADVANCED PLACEMENT PROGRAMS.

(a) GRANTS TO STATES.—From the amount reserved under section 424B(b)(4) for purposes of this section, the Secretary shall make grants to States for which applications are approved under subsection (c) for the purposes of providing assistance to advanced placement programs operated by local educational agencies that are designed to allow qualified secondary students to attend college preparatory schools, colleges, or universities on a part-time or full-time basis with respect to foreign language instruction.

(b) ALLOCATION OF STATE FUNDS.—A local educational agency that receives funds from a grant under this section for an advanced placement program described in subsection (a) shall allocate to such program a percentage of funds received from the State on a per student basis according to—

(1) the number of students participating in the program; and

(2) the instruction time such students receive under the program.

(c) APPLICATIONS.—Any State desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. The Secretary may not approve an application unless the application includes—

(1) a description of the proposed program; and

(2) a commitment as to the percentage of funds received from the State on a per student basis that shall be used by the local educational agency to defray costs of the advanced placement program.

SEC. 424A. LIMITATION.

The Secretary may not make grants or enter into contracts under this chapter except to such extent, or in such amounts, as may be provided in appropriation Acts.

SEC. 424B. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this chapter.

(b) RESERVATION OF AMOUNTS.—Of amounts made available for any fiscal year under subsection (a)—

(1) 86 percent shall be available only for purposes of carrying out section 421;

(2) 6 percent shall be available only for purposes of carrying out section 422;

(3) 4 percent shall be available only for purposes of carrying out section 423; and

(4) 4 percent shall be available only for purposes of carrying out section 424.

CHAPTER 4—BUSINESS-EDUCATION PARTNERSHIPS

SEC. 425. PURPOSE.

It is the purpose of this chapter to encourage the creation of alliances between public schools and the private sector in order to—

(1) apply the resources of the private and nonprofit sectors of the community to the needs of the elementary and secondary schools in that community;

(2) encourage business to work with educationally disadvantaged students and with gifted students;

(3) apply the resources of communities for the improvement of elementary and secondary education; and

(4) enrich the career awareness of secondary school students to exposures to the private sector and their work.

SEC. 426. PROGRAM AUTHORIZED.

(a) GRANTS TO ELIGIBLE ALLIANCES.—The Secretary may make grants to eligible alliances to pay the Federal share of the costs of the activities described in section 427.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this chapter.

SEC. 427. AUTHORIZED ACTIVITIES.

An eligible alliance may use payments received under this chapter in any fiscal year for—

(1) model cooperative programs designed to apply the resources of the private and nonprofit sectors of the community to the elementary and secondary schools of the local educational agency in that community;

(2) projects designed to encourage business concerns and other participants in the eligible alliance, to work with educationally disadvantaged students and with gifted students in the elementary and secondary schools of local educational agencies;

(3) projects designed to apply the resources of the community to the elementary and secondary schools of the local educational agency in that community to improve the education of students in such schools;

(4) projects designed to enrich the career awareness of secondary school students through exposure to officers and employees of business concerns and other agencies and organizations participating in the eligible alliance for education;

(5) projects for statewide activities designed to carry out the purpose of this chapter, including the development of model State statutes for the support of cooperative arrangements between the private sector and the elementary and secondary schools within the State;

(6) special training projects for staff designed to develop skills necessary to facilitate cooperative arrangements between the private and nonprofit sectors and the elementary and secondary schools of local educational agencies;

(7) academic internship programs, including where possible academic credit, involving activities designed to carry out the purpose of this chapter; and

(8) projects encouraging tutorial and volunteer work in the elementary and secondary schools of local education agencies by personnel assigned from business concerns and other participants in the eligible alliance.

SEC. 428. ALLIANCE FOR EDUCATION BOARD.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established within the Department of Education an Alliance for Education Board.

(2) The Board shall be composed of 15 members as follows:

(A) Ten members shall be appointed by the President as follows:

(i) Two shall be appointed from among individuals who are representatives of business concerns.

(ii) Three shall be appointed from among individuals who are representative of elementary and secondary school teachers and elementary and secondary school administrators.

(iii) Two shall be appointed from among chief State school officers.

(iv) Three shall be appointed from among members of the general public who by reason of experience or interest are qualified to serve on the Board.

(B) The Secretary of Education.

(C) The Secretary of Commerce.

(D) The Secretary of Labor.

(E) The Chairman of the National Endowment for the Arts.

(F) The Chairman of the National Endowment for the Humanities.

(3) EX OFFICIO MEMBERS.—The members of the Board listed in subparagraphs (B) through (F) shall be ex officio members of the Board.

(b) DUTIES OF BOARD.—The Board shall establish general policies with respect to the functions of the Secretary under this chapter including—

(1) guidelines for the establishment and operation of an eligible alliance under this chapter;

(2) priorities for the approval of applications; and

(3) such other matters as the Secretary may prescribe.

(c) DESIGNATION OF CHAIRMAN.—The Chairman of the Board shall be designated by the President from among the appointed members of the Board.

(d) QUORUM.—Except as provided in subsection (e)(2), eight appointed members of the Board shall constitute a quorum.

(e) The Board shall meet at the call of the Chairman, except that—

(1) it shall meet not less than four times each year; and

(2) it shall meet whenever one-third of the appointed members request a meeting in writing, in which event seven of the appointed members shall constitute a quorum.

(f) Members of the Board who are not in the regular full-time employ of the United States shall receive, while engaged in the business of the Board, compensation for service at a rate to be fixed by the President. Such rate shall not exceed the rate specified at the time of such service for grade GS-18 set forth in section 5332 of title 5, United States Code, including traveltime. While engaged in the business of the Board away from their homes or regular places of business, members of the Board may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed in Government service.

SEC. 429. APPLICATION.

(a) IN GENERAL.—An eligible alliance which desires to receive a grant under this chapter shall submit an application to the Secretary, at such time, in such manner, and accompanied by such additional information as the Secretary may reasonably require. Each such application shall—

(1) describe the activities for which assistance under this chapter is sought;

(2) provide evidence that the eligible alliance meets the general guidelines established by the Board pursuant to section 431(b)(1);

(3) provide assurances that the eligible alliance will pay the non-Federal share of the activities for which assistance is sought from non-Federal sources;

(4) provide assurances that the eligible alliance will take such steps as may be available to it to continue the activities for which the eligible alliance is making application after the period for which assistance is sought; and

(5) provide such additional assurances as the Secretary determines to be essential to ensure compliance with the requirements of this chapter.

(b) JOINT APPLICATION.—A consortium of eligible alliances may file a joint application under the provisions of subsection (a) of this section.

SEC. 430. APPROVAL OF APPLICATION.

(a) IN GENERAL.—The Secretary shall approve applications in accordance with the general policies and guidelines established by the Board under section 428(b).

(b) RESTRICTION.—The Secretary may not approve an application if the State educational agency for the State in which the institution is located, or, in the case of a consortium of institutions, in which any institution in the consortium is located, notifies the Secretary that the application is inconsistent with State plans for elementary and secondary education in the State.

SEC. 430A. COMPUTATION OF GRANT AMOUNTS.

(a) COMPUTATION.—

(1) IN GENERAL.—The Secretary shall pay to each eligible alliance having an application approved under section 430 the Federal share of the cost of the activities described in the application.

(2) FEDERAL SHARE.—The Federal share shall be—

(A) 90 percent for the first year for which an eligible alliance receives assistance under this chapter;

(B) 75 percent for the second such year;

(C) 50 percent for the third such year; and

(D) 33⅓ percent for the fourth such year.

(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this chapter may be in cash or in kind fairly evaluated, including planned equipment or services.

(b) RESTRICTION.—The total amount of funds paid under this chapter during any fiscal year to eligible alliances in any single State may not be greater than the greater of—

(1) an amount equal to 15 percent of the funds appropriated under this chapter for that fiscal year; or

(2) $1,000,000.

SEC. 430B. EVALUATION AND DISSEMINATION.

(a) ANNUAL EVALUATION.—The Secretary shall conduct an annual evaluation of grants made under this chapter to determine—

(1) the type of activities assisted under this chapter;

(2) the impact upon the educational characteristics of the elementary and secondary schools from activities assisted under this chapter;

(3) the extent to which activities assisted under this chapter have improved or expanded the nature of support for elementary and secondary education in the community or in the State; and

(4) a list of specific activities assisted under this chapter which show promise as model programs to carry out the purpose of this chapter.

(b) DISSEMINATION OF INFORMATION.—The Secretary shall disseminate to State and local educational agencies and other participants in the eligible alliance program information relating to the activities assisted under this chapter.

SEC. 430C. DEFINITIONS.

As used in this chapter—

(1) The term "Board" means the Alliance for Education Board established pursuant to section 428.

(2) The term "elementary school" has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965.

(3) The term "eligible alliance" means a local educational agency and business concerns, nonprofit private organizations, institutions of higher education, museums, libraries, educational television stations, and if the State agrees to participate, appropriate State agencies.

(4) The term "secondary school" has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965.

CHAPTER 5—EDUCATIONAL TELECOMMUNICATIONS

SEC. 431. NATIONAL EDUCATIONAL TELECOMMUNICATIONS DEMONSTRATION PROGRAM.

(a) PROGRAM AUTHORITY.—

(1) GRANTS TO PUBLIC AGENCIES AND NONPROFIT CORPORATIONS.—The Secretary of Education may provide grant assistance to public agencies and nonprofit corporations to pay the Federal share of the costs of the design, development, and construction, including renovation, of nine model, regional advanced educational telecommunications network and technology resource centers. Such centers shall enable private and public postsecondary educational institutions, elementary and secondary school systems, libraries, and other institutions in the region to share educational resources and improve and expand instruction in mathematics, science, foreign languages, vocational education, continuing education, and basic and remedial educational skills.

(2) SELECTION OF LOCATIONS.—In selecting locations for the resource centers, the Secretary shall provide for an equitable geographic distribution of such centers, and shall recognize the need for such centers in sparsely populated areas.

(b) MATCHING REQUIREMENT.—Financial assistance made available under this section shall be matched equally by State funds and funds from other sources.

(c) SEPARATE AUTHORIZATION.—There are authorized to be appropriated $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this section. Funds appropriated pursuant to this section shall remain available until expended.

CHAPTER 6—TECHNICAL EDUCATION PROGRAMS

SEC. 435. REPLICATION MODELS FOR TECHNICAL EDUCATION PROGRAMS DESIGNED TO IMPROVE THE QUALITY OF EDUCATION FOR AMERICA'S TECHNICALLY TRAINED WORKFORCE.

(a) UNDER FUNDS APPROPRIATED FOR THE NATIONAL DIFFUSION NETWORK.—The National Diffusion Network established under section 583(c) of the Education Consolidation and Improvement Act of 1981 (20 U.S.C. 3851), in addition to its duties under such Act—

(1) shall gather, organize, and disseminate information on innovative programs at institutions of postsecondary education and secondary schools designed to—

(A) enhance the development of technical skills needed to improve the competitiveness of American industry;

(B) encourage the development of higher skills among individuals facing or likely to face job dislocation;

(C) encourage the acquisition of basic literacy skills among youth as well as adults; or

(D) involve the business community in the planning and offering of employment opportunities to the trained workforce.

(2) shall gather, organize, and disseminate information on consultative and collaborative efforts by elementary education, secondary education, postsecondary education, business, labor, local, State and Federal governments designed to—

(A) improve the efficiency, productivity, and competitiveness of American business; or

(B) enhance the international competitiveness of American business (such as international trade education and foreign language training for business);

(3) in carrying out the activities described in paragraphs (1) and (2), shall produce a catalog of exemplary consultative and collaborative efforts which have the highest probability of being replicated; and

(4) may provide technical assistance to any institution or entity to facilitate the gathering of information for replication models.

CHAPTER 7—TRANSFER OF EDUCATION AND TRAINING SOFTWARE

SEC. 441. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) Federal agencies, particularly the Department of Defense, have made extensive investments of public funds in the development of knowledge and education and training software;

(2) much knowledge and education and training software is directly useful and transferable to the public and private sector or could be transferable after conversion;

(3) the transfer of education and training software to the public and private sector could properly augment existing Federal programs for the education of existing and new industrial workers or the retraining of workers whose jobs have been disrupted because of technological developments, foreign trade, and changes in consumer requirements; and

(4) the transfer of knowledge and education and training software to the public and private sector would be especially beneficial to business concerns which lack the knowledge or resources to develop such software independently.

(b) PURPOSE.—Therefore, it is the purpose of this chapter to facilitate the transfer of knowledge and education and training software from Federal agencies to the public and private sector including State and local education agencies, and educational institutions, in order to support the education, training, and retraining of our workforce.

SEC. 442. ESTABLISHMENT OF OFFICE OF EDUCATION SOFTWARE TRANSFER.

(a) ESTABLISHMENT.—There is established in the Office of Educational Research and Improvement of the Department of Education an Office of Education Software Transfer (hereinafter in this chapter referred to as the "Office").

(b) DIRECTOR.—The Office shall be headed by a Director, who shall be appointed by the Secretary of Education. The Director shall be compensated at the rate provided for GS-16 of the General Schedule under section 5332 of title 5, United States Code.

(c) PERSONNEL.—To carry out this chapter, the Director shall appoint not less than 15 individuals in accordance with the civil service laws, and may compensate such individuals in accordance with the General Schedule under section 5332 of title 5, United States Code.

(d) FUNCTIONS OF THE OFFICE.—

(1) CLEARINGHOUSE.—(A) The Director shall maintain a current and comprehensive clearinghouse of all knowledge and education and training software developed or scheduled for development by or under the supervision of Federal agencies. The clearinghouse shall include, with respect to each item of education and training software listed—

(i) a complete description of such software, including the purpose, content, intended academic level or competency level, date of development, imbedded learning and instructional strategies, and mode of presentation of such software;

(ii) a description of each type of computer hardware which is compatible with such software and of any other equipment required to use such software;

(iii) a specification of any patent, copyright, or proprietary interest affecting the copying, conversion, or transfer of such software; and

(iv) information with respect to any conversion or transfer of such software pursuant to this chapter.

(B) In establishing and maintaining the clearinghouse required by this subsection, the Director shall—

(i) consult with and utilize fully the resources of all Federal agencies engaged in the collection and dissemination of knowledge and information concerning education software; and

(ii) request the participation and cooperation of entities in the legislative and judicial branches of Government.

(2) DISSEMINATION REQUIRED.—(A) The Director shall disseminate widely and on a regular basis the information required by paragraph (1)(A) and any revisions to such information in order to enable all potential public interest and commercial users of education and training software to receive ample notice that Federal agencies have developed such knowledge or software, or have scheduled such knowledge or software for development. In carrying out the preceding sentence, the Director shall—

(i) utilize all interagency and intergovernmental communication mechanisms, including State educational agencies, regional educational laboratories, and the National Center for Research in Vocational Education; and

(ii) encourage the participation of independent private sector organizations, including organizations representing State and local education agencies, educational institutions, technical and professional organizations, and trade associations.

(B) The Director shall develop and distribute, in conjunction with the dissemination of the information required under paragraph (1)(A), detailed instructions and procedures for securing copies, including such rights thereto as may be required, of education and training software listed and guidelines for cooperative agreements between commercial users and public interest users under paragraph (4)(B).

(3) CONSULTATION AND ASSISTANCE; PUBLIC INTEREST USER.—The Director shall advise, consult, and may provide grants to a public interest user of an education and training software listed in the clearinghouse required under paragraph (1)(A) and shall assist such user in securing the transfer of such software from the Federal agency which developed such software. In providing such assistance, the Director shall encourage such public interest user to obtain such software by working with the education and training software transfer officer of such agency. If an agency has not established procedures for the transfer of education and training software, the Director shall negotiate the transfer of such software upon application by such user.

(4) CONSULTATION; COMMERCIAL USER.—(A) The Director shall advise and consult with any prospective commercial user of an education and training software listed in the clearinghouse required under paragraph (1)(A). The Director may sell or lease such training software, including exclusive or nonexclusive rights in copyrights or patents pertaining thereto, to a commercial user for a price or fee which reflects a reasonable return to the Government.

(B) The Director may waive purchase prices or lease fees for a commercial user of training software, may negotiate reduced purchase prices or lease fees for such commercial user, or may negotiate exclusive sale or lease agreements or other terms favorable to such commercial user if such commercial user agrees to enter into a cooperative agreement with a public interest user or a group of public interest users in accordance with this section. Under the preceding sentence, the Director may not waive such prices or fees, negotiate reduced prices or fees, or negotiate exclusive agreements or favorable terms for a commercial user unless such cooperative agreement—

(i) provides for the conversion of the education and training software by the commercial user in order to meet the specific needs of the public interest user or group of public interest users;

(ii) provides that such conversion will be performed without charge to the public interest user or group of users; and

(iii) is acceptable to the Director.

(C) In negotiating terms for the sale or lease of education and training software pursuant to paragraph (2), the Director shall give preferential consideration to cooperative agreements which—

(i) will result in enhancing the employment potential and potential earnings of the maximum number of individuals;

(ii) encourage and promote multiple uses of education and training software converted pursuant to this section by users with similar education needs; and

(iii) provide beneficial uses of education and training software for businesses.

(D) Any education and training software converted pursuant to paragraph (2) shall be listed in the clearinghouse required by subsection (a) and shall be available for transfer to any other public interest user.

(5) STUDY REQUIRED.—The Director shall study the effectiveness of transfers and conversions of education and training software pursuant to this chapter, and shall analyze national needs for methods to convert education and training software which are in addition to the method provided in paragraph (2).

(6) REPORT.—(A) The Director shall submit to the Congress a report that—

(i) describes the study and analysis conducted as required by paragraph (5); and

(ii) contains recommendations of the Director concerning whether the public interest is served through the program of grants to public interest users to support conversion of education and training software.

(B) The Director shall submit the report required by subparagraph (A) before the expiration of the two-year period beginning on the date of enactment of this Act.

(e) REGULATIONS.—In carrying out this chapter, the Director may—

(1) promulgate such rules, regulations, procedures, and forms as may be necessary to carry out the functions of the Office, and delegate authority for the performance of any function to any officer or employee of the Office under the direction and supervision of the Director;

(2) utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal agencies and of State, local, and private agencies and instrumentalities, with or without reimbursement therefor;

(3) enter into agreements with other Federal agencies as may be appropriate;

(4) accept voluntary and uncompensated services, without regard to the provisions of section 1342 of title 31, United States Code; and

(5) request such information, data, and reports from any Federal agency as the Director may from time to time require and as may be produced consistent with other law.

SEC. 443. COORDINATION WITH FEDERAL AGENCIES.

(a) USE OF FEDERAL PROGRAMS.—In carrying out this chapter, the Director shall utilize, to the fullest possible extent, all existing Federal programs to promote the identification, conversion, and transfer of knowledge and education and training software in accordance with this chapter.

(b) EDUCATION AND TRAINING SOFTWARE TRANSFER OFFICER.—The head of each Federal agency which develops knowledge for or uses education and training software shall designate, from the officers and employees of the agency, an education and training software transfer officer. The education and training software transfer officer of an agency shall—

(1) supply information to the Office of Education Software Transfer for inclusion in the clearinghouse;

(2) receive and process inquiries and requests from prospective users of knowledge and education and training software employed by such agency;

(3) promote direct contact between prospective users of knowledge and education and training software and personnel of the agency;

(4) facilitate the prompt transfer for knowledge and education and training software to public interest users; and

(5) refer requests for education and training software from commercial users to the Office of Training Software Transfer for the negotiation of the purchase or lease of such software.

(c) COOPERATION OF FEDERAL AGENCIES.—

(1) IN GENERAL.—All Federal agencies shall cooperate with the Director in the implementation of this chapter. If the head of a Federal agency finds that such agency is unable to cooperate with the Director for reasons of national security, or for any other reason, such agency head shall report such finding to the Secretary. The Secretary shall report to the Congress by July 1 of each year all such findings received by the Secretary during the preceding 12-month period.

(2) AVAILABILITY OF FEDERAL SERVICES, EQUIPMENT, PERSONNEL, AND FACILITIES.—Upon request of the Director, the head of each Federal agency shall promptly make the services, equipment, personnel, facilities, and information of the agency (including suggestions, estimates, and statistics) available to the Office to the greatest extent practicable.

(d) EQUITY RULE.—In carrying out the purposes of this chapter, the Director shall consider special equity concerns, including psychological, physiological, sociological, and socioeconomic factors, which could prevent some persons from benefiting from new technological developments, and shall, to the extent possible, ensure that such persons benefit from software transfer activities under this chapter.

SEC. 444. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $1,000,000 for fiscal year 1988, and such sums as may be necessary for each of fiscal years 1989 through 1993.

SEC. 445. DEFINITIONS.

As used in this chapter:

(1) The term "commercial user" means any individual, corporation, partnership, or other legal entity which operates for profit and which uses or intends to use the education and training software of a Federal agency.

(2) The term "conversion" means the process whereby education software is modified and revised to meet the needs of a public interest user or a commercial user.

(3) The term "Director" means the Director of the Office of Education Software Transfer established pursuant to section 442.

(4) The term "Federal agency" has the meaning given to the term "agency" in section 551(1) of title 5, United States Code.

(5) The term "Office" means the Office of Education Software Transfer established pursuant to section 442.

(6) The term "private industry council" means a private industry council established under section 102 of the Job Training Partnership Act.

(7) The term "community-based organizations" has the same meaning as in section 504(5) of the Job Training Partnership Act.

(8) The term "public interest user" means any nonprofit entity which—

(A) provides job training, vocational education or other educational services, including public school systems, vocational schools, private preparatory schools, colleges, universities, community colleges, private industry councils, community-based organizations, and State and local education agencies; and

(B) uses or intends to use the knowledge or education and training software of a Federal agency.

(9) The term "education and training software" means computer software which is developed by a Federal agency to educate and train employees of the agency and which may be transferred to or converted for use by a public interest user or a commercial user and includes software for computer based instructional systems, interactive video disc systems, microcomputer education devices, audiovisual devices, and programmed learning kits, and associated manuals and devices if such manuals and devices are integrally related to a software program.

(10) The term "transfer" means the process whereby education and training software is made available to a public interest user or a commercial user for the education and training of those in the workforce with or without the conversion of such software.

CHAPTER 8—INSTRUCTIONAL PROGRAMS IN TECHNOLOGY EDUCATION

SEC. 446. PURPOSE.

It is the purpose of this chapter to assist educational agencies and institutions in developing a technologically literate population through instructional programs in technology education.

SEC. 447. TECHNOLOGY EDUCATION DEMONSTRATION PROGRAM.

(a) ESTABLISHMENT.—Subject to the availability of funds for purposes of this chapter, the Secretary of Education shall establish a program of grants to local educational agencies, State educational agencies, consortia of public and private agencies, organizations and institutions, and institutions of higher education to establish not more than ten demonstration programs in technology education for secondary schools.

(b) ALLOWABLE USES OF GRANT FUNDS.—Funds made available under this chapter may be used to develop a model demonstration program for technology education with the following components:

(1) Educational course content based on—

(A) an organized set of concepts, processes, and systems that is uniquely technological; and

(B) fundamental knowledge about the development of technology and its effect on people, the environment, and culture.

(2) Instructional content drawn from introduction to technology education courses in one or more of the following areas—

(A) communication—efficiently using resources to transfer information to extend human potential;

(B) construction—efficiently using resources to build structures on a site;

(C) manufacturing—efficiently using resources to extract and convert raw or recycled materials into industrial and consumer goods; and

(D) transportation—efficiently using resources to obtain time and place utility and to attain and maintain direct physical contact and exchange among individuals and societal units through the movement of materials, goods, and people.

(3) Assisting students in developing insight, understanding, and application of technological concepts, processes, and systems.

(4) Educating students in the safe and efficient utilization of tools, materials, machines, processes, and technical concepts.

(5) Developing student skills, creative abilities, confidence, and individual potential in utilizing technology.

(6) Developing student problem solving and decision making abilities involving human and material resources, processes, and technological systems.

(7) Preparing students for lifelong learning in a technological society.

(8) Activity oriented laboratory instruction which reinforces abstract concepts with concrete experiences.

(9) An institute of the purpose of developing teacher capability in the area of technology education.

(10) Research and development of curriculum materials for use in technology education programs.

(11) Multidisciplinary teacher workshops for the interfacing of mathematics, science, and technology education.

(12) Statewide implementation plan for disseminating exemplary materials and practices.

(13) Optional employment of a curriculum specialist to provide technical assistance for the program.

(14) A combined emphasis on "know-how" and "ability-to-do" in carrying out technological work.

(c) LIMITATION ON FEDERAL ASSISTANCE.—Federal assistance to any program or project under this chapter shall not exceed 65 percent of the cost of such program in any fiscal year. Not less than 10 percent of the cost of such program shall be in the form of private sector contributions. Non-Federal contributions may be in cash or in kind, fairly evaluated, including facilities, overhead, personnel, and equipment.

SEC. 448. APPLICATIONS FOR GRANTS.

(a) IN GENERAL.—A local educational agency, State educational agency, consortium of public and private agencies, organizations, and institutions, or institution of higher education which desires to receive a grant under this chapter shall submit an application to the Secretary. Applications shall be submitted at such time, in such form, and containing such information as the Secretary shall prescribe. An application shall include—

(1) a description of a demonstration program designed to carry out the purpose described in section 446;

(2) an estimate of the cost for the establishment and operation of the program;

(3) a description of policies and procedures for the program that will ensure adequate evaluation of the activities intended to be carried out under the application;

(4) assurances that Federal funds made available under this chapter will be so used as to supplement and, to the extent practicable, increase the amount of State and local funds that would in the absence of such Federal funds be made available for the uses specified in this chapter, and in no case supplant such State or local funds;

(5) a provision for making such reports, in such form and containing such information, as the Secretary may require; and

(6) a description of the manner in which programs under this chapter will be coordinated, to the extent practicable, with programs under the Job Training Partnership Act, the Carl D. Perkins Vocational Education Act, and other Acts related to the purposes of this chapter.

(b) GEOGRAPHIC DISTRIBUTION.—In making grants under this chapter, the Secretary shall consider the equitable geographic distribution of such grants.

SEC. 449. NATIONAL DISSEMINATION OF INFORMATION.

The Secretary shall disseminate the results of the programs and projects assisted under this chapter in a manner designed to improve the training of teachers, other instructional personnel, counselors, and administrators.

SEC. 450. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $2,000,000 for fiscal year 1988, and such sums as may be necessary for fiscal years 1989 through 1993 for purposes of carrying out this chapter.

SEC. 450A. DEFINITION.

As used in this chapter, the term "technology education" means a comprehensive educational process designed to develop a population that is knowledgeable about technology, its evolution, systems, techniques, utilization in industry and other fields, and social and cultural significance.

CHAPTER 9—VOCATIONAL EDUCATION PROGRAMS

SEC. 451. ADULT TRAINING, RETRAINING, AND EMPLOYMENT DEVELOPMENT

Part C of title III of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2371 et seq.) is amended to read as follows:

"PART C—ADULT TRAINING, RETRAINING, AND EMPLOYMENT DEVELOPMENT

"FINDINGS AND PURPOSE

"SEC. 321. (a) FINDINGS.—The Congress finds that—

"(1) technological change, international competition, and the demographics of the Nation's workforce have resulted in increases in the numbers of experienced adult workers who are unemployed, who have been dislocated, or who require training, retraining, or upgrading of skills,

"(2) the individuals who are entering and reentering the labor market are less educated, trained, or skilled and are disproportionately employed in low-wage occupations and require additional training, and

"(3) these needs can be met by education and training programs, especially vocational programs, that are responsive to the needs of individuals and the demands of the labor market.

"(b) PURPOSE.—It is the purpose of this part to (1) provide financial assistance to States to enable them to expand and improve vocational education programs designed to meet current needs for training, retraining, and employment development of adults who have completed or left high school and are preparing to enter or have entered the labor market, in order to equip adults with the competencies and skills required for productive employment, and (2) to ensure that programs are available which are relevant to the labor market needs and accessible to all segments of the population.

"AUTHORIZATION OF GRANTS AND USES OF FUNDS

"SEC. 322. (a) GRANTS TO STATES.—The Secretary shall make grants in proportion to the amount received under section 101 to States for programs, services, and activities authorized by this part.

"(b) STATE ADMINISTRATION.—(1) Grants to States under this part shall be made to the board established under section 111 to serve as the grant recipient and catalyst to public-private training partnerships.

"(2)(A) Such board shall make awards on the basis of application from educational institutions (e.g. community colleges, vocational schools, service providers under the Job Training Partnership Act (29 U.S.C. 49 et seq.), four-year colleges, universities, and community based organizations) which link up with one or more private companies in order to train people for jobs in high growth fields.

"(B) The board shall establish criteria for application, application content and criteria, and procedures for the awarding of grants under this section.

"(3) Business must be actively involved in the planning, designing, operating, and monitoring of the education and training programs so that they will meet their needs.

"(4) Training can include entry level training, employee upgrading, retraining, and customized training.

"(5) Grants shall not be awarded for more than fifty percent of the costs. The remainder must come from the private sector in either cash or related equipment and services which would be at least equivalent to the Federal grant portion.

"(c) ELIGIBLE PROGRAMS.—Programs eligible for funding by the State, and designed cooperatively between education institutions and one or more businesses, may include—

"(1) institutional and worksite programs tailored to meet the needs of an industry or group of industries for skilled workers, technicians or managers, or to assist their existing workforce to adjust to changes in technology or work requirements;

"(2) quick-start, customized training for workers in new and expanding industries, or for workers for placement in jobs that are difficult to fill because of a shortage of workers with the requisite skills;

"(3) shared programs between educational institutions and businesses, where a work experience is provided by the business subsequent to the classroom training to reinforce the classroom or workshop training;

"(4) cooperative education programs with public and private sector employers and economic development agencies, including seminars in institutional or worksite settings, designed to improve management and increase productivity;

"(5) entrepreneurship training programs which assist individuals in the establishment, management, and operation of small business enterprises;

"(6) recruitment, job search assistance, counseling, remedial services, and information and outreach programs designed to encourage and assist males and females to take advantage of vocational education programs and services, with particular attention to reaching women, older workers, individuals with limited English proficiency, the handicapped, and the disadvantaged; and

"(7) related instruction for apprentices in apprenticeship training programs.

"(d) REQUIREMENTS.—In making grants under this part, the Secretary shall require each State, in its State plan (or an amendment to such plan), to assure that programs—

"(1) are designed with the active participation of the State council established pursuant to section 112;

"(2) make maximum effective use of existing institutions, are planned to avoid duplication of programs or institutional capabilities, and to the fullest extent practicable are designed to strengthen institutional capacity to meet the education and training needs addressed by this part;

"(3) assure the active participation by public and private sector employers and public and private agencies working with programs of employment and training and economic development; and

"(4) where appropriate, involve coordination with programs under the Rehabilitation Act of 1973 and the Education of the Handicapped Act.

"COORDINATION WITH THE JOB TRAINING PARTNERSHIP ACT

"SEC. 323. (a) REQUIREMENTS FOR INCLUSION IN STATE PLAN.—Each State receiving grants under this part shall include in the State plan methods and procedures for coordinating vocational education programs, services, and activities funded under this part to provide programs of assistance for dislocated workers funded under title III of the Job Training Partnership Act.

"(b) CONSULTATION WITH STATE JOB TRAINING COORDINATING COUNCIL.—(1) The State board shall consult with the State job training coordinating council (established under section 122 of the Job Training Partnership Act) in order that programs assisted under this part may be taken into account by such council in formulating recommendations to the Governor for the Governor's coordination and special services plan required by section 121 of such Act.

"(2) The State board shall also adopt such procedures as it considers necessary to encourage coordination between eligible recipients receiving funds under this part and the appropriate administrative entity established under the Job Training Partnership Act in the conduct of their respective programs, in order to achieve the most effective use of all Federal funds through programs that complement and supplement each other, and, to the extent feasible, provide an ongoing and integrated program of training and services for workers in need of such assistance.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 324. There are authorized to be appropriated $50,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1993 for purposes of carrying out this part.".

SEC. 452. AUTHORIZATION OF ADDITIONAL USES OF VOCATIONAL EDUCATION FUNDS.

Section 251(a) of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2341) is amended—

(1) by striking out "and" at the end of paragraph (23);

(2) by striking out the period at the end of paragraph (24) and inserting in lieu thereof "; and"; and

(3) by adding at the end the following new paragraphs:

"(25) pre-employment skills training; and

"(26) school-to-work transition programs.".

SEC. 453. EDUCATION FOR EMPLOYMENT DEMONSTRATION PROGRAM.

From the sums available to the Secretary for national programs under the Carl D. Perkins Vocational Education Act, the Secretary shall conduct a demonstration program with secondary school students designed to provide participating students with the skills needed for employment or further education by forming partnerships with business and industry for purpose of incorporating into school curriculums—

(1) practical applications of academic subjects;

(2) career exploration;

(3) instruction relating to job seeking skills, career choices, and use of information relating to the labor market; and

(4) a school monitored work experience program, designed to equip each high school graduate with a resumé as well as a diploma.

SEC. 454. EXTENSION OF INDUSTRY-EDUCATION PARTNERSHIPS FOR HIGH TECHNOLOGY TRAINING.

Section 3(b)(5) of the Carl D. Perkins Vocational Education Act is amended by—

(1) striking out "and" the first place such term appears and inserting in lieu thereof a comma; and

(2) striking out "through 1989" and inserting in lieu thereof "and 1987, $50,000,000 for fiscal year 1988, and such sums as may be necessary for fiscal year 1989".

SEC. 455. DEMONSTRATION PROGRAM FOR TECHNOLOGICAL LITERACY.

(a) ESTABLISHMENT.—The Secretary shall establish demonstration programs in vocational training centers and community colleges for purposes of providing modular training in basic skills with the objective of rendering participants technologically literate. Such programs shall—

(1) stress techniques and methods that offer basic remedial skills in conjunction with training in automation literacy, robotics, computer-aided design, and other areas of computer-integrated manufacturing technology; and

(2) be designed to foster flexibility and assist workers in meeting the challenge of a changing workplace.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $2,000,000 for fiscal year 1988 and such sums as may be necessary for fiscal year 1989 for purposes of carrying out this section. Amounts appropriated pursuant to this subsection shall remain available until expended.

CHAPTER 10—ACCESS DEMONSTRATION PROGRAMS

SEC. 461. PURPOSE.

It is the purpose of this chapter to support training programs for secondary school personnel, including guidance counselors, in order to increase the opportunities of secondary school students in rural sections of the Nation for continued education.

SEC. 462. PROGRAM AUTHORIZED.

(a) GRANTS TO EDUCATIONAL RESEARCH LABORATORIES.—The Secretary may make grants to educational research laboratories to support the development of training programs for secondary school personnel, including guidance counselors.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year 1988 and such sums as may be necessary for each of fiscal years 1989 through 1991 for purposes of carrying out this chapter.

SEC. 463. APPLICATIONS.

(a) SUBMISSION OF APPLICATIONS.—A regional educational laboratory that wishes to develop and operate a program described in section 462(a) shall submit an application to the Secretary.

(b) REVIEW OF APPLICATIONS.—Each application submitted under subsection (a) shall be reviewed by peers, including educators and researchers, to determine the quality of the proposed program and its relationship to the demonstrated needs of the region to be served.

(c) SOLICITATION OF ALTERNATIVE PROPOSALS.—If, based upon a review under subsection (b), the Secretary determines that a proposed program would not best serve the needs of the students of the region to be served, the Secretary may solicit proposals from other educational institutions and organizations located in the region.

(d) CONTENT OF APPLICATIONS.—Each application for assistance under this section shall—

(1) contain assurances that—

(A) the laboratory shall provide technical assistance to appropriate educational agencies; and

(B) information developed as a result of the laboratory's research and development activities, including new educational methods, practices, techniques, and products, will be appropriately disseminated;

(C) all rural students in all States within the region will have access to and information about the access program;

(2) contain a description of—

(A) the rural secondary school population within the region served by the laboratory, including estimates of the number of high school graduates who—

(i) attend institutions of higher education, including an estimate of the number who attend out-of-state institutions;

(ii) attend trade schools;

(iii) enter military service;

(B) services available within each of the States in the region that exist to provide secondary school students with information and training relating to higher education and self-employment; and

(C) activities provided—

(i) to train designated school personnel to advise and establish community partnership programs; and

(ii) to provide technical assistance; and

(3) demonstrate that—

(A) the laboratory and its board of directors has engaged in sufficient study and analysis to ensure that the services to be offered by the proposed program will increase the number of secondary school students entering institutions of higher education and increase their awareness of and opportunities for financial assistance;

(B) State and local educational agencies were involved in planning the proposed programs and that services available from such agencies are incorporated into the proposed program; and

(C) the program will probably be funded by State or other sources after the expiration of funding under this chapter.

(e) REPORT.—

(1) PROGRAM EFFECT.—The Office of Educational Research and Improvement shall submit a report to the Congress on the effect of programs funded under this chapter, including recommendations of the regional laboratories.

(2) The report required by paragraph (1) shall be submitted not later than November 30, 1988.

SEC. 464. DEFINITION.

In this chapter, the term "regional educational laboratory" means a regional educational laboratory supported by the Secretary under section 405(d)(4)(A)(i) of the General Education Provisions Act (20 U.S.C. 1221e(d)(4)(A)(i)).

CHAPTER 11—POSTSECONDARY EDUCATION PROGRAMS

SEC. 471. COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM.

Title VII of the Higher Education Act of 1965 is amended by adding at the end thereof the following new part:

"PART I—COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM

"PROGRAM AUTHORITY

"SEC. 791. (a) PURPOSE.—It is the purpose of this section to help revitalize college and university academic research programs by assisting colleges and universities, and consortia thereof, through capital investments in modernizing their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities.

"(b) FINANCIAL ASSISTANCE PROGRAM AUTHORIZED.—The Secretary of Education shall, from the sums available to carry out this section in any fiscal year, establish and carry out a College and University Research Facilities and Instrumentation Modernization Program that will provide assistance for the replacement, renovation, or modernization of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation.

"(c) PROGRAM REQUIREMENTS.—The College and University Research Facilities and Instrumentation Modernization Program shall be carried out through projects which involve the replacement, renovation, or modernization of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, and consortia thereof, in accordance with regulations prescribed by the Secretary of Education. In establishing these regulations and making the award considerations, the Secretary shall consult with the Director of the National Science Foundation and shall seek to obtain the Director's recommendations regarding final proposal funding. The preceding sentence shall not be construed as granting the National Science Foundation final authority over funding, or the right to delay funding of acceptable projects.

"(d) MATCHING REQUIREMENT.—Any participating college or university, or any consortia thereof, must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

"(e) PRIORITY FOR MATHEMATICS AND SCIENCE.—With respect to research equipment and instrumentation, the Secretary shall give priority to proposals for upgrading, renovating, or replacing outmoded equipment and instrumentation used in instruction and research in mathematics and the sciences, including engineering sciences.

"(f) SELECTION CRITERIA.—The criteria for making an award to any college or university under this part, shall include—

"(1) the quality of the research and training to be carried out in the facility or facilities involved;

"(2) the congruence of the institution's research activities with the future research needs of the Nation;

"(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs; and

"(4) an analysis of the age and condition of existing research facilities and equipment.

"(g) EQUALIZATION SET-ASIDE FOR CERTAIN TYPES OF INSTITUTIONS.—(1) At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than $10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

"(2) Of the amounts appropriated under this section, at least 10 percent of the funds shall be reserved for institutions serving a substantial number of minority and disadvantaged undergraduate and graduate students.

"(h) CONSULTATIONS FOR RULEMAKING.—In prescribing regulations and conducting the program under this section, the Secretary of Education shall consult with other agencies of the Federal Government concerned with research, including the National Science Foundation, the Department of Health and Human Services, the National Aeronautics and Space Administration, the Department of Energy, the Department of Agriculture, and the Department of Defense.

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $85,000,000 for fiscal year 1988 and such sums as may be necessary for each of the succeeding fiscal years to carry out this section.".

SEC. 472. AGRICULTURE, STRATEGIC METALS, MINERALS, AND FORESTRY COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM.

Title VII of the Higher Education Act of 1965 is amended by adding new part J:

"PART J—AGRICULTURE, STRATEGIC METALS, MINERALS, AND FORESTRY COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM

"PROGRAM AUTHORITY

"SEC. 795. (a) PURPOSE.—It is the purpose of this section to help revitalize college and university academic research programs that specialize in agricultural, strategic metals and minerals, energy and forestry and wood products research by assisting colleges and universities in modernizing their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities for agricultural, strategic metals, minerals, energy, and forestry research.

"(b) FINANCIAL ASSISTANCE AUTHORIZED.—The Secretary of Education shall, from the sums available to carry out this section in any fiscal year, establish and carry out a new College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy and forestry that will provide assistance for the replacement or modernization of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation.

"(c) PROGRAM REQUIREMENTS.—The College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy and forestry shall be carried out through projects which involve the replacement or modernization of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, in accordance with regulations prescribed by the Secretary of Education. The Secretary shall consult with the Secretaries of Agriculture, Interior, and Energy and shall obtain their recommendations regarding final proposal funding should they wish to provide such. In no case should this language be construed as granting these Secretaries final authority over funding or the right to hold up funding of acceptable projects.

"(d) MATCHING REQUIREMENTS.—Any participating college or university must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

"(e) SELECTION CRITERIA.—The criteria for making an award to any college or university under this part, shall include—

"(1) the quality of the research and training to be carried out in the facility or facilities involved;

"(2) the congruence of the institution's research activities to be supported with funds awarded under this part with the future research needs of the Nation; especially as they relate to improving the Nation's trade and competitiveness position.

"(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs, especially as those needs are related to improving the Nation's trade and competitiveness position; and

"(4) an analysis of the age and condition of existing research facilities and equipment.

"(f) SET-ASIDE.—At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than $10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

"(g) CONSULTATIONS FOR RULEMAKING.—In prescribing regulations and conducting the program under this section, the Secretary of Education shall consult with other agencies of the Federal Government concerned with research, including the Departments of Energy, Agriculture, and Interior.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $20,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to carry out this section.".

SEC. 473. GRADUATE TRAINING TO ENHANCE THE NATION'S COMPETITIVENESS.

Section 971 of the Higher Education Act of 1965 is amended—

(1) by striking out "for part A or D of this title" in subsection (g) and inserting "pursuant to subsections (a) and (d) of this section"; and

(2) by adding at the end thereof the following new subsection:

"(h) ADDITIONAL AUTHORIZATIONS.—For purposes of encouraging increased participation in graduate research training—

"(1) there are authorized to be appropriated an additional $5,000,000 for fiscal year 1988 to carry out part A, and such additional sums as may be necessary for each of the three succeeding fiscal years;

"(2) there are authorized to be appropriated an additional $4,000,000 for fiscal year 1988 to carry out part B, and such additional sums as may be necessary for each of the three succeeding fiscal years; and

"(3) there are authorized to be appropriated an additional $5,000,000 for fiscal year 1988 to carry out part D, and such additional sums as may be necessary for each of the three succeeding fiscal years.".

SEC. 474. FOREIGN TECHNICAL AND SCIENTIFIC PERIODICALS.

Section 607 of the Higher Education Act of 1965 is amended by adding at the end thereof the following new subsection:

"(e)(1) There are authorized to be appropriated $1,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to provide assistance for the acquisition of, and provision of access to foreign technical and scientific periodicals.

"(2) From amounts appropriated pursuant to paragraph (1), the Secretary of Education shall provide for the acquisition, translation, and dissemination of technical and scientific periodicals published outside the United States. The Secretary shall disseminate translated periodicals acquired under this subsection to libraries, businesses, professional societies, and postsecondary education institutions.

"(3) In carrying out the provisions of this subsection, the Secretary shall select periodicals published outside the United States which the Secretary, after consultation with other departments and agencies of the Federal Government and with businesses and professional societies, determines may be of value to departments and agencies of the Federal Government, to businesses, and to researchers in the United States.".

SEC. 475. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT.

Section 1047 of title X of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"(c) ADDITIONAL AUTHORIZATION.—In addition, there are authorized to be appropriated $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years for the purpose of funding new activities, consistent with the purposes of sections 1021 and 1031, which are specifically aimed at increasing the participation of minority students in scientific and engineering research careers. In awarding funds appropriated under this subsection the Secretary shall not limit the awards on the basis of any criteria listed in section 1022(b) of this title.".

SEC. 475A. TECHNOLOGY TRANSFER CENTERS.

Title XII of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"TECHNOLOGY TRANSFER CENTERS

"SEC. 1211. (a)(1) There are authorized to be appropriated $25,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years to develop, construct, and operate regional technology transfer centers. The Secretary of Education shall establish such regional centers—

"(A) to promote the study and development of programs and depositories necessary to further the transfer of technology relevant to a respective region's economy;

"(B) to assist in developing incubator facilities to encourage new economic initiatives;

"(C) to provide technical assistance linking university expertise and private sector resources to solve technical, marketing, and manufacturing problems associated with technology-transfer and start-up businesses; and

"(D) to ensure consideration of the economic development needs of rural as well as urban areas within the region.

"(2) In carrying out the requirements of this section, regional technology-transfer centers are authorized—

"(A) to build on or, where needed, develop telecommunications systems to link the centers and their affiliates with industrial users;

"(B) to build on or develop necessary computer networks and data bases; and

"(C) to utilize or help develop regional and national libraries.

"(b) Financial assistance for the establishment of each center shall be awarded competitively. Preexisting centers may be awarded such financial assistance.

"(c) Each regional center established shall be operated by an appropriately qualified college or university within the region, or a consortium of such schools within the region, and such center shall, where deemed necessary, establish one or more affiliate centers at colleges and universities based in other States within the region.

"(d) In establishing such centers, the institutions applying shall show in their application—

"(1) how the center will facilitate the economy of the region;

"(2) that the center's mission is compatible with the economic development plans of States in the region; and

"(3) that appropriate consultation with the relevant State agencies concerned with economic development has taken place.

"(e) Such center also may be operated by a college or university in consortia with other existing campus based research entities, including agricultural research facilities, mining and minerals research facilities, and forestry, wood-products research facilities, and with other State and local agencies, with nonprofit agencies, and interstate higher education organizations, and where appropriate, for-profit agencies. The Secretary, through regulation, shall determine a mechanism for assessing the percentage of operating costs paid by other members of a technology transfer consortium arrangements.

"(f) Each such center shall establish a Board to advise the center on policy. Such board shall be—

"(1) representative of the States involved in the region; and

"(2) consist of representatives for urban areas, rural areas, ethnic concerns, business, labor, and education.

"(g) Funding for each center will be for five-year periods, with recompetition to occur before the end of the funding cycle. Grantees, for the fourth and fifth year of the first funding cycle, and thereafter, upon refunding for subsequent years, must match Federal funds from non-Federal dollars on a 50-50 basis.

"(h) Funding for affiliate centers authorized in subsection (c) shall be provided by the regional center and the college or university operating the affiliate center, with funding levels to be reached by the two entities in a scope-of-work agreement negotiated between the two entities. Should the affiliate center wish, its operations and funding support can be a consortia, as specified in subsection (e).

"(i) The Secretary, after consultation with the Departments of Agriculture, Energy, Commerce, and Interior shall publish, for public comment, a proposed list of priorities for the establishment of regional technology transfer centers and shall propose the regional composition of such centers, keeping in mind that satellite and telecommunications technology enables regions to contain noncontiguous States. The Secretary shall publish the final list of regions and priorities along with the public's comments.".

SEC. 475B. NATIONAL ADVISORY COUNCIL ON INSTRUCTIONAL TECHNOLOGY.

Title V of the Higher Education Act of 1965 is amended by adding at the end thereof the following new part:

"PART F—NATIONAL ADVISORY COUNCIL ON INSTRUCTIONAL TECHNOLOGY

"COUNCIL ESTABLISHMENT AND FUNCTIONS

"SEC. 581. (a) To provide for the future development of instructional technology as a resource for rural and urban schools, there is established a National Advisory Council on Instructional Technology within the Department of Education. Members of the Council shall be appointed by the Secretary and shall include—

"(1) representatives of leading institutions of higher education in the field of instructional technology;

"(2) representatives of the nine Federal regional educational laboratories;

"(3) representatives of the regional technology-transfer centers authorized in this Act, especially those with expected telecommunications facilities, rural, urban, and State education officers, members of the educational software and hardware industries, national organizations for teachers; and

"(4) others the Secretary may determine will make a positive contribution to the Council.

"(b) There are authorized to be appropriated $300,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years, to provide for the necessary expenses of the Council, such as staff, travel, and operating expenses.

"(c) The purpose of the Council shall be to establish guidelines and an agenda for the development of educational telecommunications technology software to satellite down-link equipment for rural and urban schools. The primary goal of the guidelines shall be to avoid replication of existing programming. The Council shall also establish criteria for the quality of programming made available to rural and urban schools. The Council shall develop, as part of the national guidelines, a basis for interstate cooperation on accreditation of programming for use in rural schools, since programming transcends State boundaries.

"(d) The agenda to be established by the Council will outline the needs and methods for developing programming relative to the needs of rural and urban schools systems.".

SEC. 475C. LIBRARY TECHNOLOGY ENHANCEMENT.

Section 201(b) of the Higher Education Act of 1965 is amended by adding at the end thereof the following:

"(5) There are authorized to be appropriated to carry out the purposes of part D an additional $5,000,000 for fiscal year 1988 and such additional sums as may be necessary for each of the three succeeding fiscal years. Activities supported by funds appropriated pursuant to this paragraph shall be activities that will enable libraries to participate more fully in the initiative funded under the Education and Training for American Competitiveness Act of 1987.".

CHAPTER 12—RETRAINING FOR AMERICAN COMPETITIVENESS

SEC. 476. GRANTS FOR MIDCAREER TEACHER TRAINING PROGRAMS.

(a) GRANTS.—From funds made available under this chapter, the Secretary shall make grants to institutions of higher education for purposes of establishing and operating programs to provide midcareer teacher training to individuals who—

(1) hold a baccalaureate or advanced degree in an education-related field of study, particularly mathematics, science, or a foreign language and have job experience in such field; or

(2) hold a baccalaureate or advanced degree and were formerly employed in an occupation in which they developed expertise in an education-related field, including mathematics, science, or a foreign language.

(b) COMPETITIVE SELECTION.—(1) The Secretary shall award the grants described in subsection (a) on the basis of competitive selection among qualifying applications. Institutions selected as recipients shall be awarded—

(A) an initial planning grant for use during the first two fiscal years after selection;

(B) for those institutions demonstrating successful performance with the planning grant, a renewal grant for use during not more than two additional years after the expiration of the planning grant; and

(C) for those institutions demonstrating successful performance with a planning grant and a renewal grant, continuation grants for not more than $50,000 per year.

(2) A continuation grant may not be awarded to an institution under paragraph (1)(C) unless such institution agrees to provide funding to the program for which the grant is received—

(A) for the first year for which a continuation grant is received, in an amount equal to 33⅓ percent of the amount of the continuation grant; and

(B) for each succeeding year for which a continuation grant is received, in an amount equal to 50 percent of the amount of the continuation grant.

(c) REVIEW OF APPLICATIONS.—Applications for grants under this chapter shall be reviewed by a panel of experts in teacher training appointed by the Secretary.

(d) GEOGRAPHIC DISTRIBUTION REQUIREMENT.— The Secretary shall, to the extent of available funds, select at least one applicant from each region served by the Department of Education from which there is a qualified applicant.

(e) EVALUATION REQUIREMENTS.—The Secretary shall evaluate applications for grants under this chapter on the basis of the ability of the applicant institution to establish and maintain a program of midcareer teacher training as described in subsection (a). Such a program shall meet the following requirements:

(1) The admission process for the program shall be designed to ensure that individuals who are admitted to the program possess the current subject matter knowledge needed and the characteristics that would make them likely to succeed as classroom teachers.

(2) A clear set of program goals and expectations shall be communicated to participants in the program.

(3) The program curriculum shall be designed to provide participants who successfully complete the program with the skills and credentials needed to teach in specific subject areas as well as a realistic perspective on the educational process.

(4) The program shall be developed with the cooperation and assistance of the local business community.

(5) The program shall be operated under a cooperative agreement between the institution and one or more State or local educational agencies.

(6) The program shall be designed and operated with the active participation of qualified classroom teachers and will include an in-service training component and follow-up assistance.

SEC. 477. AMOUNT OF GRANTS.

(a) INITIAL PLANNING GRANT.—An initial planning grant to an institution of higher education under this chapter shall not exceed $100,000 for the two-year period of the grant.

(b) RENEWAL GRANT.—A renewal grant to an institution of higher education under this chapter shall not exceed $50,000 for each of the two years for which it is awarded.

SEC. 478. REPORTS AND INFORMATION.

(a) IN GENERAL.—Each institution of higher education that receives a grant under this chapter shall submit to the Secretary such reports and other information on the program for which the grant is awarded as the Secretary deems necessary.

(b) DISSEMINATION OF INFORMATION TO OTHER INSTITUTIONS.—The Secretary shall disseminate information received under subsection (a) to other institutions of higher education for the purpose of promoting greater use of midcareer teacher training programs without direct Federal financial assistance.

SEC. 479. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $4,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years.

CHAPTER 13—POSTSECONDARY EDUCATION PROGRAMS TO IMPROVE INSTRUCTION IN MATHEMATICS, SCIENCE, AND FOREIGN LANGUAGE

SEC. 481. PROGRAMS AUTHORIZED.

From the funds available to carry out this chapter, the Secretary shall make grants in accordance with the requirements of this chapter to institutions of higher education—

(1) to establish and operate a summer institute or workshop under section 484;

(2) to acquire special equipment or operate a workshop under section 485;

(3) to establish and operate educational partnership programs under section 486; or

(4) to perform a combination of the activities referred to in paragraphs (1), (2), and (3).

SEC. 482. SELECTION OF GRANT RECIPIENTS.

(a) COMPETITIVE SELECTION.—The Secretary shall award grants under this chapter competitively, on the basis of the quality of the proposal contained in the institution's application under section 483.

(b) LIMITATIONS ON AWARDS.—In making awards under subsection (a), the Secretary shall ensure that—

(1) one-half of the funds awarded will be used for activities under sections 484 and 486, and one-half for activities under section 485;

(2) there is an equitable geographic distribution of the funds awarded under this chapter; and

(3) the award to any institution or consortium of institutions is not less than $100,000 or more than $500,000 for any fiscal year.

SEC. 483. APPLICATIONS.

An institution of higher education or consortium of such institutions that desires to obtain a grant under this chapter shall submit an application to the Secretary that contains—

(1) a description of the activities that will be performed in accordance with section 484, 485, or 486 (or any combination thereof) with funds made available under this chapter;

(2) assurances that the institution will obtain from donors, or otherwise provide from non-Federal sources, not less than one-half of the costs of the programs conducted with funds made available under this chapter, unless the Secretary, in accordance with regulations, waives such matching requirement;

(3) a description of the resources available to meet the requirements of paragraph (2); and

(4) such other information and assurances as the Secretary may require by regulation.

SEC. 484. SUMMER INSTITUTES AND WORKSHOPS.

(a) USE OF FUNDS.—Funds made available by grant under this chapter may be used—

(1) for summer institutes that provide for intensive training in foreign languages and cultures critical to the national economy—

(A) for secondary and postsecondary school students;

(B) for language teachers and faculty to improve language proficiency and pedagogical techniques;

(C) to individuals to develop proficiency in technical areas and professional terminology, to enable such individuals to transact international business in foreign languages; and

(D) for American international business persons, on a cost reimbursement basis, to improve their effectiveness in doing business abroad;

(2) for intensive workshops for preservice and in-service math and science teachers and faculty to demonstrate the most recent developments in science, technology, and mathematics and their application to improve our economic development, particularly as related to businesses and industries engaged in substantial export or foreign trade activities; and

(3) for stipends for individuals described in subparagraph (A) and (B) of paragraph (1) while attending institutes conducted under such paragraph.

(b) STUDY ABROAD.—An institution of higher education using funds to provide the training described in subsection (a)(1) is authorized and encouraged to provide such training in a foreign country and to use the resources provided by such country to comply with the requirements of section 483(2).

(c) WORKSHOP PLANNING.—An institution of higher education using funds to provide the workshops described in subsection (a)(2) is authorized and encouraged to involve units of State and local government, labor, business, and industry in the planning for such workshops.

SEC. 485. ACQUISITION AND USE OF EQUIPMENT.

Funds made available by a grant under this chapter may be used—

(1) for the purchase of laboratory and other special equipment suitable for use in providing undergraduate classroom instruction in mathematics or science, or both; and

(2) for workshops for secondary and vocational school teachers and postsecondary institution faculty on the use of such equipment.

SEC. 486. EDUCATIONAL PARTNERSHIP PROGRAMS.

(a) USE OF FUNDS.—Funds made available pursuant to this chapter may be used for costs associated with establishment and operation of educational partnerships between institutions of higher education and local educational agencies to provide advanced instruction to students in the areas of mathematics, science, and computer technology.

(b) SPECIFICALLY PERMITTED USES.—Permissible uses of funds under this section include—

(1) costs associated with entering into resource sharing with government, private business, industry, and institutions;

(2) stipends or salary supplements for university and college faculty and staff involved in the educational partnership program under this subtitle;

(3) development of curriculum that provides superior preparation in any one or more of the areas of mathematics, science, and technology;

(4) acquisition of textbooks, materials, and supplies to be utilized in instructional programs to be used under this subtitle; and

(5) additional transportation costs for students as a result of their participation in the educational partnership program under this subtitle.

(c) USE FOR GENERAL OVERHEAD PROHIBITED.—Funds made available pursuant to a grant under this section may not be used in connection with the general overhead costs of the applicant.

SEC. 487. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the three succeeding fiscal years.

Subtitle B—Worker Readjustment

SEC. 491. AMENDMENT TO TITLE III OF THE JOB TRAINING PARTNERSHIP ACT.

Title III of the Job Training Partnership Act is amended to read as follows:

"TITLE III—WORKER READJUSTMENT

"PART A—GENERAL PROVISIONS

"SHORT TITLE

"SEC. 301. This title may be cited as the 'Worker Readjustment Act'.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 302. (a) There are authorized to be appropriated to carry out this title $980,000,000 for fiscal year 1988 and such sums as may be necessary for each succeeding fiscal year.

"(b) Appropriations for any fiscal year may provide that amounts shall remain available for obligation during the succeeding fiscal year.

"(c) From the amounts appropriated pursuant to subsection (a)—

"(1) 30 percent shall be available to carry out parts B and C;

"(2) 50 percent shall be available to carry out part D; and

"(3) 20 percent shall be available to carry out part E.

"DEFINITIONS

"SEC. 303. (a)(1) For purposes of this title, the term 'eligible dislocated workers' means individuals who—

"(A) have been terminated or laid off or who have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

"(B) have been terminated or have received a notice of termination of employment, as a result of any permanent closure of or any substantial layoff at a plant, facility, or enterprise;

"(C) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including older individuals who may have substantial barriers to employment by reason of age; or

"(D) were self-employed (including farmers and ranchers) and are unemployed as a result of general economic conditions in the community in which they reside or because of natural disasters, subject to regulations prescribed by the Secretary.

"(2) Only eligible individuals described in paragraph (1) of this subsection are authorized to receive services under this title. Such services may not be denied on the basis of the residence of the individual.

"(b) For the purposes of this title—

"(1) The term 'basic readjustment services' means those services and activities specified in section 333.

"(2) The term 'dislocation event' means a plant closing, a mass layoff, or other layoffs of a permanent nature in which workers are not subject to recall or are otherwise unlikely to return to their previous positions. Such an event may include natural disasters which result, or are likely to result, in permanent loss of employment for workers. A 'dislocation event' may also be the cessation, or the process of cessation, of self-employment with resulting loss of livelihood in operation of a business enterprise, including farming and ranching.

"(3) The term 'early readjustment assistance' means those basic readjustment services provided before, during, and immediately after a dislocation event. Such services ordinarily include one or more of the following: assessment of educational needs and abilities, and vocational interests and aptitudes; determination of occupational skills; provision of labor market information; counseling; job development; job search assistance; and job placement assistance.

"(4) The term 'grant recipient' means the Governor.

"(5) The term 'joint labor-management committees' means committees voluntarily established to respond to actual or prospective worker dislocation, which ordinarily include (but are not limited to) the following—

"(A) shared and equal participation by workers and management;

"(B) shared financial participation between the company and the State, using funds provided under this title, in paying for the operating expenses of the committee;

"(C) a chairperson, to oversee and guide the activities of the committee, (i) who shall be jointly selected by the labor and management members of the committee, (ii) who is not employed by or under contract with labor or management at the site, and (iii) who shall provide advice and leadership to the committee and prepare a report on its activities;

"(D) the ability to respond flexibly to the needs of affected workers by devising and implementing a strategy for assessing the employment and training needs of each dislocated worker and for obtaining the services and assistance necessary to meet those needs;

"(E) a formal agreement, terminable at will by the workers or the company management, and terminable for cause by the Governor; and

"(F) local job identification activities by the chairman and members of the committee on behalf of the affected workers.

"(6) The term 'local elected official' means the chief elected executive officer of a unit of general local government in a substate area.

"(7) The term 'recipient' means any entity receiving funds under this title.

"(8) The term 'retraining services' means those services and activities specified in section 345.

"(9) The term 'service provider' means a public agency, private nonprofit organization, or private-for-profit entity that delivers educational, training, or employment services.

"(10) The term 'substate area' means that geographic area in a State established pursuant to section 315.

"(11) The term 'substate grantee' means that agency or organization selected to administer programs pursuant to section 316.

"PART B—SERVICE DELIVERY SYSTEM AND BASIC PROGRAM REQUIREMENTS

"WORKER READJUSTMENT AGREEMENTS

"SEC. 311. (a) The Governor, as the grant recipient under this title, shall have responsibility for establishing systems and programs in accordance with the provisions of this title to assure that, to the maximum extent possible, eligible participants are provided with services which enable them to once again become productive members of the workforce.

"(b) No amounts appropriated for parts B, C, and D for any fiscal year may be allotted by the Secretary for programs established under such parts, except pursuant to a Worker Readjustment Agreement.

"(c) The Worker Readjustment Agreement required by subsection (b) shall provide for an assurance by the Governor that all systems and programs established and operated with amounts appropriated under this title will be established pursuant to and operated in accordance with the provisions of this title.

"(d) The Worker Readjustment Agreement shall be executed no later than four months preceding the program year for which funds are to be made available under this title. The Governor or the Secretary may at any time thereafter propose modifications to the Agreement, except that no modification of the Agreement shall be effective unless agreed to by both parties. The Agreement shall remain in effect until any mutually agreed upon termination date or until the Agreement is terminated by law or by the Secretary.

"STATE WORKER READJUSTMENT COUNCILS

"SEC. 312. (a)(1) The Governor of each State shall establish a State worker readjustment council in accordance with the requirements of this section. The council shall be composed equally of representatives of (A) labor, (B) management, and (C) public and private nonprofit organizations, agencies, or instrumentalities.

"(2) In selecting members for appointment to the council, the Governor shall—

"(A) first, give consideration to individuals who are members of the State job training coordinating council and are otherwise qualified for appointment; and

"(B) second, give consideration to individuals who are recommended by labor organizations, business, and other appropriate organizations, agencies, and instrumentalities, including units of general local government.

"(3) The Governor shall give consideration to suitable representation from urban and rural areas of the State in selecting the members of the Council.

"(b) A State worker readjustment council established under subsection (a) shall be responsible for—

"(1) providing advice to the Governor regarding (A) the designation of substate areas, and (B) the procedures to be established for selection of representatives within such areas under section 316(b);

"(2) developing and submitting to the Governor the plan required by section 313;

"(3) providing advice to the Governor regarding the method for distribution of funds received under part C, and any subsequent reallocations of such funds;

"(4) providing advice to the Governor regarding general guidelines for making funds available for use in substate areas under part D;

"(5) providing recommendations to the Governor with respect to acceptance of substate plans submitted to the Governor for approval under section 317; and

"(6) providing advice to the Governor regarding performance standards.

"STATE PLANS

"SEC. 313. (a) In order to obtain funds under this title for any fiscal year, the Governor of the State shall submit to the Secretary an annual plan for carrying out its responsibilities under this title. Such plan shall contain performance standards, which shall include incentives to provide training of greater duration for those who require it, consistent with section 106(g).

"(b) Such plan shall contain assurances that—

"(1) services will be provided only to eligible dislocated workers, and that services in any substate area will not be denied solely on the basis of the residence of workers;

"(2) allowable services, as determined to be necessary by the Governor, will be available in all substate areas;

"(3) substate areas and substate grantees will be designated in accordance with sections 315 and 316;

"(4) the State worker readjustment council will perform the functions required under section 312; and

"(5) funds will be allocated and reallocated among substate areas for programs authorized in parts B and C in accordance with sections 332(d), 336, and 342(f).

"(c) Such plan shall also contain a description of the methods which will be employed—

"(1) to provide planning instructions, guidance, and other appropriate information in a timely manner, designed to provide for the effective and efficient management of resources and programs;

"(2) to provide appropriate technical assistance;

"(3) to provide monitoring, assessment, and evaluation of the program by such State;

"(4) to provide the rapid response capability in accordance with section 314;

"(5) to provide substate reporting requirements in accordance with section 323, and to review and analyze such reports;

"(6) to provide advice to substate grantees on activities related to identifying and providing services to dislocated workers;

"(7) to work with employers and labor organizations in promoting labor-management cooperation in achieving the goals of this title;

"(8) to promote the coordination of programs authorized under this title with other appropriate and complementary State programs, including those providing economic development, education, training, and social services; and

"(9) to the maximum extent practicable, to coordinate services provided under this title with other programs under this Act and the Carl D. Perkins Vocational Education Act and with public employment service operations.

"STATE SERVICES AND ACTIVITIES

"SEC. 314. (a) Each State shall—

"(1) designate an identifiable State dislocated worker unit or office, with the capability to respond rapidly, on site, to mass dislocation events throughout the State in order to assess the need for, and initially provide, early readjustment assistance; and

"(2) ensure the capability to respond to dislocation events in sparsely populated areas in accordance with subsection (c).

"(b)(1) The dislocated worker unit required by subsection (a)(1) shall include specialists who have the responsibility to—

"(A) establish on-site contact with employer and employee representatives within a short period of time (preferably 48 hours or less) after becoming aware of a current or projected dislocation event in order to provide information and access to available public programs; and

"(B) promote the formation of labor-management committees, including authority to—

"(i) immediately assist in the establishment of the labor-management committee, including providing immediate financial assistance to cover the start-up costs of the committee;

"(ii) provide a list of individuals from which the chairperson of the committee may be selected;

"(iii) serve as resource persons providing the committee with technical advice as well as information on sources of assistance, and act as liaison to other public and private services and programs; and

"(iv) facilitate the selection of worker representatives in the event no union is present;

"(C) obtain information related to—

"(i) economic dislocation (including potential closings or layoffs); and

"(ii) all available resources within the State for displaced workers,

which information shall be made available on a regular basis to the Governor and the council to assist in providing an adequate information base for effective program management, review, and evaluation;

"(D) provide or obtain appropriate financial and technical advice and liaison with economic development agencies and other organizations to assist in efforts to avert worker dislocations; and

"(E) disseminate information throughout the State on the availability of services and activities carried out by the dislocated worker unit or office.

"(2) Where, prior to the date of enactment of this Act, a local entity has a demonstrated capacity to provide the capability described in this subsection, the Governor may delegate the responsibilities described in this subsection to such entity.

"(c) Each State shall ensure the capability to respond to dislocation events where other forms of rapid response as provided in subsection (b) are otherwise inappropriate, especially in sparsely populated substate areas. Such capability shall supplement, and be coordinated with, ongoing basic readjustment and retraining efforts in such substate areas and with State services and activities as described in section 314. Such capability may include (but is not limited to)—

"(1) development and delivery of widespread outreach mechanisms;

"(2) provision of financial evaluation and counseling (where appropriate) to assist in determining eligibility for services and the type of services needed;

"(3) initial assessment and referral for further basic adjustment and training services to be provided through the substate grantee; and

"(4) assistance to substate grantees in the establishment of regional centers for the purpose of providing such outreach, assessment, and early readjustment assistance.

"(d) Each State shall be responsible for coordinating the unemployment compensation system and worker readjustment programs within such State. Such coordination shall include—

"(1) criteria for early identification of those having the most difficulty in finding employment;

"(2) mechanisms for referring individuals to readjustment services early in the unemployment compensation benefit period;

"(3) procedures to assure that, when eligibility for unemployment compensation is determined, beneficiaries are informed that the availability of or priority for further benefits (as described in section 344(c)(1)) will be based upon early enrollment for retraining services (as described in such section 344(c)(1)); and

"(4) measures taken to ensure compliance with section 318, relating to the receipt of unemployment compensation while participating in programs under this title.

"DESIGNATION OF SUBSTATE AREAS

"SEC. 315. (a) The Governor of each State participating in programs established under parts C and D shall, after receiving any recommendations from the State worker readjustment council, designate substate areas for the State.

"(b) Each service delivery area within a State shall be included within a substate area and no service delivery area shall be divided among two or more substate areas.

"(c) In making designations of substate areas, the Governor shall consider—

"(1) the availability of services throughout the State;

"(2) the capability to coordinate the delivery of services with other human services and economic development programs; and

"(3) the geographic boundaries of labor market areas within the State.

"(d) Subject to subsections (a), (b), and (c), the Governor—

"(1) shall designate as a substate area any single service delivery area that has a population of 200,000 or more;

"(2) shall designate as a substate area any two or more contiguous service delivery areas—

"(A) that in the aggregate have a population of 200,000 or more;

"(B) that request such designation; and

"(3) shall designate any concentrated employment program grantee for a rural area described in section 101(a)(4)(A)(iii) of this Act.

"(e) The Governor may deny a request for designation under subsection (d)(2) if the Governor determines that such designation would not be consistent with the effective delivery of services to eligible dislocated workers in various labor market areas (including urban and rural areas) within the State, or would not otherwise be appropriate to carry out the purposes of this title.

"(f) The designations made under this section may not be revised more than once each two years, in accordance with the requirements of this section.

"SUBSTATE GRANTEES

"SEC. 316. (a) A substate grantee shall be designated for each substate area. Such grantee shall be responsible for arranging for the provision, within such substate area, of activities specified in parts C and D pursuant to an agreement with the Governor and in accordance with the substate plan provided for in section 317. The substate grantee may provide such services directly or through contract, grant, or agreement with service providers.

"(b) A substate grantee shall be designated for each substate area in accordance with an agreement between the Governor, the local elected official or officials of such area, and the private industry council or councils of such area. Whenever a substate area is represented by more than one such official or council, the respective officials and councils shall each designate representatives, in accordance with procedures established by the Governor (after consultation with the State worker readjustment council), to negotiate such agreement. In the event agreement cannot be reached on the selection of a substate grantee, the Governor shall select the substate grantee.

"(c) Entities eligible for designation as substate grantees include:

"(1) private industry councils in the substate area;

"(2) service delivery area grant recipients or administrative entities;

"(3) private nonprofit organizations;

"(4) units of general local government in the substate area, or agencies thereof;

"(5) local offices of State agencies; and

"(6) other public agencies, such as community colleges.

"(d) The requirements of parts C and D of title I of this Act that apply to an administrative entity or a recipient of financial assistance under this Act shall also apply to substate grantees under this title.

"SUBSTATE PLAN

"SEC. 317. (a) No amounts appropriated for any fiscal year may be provided to a substate grantee unless the Governor (after considering the recommendations of the State worker readjustment council) has approved a substate plan submitted by the substate grantee describing the manner in which activities will be conducted within the substate area to implement parts C and D. Prior to the submission to the Governor, the plan shall be submitted for review and comment to the other parties to the agreement described in section 316(b).

"(b) The substate plan shall also contain a statement of—

"(1) the means for delivering services to eligible participants;

"(2) the means to be utilized to identify and select program participants;

"(3) the means for implementing the requirements of section 314(d);

"(4) the means for involving labor organizations where appropriate in the development and implementation of services;

"(5) the performance goals to be achieved consistent with the performance goals contained in the State plan pursuant to section 313;

"(6) the criteria to be applied in determining and verifying program eligibility;

"(7) procedures, consistent with section 107, for selecting service providers which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

"(8) a description of any rapid response capability carried out by the substate grantee;

"(9) a description of the methods by which the other parties referred to in subsection (a) of this section will be involved in activities such as—

"(A) providing policy guidance for and exercising oversight with respect to basic readjustment services and retraining services in the substate area in which they are located;

"(B) commenting, as appropriate, on approved programs under part E operating within the substate areas in which they are located;

"(C) working with employers and labor organizations in promoting labor-management cooperation in achieving the goals of this title; and

"(D) participating in the implementation of early adjustment assistance systems for the substate area in which they are located, including providing support for rapid response teams and assisting in the establishment of labor-management committees, as appropriate;

"(10) a description of training services to be provided, including—

"(A) procedures to assess participants' current education skill levels and occupational abilities;

"(B) procedures to assess participants' needs, including educational, training, employment, and social services;

"(11) the means whereby coordination with other appropriate programs and systems will be effected, particularly where such coordination is intended to provide access to the services of such other systems for program participants at no cost to the worker readjustment program; and

"(12) a detailed budget, as required by the State.

"APPROVED TRAINING

"SEC. 318. Participation by any individual in any of the programs authorized in this title shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

"PART C—BASIC READJUSTMENT SERVICES

"EXPENDITURES FOR BASIC PROGRAM

"SEC. 331. Governors and substate grantees are authorized to expend amounts made available under this part to their respective States or substate areas in accordance with the provisions of this part, the substate plan, and other applicable provisions contained in this title.

"ALLOTMENT OF FUNDS FOR BASIC SERVICES

"SEC. 332. (a)(1) Except as provided in paragraph (2), the Secretary shall allot amounts appropriated to carry out part B and this part for any fiscal year among the several States as follows:

"(A) One-third of such amount shall be allotted among the States on the basis of the relative number of unemployed individuals who reside in each State as compared to the total number of unemployed individuals in all the States.

"(B) One-third of such amount shall be allotted among the States on the basis of the relative excess number of unemployed individuals who reside in each State as compared to the total excess number of unemployed individuals in all States. For purposes of this paragraph, the term 'excess number' means the number which represents unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

"(C) One-third of such amount shall be allotted among the States on the basis of the relative number of individuals who have been unemployed for fifteen weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

"(2) As soon as satisfactory data are available under section 462(e) and, when available, under section 462(f) of this Act, the Secretary shall allot amounts appropriated to carry out part B and this part for any fiscal year to each State so that—

"(A) 25 percent of such amount shall be allotted on the basis of each of the factors described in subparagraphs (A), (B), and (C) of paragraph (1), respectively, for a total of 75 percent of the amount allotted; and

"(B) 25 percent of such amount shall be allotted among the States on the basis of the relative number of dislocated workers in such State in the most recent period for which satisfactory data are available under section 462(e) and, when available, under section 462(f) of this Act.

"(b) The Governor may retain an amount not to exceed 10 percent of the amount allotted to the State under this part, for overall State level administration, staff for the State worker readjustment council, technical assistance, coordination of the programs authorized in this title, and the conduct of rapid response activities.

"(c) The Governor may retain an additional amount not to exceed 10 percent of the amounts allotted to the State under this part, to be allotted at the discretion of the Governor for activities allowable under part B, C, or D (including services and activities carried out by the State dislocated worker unit).

"(d) The Governor shall allocate the remainder of the amount allotted to the State under this part to all substate areas for basic readjustment services authorized in this part, based on an allocation formula prescribed by the Governor. Such formula may be amended by the Governor not more than once each year. Such formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State's worker readjustment assistance needs. Such information may include (but is not limited to)—

"(1) insured unemployment data;

"(2) unemployment concentrations;

"(3) plant closing and mass layoff data;

"(4) declining industries data;

"(5) farmer-rancher economic hardship data; and

"(6) long-term unemployment data.

"ALLOWABLE BASIC READJUSTMENT SERVICES AND ACTIVITIES

"SEC. 333. Basic readjustment services and activities authorized under this part may include (but are not limited to)—

"(1) early readjustment assistance;

"(2) outreach and intake;

"(3) counseling (including financial counseling);

"(4) testing;

"(5) orientation;

"(6) assessment, including evaluation of educational attainment and participant interests and aptitudes;

"(7) determination of occupational skills;

"(8) development of individual readjustment plans for participants in programs under this title;

"(9) provision of future world-of-work and occupational information;

"(10) job placement assistance;

"(11) labor market information;

"(12) job clubs;

"(13) local job search;

"(14) job development;

"(15) self-directed job search; and

"(16) retraining services as authorized under section 345.

"SUPPORTIVE SERVICES AND BENEFITS

"SEC. 334. (a) Where it is determined by the substate grantee to be necessary to facilitate participation in the program authorized in this part, the substate grantee is authorized to provide appropriate supportive services to participants.

"(b) Availability of supportive services shall terminate no later than the 180th day after the participant has completed other services under this part.

"(c) Participants in basic readjustment assistance service activities under part C may be provided supportive services. Except as provided in subsection (d), such participants shall not be provided benefit payments under this title (but such participants may be provided unemployment compensation payments under any Federal or State program for which such participants are otherwise eligible).

"(d) Supportive services and benefits authorized by section 344 may be provided to part C participants receiving retraining services pursuant to section 333(16).

"COST LIMITATIONS

"SEC. 335. (a) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee may be expended for administrative costs for the program authorized under this part.

"(b) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee shall be expended by such substate grantee for the supportive services and benefits authorized under section 334.

"(c) Minimum and maximum cost limitations shall be applicable to the accrued expenditures for each program year.

"REALLOTMENT; REALLOCATION

"SEC. 336. (a) If the amount of an allotment against which no accrued costs have been incurred by the end of any program year exceeds 20 percent of such allotment, the amount of the excess may be reallotted by the Secretary. The Secretary may, in reallotting funds, deduct an amount from the current year allotment equal to the amount of prior year funds subject to the reallotment.

"(b) The Governor may reallocate part C basic grant funds among substate grantees within the State through voluntary transfers mutually agreed to by the Governor and the affected substate grantees, or whenever the Governor determines that minimum expenditure levels approved in substate plans will not be achieved prior to the end of each program year. The Governor shall establish and issue procedures for the reallocation of any funds prior to the reallocation of any funds under this subsection.

"PART D—WORKER READJUSTMENT TRAINING PROGRAM

"EXPENDITURES FOR WORKER READJUSTMENT TRAINING

"SEC. 341. Governors and substate grantees are authorized to expend amounts made available by the Secretary under this part to their respective States or substate areas in accordance with the provisions of this part, the substate plan, and other applicable provisions contained in this title.

"ALLOTMENT OF FUNDS

"SEC. 342. (a) The Secretary shall allot amounts appropriated to carry out this part in accordance with this section.

"(b) The Secretary shall for each program year establish an annual availability target for each State. Unless otherwise agreed upon by the Secretary and the Governor, the annual availability target for each State in each program year shall be in an amount equal to 1⅔ times the amount of the State's allotment under section 332(a).

"(c) The Secretary shall also establish for each program year a semiannual availability target for each State at 50 percent of that State's annual availability target.

"(d) At the end of each 6 months, the State's annual availability target shall be decreased by the Secretary in an amount equal to the difference between the State's reported semiannual expenditures and the State's semiannual availability target in effect for that 6 months, unless otherwise provided for in accordance with subsection (e). No change shall be made in the State's subsequent semiannual availability targets for the current program year unless otherwise provided for in accordance with subsection (e).

"(e) The Governor of any State may at any time request that the Secretary change that State's availability targets. Any such request shall be based on previous expenditure experience or demonstrated need, including recent economic developments. The Secretary is authorized to approve any such request, subject to the availability of funds therefor.

"(f) The Secretary shall establish procedures whereby the Governor of any State desiring to expend amounts made available under this part for purposes of part C may request the approval of the Secretary to do so. If the Secretary approves any such request, the amounts approved for the purposes of part C shall reduce the State's current availability targets, but shall not affect any allotments under section 332(a).

"(g) The Governor of each State (after considering the recommendations of the State worker readjustment council) shall establish appropriate procedures for making funds available for use in substate areas under this part.

"COST LIMITATIONS

"SEC. 343. (a) No more than 15 percent of the amounts expended under this part in any program year by any substate grantee may be expended for administrative costs for the program authorized under this part.

"(b) No more than 30 percent of the funds expended under this part in any program year by any substate grantee shall be expended by such substate grantee for the supportive services and benefits authorized under section 344.

"(c) Minimum and maximum cost limitations shall be applicable to the accrued expenditures for each program year.

"SUPPORTIVE SERVICES AND BENEFITS

"SEC. 344. (a) Where it is determined by the substate grantee to be necessary to facilitate participation in the program authorized under this part, the substate grantee is authorized to provide appropriate supportive services to participants.

"(b) Availability of supportive services shall terminate no later than the 180th day after the participant has completed training or other services under this part.

"(c) Whenever it is determined by the substate grantee to be necessary to facilitate an individual's participation in the program authorized in this part, the substate grantee is authorized to provide the following benefits from funds under this part to participants:

"(1)(A) In accordance with procedures established by the State, any participant who enrolls for retraining services may be paid a weekly benefit (not to exceed the individual's average weekly amount of regular unemployment compensation payable under the State's unemployment compensation law) for any authorized period of retraining services subsequent to exhaustion of all compensation payable under any State or Federal unemployment compensation law.

"(B) Procedures established by the State for purposes of subparagraph (A) shall provide that—

"(i) in order to be eligible for such benefits, a participant who is unemployed as a result of any permanent closure of a plant, facility, or enterprise, or who has been terminated or permanently laid off from employment, shall be enrolled in retraining services no later than the end of the 10th week of the participant's regular unemployment compensation benefit period; and

"(ii) in providing such benefits to workers who are otherwise on layoff, priority shall be accorded to those who enroll for retraining services prior to the end of the 15th week of the participant's regular unemployment compensation benefit period.

"(2) Needs-based payments may be provided to participants not receiving benefit payments under paragraph (1) (particularly those who are not eligible for unemployment compensation payments under any State or Federal unemployment compensation law), as determined by the substate grantee.

"ALLOWABLE SERVICES AND ACTIVITIES

"SEC. 345. (a) Each substate grantee is authorized to provide training services under this part to eligible participants. Such services may include, but are not limited to:

"(1) classroom training;

"(2) occupational skill training;

"(3) on-the-job training;

"(4) out-of-area job search;

"(5) relocation;

"(6) basic and remedial education;

"(7) literacy and English for non-English speakers training;

"(8) entrepreneurial training; and

"(9) other appropriate training activities directly related to appropriate employment opportunities in the substate area.

"(b) No funds under this title shall be expended to provide public service employment or work experience.

"(c) Training programs for individuals may be supported for not more than 104 weeks using funds under this title.

"(d) Eligible readjustment training participants shall receive either retraining services, or a certificate of continuing eligibility.

"(e) To the maximum extent feasible, training services shall be provided through systems of individual certificates that permit participants to seek out and arrange their own training. Training opportunities identified with approved service providers shall, pursuant to the certificate, be arranged through a grant, contract, or otherwise between the substate grantee and the service provider identified in the certificate.

"(f) The substate grantee is authorized to issue to any eligible individual who has applied for the program authorized in this part a certificate of continuing eligibility. Such a certificate of continuing eligibility may be issued for periods not to exceed one hundred and four weeks. No such certificate shall include any reference to any specific amount of funds. Any such certificate shall state that it is subject to the availability of funds at the time that any such training services are to be provided. Acceptance of such certificate shall not be deemed to be enrollment in training.

"(g) Any individual to whom a certificate of continuing eligibility has been issued under subsection (f) shall remain eligible for the program authorized under this part for the period specified in the certificate, notwithstanding section 303(a), and may utilize the certificate in order to receive the retraining services, subject to the limitations contained in the certificate.

"PART E—FEDERAL READJUSTMENT PROGRAMS

"PROGRAM AUTHORIZED

"SEC. 351. (a) The Secretary is authorized to expend amounts appropriated for this part for activities authorized in this part, subject to any other applicable provisions contained in this title.

"(b) In order to facilitate the conduct of the allowable activities under this part, the Secretary is authorized to make such grants and enter into such contracts or other agreements as the Secretary deems to be appropriate.

"(c) The Secretary shall annually establish criteria for the application for and disbursement of amounts appropriated for this part.

"ALLOWABLE ACTIVITIES

"SEC. 352. (a) Amounts appropriated for this part may be used to provide services of the type described in parts C and D in the following circumstances—

"(1) mass layoffs, including mass layoffs caused by natural disasters or Federal actions (such as relocations of Federal facilities) when the workers are not expected to return to their previous occupations;

"(2) industrywide projects (treating agriculture as an industry);

"(3) multistate projects;

"(4) special projects carried out through agreements with Indian tribal entities;

"(5) special projects to address national or regional concerns described in subsection (e); and

"(6) demonstration projects, including the projects described in subsections (f), (g), and (h).

"(b) Amounts appropriated for this part may also be used to provide services of the type described in parts C and D whenever the Secretary (with agreement of the Governor) determines that an emergency exists with respect to any particular distressed industry or any particularly distressed area to provide emergency financial assistance to dislocated workers. The Secretary may make arrangements for the immediate provision of such emergency financial assistance for these purposes with any necessary supportive documentation to be submitted at a date agreed to by the Governor and the Secretary.

"(c) Amounts available for this part may be used to provide staff training and technical assistance services to States, communities, businesses and labor organizations, and other entities involved in providing adjustment assistance to workers. Applications for technical assistance funds shall be submitted in accordance with procedures issued by the Secretary. Not more than 5 percent of the funds available for this part in any fiscal year shall be expended for the purpose of this subsection.

"(d) Amounts available for this part shall be used to provide training of staff, including specialists, providing rapid response services. Such training shall include instruction in proven methods of promoting, establishing, and assisting labor-management committees.

"(e) The Secretary is authorized to undertake special projects of national or regional concern. The Secretary may—

"(1) provide for such projects to extend over a period greater than one year in duration where circumstances warrant such a multiyear program; and

"(2) conduct an evaluation of the effectiveness and impact of such projects upon their completion.

"(f)(1) The Secretary may carry out demonstration programs in accordance with the provisions of this subsection. The Secretary is authorized to carry out the provisions of this subsection either directly or by way of contract or agreement. Whenever the Secretary directly conducts loan demonstration programs under this subsection, the Secretary shall, to the extent practicable, comply with the provisions of paragraph (3), relating to agreements.

"(2) The Secretary shall carry out the demonstration program under this subsection in communities in the country having the largest number of dislocated workers and shall give priority to communities with the highest concentrations of dislocated workers.

"(3) The Secretary shall enter into agreements or conduct directly demonstration programs in not more than 10 communities described in this section.

"(4) The Secretary may enter into an agreement with—

"(A) State dislocated workers units, or

"(B) State or local public agencies or nonprofit private organizations selected by the Secretary,

in order to carry out the demonstration program authorized by this subsection.

"(5) Each agreement entered into under this subsection may provide—

"(A) for the establishment and maintenance of a dislocated workers loan fund for the purpose of this subsection;

"(B) for the deposit in such fund of the funds made available pursuant to this subsection;

"(C) for the deposit in such fund of collections of principal and interest on direct loans made from deposited funds and any other earnings of such funds;

"(D) that any obligation acquired by such fund may be sold at the market price; and the interest on, and the proceeds from the sale or redemption of, any obligations held in such fund, shall be credited to and form a part of such fund;

"(E) that such direct loan funds shall be used only for—

"(i) loans to dislocated workers in accordance with the provisions of this subsection; and

"(ii) directly related administrative expenses;

"(F) that the repayment of loans will be made in accordance with a repayment schedule that is consistent with paragraph (9); and

"(G) for such other assurances and limitations, including the distribution of assets from the loan funds, established under this subsection at the completion or termination of the demonstration projects authorized by this subsection as the Secretary may reasonably prescribe.

"(6)(A) Loans from any workers loan fund established pursuant to an agreement established under this subsection shall be subject to such conditions, limitations, and requirements as the Secretary shall by regulation prescribe, and shall be made on such terms and conditions as the Secretary, in cooperation with the worker adjustment committee, rapid response team, or State agency, as the case may be, may prescribe.

"(B) The aggregate amount of all direct loans made from funds established pursuant to an agreement under this subsection to each dislocated worker may not exceed $5,000.

"(7) The interest rate on all loans made under this subsection shall be 2 percentage points below the long-term Treasury obligations.

"(8)(A) The loans made from loan funds established pursuant to such agreements may be used only for—

"(i) vocational and on-the-job training;

"(ii) basic education and literacy instruction;

"(iii) relocation expenses; and

"(iv) child care services.

"(B) The Secretary shall, for the purpose of subparagraph (A)(i), establish criteria for accrediting vocational training programs, including a requirement that any vocational training program qualifying under subparagraph (A) have a demonstrated ability to place participants successfully in jobs.

"(C) Not more than 25 percent of the aggregate amount of loans made to a single dislocated worker may be used for the activities described in clauses (iii) and (iv) of subparagraph (A) of this paragraph.

"(9) Loans under this subsection shall be made pursuant to agreements which—

"(A) require a repayment period which—

"(i) begins not earlier than 6 months after the completion of training for which the funds were sought or when the income of the dislocated worker is equal to or greater than ⅔ of the income level of the dislocated worker for the three-month period preceding the determination of dislocation, whichever is later; and

"(ii) is for a period not to exceed 10 years;

"(B) provide for deferments of principal and for interest accrual during such deferments;

"(C) provide such loan cancellation as is consistent with the purpose of this subsection; and

"(D) require the recipient to cooperate with evaluation studies conducted pursuant to paragraph (11).

"(10) The Secretary may prescribe such other terms for loans made pursuant to this subsection as the Secretary determines will carry out the provisions of this subsection.

"(11) The Secretary shall, based upon the projects assisted under this subsection and independent research, conduct or provide for an evaluation of the feasibility of the direct loan approach to achieving the objectives of this subsection. The Secretary shall consider—

"(A) the identity and characteristics of dislocated workers who take out direct loans;

"(B) the purposes for which the loans are used;

"(C) the employment obtained with the assistance provided under this subsection;

"(D) the compensation paid to such workers;

"(E) the repayments schedules; and

"(F) the attitudes of the participants in the program.

"(12) The evaluations required under paragraph (11) shall be conducted by at least 2 different public agencies or private nonprofit organizations.

"(13) The Secretary shall prepare and submit to the Congress a report of the evaluations required by this subsection not later than October 1, 1989, together with such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

"(g)(1) The Secretary may carry out public works employment demonstration programs in accordance with the provisions of this subsection. The Secretary is authorized to enter into such contracts with private industry councils as may be necessary to carry out the provisions of this subsection.

"(2) The Secretary may waive—

"(A) the testing requirement in paragraph (4)(B) for physically handicapped individuals and for individuals requiring special education; and

"(B) the requirement in section paragraph (5)(C) relating to a 32-hour workweek for unusual circumstances.

"(3)(A) The Secretary shall carry out the demonstration project under this subsection in cities and counties—

"(i) which are geographically diverse;

"(ii) which represent urban and rural areas; and

"(iii) for which the unemployment rate, for the 6 months before the determination under this subsection, exceeded the national average rate of unemployment by at least 2 percent.

"(B) The Secretary shall enter into agreements or conduct demonstration programs in not more than 10 cities or counties under this subsection.

"(4)(A) For the purpose of this subsection, an individual is eligible to participate in the demonstration project assisted under this subsection if the individual—

"(i) is an eligible dislocated worker, as defined in section 303(a), who has been unemployed for at least 15 weeks before the determination of employment under this paragraph;

"(ii) is an individual who has been unemployed or who has been without steady employment for a period of two years prior to such determination; or

"(iii) is an individual who is a recipient under a State plan approved under part A of title IV of the Social Security Act, relating to aid to families with dependent children for a period of at least 2 years.

"(B)(i) Each participant shall be tested for basic reading and writing competence by the private industry council prior to employment by a job project assisted under this subsection.

"(ii)(I) Each participant who fails to complete satisfactorily the basic competency tests required by clause (i) of this subparagraph (1) of this subsection shall be furnished counseling and instruction.

"(II) Each participant in a job project assisted under this subsection, shall, in order to continue such employment, have received a secondary school diploma or its equivalent, or maintain satisfactory progress toward such a diploma.

"(III) Each participant with limited English speaking ability may be furnished such instruction as the private industry council deems appropriate.

"(5)(A) Each private industry council participating in the demonstration program authorized by this subsection shall select job projects to be assisted under this subsection pursuant to guidelines established by the Secretary. Each such job project selected for assistance shall provide employment to eligible participants.

"(B) No project may be selected under this subsection if an objection to the project is filed by 2 representatives of the business community or by 2 representatives of labor organizations who are members of the private industry council. If there are not two members of a private industry council who are representatives of labor organizations then two representatives of labor organizations who are members of the State worker readjustment council may exercise the objection option authorized by this subsection for that private industry council.

"(C) Each eligible participant employed in a job project assisted under this subsection may not be employed on such project for more than 32 hours per week.

"(D) Not more than 10 percent of the total expenses of the demonstration project in each community may be used for transportation and equipment.

"(E) The private industry council shall select project managers on a project-by-project basis. Each such manager shall be paid the local prevailing wage.

"(6)(A) Each eligible participant who is employed in a job project assisted under this subsection shall receive wages equal to the higher of—

"(i) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938; or

"(ii) the amount which the eligible participant received in welfare benefits pursuant to the State plan approved under part A of title IV of the Social Security Act or in the form of unemployment compensation, if applicable, plus 10 percent of such amount.

"(B) Each eligible participant who is employed in projects assisted under this Act shall be furnished benefits and employment conditions comparable to the benefits and conditions provided to other employees employed in similar occupations by the same employer but no such participant shall be eligible for unemployment compensation during or on the basis of employment in such a project.

"(C) Each private industry council shall establish, for the area in which the demonstration is conducted, job clubs to assist eligible participants with the preparation of résumés, the development of interviewing techniques, and evaluation of individual job search activities.

"(7) In selecting projects pursuant to criteria established by the Secretary, each private industry council shall—

"(A) select projects, to the extent feasible, designed to develop skills which are marketable in the private sector in the community in which the project is conducted; and

"(B) select projects which show potential for assisting eligible participants who are employed in the project to find jobs in the private sector.

"(8)(A) The Secretary shall, either directly or by way of contract, evaluate the success of the employment demonstration program authorized by this subsection.

"(B) The evaluations required by subparagraph (A) of this paragraph shall be conducted by at least 2 different public agencies or private nonprofit organizations.

"(C) The Secretary shall prepare and submit to the Congress a report on the success of the employment demonstration program authorized by this subsection not later than October 1, 1989, together with such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

"(9) As used in this subsection—

"(A) The term 'participant' means an individual who is determined to be eligible under this subsection.

"(B) The term 'project' means an identifiable task or group of tasks which—

"(i) will be carried out by a public agency, a private nonprofit organization, or a private contractor,

"(ii) will meet the other requirements of this subsection,

"(iii) will result in a specific product or accomplishment, and

"(iv) would not otherwise be conducted with existing funds.

"(h)(1) The Secretary may, from the amount reserved pursuant to section 302(c)(3), carry out programs in accordance with the provisions of this subsection. The Secretary is authorized to enter into contracts or agreements with States to carry out the provisions of this subsection.

"(2) In carrying out the provisions of this subsection, the Secretary shall give priority to States most affected by adverse agricultural conditions as reflected by—

"(A) the decline in farm equity as measured by the percent change in farm equity between 1981 and the most recent year for which data is officially published by the United States Department of Agriculture, Economic Research Service; and

"(B) the percent change in the average debt to asset ratio of farms within a State between 1981 and the most recent year for which data is officially published by the United States Department of Agriculture, Economic Research Service.

"(3) The Secretary may enter into agreements with priority States for demonstrations of two or more years in duration, described in this subsection.

"(4) To be eligible for this subsection, a State must submit a plan to the Secretary describing how the State will utilize funds to meet the unique basic readjustment needs of eligible farmers, ranchers, farm workers, and other individuals eligible under this subsection. The plan shall include—

"(A) designation of the agency or agencies of State government which will implement the plan and the service delivery system which will be employed;

"(B) a description of the basic readjustment services to be provided;

"(C) a description of the classes of eligible recipients who will be served and an estimate of the numbers of such individuals expected to be served;

"(D) an explanation of how the service delivery system developed under this subsection will be coordinated with the service delivery system established under other titles or statutes to assist dislocated workers and with other programs that assist this target population; and

"(E) other information or assurances that the Secretary may require.

"(5) Individuals eligible to receive services under the State plan may include:

"(A) Individuals who can certify or demonstrate that the farm or ranch operations which provide their primary occupation have terminated or will terminate because of circumstances which may include one or more of the following events—

"(i) receipt of notice of foreclosure or intent to foreclose;

"(ii) failure of the farm to return a profit during the preceding 12 months;

"(iii) entry of the farmer into bankruptcy proceedings;

"(iv) failure or inability of the farmer to obtain operating capital necessary to continue operations;

"(v) failure or inability to make payments on loans secured by mortgages on agricultural real estate; or

"(vi) farmer's total debts exceed 70 percent of total assets.

"(B) Individuals who may reasonably be expected to leave farming or ranching as their primary occupation because of unfavorable debt to asset ratio as defined by the Department of Agriculture.

"(C) Individuals displaced from agriculture-related businesses and industries, including farm workers, who have been displaced or adversely affected by the declining agricultural economy.

"(D) Individuals and their immediate families who are attempting to continue farming or ranching, but whose ability to do so is threatened because of one or more factors listed in paragraph (5)(A).

"(6) Activities and services which may be provided under an approved plan may include the following—

"(A) assistance in the evaluation of financial condition and in the preparation of financial plans;

"(B) assistance in managing temporary crises, including psychological and mental health counseling;

"(C) vocational evaluation, including basic skills and literacy evaluation, counseling, and remediation;

"(D) credit and legal counseling, including farmer/lender mediation services;

"(E) job search assistance, including training in job seeking skills;

"(F) entrepreneurial training;

"(G) specific skill training, including on-the-job training and customized training in cooperation with potential employers; and

"(H) support services required to enable eligible individuals to participate in programs, including transportation, health care, dependent care, meals, temporary shelter, and other reasonable subsistence allowances; tuition, fees, books, and expenses associated with training, and up to one-half of wages paid to an eligible individual during on the job training.

"(7) Services provided under this subsection shall supplement services and activities provided under other titles and statutes established to assist dislocated workers and under other programs assisting this target population.

"(8) To the fullest extent feasible, States participating in this demonstration are encouraged to provide a comprehensive set of services to eligible individuals at a single site.

"PROPOSALS FOR FINANCIAL ASSISTANCE

"SEC. 353. (a) In addition to any financial assistance provided under section 352, the Secretary is authorized to provide services of the type described in parts C and D under proposals for financial assistance. Proposals for financial assistance under this part shall be submitted to the Secretary, who shall consult in a timely fashion with the Governor of the State in which the project described in the proposal is to operate.

"(b) With respect to multistate projects (other than projects established under section 352), the proposal shall be submitted by the Governor of one State and shall include the concurrence of the Governor or Governors of each of the other States in which the project is to operate.

"(c) Any proposal for financial assistance under this part shall contain evidence of review, or timely availability for review, by the local private industry council or councils when the project is to operate within one or more service delivery areas served by such council or councils. Multistate proposals, industry-wide proposals, projects with Indian tribal entities, and funds allotted by the Secretary under section 352(b) shall not be subject to this requirement.

"(d) Any proposal under this section which is intended to provide services to a substantial number of members of a labor organization shall be submitted only after consultation, or timely availability for consultation, with such labor organization. Any such proposal shall contain evidence of such consultation or availability.".

SEC. 492. JOB BANKS.

(a) AMENDMENT.—Title V of the Job Training Partnership Act is amended by adding at the end thereof the following new section:

"STATE JOB BANK SYSTEMS

"SEC. 505. (a)(1) The Secretary shall carry out the purposes of this section with sums appropriated pursuant to paragraph (2) for any fiscal year.

"(2) There are authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1988 and such sums as may be necessary for each succeeding fiscal year.

"(b) The Secretary shall make such sums available through the United States Employment Service for the development and implementation of job bank systems in each State. Such systems shall be designed to use computerized electronic data processing and telecommunications systems for such purposes as—

"(1) identifying job openings and referring jobseekers to job openings, with continual updating of such information;

"(2) providing information on occupational supply and demand; and

"(3) utilization of such systems by career information delivery systems (including career counseling programs in schools).

"(c) Wherever possible, computerized data systems developed with assistance under this section shall be capable of utilizing software compatible with other systems (including management information systems and unemployment insurance and other income maintenance programs) used in the administration of employment and training programs. In developing such systems, special consideration shall be given to the advice and recommendations of the State occupational information coordinating committees (established under section 422(b) of the Carl D. Perkins Vocational Education Act), and other users of such systems for the various purposes described in subsection (b) of this section.".

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 504 the following:

"Sec. 505. State job bank systems.".

SEC. 493. STUDIES.

(a) DATA ON DISPLACED FARMERS AND RANCHERS.—Section 462 of such Act is amended by adding at the end the following new subsection:

"(f)(1) The Secretary shall develop, in coordination with the Secretary of Agriculture, statistical data relating to permanent dislocation of farmers and ranchers due to farm and ranch failures. Among the data to be included are—

"(A) the number of such farm and ranch failures;

"(B) the number of farmers and ranchers displaced;

"(C) the location of the affected farms and ranches;

"(D) the types of farms and ranches involved; and

"(E) the identification of farm family members, including spouses, and farm workers working the equivalent of a full-time job on the farm who are dislocated by such farm and ranch failures.

"(2) The Secretary shall publish a report based upon such data as soon as practicable after the end of each calendar year. Such report shall include a comparison of data contained therein with data currently used by the Bureau of Labor Statistics in determining the Nation's annual employment and unemployment rates and an analysis of whether farmers and ranchers are being adequately counted in such employment statistics. Such report shall also include an analysis of alternative methods for reducing the adverse effects of displacements of farmers and ranchers, not only on the individual farmer or rancher, but on the surrounding community.".

(b) FAILURE TO PROVIDE INTERNATIONALLY RECOGNIZED WORKER RIGHTS.—(1) The Secretary of Labor shall conduct a study, in consultation with the Secretary of State, to identify the extent to which countries recognize and enforce, and the producers fail to comply with, internationally recognized worker rights. A report on the study conducted under this subsection shall be submitted to Congress biennially.

(2) There are authorized to be appropriated $5,000,000 for fiscal year 1988 and for each succeeding fiscal year, which shall be available to the Secretary of Labor for the purpose of entering into contractual or other appropriate agreements with the private sector for the purpose of monitoring activities, studies, and information gathering which will enable trade unions abroad to provide information and comments to international organizations and other bodies on their respective governments' compliance with internationally recognized worker rights.

(3) As used in this Act, the term "internationally recognized worker rights" includes—

(A) the right of association;

(B) the right to organize and bargain collectively;

(C) the right to be free from the use of any form of forced or compulsory labor;

(D) a minimum age for the employment of children; and

(E) acceptable conditions of work with respect to minimum wages, maximum hours of work, and occupational safety and health.

(c) ADDITIONAL STUDIES.—The National Commission for Employment Policy shall conduct research related to the provisions of this title. Such research shall include examinations of—

(1) the role of the employment services in implementing programs to enhance services provided under this title, and

(2) alternative techniques for managing production cutbacks without permanently reducing workforces.

A report on the research conducted under this subsection shall be submitted to the Congress not later than 18 months after the date of enactment of this Act.

SEC. 594. EFFECTIVE DATE.

This title shall take effect on October 1, 1987, or upon the date of enactment, whichever is later, except that the amendments to title III of the Job Training Partnership Act shall be effective with respect to appropriations for fiscal year 1988 and succeeding fiscal years.

TITLE V—AGRICULTURAL TRADE

Subtitle A—Improvement of Agricultural Trade Policy and Market Development Activities

CHAPTER 1—DEPARTMENT OF AGRICULTURE OPERATIONS

SEC. 501. PURPOSE OF CHAPTER.

It is the purpose of this chapter to increase the effectiveness of the Department of Agriculture—

(1) in agricultural trade policy formulation and implementation; and

(2) in assisting United States agricultural producers to participate in international agricultural trade;

by strengthening the operations of the Department of Agriculture and related entities.

SEC. 502. REORGANIZATION EVALUATION.

The Secretary of Agriculture shall evaluate the reorganization proposal recommended by the National Commission on Agricultural Trade and Export Policy and other proposals to improve current management of international and trade activities of the Department of Agriculture. To assist the Secretary in the evaluation, the Secretary shall appoint a private sector advisory committee of not less than 4 members, who shall be appointed from among individuals representing farm and commodity organizations, market development cooperator organizations, and agribusiness. The Secretary shall report the findings of the evaluation to Congress, together with the views and recommendations of the private sector advisory committee, not later than April 30, 1988.

SEC. 503. AUTHORIZATION OF ADDITIONAL APPROPRIATIONS.

There are authorized to be appropriated for the Foreign Agricultural Service of the Department of Agriculture, in addition to any sums otherwise authorized to be appropriated by any provision of law other than this section, $22,500,000 for fiscal year 1987, $27,500,000 for fiscal year 1988, $32,500,000 for fiscal year 1989, and $32,500,000 for fiscal year 1990, of which—

(1) in each such fiscal year, $4,500,000 shall be for expansion of the agricultural attache' service;

(2) in each such fiscal year, $1,000,000 shall be for the expansion of international trade policy activities of the Foreign Agricultural Service;

(3) in each such fiscal year, $2,000,000 shall be for the enhancement of the Foreign Agricultural Service worldwide market information system; and

(4) $15,000,000 in fiscal year 1987, $20,000,000 in fiscal year 1988, $25,000,000 in fiscal year 1989, and $25,000,000 in fiscal 1990 shall be for expanded foreign market development.

SEC. 504. INCREASED AUTHORIZED PERSONNEL LEVEL.

(a) IN GENERAL.—To ensure that the agricultural export programs of the United States are carried out in an effective manner, the authorized number of personnel for the Foreign Agricultural Service of the Department of Agriculture shall not be less than 900 full-time employees during each of the fiscal years 1987 through 1990.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the personnel ceiling provided for in subsection (a) will—

(1) permit the Foreign Agricultural Service to effectively carry out its current program and support activities, including programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and title XI of the Food Security Act of 1985 (P.L. 99-198; 99 Stat. 1465-1503); and

(2) provide resources for other activities of the Foreign Agricultural Service as authorized in this title.

SEC. 505. ESTABLISHMENT OF AN OFFICE TO MONITOR TRADE PRACTICES.

(a) ESTABLISHMENT WITHIN THE DEPARTMENT OF AGRICULTURE.—The Secretary of Agriculture shall establish an office within the Department of Agriculture to carry out the duties described in subsection (b) under the direction of the Under Secretary of Agriculture for International Affairs and Commodity Programs.

(b) DUTIES.—The office established under subsection (a) shall—

(1) continuously monitor and study trade practices carried out by other countries to promote the export of agricultural commodities and products;

(2) prepare every six months an analysis, by country and commodity or product, on quantitative import restrictions, trade barriers, and other policies and practices of foreign governments affecting exports of United States agricultural commodities and products and on any reductions in such restrictions, barriers, policies, and practices since the last report under this paragraph; and

(3) submit to the Secretary of Agriculture every six months a report of the information it has developed under this subsection.

(c) SUBMISSIONS BY THE SECRETARY.—(1) Within 15 days after receiving a report under subsection (b), the Secretary of Agriculture shall submit such report to the committees listed in paragraph (2), together with information regarding the level of subsidies provided by other countries and the United States to promote the export of agricultural commodities and products.

(2) Items described under paragraph (1) shall be submitted to—

(A) the Committee on Agriculture, Nutrition, and Forestry, the Committee on Foreign Relations, and the Committee on Finance of the Senate; and

(B) the Committee on Agriculture, the Committee on Foreign Affairs, and the Committee on Ways and Means of the House of Representatives.

(3) In addition, the Secretary shall submit such report to the United States Trade Representative for use in preparing the analysis and estimate required by section 181(b)(1) of the Trade Act of 1974 (19 U.S.C. 2241(b)(1)).

SEC. 506. ESTABLISHMENT OF AN OFFICE TO PROVIDE ASSISTANCE TO VICTIMS OF UNFAIR TRADE PRACTICES.

(a) ESTABLISHMENT WITHIN THE DEPARTMENT OF AGRICULTURE.—The Secretary of Agriculture shall establish an office within the Department of Agriculture to carry out the duties described in subsection (b) under the direction of the Under Secretary of Agriculture for International Affairs and Commodity Programs.

(b) DUTIES.—The office established under subsection (a) shall take the following actions with respect to United States citizens and organizations damaged by unfair agricultural trade practices and policies:

(1) The Office shall provide to such persons such assistance as the Under Secretary determines appropriate in the development of cases before—

(A) the United States Trade Representative;

(B) the International Trade Commission;

(C) the United States Department of Commerce;

(D) the Court of International Trade; and

(E) any other similar agency.

(2) The Office shall provide and update information to such persons regarding the incidence and severity of such practices and policies.

(3) The Office shall inform such persons of any adverse effect on them caused by such practices and policies of which such persons are not aware.

(4)(A) The Office shall provide information relating to such unfair trade practices and the effects of such practices to the appropriate Federal agencies, together with a recommendation by the Secretary of Agriculture with regard to the need for action, if any, to address such unfair trade practices.

(B) On receipt of such information and recommendation, the appropriate Federal agencies shall consult with the Secretary of Agriculture with regard to what actions, if any, will be initiated and the reasons for such actions or for not taking any action.

(5) The Office shall coordinate its work with the activities of the Trade Remedy Assistance Office established under section 339 of the Tariff Act of 1930.

(c) REPORT.—The Secretary of Agriculture shall include, in the reports described in section 505(c), reports of the assistance provided under this section.

SEC. 507. LONG-TERM AGRICULTURAL TRADE STRATEGY REPORTS.

(a) PREPARATION; MATTERS TO BE INCLUDED.—(1) The Secretary of Agriculture shall prepare annually, and the President shall submit together with the budget for each fiscal year, a Long-Term Agricultural Trade Strategy Report establishing recommended policy goals for United States agricultural trade and exports, and recommended levels of spending on international activities of the Department of Agriculture, for 1-year, 5-year, and 10-year periods, beginning on October 1 of such fiscal year. In preparing each such report, the Secretary shall consult with the United States Trade Representative to ensure that the report is coordinated with the annual national trade policy agenda for the fiscal year involved prepared under section 102 of this Act. Each such report shall include the following:

(A) Findings with respect to trends in the comparative position of the United States and other countries in the export of agricultural commodities and products, organized by major commodity group and including a comparative analysis of the cost of production of such commodities and products.

(B) Findings with respect to new developments in research conducted by other countries that may affect the competitiveness of United States agricultural commodities and products.

(C) Findings and recommendations with respect to the movement in nonmarket economies of United States agricultural commodities and products.

(D) As appropriate, the agricultural trade goals for each agricultural commodity and value-added product produced in the United States for the period involved, expressed in both physical volume and monetary value.

(E) Recommended Federal policy and programs to meet the agricultural trade goals.

(F) Recommended levels of Federal spending on international programs and activities of the Department of Agriculture to meet the agricultural trade goals.

(G) Recommended levels of Federal spending on programs and activities of agencies other than the Department of Agriculture to meet the agricultural trade goals.

(H) Recommended long-term strategies for growth in agricultural trade and exports—

(i) taking into account United States competitiveness, trade negotiations, and international monetary and exchange rate policies; and

(ii) including specific recommendations with respect to export enhancement programs (including credit programs and export payment-in-kind programs), market development activities, and foreign agricultural and economic development assistance activities needed to implement such strategies.

(2) Provisions of each Long-Term Agricultural Trade Strategy Report that relate to recommended levels of spending on international activities of the Department of Agriculture for the upcoming fiscal year shall be treated as the President's annual budget submission to Congress for such programs for such fiscal year, and shall be submitted in addition to the budget request for other programs of the Department of Agriculture for such fiscal year.

(3) The President shall include in each Long-Term Agricultural Trade Strategy Report recommendations for such changes in legislation governing international programs of the Department of Agriculture as are required to meet the long-term goals established in the Report.

(b) IDENTIFICATION OF CHANGES THAT MAY AFFECT PREVIOUS REPORTS.—The President, in each succeeding annual Long-Term Agricultural Trade Strategy Report after the first such report, shall identify any recommendations in such report that might modify the long-term policy contained in any previous such report.

SEC. 508. DEPARTMENT OF AGRICULTURE CONTRACT AUTHORITY FOR INDIVIDUALS ABROAD.

The Secretary of Agriculture may contract with individuals outside the United States for personal services to be performed outside the United States. Such individuals shall not be regarded as employees of the United States Government under any law, including any law administered by the Office of Personnel Management.

SEC. 509. COOPERATOR ORGANIZATIONS.

(a) SENSE OF CONGRESS.—It is the sense of Congress that the foreign market development cooperator program of the Foreign Agricultural Service of the Department of Agriculture, and the activities of individual foreign market cooperator organizations, have been among the most successful and cost-effective means to achieve the objective of expanded United States agricultural exports. Congress reaffirms its strong support of the program and of the cooperator organizations. The Administrator of the Foreign Agricultural Service and the private sector should work together to ensure that the program, and the activities of cooperator organizations, are expanded in the future.

(b) COMMODITIES FOR COOPERATOR ORGANIZATIONS.—(1) The Secretary of Agriculture may make available to cooperator organizations agricultural commodities owned by the Commodity Credit Corporation, for use by such cooperators in projects designed to expand markets for United States agricultural commodities and products.

(2) Commodities made available to cooperator organizations under this subsection shall be in addition to, and not in lieu of, funds appropriated for market development activities of such cooperator organizations.

(c) USE OF FUNDS AND COMMODITIES IN DEFENDING CERTAIN COUNTERVAILING DUTY ACTIONS.—Section 1124 of the Food Security Act of 1985 (7 U.S.C. 1736s) is amended by—

(1) in paragraph (1) of subsection (b), striking out "Funds" and inserting in lieu thereof "Except as provided in paragraph (3), funds"; and

(2) inserting after paragraph (2) of subsection (b) the following:

"(3) Funds or commodities made available for use under this section shall be used by the Secretary to assist organizations consisting of producers or processors of United States agricultural commodities, in such amounts as determined to represent reasonable expenses incurred by them, in defending countervailing duty actions instituted after January 1, 1986, in foreign countries to offset the benefits of the agricultural programs provided for under the Agricultural Act of 1949 or this Act. In no event may such assistance exceed $500,000 for the defense of any one countervailing duty action.".

SEC. 510. SENSE OF CONGRESS—LAND GRANT COLLEGES AND UNIVERSITIES.

It is the sense of Congress that—

(1) land grant colleges and universities (as defined in section 1404(10) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)) should encourage the study and career objective of international marketing of agricultural commodities and products;

(2) because marketing complements production, international agricultural marketing specialists are needed in a globally competitive world; and

(3) enhanced foreign marketing of United States agricultural commodities and products will help relieve stress in the rural economy.

CHAPTER 2—RESPONSIBILITIES OF THE SECRETARY OF AGRICULTURE AND RELATED PROVISIONS

SEC. 511. TECHNICAL ASSISTANCE IN TRADE NEGOTIATIONS.

The Secretary of Agriculture shall provide technical services to the United States Trade Representative on matters pertaining to agricultural trade and with respect to international negotiations on issues related to agricultural trade.

SEC. 512. REPORTING BY THE SECRETARY OF AGRICULTURE.

(a) REPORT ON EXPORT CREDIT AND OTHER TRADE ASSISTANCE.—Not later than December 31, 1987, the Secretary of Agriculture shall submit a report to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the use of authorities established under the Food for Peace Act of 1966 (7 U.S.C. 1707a et seq.), the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and the Commodity Credit Corporation Charter Act (7 U.S.C. 714 et seq.) to provide intermediate credit financing and other trade assistance for the establishment of facilities in importing countries to—

(1) improve the handling, marketing, processing, storage, and distribution of imported agricultural commodities and products;

(2) increase livestock production to enhance the demand for United States feed grains; and

(3) increase markets for United States livestock and livestock products.

(b) ANNUAL REPORTING ON CERTAIN PROGRAMS.—(1) The Secretary of Agriculture, after consultation with the Administrator of the Agency for International Development, shall report annually to Congress on the extent that food aid and agriculturally-related foreign economic assistance programs of the previous year, other than direct feeding or emergency food aid programs, that are administered by Federal agencies or by nongovernmental entities serve direct market development objectives for United

States agricultural commodities and products.

(2) The programs referred to in paragraph (1) include—

(A) programs under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(B) programs under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) and the Food for Progress Act of 1985 (7 U.S.C. 1736o); and

(C) technical and economic assistance programs carried out by the United States Agency for International Development.

SEC. 513. STUDY OF CANADIAN WHEAT IMPORT LICENSING REQUIREMENTS.

(a) Findings.—Congress finds that—

(1) Canadian importers of wheat or products containing a minimum of 25 percent wheat (except packaged wheat products for retail sale) from the United States must obtain import licenses from the Canadian Wheat Board;

(2) the Canadian Wheat Board requires such importers of United States wheat and wheat products to prove that the wheat or wheat products to be imported are not readily available in Canada before issuance of an import license, and therefore, for all practical purposes, such licenses are not granted by the Canadian Wheat Board;

(3) the licensing requirements of the Canadian Wheat Board's import licensing program result in a nontariff trade barrier on the importation of United States wheat and wheat products; and

(4) Canada is a member of the General Agreement on Tariffs and Trade and, under such agreement, member countries should eliminate import licensing programs that operate as nontariff trade barriers.

(b) Study.—To assess the effect of the Canadian Wheat Board's import licensing program referred to in subsection (a) on wheat producers, processors, and exporters in the United States, the Secretary of Agriculture shall conduct a study of the Canadian Wheat Board's import licensing program to determine—

(1) the nature and extent of the licensing requirements of the Canadian Wheat Board's import licensing program; and

(2) the estimated effect of the Canadian Wheat Board's import licensing program in reducing exports of United States wheat and wheat products to Canada.

(c) Report.—(1) Not later than 90 days after the date of enactment of this Act, the Secretary shall submit the results of the study conducted under subsection (b) to the United States Trade Representative.

(2) Not later than 90 days after the results of the study are submitted, as required under paragraph (1), the Secretary and the United States Trade Representative shall consult with the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate on the status of efforts by the Trade Representative to negotiate the elimination of such Canadian licensing requirements.

Subtitle B—Agricultural Export Enhancement

SEC. 521. SENSE OF CONGRESS—EXPORT ASSISTANCE PROGRAMS.

It is the sense of Congress that the Secretary of Agriculture should—

(1) allow more foreign countries to become eligible for the export enhancement program established under section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v);

(2) establish a system to reward foreign governments that eliminate trade barriers; and

(3) fully fund—

(A) the export enhancement program referred to in paragraph (1);

(B) the program, known as the Export Credit Guarantee Program (GSM-102), under which the Commodity Credit Corporation guarantees the repayment of credit extended on terms of up to 3 years in connection with the export sale of United States agricultural commodities and products;

(C) the program authorized by section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)), known as the Intermediate Export Credit Sales Program (GSM-103), under which the Commodity Credit Corporation finances export sales of United States agricultural commodities and products on credit terms of more than 3 years but not more than 10 years; and

(D) the targeted export assistance program established under section 1124 of the Food Security Act of 1985 (7 U.S.C. 1736s).

SEC. 522. EXPORT ENHANCEMENT PROGRAM UNDER SECTION 1127 OF THE FOOD SECURITY ACT OF 1985.

(a) Priorities.—Subsection (b) of section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by—

(1) inserting immediately after paragraph (2) the following new paragraph:

"(3) may, to the extent that agricultural commodities and products thereof are to be provided to foreign purchasers during any fiscal year, give priority to all interested foreign purchasers who—

"(A) have traditionally purchased United States agricultural commodities and the products thereof; and

"(B) continue to purchase such commodities and the products thereof on an annual basis in quantities equal to the level of purchases in a previous representative period;"; and

(2) redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively.

(b) Extension.—Subsection (i) of section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by—

(1) striking out "1988" and inserting in lieu thereof "1990"; and

(2) striking out "$1,500,000,000" and inserting in lieu thereof "$2,500,000,000".

(c) Valuation of Commodities Disbursed Under the Export Enhancement Program.—Section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v) is amended by adding at the end thereof the following new subsection:

"(j) For the purpose of meeting the requirements of subsection (i), the value of commodities or products distributed under this section shall be determined by using the market value of such commodities or products at the time of distribution.".

SEC. 523. SENSE OF CONGRESS—IMPLEMENTATION OF SECTIONS 1129 AND 1167 OF THE FOOD SECURITY ACT OF 1985.

It is the sense of Congress in recognition of the importance of barter programs in expanding agricultural trade, that the Secretary of Agriculture should expedite the implementation of sections 1129 and 1167 of the Food Security Act of 1985 relating to the barter of agricultural commodities.

SEC. 524. EXTENSION OF BANKS FOR COOPERATIVES AUTHORITY TO FINANCE TRANSACTIONS OF COOPERATIVES.

Section 4.20 of the Farm Credit Act of 1971 (12 U.S.C. 2208) is amended by—

(1) in the first sentence—

(A) striking out "(1)"; and

(B) striking out ", and (2) section 3.7(b) authorizing the financing of certain domestic or foreign entities in connection with the import or export activities of cooperatives which are borrowers from the banks for cooperatives,"; and

(2) in the second sentence, striking out "either provision" and inserting in lieu thereof "such provisions".

SEC. 525. EXPORT SALES OF GOVERNMENT STOCKS AT SUBSIDIZED PRICES.

Section 1203 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736i) is amended by—

(1) in subsection (c), striking out "special standby export subsidy program" and inserting in lieu thereof "programs";

(2) striking out subsection (d) and redesignating subsection (c) as subsection (d); and

(3) inserting after subsection (b) the following new subsection:

"(c)(1) Notwithstanding any other provision of law, the Secretary shall take all feasible steps to cause the exportation, at competitive world prices, of basic agricultural commodities produced in the United States. To achieve such goal, the Secretary, if necessary, shall subsidize the price of exporting any basic agricultural commodity that the Secretary may acquire or has acquired under any price support loan program authorized by law. The aggregate value of any subsidy provided under this subsection with respect to such commodity shall not exceed the sum of—

"(A) the cost to the Government that would result from acquiring (under price support loan activities) but not selling such commodity, including the costs of transportation, storage, and maintenance of quality incurred in connection with retaining such commodity; and

"(B) the increase in tax revenue to the United States arising from the growth in the gross national product that would result from the export sale of such commodity, as estimated by the Secretary.

"(2) For purposes of paragraph (1), the term 'basic agricultural commodity' has the meaning given it in section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)).".

SEC. 526. SENSE OF CONGRESS—JAPANESE BEEF MARKET.

(a) Findings.—Congress finds that—

(1) Japanese trade barriers result in a continuous and increasingly unfavorable balance of trade for the United States;

(2) the United States maintains a relatively open and free trade policy for imports of Japanese goods and services;

(3) Japan maintains unreasonably low quotas on imports of United States beef that are not consistent with Japan's international obligations;

(4) in August 1984, Japan and the United States signed a 4-year beef agreement that provides for an annual increase of only 6,900 metric tons of Japanese beef imports, and includes a provision for the immediate and meaningful liberalization of the Japanese market for trade in beef from the United States;

(5) if the remaining import quotas were eliminated, the United States could supply a substantial portion of the Japanese beef market due to the strong comparative advantage of the United States in the production of beef;

(6) the United States cattle-raising industry has not been profitable since 1980;

(7) the current beef agreement with Japan expires on March 31, 1988, and negotiations

for another agreement will begin this year; and

(8) even with the beef agreement, Japanese imports of United States beef fall considerably short of the market's free trade potential.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the United States Trade Representative should enter into negotiations to gain substantially greater access for United States beef to the Japanese market;

(2) such negotiations, in addition to meaningful market access, should also address the high Japanese tariffs, the practices of the Japanese Livestock Industry Promotion Corporation, and the means through which imported beef is distributed in Japan; and

(3) by March 31, 1988, if Japan does not show clear evidence that it is engaging in meaningful liberalization in its market for United States beef, the appropriate United States Government officials should use all available and appropriate avenues, including retaliation, to encourage Japan to open its market to United States beef imports.

SEC. 527. SENSE OF CONGRESS—KOREA'S BEEF MARKET.

(a) FINDINGS.—Congress finds that—

(1) the trade balance between the Republic of Korea and the United States was $7,600,000,000 in favor of Korea in 1986;

(2) the Republic of Korea has banned high quality beef imports since May 1985;

(3) this beef import ban is in contravention of Korea's General Agreement on Tariffs and Trade obligations and impairs United States rights under such agreement;

(4) Korea imposes an unreasonably high 20 percent ad valorem tariff on meat products;

(5) if the Korean import ban were removed, the United States could supply a significant portion of the Korean beef market; and

(6) the United States cattle-raising industry has not been profitable since 1980.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the Republic of Korea should take immediate action to fulfill its obligations under the General Agreement on Tariffs and Trade and permit access to its market by United States beef producers;

(2) the United States Trade Representative should enter into negotiations to gain greater access to the Korean market for United States beef;

(3) such negotiations, in addition to greater market access, also should address the high tariffs set by the Republic of Korea and the means by which imported beef is distributed in Korea; and

(4) if the Republic of Korea does not immediately show clear evidence that it is engaging in meaningful liberalization in its market for United States beef, the appropriate United States Government officials should use all available and appropriate avenues, including retaliation, to encourage the Republic of Korea to open its market to United States beef imports.

Subtitle C—Agricultural Aid and Trade

CHAPTER 1—FINDINGS

SEC. 531. FINDINGS.

Congress finds that—

(1) United States agricultural exports have declined by more than 40 percent since 1981, from $43,800,000,000 in 1981 to $26,300,000,000 in 1986;

(2) the United States share of the world market for agricultural commodities and products has dropped by 28 percent during the last 5 years;

(3) for the first time in 15 years, the United States incurred monthly agricultural trade deficits in 1986;

(4) the loss of $1,000,000,000 in United States agricultural exports causes the loss of 35,000 agricultural jobs and the loss of 60,000 nonagricultural jobs;

(5) the loss of agricultural exports threatens family farms, and the economic well-being of rural United States;

(6) to reverse the decline of agricultural exports and improve prices for farmers and ranchers in the United States, it is necessary that all agricultural export programs of the United States be used in an expeditious manner, including programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(7) greater use should be made by the Secretary of Agriculture of the authorities established under the Food for Peace Act of 1966 (7 U.S.C. 1707a et seq.), the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), and the Commodity Credit Corporation Charter Act (7 U.S.C. 714 et seq.) to provide intermediate credit financing and other assistance for the establishment of facilities in importing countries to—

(A) improve the handling, marketing, processing, storage, and distribution of imported agricultural commodities and products; and

(B) increase livestock production to enhance the demand for United States feed grains;

(8) food aid and export assistance programs stimulate economic activity in developing countries and, as incomes improve, diets improve and the demand for and ability to purchase food increases;

(9) private voluntary organizations and cooperatives are important and successful partners in our food aid and development programs; and

(10) in addition to meeting humanitarian needs, food aid used in sales and barter programs by private voluntary organizations and cooperatives—

(A) provide communities with health care, credit systems, and tools for development; and

(B) establish the infrastructure that is essential to the expansion of markets for United States agricultural commodities and products.

CHAPTER 2—AGRICULTURAL AID AND TRADE MISSIONS

SEC. 532. DEFINITIONS.

As used in this chapter:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Agency for International Development.

(2) ELIGIBLE COUNTRY.—The term "eligible country" means a country that is eligible under section 534.

(3) MISSION.—The term "mission" means an agricultural aid and trade mission established under section 533.

(4) UNITED STATES AGRICULTURAL AID AND TRADE PROGRAMS.—The term "United States agricultural aid and trade programs" includes—

(A) programs established under titles I and II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.);

(B) the program established under section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b));

(C) the agricultural export enhancement program established under section 1127 of the Food Security Act of 1985 (7 U.S.C. 1736v);

(D) the dairy export incentive program established under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a-14);

(E) the export credit guarantee program (GSM-102) established under section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(f));

(F) the intermediate export credit guarantee program (GSM-103) established under section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)); and

(G) other agricultural aid and trade programs authorized by the Food Security Act of 1985 (Public Law 99-198), by the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or by other applicable authorities.

SEC. 533. AGRICULTURAL AID AND TRADE MISSIONS.

(a) ESTABLISHMENT.—Not later than 60 days after the date of enactment of this Act, the Secretary of Agriculture, the Secretary of State, and the Administrator shall jointly establish agricultural aid and trade missions to eligible countries to encourage the countries to participate in United States agricultural aid and trade programs.

(b) COMPOSITION.—A mission to an eligible country shall be composed of—

(1) representatives of the Department of Agriculture, the Department of State, and the Agency for International Development, appointed by the Secretary of Agriculture, Secretary of State, and Administrator, respectively, and

(2) not less than 3, nor more than 6, representatives of market development cooperators, private voluntary organizations, and cooperatives, appointed jointly by the Secretary of Agriculture, Secretary of State, and Administrator,

who are knowledgeable about food aid and agricultural export programs, as well as the food needs, trade potential, and economy of the eligible country.

(c) TERMS.—The term of members of a mission shall terminate on submission of the report required under section 536.

(d) COMPENSATION AND TRAVEL EXPENSES.—A member of a mission shall serve without compensation, if not otherwise an officer or employee of the United States, except that a member, while away from home or regular place of business in the performance of services under this chapter, shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.

SEC. 534. REQUIRED AND ADDITIONAL MISSIONS; ELIGIBLE COUNTRIES.

(a) REQUIRED MISSIONS.—Missions shall be established and completed—

(1) not later than 6 months after the date of enactment of this Act, in 7 countries chosen in accordance with the criteria in subsection (c); and

(2) not later than 1 year after the date of enactment of this Act, in 8 additional countries chosen in accordance with such criteria.

(b) ADDITIONAL MISSIONS.—After the completion of the missions referred to in subsection (a), a mission may be established to any foreign country chosen in accordance with the criteria set forth in subsection (c).

(c) Criteria.—The Secretary of Agriculture and the Administrator jointly shall select foreign countries for missions under this section so that—

(1) each foreign country selected represents a range of per capita income levels in the low to middle levels;

(2) each such foreign country is eligible for one or more United States agricultural aid and trade programs;

(3) priority is given to foreign countries for which participation in United States aid and trade programs would be mutually advantageous, taking into account the potentials for—

(A) economic development for the foreign country; and

(B) increased trade opportunities for the United States through the establishment of markets for United States agricultural commodities and products; and

(4) each such foreign country is friendly to the United States.

SEC. 535. FUNCTIONS.

The members of a mission to an eligible country shall—

(1) meet with representatives of government agencies of the United States and the eligible country, as well as commodity boards, private enterprises, private voluntary organizations, and cooperatives that operate in the eligible country, to assist in planning the extent to which United States agricultural aid and trade programs could be used in a mutually beneficial manner to meet the food and economic needs of the country;

(2) provide technical expertise and information to representatives of government agencies of the United States in eligible countries and of the eligible country and private organizations, with respect to United States agricultural aid and trade programs and agricultural commodities and products and other assistance available to the eligible country under the programs; and

(3) assist in obtaining firm commitments for—

(A) proposals for food aid programs; and

(B) agreements for commodity sales under agricultural export programs.

SEC. 536. MISSION REPORTS.

Not later than 60 days after the completion of a mission under section 534, the mission shall submit to the President, the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Secretary of Agriculture, the Secretary of State, and the Administrator a report that contains the findings and recommendations of the mission in carrying out its responsibilities under this chapter.

SEC. 537. PROGRESS REPORTS.

During the 2-year period beginning 1 year after the date of enactment of this Act, the Secretary of Agriculture, the Secretary of State, and the Administrator shall jointly submit to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate, quarterly reports on progress made in implementing the recommendations of the missions reported under section 636, including the quantity and dollar value of United States agricultural commodities and products shipped to eligible countries and the specific development programs undertaken in accordance with this chapter.

SEC. 538. USE OF COMMODITY CREDIT CORPORATION.

The Secretary of Agriculture shall use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out this chapter.

CHAPTER 3—TITLE II OF PUBLIC LAW 480; SECTION 416 OF THE AGRICULTURAL ACT OF 1949; AND THE FOOD FOR PROGRESS PROGRAM.

SEC. 541. TITLE II—REPORTS ON SALES AND BARTER AND USE OF FOREIGN CURRENCY PROCEEDS.

Section 206 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726) is amended by—

(1) inserting "(a)" after the section designation; and

(2) adding at the end thereof the following new subsection:

"(b) Not later than February 15, 1988, and annually thereafter, the President shall report to Congress on sales and barter, and use of foreign currency proceeds, under this section and section 207 during the preceding fiscal year. Such report shall include information on—

"(1) the quantity of commodities furnished for such sale or barter;

"(2) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in the preceding fiscal year;

"(3) how such funds and services were used;

"(4) the amount of foreign currency proceeds that were used under agreements under this section and section 207 in the preceding fiscal year, and the percentage of the quantity of all commodities and products furnished under this section and section 207 in such fiscal year such use represented;

"(5) the President's best estimate of the amount of foreign currency proceeds that will be used, under agreements under this section and section 207, in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage that such estimated use represents of the quantity of all commodities and products that the President estimates will be furnished under this section and section 207 in each such fiscal year;

"(6) the effectiveness of such sales, barter, and use during the preceding fiscal year in facilitating the distribution of commodities and products under this section and section 207;

"(7) the extent to which such sales, barter, or uses—

"(A) displace or interfere with commercial sales of United States agricultural commodities and products that otherwise would be made;

"(B) affect usual marketings of the United States;

"(C) disrupt world prices of agricultural commodities or normal patterns of trade with friendly countries; or

"(D) discourage local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this title; and

"(8) the President's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under this section and section 207.".

SEC. 542. TITLE II—PERIODS FOR REVIEW AND COMMENT.

Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following:

"Sec. 208. (a) If a proposal to make agricultural commodities available under this title is submitted by a nonprofit voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make agricultural commodities available to a nonprofit voluntary agency or cooperative is submitted by the United States Government field mission, a response to that proposal shall be provided within 45 days following submission of the proposal. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

"(b) Not later than 30 days before the issuance of a final guideline to carry out this title, to the extent feasible, the President shall—

"(1) provide notice of the proposed guideline to nonprofit voluntary agencies and cooperatives that participate in programs under this title, and other interested persons, that the proposed guideline is available for review and comment;

"(2) make the proposed guideline available, on request, to the agencies, cooperatives, and others; and

"(3) take any comments received into consideration before the issuance of the final guideline.".

SEC. 543. SECTION 416—ELIGIBLE COMMODITIES.

(a) In General.—Section 416(b)(2)(A) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(2)(A)) is amended by—

(1) striking out "grains," and inserting in lieu thereof "wheat, rice, feed grains,"; and

(2) inserting ", and the products thereof," after "price support operations".

(b) Conforming Amendment.—Section 416(b)(10)(B)(i) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(10)(B)(i)) is amended by striking out "grains," and inserting in lieu thereof "wheat, rice, feed grains,".

SEC. 544. SECTION 416—AVAILABILITY OF COMMODITIES.

Section 416(b)(3) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(3)) is amended by adding at the end thereof the following:

"(D) If eligible commodities are made available under this subsection to a friendly country, the Secretary shall also provide an opportunity to nonprofit and voluntary agencies and cooperatives to obtain such commodities for food aid programs in that country.".

SEC. 545. SECTION 416—MULTIYEAR AGREEMENTS.

Section 416(b)(4) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(4)) is amended by adding at the end thereof the following: "In agreements with recipients of eligible commodities under this subsection (including nonprofit and voluntary agencies or cooperatives), subject to the availability of commodities each fiscal year, the Secretary is encouraged to approve multiyear agreements to make agricultural commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this subsection.".

SEC. 546. SECTION 416—FOREIGN CURRENCY USE AND ALLOCATION REQUIREMENTS.

(a) Foreign Currency Uses.—Clause (ii) of section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)(ii)) is amended to read as follows:

"(ii) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit and voluntary agency or cooperative may be used to—

"(I) transport, store, or distribute agricultural commodities, to ensure that such commodities reach their final users in usable condition or otherwise enhance the effectiveness of the use of commodities donated under this subsection; and

"(II) implement income generation, community development, health, nutrition, cooperative development, or agricultural programs, or other developmental activities.".

(b) ALLOCATION REQUIREMENTS.—Section 416(b)(7)(D)(iii) of such Act is amended by—

(1) striking out "5 percent" and inserting in lieu thereof "10 percent"; and

(2) inserting ", or the minimum tonnage required, whichever is greater," after "furnished".

SEC. 547. SECTION 416—PERIODS FOR REVIEW AND COMMENT.

Section 416(b)(8) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(8)) is amended by adding at the end thereof the following:

"(C)(i) If a proposal to make eligible commodities available under this subsection is submitted by a nonprofit and voluntary agency or cooperative with the concurrence of the appropriate United States Government field mission or if a proposal to make such commodities available to a nonprofit and voluntary agency or cooperative is submitted by the United States Government field mission, a response to that proposal shall be provided within 45 days following submission of the proposal. The response shall detail the reasons for approval or denial of the proposal. If the proposal is denied, the response shall specify the conditions that would need to be met for the proposal to be approved.

"(ii) Not later than 30 days before the issuance of a final guideline to carry out this subsection, to the extent feasible, the Secretary shall—

"(I) provide notice of the proposed guideline to nonprofit and voluntary agencies and cooperatives that participate in programs under this subsection, and other interested persons, that the proposed guideline is available for review and comment;

"(II) make the proposed guideline available, on request, to the agencies, cooperatives, and others; and

"(III) take any comments received into consideration before the issuance of the final guideline.".

SEC. 548. SECTION 416—MINIMUM QUANTITIES OF ELIGIBLE COMMODITIES.

(a) IN GENERAL.—Section 416(b)(10) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(10)) is amended by—

(1) in subparagraph (A), striking out "1986" and inserting in lieu thereof "1987"; and

(2) in subparagraph (B)—

(A) striking out "500,000" in clause (i) and inserting in lieu thereof "800,000"; and

(B) striking out "150,000" in clause (ii) and inserting in lieu thereof "200,000".

(b) APPROPRIATION REQUIREMENT.—If the increase in minimum metric tonnage provided by the amendments made in subsection (a) will result in additional budget outlays for a fiscal year, such increased tonnage may not be provided unless such additional outlays are provided for in advance in an appropriation Act.

SEC. 549. MULTIYEAR AGREEMENTS UNDER THE FOOD FOR PROGRESS PROGRAM.

Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by—

(1) redesignating subsection (k) as subsection (l); and

(2) inserting after subsection (j) the following new subsection:

"(k) In carrying out this section, subject to the availability of commodities, the President is encouraged to approve multiyear agreements to make commodities available for distribution or sale by the recipients if the agreements otherwise meet the requirements of this section.".

Subtitle D—Wood and Wood Products

SEC. 551. DEVELOPING MARKETS FOR WOOD AND WOOD PRODUCTS UNDER THE SHORT-TERM AND INTERMEDIATE-TERM EXPORT CREDIT PROGRAMS.

(a) SHORT-TERM EXPORT CREDIT.—Section 1125 of the Food Security Act of 1985 (7 U.S.C. 1736t) is amended by—

(1) in subsection (b), inserting ", including wood and processed wood products" after "agricultural commodities and the products thereof"; and

(2) adding at the end thereof the following:

"(d) For the purposes of this section, the term 'wood and processed wood products' includes, but is not limited to, logs, lumber (boards, timber, millwork, molding, flooring, and siding), veneer, panel products (plywood, particle board, and fiberboard), utility and telephone poles, other poles and posts, railroad ties, wood pulp, and wood chips.".

(b) INTERMEDIATE-TERM EXPORT CREDIT.—Section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) is amended by adding at the end thereof the following: "For purposes of this subparagraph, the term 'agricultural commodities' includes wood and processed wood products, as defined in section 1125(d) of the Food Security Act of 1985.".

SEC. 552. FOREST PRODUCTS COMPETITIVE MARKETING ACT OF 1987.

(a) SHORT TITLE.—This section may be cited as the "Forest Products Competitive Marketing Act of 1987".

(b) FINDINGS AND PURPOSES.—

(1) Congress finds that—

(A) the health and vitality of the domestic forest products industry is important to the well-being of the economy of the United States;

(B) the domestic forest products industry has a significant potential for expansion in both domestic and foreign markets;

(C) many small-sized to medium-sized forest products firms lack the tools that would enable them to meet the increasing challenge of foreign competition in domestic and foreign markets; and

(D) a new cooperative forest products marketing program will improve the competitiveness of the United States forest products industry.

(2) The purposes of this section are to—

(A) provide direct technical assistance to the United States forest products industry to improve marketing activities;

(B) provide cost-share grants to States to support State and regional forest products marketing programs; and

(C) target assistance to small-sized and medium-sized producers of solid wood and processed wood products, including pulp.

(c) PROGRAM AUTHORITY.—The Secretary of Agriculture shall establish a cooperative national forest products marketing program under Public Law 95-313, the Cooperative Forestry Assistance Act (16 U.S.C. 2101), to include providing—

(1) technical assistance to States, landowners, and small-sized to medium-sized forest products firms on ways to improve domestic and foreign markets for forest products;

(2) grants of financial assistance with matching requirements to the States to assist in State and regional forest products marketing efforts targeted to aid small-sized to medium-sized forest products firms and private, nonindustrial forest landowners. Grant agreements shall encourage the establishment of interstate cooperative agreements by the States for the purpose of promoting the development of domestic and foreign markets for forest products.

(d) LIMITATIONS.—(1) In carrying out the authority provided by this section, the Secretary of Agriculture shall cooperate with Federal departments and agencies to avoid the duplication of efforts and to increase program efficiency.

(2) The program authorized under this section shall be carried out within the United States and not be extended to Department of Agriculture activities in foreign countries.

(e) AUTHORIZATION FOR APPROPRIATIONS.—There are hereby authorized to be appropriated $5,000,000 for each of the fiscal years beginning October 1, 1988, and ending September 30, 1991, to carry out this section.

(f) PROGRAM REPORT.—The Secretary of Agriculture shall report to Congress annually on the activities taken under the marketing program established under this section. A final report including recommendations for program changes and the need and desirability of the reauthorization of this authority, and required levels of funding, shall be submitted to Congress not later than September 30, 1990.

SEC. 553. USE OF DEPARTMENT OF AGRICULTURE PROGRAMS.

The Secretary of Agriculture shall actively use Department of Agriculture commercial and concessional export credit programs for the export of wood and processed wood products.

Subtitle E—Miscellaneous Provisions Regarding International Agriculture and Related Programs

SEC. 561. ALLOCATION OF CERTAIN MILK.

(a) IN GENERAL.—Notwithstanding any other provision of law, milk produced by dairies—

(1) owned or controlled by foreign persons; and

(2) financed by or with the use of bonds the interest on which is exempt from Federal income tax under section 103 of the Internal Revenue Code of 1986;

shall be treated as other-source milk, and shall be allocated as milk received from producer-handlers for the purposes of classifying producer milk, under the milk marketing program under provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937. For the purposes of this section, the term "foreign person" has the meaning given such term under section 9(3) of the Agricultural Foreign Investment Disclosure Act of 1978 (7 U.S.C. 3508(3)).

(b) REGULATIONS.—The Secretary of Agriculture shall prescribe regulations to carry out this section.

(c) LIMITATION.—This section shall not apply with respect to any dairy that began operation before May 6, 1986.

SEC. 562. MILK PRICE SUPPORTS—EXCESS CASEIN IMPORTS.

(a) EXCESS CASEIN IMPORTS.—To the extent that imports of casein for the calendar year 1988 are expected to exceed the average annual level of imports of casein for the period 1981 through 1985, the Secretary of Agriculture shall reduce the estimated level of purchases of milk and the products of milk for calendar year 1988 calculated under section 201(d)(1)(D)(i) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(1)(D)(i)) by the milk equivalent poundage of such estimated 1988 increase in casein imports over the average import level. For the purposes of this subsection, unless there is a legally mandated reduction limiting calendar year 1988 imports of casein to a level that is less than the average of imports of casein for the period 1981 through 1985, estimated imports of casein for calendar year 1988 shall not be established at a level that is less than the actual imports of casein for calendar year 1986. The milk equivalent poundage of casein for purposes of this subsection shall be derived by application of a formula wherein one pound of casein is determined to the equivalent of 36.9 pounds of milk containing 3.67 percent milkfat.

(b) DAIRY EXPORT INCENTIVE PROGRAM.—Dairy products that will be sold directly from commercial stocks under the dairy export incentive program under section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) in calendar year 1988, as estimated by the Secretary of Agriculture, shall not be counted in estimating Commodity Credit Corporation purchases of milk and products of milk in calendar year 1988 under section 201(d)(1)(D)(i) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(1)(D)(i)).

SEC. 563. EXPORTED TOBACCO REPORT.

The Tobacco Adjustment Act of 1983 is amended by adding after section 213 (7 U.S.C. 511r) the following new section:

"EXPORTED TOBACCO REPORT

"SEC. 214. Notwithstanding any other provision of law:

"(1) Before the exportation of any tobacco or tobacco product from the United States, including re-exports or transshipments of tobacco and tobacco products and any tobacco or tobacco product having entered foreign trade zones in the United States, the exporter shall prepare a certified report and file a copy of such report with the Secretary of Agriculture.

"(2) Such certified report shall specify, by percent, weight, and type—

"(A) the quantity of tobacco, contained in such tobacco or tobacco product, that was grown in the United States; and

"(B) the quantity of foreign grown tobacco contained in such tobacco or tobacco product.

"(3) The Secretary shall use such report to verify—

"(A) tobacco stock reports;

"(B) estimates of United States produced or grown tobacco that is exported from the United States, for the purpose of determining tobacco poundage quotas under the Agricultural Adjustment Act of 1938; and

"(C) compliance with the requirements of the export credit programs of the Department of Agriculture.

"(4) The Secretary annually shall report to Congress, in the aggregate, the information contained in certified reports under this section and the information contained in end-user reports under section 213(f), as part of each report submitted under section 213(f).".

SEC. 564. INTERNATIONAL EFFORTS TO REDUCE GRAIN PRODUCTION.

(a) FINDINGS.—Congress finds that—

(1) worldwide production of grains has overwhelmed demand, resulting in excessive carryover stocks;

(2) individual countries cannot reduce their own production without detriment to their own farmers;

(3) it is to the advantage of the United States and other grain-producing countries to reduce production so stocks can be brought closer to demand levels; and

(4) it is the policy of the United States to keep supply and demand in relative balance in concert with other countries.

(b) DISCUSSIONS.—The Secretary of Agriculture, in coordination with the United States Trade Representative acting pursuant to the trade negotiating objective set out in section 111(b)(1)(C) of this Act, shall initiate discussions with other major grain-producing countries (including the members of the European Community, Canada, Australia, and Argentina) to reduce grain production multilaterally.

(c) REPORT TO CONGRESS.—The Secretary shall report to Congress on the progress of the discussions required under subsection (b), not later than March 1, 1988.

SEC. 565. SENSE OF CONGRESS—MINIMUM LEVEL OF FOOD ASSISTANCE.

(a) ANNUAL MINIMUM.—It is the sense of Congress that—

(1) the United States should maintain its historic proportion of food assistance constituting one-third of all United States foreign economic assistance; and

(2) accordingly, not less than one-third of the funds available each fiscal year for foreign economic assistance programs should be used to make United States food assistance available to foreign countries under the Agricultural Trade Development and Assistance Act of 1954 and section 416(b) of the Agricultural Act of 1949.

(b) DEFINITION.—For purposes of this section, the term "foreign economic assistance" includes—

(1) assistance under chapter 1 of part I of the Foreign Assistance Act of 1961, the Agricultural Trade Development and Assistance Act of 1954, section 416(b) of the Agricultural Act of 1949, or any other law authorizing economic assistance for foreign countries; and

(2) United States contributions to the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other multilateral development bank.

Subtitle F—Domestic Markets for Agricultural Commodities and Products

CHAPTER 1—ACTIONS AFFECTING IMPORTS; STUDIES AND PLANS

SEC. 571. MEAT FOOD PRODUCT LABELING.

Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended by—

(1) in paragraph (11), striking out "or" at the end thereof;

(2) in paragraph (12), striking out the period at the end and inserting in lieu thereof "; or"; and

(3) adding at the end thereof the following new paragraph:

"(13) if the labeling or other official mark on meat, as defined in regulations (9 CFR 301.2), or on the package containing meat fails to indicate the country of origin of such meat that is received, shipped, consigned, sold, or offered for sale (or fails to include the word 'imported' if there is more than one such country of origin).".

SEC. 572. AMENDMENTS TO THE MARKETING ORDER PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT.

(a) QUALITY STANDARDS.—Section 8e of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608e-1), is amended by inserting after "*Provided,*" the following: "That the effective period for such prohibition may be established in advance of the date when such order is in effect if the Secretary finds that, to prevent circumvention of the declared policy of this Act, such earlier effective period is needed to prevent the importation into the United States of such commodity that would otherwise fail to meet grade, size, quality, or maturity requirements when the imported commodity is marketed during the period of time that regulations are in effect under the order: *Provided further,*".

(b) PAID ADVERTISING FOR FLORIDA-GROWN STRAWBERRIES UNDER MARKETING ORDERS.—The first proviso of section 8c(6)(I) of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(6)(I)), is amended by striking out "or tomatoes," and inserting in lieu thereof "tomatoes, or Florida-grown strawberries,".

SEC. 573. IMPORT INVENTORY.

(a) COMPILATION AND REPORT ON IMPORTS.—The Secretary of Agriculture, in consultation with the Secretary of Commerce, the International Trade Commission, the United States Trade Representative, and any other appropriate Federal agency, shall compile and report to the public statistics on the total value and quantity of imported raw and processed agricultural products.

(b) COMPILATION AND REPORT ON CONSUMPTION.—The Secretary shall compile and report to the public data on the total amount of production and consumption of domestically produced raw and processed agricultural products.

(c) ISSUING OF DATA.—The reports required by this section shall be made in a format that correlates statistics for the quantity and value of imported agricultural products to the production and consumption of domestic agricultural products. The Secretary shall issue such reports on a quarterly basis.

SEC. 574. STUDY RELATING TO HONEY.

(a) STUDY.—The Secretary of Agriculture shall conduct a study to determine the effect of imported honey on United States honey producers, the availability of honey bee pollination within the United States, and whether there is reason to believe imports of honey tend to interfere with or render ineffective the honey price support program of the Department of Agriculture.

(b) REPORT.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate.

SEC. 575. ROSE STUDY, REPORT, AND FINDINGS.

(a) STUDY.—The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine the—

(1) effects of rose imports into the United States on the domestic rose-growing industry;

(2) effects that the European Community's tariff rate for imported roses has on world trade of roses; and

(3) extent to which foreign barriers to trade are impeding the marketing abroad of domestically produced roses.

(b) REPORT.—The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate.

(c) FINDINGS.—If the Secretary determines, as a result of the study conducted under subsection (a), that the domestic rose industry is being adversely affected by the unfair trade practices of foreign competitors, the Secretary is urged to—

(1) use all available remedies, programs, and policies available to the Department of Agriculture to assist the domestic rose industry to maintain and enhance its ability to compete in the domestic and world market for roses, and

(2) recommend, if appropriate, to the Secretary of Commerce and the United States Trade Representative that they initiate antidumping investigations or countervailing duty investigations with respect to such practices.

SEC. 576. STUDY OF EFFECT OF SECTION 22 CHANGES.

The Secretary of Agriculture shall conduct a study to determine how and to what extent the reduction or elimination of quotas on the importation of certain dairy products imposed under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 624), as a result of negotiations on the General Agreement on Tariffs and Trade or a similar such negotiation or agreement, might adversely affect the administration of the Federal dairy price support program and cause injury to the United States dairy industry. The Secretary shall submit the study, when completed, to the United States Trade Representative, and the Committee on Ways and Means and the Committee on Agriculture of the House of Representatives and the Committee on Finance and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 577. IMPORTED MEAT AND POULTRY PRODUCTS.

(a) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report to Congress—

(1) specifying the planned distribution, in fiscal years 1987 and 1988, of the resources of the Department of Agriculture available for sampling imported meat, poultry, and egg products to ensure compliance with the requirements of the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act that govern the level of residues of pesticides, drugs, and other products permitted in or on such products;

(2) describing current methods used by the Department to enforce the requirements of such Acts respecting the level of residues of pesticides, drugs, and other products permitted in or on such products;

(3) that responds to the audit report of the Inspector General of the Department of Agriculture, Number 38002—2—hy, dated January 14, 1987;

(4) providing a summary with respect to the importation of meat and poultry products during fiscal years 1986 and 1987 that specifies—

(A) the number of samples of each such product taken during each such fiscal year in carrying out the requirements described in paragraph (1); and

(B) for each violation of such requirements during each such fiscal year—

(i) the meat or poultry product with respect to which such violation occurred,

(ii) the residue in or on such product in violation of such requirements,

(iii) the country exporting such product,

(iv) the actions taken in response to such violations and the reasons for such actions, and

(v) the level of testing conducted by the countries exporting such products;

(5) a description of any research conducted by the Secretary to develop improved methods to detect residues subject to such requirements in or on meat and poultry products; and

(6) any recommendations the Secretary considers appropriate for legislation to add or modify penalties for violations of laws, regulations, and other enforcement requirements governing the level of residues that are permitted in or on imported meat and poultry products.

(b) REVISION.—Not later than November 15, 1988, the Secretary of Agriculture shall revise, as necessary, the report prepared under subsection (a) and submit the revision to Congress.

CHAPTER 2—INVESTIGATIONS RELATING TO IMPORTS

SEC. 581. DETERMINING MATERIAL INTERFERENCE CAUSED BY IMPORTED TOBACCO.

Section 22(a) of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 624(a)), is amended by adding at the end thereof the following: "For purposes of any investigation conducted with respect to tobacco, or articles containing tobacco, imported into the United States, the Commission shall take into account, as if they are costs to the Government, contributions and assessments imposed under sections 106A and 106B of the Agricultural Act of 1949 on tobacco producers in determining whether such imported tobacco or articles materially interfere with the tobacco price support program carried out by the Department of Agriculture.".

SEC. 582. MEAT IMPORT ACT OF 1979—STUDY.

The Meat Import Act of 1979 (19 U.S.C. 2253 note) is amended by adding at the end thereof the following:

"(o) The Secretary of Agriculture shall conduct a study of trends with respect to the level of imports of lamb meat and the effect of such imports on domestic production of lamb meat. The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report specifying the results of such study not later than June 1, 1988, or 180 days after the effective date of this subsection, whichever occurs later.".

Subtitle G—Trade Policy Formulation and Implementation

SEC. 591. SENSE OF CONGRESS—INVESTIGATION OF CANADIAN IMPORT TRIBUNAL DECISION AFFECTING UNITED STATES CORN EXPORTS TO CANADA.

(a) FINDINGS.—Congress finds that—

(1) the United States and Canada are signatories to the Agreement on Interpretation and Application of articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (hereinafter in this section referred to as the "Subsidies Code");

(2) the Subsidies Code provides that a countervailing duty cannot be imposed unless—

(A) there is injury within the meaning of article VI of the General Agreement on Tariffs and Trade, as interpreted by the Subsidies Code; and

(B) a causal link is established between the allegedly subsidized imports and the alleged injury;

(3) global production and stagnant demand have led to a major oversupply of corn and depressed worldwide prices for corn;

(4) the oversupply of corn cannot be attributed to the actions of the United States, which has since 1982 imposed major acreage reductions in an effort to control production;

(5) between 1982 and 1985, the United States idled 44,000,000 acres of corn acreage that would have produced 110,000,000 tons of corn;

(6) between 1982 and 1985, the United States, while acting to limit its production, has witnessed a decline in corn exports of 30,000,000 tons or nearly 50 percent;

(7) United States exports of corn to Canada peaked in the 1980-1981 marketing year, when United States corn exports to Canada totaled 1,363,500 tons and accounted for 22.5 percent of the Canadian market;

(8) United States exports of corn to Canada have been declining sharply since 1981, falling to 822,200 tons in the 1982-1983 marketing year, then declining to 225,900 tons in the 1983-1984 marketing year, and 300,000 tons in the 1985-1986 marketing year;

(9) the share of the Canadian corn market held by the United States has been steadily declining from 22.5 percent in the 1980-1981 marketing year to 11.22 percent in the 1982-1983 marketing year, 3.94 percent in the 1983-1984 marketing year, and 4.42 percent in the 1985-1986 marketing year;

(10) Canadian corn industry production has steadily expanded from 5,753,200 tons in the 1980-1981 marketing year to 7,393,400 tons in the 1985-1986 marketing year;

(11) Canadian corn exports rose from 180,300 tons in the 1976-1977 marketing year to a peak of 1,134,000 tons in the 1981-1982 marketing year, then dipped slightly before reaching 650,000 tons in the 1985-1986 marketing year;

(12) there appears to be no causal link between imports of corn from the United States and injury to the Canadian corn industry;

(13) the Canadian Import Tribunal has ruled that the Canadian corn industry has been injured by United States agricultural programs and has approved a tariff of 84.9 cents per bushel on United States exports of corn to Canada;

(14) the decision of the Canadian Import Tribunal appears to be arbitrary, capricious, and an abuse of discretion and to be inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade; and

(15) the President has broad authority under section 301 of the Trade Act of 1974 to retaliate against foreign acts, policies, or practices that are inconsistent with the provisions of any trade agreement to which the United States is a party or that are unjustifiable, discriminatory, or unreasonable and burden or restrict United States commerce, including authority to impose duties or other import restrictions on the products of such country, or to direct the Secretary of Commerce to initiate a countervailing duty investigation under section 701 of the Tariff Act of 1930.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the United States Trade Representative should—

(1) immediately initiate an investigation under section 302(c) of the Trade Act of

1974 to determine whether the ruling of the Canadian Import Tribunal described in subsection (a) is inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade; and

(2) if the United States Trade Representative determines that such ruling by the Canadian Import Tribunal is unjustifiable or inconsistent with the obligations of Canada under the General Agreement on Tariffs and Trade (within the meaning of section 301 of the Trade Act of 1974) make recommendations to the President regarding such investigation and appropriate action.

SEC. 592. SENSE OF CONGRESS—ACTION IN RESPONSE TO FOREIGN IMPORT RESTRICTIONS ON UNITED STATES CITRUS FRUITS AND BEEF PRODUCTS.

(a) FINDINGS.—Congress finds that—

(1) trade partners of the United States are engaging in acts, policies, and practices, including the use of import quotas, that tend effectively to prohibit or unreasonably burden United States exports of—

(A) oranges, grapefruit, and other citrus fruits; and

(B) fresh, chilled, and frozen beef and other beef products; and

(2) such acts, policies, and practices deny access to such markets for United States producers of such exports, reduce agricultural exports and farm income, and contribute to the United States trade deficit and the Federal budget deficit.

(b) SENSE OF CONGRESS.—It is the sense of Congress that if a country is found to engage, in violation of the General Agreement on Tariffs and Trade, in any such acts, policies, and practices against any such United States exports, the President should take steps, including the imposition of import fees and duties, that will result in the exclusion of the importation of similar or other products from such country found to be in violation of the General Agreement on Tariffs and Trade into the United States until such acts, policies, and practices are eliminated.

TITLE VI—FOREIGN CORRUPT PRACTICES ACT AMENDMENTS AND OTHER REQUIREMENTS.

SEC. 601. FOREIGN CORRUPT PRACTICES ACT AMENDMENTS.

(a) PROHIBITED TRADE PRACTICES BY ISSUERS.—Section 30A of the Securities Exchange Act of 1934 (15 U.S.C. 78dd-1) is amended to read as follows:

"PROHIBITED FOREIGN TRADE PRACTICES BY ISSUERS

"SEC. 30A. (a) It shall be unlawful for any issuer which has a class of securities registered pursuant to section 12 of this title or which is required to file reports under section 15(d) of this title, or for any officer, director, employee, or agent of such issuer or any stockholder thereof acting on behalf of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

"(1) any foreign official for purposes of—

"(A) influencing any act or decision of such foreign official in his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government;

"(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

"(A) influencing any act or decision of such party, official, or candidate in its or his official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government; or

"(3) any person, while knowing or recklessly disregarding that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

"(A) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(b)(1) It shall be a defense to actions under subsection (a) that—

"(A) the payment was made for the purpose of expediting or securing the performance of a routine governmental action by a foreign official; or

"(B) the payment, gift, offer, or promise of anything of value that was made, was expressly permitted under a law or regulation of the government of the country involved.

"(2) For purposes of paragraph (1)(A), the term 'routine governmental action' means an action which is ordinarily and commonly performed by a foreign official and includes—

"(A) processing governmental papers, such as visas and work orders;

"(B) loading and unloading cargoes; and

"(C) scheduling inspections associated with contract performance,

and actions of a similar nature. 'Routine governmental action' does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(c) An issuer may not be held vicariously liable, either civilly or criminally, for a violation of subsection (a) by its employee or agent, who is not an officer or director, if—

"(1) such issuer has established procedures which can reasonably be expected to prevent and detect, insofar as practicable, any such violation by such employee or agent, and

"(2) the officer and employee of the issuer with supervisory responsibility for the conduct of the employee or agent used due diligence to prevent the commission of the offense by that employee or agent.

Such issuer shall have the burden of proving by a preponderance of the evidence that it meets the requirements set forth in paragraphs (1) and (2).

"(d) Not later than one year after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, the Attorney General, after consultation with the Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

"(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

"(2) general precautionary procedures which issuers may use on a voluntary basis to conform their conduct to the Department's present enforcement policy regarding the preceding provisions of this section.

The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

"(e)(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by issuers concerning conformance of their conduct with the Department's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, made in accordance with that procedure, issue an opinion in response to that request. The opinion of the Attorney General shall state whether or not certain specified prospective conduct would, for purposes of the Department's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by an issuer and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption of compliance may be rebutted by a preponderance of the evidence. In considering the presumption of compliance for purposes of this paragraph, a court shall weigh all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and that procedure shall be subject to the provisions of chapter 7 of that title.

"(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by an issuer under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of title 5, United States Code, and shall not be made publicly available, regardless of whether the Attorney General responds to such a request or the issuer withdraws such request before receiving a response.

"(3) Any issuer who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

"(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department's present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

"(f) For purposes of this section—

"(1) the term 'foreign official' means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, and any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality;

"(2) a person meets the 'knowing' standard for purposes of subsection (a)(3) if—

"(A) that person is aware or substantially certain, or

"(B) that person is aware of a high probability, which he or she consciously disregards in order to avoid awareness or substantial certainty, and does not have an actual belief to the contrary,

that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3);

"(3) a person meets the 'recklessly disregarding' standard of subsection (a)(3) if that person is aware of a substantial risk that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3), but disregards that risk; and

"(4) the term 'substantial risk' means a risk that is of such a nature and degree that to disregard it constitutes a substantial deviation from the standard of care that a reasonable person would exercise in such a situation.".

(b) VIOLATIONS.—Section 32(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78ff) is amended to read as follows:

"(c)(1)(A) Any issuer that—

"(i) violates section 30A(a)(1) or (2); or

"(ii) violates section 30A(a)(3) and meets the 'knowing' standards of that section (as defined by section 30A(f)(2)),

shall be fined not more than $2,000,000.

"(B) Any issuer that violates section 30A(a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

"(2)(A) Any officer or director of an issuer, or stockholder acting on behalf of such issuer, who—

"(i) willfully violates section 30A(a)(1) or (2); or

"(ii) willfully violates section 30A(a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(B) Any employee or agent of an issuer who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such issuer), and who—

"(i) willfully violates section 30A(a)(1) or (2); or

"(ii) willfully violates section 30A(a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(C) Any officer, director, employee, or agent of an issuer, or stockholder acting on behalf of such issuer, who violates section 30A(a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Commission.

"(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of an issuer, such fine may not be paid, directly or indirectly, by such issuer.".

(c) PROHIBITED TRADE PRACTICES BY DOMESTIC CONCERNS.—Section 104 of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. 78dd-2) is amended to read as follows:

"PROHIBITED FOREIGN TRADE PRACTICES BY DOMESTIC CONCERNS

"SEC. 104. (a) PROHIBITION.—It shall be unlawful for any domestic concern, other than an issuer which is subject to section 30A of the Securities Exchange Act of 1934, or for any officer, director, employee, or agent of such domestic concern or any stockholder thereof acting on behalf of such domestic concern, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

"(1) any foreign official for purposes of—

"(A) influencing any act or decision of such foreign official in his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government;

"(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

"(A) influencing any act or decision of such party, official, or candidate in its or his official capacity, including a decision to fail to perform his official functions; or

"(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government; or

"(3) any person, while knowing or recklessly disregarding that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

"(A) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions; or

"(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(b) DEFENSES.—(1) It shall be a defense to actions under subsection (a) that—

"(A) the payment was made for the purpose of expediting or securing the performance of a routine governmental action by a foreign official; or

"(B) the payment, gift, offer, or promise of anything of value that was made was expressly permitted under any law or regulation of the government of the country involved.

"(2) For purposes of paragraph (1)(A), the term 'routine governmental action' means an action which is ordinarily and commonly performed by a foreign official and includes—

"(A) processing governmental papers, such as visas and work orders;

"(B) loading and unloading cargoes; and

"(C) scheduling inspections associated with contract performance,

and actions of a similar nature. 'Routine governmental action' does not include any decision by a foreign official whether, or on what terms, to award new business to or to continue business with a particular party, including the procurement of legislative, judicial, regulatory, or other action in seeking more favorable treatment by a foreign government.

"(c) Due Diligence.—A domestic concern which is not an individual may not be held vicariously liable, either civilly or criminally, for a violation of subsection (a) by its employee or agent, who is not an officer or director, if—

"(1) such domestic concern has established procedures which can reasonably be expected to prevent and detect, insofar as practicable, any such violation by such employee or agent, and

"(2) the officer and employee of the domestic concern with supervisory responsibility for the conduct of the employee or agent used due diligence to prevent the commission of the offense by that employee or agent.

Such domestic concern shall have the burden of proving by a preponderance of the evidence that it meets the requirements set forth in paragraphs (1) and (2). The first sentence of this subsection shall be considered an affirmative defense to actions under subsection (a).

"(d) Guidelines by the Attorney General.—Not later than 6 months after the date of the enactment of the Trade and International Economic Policy Reform Act of 1987, the Attorney General, after consultation with the Securities and Exchange Commission, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, and the Secretary of the Treasury, and after obtaining the views of all interested persons through public notice and comment procedures, shall determine to what extent compliance with this section would be enhanced and the business community would be assisted by further clarification of the preceding provisions of this section and may, based on such determination and to the extent necessary and appropriate, issue—

"(1) guidelines describing specific types of conduct, associated with common types of export sales arrangements and business contracts, which for purposes of the Department's present enforcement policy, the Attorney General determines would be in conformance with the preceding provisions of this section; and

"(2) general precautionary procedures which domestic concerns may use on a voluntary basis to conform their conduct to the Department's present enforcement policy regarding the preceding provisions of this section.

The Attorney General shall issue the guidelines and procedures referred to in the preceding sentence in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and those guidelines and procedures shall be subject to the provisions of chapter 7 of that title.

"(e) Opinions of the Attorney General.—(1) The Attorney General, after consultation with appropriate departments and agencies of the United States and after obtaining the views of all interested persons through public notice and comment procedures, shall establish a procedure to provide responses to specific inquiries by domestic concerns concerning conformance of their conduct with the Department's present enforcement policy regarding the preceding provisions of this section. The Attorney General shall, within 30 days after receiving such a request, made in accordance with that procedure, issue an opinion in response to that request. The opinion of the Attorney General shall state whether or not certain specified prospective conduct would, for purposes of the Department's present enforcement policy, violate the preceding provisions of this section. Additional requests for opinions may be filed with the Attorney General regarding other specified prospective conduct that is beyond the scope of conduct specified in previous requests. In any action brought under the applicable provisions of this section, there shall be a rebuttable presumption that conduct, which is specified in a request by a domestic concern and for which the Attorney General has issued an opinion that such conduct is in conformity with the Department's present enforcement policy, is in compliance with the preceding provisions of this section. Such a presumption of compliance may be rebutted by a preponderance of the evidence. In considering the presumption of compliance for purposes of this paragraph, a court shall weigh all relevant factors, including but not limited to whether the information submitted to the Attorney General was accurate and complete and whether it was within the scope of the conduct specified in any request received by the Attorney General. The Attorney General shall establish the procedure required by this paragraph in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, and that procedure shall be subject to the provisions of chapter 7 of that title.

"(2) Any document or other material which is provided to, received by, or prepared in the Department of Justice or any other department or agency of the United States in connection with a request by a domestic concern under the procedure established under paragraph (1), shall be exempt from disclosure under section 552 of title 5, United States Code, and shall not be made publicly available, regardless of whether the Attorney General responds to such a request or the domestic concern withdraws such request before receiving a response.

"(3) Any domestic concern who has made a request to the Attorney General under paragraph (1) may withdraw such request prior to the time the Attorney General issues an opinion in response to such request. Any request so withdrawn shall have no force or effect.

"(4) The Attorney General shall, to the maximum extent practicable, provide timely guidance concerning the Department's present enforcement policy with respect to the preceding provisions of this section to potential exporters and small businesses that are unable to obtain specialized counsel on issues pertaining to such provisions. Such guidance shall be limited to responses to requests under paragraph (1) concerning conformity of specified prospective conduct with the Department's present enforcement policy regarding the preceding provisions of this section and general explanations of compliance responsibilities and of potential liabilities under the preceding provisions of this section.

"(f) Violations.—(1)(A) Any domestic concern that—

"(i) violates subsection (a) (1) or (2); or

"(ii) violates subsection (a)(3) and meets the 'knowing' standards of that subsection (as defined by subsection (h)(4)),

shall be fined not more than $2,000,000.

"(B) Any domestic concern that violates subsection (a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

"(2)(A) Any officer or director of a domestic concern, or stockholder acting on behalf of such domestic concern, who—

"(i) willfully violates subsection (a) (1) or (2); or

"(ii) willfully violates subsection (a)(3) and meets the 'knowing' standard of that subsection,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(B) Any employee or agent of a domestic concern who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such domestic concern), and who—

"(i) willfully violates subsection (a) (1) or (2); or

"(ii) willfully violates subsection (a)(3) and meets the 'knowing' standard of that section,

shall be fined not more than $100,000, or imprisoned not more than 5 years, or both.

"(C) Any officer, director, employee, or agent of a domestic concern, or stockholder acting on behalf of such domestic concern, who violates subsection (a) shall be subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

"(3) Whenever a fine is imposed under paragraph (2) upon any officer, director, employee, agent, or stockholder of a domestic concern, such fine may not be paid, directly or indirectly, by such domestic concern.

"(g) Injunctions.—Whenever it appears to the Attorney General that any domestic concern or officer, director, employee, agent, or stockholder thereof is engaged, or is about to engage, in any act or practice constituting a violation of subsection (a), the Attorney General may bring a civil action in an appropriate district court of the United States to enjoin such act or practice, and upon a proper showing a permanent or temporary injunction or a temporary restraining order shall be granted without bond.

"(h) Definitions.—As used in this section—

"(1) the term 'domestic concern' means—

"(A) any individual who is a citizen, national, or resident of the United States; and

"(B) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States;

"(2) the term 'foreign official' means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, and any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality;

"(3) the term 'interstate commerce' means trade, commerce, transportation, or communication among the several States, or between any foreign country and any State or between any State and any place or ship outside thereof, and such term includes the intrastate use of—

"(A) a telephone or other interstate means of communication, or

"(B) any other interstate instrumentality;

"(4) a person meets the 'knowing' standard for purposes of subsection (a)(3) if—

"(A) that person is aware or substantially certain, or

"(B) that person is aware of a high probability, which he or she consciously disregards in order to avoid awareness or substantial certainty, and does not have an actual belief to the contrary,

that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3);

"(5) a person meets the 'recklessly disregarding' standard of subsection (a)(3) if that person is aware of a substantial risk that a third party will offer, pay, promise, or give anything of value to a foreign official, foreign political party or official thereof, or candidate for political office for purposes prohibited by subsection (a)(3), but disregards that risk; and

"(6) the term 'substantial risk' means a risk that is of such a nature and degree that to disregard it constitutes a substantial deviation from the standard of care that a reasonable person would exercise in such a situation.".

(d) International Agreement.—

(1) Negotiations.—It is the sense of the Congress that the President should pursue the negotiation of an international agreement, among the largest possible number of countries, to govern persons from those countries concerning acts prohibited with respect to issuers and domestic concerns by the amendments made by this section. Such international agreement should include a process by which problems and conflicts associated with such acts could be resolved.

(2) Report to congress.—(A) Within 1 year after the date of the enactment of this Act, the President shall submit to the Congress a report on—

(i) the progress of the negotiations referred to in paragraph (1),

(ii) those steps which the executive branch and the Congress should consider taking in the event that these negotiations do not successfully eliminate the competitive disadvantage of United States businesses that results when persons from other countries commit the acts described in paragraph (1); and

(iii) possible actions that could be taken to promote cooperation by other countries in international efforts to prevent bribery of foreign officials, candidates, or parties in third countries.

(B) The President shall include in the report submitted under subparagraph (A)—

(i) any legislative recommendations necessary to give the President the authority to take appropriate action to carry out clauses (ii) and (iii) of subparagraph (A);

(ii) an analysis of the potential effect on the interests of the United States, including United States national security, when persons from other countries commit the acts described in paragraph (1); and

(iii) an assessment of the current and future role of private initiatives in curtailing such acts.

SEC. 602. FINANCIAL SERVICES STUDY.

(a) Study Required.—

(1) The Secretary of Commerce and the Secretary of the Treasury, in consultation and coordination with the United States Trade Representative and the Securities and Exchange Commission, shall conduct an investigation to determine—

(A) the foreign countries from which foreign financial services institutions have entered, directly or indirectly, into the business of providing financial services in the United States,

(B) the kinds of financial services which are being offered, and

(C) the extent to which United States financial services institutions are permitted to offer the same services in each of those foreign countries.

(2) The Secretary of Commerce and the Secretary of the Treasury shall each transmit a report on the results of the investigation under paragraph (1) within 120 days after the date of enactment of this Act to the President, the Congress, the United States Trade Representative, and the Securities and Exchange Commission.

(b) Definitions.—As used in this section—

(1) The term "foreign country" means a foreign country or a political subdivision, a dependent territory, or a possession of a foreign country, and includes an association of two or more foreign countries, political subdivisions, dependent territories, or possessions of foreign countries forming a customs union outside the United States.

(2) The term "foreign financial services institution" means—

(A) any legal entity the headquarters, or the primary control or operations, of which are located or based in a foreign country,

(B) any citizen or national of a foreign country, or

(C) any department, agency, or other government-operated or government-controlled organization of a foreign country,

that is directly or indirectly engaged, in whole or part, in business as a financial services institution.

(3) The term "United States financial services institution" mean a financial services institution—

(A) the headquarters, and the primary control and operations of which, are located in the United States, and

(B) that is not owned or controlled, directly or indirectly, by any company whose headquarters, or primary control or operations, are located outside the United States.

(4) The term "financial services institution" means—

(A) a broker, dealer, underwriter, clearing agency, transfer agent, or information processor with respect to securities, including government and municipal securities,

(B) an investment company, investment manager, investment adviser, indenture trustee, or any depository institution, insurance company, or other organization operating as a fiduciary, trustee, underwriter, or other financial service provider, and

(C) any other entity providing financial services.

SEC. 603. ENTRY PROCESSING FOR TEXTILES AND APPAREL.

The Congress determines that it is vital to the purposes of the Multi-Fiber Arrangement that bilateral limitations on shipments of textiles and apparel, and periodic adjustments to those limitations, be carried out on a timely basis in order to respond to the changing United States market for textiles and apparel. The Secretary of Commerce shall, within 90 days after the date of the enactment of this Act, institute procedures to expedite the interagency process for recommending and approving the issuance of notices requesting consultations and negotiations on such limitations and periodic adjustments.

TITLE VII—TARIFF AND CUSTOMS PROVISIONS

Subtitle A—Permanent Changes in Tariff Treatment

SEC. 700. REFERENCE.

Whenever in this subtitle, subtitle B, or subtitle D an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, headnote, item, or other provision, the reference shall be considered to be made to a schedule, headnote, item, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

SEC. 701. CASEIN.

(a) Human Food and Animal Feed Use.—Subpart D of part 4 of schedule 1 is amended by striking out item 118.45 and inserting the following:

	"Casein, caseinates, and milk protein concentrate:			
118.50	Casein	Free		Free
118.55	Dried milk (described in items 115.45, 115.50, 115.55, and 118.05) which contains not over 5.5 percent by weight of butterfat and which is mixed with other ingredients, including but not limited to sugar, if such mixtures contain over 16 percent milk solids by weight, are capable of being further processed or mixed with similar or other ingredients and are not prepared for marketing to the retail consumers in the identical form and package in which imported	1.3¢ per lb.		5.5¢ per lb.
118.60	Other	0.2¢ per lb.		5.5¢ per lb.".

(b) Industrial Use.—Subpart B of part 13 of schedule 4 is amended by striking out items 493.12, 493.14, and 493.17 and the superior heading thereto.

SEC. 702. SALTED AND DRIED PLUMS.

Subpart B of part 9 of schedule 1 is amended—

(1) by amending the article description for item 149.26 to read as follows: "Dried, salted, or not salted but not otherwise further prepared or preserved"; and

(2) by striking out item 149.28 and inserting the following:

	"Otherwise prepared or preserved:			
149.30	Plums, soaked in brine and dried	2¢ per lb.		2¢ per lb.
149.31	Other	17.5% ad val.		35% ad val.".

SEC. 703. GRAPEFRUIT.

Subpart A of part 12 of schedule 1 is amended by—

(1) inserting after item 165.29 the following new items and the superior heading thereto, with the superior heading at the same indentation level as the superior heading "Orange" to items 165.27 and 165.29:

	"Grapefruit:			
165.31	Not concentrated and not made from a juice having a degree of concentration of 1.5 or more (as determined before correction to the nearest 0.5 degree)	20¢ per gal.		70¢ per gal.
165.34	Other	35¢ per gal.		70¢ per gal.";

and

(2) by redesignating items 165.32 and 165.36 as items 165.37 and 165.38, respectively.

SEC. 704. HATTERS' FUR.

Subpart D of part 15 of schedule 1 is amended—

(1) by amending item 186.20—

(A) by striking out "use, and carroted furskins" in the article description and inserting "use", and

(B) by striking out "15% ad val." in column 1 and inserting "Free"; and

(2) by inserting after item 186.20 the following new item:

"186.22	Carroted furskins	15% ad val.		35% ad val.".

SEC. 705. TARIFF TREATMENT OF CERTAIN TYPES OF PLYWOOD.

Headnote 1 of part 3 of schedule 2 is amended—

(1) in paragraph (b) by inserting immediately before the semicolon at the end thereof the following: "or any edge of which has been tongued, grooved, lapped, or otherwise worked";

(2) in paragraph (c) by inserting immediately before the semicolon at the end thereof the following: "or any edge of which has been tongued, grooved, lapped, or otherwise worked"; and

(3) in paragraph (e) by inserting before "chiefly" the following: "other than plywood, wood-veneer panels, or cellular panels,".

SEC. 706. WORK GLOVES.

The schedules are amended as follows:

(1) Headnote 5(a) of schedule 3 is amended by striking out "(except subpart A)" and inserting in lieu thereof "(except subparts A and C)".

(2) Headnote 1 of subpart C of part 1 of schedule 7 is amended by inserting immediately after subdivision (c) the following new subdivision:

"(d) gloves—

"(i) without fourchettes; and

"(ii) constructed of a textile fabric coated, filled, impregnated, or laminated, in whole or in part, with rubber or plastics and cut-and-sewn;

shall be regarded as gloves of textile materials.".

SEC. 707. BROADWOVEN FABRICS OF MAN-MADE FIBERS.

(a) AMENDMENT.—Subpart E of part 3 of schedule 3 is amended by striking out item 338.50 and inserting the following new items with the article description for item 338.60 at the same indentation level as the article description for item 338.40:

"338.60	Containing 85% or more by weight of continuous man-made fibers	2¢ per lb. + 17.9% ad val.		81% ad val.
	Other:			
338.70	Weighing not more than 5 oz. per square yard	2¢ per lb. + 17.9% ad val.		81% ad val.
338.80	Other	2¢ per lb. + 17.9% ad val.		81% ad val.".

(b) STAGING.—The rate of duty in column numbered 1 for each of items 338.60, 338.70, and 338.80 (as added by subsection (a)) shall be subject to all staged rate reductions for item 338.50 which were proclaimed by the President before the date on which the amendments made by subsection (a) take effect.

SEC. 708. SILICONE RESINS AND MATERIALS.

Part 4 of schedule 4 is amended—

(1) by amending subpart A—

(A) by striking out "provided for in part 1C" in headnote 1 and inserting ", other than silicones, provided for in part 1", and

(B) by amending headnote 2 to read as follows:

"2. (a) The term 'synthetic plastics materials' in this subpart—

"(i) embraces products formed by the condensation, polymerization, or copolymerization of organic chemicals and to which an antioxidant, color, dispersing agent, emulsifier, extender, filler, pesticide, plasticizer, or stabilizer may have been added; and

"(ii) includes silicones (including fluids, resins, elastomers, and copolymers) whether or not such materials are solid in the finished articles.

"(b) The products referred to in (a) contain as an essential ingredient an organic substance of high molecular weight; and, except as provided in (a)(ii) of this headnote, are capable, at some stage during processing into finished articles, of being molded or shaped by flow and are solid in the finished article. The term includes, but is not limited to, such products derived from esters of acrylic or methacrylic acid; vinyl acetate, vinyl chloride resins, polyvinyl alcohol, acetals, butyral, formal resins, polyvinyl ether and ester resins, and polyvinylidene chloride resins; urea and amino resins; polyethylene, polypropylene, and other polyalkene resins; siloxanes, silicones, and other organo-silicon resins; alkyd, acrylonitrile, allyl, and formaldehyde resins, and cellulosic plastics materials. These synthetic plastics materials may be in solid, semi-solid, or liquid condition such as flakes, powders, pellets, granules, solutions, emulsions, and other basic crude forms not further processed.",

(C) by inserting after item 445.54 the following new item with the article description at the same indentation level as the article description for item 445.54:

"445.55	Silicone resins and materials	3.7% ad val.		25% ad val.",

and

(D) by redesignating item 445.56 as item 445.60; and

(2) by amending headnote 2 to subpart B by adding at the end thereof the following:

"(c) For the purpose of the tariff schedules, the term 'rubber' does not include silicones.".

SEC. 709. CLASSIFICATION OF NAPHTHA AND MOTOR FUEL BLENDING STOCKS.

Part 10 of schedule 4 is amended—

(1) by amending headnote 1 by inserting "motor fuel blending stocks," immediately after "except";

(2) by amending headnote 2—

(A) by striking out "and" at the end of subdivision (a);

(B) by striking out the period at the end of subdivision (b) and inserting "; and"; and

(C) by adding at the end thereof the following:

"(c) 'Motor fuel blending stock' (item 475.27) means any product (except naphthas provided for in item 475.35) derived primarily from petroleum, shale oil, or natural gas, whether or not containing additives, to be used for direct blending in the manufacture of motor fuel.";

(3) by inserting in numerical sequence the following new item:

"475.27	Motor fuel blending stocks	1.25¢ per gal.		2.5¢ per gal.":

and

(4) by amending 475.30 by striking out "fuel)" and inserting "fuel or motor fuel blending stocks)".

SEC. 710. IRON OR STEEL SLABS.

Headnote 3(c) of subpart B of part 2 of schedule 6 is amended by striking out "and not over 6 inches".

SEC. 711. TELEVISION APPARATUS AND PARTS.

(a) PERMANENT TREATMENT.—The headnotes to part 5 of schedule 6 are amended—

(1) by amending headnote 3 by striking out "assembled," in subparagraph (a) and inserting "assembled in its cabinet,";

(2) by redesignating headnotes 4, 5, and 6 as headnotes 5, 6, and 7, respectively; and

(3) by inserting after headnote 3 the following new headnote:

"4. Picture tubes imported in combination with, or incorporated into, other articles are to be classified in items 687.35 through 687.44, inclusive, unless they are—

"(i) incorporated into complete television receivers, as defined in headnote 3;

"(ii) incorporated into fully assembled units such as word processors, ADP terminals, or similar articles;

"(iii) put up in kits containing all the parts necessary for assembly into complete television receivers, as defined in headnote 3; or

"(iv) put up in kits containing all the parts necessary for assembly into fully assembled units such as word processors, ADP terminals, or similar articles.".

(b) TEMPORARY TREATMENT.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"912.14	Television picture tubes which would be included in assemblies provided for in item 684.96 but for headnote 4 to part 5, and not provided in item 912.16 or 912.19	11% ad val.	No change	On or before 10/31/87
"912.16	Television picture tubes, color, having a video display diagonal of less than 12 inches (provided for in item 687.35, part 5, schedule 6)	Free	No change	On or before 12/31/90";

and

"912.19	Television picture tubes, color, having a video diagonal of 30 inches and over (provided for in item 687.35, part 5, schedule 6)	Free	No change	On or before 9/30/88".

SEC. 712. LITHOTRIPTERS.

Item 709.15 is amended by inserting "other than extracorporeal shock wave lithotripters," before "and".

SEC. 713. URANIUM HEXAFLUORIDE (UF6).

(a) AMENDMENT.—Subpart C of part 2 of schedule 4 is amended by redesignating item 422.52 as item 422.54, and by inserting after item 422.50 the following new items and the superior heading thereto, with the superior heading at the same indentation level as the article description for item 422.50:

	"Hexafluoride (UF_6):			
422.51	If imported for use in reactors in the United States and a product of a country that requires that uranium mined in that country be converted or upgraded into uranium hexafluoride (UF_6) before export	$3 per lb.		$3. per lb.
422.53	Other	Free		Free."

(b) Termination.—Items 422.51 and 422.53 (as added by subsection (a)) shall cease to have force and effect, and the President shall by proclamation eliminate such items, and the superior heading thereto, when the President finds that no foreign country requires the conversion or upgrading of uranium mined in that country into uranium hexafluoride (UF6) before export from that country.

SEC. 714. MARKING OF WATCHES AND WATCH COMPONENTS.

Headnote 4 of subpart E of part 2 of schedule 7 is amended to read as follows:

"4. Special Marking Requirements: Any movement or case provided for in this subpart, whether imported separately or attached to any article provided for in this subpart, shall not be permitted to be entered unless legibly and indelibly marked by cutting, die-sinking, engraving, stamping, or mold-marking (either indented or raised), as specified below:

"(a) Watch movements shall be marked on one or more of the bridges or top plates to show—

"(i) the name of the country of manufacture;

"(ii) the name of the manufacturer or purchaser; and

"(iii) in words, the number of jewels, if any, serving a mechanical purpose as frictional bearings.

"(b) Clock movements shall be marked on the most visible part of the front or back plate to show—

"(i) the name of the country of manufacture;

"(ii) the name of the manufacturer or purchaser; and

"(iii) the number of jewels, if any.

"(c) Watch cases shall be marked on the inside or outside of the back case, or, at the option of the manufacturer, bezels shall be marked, to show—

"(i) the name of the country of manufacture; and

"(ii) the name of the manufacturer or purchaser.

If the manufacturer chooses to mark the bezels, it shall be entitled to use an alphanumeric code to designate the name of the country of manufacture and the name of the manufacturer or purchaser, so long as each such code and its referent are not duplicative of any other code and referent and are subject to inspection by the public.

"(d) Clock cases provided for in this subpart shall be marked on the most visible part of the outside of the back to show the name of the country of manufacture.".

SEC. 715. IMPORTATION OF FURSKINS.

Headnote 4 to subpart B of part 5 of schedule 1 is repealed.

SEC. 716. EFFECTIVE DATES.

(a) In General.—

(1) Except as provided in paragraph (2) and in subsection (b), the amendments made by this subtitle apply with respect to articles entered on or after the 15th day after the date of the enactment of this Act.

(2) Section 714 applies to articles entered on or after the 30th day after the date of the enactment of this Act.

(b) Retroactive Application.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 180th day after the date of the enactment of this Act the entry of any article described in paragraph (2) shall be treated as provided in such paragraph.

(2) In the case of the application of any amendment made by sections 704 and 712 to any entry—

(A) after the applicable date and before the 15th day after the date of the enactment of this Act; and

(B) with respect to which there would have been no duty or a lower duty if the amendment made by such section applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on the 15th day after the date of the enactment of this Act.

(3) For purposes of subparagraph (A), the term "applicable date" means—

(A) in the case of item 712, December 31, 1982; and

(B) in the case of item 704, December 31, 1985.

(c) Definitions.—For purposes of this section—

(1) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(2) The term "entry" includes any withdrawal from warehouse.

Subtitle B—Temporary Changes in Tariff Treatment

SEC. 721. COLOR COUPLERS AND COUPLER INTERMEDIATES.

Subpart B of part 1 of the Appendix is amended—

(1) by inserting ", but excluding 6,7-dihydroxy-2- naphthalene sulfonic acid sodium salt provided for in item 403.57," after "schedule 4" and before the parenthesis in item 907.10; and

(2) by striking out "9/30/85" in each of items 907.10 and 907.12 and inserting in lieu thereof "12/31/90".

SEC. 722. POTASSIUM 4-SULFOBENZOATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.26	p-Sulfobenzoic acid, potassium salt (provided for in item 404.28, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 723. 2,2'-OXAMIDOBIS[ETHYL 3-(3,5-DI-TERT-BUTYL-4-HYDROXYPHENYL)PROPIONATE].

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"907.09	2,2'-Oxamidobis-[ethyl 3-(3,5-di-tert-butyl-4-hydroxy-phenyl)propionate] (provided for in item 405.34, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 724. DICYCLOHEXYLBENZOTHIAZYLSULFENAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.45	Dicyclohexylbenzothiazylsulfenamide (provided for in item 406.39, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 725. 2,4-DICHLORO-5-SULFAMOYLBENZOIC ACID.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.48	2,4-Dichloro-5-sulfamoylbenzoic acid (provided for in item 406.56, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 726. DERIVATIVES OF N-[4-(2-HYDROXY-3-PHENOXY-PROPOXY)PHENYL]ACETAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.11	Mixtures containing derivatives of N-[4-(2-hydroxy-3-phenoxypropoxy)phenyl] acetamide (provided for in item 407.19, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 727. 1,2-DIMETHYL-3,5-DIPHENYLPYRAZOLIUM METHYL SULFATE (DIFENZOQUAT METHYL SULFATE).

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.24	1,2-Dimethyl-3,5-diphenylpyrazolium methyl sulfate (difenzoquat methyl sulfate) (provided for in item 408.19, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 728. DICOFOL.

Item 907.15 of the Appendix is amended to read as follows:

"907.15	1,1-Bis(4-chlorophenyl)-2,2,2-trichloroethanol (Dicofol) (provided for in item 408.28, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 729. CERTAIN KNITWEAR FABRICATED IN GUAM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.45	Sweaters that— (i) do not contain foreign materials in excess of the percentage of total value limitation contained in general headnote 3(a), and (ii) are assembled in Guam, exclusively by United States citizens, nationals, or resident aliens, by joining together (by completely sewing, looping, linking, or other means of attaching) at least 5 otherwise completed major knit-to-shape component parts of foreign origin, if entered before the aggregate quantity of sweaters described in (i) and (ii) that is entered during any 12-month period after October 31, 1985 exceeds the duty-free quantity for that period. The duty-free quantity— (I) for the 12-month period ending October 31, 1986 is 161,600 dozen; and (II) for any 12-month period thereafter is an amount equal to 101 percent of the duty-free quantity for the preceding 12-month period	Free		On or before 10/31/92".

SEC. 730. 3,7-BIS (DIMETHYLAMINO) PHENAZATHIONIUM CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.43	3,7-Bis(dimethylamino)-phenazathionium chloride (methylene blue) (provided for in item 409.74, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 731. 3,5-DINITRO-O-TOLUAMIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.42	3,5-Dinitro-o-toluamide (provided for in item 411.93, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 732. SECONDARY-BUTYL CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.55	Secondary-butyl chloride (provided for in item 429.47, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 733. CERTAIN NONBENZENOID VINYL ACETATE-VINYL CHLORIDE-ETHYLENE TERPOLYMERS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"907.83	Nonbenzenoid vinyl acetate-vinyl chloride-ethylene terpolymers, containing by weight less than 50 percent derivatives of vinyl acetate (provided for in item 445.48, part 4A, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 734. TUNGSTEN ORE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"910.95	Tungsten ore (provided for in item 601.54, part 1, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 735. CERTAIN STUFFED OR FILLED TOY FIGURES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.32	Stuffed or filled toy figures of animate objects (except dolls) not having a spring mechanism and not exceeding 25 inches in either length, width, or height (provided for in item 737.30 or 737.40, Part 5E, Schedule 7)	Free	No change	On or before 12/31/90".

SEC. 736. DUTY-FREE ENTRY OF PERSONAL EFFECTS AND EQUIPMENT OF PARTICIPANTS AND OFFICIALS INVOLVED IN THE 10TH PAN AMERICAN GAMES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"915.20	Personal effects of aliens who are participants in or officials of the Tenth Pan American Games, or who are accredited members of delegations thereto, or who are members of the immediate families of any of the foregoing persons, or who are their servants; equipment for use in connection with such games; and other related articles as prescribed in regulations issued by the Secretary of the Treasury	Free	Free	On or before 9/30/87".

SEC. 737. CARDING AND SPINNING MACHINES.

(a) IN GENERAL.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.03	Carding and spinning machines specially designed for wool, other than machines specially designed for the manufacture of combed wool (worsted) yarns (provided for in item 670.04, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

(b) PARTS.—The headnote to Subpart E of part 4 of schedule 6 is amended by striking out "item 912.04" each place it appears and inserting in lieu thereof "item 912.03 or 912.04".

SEC. 738. CERTAIN BICYCLE PARTS.

(a) IN GENERAL.—

(1) BICYCLE TIRES AND TUBES.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.01	Bicycle tires and tubes and rim strips, of rubber or plastics (provided for in items 732.42, 772.48 and 772.57, part 12C, schedule 7)	Free	No change	On or before 12/31/90".

(2) GENERATOR LIGHTING SETS.—Item 912.05 of the Appendix is amended by striking out "6/30/86" and inserting in lieu thereof "12/31/90".

(3) BICYCLE CHAINS.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.06	Bicycle chains (provided for in items 652.13 and 652.15, part 3F, schedule 6)	Free	No change	On or before 12/31/90".

(1) OTHER BICYCLE PARTS.—Item 912.10 of the Appendix is amended—

(A) by striking out "multiple free wheel sprockets" and inserting in lieu thereof "free wheel sprockets";

(B) by inserting "front and rear derailleurs, shift levers, cables and casings for derailleurs" immediately after "drum brakes";

(C) by inserting "and" after "frame lugs,";

(D) by striking out ", and parts of bicycles consisting of sets of steel tubing cut to exact length and each set having the number of tubes needed for the assembly (with other parts) into the frame and fork of one bicycle"; and

(E) by striking out "6/30/86" and inserting in lieu thereof "12/31/90".

(b) EXCEPTION TO CUSTOMS EXEMPTION APPLICABLE TO FOREIGN TRADE ZONES.—Section 3(b) of the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81c(b)), is amended by striking out "June 30, 1986" and inserting in lieu thereof "January 1, 1991".

SEC. 739. 1-(3-SULFOPROPYL)PYRIDINIUM HYDROXIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following item:

"906.46	1-(3-Sulfopropyl)pyridinium hydroxide (provided for in item 406.42, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 740. d-6-METHOXY-α-METHYL-2-NAPHTHALENEACETIC ACID AND ITS SODIUM SALT.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.39	d-6-Methoxy-α-methyl-2-naphthaleneacetic acid and its sodium salt (provided for in item 412.22, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 741. CERTAIN PESTICIDES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"907.26	Dinocap (provided for in item 408.16, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.27	Mixtures of 1,1-bis(4-chlorophenyl)-2,2,2-trichloroethanol (dicofol) and application adjuvants (provided for in item 408.36, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.28	Mixtures of mancozeb and dinocap (provided for in item 408.38, part 1C, schedule 4)	Free	No change	On or before 12/31/90
907.29	Dinocap (provided for in item 408.38, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 742. CHOLESTYRAMINE RESIN USP.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.30	Cross-linked polyvinylbenzyltrimethyl-ammonium chloride (cholestyramine resin USP) (provided for in item 412.70, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 743. 3-AMINO-3-METHYL-1-BUTYNE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.53	3-Amino-3-methyl-1-butyne (provided for in item 425.52, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 744. MANEB, ZINEB, MANCOZEB, AND METIRAM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.60	Maneb, zineb, mancozeb and metiram (provided for in item 432.15, part 2E, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 745. NICOTINE RESINS.

Item 907.63 is amended—

(1) by amending the article description to read as follows: "Nicotine resin complex put up in measured doses in chewing gum form (provided for in item 438.02, part 3B, schedule 4)"; and

(2) by striking out "12/31/87" and inserting "12/31/90".

SEC. 746. HOSIERY KNITTING MACHINES AND NEEDLES.

(a) In General.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new items:

"912.28	Needles for knitting machines (provided for in items 670.58 and 670.62, part 4E, schedule 6)	Free	No change	On or before 12/31/90
"912.29	Hosiery knitting machines, single cylinder fine gauge and all double cylinder (provided for in items 670.16 and 670.18, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

(b) Repeal.—Items 912.08 and 912.09 are repealed.

SEC. 747. SILK YARN.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.25	Yarns of silk (provided for in item 308.51, part 1D, schedule 3)	Free	No change	On or before 12/31/90".

SEC. 748. 3-ETHYLAMINO-p-CRESOL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.34	3-Ethylamino-p-cresol (provided for in item 404.96, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 749. CHLOR AMINO BASE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.07	4-Chloro-2,5-dimethoxyaniline (CAS No. 6358-64-1) (provided for in item 405.01, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 750. 2,2-BIS(4-CYANATOPHENYL).

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.44	2,2-Bis(4-cyanatophenyl (provided for in item 405.76, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 751. NITRO SULFON B.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.46	2-[(3-Nitrophenyl) sulfonyl] ethanol (CAS No. 41687-30-3) (provided for in item 406.00, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 752. PHENYLMETHYLAMINOPYRAZOLE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.47	Aminoethylphenylpyrazole (Phenylmethylaminopyrazole) (provided for in item 406.36, part 1B schedule 4)	Free	No change	On or before 12/31/90".

SEC. 753. TERFENADONE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.48	1-(4-(1,1-Dimethylethyl) phenyl-4-(hydroxydiphenylmethyl-1-piperidinyl)-1-butanone (provided for in item 405.42, part 1B, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 754. FLUAZIFOP-P-BUTYL.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.49	Butyl 2-[4-(5-trifluoromethyl-2-pryidinyloxy)phenoxy] propanoate (as provided for in item 405.23, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 755. BENZETHONIUM CHLORIDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.52	Benzethonium chloride (provided for in item 408.32, part 1C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 756. MALONONITRILE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.54	Malononitrile (provided for in item 425.42, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 757. SETHOXYDIM.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"906.36	Mixtures of 2-[1-(Ethoxyimino)butyl]-5-[2-(ethylthio)propyl]-3-hydroxy-2-cyclohexen-1-one (Sethoxydim) and one or more organic solvents (provided for in item 407.19, part 1B, or item 430.20, part 2D of schedule 4)	Free	No change	On or before 12/31/90".

SEC. 758. METALDEHYDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.61	Metaldehyde (provided for in item 427.58, part 2D, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 759. MIXTURES OF CROSS-LINKED SODIUM POLYACRYLATE POLYMERS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.72	Absorbent chemical material of one or more cross-linked sodium polyacrylate polymers (provided for in item 430.20, part 2D, schedule 4)	Free	No change	On or before 10/31/87".

SEC. 760. CYCLOSPORINE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.78	Cyclosporine (provided for in item 439.30, part 3C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 761. PARALDEHYDE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.57	Paraldehyde (provided for in item 439.50, part 3C, schedule 4)	Free	No change	On or before 12/31/90".

SEC. 762. GLASS INNERS FOR VACUUM FLASKS.

(a) AMENDMENT.—Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"909.35	Glass inners designed for vacuum flasks or for other vacuum vessels (however provided for in items 545.31, 545.34, 545.35, and 545.37, part 3C, schedule 5)	9% ad val.	3.6% ad val (I) Free (A) (E)	55% ad val	On or before 12/31/90".

(b) CONSEQUENTIAL AMENDMENT.—Whenever the rate of duty specified in the Special column in item 790.59 is lowered with respect to any country, rate of duty in the Special column of item 909.35 applicable to the same country shall be lowered to the same rate.

SEC. 763. CERTAIN OFFSET PRINTING PRESSES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"911.93	Offset printing presses of the sheet-fed type weighing 3,500 pounds or more (provided for in item 668.21, part 4D, schedule 6)	No change	10% ad val.	On or before 12/31/90".

SEC. 764. JACQUARD CARDS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.46	Jacquard cards (provided for in item 670.56, part 4E, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 765. PARTS OF INDIRECT PROCESS ELECTROSTATIC COPYING MACHINES.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.18	Parts of indirect process electrostatic copying machines, which machines reproduce the original image onto the copy material by electrostatic transference to and from an intermediate (provided for in item 676.56, part 4G, schedule 6)	Free	No change	On or before 12/31/90".

SEC. 766. EXTRACORPOREAL SHOCK WAVE LITHOTRIPTERS IMPORTED BY NONPROFIT INSTITUTIONS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"912.24	Extracorporeal shock wave lithotripters imported by nonprofit hospitals and research or educational institutions (provided for in item 709.15 or 709.17, part 2, schedule 7)	Free	No change	On or before 12/31/87".

SEC. 767. CERTAIN PLASTIC SHEETING.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"915.10	Transparent plastic sheeting containing 30% or more of lead, by weight (provided for in item 774.55, part 12B, schedule 7)	Free	No change	On or after 12/31/90".

SEC. 768. DOLL WIG YARNS.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"905.30	Grouped filaments and yarns, not textured, in continuous form, colored, of nylon or modacrylic, whether or not curled of not less than 20 denier per filament, to be used in the manufacture of wigs for dolls (provided for in item 309.32 and 309.33, part 1E, schedule 3, or item 389.62, part 7B, schedule 3)	Free	No change	On or before 12/31/90".

SEC. 769. EXTENSION OF CERTAIN EXISTING SUSPENSIONS.

Each of the following items is amended by striking out the date in the effective date column and inserting "12/31/90":

(1) Item 903.60 (relating to mixtures of mashed or macerated hot red peppers and salt).

(2) Item 903.65 (relating to cantaloupes).

(3) Items 905.10 and 905.11 (relating to certain wools).

(4) Items 906.10 and 906.12 (relating to needlecraft display models).

(5) Item 907.01 (relating to triphenyl phosphate).

(6) Item 907.13 (relating to menthol feedstocks).

(7) Item 907.14 (relating to isometric mixtures of ethylbiphenyl).

(8) Item 907.17 (relating to sulfapyridine).

(9) Item 911.25 (relating to synthetic rutile).

(10) Item 911.95 (relating to certain clock radios).

(11) Item 912.07 (relating to machines designed for heat-set, stretch texturing of continuous man-made fibers).

(12) Item 912.20 (relating to certain small toys).

(13) Items 912.30, 912.34, and 912.36 (relating to stuffed dolls, certain toy figures, and skins thereof).

(14) Item 912.45 (relating to umbrella frames).

(15) Items 903.70 and 903.80 (relating to crude feathers and down).

SEC. 770. EFFECTIVE DATES.

(a) IN GENERAL.—

(1) Except as provided in subsection (b), the amendments made by this subtitle apply with respect to articles entered on or after the 15th day after the date of the enactment of this Act.

(2) The amendment made by section 738(a)(1) applies with respect to articles entered after December 31, 1987.

(b) RETROACTIVE APPLICATION.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 180th day after the date of the enactment of this Act the entry of any article described in paragraph (2) or (3) shall be treated as provided in such paragraph.

(2)(A) In the case of the application of any amendment made by sections 721, 728, 729, 736, 738(a)(2) and (4), 745, 759, and 766 and by paragraphs (1) through (5), (7), (8), (10), (11), (12), (13), and (14) of section 769 to any entry—

(i) which was made after the applicable date and before the 15th day after the date of the enactment of this Act; and

(ii) with respect to which there would have been no duty if the amendment made by such section applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on the 15th day after the date of the enactment of this Act.

(B) For purposes of subparagraph (A), the term "applicable date" means—

(i) in the case of section 766, December 31, 1982;

(ii) in the case of section 745, November 14, 1984;

(iii) in the case of section 769(2), May 15, 1985;

(iv) in the case of section 769(1), (3), (4), and (7), June 30, 1985;

(v) in the case of section 759, July 1, 1985;

(vi) in the case of sections 721, 728, and 769(5), September 30, 1985;

(vii) in the case of section 729, October 31, 1985;

(viii) in the case of section 769, (8), (11), and (13), December 31, 1985;

(ix) in the case of section 736, May 31, 1986;

(x) in the case of section 738(a)(2) and (4), June 30, 1986; and

(xi) in the case of section 769(10), (12), and (14); December 31, 1986.

(3) In the case of any article—

(A) described in item 912.08 of the Tariff Schedules of the United States as in effect on September 30, 1985, that was entered on or after such date and before the date of the enactment of this Act, such entry shall be treated as having been made on September 30, 1985; or

(B) described in item 912.09 of such Schedules as in effect on June 30, 1985, that was entered on or after such date and before the date of the enactment of this Act, such entry shall be treated as having been made on June 30, 1985.

(c) DEFINITIONS.—For purposes of this section—

(1) The term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(2) The term "entry" includes any withdrawal from warehouse.

Subchapter C—Other Customs Provisions

SEC. 771. CUSTOMS BOND CANCELLATION STANDARDS.

Section 623(c) of the Tariff Act of 1930 (19 U.S.C. 1623(c)) is amended by adding at the end thereof the following new sentence: "In order to assure uniform, reasonable, and equitable decisions, the Secretary of the Treasury shall publish guidelines establishing standards for setting the terms and conditions for cancellation of bonds or charges thereunder.".

SEC. 772. SCOFFLAW PENALTIES FOR MULTIPLE CUSTOMS LAW OFFENDERS.

(a) ORDERS BY SECRETARY OF THE TREASURY.—

(1) The Secretary of the Treasury (hereinafter in this section referred to as the "Secretary") shall by order prohibit any person who is a multiple customs law offender from—

(A) introducing, or attempting to introduce, foreign goods into the customs territory of the United States; and

(B) engaging, or attempting to engage, any other person for the purpose of introducing, on behalf of the multiple customs law offender, foreign goods into such customs territory.

If the multiple customs law offender is a firm, corporation, or other legal entity, the order shall apply to all officers and principals of the entity. The order shall also apply to any employee or agent of the entity if that employee or agent was directly involved in the violations of the customs laws concerned.

(2) The prohibition contained in an order issued under paragraph (1) shall apply during the period which begins on the 60th day after the date on which the order is issued and ends on the third anniversary of that 60th day.

(b) IDENTIFICATION OF MULTIPLE CUSTOMS LAW OFFENDERS.—Each Federal agency shall notify the Secretary of all final convictions and assessments made incident to the enforcement of the customs laws under jurisdiction of that agency.

(c) PENALTY.—Whoever violates, or knowingly aids or abets the violation of, an order issued by the Secretary under this section shall be fined not more than $250,000 or imprisoned not more than 10 years, or both.

(d) RULES.—The Secretary shall prescribe rules to carry out this section, including rules governing the procedures to be used in issuance of orders under subsection (a). Such rules shall also include a list of the customs laws.

(e) DEFINITIONS.—For purposes of this section:

(1) The term "multiple customs law offender" means a person that, during any period of 7 consecutive years occurring after the date of the enactment of this Act, was either convicted of, or assessed a civil penalty for, 3 separate violations of one or more customs laws finally determined to involve fraud or criminal culpability.

(2) The term "customs law" means any Federal law providing a criminal or civil penalty for an act, or failure to act, regarding the introduction of, or the attempt to introduce, foreign goods into the customs territory of the United States; including, but not limited to, sections 496 and 1001 (but only with respect to customs matters), and any section of chapter 27, of title 18, United States Code, and section 592 of the Tariff Act of 1930.

SEC. 773. IMPORT MARKING PROVISIONS.

(a) INCREASE IN PENALTY FOR VIOLATIONS OF COUNTRY-OF-ORIGIN MARKING REQUIREMENTS.—

(1) Section 304(h) of the Tariff Act of 1930 (19 U.S.C. 1304(h)) is amended to read as follows:

"(h) PENALTIES.—Any person who, with intent to conceal the information given thereby or contained therein, defaces, destroys, removes, alters, covers, obscures, or obliterates any mark required under the provisions of this Act shall—

"(1) upon conviction for the first violation of this subsection, be fined not more than $100,000, or imprisoned for not more than 1 year, or both; and

"(2) upon conviction for the second or any subsequent violation of this subsection, be fined not more than $250,000, or imprisoned for not more than 1 year, or both.".

(2)(A) The amendment made by paragraph (1) applies with respect to acts committed on or after the date of the enactment of this Act.

(B) The conviction of a person under section 304(h) of the Tariff Act of 1930 for an act committed before the date of the enactment of this Act shall be disregarded for purposes of applying paragraph (2) of such subsection (as added by the amendment made by paragraph (1) of this subsection.

(b) MARKING OF CONTAINERS OF IMPORTED MUSHROOMS.—Imported preserved mushrooms shall not be considered to be in compliance with section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) or any other law relating to the marking of imported articles unless the containers thereof indicate in English the country in which the mushrooms were grown.

SEC. 774. TECHNICAL PROVISION REGARDING CUSTOMS FORFEITURE.

Section 1152(b) of the Anti-Drug Abuse Act of 1986 (P.L. 99-570) is repealed and the amendment contained in such section shall be treated as not having been enacted.

SEC. 775. DRAWBACK REGARDING CERTAIN IMPORTATIONS OF RAW CANE SUGAR.

(a) IN GENERAL.—For purposes of section 313 of the Tariff Act of 1930 (19 U.S.C. 1313), if the exported article is, or is manufactured or produced from, refined cane sugar drawback shall be allowed with respect to imported raw cane sugar that is entered, or withdrawn from warehouse, for consumption after October 31, 1977, and before April 1, 1985—

(1) without regard to the 3-year limitation on manufacture or production provided in subsection (b) of such section, and

(2) without regard to the 5-year limitation on exportation provided in subsection (i) of such section, if exportation occurs prior to October 1, 1991.

(b) REPORT.—The Secretary of Agriculture, in conjunction with the Commissioner of Customs, shall study and report back to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate by June 30, 1988, with respect to circumvention of the United States sugar quota through the importation of refined sugar in the form of blended products. The report shall address the severity of the problem, or lack thereof, and suggest concrete steps, as necessary, to prevent such circumvention.

SEC. 776. ENFORCEMENT OF THE RESTRICTIONS AGAINST IMPORTED PORNOGRAPHY.

(a) AMENDMENT.—Section 305 of the Tariff Act of 1930 (19 U.S.C. 1305) is amended as follows:

(1) The second paragraph of subsection (a) is designated as subsection (b) and the following side heading, appropriately indented, is inserted before "Upon" at the beginning of the paragraph: "(b) ENFORCEMENT PROCEDURES.—".

(2) The second sentence of subsection (b) (as redesignated by paragraph (1)) is amended to read as follows: "Upon the seizure of such book or matter, such customs officer shall transmit information thereof to the United States attorney of the district in which is situated either—

"(1) the office at which such seizure took place; or

"(2) the place to which such book or matter is addressed;

and the United States attorney shall institute proceedings in the district court for the forfeiture, confiscation, and destruction of the book or matter seized.".

(3) The following new subsections are added at the end thereof:

"(c) Notwithstanding the provisions of subsections (a) and (b), whenever a customs officer discovers any obscene material after such material has been imported or brought into the United States, or attempted to be imported or brought into the United States, he may refer the matter to the United States attorney for the institution of forfeiture proceedings under this section. Such proceedings shall begin no more than 30 days after the time the material is seized; except that no seizure or forfeiture shall be invalidated for delay if the claimant is responsible for extending the action beyond the allowable time limits or if proceedings are postponed pending the consideration of constitutional issues.

"(d) Upon motion of the United States, a court shall stay such civil forfeiture proceedings commenced under this section pending the completion of any related criminal matter.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

SEC. 777. RELIEF OF CERTAIN PERSONS.

(a) W.M. KECK OBSERVATORY PROJECT, MAUNA KEA, HAWAII.—The Secretary of the Treasury is authorized and directed to admit free of duty the following articles for the use of the California Association for Research in Astronomy in the construction of the optical telescope for the W.M. Keck Observatory Project, Mauna Kea, Hawaii:

(1) The telescope structure.

(2) The observatory domes, produced by Brittain Steel, Ltd., of Vancouver, British Columbia, Canada.

(3) The primary mirror blanks, produced by the Schott Glassworks, Frankfurt, Federal Republic of Germany.

If the liquidation of the entry of any such article has become final, the entry shall be reliquidated and the appropriate refund of duty made.

(b) RUKERT MARINE CORPORATION OF BALTIMORE, MARYLAND.—

(1) Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, the entries listed in subsection (b) shall be reliquidated without liability of the importer of record for antidumping duties; and if any such duty has been paid, either through liquidation or compromise under section 617 of the Tariff Act of 1930 (19 U.S.C. 1617), refund thereof shall be made.

(2) The entries referred to in paragraph (1) are as follows:

Entry Number	Date of Entry
144549	March 26, 1976
150297	April 27, 1976
152729	May 11, 1976
156068	May 26, 1976
161653	June 23, 1976
168759	July 30, 1976
173393	August 25, 1976
175173	September 3, 1976
178811	September 23, 1976
108842	November 18, 1976
113000	December 9, 1976
115229	December 21, 1976
120070	January 17, 1977
120908	January 20, 1977
121403	January 24, 1977
130005	March 10, 1977.

(c) MINEMET, INC., NEW YORK.—Notwithstanding any provision of the Tariff Act of 1930 or any other provision of the law to the contrary, the Secretary of the Treasury shall reliquidate, as free of duty under item 911.12 of the Appendix to the Tariff Schedules of the United States, as in effect at the time of entry, the entries numbered 00329493 (dated March 16, 1979), 00329494 (dated March 13, 1979), 00329495 (dated March 28, 1979), and 00330003 (dated March 21, 1979), made at New York, New York, and covering tubular tin products, if a certificate of actual use (remelt certificate) for the articles covered by the four entries is submitted to the United States Customs Service at the port of entry within 120 days from the date of enactment of this Act.

SEC. 778. CUSTOMS SERVICES AT PONTIAC/OAKLAND, MICHIGAN, AIRPORT.

Section 236 of the Trade and Tariff Act of 1984 (19 U.S.C. 58b) is amended—

(1) by striking out "and" at the end of subsection (a)(1);

(2) by redesignating paragraph (2) of subsection (a) as paragraph (3); and

(3) by inserting after paragraph (1) of subsection (a) the following new paragraph:

"(2) the airport located at Pontiac/Oakland, Michigan, and"; and

(4) by striking out "20" in subsection (c).

SEC. 779. IMPORTED NATIVE AMERICAN-STYLE JEWELRY.

Immediately after the date of enactment of this Act, the United States Customs Service shall implement the proposed rule published in the Federal Register on July 15, 1986, concerning the country-of-origin marking of imported Native American-style jewelry, unless such rule is implemented before that date.

Subtitle D—Implementation of Nairobi Protocol

SEC. 781. SHORT TITLE.

This subtitle may be cited as the "Educational, Scientific, and Cultural Materials Importation Act of 1987".

SEC. 782. PURPOSE.

The purpose of this subtitle is—

(1) to provide for the implementation by the United States of the Protocol (S. Treaty Doc. 97-2, 9; hereinafter referred to in this Act as the "Nairobi Protocol") to the Agreement on the Importation of Educational, Scientific, and Cultural Materials (17 UST (pt. 2) 1835; commonly known as the "Florence Agreement");

(2) to clarify or modify the duty-free treatment accorded under the Educational, Scientific, and Cultural Materials Importation Act of 1982 (Public Law 97-446, 96 Stat. 2346-2349; hereinafter referred to in this title as the "1982 Act"), the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Public Law 89-65, 80 Stat. 897 et seq.), and Public Law 89-634 (80 Stat. 879); and

(3) to continue the safeguard provisions concerning certain imported articles provided for in the 1982 Act.

SEC. 783. REFERENCE.

Whenever an amendment or repeal in this subtitle is expressed in terms of an amendment to, or repeal of, an item, headnote, or other provision, the reference shall be considered to be made to an item, headnote, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202; hereinafter in this subtitle referred to as the "TSUS").

SEC. 784. REPEAL OF 1982 ACT.

The 1982 Act is repealed.

SEC. 785. TREATMENT OF PRINTED MATTER AND CERTAIN OTHER ARTICLES.

(a) Items 270.45 and 270.50 are redesignated as 270.46 and 270.48, respectively.

(b) Part 5 of schedule 2 is amended as follows:

(1) The following new item is inserted in numerical sequence:

"270.90	Catalogs of films, recordings, or other visual and auditory material of an educational, scientific, or cultural character.	Free	Free".

(2) Items 273.45 through 273.55 and the superior heading thereto are stricken and the following new item is inserted in lieu thereof:

"273.52	Architectural, engineering, industrial, or commercial drawings and plans, whether originals or reproductions.	Free	Free".

(3)(A) The superior heading to items 274.50 through 274.70, inclusive, is amended by inserting "(including developed photographic film; photographic slides; transparencies; holograms for laser projection; and microfilm, microfiches and similar articles except those provided for in item 737.52)" after "Photographs".

(B) The following new items are inserted in numerical sequence under the superior heading "Printed not over 20 years at time of importation:", and before and at the same hierarchical level as "Lithographs on paper:":

"274.55	Loose illustrations, reproduction proofs or reproduction films used for the production of books.	Free	Free"
274.56	Articles provided for in items 270.05, 270.10, 270.25, 270.55, 270.63, 270.70, and 273.60 in the form of microfilm, microfiches, and similar film media.	Free	Free".

(C) Item 735.20 is stricken out and the following new items and superior heading thereto are inserted in lieu thereof:

	"Puzzles; game, sport, gymnastic, athletic, or playground equipment; all the foregoing, and parts thereof, not specially provided for:		
735.21	Crossword puzzle books, whether or not in the form of microfilm, microfiches, or similar film media.	Free	Free
735.24	Other	5.52% ad val.	40% ad val.".

(D) Item 737.52 is amended by inserting "(whether or not in the form of microfilm, microfiches, or similar film media)" after "Toy books".

(E) Item 830.00 is amended by inserting "; official government publications in the form of microfilm, microfiches, or similar film media" at the end of the article description thereof.

(F) Item 840.00 is amended by inserting ", whether or not in the form of microfilm, microfiches, or similar film media" after "documents".

SEC. 786. VISUAL AND AUDITORY MATERIAL.

(a) Headnote 1 of part 7 of schedule 8 is amended to read as follows:

"1. (a) No article shall be exempted from duty under item 870.30 unless either:

"(i) a Federal agency or agencies designated by the President determines that such article is visual or auditory material of an educational, scientific, or cultural character within the meaning of the Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific, or Cultural Character (17 UST (pt. 2) 1578; Beirut Agreement), or

"(ii) such article—

"(A) is imported by, or certified by the importer to be for the use of, any public or private institution or association approved as educational, scientific, or cultural by a Federal agency or agencies designated by the President for the purpose of duty-free admission pursuant to the Nairobi Protocol to the Florence Agreement, and

"(B) is certified by the importer to be visual or auditory material of an educational, scientific, or cultural character or to have been produced by the United Nations or any of its specialized agencies.

For purposes of subparagraph (i), whenever the President determines that there is or may be profitmaking exhibition or use of articles described in item 870.30 which interferes significantly (or threatens to interfere significantly) with domestic production of similar articles, he may prescribe regulations imposing restrictions on the entry under that item of such foreign articles to insure that they will be exhibited or used only for nonprofitmaking purposes.

"(b) For purposes of items 870.32 through 870.35, inclusive, no article shall be exempted from duty unless it meets the criteria set forth in subparagraphs (a)(ii) (A) and (B) of this headnote.".

(b) Item 870.30 is amended by inserting "(except toy models)" after "models", and by striking out "headnote 1" and inserting in lieu thereof "headnote 1(a)".

(c) The following new items and superior heading are inserted in numerical sequence in part 7 of schedule 8:

	"Articles determined to be visual or auditory materials in accordance with headnote 1 of this part:		
870.32	Holograms for laser projection; microfilm, microfiches, and similar articles.	Free	Free
870.33	Motion-picture films in any form on which pictures, or sound and pictures, have been recorded, whether or not developed	Free	Free
870.34	Sound recordings, combination sound and visual recordings, and magnetic recordings; video discs, video tapes, and similar articles.	Free	Free
870.35	Patterns and wall charts; globes; mock-ups or visualizations of abstract concepts such as molecular structures or mathematical formulae; materials for programmed instruction; and kits containing printed materials and audio materials and visual materials or any combination of two or more of the foregoing.	Free	Free".

SEC. 787. TOOLS FOR SCIENTIFIC INSTRUMENTS OR APPARATUS.

Part 4 of schedule 8 is amended by adding in numerical sequence the following new item:

"851.67	Tools specially designed to be used for the maintenance, checking, gauging or repair of scientific instruments or apparatus admitted under item 851.60.	Free	Free".

SEC. 788. ARTICLES FOR THE BLIND AND FOR OTHER HANDICAPPED PERSONS.

(a) Items 825.00, 826.10, and 826.20 are repealed.

(b) Part 7 of schedule 8 is amended—

(1) by adding the following new headnote after headnote 2:

"3. For the purposes of items 870.65, 870.66, and 870.67—

"(a) The term 'blind or other physically or mentally handicapped persons' includes any person suffering from a permanent or chronic physical or mental impairment which substantially limits one or more major life activities, such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

"(b) These items do not cover—

"(i) articles for acute or transient disability;

"(ii) spectacles, dentures, and cosmetic articles for individuals not substantially disabled;

"(iii) therapeutic and diagnostic articles; or

"(iv) medicine or drugs."; and

(2) by inserting, in numerical sequence, the following new items:

	"Articles specially designed or adapted for the use or benefit of the blind or other physically or mentally handicapped persons:		
	Articles for the blind:		
870.65	Books, music, and pamphlets, in raised print, used exclusively by or for them.	Free	Free
870.66	Braille tablets, cubarithms, and special apparatus, machines, presses, and types for their use or benefit exclusively.	Free	Free
870.67	Other	Free	Free".

SEC. 789. AUTHORITY TO LIMIT CERTAIN DUTY-FREE TREATMENT.

(a) AUTHORITY TO LIMIT.—

(1) The President may proclaim changes in the TSUS to narrow the scope of, place conditions upon, or otherwise eliminate the duty-free treatment accorded under sections 787 and 788 with respect to any type of article the duty-free treatment of which has significant adverse impact on a domestic industry (or portion thereof) manufacturing or producing a like or directly competitive article, and provided the effect of such change is not inconsistent with the provisions of the relevant annexes of the Florence Agreement or the Nairobi Protocol.

(2) If the President proclaims changes to the TSUS under paragraph (1), the rate of duty thereafter applicable to any article which is—

(A) affected by such action, and

(B) imported from any source,

shall be the rate determined and proclaimed by the President as the rate which would then be applicable to such article from such source if this title had not been enacted.

(b) RESTORATION OF TREATMENT.—If the President determines that any duty-free treatment which is no longer in effect because of action taken under subsection (a) could be restored, in whole or in part, without a resumption of significant adverse impact on a domestic industry or portion thereof, the President may proclaim changes to the TSUS to resume such duty-free treatment.

(c) OPPORTUNITY TO PRESENT VIEWS.—Before taking an action under subsection (a) or (b), the President shall afford an opportunity for interested Government agencies and private persons to present their views concerning the proposed action.

(d) CONTINUATION OF PROCEEDINGS UNDER 1982 ACT.—Any action in effect or any proceeding in progress under section 166 of the 1982 Act on the day that Act is repealed shall be considered as an action or proceeding, and shall be continued or resumed, under this section.

SEC. 790. AUTHORITY TO EXPAND CERTAIN DUTY-FREE TREATMENT ACCORDED UNDER SECTION 886.

(a) EXPANSION OF DUTY-FREE TREATMENT.—If the President determines such action to be in the interest of the United States, he may proclaim changes to the TSUS in order to remove or modify any condition or restriction imposed under headnote 1 of part 7 of schedule 8 (as amended by section 886), on the importation of articles provided for in items 870.30 through 870.35, inclusive (except as to articles entered under the terms of headnote 1(a)(i) of part 7 of schedule 8), in order to implement the provisions of annex C-1 of the Nairobi Protocol.

(b) EFFECTIVE DATE OF CHANGES.—Any change to the TSUS proclaimed under subsection (a) shall be effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date on which the President proclaims such change.

SEC. 791. CHANGES TO TSUS TO IMPLEMENT FLORENCE AGREEMENT PROVISION.

(a) AMENDMENT OF ITEM 851.60.—Item 851.60 is amended by striking out "Instruments" and inserting in lieu thereof "Scientific instruments".

(b) HEADNOTE CHANGE.—Headnote 6 of part 4 of schedule 8 is amended—

(1) by amending subdivisions (a) and (b) to read as follows:

"6. (a) For purposes of item 851.60—

"(i) the term 'scientific instruments and apparatus' means scientific instruments and apparatus for deriving information from, or generating data necessary to, scientific experimentation by means of sensing, analyzing, measuring, classifying, recording, or similar operations; and

"(ii) the term 'scientific' means pertaining to the physical or life sciences and, under certain circumstances, to applied sciences. Such instruments and apparatus do not include materials or supplies, or ordinary equipment for use in building construction or maintenance or in supporting activities (such as administration or operating residential or dining facilities) of the institution seeking their entry under this item.

"(b) An institution desiring to enter an article under this item shall make an application therefor to the Secretary of Commerce, including therein (in addition to such other information as may be prescribed by regulation) a description of the article, the purposes for which the instrument or apparatus is intended to be used, the basis for the institution's belief that no instrument or apparatus of equivalent scientific value for such purposes is being manufactured in the United States (as to which the applicant shall have the burden of proof), and a statement that the institution either has already placed a bona fide order for such instrument or apparatus or has a firm intention to place an order therefor on or before the final day specified in paragraph (d) of this headnote. If the Secretary finds that the application is in accordance with pertinent regulations, he shall promptly forward copies thereof to the Secretary of Health and Human Services. If, at any time while its application is under consideration by the Secretary of Commerce or on appeal from a finding by him before the United States Court of Appeals for the Federal Circuit, the institution cancels an order for the instrument or apparatus covered by its application, or if it no longer has a firm intention to order such article, it shall promptly so notify the Secretary of Commerce or the Court, as the case may be.";

(2) by amending subdivision (c) by—

(A) striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services"; and

(B) by striking out, in the third sentence, "the Secretary of the Treasury and", and by striking out, in the last sentence, "the Treasury" and inserting in lieu thereof "Commerce";

(3) Subdivision (e) is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit"; and

(4) Subdivision (f) is amended to read as follows:

"(f) The Secretary of Commerce may prescribe regulations to carry out his functions under this headnote.".

SEC. 792. STATISTICAL INFORMATION.

In order to implement effectively the provisions of section 789, the Secretary of the Treasury, in conjunction with the Secretary of Commerce, shall take such actions as are necessary to obtain adequate statistical information with respect to articles to which amendments made by section 785 apply, in such detail and for such period as the Secretaries consider necessary.

SEC. 793. EFFECTIVE DATE.

This subtitle takes effect on, and the amendments to the TSUS made by it apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the latest of—

(1) the 15th day after the date of the enactment of this Act; or

(2) the 15th day after the deposit of the United States ratification of the Nairobi Protocol.

SEC. 794. RETROACTIVE APPLICATION.

Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the customs officer concerned on or before the 90th day after the effective date of this subtitle, in the application of the relevant provisions of this subtitle to the entry of any article—

(1) which was made on or after August 12, 1985, and before the effective date of this subtitle; and

(2) with respect to which there would have been no duty if the relevant provisions of this subtitle applied to such entry;

such entry shall be liquidated or reliquidated as though such entry had been made on or after the effective date of this subtitle.

TITLE VIII—UNITED STATES TRADE AND COMPETITIVENESS PROVISIONS

SEC. 801. COMPETITIVENESS IMPACT STATEMENTS.

The head of each department and agency of the Federal Government shall include with any reports, statements of position, or recommendations made to the Congress regarding proposed legislation, a detailed statement of the impact of such legislation on—

(1) the international trade of the United States, and

(2) the ability of United States firms engaged in the manufacture, sale, distribution, or providing of goods or services to compete in foreign or domestic markets.

SEC. 802. NATIONAL TRADE DATA BANK.

(a) TRADE DATA FUNCTIONS.—

(1) The Secretary of Commerce shall—

(A) establish and maintain a National Trade Data Bank,

(B) provide for the analysis of information in the National Trade Data Bank,

(C) disseminate such information in a timely manner to business firms in the private sector that are engaged in export related activities, and

(D) coordinate the gathering and dissemination of commercial information relating to international trade by the Federal Government.

(2) The National Trade Data Bank which is required to be established under paragraph (1) may consist of economic and trade data collected by the Federal Government, including—

(A) information on each foreign country such as—

(i) the general economic conditions and demographics, and

(ii) common business practices,

(B) information on specific industrial sectors within each foreign country such as—

(i) size of the market,

(ii) distribution of products,

(iii) competition,

(iv) applicable laws, regulations, specifications, and standards,

(v) consultants,

(vi) appropriate government officials, and

(vii) trade associations,

(C) information on specific business opportunities in each foreign country,

(D) general import and export data for the United States and for each foreign country,

(E) industry specific import and export data for each foreign country,

(F) product and service specific import and export data for the United States,

(G) market penetration ratios for imports to the United States and country of origin for imports to the United States,

(H) rank ordered national destinations for exports of the United States,

(I) exchange rates of all foreign currencies,

(J) market research, including industry and demographic trends for each foreign country with lists of marketing contacts and lists of foreign firms,

(K) product and process patent, copyright, trademark, and mask work (within the meaning of section 901 of title 17, United States Code) information for each nation for at least the 2 most recent years,

(L) general labor market information,

(M) internationally comparable wage rates,

(N) foreign and domestic—

(i) unemployment rates,

(ii) availability of skilled and professional workers,

(iii) hiring and firing restrictions, and

(iv) labor productivity trends,

(O) comparative international tax rate information,

(P) export financing information, including the availability of funds for United States exporters and foreign competitors,

(Q) information concerning capital markets, interest rates, and the cost and availability of capital,

(R) National Input and Output Tables compiled by the Department of Commerce for the United States and other nations, and

(S) any other information that the Secretary of Commerce determines to be useful in carrying out the purposes of this section other than information which may be contained in the annual report on foreign trade barriers required to be prepared under section 181 of the Trade Act of 1974 or the report required under section 141 or 306 of such Act.

(3) The National Trade Data Bank which is required to be established under paragraph (1) shall—

(A) be designed to utilize state-of-the-art data processing and retrieval equipment in monitoring, organizing, analyzing, and disseminating the information described in paragraph (2),

(B) use the most effective and meaningful means of organizing and making such information available to—

(i) United States business firms,

(ii) United States workers,

(iii) United States industry associations,

(iv) United States agricultural interests,

(v) State and local economic development agencies, and

(vi) other interested United States persons who could benefit from such information, and

(C) be of such quality and in such form as to assist coordinated trade strategies for the United States.

(4) The National Trade Data Bank established pursuant to paragraph (1) shall—

(A) collect and disseminate—

(i) information on service sector economic activity that is at least as complete and timely as information on economic activity in the merchandise sector, and

(ii) a broad base of monthly information on the service sector of the economy, and

(B) provide—

(i) a new benchmark survey of unaffiliated service transactions, including—

(I) banking services,

(II) computer software services,

(III) brokerage services,

(IV) transportation services,

(V) travel services,

(VI) engineering services,

(VII) health services, and

(VIII) construction services, and

(ii) an index of leading indicators which includes measurement of service sector activity in direct proportion to the contribution of the service sector to the gross national product of the United States.

(5) The National Trade Data Bank established pursuant to paragraph (1) shall not include any information—

(A) which is collected by the Federal Government in connection with any investigation, and

(B) the disclosure of which to the public is prohibited under any other provision of law.

(6) In carrying out this section, the Secretary of Commerce shall consult with—

(A) advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155),

(B) other representatives of the private sector, and

(C) other departments and agencies of the Federal Government.

(7) The Secretary of Commerce shall (A) ensure that information systems created or developed pursuant to this subsection do not unnecessarily duplicate information systems available from other agencies of the Government or from the private sector, and (B) disseminate information in the manner most cost effective for the Government.

(b) COOPERATION.—

(1) Each Federal department and agency shall cooperate with the Secretary of Commerce by making information available for assimilation into the National Trade Data Bank.

(2) The Secretary of Commerce shall make information collected by the National Trade Data Bank available to appropriate Federal departments or agencies on a regular basis.

(c) REPORTS.—By no later than December 31 of each calendar year, the Secretary of Commerce shall submit a report to Congress—

(1) assessing the current quality, comprehensiveness, and public and private accessibility of trade data,

(2) describing actions taken pursuant to this section, particularly—

(A) actions taken during the 3-month period beginning on the date of enactment of this Act to provide the new benchmark survey described in subsection (a)(4)(B)(i), and

(B) action taken during the 1-year period beginning on the date of enactment of this Act to provide the information on services described in subparagraphs (A) and (B)(ii) of subsection (a)(4).

(3) describing actions planned to be taken pursuant to this section,

(4) recommending executive and legislative actions which would ensure that United States citizens and firms obtain access to the data banks of foreign countries that is similar to the access provided foreign citizens and firms to the National Trade Data Bank established pursuant to subsection (a)(1), and

(5) recommending other legislative actions which further the purposes of this section.

SEC. 803. COMPETITIVENESS DEVELOPMENT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Commerce (hereinafter in this section referred to as the "Secretary") shall establish, using existing personnel, in the Department of Commerce the Competitiveness Development Program. The Secretary, as part of the Program, shall, on a continuous basis—

(1) undertake an analysis of Federal, State, and local regulations of both foreign firms and United States firms and their actual or potential effect on interstate and foreign commerce, and

(2) undertake a comprehensive and continuing evaluation of the potential competitiveness of United States goods and services in markets within the United States (hereinafter in this section referred to as the "domestic markets"), based upon—

(A) an inventory of those domestic market conditions, opportunities, structures and factors which offer potential for growth and development, and

(B) an analysis of those factors which significantly affect the competitiveness of those domestic firms that have a high potential for growth, including applicable Federal and State policies and practices (particularly macroeconomic, regulatory, and sectorial policies) and the conditions in, and the structure of, the markets that supply, or distribute the products or services of, such firms.

(b) STRATEGIES AND POLICIES.—On the basis of the analyses and evaluation described in the subsection (a), the Secretary shall formulate strategies and policies designed to increase the competitiveness of United States industries in interstate and foreign commerce. The Secretary shall take such action as may be necessary or appropriate consistent with such powers as are granted to the Secretary under law to implement the competitiveness strategies and other recommendations developed under this section and section 804.

(c) REPORTS.—On an annual basis commencing with 1988, the Secretary shall prepare a report (which shall be submitted to Congress and to the President no later than 120 days after the close of the period covered by the report) containing—

(1) a summary of the analyses and evaluation described in subsection (a),

(2) a description of all strategies and policies developed pursuant to subsection (b) and recommendations for legislation, based on such analyses and information, designed to increase the international competitiveness of United States industries in interstate and foreign commerce,

(3) an evaluation of actual or foreseeable economic and technological developments, in the United States and abroad, which have affected or will affect the competitive position of United States industry or of particular United States industry sectors,

(4) an identification and description, with particularity, of actual or foreseeable economic and technological developments in the United States and abroad which—

(A) present significant opportunities for United States industries to compete in new geographical markets or product markets or to expand their position in established markets, or

(B) create a significant risk that United States industries will be unable to compete successfully in significant future markets, and

(5) a specification, with particularity, of the industry sectors affected by the developments described in paragraph (4).

(d) PROGRAM PRIORITIES.—In implementing the program described in subsection (a), the Secretary shall give priority to those product sectors in which the United States has significant economic and commercial interests. The Secretary shall consult with appropriate Federal agencies and private sector advisory groups in determining such priorities.

(e) COLLECTION.—The Secretary may collect such information, and seek the advice of such persons representing United States industries, labor, consumers, and members of the academic community, as the Secretary considers necessary to carry out this section.

SEC. 804. RELATED INITIATIVES TO SUPPORT THE PROGRAM OF ENHANCED COMPETITIVENESS.

In connection with the functions specified in section 803, the Secretary shall carry out the following actions in order to achieve the purposes of this section and section 803:

(1) ASSISTANCE REGARDING RESEARCH AND DEVELOPMENT.—After taking into account all relevant information obtained in carrying out section 803(a) (1) and (2), and other available appropriate data, regarding the research and development needs (including commercialization of research and development) of United States industries, the Secretary shall prepare, and thereafter periodically revise—

(A) an inventory of the research and development that (i) is relevant to the maintenance or expansion of the competitiveness of United States industry, and (ii) is being, or is planned to be, undertaken by United States producers, and

(B) a listing of those new areas of research and development not covered under subparagraph (A) that should be engaged in if such competitiveness is to be maintained or expanded.

(2) IMPROVEMENTS IN TRAINING AND EDUCATION.—On the basis of the most recent information derived under section 803, and from other available appropriate data regarding the labor needs of United States industries, the Secretary shall periodically consult with the Secretary of Labor, the Secretary of Education, and the heads of appropriate State agencies regarding actions that may be taken within their respective jurisdictions to improve the quality and availability of labor market information, training (including teacher training), retraining, and education, in those skills and disciplines which will be required by United States industries for purposes of maintaining or expanding their competitiveness.

(3) REDUCTION AND ELIMINATION OF REGULATORY AND BUREAUCRATIC OBSTACLES.—The Secretary shall undertake periodic consultation with appropriate Federal and State officials and representatives of United States industry and business for purposes of identifying those regulations, policies, and procedures that inhibit or delay the development, commercialization, or marketing of goods or services and shall, giving due consideration to the various purposes of such regulations, policies and procedures, make recommendations to the Congress, and to the appropriate Federal and State agencies, regarding those statutory and administrative changes that would, if implemented, eliminate or reduce such obstacles.

SEC. 805. NATIONAL SECURITY AND ESSENTIAL COMMERCE.

(a) INVESTIGATIONS BY SECRETARY OF COMMERCE.—Upon request of the head of any department or agency or upon the motion of the Secretary of Commerce (hereinafter in this section referred to as the "Secretary"), the Secretary shall immediately make an appropriate investigation to determine the effects on national security, essential commerce, and economic welfare of mergers, acquisitions, joint ventures, licensing, and takeovers by or with foreign persons which involve persons engaged in interstate commerce in the United States and of efforts by or with foreign persons to gain control of persons engaged in interstate commerce in the United States. In the course of the investigation, the Secretary shall seek information and advice from, and shall consult with, the Secretary of Defense and other appropriate officers of the United States. The Secretary shall, if it is appropriate and after reasonable notice, hold public hearings or otherwise afford interested parties an opportunity to present information and advice relevant to such investigation. The Secretary shall report—

(1) the findings of the investigation under this subsection with respect to the effect of the control of such persons by foreign persons upon the national security and essential commerce, and

(2) based on such findings, the recommendation of the Secretary for action or inaction under this section to the President within 45 days after beginning an investigation under this subsection.

If the Secretary finds that the control of such persons by foreign persons threatens to impair the national security and essential commerce, the Secretary shall so advise the President. The President shall take such action, and for such time, as the President deems appropriate to restrict, suspend, or prohibit any effort made by a foreign citizen to merge, acquire, take over, or otherwise gain control of a person engaged in interstate commerce in the United States so that such control will not threaten to impair the national security and essential commerce unless the President determines that such effort by foreign citizens do not threaten to impair the national security and essential commerce.

(b) Domestic Production for National Defense.—For the purposes of this section, the Secretary and the President shall, in the light of the requirements of national security and essential commerce and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense and essential commerce, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the control of such industries by foreign citizens as it affects such industries and the capacity of the United States to meet requirements of national security and essential commerce. In the administration of this section, the Secretary and the President shall further recognize the close relation of the economic welfare of the Nation to our national security and essential commerce, and shall take into consideration the impact of foreign control on the economic welfare of individual domestic industries, and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the control of such industries by foreign citizens shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security and essential commerce.

SEC. 806. UNREASONABLE PRACTICES.

Section 301(e)(3) of the Trade Act of 1974 (19 U.S.C. 2411(e)(5)) is amended by inserting before the period "or denies access to foreign government-sponsored technology, research, or development".

SEC. 807. BILATERAL TRADE BETWEEN THE UNITED STATES AND MEXICO.

The Secretary of Commerce shall prepare and submit to the Congress, within 1 year after the date of the enactment of this Act, a report on bilateral trade issues between the United States and Mexico. In the report, the Secretary shall—

(1) identify and analyze the tariff and nontariff barriers that inhibit trade between the United States and Mexico,

(2) identify and analyze unilateral and bilateral actions that might be taken by the Governments of the United States and Mexico to reduce or eliminate such trade barriers, including, for example—

(A) the stimulation of joint investment and coproduction by United States and Mexico joint ventures in those areas in both countries that are adjacent to the international border and the provision of duty-free treatment to articles produced by such ventures, and

(B) the eventual establishment of a free trade area between the United States and Mexico, and

(3) identify and analyze the potential effects on bilateral trade of a United States-Mexico development bank the purpose of which would be to encourage and coordinate economic development between the two countries.

SEC. 808. INVESTIGATION OF CERTAIN BARRIERS PERTAINING TO TRADE AND SERVICES.

The United States Trade Representative shall, within 90 days of the date of the enactment of this Act, initiate an investigation under section 302 of the Trade Act of 1974 regarding the acts, policies, and practices of the Government of Japan and of entities which are owned, financed, or otherwise controlled by the Government of Japan with respect to barriers in Japan to the offering by United States persons of architectural, engineering, construction, and consulting services in such country.

SEC. 809. EFFECT OF IMPORTS ON CRUDE OIL PRODUCTION AND REFINING CAPACITY IN THE UNITED STATES.

The Secretary of Energy shall send to the Secretary of Commerce the results of the study conducted under section 3102 of the Omnibus Budget Reconciliation Act of 1986. Within 180 days of the receipt of the results of such study, the Secretary of Commerce shall report to the President and the Congress recommendations for actions which may be appropriate to address any impact of imports of crude oil and petroleum products on domestic crude oil exploration and production and the domestic petroleum refining capacity.

SEC. 810. IMPACT OF NATIONAL DEFENSE EXPENDITURES ON INTERNATIONAL COMPETITIVENESS.

(a) Findings.—The Congress finds that the ability of United States industries to compete in world markets may be adversely affected by the following factors:

(1) The allocation of intellectual resources between the private and public sectors.

(2) The distribution of innovative research and development between commercial and noncommercial applications.

(3) The number of scientific advances which are ultimately commercialized.

(4) The cost of capital which is affected by many factors including the budget deficit and defense spending.

(b) Sense of Congress.—It is the sense of Congress that the President should evaluate the impact on United States competitiveness of—

(1) the defense spending by foreign countries, particularly Japan's expenditure of 1 percent of its gross national product for defense compared to the expenditure of the United States of 6 percent of its gross national product, and

(2) the other factors listed in subsection (a).

SEC. 811. DEVELOPMENT OF SEMICONDUCTOR MANUFACTURING TECHNOLOGY.

(a) Authorization.—There is authorized to be appropriated $100,000,000 for each of the fiscal years 1988, 1989, 1990, 1991, and 1992 to enable the Secretary of Commerce, in order to preserve essential commerce, to make grants to a consortium of United States persons engaged in the manufacture in the United States of semiconductors to pay not more than one-half the cost of undertaking projects to stimulate the development of semiconductor manufacturing technology and its application in a variety of industries.

(b) Grant Authority.—

(1) Not later than 60 days after the date of enactment of this Act, the Secretary of Commerce shall submit to the Congress a plan which will specify what consortium will be established to receive grants under subsection (a) and what will be the function of such consortium.

(2) No grant may be made under subsection (a) unless a law specifically authorizing such grants is enacted after the date of enactment of this Act.

(c) Reports.—The Secretary of Commerce shall report annually to the Congress on the activities undertaken under grants made under subsection (a).

SEC. 812. REPORTS ON COUNTERTRADE AND OFFSETS.

(a) General Rule.—Each United States person shall report to the Secretary of Commerce on each contract to export United States goods or services which was entered into by such person with a foreign person and which—

(1) involves at least $2,000,000,

(2) requires countertrade or offsets as a condition to such contract, and

(3) is entered into with the government of a foreign country or otherwise could not be entered into without the authorization or approval of a government other than the United States Government.

(b) Report Content.—Each report required by subsection (a) shall identify—

(1) the United States and foreign persons involved in the contract reported on,

(2) the goods or services to be provided by the United States person under the contract,

(3) the countertrade or offset referred to in subsection (a)(2) which was imposed on the contract, and

(4) the government of the foreign country with which such contract was entered into or the requirement for government authorization or approval otherwise required before such contract could be entered into.

An identification of a countertrade or offset under paragraph (3) shall include (if a part of the countertrade or offset) the technology to be transferred, the goods or services to be purchased, the amount of goods or services to originate outside the United States, and the persons involved.

(c) Disclosure.—

(1) In addition to the annual report on offsets and countertrade required to be submitted to the Congress by the President under section 309 of the Defense Production Act of 1950, the Secretary shall make an annual public report to the Congress by the time provided in such section 309 for reports under such section. Each report shall include—

(A) a summary of the transactions included in the reports filed with the Secretary,

(B) an analysis of such transactions, including an analysis of the levels of goods and services imported and exported under such transactions, the effect of such transactions on industries and employment in the United States, and such other factors as the Secretary determines are significant,

(C) an identification of the countries which impose countertrades or offsets described in subsection (a)(2) and an identification of the countertrades or offsets imposed, and

(D) the status of negotiations between the United States and other countries to remove such countertrades or offsets.

(2) Except as provided in paragraph (1), the public disclosure of information filed with the Secretary under subsection (a) shall be subject to section 552 of title 5, United States Code.

(d) Reporting Requirements.—Reports required by subsection (a) shall be filed—

(1) in accordance with regulations of the Secretary promulgated under subsection (e), and

(2) at such time as the Secretary may prescribe in such regulations but not less often than annually.

(e) REGULATIONS.—The Secretary shall promulgate regulations to implement this section not later than the expiration of 270 days after the date of the enactment of this Act.

(f) PENALTIES.—Any person who—

(1) fails to file, in accordance with subsection (d), a report required by subsection (a), or

(2) willfully files a report that includes an untrue statement of a material fact or omits to state a material fact necessary to prevent the report from being false or misleading, shall be subject to a civil penalty of $10,000 for each week during which such person takes the action described in paragraph (1) or (2).

(g) DEFINITIONS.—For purposes of this section:

(1) UNITED STATES PERSON.—The term "United States person" means any person which is organized under the laws of the United States or of a State or which has its principal place of business in the United States.

(2) FOREIGN PERSON.—The term "foreign person" means—

(A) any individual other than an individual who is a citizen only of the United States,

(B) any person, other than an individual or a government, that is organized under the laws of a foreign government or which has its principal place of business outside of the United States, and

(C) any foreign government or any agency or instrumentality of a foreign government.

(3) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

(4) COUNTERTRADE OR OFFSET.—The term "countertrade or offset" when used to describe a condition for an export contract entered into by a United States person means—

(A) a condition under which the United States person will transfer technology to a foreign person,

(B) a condition under which the United States person will, as a condition to the contract, purchase or arrange for the purchase of goods or services from a foreign person,

(C) a condition under which a percentage of the goods or services to be provided by the United States person will be produced outside the United States or be provided by foreign persons, or

(D) a condition under which the United States person will be required to make investments in a foreign country.

TITLE IX—OCEAN TRANSPORTATION

Subtitle A—Ocean Transportation Practices

SEC. 901. SHORT TITLE.

This subtitle may be cited as the "Ocean Transportation Practices Act of 1987".

SEC. 902. DEFINITIONS.

In this subtitle:

(1) The term "class of goods" means goods as classified by a data classification system prescribed by regulation by the Commission.

(2) The term "Commission" means the Federal Maritime Commission.

(3) The term "conference" has the same meaning as in section 3 of the Shipping Act of 1984 (46 App. U.S.C. 1702).

(4) The term "documented vessel" means a vessel documented under chapter 121 of title 46, United States Code.

(5) The term "goods" means articles of any kind.

(6) The term "vessel of a foreign country" includes a vessel—

(A) documented under the laws of a foreign country;

(B) on which at least 4 citizens, at least one of whom is an officer, of the foreign country are employed; or

(C) effectively controlled by a citizen of the foreign country.

SEC. 903. INVESTIGATION BY THE COMMISSION.

(a) The Commission shall investigate whether unfair practices are used that directly affect the ability of operators to engage in transportation in the foreign waterborne commerce of the United States—

(1) on the Commission's own initiative;

(2) on a complaint by—

(A) an operator of an affected documented vessel; or

(B) a representative of the crew of an affected documented vessel; or

(3) when, during a period of not more than 12 months (as determined by the Commission), at least 25 percent of any class of goods are transported by common carrier—

(A) from a foreign country to the United States by the vessels of the foreign country; or

(B) from the United States to a foreign country by the vessels of the foreign country.

(b) After beginning an investigation under subsection (a) of this section, the Commission may conduct a preliminary review, not to exceed 3 months. The Commission shall begin an adjudicatory proceeding under subsection (c) of this section if the Commission reasonably believes an unfair practice will be found. A determination not to proceed under subsection (c) must be acompanied by an order setting out the Commission's reasons.

(c) After notice and opportunity for a hearing, the Commission shall find an unfair practice when the acts, policies, or practices of a foreign country unreasonably impair the transportation of goods in the foreign commerce of the United States by documented vessels. In making the finding under this subsection, the Commission shall consider the market share of documented vessels in transporting the goods investigated. In addition, the Commission shall determine whether the acts, policies, and practices of the foreign country—

(1) permit restraint of trade in transportation services, including—

(A) unregulated common management between the shipper and carrier of goods;

(B) special arrangements between the government of the foreign country and the carriers or shippers of that country favoring the use of the vessels of that foreign country; and

(C) any other arrangement unreasonably favoring the vessels of the foreign country in the transport of goods in the foreign commerce of the United States;

(2) deny fair and equitable market opportunities for documented vessels by—

(A) being party to a cargo sharing or reservation agreement to which the United States is not a party;

(B) violating section 13(b)(5) of the Shipping Act of 1984 (46 App. U.S.C. 1712(b)(5)); or

(C) any other agreement or arrangement impairing the access of a documented vessel to the transportation of goods in the foreign commerce of the United States;

(3) deny internationally recognized seafarer's rights, including—

(A) a prohibition on the use of any form of forced or compulsory labor;

(B) a minimum age for the employment of children; and

(C) acceptable conditions, taking into account a country's level of economic development, of work with respect to minimum wages, hours of work, and occupational safety and health.

(d) Unless a foreign government or operator of a vessel of the foreign country, by a preponderance of the evidence, proves otherwise, an unfair practice is deemed to exist when market domination by vessels of the foreign country is found to exist under subsection (a)(3) of this section and—

(1) vessels of the foreign country transport at least 15 percent more of that class of goods being imported or exported than documented vessels; or

(2) a finding has been made under subsection (c)(1) or (2) of this section.

(e)(1) In an investigation or proceeding under this subtitle, the Commission may issue subpoenas to compel the attendance and testimony of witnesses and the production of records or other evidence.

(2) In an investigation or proceeding under this subtitle, a person not complying with a regulation, order, or subpoena is liable to the United States Government for a civil penalty of not more than $5,000 for each day the violation continues.

(3)(A) After notice and opportunity for a hearing, the Commission also may suspend any tariff of a foreign commerce common carrier, or that carrier's right to use a tariff of any conference of which the carrier is a member, when the carrier does not provide evidence required to be provided under a subpoena issued under this subsection in an investigation or proceeding under this subtitle.

(B) On notification by the Commission that a carrier has not provided evidence required to be provided under a subpoena issued under this subsection in an investigation or proceeding under this subtitle, the Secretary of the department in which the Coast Guard is operating shall prohibit that carrier's vessels from entering the United States.

(C) The Commission shall submit immediately to the President an order issued under this paragraph. Within 10 days after receiving the order, the President may disapprove it if the President finds that disapproval is required for reasons of national defense or foreign policy of the United States. If not disapproved, the order of the Commission may be effective only after the end of the 10-day period.

(f) When the Commission makes a finding of an unfair practice under this section, the Commission shall calculate the benefit to the vessels of the foreign country (using the amount of goods in the class) attributable to the unfair practice.

(g) The Commission shall enter its finding under subsection (c) of this section within 6 months of initiating the proceeding. An unfair practice is deemed to exist if the Commission is unable to complete the proceeding within that time because the Commission cannot get the necessary witnesses or records from a foreign country.

(h) The Commission and any other agency of the United States Government having any information necessary to carry out this subtitle shall enter into a joint agreement providing for the sharing of that information.

SEC. 904. NEGOTIATIONS.

(a) If the Commission finds an unfair practice under this subtitle, the Secretary of

Transportation, in consultation with the Secretary of State and the Commission, shall enter into negotiations that makes goods unfairly transported available to vessels of all countries serving that trade by—

(1) removing the unfair practice; or

(2) reducing the level of transportation by vessels of the foreign country by the amount of the benefit those vessels derive from the unfair practice that the Commission has calculated under section 903(f) of this subtitle.

(b) The Secretary of Transportation shall complete the negotiations within 180 days after the Commission finds an unfair practice. If the Secretary considers that further negotiations with a foreign country are necessary under subsection (a) of this section, the Secretary may extend the 180-day period by not more than 60 days.

SEC. 905. PENALTIES.

(a) Unless the negotiations under section 904 of this subtitle have been completed within the time period specified—

(1) the owner of the vessel of a foreign country is liable to the United States Government for a civil penalty equal to the value of the freight on the benefit the vessel derived from the unfair practice that the Commission has calculated under section 903(f) of this subtitle from the date the finding was made under section 903 of this subtitle; or

(2) the Commission may limit or prohibit specific operations of the owner or operator of vessels of a foreign country in the same manner and to the same extent that owners or operators of documented vessels are restricted in that foreign country.

(b) Subsection (a) of this section may be suspended—

(1) in any single case for not more than one year at a time if the President requests the suspension for reasons of national defense or foreign policy; or

(2) temporarily if the Commission finds that documented vessels are not available to transport a class of goods in the foreign commerce of the United States.

(c) Any action taken under this section shall be reported to Congress in writing within 60 days.

SEC. 906. AUTHORIZATION OF APPROPRIATIONS.

(a) In fiscal year 1987, $5,000,000 are authorized to be appropriated to the Federal Maritime Commission to carry out this subtitle.

(b) Civil penalties collected under section 905 of this subtitle shall be credited to the appropriation of the Federal Maritime Commission. The Commission may use the amounts credited under this subsection only to enforce this subtitle.

SEC. 907. EFFECTIVE DATE.

Sections 903(a)(3) and (d) of this subtitle are effective 6 months after the date of enactment of this subtitle.

Subtitle B—Mobile Trade Fairs

SEC. 1110. MOBILE TRADE FAIRS REAUTHORIZATION.

Section 212(B) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1122b) is amended—

(1) by striking out "Secretary of Commerce" each place it appears and inserting in lieu thereof "Secretary of Transportation", and

(2) in the first sentence of subsection (c), by striking out all after "beginning" and inserting in lieu thereof "October 1, 1987.".

TITLE X—INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES

SEC. 1001. MAXIMUM PERIOD FOR TAKING ACTION WITH RESPECT TO COMPLAINTS.

Section 2(b)(2) of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b(b)(2)) is amended—

(1) in the third sentence by striking out "but in no event may" and all that follows through "180 days" and inserting in lieu thereof "but the aggregate period for taking action under this subsection may not exceed 90 days"; and

(2) by inserting after the third sentence the following new sentence: "However, if on the last day of such 90-day period, the Secretary finds that—

"(A) negotiations with the foreign government have progressed to a point that a satisfactory resolution of the complaint appears imminent;

"(B) no United States air carrier has been subject to economic injury by the foreign government or an instrumentality of the foreign government (including a foreign air carrier) as a result of the filing of the complaint; and

"(C) public interest requires additional time before the taking of action with respect to the complaint;

the Secretary may extend such 90-day period for not to exceed an additional 90 days.".

SEC. 1002. VIEWS OF THE DEPARTMENT OF COMMERCE AND OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

Section 2(b) of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b(b)) is amended—

(1) by redesignating paragraph (3), and any references thereto, as paragraph (4);

(2) by striking out the last sentence of paragraph (2); and

(3) by inserting after paragraph (2) the following new paragraph:

"(3) In considering any complaint, or in any proceedings under its own initiative, under this subsection, the Secretary shall—

"(A) solicit the views of the Department of State, the Department of Commerce, and the Office of the United States Trade Representative; and

"(B) provide any affected air carrier or foreign air carrier with reasonable notice and such opportunity to file written evidence and argument as is consistent with acting on the complaint within the time limits set forth in this subsection.".

SEC. 1003. REPORTING ON ACTIONS TAKEN WITH RESPECT TO COMPLAINTS.

Section 2 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. App. 1159b) is amended by adding at the end thereof the following new subsection:

"(e) Not later than the 30th day after taking action with respect to a complaint under this section, the Secretary of Transportation shall report to the Committee on Public Works and Transportation of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on actions that have been taken under this section with respect to the complaint.".

TITLE XI—SMALL BUSINESS

SEC. 1101. SHORT TITLE.

This title may be cited as the "Small Business Trade Competitiveness and Innovation Act".

SEC. 1102. DECLARATION OF POLICY.

Section 2 of the Small Business Act (15 U.S.C. 631) is amended by adding the following new subsection (b) and redesignating subsections (b) through (e) as subsections (c) through (f), respectively:

"(b) It is the declared policy of the Congress that the Federal Government, through the Small Business Administration, acting in cooperation with the Department of Commerce and other relevant Federal agencies, should aid or assist small businesses, as defined under this Act, to improve their ability to compete in international markets by—

"(1) enhancing their ability to export;

"(2) facilitating technology transfers;

"(3) enhancing their ability to compete effectively and efficiently against imports; and

"(4) increasing the access of small businesses to long-term capital for the purchase of new plant and equipment used in the production of goods and services involved in international trade.".

SEC. 1103. CHANGES IN EXISTING SMALL BUSINESS ADMINISTRATION INTERNATIONAL TRADE OFFICE.

Section 22 of the Small Business Act (15 U.S.C. 649) is amended—

(1) by redesignating subsection (b) as subsection (c) and inserting the following new subsection (b):

"(b) The Office shall work in close cooperation with the Department of Commerce and other relevant Federal agencies, Small Business Development Centers engaged in export promotion efforts, regional and local Administration offices, the small business community, and relevant State and local export promotion programs to—

"(1) assist in developing a distribution network for existing trade promotion, trade finance, trade adjustment, and trade data collection programs through use of the Administration's regional and local offices and the Small Business Development Center network; and

"(2) assist in the aggressive marketing of these programs and the dissemination of marketing information, including computerized marketing data, to the small business community.";

(2) in subsection (c), as redesignated, by adding the following new paragraphs and redesignating the existing paragraphs (1) through (3) as paragraphs (6) through (8), respectively:

"(1) in cooperation with the Department of Commerce, other relevant agencies, regional and local Administration offices, the Small Business Development Center network, and State programs, develop a mechanism for (A) identifying sub-sectors of the small business community with strong export potential; (B) identifying areas of demand in foreign markets; (C) prescreening foreign buyers for commercial and credit purposes; and (D) assisting in increasing international marketing by disseminating relevant information regarding market leads, linking potential sellers and buyers, and catalyzing the information of joint ventures, where appropriate;

"(2) in cooperation with the Department of Commerce, actively assist small businesses in the development and formation of export trading companies, export management companies and research and development pools authorized under section 9 of this Act;

"(3) work in conjunction with other Federal agencies, regional and local offices of the Administration, the Small Business Development Center network, and the private sector to establish a pilot program which must include, but need not be limited to, the following:

"(A) the identification and publication of existing translation services, including such services available through colleges and universities participating in the Small Business Development Center Program;

"(B) the identification by name and language of each multilingual employee of the Administration in each Administration office and collection and publication of a list of such employees within each office;

"(C) the establishment of a full-time position for one Administration regional office of a translator fluent in a language to be designated by the Administration who—

"(i) shall be available to translate any document submitted by any small business through any Administration office or Small Business Development Center office;

"(ii) shall be available to accompany any trade mission to a country whose population speaks the selected language; and

"(iii) shall report within one year of selection for this duty to the Administrator and the Committees on Small Business of the House of Representatives and the Senate regarding the utility and necessity of creating a permanent function of this nature within the Administration;

"(4) work closely with the Department of Commerce to—

"(A) develop a mechanism for collecting, analyzing, and periodically updating relevant data regarding the small business share of United States exports and the nature of State exports (including the production of Gross State Product figures) and disseminating that data to the small business community;

"(B) make recommendations to the Secretary of Commerce regarding revision of the SIC code to encompass industries currently overlooked and to create SIC codes for export trading companies and export management companies;

"(C) improve the utility and accessibility of existing export promotion programs for small businesses; and

"(D) increase the accessibility of the Export Trading Company contact facilitating service;

"(5) make available to the small business community information regarding conferences on small business issues, including international conferences, sponsored by the public and private sector;"; and

(3) by adding after subsection (c), as redesignated, the following new subsections:

"(d) The Office shall work in cooperation with the Export-Import Bank of the United States, the Department of Commerce, other relevant Federal agencies, and the States to develop a program through which export specialists in the regional offices of the Administration, regional and local loan officers, and Small Business Development Center personnel can facilitate the access of small businesses to relevant export financing programs of the Export-Import Bank of the United States and to export and preexport financing programs available from the Administration. To accomplish this goal, the Office shall work in cooperation with the Export-Import Bank and the small business community, including small business trade associations, to—

"(1) aggressively market existing Administration export financing and preexport financing programs;

"(2) identify financing available under various Export-Import Bank programs, and aggressively market those programs to small businesses;

"(3) assist in the development of financial intermediaries and other multipliers and facilitate the access of those intermediaries to existing financing programs;

"(4) promote greater participation by private financial institutions, particularly those institutions already participating in loan programs under this Act, in export finance; and

"(5) provide for the participation of appropriate Administration personnel in training programs conducted by the Export-Import Bank.

"(e) The Office shall establish a Trade Assistance Division which shall—

"(1) work in cooperation with other Federal agencies to assist small businesses in initiating, preparing for, and participating in any proceedings relating to the administration of the United States trade laws;

"(2) assist small businesses in collecting appropriate data necessary to continue trade remedy proceedings; and

"(3) work with the Department of Commerce, the Office of the United States Trade Representative, and the International Trade Commission to facilitate access to trade remedy procedures for small businesses.

"(f) The Office shall report to the Committees on Small Business of the House of Representatives and the Senate on a semiannual basis as to its progress in implementing the requirements under this section.".

SEC. 1104. SPECIFIC REPORTS REQUIRED.

The Office of International Trade in cooperation, where appropriate, with the Division of Economic Research of the Office of Advocacy, and with other Federal agencies shall undertake studies regarding the following issues and shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title with specific recommendations on—

(1) the viability and cost of establishing an annual, competitive small business export incentive program similar to the Small Business Innovation Research Program and alternative methods of structuring such a program;

(2) methods of streamlining trade remedy proceedings to increase access for, and reduce expenses incurred by, smaller firms;

(3) methods of improving the current small business foreign sales corporation tax incentives and providing small businesses with greater benefits from this initiative;

(4) the effects of State tax systems on the international competitiveness and export potential of smaller firms and recommended policy changes;

(5) methods of ensuring greater representation of the perspective of the small business community in GATT negotiations, including the advisability of having a Small Business Advisor within the Office of the United States Trade Representative;

(6) the volume and dollar amount of goods and services, identified by type, imported by United States trading partners over the past ten years, with recommendations regarding methods of identifying potential export markets for United States small businesses; maintaining and disseminating current foreign market data; and devising a comprehensive export marketing strategy for United States small business goods and services; and

(7) a survey of major United States trading partners to identify the domestic policies, programs and incentives, and the private sector initiatives, which exist to encourage the formation and growth of small business.

SEC. 1105. EXPORT FINANCING PROVIDED BY THE ADMINISTRATION.

Section 7(a)(14) of the Small Business Act (15 U.S.C. 636(a)(14)) is amended to read as follows:

"(14)(A) The Administration under this subsection may provide extensions and revolving lines of credit for export purposes and for preexport financing to enable small business concerns, including small business export trading companies and small business export management companies, to develop foreign markets: *Provided, however,* That no such extension or revolving line of credit may be made for a period or periods exceeding three years. A bank or participating lending institution may establish the rate of interest on extensions and revolving lines of credit as may be legal and reasonable; and

"(B) When considering loan or guarantee applications, the Administration shall give weight to export-related benefits, including opening new markets for United States goods and services abroad and encouraging the involvement of small businesses, including agricultural concerns, in the export market.".

SEC. 1106. SMALL BUSINESS DEVELOPMENT CENTERS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 20 of the Small Business Act is amended by adding the following at the end of subsection (z): "There are hereby authorized to be appropriated to the Administration for fiscal year 1988, $5,000,000 to carry out the provisions of section 21(a)(6).";

(b) SBDC INFORMATION DISSEMINATION AND SERVICE DELIVERY.—Section 21 of the Small Business Act (15 U.S.C. 648) is amended—

(1) in subsection (a)(1), by inserting after "enterprises;" the following: "management and technical assistance regarding export promotion and technology transfer;";

(2) in subsection (a), by inserting the following new paragraph (2) and redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively:

"(2) The Small Business Development Centers shall work in close cooperation with the Administration's regional and local offices, the Department of Commerce, other appropriate Federal, State, and local agencies, and the small business community to serve as an active information dissemination and service delivery mechanism for existing trade promotion, trade finance, trade adjustment and trade data collection programs of particular utility for small businesses. Such Centers are encouraged to use funds provided under this Act to establish a toll-free telephone number to provide access for small businesses to the assistance provided for under this Act.";

(3) by adding at the end of such subsection the following new paragraph:

"(6) Any applicant which is funded by the Administration as a Small Business Development Center may apply for an additional grant to be used solely to assist—

"(A) with the development and enhancement of exports by small business concerns; and

"(B) to assist in technology transfer,

as provided under subparagraphs (B) through (G) of subsection (c)(3). Applicants for such additional grants shall comply with all of the provisions of this section, including providing matching funds, except that funding under this paragraph shall be effective for any fiscal year to the extent provided in advance in appropriations Acts and shall be in addition to the dollar program limitations specified in paragraphs (4) and (5): *Provided*, That no recipient of funds under this paragraph shall receive a grant which would exceed its pro rata share of a $15,000,000 program based upon the populations to be served by the Small Business Development Center as compared to the total population of the United States, or $100,000, whichever is greater.";

(4) in subsection (c)(3), by striking subparagraph (B) and inserting the following new subparagraph (B):

"(B) assisting in technology transfer, research and development, including applied research, and coupling from existing sources to small businesses, including—

"(i) working to increase the access of small businesses to the capabilities of automated flexible manufacturing systems;

"(ii) working through existing networks and developing new networks for technology transfer that encourage partnership between the small business and academic communities to help commercialize university-based research and development and introduce university-based engineers and scientists to their counterparts in small technology-based firms; and

"(iii) exploring the viability of developing shared production facilities, under appropriate circumstances;";

(5) in subsection (c)(3), by adding the following new subparagraphs (C) through (F) and redesignating the existing subparagraphs (C) through (H) as subparagraphs (G) through (L), respectively:

"(C) in cooperation with the Department of Commerce and other relevant Federal agencies, actively assisting small businesses in exporting by identifying and developing potential export markets, facilitating export transactions, developing linkages between United States small business firms and prescreened foreign buyers, assisting small businesses to participate in international trade shows, assisting small businesses in obtaining export financing, and facilitating the development or reorientation of marketing and production strategies; where appropriate, the Small Business Development Center may work in cooperation with the State to establish a State international trade center for these purposes;

"(D) assisting small businesses in developing and implementing marketing and production strategies that will enable them to better compete within the domestic market;

"(E) developing a program in conjunction with the Export-Import Bank and local and regional Administration offices that will enable Small Business Development Centers to serve as a distribution network and service delivery mechanism for Bank financing programs, and otherwise identify and help to make available export financing to small businesses;

"(F) working closely with the small business community, small business consultants, State agencies, universities and other appropriate groups to make translation services more readily available to small business firms doing business, or attempting to develop business, in foreign markets;";

(6) in subsection (c), by adding the following new paragraphs:

"(5) In performing the services identified in paragraph (3), the Small Business Development Centers shall work in close cooperation with the Administration's regional and local offices, the local small business community, and appropriate State and local agencies.

"(6) The Deputy Associate Administrator of the Small Business Development Center Program shall develop and implement mechanisms for the sharing of information between Small Business Development Centers or between existing Small Business Development Centers and program applicants."; and

(7) by inserting the following new subsection (d) and redesignating subsections (d) through (k) as subsections (e) through (l), respectively:

"(d) Where appropriate, the Small Business Development Centers shall work in conjunction with the relevant State agency to develop a comprehensive plan for enhancing the export potential of small businesses located within the State. This plan may involve the cofunding and staffing of a State Office of International Trade within the State Small Business Development Center, using joint State and Federal funding, and any other appropriate measures directed at improving the export performance of small businesses within the State.".

SEC. 1107. CAPITAL FORMATION.

(a) LIMITATIONS.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) by striking "and" at the end of clause (i) of paragraph (2)(B) and by adding after clause (ii) the following new clauses:

"(iii) not less than 85 per centum of the financing outstanding at the time of disbursement if such financing is an industrial mortgage loan under paragraph (16) and is less than $1,176,470, and

"(iv) less than 85 per centum of the financing outstanding at the time of disbursement if such financing is an industrial mortgage loan under paragraph (16) and exceeds $1,176,470:";

(2) by amending paragraph (3) to read as follows:

"(3) No loan shall be made under this subsection—

"(A) if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established by this Act would exceed $500,000, except as provided in subparagraph (B);

"(B) if the total amount outstanding and committed (on a deferred basis) solely for the purposes provided in paragraph (16) to the borrower from the business loan and investment fund established by this Act would exceed $1,000,000, such amount to be in addition to any financing solely for working capital, supplies, or revolving lines of credit for export purposes up to a maximum of $500,000 as provided in subparagraph (A); and

"(C) if effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis if the amount would exceed $350,000.";

(3) by adding the following new paragraphs after paragraph (15):

"(16) The Administration may guarantee industrial mortgage loans under this paragraph to assist any small business concern, including start-ups, in the financing of the acquisition, construction, conversion or expansion of plant or equipment to be used in the United States in the production of goods and services involved in international trade: *Provided*, That such loans are secured by a first lien position or first mortgage on the property financed by such loans: *Provided further*, That the lender agrees to sell the loan in the secondary market as authorized in sections 5(f) and 5(g) of this Act within one hundred and eighty days of the date of disbursement.

"(17) The Administration shall authorize lending institutions in addition to banks to make loans authorized under this subsection."; and

(4) by redesignating the existing paragraph (16) as paragraph (18).

(b) REPORT.—The Administrator of the Small Business Administration shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title as to the viability of creating cooperative Federal-State guarantee programs, particularly for purposes of export financing, to encourage States to coinsure Federal loans, thus permitting the Federal Government to reduce its exposure.

SEC. 1108. SMALL BUSINESS INNOVATION RESEARCH.

The Administrator of the Small Business Administration shall report to the Committees on Small Business of the House of Representatives and the Senate within six months after the date of enactment of this title as to the advisability of amending the Small Business Innovation Research program to—

(1) increase each agency's share of research and development expenditures devoted to it by 0.25 per centum per year, until it is 3 per centum of the total extramural research and development funds, and targeting a portion of the increment at products with commercialization or export potential;

(2) make the Small Business Innovation Research Program permanent with a formal congressional review every ten years, beginning in 1993;

(3) allocate a modest but appropriate share of each agency's Small Business Innovation Research fund for administrative purposes for effective management, quality maintenance, and the elimination of program delays;

(4) determine annually that each agency is clearly in full compliance with the law and that Small Business Innovation Research Program funding is not being accompanied by parallel reductions in other small business programs; and

(5) create pooled solicitations once or twice a year of subjects submitted by agencies expending $20,000,000 to $100,000,000 in extramural research and development funds, to facilitate their involvement in the Small Business Innovation Research Program.

SEC. 1109. GLOBALIZATION OF PRODUCTION.

Within one year after the date of enactment of this title, the Administrator of the Small Business Administration shall submit a written report to the Committees on Small Business of the House of Representatives and the Senate, prepared by the Administration in cooperation with other relevant agencies, that would—

(1) analyze the effect of increased outsourcing and other shifts in production arrangements on small firms, particularly manufacturing firms, within the United States subcontractor tier;

(2) assess the impact of specific economic policies, including, but not limited to, procurement, tax and trade policies, in facilitating outsourcing and other internationalized production arrangements; and

(3) make recommendations as to changes in government policy that would improve the competitive position of small United

States subcontractors, including recommendations as to incentives which could be provided to larger corporations to maximize their use of United States subcontractors and assist these subcontractors in changing production and marketing strategies and in obtaining new business in domestic and foreign markets.

SEC. 1110. NATIONAL CONFERENCE ON SMALL BUSINESS EXPORTS.

(a) CONFERENCE.—The Administration shall conduct a National Conference on Small Business Exports during 1988 in order to develop recommendations designed to stimulate exports from small companies. The Speaker of the House of Representatives (in consultation with the minority leader of the House) and the majority leader of the Senate (in consultation with the minority leader of the Senate) each shall appoint 15 percent of the delegates to the Conference.

(b) ASSISTANCE BY EXPERTS.—For the purpose of ascertaining facts and developing policy recommendations concerning the expansion of United States exports from small companies, the Conference shall bring together individuals who are experts in the fields of international trade and small business development and representatives of small businesses, associations, the labor community, academic institutions, and Federal, State, and local governments.

(c) RECOMMENDATIONS CONCERNING UTILITY OF INTERNATIONAL SUMMIT.—The Conference shall specifically consider the utility of, and make recommendations regarding, a subsequent International Summit on Small Business and Trade that would—

(1) help develop a consensus regarding international and national institutional and policy changes necessary to build an international small business sector capable of long-term growth;

(2) help establish linkages between United States small business owners and small business owners in foreign countries;

(3) enable United States small business owners to learn how others organize themselves for exporting;

(4) permit others to learn how United States small businesses operate in the United States economic environment;

(5) provide small business participants the opportunity to better understand the development of international trade policy; and

(6) foster greater consideration of small business concerns in the GATT.

SEC. 1111. PROMULGATION OF REGULATIONS.

Notwithstanding any law, rule, or regulation, the Small Business Administration shall promulgate final regulations to carry out the provisions of sections 1106 and 1107 within six months after the date of the enactment of this title.

SEC. 1112. EFFECTIVE DATE.

Sections 1106 and 1107 shall become effective on October 1, 1987.

TITLE XII—PATENTED PROCESSES

SEC. 1201. SHORT TITLE.

This title may be cited as the "Process Patent Amendments Act of 1987".

SEC. 1202. RIGHTS OF OWNERS OF PATENTED PROCESSES.

Section 154 of title 35, United States Code, is amended by inserting after "United States", the following: "and, if the invention is a process, of the right to exclude others from using or selling throughout the United States, or importing into the United States, products made by that process".

SEC. 1203. INFRINGEMENT FOR IMPORTATION OR SALE.

Section 271 of title 35, United States Code, is amended by adding at the end the following new subsection:

"(g) Whoever without authority imports into the United States or sells or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

"(1) it is materially changed by subsequent processes; or

"(2) it becomes a minor or nonessential component of another product.".

SEC. 1204. DAMAGES FOR INFRINGEMENT.

(a) LIMITATIONS AND OTHER REMEDIES.—Section 287 of title 35, United States Code, is amended—

(1) in the section heading by striking "Limitation on damages" and inserting "Limitation on damages and other remedies";

(2) by inserting "(a)" before "Patentees"; and

(3) by adding at the end the following:

"(b)(1) An infringer under section 271(g) shall be subject to all the provisions of this title relating to damages and injunctions except to the extent those remedies are modified by this subsection or section 06 of the Process Patent Amendments Act of 1987. The modifications of remedies provided in this subsection shall not be available to any person who—

"(A) practiced the patented process;

"(B) owns or controls, or is owned or controlled by, the person who practiced the patented process; or

"(C) had knowledge before the infringement that a patented process was used to make the product the importation, use, or sale of which constitutes the infringement.

"(2) No remedies for infringement under section 271(g) of this title shall be available with respect to any product in the possession of, or in transit to, the infringer before the infringer had notice that the product was made by a process patented in the United States.

"(3) In an action brought for infringement under section 271(g), the court shall take into consideration the good faith and reasonable business practices demonstrated by the infringer and the need to restore the exclusive rights of the patentee.

"(4) For the purposes of this subsection, notice of infringement means actual knowledge, or receipt of notification, that a product was made by a patented process without authorization of the patentee. A notification shall constitute notice of infringement only if it is in writing and sets forth facts which are sufficient to establish that there is a substantial likelihood that the product was made by the infringing process. Filing an action for infringement shall constitute notice of infringement only if the pleadings or other papers filed in the action meet the requirements of a notification set forth in the preceding sentence. For the purposes of this subsection, a person who obtains a product made by a process patented in the United States in a quantity which is abnormally large in relation to the volume of business of such person or an efficient inventory level shall be rebuttably presumed to have actual knowledge that the product was made by such patented process.".

(b) TECHNICAL AMENDMENT.—The item relating to section 287 of title 35, United States Code, in the table of sections for chapter 29 of such title is amended to read as follows:

"287. Limitations on damages and other remedies; marking and notice.".

SEC. 1205. PRESUMPTION IN CERTAIN INFRINGEMENT ACTIONS.

(a) PRESUMPTION THAT PRODUCT MADE BY PATENTED PROCESS.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following:

"§ 295. Presumption: Product made by patented process

"In actions alleging infringement of a process patent based on the importation, sale, or use of a product which is made from a process patented in the United States, if the court finds—

"(1) that a substantial likelihood exists that the product was made by the patented process, and

"(2) that the claimant has made a reasonable effort to determine the process actually used in the production of the product and was unable so to determine,

the product shall be presumed to have been so made, and the burden of establishing that the product was not made by the process shall be on the party asserting that it was not so made.".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 29 of title 35, United States Code, is amended by adding after the item relating to section 294 the following:

"295. Presumption: Product made by patented process.".

SEC. 1206. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title shall apply only to products made or imported after the date of the enactment of this Act, but shall not abridge or affect the right of any person or any successor in business of such person to continue to use, sell, or import any specific product already in substantial and continuous sale or use by such person in the United States on January 1, 1987, or for which substantial preparation by such person for such sale or use was made before such date, to the extent equitable for the protection of commercial investments made or business commenced in the United States before such date.

(b) RETENTION OF OTHER REMEDIES.—The amendments made by this title shall not deprive a patent owner of any remedies available under subsections (a) through (f) of section 271 of title 35, United States Code, under section 337 of the Tariff Act of 1930, or under any other provision of law.

SEC. 1207. REPORTS TO CONGRESS.

(a) CONTENTS.—The Secretary of Commerce shall, not later than the end of each 1-year period described in subsection (b), report to the Congress on the effect of the amendments made by this title on the importation of ingredients to be used for manufacturing products in the United States in those domestic industries that submit complaints to the Department of Commerce, during that 1-year period, alleging that their legitimate sources of supply have been adversely affected by the amendments made by this title.

(b) WHEN SUBMITTED.—A report described in subsection (a) shall be submitted with respect to each of the five 1-year periods which occur successively beginning on the date of the enactment of this Act and ending five years after that date.

The CHAIRMAN. Under the rule, the gentleman from Illinois [Mr. MICHEL] will be recognized for 30 minutes and a Member opposed will be recognized for 30 minutes.

The Chair recognizes the distinguished gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Chairman, I yield myself 4 minutes.

Let me begin by praising the work of those who put together the bill that emerged from the various committees. I made mention earlier on when the Speaker and I met, the Speaker indicated that one of the primary pieces of legislation he would like to have the House adopt would be a trade bill and asked us to participate in the process. That has taken place, and in good faith.

I am very pleased and happy, particularly with the Flagship Committee, the Ways and Means Committee, that came out with what truly was a bipartisan approach during the course of the deliberations of the Ways and Means Committee.

We also had considerable agreement on several of the other committees; however, there are some objectionable items in the overall measure that I seek in my substitute to delete.

No. 1, of course, is the fact that now having adopted the Gephardt amendment in its purest form makes it an ideal target for the administration or the President certainly to veto the legislation.

I have been proceeding under the proposition all along that what we were aiming for here was something that would ultimately be signed into law, because it is one thing to fence and hem and haw and yell at our trading partners, but it is another thing to rationally sit down with Members on both sides of the aisle and come to some agreement that frankly not only was agreed upon by the two parties here, but after consideration on the other side of the Capitol, ultimately to pass muster at the Presidential level.

Aside from the Gephardt amendment which, of course, our substitute does not include, we do include, the very positive parts of that amendment as incorporated in the Ways and Means Committee proposal.

Second, the Bryant amendment from the Commerce Committee has been deleted from our substitute. We have also deleted the entire banking section of the bill as being far too onerous to pass muster. Finally, the Buy America provision from the Government Operations Committee has also been deleted in our substitute.

So if I might in capsule simply say that what we have here now is a package put together in a very bipartisan way that, in my opinion, does not have the automatic support of the administration downtown, because frankly several of the provisions that we have incorporated in our measure are somewhat objectionable to the folks downtown. Maybe between now and the time of an ultimate decision we can persuade the folks in the administration that some of these provisions are not all that bad.

Frankly, when you take the whole measure into account, there ought to be some bending here and a little more conciliatory attitude on their part to accept some of the things we have done; but on balance, I have to commend those who worked so hard in putting our substitute package together.

So, Mr. Chairman, I am going to yield to other Members who might like to speak both for and against our substitute, and reserve the balance of our time.

The CHAIRMAN. The Chair will inquire whether any Member opposed to the gentleman's amendment seeks to control time in opposition to the amendment.

Mr. FOLEY. Mr. Chairman, I would reserve time on this side. I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Washington is recognized for 30 minutes.

Mr. FOLEY. Mr. Chairman, I think there are more speakers waiting on the other side.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. LENT].

□ 1300

Mr. LENT. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the Republican substitute that has been offered to H.R. 3, the Trade and International Policy Reform Act of 1987.

I must admit, it is with much disappointment that I am supporting the Republican substitute. It was stated during general debate on H.R. 3 that a substitute would only be offered if the bipartisan effort broke down. I was hopeful that the bipartisan process would flow completely through the consideration of this trade legislation.

The United States is facing a serious trade problem. U.S. industries face closed markets overseas while imports enter the United States unfairly. As a result, the United States faced a $164 billion trade deficit last year. This situation shows no sign of improvement. Almost every month the United States sets a new record trade deficit. These figures are not abstract—they represent industries which are stagnating or shrinking, jobs which are lost, and investments in new plants and equipment which are made overseas rather than at home.

Congress can no longer stand by and watch American jobs being lost as U.S. manufacturers move overseas or go out of business. Effective action must be taken. That is why I joined both last Congress and this Congress a bipartisan effort by the Energy and Commerce Committee in reporting effective legislation. Last Congress, however, we all are aware that during consideration of the legislation on the floor the bipartisan process broke down. The result was no meaningful assistance to struggling U.S. industries and workers. I would hate to see history repeat itself.

That is why I am supporting the Republican substitute. The substitute contains only the true bipartisan agreements that have been reached. Therefore, it strikes the Banking Committee title; the Government Operations Buy American Act title, and section 703—the Bryant amendment. The substitute contains the bipartisan trade surplus provision that was contained in the original committee print.

The only way effective, strong, well balanced trade legislation will pass this year is through bipartisan efforts. That is what this substitute represents.

I urge my colleagues to return to cooperation and compromise and provide relief to American businesses and workers by supporting the Republican substitute.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. GRANDY].

Mr. GRANDY. Mr. Chairman, yesterday in this body the gentleman from Missouri rose and eloquently asked us to support his amendment to H.R. 3, and he said, "What I want to ask you to do is think about the interests of the people that live in your district."

Mr. Chairman, I did that, and today I rise in full support of the Michel substitute, because the predominant interest of the people in northern and northwest Iowa is agriculture, and thus far the voice of agriculture has not been heard in this debate.

Let me be a little more specific. Right now this bill primarily targets four countries—Taiwan, Korea, Japan, and West Germany—which accounted in 1985 and 1986 for over 32 percent of all the U.S. farm export sales.

What we are doing with this bill is pitting one sector of the economy against the other—pitting the farmers against the laborers. The supposed purpose of the Gephardt provision is to open up foreign markets. However, what it will do is force hostile retaliation from our trading partners.

The Gephardt amendment puts U.S. trade on a one-way street going in the wrong direction. We do need a tough trade policy, but with the Ways and Means provisions, we already have it. With this amendment we are asking for disastrous results.

The Gephardt provisions are not going to open up foreign markets, they are going to send a hidden messsage to Americans saying that we are going to stop agriculture exports.

Let me be a little bit more specific about this right now, Mr. Chairman. Currently people who are representing interests that produce and process soybeans in this country are very worried about an arrangement that the European Common Market is currently entering into that would make a 90-percent tariff and tax against U.S. soybean products. The only country that has not participated in that agreement is Germany. The Economic Minister of Germany has publicly stated that with the Gephardt amendment, the Germans are inclined to enter into this agreement and consequently reduce the amount of soybean exports to the United States.

The Gephardt amendment forces U.S. agriculture exports to be stopped, to force this Congress to adopt—the only choice it will have will be to adopt a mandatory supply management policy for American agriculture.

Now there is a lot of talk in this body about this not being a trade bill, this being a jobs bill, and I would agree with every Member who feels that way. But it has been calculated by the U.S. Department of Agriculture that for every billion dollars of retaliation, 30,000 jobs are lost. I would argue that a job saved in the city versus a job lost in the country is still a net gain of zero.

Finally, just let me say, to reiterate something that Mr. GEPHARDT said yesterday, and again very eloquently, he said that 80 percent of our problem is our own failing, it is our own inability to make good products, it is our own inability to produce goods of high enough quality and low enough price.

Mr. Chairman, the quality of our agriculture products is high, and we all know that the price is low. The time is right to sell; the legislation is wrong.

I urge my colleagues to support the Michel substitute.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee [Mr. SUNDQUIST].

Mr. SUNDQUIST. Mr. Chairman, today we have before this body a very special and historical opportunity to pass a bipartisan trade bill. H.R. 2150 is a bipartisan substitute to the Gephardt-amended H.R. 3—it is not a Republican substitute. H.R. 2150 simply strikes the partisan elements of H.R. 3 and makes the trade bill neutral of all politics.

Yesterday's vote on the Gephardt amendment only proved one thing: That there is clear divisiveness on this amendment—which only passed by four votes. This divisiveness transcends political parties—look at the number of Democrats that voted against Gephardt: 55.

We have before us an opportunity to strike the divisive elements of H.R. 3—an opportunity to pass a politics-neutral trade bill—an opportunity to prove to the citizens of this great land that this body has the courage to overcome politics for a much higher goal—the good of our Nation.

Let's put our priorities straight this one time and report out a bill that puts politics aside. Let's think first of preserving American industry, agriculture, jobs—and American lives. Let's guarantee a trade bill this year—a trade bill that is so desperately needed—by voting to strike the political elements of H.R. 3.

Please don't forget that when the Ways and Means Committee, and all the other committees, began the process of putting H.R. 3 together—the intent was bipartisanship. Truly, H.R. 2150 is the bipartisan substitute. H.R. 2150 represents the very best of H.R. 3—and merely takes out the divisive elements.

Mr. Chairman, let us take advantage of this great and unique opportunity to have unity on a policy issue. Let us go to the American people with a clear conscience that we have passed honestly good and responsible legislation.

Further, let us go to our trading partners—not as a group of divided policy makers—but a strong, unified front against unfair foreign trade practices—as a unified front representing the greatest country, the greatest ingenuity and the greatest industrial power in the world.

I invite you to vote for this bipartisan substitute—to stand united—and not divided over a few politically motivated amendments. Vote for a bill we can all stand behind—a bill that will show our trading partners the greatest strength of all—unity.

Mr. FOLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, I would like to start out by saying that in my opinion this vote may be the most important vote that we cast this year.

For some Members—although they look back and forth at each other now—for some Members and their districts this may be the most important vote that they cast in their entire careers. In fact, I liken the United States today to Dodge City, and the U.S. House of Representatives to the OK Corral. The fight is on today on the budget deficits, because the budget deficits cannot be separated from America's great trade deficits.

□ 1410

And the trade deficit can be dealt with today by affirming the position of this House that we will not be the weak sisters on the block internationally any longer.

Probably no Member has more respect in this House than the gentleman from Illinois [Mr. MICHEL], the minority leader. I am a Democrat, that is true, and I may not support the gentleman on many occasions. But I would say that most of the Members on this side of the aisle have the greatest and overwhelming respect for maybe one of the greatest minority leaders ever in this House. But maybe the gentleman from Illinois is taking the battle of his side of the aisle too much on his own shoulders today.

To pass the gentleman's amendment would be to weaken a bill that has met the scrutiny and tremendous debate of this House. It would weaken the legislative remedy that the House is fashioning. Let there be no mistake about that.

Any attempt to denigrate the legislation that has been formed through hours of great debate, maybe the greatest hour this House has had, would be foolish.

So I am saying we do not work for the railroad, but let us send a signal. Let us send a message today, and let us send it to the Nation. Even though Members on our side of the aisle may disagree, America will not be ripped off any longer and we are not going to water down a bill that we have debated here so eloquently.

Let us defeat the Michel amendment. Let us let stand a legislative act in this body that will help America and help our children, and for those of my colleagues who talked about lost jobs, I have the patent on it.

The trade policies of America are an indictment not only to your President, our President now, Mr. Reagan, but to others that preceded him. Let us stand together today and let us defeat the Michel amendment. Let us continue to support the Gephardt amendment in conference, and let us help our country turn around these trade deficits.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. HOUGHTON].

Mr. HOUGHTON. Mr. Chairman, I thank the gentleman from Illinois for yielding me this time.

Mr. Chairman, I have done a little figuring and we have had 13 amendments since we started the discussion on Tuesday. We have had 20 hours of debate, and we have had over 300 speeches, so it seems to me that we probably do not need another speech on the philosophy of trade from this Member from New York. We know the United States is not an island. We know we live in a world which exists on an exchange of goods, $2 trillion to be exact at the last count, so let me focus on the Republican alternative not because it is a Republican bill but because it really echoes the essence of the bill that came out of the Committee on Ways and Means.

I speak as a Member of this House, but what I say really comes from my background as a former businessman. The previous speaker may indicate that this is a weakening of the bill. It may be a weakening from a legislative and a legal standpoint, but it is not from an economic standpoint.

I have lived and breathed in the world of international trade for 35 years, and it seems to me that we are facing three broad themes which have been the subject of much reflection, and also has been through the House once last year.

The first is the transfer of authority to the USTR. Trade is not given proper emphasis. It has not been since World War II.

A Cabinet officer should be accountable and should not be a figurehead.

The second is in terms of the import relief provisions, commonly known as section 201, the escape clause. This is to help industry help itself and be more competitive. It is important; it is timely, and it is practical.

The third is to stop targeting. There is a section called 301 which needs to be made mandatory rather than optional. It is extremely important.

Those are the things which are critical, as far as I am concerned, vis-a-vis the trade issue.

Is our law going to cure the trade deficit? No, but it will help

What we produce today should not only be a signal to the rest of the world, but a positive document, not a vice on foreign trade. It is an enabling document to those who want to increase the $220 billion we already have in exports today.

Our job is not to threaten; no one gets business by threatening its customers. Our job is to tell our customers, We want your business. We want to sell in your country, but we must have reasonable, fair rules—if you sell here.

If that is the case, then the great competitive spirit of this country is going to take over, and we will win the day.

Mr. MICHEL. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. Lagomarsino].

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I urge my colleagues to support the Michel substitute which will expand U.S. exports and lower our trade deficit. The Michel substitute incorporates the best provisions of H.R. 3 but deletes those sections of the bill that are likely to reduce international trade and invoke a Presidential veto. H.R. 2150 imposes strict negotiating objectives on the administration but protects Presidential prerogatives in negotiating to lower our trade deficit. The Michel substitute contains the Ways and Means Committee compromise but rejects the Gephardt amendment which would severely damage our economy, reduce our international competitiveness, and embroil us in trade conflicts with our trading partners.

Mr. Chairman, the Michel substitute excludes the Bryant provision which imposes inflexible and burdensome reporting requirements on foreign investors in the United States. This provision has the potential to discourage foreign investment, jobs, and new technology that such added capital investments bring. The Michel substitute excludes the provision in H.R. 3 which would establish an industry adjustment advisory group to make industrial policy recommendations as part of section 201 cases. In this time of fiscal restraint we do not need a new bureaucracy with a large budget to gather and disseminate information. That is already performed by many advisory bodies.

I strongly encourage my colleagues on both sides of the aisle to support the Michel substitute.

Mr. FOLEY. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New Jersey [Mr. Hughes].

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, yesterday's debate was one of the finest I have seen in my some 12½ years I have been in Congress. While I did not support the Gephardt amendment, I thought he probably made one of the most eloquent speeches that I had heard since serving in this body, and I regret that I was on the other side of my good friend and eloquent colleague from Missouri.

I oppose the Michel amendment, because I view Michel really as much more of the same. It does much more than eliminate Gephardt. While I regretted that Gephardt carried, I am going to support the bill in final passage, because there are so many good things in this legislation, so many things that are needed, and I have lost many industries in my district, like my colleague from Illinois has.

I think that the status quo, what we have seen for so many years, is just today unacceptable. We see our industries destroyed one after another by dumping and all kinds of unfair trade practices, and a bill that came out of the committee was a finely tuned, well-balanced piece of legislation.

We have to send a very strong signal to our trading partners that we in fact do want to work on a level playing field, that we want them to treat us as a trading partner like we have treated them. We do not always receive that kind of treatment in the the world. Unfortunately, I think that the Michel amendment represents a retreat. It takes out important banking sections in the bill, Government procurement sections, and in essence it does a great deal of damage.

I would urge my colleagues not to support Michel and support the bill on final passage.

Whether you voted for Gephardt or not, I have no doubt that in the other body we are going to get something that is a lot more balanced, in any event, and that is the approach we should take.

It is a strong signal by supporting the legislation we have before us in defeating Michel.

Mr. FOLEY. Mr. Chairman, may I inquire how much time we have remaining?

The CHAIRMAN. The gentleman from Washington [Mr. Foley] has 25 minutes remaining; the gentleman from Illinois [Mr. Michel] has 15 minutes remaining.

Mr. FOLEY. Mr. Chairman, I reserve the balance of my time.

Mr. MICHEL. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. Wylie].

Mr. WYLIE. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of the Michel substitute. Because of the $170 billion trade deficit last year, and the impact of certain trade practices by other countries on our industries, there is a lot of public pressure for trading legislation.

The problem is more acute in other districts than it is in my own, and yet I get a lot of mail and a lot of talk about quotas, tariffs, in favor of mandatory retaliation.

□ 1420

The Committee on Ways and Means came up with a good bipartisan approach which I supported. I think the Gephardt amendment politically polarized the issue.

Other committees came up with a reasonable bipartisan approach. The Banking Committee did not.

Chairman Volcker, Treasury Secretary Jim Baker, Deputy Secretary of State John Whitehead all said to the Speaker that the international debt facility to buy bad bank loans from other countries and remarket them in an international secondary market is not a good idea. The proposal left more questions than it answered.

Who is going to put up the money for this new international bank? And how much? Also included in the banking title is the Competitive Council. It started out as a council to centrally manage trade practices, to pick prospective winners and losers in the international trade market.

Now it calls for an advisory council to be appointed by the President which is duplicative and costs money.

Another provision mandates a competitive exchange rate for the dollar indexed to all appropriate currencies. The dollar is still the reserve currency of most countries. Why should its value be tied to the currency of other countries?

As I said, the banking title leaves more questions than it answers.

Some of these questions are, how much is the international debt facility going to cost? Who is going to pay for it? Do we want the U.S. taxpayer to put up money for bailing out not only U.S. banks but European banks and Japanese banks? Why should the U.S. Congress be asking the taxpayers of the United States to bail out the profligate countries and banks which have borrowed and lent beyond sound limits? There are simply too many questions, Mr. Chairman, to be answered about this internationl debt bail-out facility to make it a requirement in this bill. I urge support of the Michel substitute which gets rid of this new international bureaucracy.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. Coats].

Mr. COATS. Mr. Chairman, I am one of those Members who had deeply hoped that we would have a bipartisan trade bill with which we could send not only a signal, but a bill that had every chance of achieving Senate support and Executive support and would become law so that we could bring about the needed trade reforms that are necessary in our country's policies.

I am disappointed that I am even here talking about the need to support the Michel amendment because had the amendment process worked in this past day and a half we would have before us a truly bipartisan bill.

The inclusion of the banking provision and inclusion of the Gephardt amendment destroys that bipartisanship, jeopardizes the nature of the trade bill and makes it one that is much more of a political document than an effective document designed to bring about needed trade reforms, and improve the balance of trade and bring jobs to American workers.

Now, many have said, "Well, the Senate will hopefully clean it up." And I hope that is the case. I hope when this process is done we can have a piece of legislation which we can support in a bipartisan way which will bring about those trade reforms so important to the American economy and to the American worker.

But I deeply regret that this body has chosen not to bring about those reforms on this floor and not to send forth a document that has clear support from both sides of the aisle.

The gentleman from Illinois [Mr. Rostenkowski], Democrat, presented an eloquent defense and argument in favor of the committee position as opposed to the Gephardt position.

I think the arguments that he made testifies to where we ought to be going with this bill. The closeness of that vote, failing by only 4 votes, hopefully will bode well for us bringing back a package here that we can all support. I urge my colleagues not to support the Michel amendment which brings about that piece of legislation that we can all stand behind and would hope that we could have a favorable vote on that in the minutes ahead.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Mr. DeLay].

Mr. DeLAY. Mr. Speaker, most of the arguments have been made for and against the committee bill with the Gephardt amendment in it. I just say to my Members that if you will not listen to economic law or economic history or even common sense, then maybe you will listen to news from the real world. I would like to give you a preview of what happened yesterday as a result, at the same time this House passed the Gephardt amendment. I quote from the Wall Street Journal, headline: "Stocks Give Up Half Their Gains After Gephardt Measure Is Passed." Headline: "Dollar Declines On House Vote On Trade Bill."

I would like to take a couple of quotes from these articles:

> The narrow passage of the House of an amendment to a trade bill, which mandates reduction of other nations' large trade surpluses with the United States sent a shudder through all the financial markets. The bond market and the dollar reacted even more violently to passage of the bill, crumbling after news of the amendment, sponsored by Represenative Richard A. Gephardt (D. MO)—

Circulated through the markets.

The dollar fell sharply late yesterday afternoon after the House approved a trade provision widely viewed as protectionist. Trading was listless yesterday until the House vote. Then "it got wild and hectic."

For those of you who voted for the Gephardt amendment just to send a message, your message has been received. Now, let us bring a little reasonableness back to this House. Let us send a message to the world that Gephardt is an insane amendment, that this House can pass commonsense type legislation.

Let us support the substitute by the minority leader, Mr. Michel.

Mr. MICHEL. Mr. Chairman, I yield 1 minute to the gentleman from New Hampshire [Mr. Gregg].

Mr. GREGG. I thank the gentleman. I would just point out trade legislation is not a game of dressup. This is real politics. Members should make a distinction here as to whether or not they wish to pass a political bill or whether they wish to pass a substantive bill.

The question is whether or not we are going to move forward in an attempt to address trade in a manner which is constructive or in a manner which is elective.

In my opinion we have a reasonable choice here. This is a bipartisan amendment proposed by the Congressman, Mr. Michel, and an amendment which sees great opportunity for redressing the very serious trade deficit which we now face.

Mr. MICHEL. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. Schulze].

Mr. SCHULZE. I thank the gentleman for yielding time to me, I would like to pay tribute to his leadership in the effort to craft this substitute.

Mr. Chairman, I rise in support of the Republican substitute.

The Republican substitute is similar to H.R. 3 except in key areas where it makes improvements.

The most important difference in the Republican substitute is that it excludes the Gephardt amendment. Yesterday's debate outlined very clearly the serious problems that the Gephardt amendment will create. Outside of the faulty reasoning behind the amendment and the economic harm it will cause overall, the worst part about it is that it may mean we will fail to pass a trade bill this year and if we do, it will likely be vetoed.

The Republican substitute keeps intact the original Ways and Means titles, which demonstrates the wide bipartisanship for them. However, other committees did not craft their sections of H.R. 3 in the same responsible spirit that Ways and Means did.

For example, the Banking Committee's section of the H.R. 3 was not supported by most of the minority members on the committee and includes provisions that will be detrimental to our economic well-being. This section, which would bail out banks that made loans to Third World countries would only end up costing the taxpayer billions and fueling our already highly gassed budget deficit. The exchange rate provisions would cause dangerous speculation in capital markets and unrealistically rely on exchange rates to remedy the trade deficit. The Republican substitute has deleted such irrational provisions.

The substitute has also deleted a section of H.R. 3 that would erect barriers to foreign investment. The timing and reasoning behind such a provision is unwise, especially at a time when we are actively going after these exact barriers overseas. We have long urged for national treatment in the area of foreign investment and we should not now be making an about face.

The guiding force behind these and other changes made to H.R. 3 as contained in the Republican substitute only attempt to improve the trade bill in a bipartisan and responsible fashion. Let's pass a trade bill which will knock down trade barriers everywhere and demonstrate our heightened capacity to be the No. 1 economic leader worldwide.

I urge my colleagues to support the Republican substitute.

Mr. MICHEL. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. Crane].

Mr. CRANE. Mr. Chairman, I think we are at the moment of truth when we are going to decide whether this body indeed wants any kind of trade reform. The fact of the matter is the Michel substitute preserves the most bipartisan input in this bill and that is what was achieved by our distinguished chairman of the Committee on Ways and Means, Dan Rostenkowski. That portion of the bill remains intact in the Michel substitute. The more partisan consideration, whether it is the Gephardt amendment, the Buy American provision, or the banking provision. Our colleague, the ranking Republican on the Banking Committee noted, "Do we want, at some future time, American taxpayers bailing out European banks as well as American banks?"

With regard to the Gephardt amendment, we know that this is calculated to trigger mirror legislation because our trading partners have already informed us thus. Thus we are condemning ourselves in perpetuity to running trade deficits. We must anticipate the time will come when we will be producing trade surpluses again and we can get the same treatment. We have asked for it if we include that Gephardt sledgehammer in the bill.

In addition, the banking provision is probably the most protectionist, jingoistic feature of this bill. It is an unconscionable thing, especially when there are so many Members in this body concerned with military procurement, trying to hold down the defense costs as a percentage of our budget.

So I would urge all of my colleagues to recognize that unless we support the Michel amendment as a reasonable kind of compromise, you can forget about trade legislation this year because the fact is the votes are here to sustain a veto, and a veto has been promised if the Gephardt amendment remains in it.

Mr. FOLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. Volkmer].

□ 1430

Mr. VOLKMER. Mr. Chairman, I rise in strong opposition to the substitute from my good friend, the gentleman from Illinois [Mr. Michel]. If we follow the lead of the gentleman from Illinois, who has seen detrimental effects in his district to imports, we would just be carrying on the same thing that we have been doing for the last 4 and 5 years.

We continue to see both our manufacturing concerns and our agriculture producers being impeded by restrictions in other countries to their products being sold in other countries that now come into this country and sell freely, but will not permit our products to be sold in their countries.

I have heard here that the Gephardt amendment would have dire effects on the economy. No, it is just the opposite. What it says is that you, whatever country you are that are presently freely trading in this country, but will not permit our products to be sold in your country, you have to make a decision, and that decision is yours, not this country's. That decision is that if you want to continue to sell freely in this country, you are going to have to open up your borders to our products.

That is all that it basically says. It is a decision that they have to make. Why should they not make it? Why should a plant in my district that 3 years ago had 600 people working for it, making the best silicon in the world, and they tried to sell in other countries better product than they have, cheaper than they have, but they could not sell because the other country said no. Today, that plant only has about 300 people working for it.

Why do the other countries not open their borders to our products? Yes, and it is agricultural products.

I have heard that this bill is bad for agriculture. Why do not other countries let us sell beef in their country? Why do they not let us sell plywood in their country? We can make plywoods cheaper and better than many other countries, but they will not let us sell it there.

We can produce, freeze, ship our choice beef to these other countries, but they say they will not let it within their borders. But they will sell billions of dollars worth of products in this country.

The Gephardt amendment stops that. It says, you open up your borders to our products if you want to sell in this country. You make the decision. It imposes no restrictions on other countries selling into this country as long as they abide by the same rules of fair play that we do.

All we are asking for is a plain, level playing field. Everybody play by the same rules. Everybody open up their borders and we will see who can compete.

My farmers can compete with any farmer in the world. My manufacturing concerns, in most instances, can compete, but they cannot compete if the other country will not let them sell. They stop it right at the border and say, "You do not even have a chance. No sense in sending any salesmen in here, we are not going to buy."

Secretary Lyng just returned from one of those countries, spent a week there. That country said, "We are not going to buy any more of your agricultural products. We are not going to open up our borders to your products because it will hurt our farmers. We are not going to let you sell any more beef here; we are not going to let you sell one grain of rice, no plywood, no more citrus," but they sell billions and billions and billions of dollars worth of products in this country.

I say let us defeat the Michel amendment; let us adopt the trade bill and let us get on with fair trade.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. Coyne].

Mr. COYNE. Mr. Chairman, I rise in support of H.R. 3.

Mr. Chairman, who among us today would deny that this is a critical time for U.S. trade. We have a staggering trade deficit and so far it has resisted our best attempts to reverse this trend. We have, however, a great opportunity this week to take a giant step in the right direction. We have before us a bill that provides real solutions to seemingly impossible problems.

How bad is the problem? Well, consider some of the following facts about U.S. trade:

In 1950, the United States produced about 40 percent of the world's goods and services. By 1980, that percentage had fallen by nearly half to 22 percent.

In 1986, the United States lost its log-held position as the world's largest exporter to West Germany. And, now our hold on second place is precarious as well.

In 1980 when this administration took office, the U.S. trade deficit stood at $40 billion. In 1986, the trade deficit topped out at $170 billion. The trade deficit now represents a staggering and unprecedented 4 percent of the country's GNP.

In 1986, the United States ran a trade deficit in high technology products and services for the first time. High technology had long been expected to be the anchor of our economic future, but our leadership in that area is threatened.

Between 1979 and 1982, U.S. exports to Latin America slumped by more than $3 billion, while imports from that region shot up by more than $9 billion.

Clearly, the numbers provide a sobering, almost depressing, assessment of this Nation's dramatic fall from prominence in the international marketplace. The experts say that this year we can expect to trim some $30 billion to $40 billion from last year's record trade deficit. I am not at all convinced that under the present trade policies we can achieve that goal.

In dealing with our major trading partners we have tried gentle persuasion. We have tried negotiation. We have tried sanctions and we have tried public pressure. Still the problems persist.

In dealing with American industry we have tried revamping the tax system. We have provided incentives to industry to spur innovation. We have devoted millions of dollars to industrial research and development. And, further this administration has gone the extra mile to ease what they perceive to be restrictive regulations on business. And yet the trade deficit continues to grow. Many of my constituents want to know what else is left for us to do.

My answer is that we should pass this trade bill. The provisions in the bill would provide all of the tools we need to strengthen America's hand against unfair trade practices and start on the road toward reducing this enormous trade deficit. The bill establishes new procedures that will ensure fair and consistent enforcement of our trade laws without erecting protectionist barriers against any products from any nation.

One of the most important steps mandated by this legislation is the transfer of authority from the President to the Trade Representative for determining whether a foreign trade practice is unfair, and to determine and implement any remedial actions deemed appropriate. By enhancing the role of the Trade Representative as a Cabinet-level official, this provision would not weaken the hand of the President in setting trade policy, but rather it would strengthen the negotiating ability and the credibility of the Trade Representative. In any event, the President would always retain the power to direct the Trade Representative on what, if any, remedial actions to take.

This bill would also attempt to place the United States on more equal footing with those nations which do not have minimum wage and labor standards for their workers. Any nation failing to permit collective bargaining, set a minimum age for child workers or that engages in compulsory or forced practices would be considered as using unfair trade practices and subject to some type of U.S. sanction. Thousands of American workers have been displaced by products produced in nations where workers are paid a fraction of the wage earned by U.S. workers.

In cases where workers are displaced by the types of unfair trade practices I have just mentioned, the bill takes a giant step toward ensuring we keep our best workers on the job. The bill sets up a system that would give workers displaced by imports a $4,000 voucher they could use for retaining and, if necessary, relocation, to areas with jobs. This is a sensible approach to the problem of displaced workers and gives them short-term income assistance at a small cost to the Government. In exchange we will retain our best workers and build a workforce for tomorrow's industries.

With this bill we are drawing a comprehensive road map for trade policy well into the next decade; a policy that recognizes the obligation and responsibility of the Federal Government to protect the rights of its workers and its industries against unfair foreign competition. This bill, is not, as many are changing, protectionist legislation. On the contrary H.R. 3 is a blueprint for expansion, and it will create far more opportunities for growth, economic prosperity and guarantee a stable industrial and agricultural base while promoting a competitive international economy. I urge my colleagues to approve this historic trade legislation.

Mr. FOLEY. Mr. Chairman, I rise again in opposition to the Michel amendment, and I yield back the balance of my time.

Mr. MICHEL. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. LEWIS], the cochairman of our Task Force on Trade, who developed, in no small measure, the ingredients of our substitute.

Mr. LEWIS of California. Mr. Chairman, I rise today with some considerable mixed emotion, for it was early in this legislative process that the gentleman from Illinois [Mr. MICHEL] called upon me and the Republican Research Committee to form a task force in an effort to respond to Speaker JIM WRIGHT's call for a bipartisan effort to deal with the problem of trade, particularly the problem of our trade imbalance, to attempt to shape and measure how we could change the law to impact in a positive way the difficulty we were facing in the world marketplace.

We began a series of meetings that have now carried on for some couple of months, bringing our ranking members from the various committees that are involved together regularly, bringing other Members of the House who have specific input and expertise to provide, hammering out title-by-title where we had agreement with the administration's position, where we had agreement with major players on the majority side of the aisle, and indeed, where we had a good deal of communication with the other body as well.

Particularly, I would like to point to the work that was done by the Committee on Ways and Means. The members of that committee, on both sides, went a long, long way towards hammering out one of the finest compromises I have even seen develop in this House.

There were people who come from extreme positions; some who also would admit they are in the business of building walls; people who believe that there should be no limitation at all in any country either way relative to trade. They began to talk to one another, and the language fashioned by that committee in those pertinent titles was very important to the work that we are about today.

Then we came to the floor, and after serious debate, yesterday, by a very marginal vote, four votes, we passed that which some have called the Smoot-Hawley-Gephardt, an amendment that violates that bipartisan effort in my judgment, an amendment that builds in automatic penalties that could take us down the road toward trade war in the world.

We have had some experience with that sort of public policy in the past and those who know the history of our economy know we cannot afford to return that trip down that path.

Indeed, the vote was very close, but most important, it demonstrated that if we are going to get a package that is acceptable to both House and acceptable to the administration, we cannot tolerate that language.

There are other elements of the bill that have been discussed extensively. Language with the energy sections and the banking sections that dramatically impacts public policy in terms of free trade and in terms of our ability to sustain our own economy. We must have changes in those sections if the bill is going to be acceptable.

One element that I think the American public ought to be aware of is the establishment of kind of a World Bank entity that would buy down some of the debt in developing countries, relieve those countries of debt on the one hand, but some have suggested buy off bankers who have made bad political decisions in the past, and do so by way of the taxpayers' support.

Major changes are needed. We are on the edge of successful bipartisan work here.

I would urge the House to realize how important that close vote was yesterday. Compromise is ahead of us. If we use our good instincts in terms of good public policy, we are going to get a trade bill to the President's desk that not only will be signed, but which will be good for our economy and the free world as well.

Mr. MICHEL. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I simply take this opportunity to thank, No. 1, the distinguished Speaker for the opportunity accorded the minority in the consideration of this measure. I think our original agreement was pretty much agreed to from the standpoint of permitting the minority to be players in the consideration of this legislation.

□ 1440

I must confess that I do have regrets that by a very, very narrow margin we included the Gephardt amendment. I would like to think that it might be possible for several of those Members to have second thoughts so that we might yet turn that around.

Be that as it may, despite the fact that I can read the tea leaves around here, I still felt it was our obligation and responsibility to offer this substitute in good faith to minimize the onerous provisions that were so well pointed out by the gentleman from California and that might very well serve as the lightning rod for an ultimate veto.

We are not at all sure what the other body might do with this piece of trade legislation. I want a trade bill. I think all the players involved here want some kind of trade legislation. That is the way we have proceeded on this side of the aisle, and that is the reason for our having submitted the substitute, to make certain that we have that much better leg up in finally getting something the President himself will sign.

Mr. Chairman, having made those comments, I prefer going on to a vote and finalizing the amendment.

Mr. SCHAEFER. Mr. Chairman, I wish to express my support for H.R. 2150, the substitute trade bill. H.R. 3 represents a broad, bipartisan effort to deal with our massive trade deficit. However, it contains a number of provisions that would harm this effort. This substitute trade bill, which I am proud to cosponsor, keeps the best of the bipartisan effort, but deletes the harmful provisions.

The Buy American provision of H.R. 3 would limit foreign competition in the Federal procurement process. We already have such a measure on the books, and this would merely complicate current efforts to open foreign markets. Further changes may create a backlash against American firms, and would force the closure of U.S. procurement markets.

Moreover, I believe the Bryant provision would restrict foreign investments and ownership within this country. The Commerce Department already monitors foreign investments, and by further restricting them, we invite other countries to restrict our investments abroad. Foreign investments build new plants and provide new jobs by providing the necessary capital, and we certainly cannot afford to discourage capital formation at this time.

Finally, I oppose the banking provisions included in H.R. 3. These would develop an international debt facility to restructure loans for developing countries. This would increase Federal spending in the Third World, while at the same time weaken our banks holding these loans.

A trade bill without these provisions is a strong message to our trading partners that we are serious in addressing our trade deficit. Let us keep the best of our trade proposals, and reject the harmful elements. I urge my colleagues to support this substitute trade bill.

Mr. INHOFE. Mr. Chairman, I rise in support of the Michel substitute. Unless the Michel substitute is approved, this Chamber is in grave danger of doing more to exacerbate long-term difficulties than to reduce the trade deficit.

Much of the debate this week has reflected a "feel good" approach to a serious situation that will do little to address the causes of the trade deficit. Too often, Members have played down or totally ignored some inescapable facts:

First, we are part of an international trading system, and we cannot retreat into isolationism and protectionism without great cost in jobs and economic productivity.

Second, reduction of the trade deficit requires reduction of the budget deficit, and yet we are considering legislation that will both add several billion dollars to the budget deficit and worsen current trade problems.

Third, there are no "quick fix" solutions to the trade deficit—its causes and consequences are much too complex to lend themselves to easy answers.

Instead of indulging in political grandstanding, we should be working on a responsible long-term policy that encourages the opening of foreign markets, the reduction of barriers, and the marketing of exports. Many of the provisions of the Ways and Means trade bill, which is the core of the Michel substitute, promote these goals. It needs some more work, but it is far better than the Gephardt-amended trade bill.

I urge my colleagues to think again about the trade bill as it now stands. Think about the likely consequences for agriculture, the prime target for early retaliatory measures. Consider the fact that every $1 billion in U.S. agricultural exports supports 25,000 U.S. jobs and $1.4 billion in economic activity. Think about the people who are dependent on these exports for their livelihood. The Gephardt amendment is particularly worrisome because it would target countries that buy nearly one-third of all U.S. farm exports and nearly one-quarter of all U.S. wheat exports.

Our farmers simply cannot withstand the probable consequences of the Gephardt amendment. In Oklahoma, where agriculture is our number one industry, our economy is already battered and our farmers are hurting. We cannot afford to lose export markets for our agricultural products.

The aerospace industry is also highly export-dependent, and it is the largest source of employment in the First District of Oklahoma. Its employees and their dependents are very vulnerable to retaliatory actions. If we start a trade war now with ill-advised legislation, we will endanger these jobs in a region where jobs are scarce.

It's not just my home State that will be adversely affected by this trade bill as it currently stands, and it's not just agriculture and a few industries. One out of every six manufacturing jobs in the United States is tied to exports. There are a total of about 13.6 million trade-related jobs that would be threatened by a turn toward protectionism and escalating retaliation.

Farmers and business people in Oklahoma have expressed great concern about the emotional rhetoric that has engulfed the trade debate. They warn against politicizing and polarizing the trade issue. In order to export, they and their organizations have to be able to work with foreign governments, and protectionist actions by Congress poison any atmosphere of cooperation.

Every one of these people has been affected by the trade deficit. Every one of them wants to see it reduced. But every one of them is also worried that Congress is going to go too far and precipitate a trade war. They know that a trade war means worldwide recession and the loss of jobs here at home.

The Gephardt amendment goes too far. It is an artificial, politically motivated approach that has no relation to realistic market considerations. Fortunately, we have a President who will veto any trade bill that is so blatantly protectionist. Unfortunately, some much needed provisions would also be lost—including the extension of negotiating authority needed for the Uruguay round of GATT talks.

There is no question that our trading partners will respond in kind to protectionist laws passed by this Congress. If anyone doubts that, I urge them to review recent trade history including the cedar shingle incident with Canada.

Our economy and our constituents' jobs are tied too closely to the international market to jeopardize them with short term, politically motivated trade legislation. Let's clean up H.R. 3, not weigh it down with protectionist measures. The Michel substitute provides a good basis from which to devise responsible trade policy. If you want a trade bill that provides tools for improving our trade balance, vote for the Michel substitute.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Illinois [Mr. MICHEL] as modified.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MICHEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 156, noes 268, not voting 9, as follows:

[Roll No. 77]

AYES—156

Archer
Armey
AuCoin
Baker
Bartlett
Barton
Bateman
Bereuter
Bilirakis
Bliley
Boulter
Broomfield
Buechner
Bunning
Burton
Callahan
Chandler
Cheney
Coats
Coble
Coleman (MO)
Combest
Courter
Craig
Crane
Dannemeyer
Daub
Davis (IL)
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Duncan
Edwards (OK)
Emerson
Fawell
Fields
Fish
Frenzel
Gallegly
Gallo
Gekas
Gingrich
Goodling
Gradison
Grandy
Green
Gregg
Gunderson
Hammerschmidt
Hansen
Hastert
Hefley
Herger
Hiler
Holloway
Hopkins
Houghton
Hunter
Hyde
Inhofe
Ireland
Jeffords
Johnson (CT)
Kasich
Kolbe
Konnyu
Kyl
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Lott
Lowery (CA)
Lujan
Lukens, Donald
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCandless
McCollum
McEwen
McGrath
McMillan (NC)
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Moorhead
Morella
Morrison (WA)
Myers
Nielson
Oxley
Packard
Parris
Pashayan
Penny
Petri
Porter
Pursell
Quillen
Ravenel
Regula
Rhodes
Roberts
Rogers
Roth
Rowland (CT)
Saiki
Saxton
Schaefer
Schneider
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Skeen
Slaughter (VA)
Smith (NE)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Spence
Stangeland
Stump
Sundquist
Sweeney
Swindall
Tauke
Taylor
Thomas (CA)
Upton
Vander Jagt
Vucanovich
Walker
Weber
Weldon
Whittaker
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOES—268

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Aspin
Atkins
Ballenger
Barnard
Bates
Beilenson
Bennett
Bentley
Berman
Bevill
Biaggi
Bilbray
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Bosco
Boucher
Boxer
Brennan
Brooks

Brown (CA)
Brown (CO)
Bruce
Bryant
Bustamante
Byron
Campbell
Cardin
Carper
Carr
Chapman
Chappell
Clarke
Clay
Clinger
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Coyne
Crockett
Daniel
Darden
Davis (MI)
de la Garza
DeFazio
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Frank
Frost
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gordon
Grant
Gray (IL)
Gray (PA)
Guarini
Hall (OH)
Hall (TX)
Hamilton
Harris
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefner
Henry
Hertel
Hochbrueckner
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jacobs
Jenkins
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Lowry (WA)
Luken, Thomas
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McHugh
McMillen (MD)
Mfume
Mica
Miller (CA)
Mineta
Moakley
Mollohan
Montgomery
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Nagle
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Panetta
Patterson
Pease
Pepper
Perkins
Pickett
Pickle
Price (IL)
Price (NC)
Rahall
Rangel
Ray
Richardson
Ridge
Rinaldo
Ritter
Robinson
Rodino
Roe
Roemer
Rose
Rostenkowski
Roukema
Rowland (GA)
Roybal
Russo
Sabo
Savage
Sawyer
Scheuer
Schumer
Sharp
Shuster
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tallon
Tauzin
Thomas (GA)
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weiss
Wheat
Whitten
Williams
Wilson
Wise
Wolpe
Wyden
Yates
Yatron

NOT VOTING—9

Annunzio
Badham
Borski
Ford (TN)
Kemp
Livingston
McKinney
Schroeder
Torres

□ 1450

The Clerk announced the following pairs:

On this vote:

Mr. Badham for, with Mr. Torres against.

Mr. Livingston for, with Mr. McKinney against.

Mr. KOLBE changed his vote from "no" to "aye."

So the amendment in the nature of a substitute, as modified, was rejected.

The result of the vote was announced as above recorded.

□ 1500

The CHAIRMAN. As Members may be aware, all amendments have been disposed of. Under the rule, we have provided for 20 minutes of final debate. Members should be advised that after that there will be a vote on final passage.

Under the rule, the gentleman from Washington [Mr. Foley] will be recognized for 10 minutes and the gentleman from Tennessee [Mr. Duncan] will be recognized for 10 minutes.

The Chair recognizes the gentleman from Washington [Mr. Foley].

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. Pickle].

Mr. PICKLE. Mr. Chairman, I rise in strong support of this bill. We have worked up a good, unanimous feeling about the bill. It should be moved forward, and I hope that it passes strongly.

Mr. Chairman, I rise today in support of H.R. 3 and commend Chairman Rostenkowski, Chairman Sam Gibbons and Mr. Duncan for their strong and diligent leadership in crafting a trade bill acceptable to the administration and I believe by both sides of the aisle.

H.R. 3 seeks to strengthen our ability to deal with foreign unfair practices. The Ways and Means Committee adopted several amendments which improve our ability to respond decisively to closed foreign markets.

We adopted strong measures to retaliate against foreign government tolerance of cartels. This practice of creating an impenetrable web of producers and users within an industry serves to prevent the entry of American-made products in foreign markets. The committee language is important to a wide range of American industries, including the autos and semiconductors. This provision strengthens existing laws against nontariff barriers to U.S. exports, barriers, which have proven difficult to penetrate in the absence of strong international and domestic trade laws.

The committee bill also clarifies that foreign noncompliance with agreements reached through the section 301 dispute settlement process will be subject to mandatory retaliation. We can no longer afford to give our trading partners breathing space "ad infinitum" to end their unfair trade practices and dismantle barriers to market-access. Our trading partners can always say "we're trying" and beg for more time to implement policies leading to the termination of the unfair practice. They currently make promises that are never fulfilled, while our industries wait for an opportunity to enjoy reciprocal trade benefits. The Ways and Means language sends a clear signal that trade agreements will be enforced and that compliance with these agreements will be closely monitored.

The Ways and Means Committee bill for the first time provides statutory authority for our Special Trade Representative to act against foreign unfair trade practices.

The USTR currently serves as chief negotiator in talks to resolve trade disputes. He sits at the negotiating table "eyeball-to-eyeball" with foreign leaders seeking to eliminate the foreign practice which unfairly burdens U.S. trade. The USTR makes recommendations to the President what action, if any, he should take under section 301. The President then determines whether section 301 action is appropriate and, if so, decides and implements the action to be taken.

The Ways and Means bill authorizes the USTR to act against foreign unfair trade practices. This provision will strengthen the negotiating authority and credibility of the USTR and provide greater certainty that action will, in fact, be taken to protect and enforce legitimate U.S. trade interests. This new authority for the USTR enhances the role of our Special Trade Representative in the interagency process as having lead responsibility for U.S. international trade policy development and coordination.

This provision granting USTR authority to act under section 301 makes enforcement of trade agreements much easier. With final decisionmaking authority in the hands of the USTR we eliminate the bureaucratic delay created under the current process of "retaliation by concensus." We should no longer experience diplomatic end-runs around the Special Trade Representative in an effort to derail a decision.

The Ways and Means trade bill is tough on unfair trading practices, and tough on lax enforcement of existing U.S. trade laws. I commend our Speaker for bringing the various "competitiveness" proposals together into one package and urge my colleagues to support this important legislation.

Mr. DUNCAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am opposed to H.R. 3 as amended by the Gephardt proposal. I have always believed that if you work, you should show some production from your work, and I do not think that anyone in this House today thinks that this bill will go through the Senate and be signed by the President in its present form.

I hope Members listened to Cable News Network last night when Senator Bentsen was on for about 5 minutes. He said that he thought that it would be a bad thing to have the Gephardt proposal—that he did not intend to send a bill to the President that had the Gephardt proposal in it because he thought that it would be a waste of time. I hope all Members realize that this bill is not going anywhere, because there are good provisions in this bill, but with the Gephardt proposal which we have placed in the bill, that it is idle ceremony. I think that we are paid here to produce and not just create political documents, and that is all that H.R. 3 in its present form is.

Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. Crane].

Mr. CRANE. Mr. Chairman, George Santayana, the noted philosopher and author, said that those who fail to learn the lessons of history are condemned to relive them. Well, I spent some time reviewing the debates that occurred at the time of the Smoot-Hawley bill, 1933. I looked at some of the debate material, and some of the debate material back at the time of the passage of the McKinley tariff, 1890, which next to Smoot-Hawley was the largest or most protectionist piece of legislation that this Nation ever passed.

What is so remarkable in reviewing the debates and the positions held by gentlemen in this body and in the other body at that time, is that the Democrats were the free-traders. They were the champions of free trade all those years when the Republicans were as wrong as they could be. The Republicans were the ones who urged putting walls around this country. And it was Sam Gompers who recognized that the sweat of the workingman's brow to earn his daily bread, is what is going to be a casualty when we put the walls up around the country, when we pass protectionist legislation, because it results inevitably in vastly increased costs to consumers. It also produces economic stagnation. It ultimately results in a loss of jobs.

I submit that what we have done in this trade bill is recreate a little bit of our history. It is a lamentable portion of our history. We are on the threshold of repeating mistakes that we made as a nation in the past, and this is not the appropriate way to go.

The Committee on Ways and Means took great pains to try to make this bill bipartisan. I was not happy with it. I did not care for Gephardt II, the Pease amendment in there, or, the mandatory-retaliation provision. There was the trade of authority from the President to the USTR that Mr. Yeutter repeatedly testified in opposition to. I was not happy, but I will credit the people on the other side of the aisle for working on that committee strenuously to make accommodations. It was a genuine bipartisan effort, especially on the part of the distinguished chairman of Ways and Means. My dissent is part of the committee report.

There are partisan features in this bill that crept in from some of the other committees' work. The Banking Committee's contribution I think can only be defined as a partisan labor, and it is an unwise addition to the bill. The same is true with the Government Operations Committee's "Buy America" provision, and the Ways and Means Committee should have had sequential referral. That should have come under Ways and Means Committee jurisdiction. We are talking about $200 billion worth of purchases by our national Government. If we are concerned about excesses in defense expenditures, by all means we do not want to keep such an amendment in the bill.

In addition to that we have Gephardt III, and Gephardt III is calculated to send more than a message. What it will do if implemented—and that is the only way you can look at a provision like this, that it someday may be implemented—is to hammer our trading partners and even to beat up on those who are engaged in fair trading practices.

We should require a balanced macroeconomic approach to trade, including tough action to reduce our budget deficit—widely recognized as the prime contributor to the trade deficit. Yet even on the budget we fail to act responsibly, juggling figures to suit our own political purposes, overspending our 1987 goals, increasing domestic spending, and offsetting these by a proposed $18 billion revenue raising scheme. In addition to our failure to confront the budget deficit, we fool ourselves by believing this bill will magically enhance the competitiveness of U.S. firms and workers without needed changes in our tax laws that could give real meaning to the word "competitiveness."

Since the Ways and Means Committee began hearings on the subject of tax reform, I have consistently voiced my concern that our collective efforts would only serve to decrease U.S. industrial productivity and competitiveness. Throughout the committee's hearings on trade law reform, I raised the same questions. The point is basic to our national economy; if we increase the cost of doing business for American companies, they will become less competitive. The "make-the-corporations-pay" crowd wasn't interested. The issue wasn't politic then. There was less willingness to understand that more jobs are created and maintained as the cost of operating a business is lowered. Now the debate has changed from "soak the corporations," to why isn't the United States more competitive? Ask your corporate constituents, especially those heavily involved in exporting, those who are multinationals, and those engaged in manufacturing, how much more competitive they have been made by the $120 billion tax increase of the Tax Reform Act. We need to provide incentives, or at least remove the disincentives, in the areas of foreign tax credit, allocation of interest and of research and development expenses to foreign sources, the research and development tax credit, sourcing rules for export sales, royalty treatment of intangibles, foreign corporation branch level tax provisions; and, perhaps most importantly, those provisions affecting capital formation and personal savings.

This bill constitutes a real threat to a free and open market trade policy. It promotes closing our market if our trading partners don't do things our way or if our trade deficit is not improved through concessions from our foreign competitors. We are not children in a sandbox, who can gather our toys about us and push our companions aside when they don't play our way. There are harsh ramifications in adopting such behavior as we are witnessing with our semiconductor decision—justifiable as it may seem. We can ill afford to cavalierly push our trading partners aside—many are part owners of our economic future. More importantly, they could retaliate in a similar selfish way—as some have already demonstrated—if we set the stage for such behavior. As a world leader, as a country now striving to reassert itself in the role of global economic primacy, we should be setting the positive example. That is how we achieved our reputation; that is how we have maintained our world standing; that is the method by which we teach our children; and that is what we should do now. We should set the positive example again. We should ensure that our markets are open, and we should encourage and work for that goal on the part of our trading partners. We will gain nothing by acting in the same manner as those whom we chastise. Indeed, we will lose much. The world trade environment is complex and intertwined and we cannot act so simplistically.

I urge Members on the other side of the aisle to reconsider what we have done to date. This bill does not warrant passage by this body. This bill is the most counterproductive piece of legislation that I can think of in the 18 years that I have been here. I urge all of my colleagues to recognize that it represents more than anything else 20th century mercantilism, that we are on the threshold of Britainizing the American economy, and simultaneously we are inviting a well-deserved veto.

Mr. DUNCAN. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland [Mrs. Morella].

Mrs. MORELLA. Mr. Chairman, I rise in opposition to H.R. 3, as amended, reluctantly so.

Mr. Chairman, when H.R. 3, the Trade and International Economic Policy Reform Act of 1987, passed the Ways and Means Committee by a vote of 34 to 2, I was delighted by the thought that I would soon be able to vote for such a bill. H.R. 3 was a responsible trade bill developed with bipartisan input.

The bill contained a number of constructive provisions which would improve the international competitiveness of U.S. business. These included strengthened intellectual property rights protection, renewed Presidential trade negotiating authority, strengthened telecommunications market access provisions, streamlining of export controls, and funding for the Export-Import Bank.

Furthermore, H.R. 3 called for retaliation against foreign trade practices which violate trade agreements. This retaliation was specifically directed at the unfair trade practices. It counteracted them on a dollar-for-dollar basis through the levying of tariffs or through other measures that would negate, product by product, the competitive advantage gained by our trading partners through their use of unfair practices.

The Gephardt amendment attacks the trade surplus of other countries without regard to the amount of the surplus attributable to unfair trade practices. Unfair trade practices are thought to be responsible for no more than 15 percent of the U.S. trade deficit. The Gephardt amendment requires the U.S. Trade Representative to take action to slash our trading partners' surpluses by 10 percent every year as long as they engage in unfair trade practices, no matter how small a portion of our deficit these practices represent.

The amendment sets a bad precedent which invites retaliation by our trade partners, both those with whom we have a deficit and those with whom we have a surplus. I opposed the Gephardt amendment. I would have voted for H.R. 3, but will reluctantly oppose it now because it includes the Gephardt amendment. I urge my colleagues to join me in voting for competition, not protection.

Mr. SCHUETTE. Mr. Chairman, before Congress today is a sweeping trade bill which aims to address our Nation's rising trade imbalance. Whether this trade bill, or any legislative remedy for that matter, is the proper means to an end remains very much open to debate.

Perhaps the most important component of H.R. 3 is that the United States is sending a crystal clear message to our foreign trade partners that enough is enough. No longer will we sit back and pursue a hands-off approach. In too many instances American policy has been to stand aside while our trade partners engage in unfair trade practices.

All the United States wants is to be on a fair playing field; reciprocity on the part of our trading partners for our businesses to complete with foreign competitors. I believe that American business is the most innovative in the world. We can compete in the world marketplace, if only given an opportunity to do so.

Equal access and fair reciprocity, in my opinion, is one of the most important factors missing in our current trade relations. Equal access to our trade partners' markets is not only a necessity, but a right that our businesses should enjoy throughout the world. Our markets are open and accessible. It is only fair that our businesses enjoy the same reciprocity in foreign marketplaces.

While some Members assert that our foreign trade partners' trade practices cannot account for our trade deficit, and I must state that I agree with that statement for the most part, we must clearly affirm our policy of fair trade practices. Fair trade practices, such as free and open markets, are essential and nonnegotiable. I could list hundreds of unfair trade practices and barriers to deny U.S. products and services access to foreign markets. My colleagues have detailed many of these and I concur in the conclusion that we can no longer tolerate these activities.

This trade measure, while not perfect, gives the U.S. Trade Representative the ability and the ammunition to address these unfair trade practices. Despite many provisions of the bill, I do believe it will send a clear signal to our trade partners to open their markets, engage in fair trade practices, permit reciprocity and open competition.

We have come to the point in our history that we must pass a tough trade bill. Our hands have been forced. It is indeed unfortunate that we have come to this juncture where Congress must implement a plan to legislate equal markets and equal access. However, we are at that juncture, and strong action is necessary.

I mentioned earlier that I do not adhere to the notion that this bill is a panacea for our trade problems. In fact, it may not address the root of the problem because our current trade problems are related to many complex factors. At least part of our growing trade deficit may be attributed to our looming Federal budget deficits, the horrendous debt problems of underdeveloped nations, particularly in Mexico and South America, our quick recovery from the early 1980's recessions, and a strong U.S. dollar.

This trade bill before us offers sweeping reform to our trade laws. However, it would be a mistake to promise Americans that our actions today will solve the trade problem, eliminate our excessive trade deficit, or resurrect our failing industries. The United States does not operate in a vacuum; we are operating in a global economy. As a world economic leader, the United States must balance the global economical consequences with the need to make a statement that fair trade is essential. For the American businessman, the American manufacturer, and the American worker, we must make it clear that we cannot accept unfair barriers to trade.

As I said earlier, while I do have serious concerns regarding some of the aspects of the trade measure before us, I want to briefly comment on those provisions I strongly support.

First, I am extremely pleased that the Agriculture Committee, on which I am honored to be Michigan's only Representative, included a number of strong trade provisions to assist our agricultural exports. My colleagues on the Agriculture Committee, the ranking Republican, Mr. Madigan, and my colleague from Oregon, Mr. Smith, are to be commended for their efforts to draft these agriculture trade export provisions.

The agriculture provisions increase funding for the Export Enhancement Program [EEP] from $1.5 to $2.5 billion. EEP is one of the strongest tools in our arsenal to increase agricultural exports. By increasing our agricultural markets, we will be working toward eliminating our agriculture surpluses, which will be of enormous help to our hard-pressed farmers.

The bill also increases funding for the foreign agriculture service. This increase will likewise help improve our agricultural trade balance because the FAS is an important part of our trade export activities.

In addition, I applaud the fact that the bill makes wood and wood products eligible for export programs under the GSM 102 and GSM 103 export credit guarantee programs. Prior to this time, wood and wood products were excluded from these helpful programs.

Finally, my colleague, Mr. Jeffords, is to be commended for his commitee amendment to H.R. 3. which would have required the Secretary of Agriculture to consider the amount of casein imported into this country when calculating the milk price support reduction scheduled for January 1, 1988. Under the provisions of the 1985 farm bill, the Secretary may reduce the milk price support by 50 cents per hundredweight if purchases by the Commodity Credit Corporation [CCC] exceed 5 billion pounds. Mr. Jeffords' amendment, embodied in the trade bill, merely would have required the Secretary to take these casein imports into account when calculating the 5 billion pound limit. This is only fair to the American dairy farmer. There can be no doubt that casein imports are displacing the domestic dairy production, putting thousands more American dairy farmers out of business.

Unfortunately, the amendment offered by Mr. Olin from Virginia to delete the Jeffords language passed the House by voice vote. I must reiterate the need to address the serious problem of casin imports flooding our markets. I urge Congress to quickly consider an appropriate legislative remedy to deal with the flood of casein imports which are displacing American dairy products.

I also feel quite strongly about one other provisions of the bill, the transfer of authority for section 201 and section 301 cases from the President to the U.S. Trade Representative. This I trust will take trade cases out of the political arena and provide a better forum to access import injury and unfair trade practices.

The most contentious provision of the trade bill is the Gephardt amendment. The mere fact that the Gephardt provision focuses mainly on the existence of a trade surplus as the basis for automatic retaliation is, in my opinion, simplistic. It does nothing to directly address unfair trade practices. The Gephardt provision offers a quick fix but does nothing to address the root of the problem—a lack of reciprocity, a lack of free and open markets.

I supported H.R. 3 on final passage even though the Gephardt provision was a part of the bill. It should be noted that this shortsighted retaliatory scheme passed the House without my support by a very small margin in a vote of 218 to 214. I supported the omnibus bill in the end simply because the United States can no longer tolerate the unfair trade practices of our trade partners. The United States cannot pursue free trade without access to free markets. America deserves, America demands a fair, tough and balanced trade bill. It is my hope that as this process evolves, this goal will be achieved in the 100th Congress.

Mr. GALLO. Mr. Chairman, I want to express my deep concern over the passage of the Gephardt amendment to H.R. 3. Although not perfect, H.R. 3 represented a balanced rational approach to dealing with our trade problem. Now I cannot vote for this bill.

I commend my colleagues DAN ROSTENKOWSKI for his hard work in drafting a trade bill that was tough while being fair.

Mr. GEPHARDT makes the flawed assumption that the reason we have such a large trade deficit is that our trading partners have closed their borders to our products and participate in unfair trade practices against us. Mr. GEPHARDT chooses to ignore the evidence to the contrary.

Mr. GEPHARDT promises that his amendment will save jobs. Unfortunately, he fails to take into account that retaliation by other countries could cause a loss of jobs.

In fact, 11.2 million new American jobs have been created since 1981, including 406,000 new manufacturing jobs, and real wages have increased 6 percent. This represents growth, not retrenchment. In addition, a GAO study states that only 5 percent of our trade deficit is the result of unfair trading practices.

Unfortunately, Mr. GEPHARDT has managed to turn his amendment into an emotional issue which was hard to resist. All of my colleagues want to see America No. 1 again. Everyone wants to see that America gets a fair shake. So do I, but I am afraid that Mr. GEPHARDT has gone too far.

H.R. 3 contains many export enhancement provisions which I think are vital to turning our trade problem around. I was shocked to see that only 250 companies in the United States account for over 80 percent of U.S. exports. Before we blame others for our problems, we should examine our own state of affairs. We have over 30,000 businesses in the United States that have the potential to export but do not. We must focus our attention on increasing our own exports.

I am pleased to say that I did vote for the Michel substitute to H.R. 3. The Michel substitute contains many of the positive aspects of the original bill but does not contain the damaging Gephardt amendment. I was one of the dozen or so members of the Republican leadership trade task force who drafted the Michel substitute to H.R. 3, and I stressed the need for an aggressive export enhancement section to the Michel bill.

I urge the other body to examine the facts and return a trade bill without the dangerous Gephardt provision. Only then can we begin to work in a rational manner to deal with our trade problem.

Mr. BRENNAN. Mr. Chairman, the trade deficit has increased so dramatically since 1981—rising from $40 billion to $176 billion—a policy of passivity is no longer an answer. We cannot allow our trading partners to continue to take our markets or our products for granted. Yet, even more importantly, we cannot continue to take for granted the ability of this Nation's economy nor this Nation's work force to compete in an increasingly fierce world market.

Unfortunately, the real trade issue is lost in an abstract rhetorical debate pitting protectionism against free trade. It is not, and indeed never has been an issue of free trade—it is a question of fair trade. The Gephardt amendment is a simple, direct attempt at requiring those countries that have benefited from our open markets to keep their markets open. The controversial part of my colleague's proposal is that it also contains provisions to monitor and enforce a policy of fair trade.

However, the burgeoning trade deficit is also a sign that our domestic economy is ailing; that productivity is not what it should be; that the quality of the goods we produce is sometimes mediocre; that this Nation's work force is not as efficient as it might be.

Indeed, the thousands of American workers who have lost their jobs as a result of the fast paced erosion of America's manufacturing base understand the trade problem in simple, day-to-day terms. These citizens understand that it is not just unfair trade practices that destroy jobs. Indeed, the key problems lie closer to home.

One of the real strengths of the trade bill currently under discussion in the House lies in what it offers the American work force. In fact, the bill proposes innovative programs and resources for retraining, to help the work force adapt to the rapidly changing world market. Programs that include literacy and remedial education, skill development. The bill includes supplemental wages for workers whose job changes means a cut in their income.

This section of the omnibus trade bill, designed to help American workers readjust and contribute to more efficient and high quality production, goes unnoticed—overshadowed by the controversy over what to do about unfair trade practices.

Mr. CARDIN. Mr. Chairman, the numbers speak for themselves. Last year the value of imports exceeded exports by $170 billion. In 1986 the United States became the world's greatest debtor nation; in 1983 it was the largest creditor. While the value of the dollar in recent months has fallen by more than 50 percent against the Japanese yen and nearly 40 percent against the West German mark, in February alone a trade deficit of $15.1 billion was recorded. Over the past 6 years an estimated 1.2 million jobs have been lost as a result of the trade deficit.

As the problem has grown the Congress has pleaded for action; in response the administration has offered excuses and promised changes that have never come. We have tried to negotiate on unfair trade practices in good faith, only to see those efforts frustrated. By passing H.R. 3, we recognize that the changing realities of world competition require an overhaul of U.S. trade laws. With the largest market in the world, the market that has allowed so many smaller States to develop, we have the power to ensure free trade worldwide.

The trade bill that we passed today puts our trading partners on notice: The United States is serious about free and fair trade. But if they persist in unfair trade practices, it will cost them.

With this bill, we provide that nations that block our exports will receive a swift and sure response. In addition, we provide relief to industries which face subsidized foreign competitors who engage in dumping products. Further, the bill increases worker retraining and education programs; emphasizes export promotion; and addresses macroeconomic factors in a coordinated fashion.

Over the past several months I have served as coordinator of the trade task force for the congressional freshmen. I am pleased that the solutions proposed by the bill is consistent with the recommendations we reached in our consideration of the trade issue. The bill has the support of the American people; it deserves the support of the President.

This legislation cannot, by itself, restore America's leadership in the global economic competition. That will happen only with a recommitment to excellence on the part of the American people. We must change the way we educate our children, the way we develop, produce and market our products, and the way we think about the rest of the world.

My district, like countless others across the country, has parochial interests in the trade issue. Bethlehem Steel, the Port of Baltimore, and General Motors, long-time pillars of the local economy, are fighting to regain their prominence. The State of Maryland and the city of Baltimore have lent their active support. In recent years, however, by failing to aggressively enforce free trade practices, the Federal Government has undermined this effort. H.R. 3 enlists the Federal Government as a full partner in that battle.

The stakes in this battle are nothing less than our children's standard of living. My constituents understand the challenge and the commitment necessary. As we ask the American people to undertake these critical changes, we must ensure that the Government has done all that it can to enable Americans to compete internationally. This bill marks the beginning of our readjustment process. As this legislation is considered by the Senate and the President we must remember that the longer we wait to begin the required restructuring of our economy, the more difficult the challenge will be.

Mr. BORSKI. Mr. Chairman, the U.S. trade deficit last year totaled $170 billion. The resulting increase in our debt abroad is said to be $400 billion. Even with a lower dollar value, this year's deficit may only be $15 to $20 billion better than that of 1986. This is simply unacceptable.

One thing we can do to remedy the deteriorating trade situation is to take a realistic approach to the GATT multilateral trade negotiations. The President is authorized under H.R. 3 to bargain down or eliminate tariff barriers, both United States and foreign. The theory is that if truly reciprocal agreements can be reached, the United States will export more in return for accepting more imports.

There are some who believe that our U.S. negotiating team may accomplish a truly reciprocal final result. However, nontariff barriers sprung up abroad after the tariff-cutting of the Kennedy round in the 1960's and the Tokyo round in the 1970's. We cannot and must not continue to allow this to happen. There is no longer any margin for error.

One mistake we must not allow is the reduction of U.S. tariffs on products that unfairly compete with U.S. products, particularly where there is no remedy under existing U.S. trade laws. For example, many foreign products are being produced at very low cost because of foreign government subsidies. U.S. products, which are not subsidized, cannot compete with these foreign goods, except at prices which are driving U.S. companies out of business. Simply put, we should reduce tariffs in exchange for elimination of unfair trading practices.

This commonsense proposal applies to the U.S. chemical industry which has chemical plants in my district. U.S. chemical companies are among the most efficient in the world, exporting more than 10 percent of their production. Yet they face steadily increasing competition from many foreign producers which are using unfair trading practices to undercut U.S. companies. For instance, India and China, which at one time were only chemical customers, today have government-controlled companies producing artificially cheap chemical products which undercut our very efficient companies.

As the United States enters the next round of trade negotiations, which will include tariff reductions, we must demand open access to foreign markets for U.S. companies and their products, and an end to unfair trading practices abroad.

Mr. ECKART. Mr. Chairman, I rise in support of H.R. 3, the omnibus trade bill, which the House currently has under consideration.

I have heard many of my colleagues during the debate on this bill claim that the provisions contained in H.R. 3, and particularly in the Gephardt amendment, would be the first shot heard around the world in a global trade war. The fact of the matter is, however, that the trade war is already in full force, and the American jobless are the casualties.

In 1981, our Nation's trade deficit was only $39.6 billion; in 1986 this imbalance had skyrocketed to a level of nearly $170 billion. This one fact best demonstrates the failed policies of this administration to create a clear and rational trade policy and to create a fair international trading environment for American industry.

The continued erosion of our ability to compete in the international marketplace has resulted in closed factories and, most importantly, more unemployed U.S. workers. Economists and trade experts conservatively estimate that over 5 million U.S. jobs have been lost as a result of this import invasion. This administration's principal goal in this trade war is apparently to make U.S. jobs, not U.S. goods, our number one export.

While our jobs have been piling high on foreign shores, foreign products have been piling high in our stores. While we certainly welcome competition, it must be just that: competition. When a foreign government unfairly subsidizes the production of a foreign good or cheap, slave labor is employed to produce it, is that fair to U.S. industry and U.S. workers?

I am particularly pleased that several amendments which I have proposed to H.R. 3 have been included in this important bill. Legislation which I introduced last year to prevent the illegal dumping of foreign goods in our markets and prevent unfairly subsidized goods from circumventing our trade laws will provide us with the tools we need to level the playing field of international trade.

As President Reagan is fond of saying: "If not now, when; if not us, who?" The time to act is now if we are to restore America's ability to compete. The trade war is raging; let us not fight it with our hands tied behind our back.

Mr. DENNY SMITH. Mr. Chairman, I rise in opposition to H.R. 3, the omnibus trade bill that was crafted by the Ways and Means Committee and adopted by the House today. It was a serious effort to address a problem that affects all of us. In its original form, it would have streamlined our own trade regulations while sending the appropriate message to our trading partners around the world. However, the passage of the Gephardt amendment changed this bill from solid legislation to pure protectionism. It is no longer in the best interests of Oregon or this country.

I am pleased with the provisions that liberalized our export control procedures over the next 3 years. The regulations we now have on the books are onerous and in some cases do not accurately reflect the significance of particular products within the broad definitions of "national security." These regulations often handcuffed our own high-technology companies in their efforts to expand markets and allowed foreign countries and companies the opportunity to move ahead of us in certain markets.

My commitment to a strong national defense has not changed. The provisions of this bill will not mean that vital, high-technology equipment will be shipped to our enemies. We are not putting capitalism ahead of our own security. These provisions will allow us to move more freely and quickly with our allies and other countries that do not represent a direct or indirect threat to this country. It is my hope that these provisions will be retained by the joint House-Senate conference.

Over 5 billion dollars' worth of products were imported and exported through Oregon ports in 1986. Twenty percent of the jobs in my State are tied directly or indirectly to international trade. Foreign investments have been beneficial to our economy, and are vital in financing our Federal deficits and national debt. Protectionist language, such as that contained in the Gephardt amendment, will lead to retaliation against U.S. products. Oregon will be on the front lines of a trade war, and we will be the first to suffer the impact.

The solutions to our trade deficits will depend upon our ability to balance our budget deficits and to open markets, not close them. H.R. 3, as crafted within the various committees, would have sent the message of our displeasure with certain practices without tying the hands of this or future administrations. It put common sense ahead of politics, which is a rare practice in this body. We were taking steps in the right direction, but got sidetracked by special interests.

The trade argument is frequently viewed as a jobs issue. The supporters of protectionist legislation point to the numbers of jobs that have been lost due to "unfair" practices. They deliberately fail to point out the numbers of jobs that have been lost as a result of profligate Federal spending. They fail to mention the jobs that will be lost in the agricultural community and in our port cities as a result of retaliation. We are sacrificing the jobs of many to protect the jobs of the few in industries that aren't competitive for a variety of reasons, not just unfair practices.

We can, and will, become competitive again if we change some of our practices in this country. H.R. 3 has good provisions that will hopefully increase the educational opportunities for our children and job retraining for our workers. We have to rethink our practices from the class room to the board room, and reduce our bureaucracy in both government and business. Companies have been successful at marketing in Japan and other "closed" countries, so we must make the effort to learn the secret of that success.

I have said it many times before, but it is important to reiterate this point—we will not get our trade deficit under control unless we get our Federal deficit under control. We have spent 3 days arguing over the specifics of trade laws, protectionism and sending the appropriate message to our trading partners. Yet the Democrat majority of this House thinks nothing of passing a one-page, $1 trillion budget that will raise taxes and ignore the Gramm-Rudman deficit targets. That is the message that gets through to our financial markets and our trading partners.

Without recognizing that our trade difficulties will only be resolved through comprehensive actions that open markets, we will not resolve this problem. Enacting H.R. 3, with the Gephardt amendment, will be counterproductive to our efforts. It is my hope that we will clean up this bill during conference, and replace protectionism with common sense.

Mr. UPTON. Mr. Chairman, I support revising our trade laws, and I will support H.R. 3 on final passage. Our Trade laws need to be strengthened and updated. Our country needs action against unfair trade practices, and we need to emphasize expanding our export markets. But my vote in support of H.R. 3 is somewhat reluctant, because it has very dangerous protectionist provisions. These provisions need to be eliminated or greatly modified in the Senate and the conference committee. If they are not, H.R. 3 will remain a very bad bill. It will remain a bill that is not a free trade bill, or a fair trade bill, but a protectionist trade bill.

As part of my preparation for this week's historic House debate on trade policy, I spent some time looking over the historical record of congressional debate on U.S. trade policy. One of the most remarkable speeches I found was one made by Sam Rayburn when he was a freshman Member of Congress. His speech is highly partisan, but at the same time a very thoughtful analysis of what is good trade policy, and what is protectionist.

Every member of the majority party should take the time to read Mr. Rayburn's remarks again. After they do so, they should ask themselves which party has become the party of protectionism, which party has become the party which hurts our farmers, which party has become the voice for narrow interests, which party has become the party afraid of competition.

What would Sam Rayburn say about the bill which the House has approved? What would he say about his party?

Mr. RAYBURN. Mr. Chairman, as a new Member of this great body I of course feel that I should have regard to some extent for the long-established custom of this House, which in a measure demands that discussions of questions shall be left in the main to the more mature Members from the standpoint of service, but on the other hand. I feel that as a representative and commissioned spokesman of more than 200,000 citizens of the fourth congressional district of Texas I should be allowed to break in a measure whatever of this custom remains, and exercise my constitutional right to speak my sentiments on this floor and refuse to be delegated to that lockjawed ostracism to some extent typical of the dead past.

This Congress has been called in extraordinary session for the purpose of handling an extraordinary situation. It has been assembled to revise the tariff and to provide revenue for the support and maintenace of the Government. The question of levying and collecting taxes to defray the expenses of Government is to my mind one of the greatest, if not the greatest, and most serious that has ever confronted a people of any Government or that confronts us at this hour. To levy taxes so that they will bear equally and equitably on all property in all sections, and so that the greatest burden will fall on those most able to pay is the true doctrine advocated and adhered to by the Democratic Party since its coming into existence. Entering upon this great task we are met by a condition the most extraordinary in the annals of our time. The Democratic Party must and has set itself to the task of taking a system that has grown up under the most indefensible system that the world has ever known—that of a tariff levied not for revenue but for protection—and with a determination to relieve the people of unjust burdens, yet to provide revenue for the Government. The system of protective tariff built up under the Republican misrule has worked to make the rich richer and poor poorer. The protective tariff has been justly called the mother of trusts. It takes from the pockets of those least able to pay and puts it into the pockets of those most able to pay. The two great parties in the long past took distinct positions upon the tariff question—the Democratic Party of the masses on the one side and the Republican Party of the classes on the other side: the Democratic position being that the only reason on earth for the levy and collection of a tariff tax at all is for the purpose of raising money to defray the expenses of the Government, and that whatever protection came to any industry from this tax was only an incident and rising out of the system, and no reason for the tax.

The Republican doctrine being that the real reason for the levy and collection of a tariff tax was to protect American industries from competition, and that the raising of revenue to support the Government was only an incident coming from the system. A system that would build around this Government a tariff wall so high that the factories of other countries could not pay import duty, come into this country and sell in competition with American trade, leaving the American industries absolutely without competition and leave them to fatten on the American consumer. The Republican doctrine is a prohibitive tariff; the Democratic doctrine is one "for revenue only," and levied high enough to raise money to defray the expenses of the Government, yet low enough that the factories of other lands can manufacture their goods, pay the import duties, and sell in competition with American trade to the benefit of every American consumer. The country has carried the prohibitive tariff of Republicanism until the American consumer is stooped and weary of his all too heavy load. They have therefore turned them out of the high places of power and called the party of Jefferson and Jackson again to power. That party that in the older days guided this ship of state so long and so well. The Democratic Party was called to power on a platform of great principles.

The Baltimore convention that placed the banner of this great party in the hands of the clean and matchless Woodrow Wilson was a convention made up of real human beings. Men who came from every walk of life, and who were fresh from the people, who knew their hopes and their aspirations, their wants, and their sufferings. They placed at the head of the party and as spokesman for the party a man whom they believe had the great heart and mind that he could interpret the inarticulate longings of suffering humanity. By an electoral vote unprecedented in the history of the Republic, this leader was called to the highest station in the gift of men and world over. In conformity with his and his party's pledges to reduce the tariff at once and downward, we called this Congress in extra session. Not only is the Democratic Party to be congratulated, but the whole of the country on the fact that in carrying out the pledges made to the people, that in Congress they have the stainless, able, and peerless OSCAR UNDERWOOD as majorty leader and chairman of the powerful Committee on Ways and Means. To my mind this committee has given to the country the best, fairest and justest tariff bill ever written and a law the operation of which will lift much of the load from the bending backs of the taxpayers of the country.

When the history of this era is written impartially the name of the gentleman from Alabama [Mr. UNDERWOOD] will shine resplendent, and the great debt of gratitude they owe him will never be paid, as was said the other day by the gentleman from Pennsylvania [Mr. PALMER], until he is called to the Presidency of the United States, the only office in the Republic carrying greater responsibilities, or with greater opportunity for great public service than the chairmanship of the great committee which he now holds.

The gentleman on the other side of the Chamber, our Republican friends, who by reason of their broken pledges and unkept promises to the American people have been reduced to a mere handful, are today standing for nothing, reduced to an opposition party only, are very solicitous that the present bill will bring on hard times and panics. A panic may come at any time, but it is my deliberate judgment that this bill will be no more responsible for any panic that should come than it was the cause of the panic of 1907, which came not after a reduction of the tariff, but came amid the prosperous times of protection about which our Republican friends talk so much. The Republicans talk about the hard deal the producer is getting in this bill. I would call their attention to the fact that when they were in power they put hides of the producer on the free list, but they were too good to the rich manufacturer to put the shoes that he manufactures and sells on the free list. This Democratic tariff bill leaves hides on the free list and also puts shoes that the American consumer must buy to protect the feet of himself and his children on the free list. The Republican Party was willing, according to their argument, to do an injustice to the producer of hides, but was not willing to make a corresponding reduction in the shoes for the consumer. This eternal Republican solicitation for the American manufacturer makes me tired. Willing and anxious to take that small rich class under its protecting wing, but unwilling at all times to heed the great chorus of sad cries ever coming from the large yet poor class, the American consumer.

This tariff bill goes on in its reduction of taxes on the necessaries of life. Follow the long line of reductions made. On all classes of woolen goods the Republican protective tariff is reduced from an average of 92 per cent to a Democratic revenue tariff averaging 35 per cent. Notice a few articles, for instance:

"Woolen dress goods, from 99.70 to 35 per cent.

"Ready-made woolen goods, from 79.56 to 35 per cent.

"Flannels for underwear, from 93.29 to 25 and 35 percent.

"Woolen blankets, from 72.69 to 25 per cent.

"Cotton underwear, from 60.27 to 25 per cent.

"Stocking, hose, and half hose, from 75.38 to 50 per cent.

"Shirts, collars, and cuffs, from 64.03 to 25 per cent.

"Ready-made wearing apparel, from 50 to 30 per cent.

"Handerchiefs and mufflers, from 59.27 to 30 per cent.

"Cottom thread, from 31.54 to 19.20 per cent.

"Gloves, from 44.15 to 31.77 per cent.

"Anvils of iron and steel, from 32.11 to 15 per cent.

"Bolts, from 20.59 to 15 per cent.

"Chains of all kinds, from 46.59 to 20 per cent.

"Pocket knives, from 77.68 to 40 per cent.

"Scissors and shears, from 53.77 to 30 per cent.

"Table and butcher knives, forks, etc., from 41.98 to 27 per cent.

"Files, etc., from 60.47 to 25 per cent.

"Tinware, from 45 to 25 per cent.

"House or cabinet furniture of wood, from 35 to 15 per cent.

"Sugar, from 48.54 to 36.25 per cent.

"Red lead, from 60.35 to 25 per cent.

"White lead, from 38.01 to 25 per cent.

"Castile soap, from 16.20 to 10 per cent.

"All bricks, from 30.25 to 10.28 per cent.

"China, crockery ware, from 55 to 35 and 50 per cent.

"Wire rope and strand, from 49.84 to 30 per cent.

"Common window glass, from 46.38 to 28.20 per cent."

With these reductions made, this bill goes on and puts the following articles that the farmer and laboring man must use totally on the free list. I quote that part of the bill.

"Agricultural implements: Plows, tooth and disc harrows, headers, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, threshing machines and cotton gins, wagons and carts, and all other agriculture implements of any kind and description, whether specifically mentioned herein or not, whether in whole or in parts, including repair parts."

These great reductions have been made by this Democratic tariff bill with the assurance to the American people that further reductions will be made as soon as the revenues of the country will justify.

The Sixty-second Congress, being a Democratic Congress, submitted an amendment to the Federal Constitution calling for an income tax, an income tax being one of the cardinal principles of the Democratic Party, one it had long contended for—our position having always been that the tariff is a tax and that the burden should fall heaviest on those men and industries most able to pay. I quote from paragraph A of section II of the bill, as follows:

"A. That there shall be levied, assessed, and paid annually upon the entire income received from all sources in the preceding calendar year by every citizen of the United States, whether residing at home or abroad, and by every person residing in the United States, though not a citizen thereof, a tax of 1 per cent per annum upon the amount so received over and above $4,000; and a like tax shall be assessed, levied, and paid annually upon the entire net income from all property owned and of every business, trade, or profession carried on in the United States by persons residing elsewhere.

"In addition to the income tax provided under this section (herein referred to as the normal income tax) there shall be levied, assessed, and collected upon the net income of every individual an additional income tax (herein referred to as the additional tax) of 1 per cent per annum upon the amount by which the total net income exceeds $20,000 and does not exceed $50,000, and 2 per cent per annum upon the amount by which the total net income exceeds $50,000 and does not exceed $100,000, and 3 Per cent per annum upon the amount by which the total net income exceeds $100,000."

This provision holds that a man whose income is $4,000 per annum shall pay 1 percent per annum as a direct tax to the Government, and as his income mounts into the thousands he shall pay more, which is nothing but just and right. This tax is calculated to reach 425,000 in all and bring into the Treasury revenues amounting to not less than $70,000,000. This section is true to the Democratic doctrine that wealth and not consumption should pay the greater amount of revenue to support the Government. Under the old system of levying tax on articles of common use the poor man with a large family to feed and clothe was compelled to pay more tax to the Government than the rich man with a small family.

Our Republican friends. In their effort to prejudice the producing class against this bill, tell him that he will be compelled to sell his products cheaper. We deny this as a general proposition, and in those few cases where he does we will point him to the other side of the question and demonstrate to him that the articles which he must buy under the provisions of this bill will be materially reduced. The articles that the farmer must buy have all been placed on the free list or materially reduced. Again demonstrating the justness of this bill and pointing to the time in the near future when all of the necessaries of life will be placed on the free list. In their effort to prejudice the farmers of the country against this bill our Republican friends will find that they are dealing with a thinking and intelligent class, who can not be easily fooled by the trickery of the political orator.

They talk about the farmer. What consideration have they shown him? Of course they are quite willing to give the farmer a tariff on his products, the price of which is fixed in the markets of the world and which no tax can change, if they can by this fool him into standing for a protected market for the manufacturers who have for generations stood behind a protective-tariff wall of robbery and fattened their already swollen purse with more ill-gotten gain wrung from horny hands of the toiling masses that have forever been ground under the heel of taxation with a relentless tread.

Mr. Chairman, I am one of those Democrats who believe that the only reason for the levy of a tariff is to raise revenue to defray the expenses of the Government, and when the time comes that money to defray the expenses of the Government can be raised from the income tax and other legitimate sources of direct taxation, that the tariff should be entirely removed and that free trade should come in its stead. And along this line I advocate a Federal inheritance tax. To me this is a just tax and easy to pay. When a man by inheritance comes into a large fortune out of no effort on his own part and only by accident of birth, accumulated by his ancestry under a Government which protected him in his property rights, I believe he should be willing to pay some of it as a tribute to the agency that protected his ancestry in the accumulation.

When this tax on a reasonable percentage basis is levied, it will bring large sums into the Treasury which as the years go by will increase as swollen fortunes are broken up, and again the tariff tax can be lowered to the benefit of every American consumer.

Mr. Chairman, the Republicans in this House quote, it seems with a great deal of pleasure, that part of the Baltimore platform which says that the tariff shall be lowered, but that it shall not be lowered suddenly and to such a great extent that any legitimate industry shall be harmed. They loudly acclaim that this bill is not drawn true to that promise, in that they say it will put some industries out of business. I for one Democrat on this floor do not believe that any industry is a legitimate one that can not live without a protective-tariff wall built around it. In line with what the President said in his message to the Congress I believe in matching the genius of the American citizen against the genius of the world, and I have confidence enough in the ability and skill of the American manufacturer to believe that he can go into the manufacturing business with the skilled labor of American workmen, produce his wares, and compete with other countries for the trade of the world. The man who says that he can not do this is paying his country and the ability of the manufacturers of his country a poor compliment indeed.

Mr. Chairman, the Republican minority in this House, or I suppose I should say the two minorities in this House—one being what little remains of that great party of Lincoln and McKinley and the other the dumb, driven, blind followers of the "Terrible Teddy"—have tried to play on the prejudices of the new Members of this body by telling them that the appointment of the committees were deliberately held up until the tariff bill was disposed of, and have held this as a club over their heads in order to make them be subservient to the Committee on Ways and Means and force them through fear of ostracism to vote for this bill as the committee wanted it. This is a childish bit of horseplay and a miserable appeal to the prejudice. This bill was submitted to the Democratic caucus, and there every Democrat had a chance to have his say and to offer his amendment to the bill. We settled our party differences in that caucus and have come into this House and before the country with a united front, and this seems to pain our Republican brethren keenly, for they know that every amendment that they offer will be met with a solid Democratic majority and sent to the scrap heap, where it will justly repose. As I said in the outset, the Democratic Party was called into power and took the reins of government on a great platform of principles which they should and are going to carry out, and speaking as a new Member whom our Republican friends would try to prejudice, I say that it is more important that these pledges be carried out and the party's honor held stainless than that I or any other new Member ever get on a committee. This is my answer to the drowning minorities that are grabbing at every passing straw.

Mr. Chairman, I came to this body a few weeks ago with childlike enthusiasm and confidence. It has always been my ambition since childhood to live such a life that one day my fellow citizens would call me to membership in this popular branch of the greatest lawmaking body in the world. Out of their confidence and partiality they have done this. It is now my sole purpose here to help enact such wise and just laws that our common country will by virtue of these laws be a happier and a more prosperous country. I have always dreamed of a country which I believe this should be and will be, and that is one in which the citizenship is an educated and patriotic people, not swayed by passion and prejudice, and a country that shall know no East, no West, no North, no South, but inhabited by a people liberty loving, patriotic, happy, and prosperous, with its lawmakers having no other purpose than to write such just laws as shall in the years to come be of service to human kind yet unborn. [Applause.]

Mr. DREIER of California. Mr. Chairman, the "Blame America First" crowd is back, and now they are making trade policy. Much of yesterday's debate over the Gephardt amendment sounded like a rerun from 4 years ago, when our Nation was mired in a recession. The sponsor of the amendment says it is time to bring America back. I wonder where he has been for the past 4 years.

During that time, our economy has been staging the greatest new employment explosion in history, and the longest peacetime expansion in six decades. Manufacturing productivity has increased almost 4 percent per year, the fastest gain since the early 1960's. While wages have held their own, unit labor costs have fallen significantly when adjusted for inflation. Clearly, our competitive outlook in the global economy is brighter than the gentleman from Missouri would have you believe.

Our trade deficit is unacceptable and, despite the Gephardt amendment, there is much in H.R. 3 that will help correct it. But our task is larger than simply reducing the disparity between imports and exports. We must ensure that the opportunities created during the past 4 years continue to expand along with our work force. The Gephardt amendment is a policy of protecting a retreat, not of mounting a charge. I believe it will choke opportunity, and set the worst possible example for the rest of the world.

Where one stands on the Gephardt amendment really reflects one's outlook on our economy and our people. Yesterday, the amendment's sponsor and the distinguished chairman of the Ways and Means Committee demonstrated the contrast. After the gentleman from Missouri mistakenly belittled the quality of American-built cars, the chairman reminded us of our responsibility to lead in the world economy. Clearly, the gentlemen differ in what is really at stake.

The leadership the chairman spoke of has two parts: First, we must continue to be a leader in technology and innovation. Some Americans may think we have fallen behind; the rest of the world knows better. According to the European-based Organization for Economic Cooperation and Development, the United States leads the world in seven of nine technical sectors. U.S. innovations in areas like biotechnology, superconductivity and parallel processing will boost our competitiveness on their own merits, and can only suffer from extra baggage like the Gephardt amendment.

The second part of our responsibility is to lead by example in establishing the rules of the game, the trade principles we wish others to follow. Good trade policy should be effective in times of trade surplus as well as deficit. When the United States attains a surplus with specific trading partners, as it will, we will treat their enactment of their own Gephardt amendment as an injurious and protectionist act. Let us seek rules that everyone can play by in any weather.

Regrettably, many have the impression that if our trading partners would just eliminate all their "unfair" trade practices, the trade deficit would go away. In reality, however, such practices only generate a relatively small portion of the overall trade deficit. Nearly one-third of the total U.S. trade gap is with one country, Japan, which does indeed have much room to improve access to its markets. Yet, even if the Japanese were to completely open their markets to United States products, most economists believe our bilateral trade deficit would fall by about $10 billion. That is less than 6 percent of the total trade gap.

Unfortunately, the Gephardt amendment is not the only nonsense in H.R. 3. Another overly optimistic provision in the trade bill would require the President to negotiate a stable exchange rate for the dollar against other currencies. Pushing the dollar's value down is seen as an easy way to correct trade imbalance, as it would make imports more expensive and U.S. exports cheaper abroad.

First, the value of the dollar is an elusive identity. Second, even if it could be accurately pegged, recent experience has shown the inability of governments to dictate the value of their currency. Moreover, the recent slide of the dollar has failed to have its intended effect on the monthly trade numbers. This approach is not one to rely upon to reduce a $170 billion trade deficit.

But the fact is that no trade bill will ever, by and of itself, "solve" the trade deficit. Legislative action is, at best, only a part of any eventual solution. We can legislate tariffs and incentives, but we can't legislate consumer taste, marketing skill, or creative products.

Ironically, much of what Congress realistically could do to improve U.S. competitiveness is never even mentioned in the current trade bill. Liability insurance and the Federal paperwork burden are almost forgotten issues in Congress, yet they continue to impose great costs on business. Also, our Government still does less than others to encourage capital formation. Real congressional action in these areas would cut costs, allow job-creating expansion, and truly increase "competitiveness."

But the key link missing from our efforts to close the trade gap is action on the Federal budget deficit. Our budget deficit has been underwritten by the willingness of the big Japanese banks to purchase Treasury debt; it has allowed the government to live far beyond its means in recent years, and has been a major contributor to the trade deficit, as well. Balancing the federal budget would reduce the need for Japanese capital and, correspondingly, the trade deficit. But, despite the great potential effect on the trade imbalance, Congress seems to have deferred budget deficit reduction for another year. The budget resolution passed by the House 2 weeks ago contains rosy deficit projections that even the Budget Committee chairman concedes are unrealistic, so we must hope the Japanese still find Treasury bills to be an attractive investment for another year.

Congress has had years to act decisively to balance its own budget, and has failed. The country should not expect any more success when it attempts the more difficult task of balancing imports and exports.

Mrs. SAIKI. Mr. Chairman, I want to express my concerns over certain provisions of the Education and Labor Committee title of H.R. 3, the omnibus trade bill of 1987.

This section of H.R. 3 authorizes $980 million for various worker readjustment programs. I believe that worker readjustment programs are certainly needed and must be included as a part of any comprehensive trade measure.

However, I am concerned that this legislation may be written in such a way as to make it more difficult for the States to efficiently administer worker readjustment training programs. Both the Governor of Hawaii and the director of the Hawaii Department of Labor and Industrial Relations have written to let me know that they feel the Education and Labor Committee provisions of H.R. 3 do not provide suffficient flexibility for the States.

In particular, these State officials are concerned about the requirement that substate areas be designated for the purpose of administering worker readjustment funds, as well as the stipulation that States receive funding on a quarter-to-quarter basis. They have suggested that preferable language could be adopted which would provide maximum flexibility to the States for the administration of worker readjustment programs.

In anticipation that the House will pass H.R. 3 this week, I hope that as the Senate subsequently acts on this measure and the bill goes to conference, we will be able to address the concerns raised by State officials.

Mr. BUNNING. Mr. Chairman, I rise in strong opposition to this omnibus trade bill. We deperately need a trade bill and we almost had one. If we had dropped the banking section and if we had defeated the Gephardt amendment, this measure would have been a reasonable trade bill that went a long way to strengthen our ability to combat unfair trade practices and get our atrocious trade deficits under control.

Unfortunately, this body made two wrong turns and turned this trade bill into a trade bomb. Bailing out Brazil and bashing Tokyo may be great sport but neither makes for a sound trade policy and this bill does both.

We set out to tree a raccoon but we ended up with a polecat in the bag.

I spoke about the major failings of the banking provisions yesterday, so I won't belabor them here. Suffice it to say, that there is something dreadfully wrong with a trade bill which tells our trading partners that they won't be expected to pay back in full U.S. loans. There is something dreadfully wrong with a trade bill that tells our trade partners that the U.S. taxpayer will be happy to pick up the tab, if they are unable or unwilling to pay back the money they borrow from U.S. banks.

Those banking provisions are atrocious enough in their own right to warrant a no vote for this entire package but we added insult to ignorance and amended the committee bill with the Gephardt amendment which makes this trade bill an absolute disaster.

I realize that the Gephardt amendment is sexy politically. Telling people what they want to hear—that our trade deficits are all Japan's fault—and telling them that we can wave a magic wand and make those deficits disappear sounds great. But Mr. Chairman, we also know that the world doesn't work that way and there are no magic wands.

The Gephardt amendment transformed this measure from a trade bill to an antitrade bill. Sure it will reduce our trade deficit—but not quite the way we want. It will reduce the trade deficit because it will reduce trade—both imports and epxorts—because it is almost certain to set off a series of trade wars that no one will win. This bill—with the Gephardt amendment—is an open invitation to trade wars and international recession and the loss of even more American jobs.

Mr. Chairman, you don't cure a sore throat with a guillotine and you don't cure trade deficits with trade wars and foreign bank bailouts. This bill is irresponsible and deserves defeat.

Mr. DURBIN. Mr. Chairman, we have devoted a good deal of time talking about the plight of dislocated workers in this time of economic turbulence. Today we are taking much-needed action.

It is clearly a major problem. I have seen it first hand in my own district in central and western Illinois. With scores of plant closings and layoffs, thousands of employees have lost what they considered "lifetime" jobs. Many of these workers have yet to find good alternative employment.

We took an important first step to meet these workers' needs with passage of the Job Training Partnership Act. Illinois has developed one of the model programs under title III of the act providing retraining assistance to workers unemployed as a result of economic change. In working through its community college network, the State has taken an important first step in addressing the problem.

The bill we are considering today represents further progress by recommending a funding level that will meet the needs of all workers. The Office of Technology Assessment, in a 1986 study, found that while title III of the JTPA was in fact helping displaced workers find new jobs, no more than 5 percent of those eligible were being served.

I am hopeful that this statistic will improve with this demonstration in H.R. 3 of a far greater commitment to the problem. I commend the Education and Labor Committee for taking the steps that are needed.

Mr. McCANDLESS. I rise in opposition to H.R. 3. As a Representative from California, the State with the largest amount of exports, I am interested in responsible trade legislation, but this bill is not the answer.

International trade is the key to California's economic progress. The value of goods passing through our ports has more than quadrupled in the last two decades. In 1986 this figure was more than $100 billion.

One out of every 10 jobs in California depends on foreign trade. Foreign investment in our State totals more than $31 billion and employs 280,000 Californians.

An open trading system has brought tremendous benefits to my State and the whole Nation. I support Federal legislation which enhances U.S. competitiveness, resists protectionism and provides the President with the negotiating flexibility he needs to fight unfair trade barriers in a manner that is consistent with overall U.S. foreign policy interests.

The Gephardt amendment would impair the President's ability to resolve trade disputes with our allies through negotiations, and could have the effect of closing markets and inviting retaliation.

The best way to reduce the U.S. trade deficit is not to close markets but to expand exports. Export expansion depends not only on foreign market access but also on better productivity on our part, better marketing, increased quality control and new strategies to produce price competitiveness. Protectionist trade legislation would represent a setback to all these goals and could drive up prices and destroy jobs in America.

Mr. Chairman, we need to recognize the fragility of the world's trading system and the need to correct problems through good faith negotiations instead of market-closing confrontation.

□ 1510

Mr. DUNCAN. Mr. Chairman, I yield the balance of our time to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Chairman, H.R. 3 got off to a bad start because we began with a trade bill that was wholly unacceptable, that was passed as an effort not to pass a law last year, but to make a political statement.

Fortunately, that bad start was overcome by unusually good bipartisan work under the leadership of the chairman of the Committee on Ways and Means and the chairman of its Trade Subcommittee.

Unfortunately, again, we have taken a swing to the bad side. We have passed a number of amendments in this House that make the bill again wholly unacceptable.

We could have found a way to avoid the veto. We could have passed the Michel amendment and sent the bill on for better processing. But instead, we had to pass the Gephardt amendment, we had to leave the Bryant amendment in, we had to leave the package of the Committee on Banking, Finance and Urban Affairs in, and we had to leave the Buy America in.

Those are the four most egregious portions of the bill, each one of which would cause a veto.

They are not the only thing wrong with this bill. Certainly the Wolf amendment was not very helpful to any administration, and we adopted that today. But those four amendments, those four features that I mentioned are really the worst, and Gephardt is the prime example of the worst.

However, with all of the assets supporting the Gephardt amendment, the Speaker's very powerful lobbying, the strengths of a Presidential campaign, and the vast resources of the treasuries of large unions, that amendment could only make a four-vote margin. In winning that vote, may I say to my friends on the majority side, you have lost, because clearly you do not have a margin that will sustain that portion through to enactment. So my colleagues can understand why are not going to vote for your bill.

Gephardt will cause retaliation and mirror legislation. Its author said yesterday, read the bill, and so 214 of us did and found it wanting, found that it was designed not to remove unfair practices but to make meat-axe, 10 percent gouges in the trading balances of many of the countries we do business with.

The feature offered by the gentleman from Texas [Mr. BYRANT] shows us the quick way that we can raise interest rates in the United States. Let us scare out foreign investment so we can get back to Jimmy Carter's 20 percent rates. Whoopie, let us all have fun with high interest.

The Committee on Banking, Finance and Urban Affairs has shown us how we can give debt and we can let the taxpayers bail out the big banks. Congratulations, Committee on Banking, Finance and Urban Affairs, we are really sorry that did not get out of the bill.

You also leave us in a little Council on Industrial Competitiveness that duplicates other features of the Government. The taxpayers will be delighted to pick up the extra bill for that.

And the Committee on Government Operations left us the Buy America feature, a great way to lose markets abroad. American companies believe as a result of that they will be retaliated against and will lose their opportunity to sell abroad.

I am going to urge Members on both sides to forget the bad stuff in the bill temporarily. Members do not have to repudiate the good bipartisan work that made up the basis for this bill. Somewhere along the line still we may be able to put it back together again and the process move on. There is enormous incentive on both sides of the aisle for protectionists and free traders alike to get a bill that can be enacted and can be signed into law.

Unfortunately, what the House has given us through an exercise in partisanship is not that bill. Without the Michel amendment, or stated more perversely, with the Gephardt amendment in the bill many of us cannot support it.

I still believe that we can get around it and make a good bill, eventually. I personally had to cough, and spit, and sputter, and swallow hard at the Committee on Ways and Means bill, and finally voted "aye" not for the product but for the process.

With the Gephardt, with the Buy America, with the Committee on Banking, Finance and Urban Affairs, features and the Bryant amendment, the whole package has become indigestible. It cannot be swallowed either by myself nor by my caucus, nor by any administration, mine or yours. And for that reason I am obliged, with great regret, to urge throughtful Members of this body who do not want to shoot the United states in the foot or any other vital organ to vote against the bill that remains for us here.

I do so in the hope that clearer heads will prevail through the rest of the process and that we will be able to make a bill that all of us can vote for and the President can sign. I only regret that partisanship has kept us from achieving that purpose today.

I urge a vote against the bill.

Mr. FOLEY. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I am a free trader. I have no apologies for that. I hope my colleagues will vote for this bill. It is a tough one to vote for, but this is a bicameral organization and there is hope that we can work out an acceptable bill before we are at the end of all of this.

As in most of our amendments, they are overadvertised and oversold, and I am not afraid to face the world on any of them. We need an aye vote. We need progress. We need to be able to work as a bicameral legislative body.

The final test will come when we come back from conference, whether you accept or reject the work of the other body and of the conferees.

I urge my colleagues, let us make progress and let us vote for this bill.

Mr. FOLEY. Mr. Chairman, may I inquire if all time has expired on the other side?

The CHAIRMAN. The gentleman is correct, and the gentleman from Washington [Mr. FOLEY] has 9 minutes remaining.

Mr. FOLEY. Mr. Chairman, I yield my remaining time to the distinguished gentleman from Texas [Mr. WRIGHT] the Speaker of the House of Representatives.

Mr. WRIGHT. Mr. Chairman, I have refrained from speaking on legislation to the House until today. I come here today with a great deal of pride in this chamber. I think the debate that has ensued over the last 3 days reflects credit upon Members of both sides, Democrats and Republicans alike.

We have come to the end of a period of time in which Democrats and Republicans in 11 different committees of the House have struggled to present a constructive, creative, comprehensive approach to the biggest problem that faces our domestic economy, and that is the trade deficit.

Yes, it is a tough bill. It is a tough problem that confronts America. For 4 years the trade deficit has been growing. It has been closing American factories. It has been eroding America's industrial base. It has been robbing America of jobs. It has been exporting jobs and opportunities out of this country to overseas nations. It has been eroding the percentage of ownership of America's land and America's banking facilities and America's means of production—taking these out of the hands of Americans and putting them into the hands of foreigners.

The future, if we do not do something, is obviously a future that is descriptive of an underdeveloped country, where more and more we produce raw products, sell them on foreign markets to other countries, which turn them into finished goods and then return them for sale on American markets.

☐ 1520

If we needed any single incentive to recognize the desperate straits of America's trade, I think all we need to do is to look to the two biggest export commodities out of the biggest port of the United States—the port of New York.

What are those two biggest commodities? Scrap metal and waste paper.

Scrap metal, mostly from junked automobiles; waste paper, sent to other countries and made into cardboard boxes and returned to our shores with television sets and computers and other commodities for sale on the American marketplace.

And so we have said, representing the American people, it is time to put a stop to that. And this bill does many things.

Yes, you can find a lot of things that you do not like in any 946-page bill. It is not a perfect bill. But I think on balance it is a bipartisan bill. I believe Members of the minority, just as Members of the majority, recognize the seriousness of this problem. I think they want action. I think they are willing, and surely they should be willing, to pursue the project and to pursue the process until we shall have produced the best from both Houses and sent to the President an article that he can sign or not sign, but surely let us not stop halfway. Last year, with the aid of about one-third of the Republican Members, we passed a bill essentially similar to this one. It had more than enough votes to have overridden the veto in the House if that had been necessary.

I hope it will not be necessary.

I hope it will not ever become necessary. I believe the President of the United States wants to do something about this desperate problem. This bill gives him the tools that will help him do those things. This is a comprehensive bill from 11 different committees.

I want to commend both on both sides of the aisle. I want to commend those from the Committee on Ways and Means, and I want to commend the chairman of that committee, Mr. Rostenkowski, and Mr. Gephardt, and I should also like to say on behalf of Mr. Duncan and Mr. Frenzel that they produced contributions that are embodied in this bill. If this were not, on balance, a bill acceptable to most Members, if 90 percent and more of its provisions were not broadly acceptable across the board, then surely the minority, given the option of writing any amendment it wanted, would have added more than three changes. That is all that were asked—only three changes from this 946-page document were requested in the minority's motion.

So we come with a bill that enhances our capacity to compete in the world. We come with a bill that rewrites the laws on a fair basis, creating an even playing field and asking of other countries only one thing—that they treat American products the same way we treat their products on our markets. We have a right to ask that, if we represent the American people. We have the duty to ask and to settle for nothing less than that.

But beyond that, the bill enhances the product of America's labor. Those portions were written by other committees of the House. That portion written by the Committee on Energy and Commerce makes important contributions to dealing with telecommunications trade barriers, the foreign corrupt practices, and with assistance to the semiconductor industry so vital to our future as a nation.

I want to applaud Chairman Dingell and Mr. Lent for their contributions to this bill. Recognizing that the purpose of this bill is not to hinder imports but to promote our exports, the Committee on Foreign Affairs produced a well-conceived, well-constructed export enhancement act which is part and parcel of this. You vote against the bill and you vote against that. That title received bipartisan approval.

I want to commend Chairman Fascell and Mr. Broomfield for their significant contributions to this bill, and all the members of that committee.

Far-reaching reforms? Yes, from the Committee on Banking, Finance and Urban Affairs: how to deal with this problem of Third World debt. I assure you it is a problem. Without coming to grips with it, we would not be coming to grips with one of the essential problems of foreign trade—markets abroad to buy America's goods.

I should like to commend Chairman St Germain and Mr. Wylie and other members of that committee for the contributions they made.

This is not just a trade bill, it is a competitiveness bill. It calls for important reforms in education and training.

Surely it is wrong when Japan with only half our population graduates half again more scientists and engineers every year than we do. Surely it shows where we have failed to be competitive when we have not been linguistically trained; when Japan has 10,000 trained English-speaking trade representatives in our country representing Japanese businesses, all of them speaking excellent English. We have only about 500 in their country representing American firms, and hardly any of them can speak any Japanese. This makes us more competitive. Would you vote against that? A vote against the bill is a vote against that reform.

The bill also deals with agricultural trade. It increases the agricultural trade and export resources of the Department of Agriculture. For that I want to commend Mr. de la Garza and Mr. Madigan and other members of that committee.

This bill is a product of a rule which permitted free and open debate, gave all sides the opportunity to be heard, and had nine amendments agreed to. The rule provided a fair and open process. This is a product of the House at its best.

No, you may not like some of the things in the bill. But let us not kill the bill, let us move it along, let us get it into the process.

Surely modifications will be made in the other body. That is part and parcel of this great legislative process, but if you would deal with this most gripping economic problem that confronts America today, if you would once again see "made in the U.S.A." become a badge of quality and value throughout the world, and if you would ask of other countries only, only that they abandon the current protectionism they practice and that they treat American goods exactly as we treat their goods, then vote for the bill because that is what it does.

Vote for the bill and give it life, give it the oxygen of further debate, give it the opportunity to go to the other body, there to be considered, and give the other body an opportunity to make such amendments and modifications as it will and then give the conferees—and I assure you conferees will be appointed who will be reasonable people—give the conferees an opportunity then to hear one another out.

If you are serious about doing something about the trade problem, if you are really serious about wanting to improve America's competitiveness, here is your opportunity. This is a good bill. I commend the Members of the House, both Democrats and Republicans, for the quality of this debate, for the quality of their work that produces this monumental piece of legislation today.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute, as amended, as modified.

The amendment in the nature of a substitute, as amended, as modified, was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BEILENSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3) to enhance the competitiveness of American industry, and for other purposes, pursuant to House Resolution 151, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

☐ 1530

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FOLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 290, nays 137, not voting 6, as follows:

[Roll No. 78]

YEAS—290

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Aspin
Atkins
Ballenger
Barnard
Bates
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilbray
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boxer
Brennan
Brooks
Brown (CA)
Brown (CO)
Bruce
Bryant
Bustamante
Byron
Campbell
Cardin
Carper
Carr
Chapman
Chappell
Clarke
Clay
Clinger
Coble
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Coyne
Crockett
Daniel
Darden
Davis (IL)
Davis (MI)
de la Garza
DeFazio
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edwards (CA)
Emerson
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Fish
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frost
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gordon
Grant
Gray (IL)
Gray (PA)
Guarini
Hall (OH)
Hall (TX)
Hamilton
Harris
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefner
Henry
Hertel
Hochbrueckner
Horton
Houghton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jacobs
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Luken, Thomas
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McHugh
McMillan (NC)
McMillen (MD)
Mfume
Mica
Miller (CA)
Miller (OH)
Mineta
Moakley
Mollohan
Montgomery
Moody
Morrison (CT)
Murphy
Murtha
Nagle
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Panetta
Patterson
Pease
Penny
Pepper
Perkins
Pickett
Pickle
Price (IL)
Price (NC)
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Richardson
Ridge
Rinaldo
Ritter
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Savage
Sawyer
Scheuer
Schneider
Schuette
Schulze
Schumer
Sharp
Shuster
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spence
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swift
Synar
Tallon
Tauzin
Thomas (GA)
Torricelli
Towns
Traficant
Traxler
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weiss
Weldon
Wheat
Whitten
Williams
Wilson
Wise
Wolpe
Wyden
Yates
Yatron

NAYS—137

Archer
Armey
AuCoin
Baker
Bartlett
Barton
Bateman
Beilenson
Bilirakis
Bliley
Bosco
Boulter
Broomfield
Buechner
Bunning
Burton
Callahan
Chandler
Cheney
Coats
Coleman (MO)
Combest
Courter
Craig
Crane
Dannemeyer
Daub
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Duncan
Edwards (OK)
Fawell
Fields
Frenzel
Gallegly
Gallo
Gekas
Gingrich
Gradison
Grandy
Green
Gregg
Gunderson
Hammerschmidt
Hansen
Hastert
Hefley
Herger
Hiler
Holloway
Hopkins
Hunter
Hyde
Inhofe
Ireland
Kemp
Kolbe
Konnyu
Kyl
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Lott
Lowery (CA)
Lowry (WA)
Lujan
Lukens, Donald
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCandless
McCollum
McEwen
McGrath
Meyers
Michel
Miller (WA)
Molinari
Moorhead
Morella
Morrison (WA)
Mrazek
Myers
Nielson
Oxley
Packard
Parris
Pashayan
Petri
Porter
Ravenel
Rhodes
Roberts
Roth
Saiki
Saxton
Schaefer
Sensenbrenner
Shaw
Shumway
Skeen
Slaughter (VA)
Smith (NE)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Stangeland
Stratton
Stump
Sundquist
Sweeney
Swindall
Tauke
Taylor
Thomas (CA)
Vucanovich
Walker
Weber
Whittaker
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOT VOTING—6

Annunzio
Badham
Livingston
McKinney
Schroeder
Torres

☐ 1540

The Clerk announced the following pairs:

On this vote:

Mr. Torres for, with Mr. Livingston against.

Mr. McKinney for, with Mr. Badham against.

Mr. BARTLETT and Mr. McEWEN changed their votes from "yea" to "nay."

Mrs. BENTLEY changed her vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTONS IN ENGROSSMENT OF H.R. 3, TRADE AND INTERNATIONAL ECONOMIC POLICY REFORM ACT OF 1987

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill H.R. 3 the

Clerk of the House of Representatives may make section redesignations and structural changes, cross reference changes, and such other technical changes as may be required because of the adoption of amendments to H.R. 3.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

□ 1550

EXTENDING CERTAIN PROTECTIONS UNDER TITLE 11, BANKRUPTCY CODE

Mr. RODINO. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the Senate bill (S. 903) to extend certain protections under title 11 of the United States Code, the Bankruptcy Code, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. FISH. Reserving the right to object, Mr. Speaker, and I do not intend to object, I yield to the gentleman from New Jersey [Mr. RODINO], chairman of the Judiciary Committee, to explain his bill.

Mr. RODINO. Mr. Speaker, the purpose for discharging the Committee on the Judiciary and expediting the consideration of this legislation is to buy time. In the last days of the 99th Congress, we passed temporary, stopgap legislation to protect the health, life, and disability benefits of retirees of companies involved in chapter 11 bankruptcy proceedings. That protection expires May 15—little more than 2 weeks from now. S. 903 will extend that protection and preserve the status quo for 4 more months—until September 15, 1987.

This extension is necessary to give parties in pending bankruptcy proceedings time to work out a satisfactory arrangement for taking care of retirees' health needs. I understand that management and retiree representatives at LTV Corp., which filed bankruptcy in July 1986, have been trying to reach an agreement on the payment of benefits for both union and nonunion retirees during the pendency of chapter 11 proceedings.

An extension is also necessary to give Congress adequate time to formulate permanent and workable legislation. Such legislation is necessary to ensure that retirees never again go through the suffering and anxiety experienced by the retirees of LTV when that company suddenly and unilaterally cut off their health benefits last July 17.

I believe LTV's action last summer violated the clear terms of the Bankruptcy Code. Section 1113 provides that companies in chapter 11 are prohibited from unilaterally terminating any provision of a collective-bargaining agreement. Benefits guaranteed in a labor contract may be terminated or modified only by following the detailed procedures set forth in section 1113. These procedures include renegotiating with the union and obtaining court permission. Since the health benefits of LTV's union retirees were set forth in a collective bargaining, LTV was obligated to follow these procedures before terminating or modifying these benefits.

I introduced H.R. 5490 in the 99th Congress to make clear that the Bankruptcy Code, as it plainly states in section 1113(f), governs all provisions in a collective-bargaining agreement. Retiree benefits negotiated in a labor contract are subject to the same protections as any benefits for active workers. Although the House of Representatives passed H.R. 5490, the Senate did not follow our lead. Thus, Congress still faces the important task of developing permanent legislation dealing with retiree benefits in bankruptcy.

A number of points should be kept in mind for any legislation attempting to solve this problem through adjustments to the Bankruptcy Code. First, legislation should reflect the special needs of retirees as creditors of their former employer. Unlike other creditors, retirees cannot wait until a reorganization plan has been confirmed to receive payment on their claims for health benefits—medical problems must be addressed when they arise. Moreover, in many cases, retirees will have no recourse to alternative health insurance because of high cost of lack of insurability. Thus, they may be completely dependent on plans established by their former employers for health care. Legislation should provide that retirees, where possible, will continue to receive health benefits, at least at some level, during the period in which the company attempts to reorganize.

At the same time, however, we must be extremely careful that legislation does not jeopardize the prospects for reorganization of chapter 11 debtors. A major goal of U.S. bankruptcy law is to encourage businesses to reorganize rather than to liquidate. Keeping the debtor in business is in the best interests of all parties involved—shareholders, creditors, suppliers, and perhaps most of all, employees and retirees. A bill that places too high a burden on the debtor to pay retiree health benefits may doom reorganization. It could deplete so much of the estate's cash and other assets that the business cannot continue. Or it could otherwise destroy the delicate balance among creditors that is crucial to working out a plan of reorganization. Such an outcome clearly would not be in the interests of retirees. Only if their former employer stays in business can retirees' health needs be met—at least at some level—into the future.

We must also ensure that legislation does not mandate that debtors do the impossible. Some proposed legislation would require companies in bankruptcy to continue to pay retiree and employee benefits at the full prebankruptcy level no matter what the financial circumstances. While some chapter 11 companies may be able to comply with such a law, many others will simply lack the funds. It can only breed disrespect for the law to require the impossible. Further, it may raise unrealistic expectations among retirees.

Any legislation proposing permanent amendments to the Bankruptcy Code must be prospective in nature. All amendments to the Bankruptcy Code since its enactment in 1978 have applied only to bankruptcy cases filed after the amendments' effective dates. I am very troubled by any proposal that would change the law and the relationship among creditors in pending cases.

Ultimately, however, the real answer to the problem of retiree health care may require solutions outside the bankruptcy laws. Virtually all proposals introduced so far have been in the form of Bankruptcy Code amendments that look only to the assets of bankrupt companies to pay retiree health costs. This approach sells retirees short. Although the Bankruptcy Code can provide that retirees get fair and equitable treatment relative to other creditors, it cannot ensure that they receive an adequate level of health care. As stated above, in too many cases, debtors will simply lack the funds.

Nonbankruptcy solutions could take a variety of forms. For example, employees could be required to prefund retiree benefits. Or Medicare could be expanded to make benefits available to early retirees who suddenly lose private health care benefits, such as through bankruptcy filings.

In sum, the task ahead of us in the next few months is to find a way to ensure that our Nation's retirees receive adequate and continuous health care without jeopardizing the ability of companies in bankruptcy to reorganize and contribute to the economy of the local community and the Nation.

Mr. FROST. Mr Speaker, unless we act favorably upon the measure before us today, May 15 could bring life-threatening hardship to thousands of retirees in my district and tens of thousands of other retirees across the Nation.

On that day, LTV Corp. and several other companies that have filed for reorganization under chapter 11 of the Bankruptcy Code would no longer be required to provide the group life and health insurance coverage promised to retirees during their working years. This means that retirees with chronic illnesses requiring regular medical attention will not have the resources to obtain the care they need. Vital medical prescriptions will go unfilled. Doctor bills will go unpaid. Even healthy retirees will be plagued by the fear of a severe, long-term illness striking themselves or a family member.

There is nothing controversial about the bill before us. It simply extends for 4 months—until September 15—the requirement that retiree health and life insurance benefits provided by companies before reorganization be continued. This 4-month extension will allow the House Judiciary Committee time to consider legislation currently pending in that committee which should resolve the matter permanently.

It's wrong for companies to use bankruptcy procedures to abandon their retirees. We must act today to insure that retirees—those most vulnerable to debilitating illness and least able to withstand severe financial hardship—will continue to receive the benefits they spent their most productive years working for.

Mr. FISH. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 903

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 608(a) of Public Law 99-591 (100 Stat. 3341-74), and section 2(a) of Public Law 99-656 (100 Stat. 3668) are amended by striking out "May 15, 1987" each place it appears and inserting in lieu thereof "September 15, 1987".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. LOTT asked and was given permission to address the House for 1 minute.)

Mr. LOTT. Mr. Speaker, I have asked for this time for the purpose of receiving the schedule for the balance of the week, and for that purpose I am glad to yield to the distinguished majority leader, the gentleman from Washington [Mr. FOLEY].

Mr. FOLEY. Mr. Speaker, I thank the distinguished Republican whip for yielding.

Mr. Speaker, we will next consider H.R. 1728, the Defense authorization bill rule only, and following the adoption of the rule this afternoon, we will conclude the business for today and for the week.

Mr. LOTT. Mr. Speaker, if I may ask at this point, I would like for the Members to know also that it is anticipated that there probably will be a vote on that rule when the debate on the rule is completed.

Mr. FOLEY. The gentleman is correct. We have been advised there will be a request for a vote and Members should expect that at the conclusion of the debate on the resolution there will be a vote on the rule. That will conclude the business for today and for the week.

On Friday, tomorrow, May 1, the House will not be in session.

The House will meet on Monday and consider under suspension of the rules the following six bills:

H.R. 1941, Fuel Use Act amendments;

H.R. 1207, Prescription Drug Marketing Act of 1987;

H.R. 1226, to require Senate confirmation of the FDA Commissioner;

H.R. 921, to require a study to determine the appropriate minimum altitude for aircraft flying over national parks;

H.R. 1044, to establish the National Maritime Museum; and

H.R. 28, Expedited Funds Availability Act of 1987.

On Monday, the House will also consider H.R. 1748, the Department of Defense authorization, general debate only.

On Monday all votes or any votes ordered on suspensions, debated on that day, will be postponed until Tuesday, May 5.

The House will meet at noon on Tuesday to consider the recorded votes on those suspensions debated on Monday, May 4, and also consider H.R. 1748, the Department of Defense authorization for fiscal year 1988, continue consideration; and consider H.R. 27, the Federal Savings and Loan Insurance Corporation Revitilization Act of 1987. This is the so-called FSLIC bill.

On Wednesday, May 6, the House will meet at 11 a.m. to consider H.R. 1748, Department of Defense authorization for fiscal year 1988.

The House will meet on Thursday, May 7, and Friday, May 8, at 11 a.m. on Thursday and 10 a.m. on Friday.

Immediately after the House convenes on Thursday, there will be a recess for the purpose of receiving former Members of Congress. The House will reconvene for legislative business at approximately 12 noon.

On Thursday and Friday the House will continue consideration of H.R. 1748, the Department of Defense authorization for fiscal year 1988.

May I take this moment to advise all Members that next Friday on the 8th of May the House will not only be in session, but votes are expected.

The House will also meet on Monday, May 11, at noon and votes will be continued on the DOD authorization bill.

To repeat for emphasis, next Friday and the following Monday, May 8 and 11 respectively, the House will be in session and votes will be taken on the DOD authorization bill.

I would hope that all Members would note this. We will intend I am sure on both sides through the whip organizations to remind Members of that today.

Obviously, conference reports may be brought up at any time and any further program will be announced later.

Mr. LOTT. Mr. Speaker, if the gentleman will allow me to emphasize also, as I understand it, we will expect to come in at 11 o'clock on Wednesday, 11 o'clock on Thursday, and 10 o'clock on Friday; is that correct?

Mr. FOLEY. The gentleman is correct.

Mr. LOTT. Also with regard to next Friday, the 8th, and Monday, the 11th, certainly we will attempt to advise our Members; but any Member who is worth his or her salt who does not already have plans for next Friday, they need help with their scheduling secretaries; so while I think it is nice that we give the Members 1 week notice when we do this kind of thing, I would like to ask the gentleman, since it has been on the tentative schedule that we have been able to acquire, for weeks that we were going to have the DOD coming up this week and next week and that we were probably going to have votes on Monday, the 11th and 12th, why are we just now telling the Members that they can expect to be in here and have recorded votes on Friday, the 8th, and Monday the 11th?

Mr. FOLEY. The answer to the gentleman is that it was not decided by the leadership until this week and we made the announcement as soon as it was decided.

I might tell the gentleman that it is a practice in the House to advise the minority and our own Members as soon as we know of a schedule that is certain, we will do that, but it is impossible to advise every Member on the possibility of a Friday and a Monday session. There will be some of these Fridays and Mondays with votes.

The gentleman knows that is inevitable on some occasions.

I think if we had announced to the House that it would have been a possibility, the gentleman probably would not have been satisfied because that is not a conclusive yes or no.

Mr. LOTT. No, it is not.

Mr. FOLEY. We are now giving a conclusive yes for a Monday session and votes.

Mr. LOTT. Let me say, I commend the distinguished leader—the distinguished leadership—for so far this year having a schedule and sticking to it, even though it hurts sometimes, but I will repeat what I said in the past. I think the Members can live with anything just as long as they know what it is going to be as far in advance as possible. I think we need to try to give Members a little bit more advanced notice than just 1 week.

In case you all have lost it, I do have a copy of the tentative schedule which has been around for a couple months that showed we would probably have votes on Friday and Monday. We will be glad to work with the gentleman in trying to notify Members as well in advance as possible and help the gentleman to accomplish that.

Mr. FOLEY. I do not know what copy the gentleman has that showed we would be doing the DOD bill. We did not make the decision to do Monday and Friday until this week, as I told the gentleman.

I would have to advise the gentleman and advise all Members that during the months of June and July, for example, we are going to be doing appropriations bills. We might have to expect to work on Mondays and Fridays during that period. We will advise Members as soon as any decision is made, but the legislative business of the House has to take priority over Members' other business. I think the gentleman knows that.

We have not met on Mondays and Fridays generally for votes. This has been the exception over the last several years that we have done so. This is such an exception. It is because, as the gentleman knows, the DOD bill is always a hard debated and heavily amended bill.

I understand the gentleman's concern is for the convenience of Members and that concern is shared on this side of the aisle. We will, to the best of our ability, announce ahead of time when we know what the schedule is and we intend to consult with the gentleman on that.

☐ 1600

Mr. LOTT. I would like to help the gentleman with that, and I think it would be highly commendable if we did meet more than 3 days a week. If we would meet on Mondays or Fridays, I think that that would be fine. But, for instance, we know that appropriations are going to be coming up in June or July. We know that they are going to be out of the Appropriations Committee. We know what they are. I do not see why the Members would not be entitled about the 1st of June to be told, "You're going to have probably the Interior appropriations bill here, HUD here, whatever, and you can expect on certain Fridays that we will be in session."

If you would do that the 1st of June, I know that it would be a lot of help to us, and that the gentleman from Illinois [Mr. RUSSO] would appreciate knowing when he can go to Chicago.

Mr. FOLEY. We will try to accommodate the gentlemen on his side of the aisle, and I can assure the gentleman that the gentleman from Illinois [Mr. RUSSO] is anxious to see that we accommodate the gentlemen on our side of the aisle, so we will try to do that. It is not a common thing for us to meet on Monday and Friday back to back, so to speak, but this is an unusual and pressing emergency on the Department of Defense authorization.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Georgia.

Mr. GINGRICH. I appreciate my colleague's yielding.

Mr. Speaker, I just want to say to you that I think that up until now we have had in fact very fair scheduling. I think that you have set up a clear plan. I do not have any particular objection to our staying in. I think that it is appropriate to work on these bills. But I would hope, looking at the supplemental appropriations debate of a few days ago, that as the Democratic leadership plans the appropriations bills this coming 2 months, that they would look at allowing enough time during the day to get through those amendments which may be appropriate as we deal with the appropriations bill so that we do not have—particularly Members who have children who are young and who are at home—so that they are able to get home before 2 in the morning.

On our side, we do feel an obligation to offer appropriate amendments and to seek to clean up and improve appropriations bills, and I just would hope that that could be scheduled over 2 or 3 days at a time rather than leading to 2 a.m. sessions.

Mr. FOLEY. If the gentleman will yield further, I think that it is in the interest of all Members to have some certainty about their schedule, but I must tell the gentleman from Georgia before he leaves the floor that we have a need on our side to know in advance that Members are planning a number of amendments and in fact suggesting that the purpose in part is to keep the House in session for a long period of time.

It was clearly the intention the other night not only to consider amendments but to consider them in a way that would take the House into the late evening, and I think that it is difficult for the gentleman to both have been involved in that as one of the leaders of that movement and to complain about it at the same time.

We do try to consider amendments. We will consider amendments. But it was clear the other night that the session was going to have to continue if we were going to consider amendments, and we were not advised of that at the time the schedule was made.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Georgia.

Mr. GINGRICH. I would be glad to say in part at least that we in the administration deserve a little bit of critique, because frankly it was only in the last few days of looking at that supplemental appropriations bill that the Office of Management and Budget came to the conclusion that there were some 25 or 30 amendments.

We in fact on our side of the aisle pared those down to I believe 8 recorded votes out of a possible 30 or 40 amendments we could have offered. We sought only to offer what we thought were appropriate and important amendments. And that is why, looking forward to June and July, precisely because of the fine leadership that our new majority leader and our new Speaker have offered on the schedule, we simply wanted to say that it would be our hope that we are saying in advance that we will be offering a number of amendments.

It is our hope that with that advance notification that the very fine and able Democratic leadership could schedule adequate time for the appropriations bills.

Mr. FOLEY. If the gentleman will yield further, if we have adequate notice, we will be glad to accommodate reasonable consideration of amendments. It is not our intention to remove the consideration of amendments, but only to try to accommodate them in an ordinary fashion, which is what we need the cooperation of the gentleman to accomplish.

HOUR OF MEETING ON WEDNESDAY, MAY 6, 1987, and THURSDAY, MAY 7, 1987

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, May 5, 1987, it adjourn to meet at 11 a.m. on Wednesday, May 6, 1987, and that when it adjourns Thursday, May 7, 1987, it adjourn to meet at 10 a.m. on Friday, May 8, 1987.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE A RECESS ON THURSDAY, MAY 7, 1987, FOR THE PURPOSE OF RECEIVING FORMER MEMBERS OF CONGRESS

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that it may be in order for the Speaker to declare a recess, subject to the call of the Chair, on Thursday, May 7, 1987, for the purpose of receiving in this Chamber former Members of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT UNTIL MONDAY, MAY 4, 1987

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 1748, DEFENSE AUTHORIZATION ACT FOR FISCAL YEARS 1988 AND 1989

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 152 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 152

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1748) to authorize appropriations for fiscal years 1988 and 1989 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1988 and 1989, and for other purposes, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill for failure to comply with the provisions of section 303(a) of the Congressional Budget Act of 1974, as amended (Public Law 93-344, as amended by Public Law 99-177), are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be considered for amendment under the five-minute rule. In lieu of the amendment in the nature of a substitute now printed in the bill and immediately after the enacting clause is read, it shall be in order to consider an amendment in the nature of a substitute consisting of the text of the bill H.R. 2169, by and if offered by, Representative Aspin of Wisconsin, or his designee, said amendment shall be considered as having been read, shall be debatable for not to exceed two hours, equally divided and controlled by the proponent and a member opposed thereto, shall not be subject to amendment, and all points of order against said amendment for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act of 1974, as amended (Public Law 93-344, as amended by Public Law 99-177), clause 7 of rule XVI and clause 5(a) of rule XXI are hereby waived. Said amendment, if adopted, shall then be considered as an original text for the purpose of further amendment under the five-minute rule. After disposition of said amendment, the Committee of the Whole shall rise without motion, and no further amendment to the bill shall be in order except as subsequently determined by the House.

The SPEAKER. The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio [Mr. LATTA], pending which I yield myself such time as I may consume.

Mr. Speaker, in a moment I will offer an amendment to the House resolution, but first I want to explain the reasons for the amendment. The rule we are considering makes in order an amendment in the nature of a substitute by chairman ASPIN of the Armed Services Committee. This substitute is intended to conform the authorization levels in H.R. 1748 with the House-passed budget resolution. Subsequent to the Rules Committee granting this rule, it was discovered that while the Aspin substitute does conform to the budget authority levels in the budget resolution, it is over the budget resolution defense outlay levels.

At the request of Chairman ASPIN, and after consultation with the chairman of the Rules Committee and the ranking minority member of the Armed Services Committee, I plan to offer an amendment to the rule which will include an amendment in part 2 of the rule which will amend the Aspin substitute to conform the outlay levels assumed by it with the budget resolution.

AMENDMENT OFFERED BY MR. DERRICK

Mr. DERRICK. Mr. Speaker, I offer an amendment and ask unanimous consent for its adoption.

The Clerk read as follows:

Amendment offered by Mr. DERRICK: On page 2, line 18, after "H.R. 2169," insert: "as modified by the amendment contained in section 2 of this resolution".

On page 3, after line 8 insert: "SEC. 2.".

On page 117, line 12, strike out "10 days" and insert in lieu thereof "12 days".

On page 2 line 19 after "amendment" insert "as so modified".

On page 3 line 3 after "amendment" insert "as so modified".

On page 3 line 5 after "amendment" insert "as so modified".

□ 1610

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. WALKER. Mr. Speaker, reserving the right to object, I am trying to understand what the gentleman is doing here.

Is the gentleman modifying the Aspin substitute here on the floor during this rule, or is he, in fact, modifying his own rule?

Mr. DERRICK. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from South Carolina.

Mr. DERRICK. Mr. Speaker, I am modifying the Aspin substitute. I am modifying the rule which, upon adoption, would modify the Aspin substitute.

Mr. WALKER. So we are making substantive changes in the Aspin substitute as a part of the adoption of this rule?

Mr. DERRICK. They are really, in fact, technical changes. But it is necessary to do it in a substantive manner.

Mr. WALKER. Let me ask the gentleman, for example, is the gentleman amending the Aspin substitute in such a way that we would take care of the waiver of the Congressional Budget Act with regard to the consideration of new entitlement authority?

Mr. DERRICK. No, we are not because, you see, the budget authority waiver was given to the bill itself, and there is one for the substitute as well. But we do not know.

If I might, I would ask that the gentleman yield to the minority for an explanation.

Mr. DICKINSON. Mr. Speaker, will the gentleman yield?

Mr. WALKER. Further reserving the right to object, I am very glad to yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, let me try to explain.

Mr. WALKER. It is a little confusing.

Mr. DICKINSON. It is a little confusing.

The Aspin substitute was asked to be made in order by the rule. After it was furnished to the Rules Committee and printed, it was learned by our committee that the budget outlays were based on an erroneous assumption by OMB, at least this is our explanation, and that in order to meet the outlay target it would take 12 days, not 10 days, of delayed payments on accelerated payments to contractors. So in order to meet the outlay target it would require a 12-day, not 10-day delay, so this is the technical amendment the gentleman is referring to. I have no problem with it. It is just smoke and mirrors, but it is allowing the amendment, which is based and predicated on erroneous information furnished to us, that we thought that 10 days would be adequate and now learn it requires 12 days. I do not see that it is any big deal, and I am not going to make any objection. But that is the explanation.

Mr. WALKER. Further reserving the right to object, let me see if I understand what is going on here. In order to save money, we are going to delay payment to contractors by 10 days, and now we are going to extend that out to 12 days; is that right?

Mr. DICKINSON. No; it does not save a crying dime. It is a technical thing to get past a year so that we can delay payment into the next fiscal year so we can meet the target and avoid the impact of Gramm-Rudman. It is another gimmick to get by the target date.

Mr. WALKER. Similar to the fact of delaying the pay to the soldiers last year?

Mr. DICKINSON. Exactly, another gimmick to slip the pay date, to go into another budget, another fiscal year. That is what it is, pure and simple.

I do not say it is good. It is not saving anyone money. It is just a mechanical means of avoiding what we should do, face head on.

Mr. WALKER. Twelve days does not make much more difference than 10, I would not think.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Without objection, the amendment is agreed to.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from South Carolina [Mr. DERRICK].

Mr. DERRICK. Mr. Speaker, House Resolution 152 is a rule providing for the initial consideration of H.R. 1748, the National Defense Authorization Act for fiscal year 1988-89. The rule provides 3 hours of general debate, with the time divided equally between the chairman and ranking minority member of the Armed Services Committee.

The rule waives section 303(a) of the Budget Act against consideration of the bill. Section 303(a) prohibits consideration of budgetary legislation prior to the adoption of the budget resolution for a fiscal year. Since the budget resolution for fiscal year 1988 has not yet been finally adopted by the House and Senate, any spending included in H.R. 1748 as introduced would subject the bill to a point of order. Therefore, a waiver was provided to ensure that the House will be able to proceed to consideration of the committee-reported bill and amendments to that.

The rule makes in order an amendment in the nature of a substitute consisting of the text of H.R. 2169, if offered by Chairman Aspin of the Armed Services Committee. That amendment is considered as having been read and is debatable for 2 hours, with the time divided between Chairman ASPIN and a member opposed to the amendment. The rule waives section 303(a)(4) of the Budget Act against the substitute. Section 303(a)(4) prohibits consideration of new entitlement authority prior to the adoption of a budget resolution for the fiscal year. Since the Aspin substitute provides new entitlement authority for a military pay raise, the waiver is necessary to allow consideration of the substitute. I should point out that the pay raise included in the Aspin substitute is consistent with the budget resolution (H. Con. Res. 93) adopted by the House on April 9.

The rule waives clause 7 of rule XVI, which prohibits nongermane amendments, against consideration of the Aspin substitute. This is necessary because the substitute is broader in nature than the underlying bill. The rule also waives clause 5(a) rule XXI, which prohibits appropriations in an authorization bill, against consideration of the Aspin substitute. This waiver is necessary because the Aspin substitute carries appropriations with respect to proceeds of certain military construction land sales and replacement and national defense stockpile transactions.

The rule provides that the Aspin substitute is not subject to amendment during its consideration. However, if the substitute is adopted, it shall be considered as original text for the purposes of amendment.

The rule provides that, upon disposition of the Aspin substitute, the Committee of the Whole shall rise without motion and no further amendments shall be considered except as subsequently determined by the House. This somewhat unusual procedure is recommended because the Rules Committee anticipates reporting a second rule on this bill that will govern the consideration of amendments. This two-step process allows the House to proceed with general debate on H.R. 1748 and to determine whether the committee-reported bill or the Aspin substitute should be the base bill for the purposes of amendment, before the Rules Committee recommends the procedure for consideration of amendments.

As I am sure most of you know, the Armed Services Committee reported a bill which would provide $306 billion in budget authority for defense programs in fiscal year 1988. After the committee acted, the House adopted a budget resolution which calls for only $288.7 billion for defense. Chairman ASPIN then asked the Armed Services Subcommittees to go back and recommend ways that the budget authority in the bill could be reduced in order to conform to the budget resolution, and he largely took those recommendations in putting together the substitute he will offer which does reach the budget resolution target. This rule allows the House to decide, before beginning the long process of amending the Defense bill, whether it intends to stay within the defense levels it set in the budget.

As I stated before, the Rules Committee intends to report a second rule which will govern the consideration of further amendments. To facilitate this process, the Rules Committee has notified members that anyone wishing to offer an amendment to H.R. 1748 should deliver 35 copies of that amendment to the Rules Committee office, H-312 in the Capitol, by 6 p.m. on Friday, May 1.

Mr. Speaker, the National Defense Authorization Act for fiscal year 1988-89 is obviously one of the most important pieces of legislation the House will consider this year. It provides authorizations for the full range of defense activities and sets policy on a wide range of national security issues. The rule before us allows us to begin considering this legislation in a fair and orderly manner. I should point out that both the chairman and ranking minority member of the Armed Services Committee are in agreement with this process for consideration of the bill.

Mr. LATTA. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. BADHAM].

PERSONAL EXPLANATION

Mr. BADHAM. Mr. Speaker, on rollcall Nos. 77 and 78 I was unavoidably away from the Capitol due to a minor medical emergency.

Had I been here, I would have voted as I was paired, yes on the Michel substitute and no on final passage.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order a bill, if passed as presented to the House, that will do irreparable harm to the defenses of this country. The Defense Authorization bill will almost certainly be the largest single authorization bill of this session, and probably consume the most floor time.

According to testimony in the Rules Committee, the number of amendments on this bill has been increasing in recent years. On the fiscal year 1984 bill the House considered 54 amendments. On the bill for fiscal year 1985, 60 floor amendments were considered. On the bill for fiscal year 1986, that number doubled, exceeding 120 amendments. On the bill for the current fiscal year 1987, 116 amendments were actually considered under procedures which established a time limitation for each amendment. Now, we are considering the bill for next fiscal year, and there is no reason to suspect that the number of amendments will drop.

Therefore the Rules Committee is proposing to use the same procedure this year that was used last year.

There were two separate rules used last year, and two are planned for this year as well.

The first rule provides for general debate of 3 hours, and then provides for a vote on the Aspin substitute after an additional 2 hours of debate. The Aspin substitute makes cuts in the committee reported bill sufficient to comply with the House-passed budget resolution.

Then next week, there is to be a second rule governing the remainder of the amendment process.

Any Member desiring to have an amendment on the Defense authorization bill apparently is going to be required to comply with the deadline set out in a "Dear Colleague" letter sent out by the chairman of the Rules Committee. However, it is important to look at the right "Dear Colleague" because there are three of them setting three different deadlines.

The first one said that the deadline for submitting amendments was 6 p.m. on Thursday, May 1. When it turned out that Thursday did not fall on May 1, a second letter was issued setting a deadline for submitting amendments of Thursday, April 30. Then a third "Dear Colleague" came out setting the deadline for submitting amendments to the Rules Committee at 6 p.m. on Friday, May 1. This apparently is going to be the final version, and I commend it to those of you who wish to offer amendments to the Defense authorization bill. The final letter also requires that 35 copies of each amendment, together with explanatory materials, be delivered to the Rules Committee office, room H-312, by the deadline of 6 p.m. on Friday, May 1.

Mr. Speaker, there is one additional point I would like to note about this rule before us. It includes a waiver of the Budget Act prohibition against consideration of any measure providing new entitlement authority for a fiscal year prior to the adoption of the conference report on the budget resolution for that fiscal year.

H.R. 1748, as reported, provides new entitlement authority by providing for a military pay increase. However, the conference report on the budget resolution has not yet been adopted.

Hopefully, in the future, the budget resolution conference report will be in place before we consider this important piece of legislation.

☐ 1620

Mr. Speaker, I have no objection to the rule. I just have an objection to the bill. I am hoping these objections will be eliminated during the amendment process.

Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. I thank the gentleman for yielding.

Mr. Speaker, we have heard an awful lot of talk on the floor in recent weeks about the fact that the budget problems relate to the defense authorization, the defense appropriation over the last several years. I would suggest to the Members that here is a rule that is going to bring up a defense authorization bill that in fact waives the Budget Act, waives the Budget Act in two places, the most serious of which being it waives the Budget Act with regard to prohibiting consideration of new entitlement authority prior to the adoption of the budget resolution. So there is a fairly significant item here. I would suggest a "no" vote on the rule because of the Budget Act waiver. I yield back the balance of my time.

Mr. LATTA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution, as amended.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 319, nays 83, not voting 31, as follows:

[Roll No. 79]

YEAS—319

Ackerman
Akaka
Alexander
Anderson
Andrews
Anthony
Applegate
Archer
Aspin
Atkins
Badham
Barnard
Bateman
Bates
Beilenson
Bennett
Bereuter
Berman
Bevill
Biaggi
Bilbray
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Brennan
Brooks
Broomfield
Brown (CA)
Bruce
Bryant
Buechner
Bustamante
Byron
Callahan
Campbell
Cardin
Carper
Carr
Chandler
Chapman
Chappell
Clarke
Clay
Clinger
Coats
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Crockett
Daniel
Darden
Davis (IL)
Davis (MI)
de la Garza
DeFazio
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Duncan
Durbin
Dymally
Dyson
Early
Eckart
Edwards (CA)
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Fish
Flake
Foglietta
Foley
Ford (MI)
Frank
Frost
Gallegly
Garcia
Gaydos
Gejdenson
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gordon
Gradison
Grant
Gray (IL)
Gray (PA)
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hansen
Harris
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefley
Hefner
Hertel
Hochbrueckner
Holloway
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Jacobs
Jeffords
Jenkins
Johnson (SD)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Lowery (CA)
Lowry (WA)
Lujan
Luken, Thomas
MacKay
Madigan
Manton
Markey
Martin (NY)
Martinez
Matsui
Mazzoli
McCloskey
McCurdy
McDade
McEwen
McGrath
McMillan (NC)
McMillen (MD)
Mfume
Mica
Miller (CA)
Miller (OH)
Mineta
Moakley
Mollohan
Montgomery
Moody
Moorhead
Morella
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Owens (UT)
Panetta
Parris
Patterson
Pease
Penny
Pepper
Perkins
Pickett
Pickle
Price (IL)
Price (NC)
Rahall
Rangel
Ravenel
Ray
Regula
Rhodes
Richardson
Rinaldo
Ritter
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roukema
Rowland (CT)
Rowland (GA)
Russo
Sabo
Savage
Sawyer
Scheuer
Schneider
Schuette
Schulze
Schumer
Sharp
Shaw
Shuster
Sikorski
Sisisky
Skaggs
Slattery
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Snowe
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stenholm
Stokes
Stratton
Studds
Sweeney
Swift
Synar
Tallon
Tauzin
Taylor
Thomas (GA)
Torricelli
Towns
Traficant
Traxler
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Watkins
Weiss
Weldon
Wheat
Whittaker
Whitten
Wilson
Wolf
Wolpe
Wortley
Wylie
Yates
Yatron
Young (AK)

NAYS—83

Armey
Ballenger
Bartlett
Barton
Bentley
Brown (CO)
Bunning
Burton
Cheney
Coble
Combest
Craig
Crane
Dannemeyer
Daub
DeLay
Dornan (CA)
Dreier
Edwards (OK)
Emerson
Fawell
Fields
Frenzel
Gallo
Gekas
Gingrich
Grandy
Hastert
Henry
Herger
Hiler
Hopkins
Houghton
Hyde
Inhofe
Ireland
Kolbe
Lewis (CA)
Lewis (FL)
Lightfoot
Lott
Lukens, Donald
Lungren
Mack
Marlenee
Martin (IL)
McCandless
McCollum
Meyers
Michel
Miller (WA)
Molinari
Nielson
Oxley
Packard
Pashayan
Petri
Porter
Pursell
Ridge
Roberts
Roth
Saiki
Saxton
Schaefer
Sensenbrenner
Shumway
Skeen
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Spence
Stangeland
Stump
Sundquist
Swindall
Thomas (CA)
Upton
Vucanovich
Walker
Weber
Young (FL)

NOT VOTING—31

Annunzio
AuCoin
Baker
Bilirakis
Boxer
Dwyer
Flippo
Florio
Ford (TN)
Gephardt
Gregg
Johnson (CT)
Jones (NC)
Konnyu
Lehman (CA)
Livingston
Mavroules
McHugh
McKinney
Morrison (CT)
Quillen
Roybal
Schroeder
Skelton
Tauke
Torres
Udall
Waxman
Williams
Wise
Wyden

□ 1640

The Clerk announced the following pairs:

On this vote:

Mr. Morrison of Connecticut for, with Mr. Baker against.

Mr. Quillen for, with Mr. Tauke against.

Messrs. BROWN of Colorado, EDWARDS of Oklahoma, and PURSELL changed their votes from "yea" to "nay."

Mr. RHODES and Mr. DORGAN of North Dakota changed their votes from "nay" to "yea."

So the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL AVIATION STANDARDS ACT OF 1987

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, I have today reintroduced legislation that will reform product liability laws as they affect general aviation. This is the General Aviation Standards Act of 1987, and I urge my colleagues to join me in cosponsorship. I am privileged to have been joined by the gentleman from California [Mr. MINETA], the gentleman from Michigan [Mr. CARR], the gentleman from Georgia [Mr. GINGRICH], the gentleman from Arkansas [Mr. HAMMERSCHMIDT], the gentleman from Oregon [Mr. DENNY SMITH], and the gentleman from New York [Mr. FISH], as well as over 30 other Members, as original sponsors.

Our general aviation industry has suffered for years as a result of a product liability system which places all of the liability in general aviation on the manufacturer, regardless of its level of fault. The current system also provides that airplanes manufactured over 30 years ago are subject to the same standards of liability as those manufactured last year. The result of this perverse system is that the cost of each general aviation airplane is increased by about $100,000 as a result of liability insurance premiums and costs, which has cost manufacturers thousands of jobs in my own State of Kansas as well as around the country.

General aviation is a federally regulated industry, federally licensed, federally inspected, and the rules are federally enforced. The product liability issue in this area deserves to be subject to a Federal system in order to save the industry. The bill does not deal with injured parties in a punitive or unfair way, as opposed to some other bills in this area, and aviation consumers are for the bill.

Mr. Speaker, this industry could be in danger of being lost. This is a very important industry to America. My bill will help the general aviation industry more than anything else I can think of, and I urge my colleagues to cosponsor it.

THE DEATH OF BEN LINDER

(Mr. DEFAZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DEFAZIO. Mr. Speaker, 2 days ago, a young American from my State, the State of Oregon, was killed in Nicaragua by mercenaries armed and funded by the United States. His name was Ben Linder. He was working on a small hydroelectric project in northern Nicaragua. He knew his life was at risk. He knew that the Contras have consistently attacked schools, medical clinics, agricultural projects, and every other effort by the people of Nicaragua to free themselves from poverty, illiteracy, and disease. And yet he stayed on and became another victim of this administration's brutal and illegal war in Central America. How can we continue to condemn international terrorism, while sending millions to our own terrorists in Central America? How can we claim to be the champion of human rights in the world while we provide the guns and bullets that take the lives of innocent civilians in Nicaragua? Enough is enough. A month ago, this House voted to suspend aid to the Contras. Unfortunately, the other body lacked the courage to do the same. We'll be revisiting this issue soon and I urge my colleagues to join me in refusing to provide one more penny in aid to the Contras.

CONGRESS OF THE UNITED STATES,
Washington, DC, April 29, 1987.

Hon. GEORGE P. SHULTZ,
Secretary of State,
Washington, DC.

DEAR SECRETARY SHULTZ: An American, Benjamin Linder, was killed in Nicaragua yesterday. He was reportedly killed while unarmed by elements of the Nicaraguan Contras, which are armed, trained, funded and advised by the United States Government. It has been alleged that these Nicaraguan counterrevolutionaries specifically targeted United States citizens. If true, these facts are intolerable and require a strong and unequivocal response.

The United States cannot acquiesce in the murder of any American. Still less can we allow a group armed, trained, and funded by the United States Government to murder our citizens for political reasons. Any consistency in our anti-terrorism policy requires an immediate and thorough investigation of this killing and the bringing to justice of Benjamin Linder's murderers, preferably in U.S. courts.

We would appreciate your assistance in providing prompt, unclassified answers to the following questions:

Who killed Benjamin Linder?

Under what circumstances was Mr. Linder killed?

Under whose orders did the killers of Mr. Linder act?

Were the killers of Mr. Linder members of a Nicaraguan counterrevolutionary group such as the Nicaraguan Democratic Force?

Were the killers of Mr. Linder armed, trained, advised, supplied or funded by the United States Government?

Is there evidence that the killers of Mr. Linder knew that their victim was a United States citizen?

Is there evidence that the killers of Mr. Linder specifically intended to kill a United States citizen?

What steps is the United States Government taking to bring the killers of Mr. Linder to justice?

Have requests been made to the governments of Honduras or Nicaragua, or to the officers of the Nicaraguan Democratic Resistance, to apprehend Mr. Linder's killers and to extradite them to the United States for trial?

If not, will such requests be made?

If not, why not?

We view this matter as one of utmost seriousness. We look forward to your prompt reply.

With best regards,

Sincerely,

Edward J. Markey, George W. Crockett, Jr., Peter W. Rodino, Jr., Les AuCoin, David E. Bonior, Peter A. DeFazio, Ron Wyden, Members of Congress.

□ 1650

WITHOUT FREEDOM OF THE PRESS THERE IS NO FREEDOM

(Mr. SCHEUER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHEUER. Mr. Speaker, I wish to submit to the House for the RECORD a remarkable statement that was delivered this week to each and every Member of the Interparliamentary Union, the representatives from all over the world to the Interparliamentary Union, that is meeting even as we speak in Managua, Nicaragua.

The statement is a printed one-page statement by Mrs. Violeta Chamorro, the current owner and operator of the great independent newspaper, La Prensa in Managua. The paper has been closed down by the Sandinista forces. It was closed down in June of last year, 1 day after the Congress approved funding for the Contras. The paper previously was owned by her husband, Pedro Joaquin Chamorro, a fighting apostle of liberalism, of democracy and of freedom of the press and freedom of the individual, who was assassinated by the Somoza forces in the last waning days of the Somoza regime in 1978.

Mr. Speaker, this extraordinary and noble woman exemplifies for all of us the fighting spirit of freedom for the individual, freedom of the press, freedom of the church, freedom from torture, freedom from oppression, that cannot be quenched.

Although the paper is closed down, she is spending $6,000 a month of her own money to keep a staff in being, ready to spring into action if by any reason that paper is given back its voice.

Yet, the challenge continues. Just scant minutes ago, the State Department informed me that the Sandinistas had the audacity to storm La Prensa's offices and confiscate the very plates used to print the circular Mrs. Chamorro had distributed to the IPU delegates.

This repulsive action by the Sandinistas is disgraceful and offensive to all freedom-loving people on this planet. It demonstrates once again the Sandinista's blatant disregard for human rights. What are the delegates to the IPU to think?

These events come as no surprise to Mrs. Chamorro. Her determination time and again has proven to be an undeniable force in a land torn apart by oppression and censorship. Her strength comes from her love of freedom and truth, and her courage is a lesson to us all. For that reason, I am enclosing for the RECORD a translation of Mrs. Chamorro's plea to the delegates of the IPU.

The letter follows:

(Source: La Prensa, Managua, Monday, April 27, 1987)

WITHOUT FREEDOM OF THE PRESS THERE IS NO FREEDOM

Today, 306 days after the arbitrary closing "on higher orders" of the Sandinista Government, LA PRESa greets the members of the World Interparliamentary Union and asks for the solidarity of the free world and of the democrats who are visiting us in order to join the popular clamor of the Nicaraguans who demand:

FREEDOM OF THE PRESS

Without freedom of the press, there is no democracy.

Without democracy, there is no parliament.

The one who obstructs the free expression of a people does not base his public management on the affirmation of the majorities, but on the violent imposition of his whim.

THE 12TH ANNIVERSARY OF FALL OF SAIGON

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, today April 30, is exactly 12 years, a dozen years, since we all suffered those horrendous sights of American helicopters leaving the roof of the United States Embassy in Saigon with frightened friends of ours, Vietnamese citizens, mothers, children, military people clinging to the skids of the helicopters. With Americans gone, a curtain of silent death fell over Indochina. It wasn't until the boat people came out a few years later that most Americans became aware that the Communist death squads went throughout all of South Vietnam and executed somewhere between 60,000 and 68,000 people, a small figure of horror and death when compared to the 2 million that died in Cambodia; but the nightmare of Communist persecution, the concentration camps, euphemistically titled reeducation camps, all of that has stayed for the last 12 years. It has been a nightmare for many of the friends we left behind.

Well, those Americans who suffered the most are the American families of the missing-in-action who were eventually transferred into the category of the presumptive finding of death.

This coming Tuesday night for all my colleagues and for the Members of the other body, I am sponsoring a screening of the film Hanoi Hilton. It has only opened in New York and Los Angeles to date, but I will for the Members make available this beautiful moving tribute to our men, including a former Member of this House who is now in the other body, JOHN MCCAIN, and a great Senator for the last 6 years, now retired to Alabama, Jeremiah Denton.

The torture that our prisoners underwent was not seen since the days of the Gestapo in World War II or Stalin's death camps in the Gulag Archipelago.

This film screening will be in the Mumford Room of the new James Madison Building of the Library of Congress. It will start at 5:30 Tuesday night. I do not think it is in conflict with any other dinners or events or affairs that night. I would hope that a good number of my colleagues will come out.

I will have more to say on that in a special order in about an hour from now on the floor of this House Chamber.

REFORM OF MILITARY CONTRACTING OUT PROCESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. PANETTA] is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, today I am introducing legislation to reform the process under which the Department of Defense handles the question of the contracting out of commercial activities at military installations. Under my legislation, the commanding officer at each military installation would be given authority to determine which activities at the installation would be considered commercial activities. The commanding officer would also have authority to determine which of these activities would be subjected to the cost comparison analysis provided for under OMB Circular A-76, and to conduct solicitations for contracts selected for contracting out.

There have been a number of reports of serious problems with the conduct of the commercial activities cost comparison studies being performed at defense installations around the country. In some cases, there have been reports of inadequate performance work statements and the selection of inappropriate methods of measuring the cost of performing such contracts. Some of these problems were recently documented by the General Accounting Office, in its report to Congress, "Opportunities to Use More Preferred Practices for Base Support Contracts."

By giving base commanders the authority to operate these studies as they see fit, we may not be eliminating all the problems in this program. We will, however, be ensuring that those officers closest to the activities and personnel in question have the authority to make the final decision on the issue of contracting out.

A text of the bill follows:

H.R. 2250

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY OF COMMANDING OFFICERS OVER CONTRACTING OUT FOR COMMERCIAL ACTIVITIES.

(a) AUTHORITY OF COMMANDING OFFICERS.—The Secretary of Defense shall prescribe regulations which direct that the commanding officer of each military installation shall have authority over all aspects of contracting out for commercial activities on the military installation. Under such authority, the commanding officer may—

(1) determine which activities performed by Government personnel on the military installation are to be considered commercial activities;

(2) decide which of these activities shall be submitted for review under the Office of Management and Budget Circular A-76; and

(3) conduct solicitations for contracts for performance of commercial activities selected for conversion to contract.

(b) MILITARY INSTALLATION DEFINED.—For purposes of this Act, the term "military installation" means a base, camp, post, station, yard, center, or other activity under the jurisdiction of the Secretary of a military department which is located within any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or Guam.

THE TRADE BILL

The SPEAKER pro tempore (Mr. HAYES of Illinois). Under a previous order of the House, the gentleman from California [Mr. LUNGREN] is recognized for 60 minutes.

Mr. LUNGREN. Mr. Speaker, despite the best efforts of the House majority leadership to transform the Democratic Party into a vehicle for new ideas, yesterday's passage of the Gephardt amendment confirmed the continuing allure within that organization of "that old-time religion." I had hoped that the record levels of job creation propelled by the Reagan administration's confidence in free enterprise had demonstrated to all the unique capabilities of the private sector to cope with economic dislocation. But yesterday's vote in favor of retaliatory and reactive trade policies as well as rigid quotas that bind both foreign governments and our President proved my hopes forlorn. Despite the rapid changes in the world economy, despite the demonstrable futility of tariffs and the abundant opportunities for dismantling barriers to foreign trade here in America, the majority leadership could not resist an opportunity to super manage the international economy.

Most of us remember the lyrics to the old spiritual that read, "Give me that old-time religion/It's good enough for me." Unfortunately, the old-time statist policies of the House leadership will not prove good enough or swift enough to cope with shifting tides in the world economy. The misunderstanding of U.S. employment trends manifested in Mr. GEPHARDT'S speech yesterday bodes particularly ill in this context. Although the television networks replayed his contention that America currently exports well-paying jobs, I still find it astonishing that the House leadership continues to ignore documented evidence to the contrary supplied by myself, columnist Warren Brookes of the Detroit News, columnist Paul Samuelson of the Washington Post, the editors of the Wall Street Journal and the Bureau of Labor Statistics.

Members of the majority who seek to preserve traditional smokestack industries at all costs have an even worse grasp of the imperatives shaping the international economy of coming decades. In a seminal essay for Foreign Affairs entitled "The Changed World Economy," Peter Drucker addresses precisely this mismatch between contemporary policymaking and the dynamics of international market forces that grow more tightly interwoven every day. "It may be a long time," he writes, "before economic theorists accept that there have been fundamental changes, and longer still before they adapt their theories to account for them. Above all, they will surely be most reluctant to accept that it is the world economy in control, rather than the macroeconomics of the nation-state on which most economic theory still exclusively focuses. Yet this is the clear lesson of the success stories of the last 20 years—of Japan and South Korea; of West Germany; and of one of the great successes within the United States, the turnaround and rapid rise of an industrial New England, which only 20 years ago was widely considered moribund." Obviously, Drucker's argument has grave implications for proponents of protectionism. Mr. GEPHARDT and his allies presume that our trading partners cannot afford to say no to the United States. But with their economies sensitized to worldwide developments in resource availability, product demand, and labor supply, these nations may decide to do without the goodwill of the United States. Needless to say, such decisions could prove harmful to the full range of U.S. foreign interests, ranging from automobiles to security.

Drucker also illustrates the complications the evolution of the international economy will inject into the planning and operation of any industrial policy. Traditionally, vigorous commerce in manufactured products has been predicated on strong commodity prices. Yet as food production continues to expand in both the West and in India, China, and other countries of the Far East, and as demand for other raw materials like forest products, minerals, and metals continues to decline, a "decoupling" has developed between commodity prices and industrial prosperity. Commodity prices have remained low for the past decade and industrial production has continued to increase.

Naturally, this development has brought a quirk into traditional calculations about trading patterns. As Drucker observes, "If the ratio between the prices of manufactured goods and the prices of nonoil primary products—that is, foods, forest products, metals, and minerals—had been the same in 1985 as it had been in 1973, the 1985 trade deficit might have been a full one-third less—$100 billion as against an actual $150 billion. Even the United States trade deficit with Japan might have been almost one-third lower, some $35 billion as against $50 billion. American farm exports would have bought almost twice as much. And industrial exports to a major U.S. customer, Latin America, would have held; their near collapse alone accounts for a full one-sixth of the deterioration in U.S. foreign trade over the past 5 years. If primary product prices had not collapsed, America's balance of payments might even have shown a substantial surplus.

"Conversely," Drucker continues, "Japan's trade surplus with the world might have been a full 20 percent lower. And Brazil in the last few years would have had an export surplus almost 50 percent higher than its current level. Brazil would then have had little difficulty meeting the interest on its foreign debt and would not have had to endanger its economic growth by drastically curtailing imports as it did. Altogether, if raw material prices in relationship to manufactured goods prices had remained at the 1973 or even the 1979 level, there would be no crisis for most debtor countries, especially in Latin America."

The profound effect of the commodity glut on trade deficits and the debt woes that have become the bane of the Third World do not merely suggest the need for more thought about the definition of our international trading position. They also indicate the folly of blanket requirements on the level of imports and exports. Such requirements make little sense if we do not have a careful understanding of the composition of trade surpluses and deficits.

Prescriptions for trade policy must also take account of the increasing disjunction between manufacturing and manufacturing employment. As service sector industries like finance and information have come to offer the best prospects for new employment, the level of blue-collar employment has declined. Yet Drucker rightly emphasizes that America has not even begun to "deindustrialize." Manufacturing production has remained unchanged as a percentage of the total economy in the postwar years. Since 1953, manufacturing production has held steady at about 24 percent of our gross national product. Exports of U.S. manufactured products rose by 8.3 percent in 1984 and rose again in 1985. The share of American manufactured exports in the world market has risen from 17 percent in 1978 to 20 percent in 1985. West Germany, by way of comparison held 18 percent of that total and Japan, 16 percent, in 1985. As often as not, attempts to save American industrial jobs through protectionist legislation will either prove fruitless in the wake of increasing mechanization at factories or unnecessary in the context of manufacturing industries that generally remain healthy.

Clearly, shifting currents in international commerce mandate a reassessment of our goals in trade policy and the best means of implementing them. It makes little sense to bully our trading partners for the sake of industries with poor prospects in a marketplace dominated by the priorities of high technology and information services. It makes even worse sense to neglect opportunities to use commerce to further our leadership in the commercial centerpieces of tomorrow. Peter Drucker observes: "West Germany and Japan never accepted the 'macroeconomic axion.' Instead, both countries all along have based their economic policies on the world economy, have systematically tried to exploit its changes as opportunities.

"Above all," Drucker stresses, "both make the country's competitive position in the world economy the first priority in their policies—economic, fiscal, monetary, even social—to which domestic consideration are normally subordinated. And these two countries have done far better—economically and socially—than Britain and the United States these last 30 years. In fact, their focus on the world economy and the priority they give it may be the real secret of their success."

Drucker concludes: "From now on any country—but also any business, especially a large one—that wants to prosper will have to accept that it is the world economy that leads and that domestic economic policies will succeed only if they strengthen, or at least do not impair, the country's international competitive position. This may be the most important—it surely is the most striking—feature of the world economy."

In sum, America does not need to take on the world and combat its trade partners so much as it needs to exploit opportunities more swiftly and successfully than they do. Protected industries, Mr. Speaker, do not need to compete. Uncle Sam does their competing for them.

Tragically, Uncle Sam does not do a very good job of it. Statistics compiled by Professor Gary Hufabauer of Georgetown University's School of Foreign Service suggest a distressing correlation between increases in protection for U.S. industries and the level of imports. In 1975, Professor Hufabauer notes, Uncle Sam restrained about 8 percent of imports coming into this country. He values imports in that year at $99.3 billion. Nine years later, the percentage of imports affected by tariffs and other restrictions had risen to 21 percent. But the total amount of tariffs had also increased to a whopping $329 billion. And last year, which witnessed some of the highest trade deficits in our history, saw the protectionism percentage rise to 25 percent.

Worst of all, while tariffs and quotas appear to have little impact on the trade deficit, they have tremendous consequences for the pocketbooks of Americans. Writing in Policy Review last year, Pete DuPont cited calculations by economist Michael Munger that in 1980, the total cost of import restrictions to U.S. consumers stood at $58.5 billion. Economists at the Brookings Institution and the Council of Economic Advisers estimate that protecting one job in the footwear industry costs our economy $68,000 every year. One job in the steel industry costs $110,000. And one position in the automobile industry costs $160,000. Who bears these costs? Since most of the protected industries produce items for daily use like clothes and food, it's usually the poor and the middle class who must pay for this protection. The New York Federal Reserve has calculated that protection for sugar, clothing, and shoe producers amounts to an income tax surcharge of 25 percent to 66 percent on families with incomes of $9,350. Supposedly designed to give hope to poor and middle-income workers, tariffs and quotas usually serve to dim their prospects for economic advancement.

The depth of the majority leadership's commitment to mercantilist policies goes well beyond the use of policies that have demonstrably failed. To date, the House has failed to act on a host of alternative policies that would take the logical step of eliminating barriers to success in trade that exist here in America. Real opportunities do in fact exist to directly boost the profits of U.S. businesses through amendments of Federal and State laws and regulations. Last year, the President's Tort Policy Working Group reported on a court system deluged with litigants. Changes in judicial philosophy have left U.S. businesses extremely vulnerable to lawsuits. In many courtrooms across the country, the Journal of Legal Studies observed last year, the notion of fault has given way to "enterprise liability." This tenet maintains that business enterprises should be held responsible for any injuries caused by products they introduce into commerce—even if the products were as safe as technology allowed or were misused. Since businessmen lack omniscience, enterprise liability gives many of them an offer they can't refuse: stay out of the market or risk financial ruin in the courts.

The Tort Policy Working Group pointed out some of the consequences of doctrines like enterprise liability and joint and several liability, which can allow defendants with insignificant shares of the blame to pay massive percentages of the award mandated by the courts. Calling the growth in the number of product liability suits "astounding," the report noted that the number of product liability cases filed in Federal district courts increased from 1,579 in 1974 to 13,554 in 1985. Million-dollar verdicts in product liability cases soared from 9 in 1975 to a whopping 86 in 1984. And the average product liability award rose from $393,000 in 1975 to $1,850,000 in 1985. To borrow from strategic terminology, one could say that the amount of litigation on the one hand and the largesse of the awards on the other constitute a very tangible and very credible deterrent to entrepreneurship in America.

These judgments have a very tangible effect on insurance rates as well. If the value of awards and the number of cases rise sharply, then insurance companies can face a sharp reduction in their reserves. They therefore must increase premiums and avoid risky policies to compensate for these losses. Since potential losses appear severe, these companies must be severe in their adoption of policies and imposition of premiums. The tumult that has characterized tort law in recent decades has generated an uncertainty that only accentuates these difficulties.

Despite claims by some in the media that the liability insurance crisis is over, many American businesses will continue to feel the pressure of insurance rates and the threat of lawsuits on their profits. These problems now threaten the long-term health of the general aviation industry. The general aviation industry suffers from stiff competition from foreign manufacturers. U.S. manufacturers reduced their production of general aviation aircraft from 17,811 planes in 1978 to 2,033 in 1985. And airplanes produced abroad represented 35 percent of the total value of such aircraft shipped in the American market during 1985—in contrast to 7 percent in 1975.

Foreign competitors have a distinct advantage over American aircraft producers. Most foreign companies do not face liability difficulties at home. A recent report by the U.S. Department of Commerce entitled "A Competitive Assessment of the U.S. General Aviation Aircraft Industry" profiled the scope of such challenges to U.S. manufacturers. Costs of product liability insurance to aircraft manufacturers, the report states, approached $70,000 per plane delivered in 1985. In contrast, such insurance cost these companies only $2,111 in 1972. In some cases, insurance costs have actually exceeded projected sales revenues for new projects. When this occurs, the manufacturers have no choice but to abandon their work. Insurance prices have already closed down production of single-engine Beech Aircraft Piper aircraft suspended production of nine general aviation aircraft models in early 1986. And Cessna Aircraft stopped production on all its piston-powered planes in May of 1986.

While one cannot exempt the insurance industry from responsibility in this case, it's clear that the tort system itself must bear the burden of blame for the dislocation now felt in the manufacturers' boardrooms and in the homes of the workers laid off by insurance costs that make their labor unaffordable. "Only the tort system," the General Aviation Manufacturers Association has observed, "which has treated claimants to unbridled largess can be held responsible for this industry-crippling trend. It has caused numerous plant closures, driven unemployment in the domestic industry to over 66 percent, and forced several manufacturers to self-insure because of the cost and limited availability of commercial insurance." But way of illustration, the Association adds: "U.S. made single engine aircraft, especially at present exchange rates, would find a ready market in Switzerland as nearly half of the existing fleet will have to be replaced within the next 2 to 5 years. However, the present high cost of U.S. product liability insurance makes most of U.S. small aircraft uncompetitive."

Fortunately, the administration has proposed action to lift aviation companies and all businesses out of the liability swamp that prevents competitive mobility. The administration proposes a return to a fault-based standard of liability; the elimination of joint and several liability except in cases where defendants have acted in concert; the limitation of noneconomic damages to a fair and reasonable amount; provisions for periodic, instead of lump-sum, payments of damages for future medical care or lost income; the reduction of awards in cases where a plaintiff also is compensated by other sources, such as government benefits; the reduction of transaction costs by limiting attorney's contingent fees to reasonable amounts on a sliding scale. The administration's approach represents nothing less than an all-out assault on the structural disincentives within our present liability system.

As such, it is consistent with the intent of the President's competitiveness initiative. Recognizing the importance of information, information services and information technology to the economy of the future, the President has called for a comprehensive initiative to train the employees of the future in the scientific skills they will need to produce effectively for their employers, to give businesses confidence in their possession of the intellectual property vital to success in a technology-oriented society, and to allow American corporations to work together abroad for increased sales.

The decision of the House leadership to ignore a competitiveness plan tailored to the economy of the 21st century demonstrates once and for all the depth of their commitment to the economy of the past.

□ 1720

Mr. Speaker, perhaps the most disappointing thing about the whole debate that took place on the trade bill this past week was conversations that many of us had with other Members who supported the Gephardt amendment or supported the bill or voted against the Michel amendment in which they told us "don't worry, this bill will never become law. Don't worry, the Senate will take care of it. Don't worry, the President will veto it."

The unfortunate thing is we therefore spent time drafting a bill that many of its supporters do not want, do not think will work and fervently hope will never become law.

Instead of doing that, Mr. Speaker, would it not have been more valuable for us to work on the recommendations of the administration in the tort liability area? Let us see if we can unshackle American industry at least to the degree that they are shackled by a tort system that originated with all good intent, serves a good purpose but has gone to extremes that need to be addressed.

Mr. Speaker, would it not have been better if we had spent this week dealing with the budget deficit, seriously? If we had tried to cut domestic spending instead of promising something here that many Members know, if not most Members know will never become law? Creating promises that will never be fulfilled and perhaps raising expectations among some of our constituents back home that will never be met?

Mr. Speaker, there is much we can do to become competitive or even more competitive in the world marketplace, but this bill is not it.

Mr. Speaker, the American people understand that they can be competitive. The American people understand that they can accept a challenge and are willing to accept a challenge. I just happen to fear that the bill we passed today is very much like a bar to competition in future Olympics by our greatest adversary in the Olympics, the Soviet Union. In other words, we can guarantee that we will get more gold medals if we just make sure that the Soviets stayed home. That is what we are basically saying with this legislation. We cannot compete, we are afraid of competing; what we will do, what we are trying to do is raise trade barriers that will stop imports from coming in. That is a backward way of doing it, Mr. Speaker. We must look at a number of things. The fact that we cut our sugar quota to the Dominican Republic by 80 percent over the last several years, the very largest source of income for that country. If they do not have any money to purchase our exports, how is that going to help us? When we have various economies which have basically closed in on themselves over the last couple of years and lessened the markets for our particular products, how are we going to help ourselves by raising our tariffs and making it even more difficult for some of those countries to sell their goods in the United States?

We must remember that if those countries are going to purchase goods from us they have to be able to sell something of their own in order to afford those products from the United States.

Mr. Speaker, the problem is not, the major problem is not the fact that we cannot compete; the major problem is that we have not competed as well as we can in the future and the greatest problem worldwide has been the shrinking economies of a number of our trading partners. They have actually had smaller levels of imports worldwide rather than greater levels of imports worldwide.

The United States as a percentage of GNP has had less imports over the last number of years rather than more imports.

What we need to do is to get the nations of the world in concert, in agreement on opening the markets rather than starting the protectionist line that I am afraid was begun with the bill that was adopted on the floor of the House today.

Mr. Speaker, maybe the fond hopes of many of my colleagues on the other side of the aisle that the bill we passed today will never become law will be reached, but it is an awful dangerous business that we are in, it is an awful dangerous game that we are playing.

Let us just hope that the first round of protectionism did not start with the vote in the House of Representatives today.

Mr. Speaker, I yield back the balance of my time.

IRS REVOKES TAX-EXEMPT STATUS OF NEPL

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, I have just been informed by IRS Commissioner Lawrence Gibbs that the IRS has revoked the tax-exempt status of the National Endowment for the Preservation of Liberty [NEPL].

This 501(c)(3) organization—run by Carl Channell—has been shut down by the IRS because of its political, illegal, and fraudulent activities. The following is from the statement issued by the IRS an hour ago:

> Effective immediately, the National Endowment for the Preservation of Liberty is no longer eligible to receive tax deductible contributions from the general public. Moreover, no contributor to NEPL is entitled to a deductible contribution if the contributor:
>
> had knowledge of the revocation of the determination letter, or;
>
> was aware that revocation was imminent; or
>
> was, in part responsible or was aware of the activities or omissions of the organization that brought about this revocation.

The Ways and Means Subcommittee on Oversight has been investigating the activities of tax-exempt organizations and explored the activities of Carl Channell's groups. I applaud this action by the IRS. Everyone should be on notice that the Congress and the IRS will not tolerate the use of tax-exempt organizations as fronts for illegal or political programs.

THE CONSTITUTION AND ITS APPLICATION TO POVERTY AND WELFARE

The SPEAKER pro tempore. (Mr. HAYES of Illinois). Under a previous order of the House, the gentleman from Georgia [Mr. SWINDALL] is recognized for 60 minutes.

Mr. SWINDALL. Mr. Speaker, tonight I will continue a series of Special Orders focusing on the Constitution and its application to a number of the problems that divide us today.

Tonight I will be focusing on the general problem of poverty and welfare.

Mr. Speaker, last year as I sat in my home in Atlanta, GA, I received a late-night phone call from a lady whose voice indicated that she was very, very depressed. In fact, perhaps a better description was that she was frantic.

□ 1730

It seems, as I talked to her, that her problems centered around the fact that she had received notification from the Internal Revenue Service that her meager earnings, because of past tax bills that had not been paid, would be attached by the IRS.

The reason she was concerned is she said that she had three children and she had no idea where the children's father was, though she did have an outstanding child-support order which she had been unable to enforce, and that she had been plagued by multiple medical bills, not only for herself, but for her children.

Her point was that as a result of that particular action, she had about reached the conclusion that it was best for her if she simply quit working. She said that she had been told by a number of her friends that she could actually, in terms of her benefits, receive more if she chose to simply quit working than she would if she continued at her job where she earned just less than $14,000 a year.

As I talked to the lady, I tried to encourage her and tell her to continue to work, if for no other reason than because of her own pride and the model that she could provide for her children. But I went back to the office the next day and decided I would just check on this particular lady's problem to see if her assertion that by quitting work, she could actually receive more benefits through the various Federal and State welfare benefits to which she would become entitled.

To my surprise, I found that her assertion was not far from truth. I found the set of tables that for an individual who earns absolutely zero and has three children, as this particular lady did that are dependent upon her, she would automatically be entitled in 1986 to Aid for Families With Dependent Children in the total cash sum of $5,223. She would be entitled, in addition to that, to $2,296 in food stamps, and on top of that, she would be entitled to $914 in Medicaid benefits for herself and $446 per child benefits through Medicaid, totaling $1,338.

Additionally, she would qualify for $210 in public housing subsidies for a total per year of $2,515, and school lunch subsidies in the amount of $625 for the three children.

Her total standard of living, then, would be $12,001. What about the lady that was earning slightly less than $14,000, who worked every day and had three children?

We find that that individual in 1986 would be entitled to no Aid for Families with Dependent Children, would be entitled to food stamps totaling $484, but she would be required to pay Federal taxes of $1,894, Georgia State taxes of $308, would not be entitled to any Medicaid benefits and would receive the same $625 in school lunch subsidies for her three children.

Her total income, then, would be $12,863, if you focus only on disposable income. That does not take into account her cost of traveling to and from work, nor does it take into account the cost of daycare or any of the other expenses attendant with earning a living.

My stark realization was that this lady's conclusion was, in effect, correct. And then we wonder why today we see more and more structural poverty and, in spite of all the myriad programs that we have established, an actual increase in poverty.

I suspect to really understand the problem, though, it is necessary to go back and look at our history, just our recent history. An examination of our recent history will find that the real onset of the increase in poverty goes back, ironically, to President Lyndon B. Johnson and his Great Society, which was typified by the War on Poverty, which he declared.

The stated purpose of the War on Poverty was to totally eradicate poverty from the face of the United States of America.

Let us look to see exactly what happened if you began to examine the percentage of poverty in America historically, as well as under the Great Society program.

The first thing that you will find is that from 1969 forward, poverty in 1969 stood at 12.1 percent, in terms of percentage of the total population. By the end of the Carter administration, it had risen to 14 percent.

In other words, during that period of time in which we were engaged in this war on poverty, poverty actually increased in terms of a percentage of population.

A number of studies also bear this out. For example, Ohio University professors, Lowell Galloway and Richard Vetter, disclosed in some 40 different regression analyses of the poverty, unemployment, social spending data from 1953 to 1983—that was with a 98-percent correlation—that since 1973 to 1974, Federal public aid has created more structural poverty than it had reduced and that every additional $4,000 of aid actually adds one person to the poverty rolls.

They went on to conclude that although intuitive humane response to rising poverty rates is to want to help or do something for the poor, the empirical evidence indicates that increasing public expenditures on antipoverty programs will have just the opposite effect. Rather than reducing the observed level of poverty, we will increase it.

From 1973 to 1981, for example, the cost in 1980 dollars spending on public aid per capita shot up 40 percent, from $138 to $227. But the number of persons living in poverty rose from 23 to 32 million, the first such rise in postwar history.

By contrast, during the 1963 to 1968 period, the number of persons living under poverty fell 11 million, even though Federal aid in per capita on 1980 dollars averaged less than $60 or only 25 percent of the constant dollar level of 1981, and 60 percent below the threshold level.

In short, the higher the aid levels rose, the more counterproductive they were. It was not until social spending began to soar in the 1970's that two things happened to the Nation's economic growth. One, the economic growth slowed dramatically and real structural poverty began to rise, even in the face of soaring social spending.

Interestingly enough, one would say, "Well, if you really look at these data, all you conclude is that poverty increased under the War on Poverty, but that does not necessarily prove that it would have not increased at even greater rates had we not declared war on poverty."

The fallacy to that is that if you go back to 1950, you will find that poverty as a percentage of the total population stood at 30 percent and had gradually declined for every year until 1969.

In other words, when we had nothing but a safety net in effect, we actually saw poverty decline.

Another analysis of the same economic data shows that during the 1970's, while elderly poverty steadily declined, poverty among women and children rose at a stunning rate. After falling sharply in the previous two decades, and it has fallen in almost precise proportion to a huge rise in non-Social Security spending.

□ 1740

For example, from 1978 to 1983 real non-Social Security social spending rose 21 percent and female child poverty rates rose 18 percent while the total poverty rate rose 42 percent. Poverty fell the fastest in the 1960's when Federal spending averaged only 6 percent of gross national product, and it has risen at its most rapid rate since 1978, when social spending reached a peak of 11 percent of gross national product.

Interestingly enough, the most dramatic and sharpest decline in the poverty statistics occurred in 1984 when in 1 single year they dropped more so than in any year in 16 years back to 1968.

What happened? The economy recovery is what happened. We saw that GNP grew by 6.8 percent, inflation began to drop, and in fact those who were below poverty began to work their way out of poverty.

One thing that is conclusive about the statistics that we examined is this: One thing is that inflation hurts most those who are poor, and the only known cure for poverty is economic growth.

There is one other point that I think is important, and that point is that there has only been one real victim of the war on poverty. Unfortunately, it was not poverty; rather, it was the very poor for whom it was designed supposedly to help. What we have done is we have reached a point where we have to ask ourselves a very fundamental question, and that is: Can we continue to justify our policies based on the fact that we intend well in those policies?

I would contend that when the results of those policies are as catastrophic as they now are conclusively demonstrated to be, we really have no choice but to reexamine them. The question is: What do we replace the system with? I would suggest that a good starting point in deciding what we replace it with is our Constitution. If we look at the Constitution of the United States of America, we will find that it wisely keeps the Federal Government away from the responsibility of providing the types of social programs that we have gradually increased to the point that we are now literally choking America to death.

I suspect that the reason that the Constitution understood that was that they understood once again that the Federal Government is not the only Government in this country, and that the Federal Government does not or ought not to assume all of the responsibilities in this country. It recognized that there are individuals, there are families, there are churches, there are synagogues, and there are private associations that also have governments that have established responsibility. It also understood that these governments are more efficient and more effective in addressing poverty than is the Federal government. And more importantly, when we allow these governments rather than the Federal Government to address the needs of the poor, we find that something very vital occurs, and that is, rather than simply meeting the physical needs, there is also the opportunity to meet the spiritual needs.

I was surprised earlier this year in the 100th Congress when, in the Subcommittee on Housing of the Banking Committee, we were considering the latest effort by this Congress to address one level of poverty, and that is the poverty that is apparent among the homeless. In the various testimonies presented, one in particular jumped out at me. It was the testimony of Lt. Col. Ernest A. Miller, director of national public affairs of the Salvation Army. As he testified before the subcommittee, he made the following statement with respect to what he anticipated to be an argument regarding the churches and the churches' problems with accepting Federal aid in light of the so-called doctrine of separation of church and state. His comment was, and I quote: "No self-respecting and responsible church group would wish to advance its religious objectives with government funds, most especially at the expense of the poor and homeless."

The tragedy of that testimony is that as the Federal Government takes over more and more and more of the responsibility, it begins to necessarily squeeze out the rightful place of families, individuals, churches, synagogues, and private associations in not only meeting the physical needs of those who are impoverished but also in meeting the spiritual needs.

I think it is fairly evident that if you really talk to someone who is cyclically trapped in poverty, it quickly becomes evident that it is more than an economic problem. The problems are diverse, but at the heart of the matter is typically a spiritual problem. I suspect that is why the Founding Fathers wisely said, "let's not get the Federal Government involved. Rather, let's let other governments that are better capable of addressing the problem, as well as governments that can rightfully engage in the spiritual guidance and counseling that is absolutely critical if you are to address the heart of the problem, handle the matter."

The other thing is that I think the Founding Fathers, even without the benefit of the statistics that now conclusively demonstrate that the more we spend, the more we encourage poverty, understood another principle, and that was that when you begin this whole process of getting the Federal Government in this mode of handing out dollars through programs or vouchers, or whatever, inevitably what you are doing is encouraging an activity because you subsidize it.

Let me give an example that I think is right at home in the sense that we just passed a new tax reform bill. In that tax reform bil there was a great deal of discussion about which industries, if any, and which activities, if any, the Federal Government wanted to encourage. How did we go about, through a Tax Code in the past and in this Tax Code, encouraging certain activities? We subsidized them.

We subsidized them by giving them various tax credits or various tax deductions, saying, "we want you to get engaged in this particular activity." For example, one of the answers to the housing dilemma was that we would encourage people in the private sector to go out and build public housing. We did that through tax incentives.

Why, then, were we surprised, as we wrote the Tax Code that subsidized these activities, that the activities were not only encouraged by they increased greatly? If that argument makes sense—and we can look at the practical application and the results as it relates to the Tax Code—why are we surprised when we find that as we encourage—that is, subsidize—poverty, we end up in the final analysis increasing it? Why are we surprised that if we pay various benefits to mothers with children where the husband is not present in the home, we end up with more mothers with children where the husband is not present in the home?

Why are we surprised that as we make the primary method available to a teenage female to increase income by having a child, we see an incredible spurt in the number of female teenages who are now having children out of wedlock?

The point is that just as we subsidize certain activities by giving tax credits and tax incentives, we also subsidize other activities by saying, "we will make cash payment if you in fact do certain things." We do not say we are encouraging it, but the result is nonetheless the same.

Going back to my particular constituent's problem, she understood, in spite of the fact that she did not want to become a part of the welfare system, that in the final analysis it made logical sense for her to quit work. I do not know if she quit work or not, but my guess is that that particular young lady's problem is really very, very typical of the problems of many, many individuals who are now, unfortunately, permanently on our welfare rolls.

□ 1750

It is one thing to point out the problem, it is another thing to point out the solution. As I suggested, the Constitution at least frames the issue in terms of whose responsibility.

But the real question I think today is, how do we go about implementing a meaningful and effective method of addressing poverty, if it is not the method that we are now using?

As I was personally exploring that, the first thought that occurred to me was, L.B.J. was very effective in bringing about this Great Society, primarily because he was a man of vision. History now proves that unfortunately it was the wrong vision, but he was nonetheless a man of great vision, and as he painted that vision for the American people, they were eager to follow his leadership, and in fact we did follow his leadership.

I would suggest that what we ought to do today as we see the results of that leadership is offer a new vision. I think the American people are certainly eager to see that new vision. In fact, a Los Angeles Times survey indicated that the American people understand what we are doing. The Los Angeles Times found that on the one hand Americans have an enormous sympathy for the poor and their plight, and on the other hand no confidence in the Government's ability to help.

What is surprising is that the poor share that view. Nearly 60 percent of those polled agreed that welfare benefits encourage people to stay poor, and 43 percent of the poor people felt the same way, compared with only 31 percent who disagreed.

By 2 to 1 the poor agreed, along with the rest, that welfare often encourages husbands to avoid family responsibilities, and by nearly 3 to 1 the poor and the poor young women often have babies so they can collect welfare.

The American people are ready for a vision. Let me share with you a vision. I wish I could claim credit for it, but I cannot. An individual who lives outside of Atlanta several years ago moved into one of the areas that is perhaps the most impoverished in the metropolitan Atlanta area because he had a genuine desire in his heart to minister to the needs of the poor. As he was there, it occurred to him that a starting point might well be to create a concept that would allow the children in the neighborhood to receive toys around Christmas time, so he basically put together a toys for tots campaign. The concept behind his toys for tots campaign is that he would go to the surrounding churches and synagogues and ask them if they would make contributions to him for food, clothing and toys. Then he gathered all the food, clothing and toys together, in a great big room and he invited all the parents and children in the neighborhood to a Christmas party. At the Christmas party when it came time to exchange gifts, each of the children was presented with the food, clothing, and the toys that had been gathered.

This individual just as he was about to explode with the joy that he felt from giving and having made this possible noticed something that less sensitive people may never have noticed, and that is he saw in a corner of the room a number of parents who while they were certainly happy that their children were able to be the beneficiaries of the magnanimous gesture, they were equally distressed by the fact that they were not able to be the benefactors.

In essence, what this individual saw was that these dads and moms were being stripped of their dignity before his very eyes.

His intentions no one could criticize, but the results he was sensitive enough to see.

So he asked himself, how can I achieve the same positives without the negatives? Then it occurred to him. He noticed that in this same area in which he lived that there were a number of individuals who were certainly unemployed, but they possessed incredible talents. Some were plumbers. Some were carpenters. Some really had no basic ability really than the ability to work with their hands. Some could sew. Some could knit. Some could just clean. So what he did was he took all those individuals who had kids and he began to do a survey, just asking what they could do with the resources that they had available to them. As he compiled the list, he also looked around the same neighborhood and he found, not surprisingly, that there were a lot of needs in the neighborhood. Some folks needed plumbing. Some folks needed carpentry work done and others just needed some clothes knitted. Others needed basic cleaning.

So what he did, he went to those individuals and he said, "I've got an idea. I don't have any money, but I do have an idea that I think you might be excited about. Why don't you go across the neighborhood, since you know how to paint, and paint your neighbor's front porch and in the process you will earn some vouchers. Now, they are not vouchers that represent money, but they are vouchers that you can redeem at the neighborhood store that I am creating."

Then he went on down the line until he had matched every need with the ability of the individuals in the community to meet those needs.

Then Christmas rolled around and he invited the same parents and the same kids, went to the same churches and synagogues and gathered the same types of clothes, food and toys and they had the same type of party, with one major difference.

This time when it came time to hand out the gifts, whether they be food or toys or clothes, it was the parents who were able to give those gifts to their kids. In that moment that individual saw the satisfaction of his vision.

I think that vision represents a model for us. First of all, it is a model in that it demonstrates that you can with creativity, not necessarily with dollars, but with creativity find solutions to local problems, and that is what federalism is all about. That is what our Founding Fathers were talking about in the Constitution. It was not just a document of ideas. Our Founding Fathers understood that ideas have consequences. Their idea was to allow local communities to address their own problems. Chances are they are better at it than folks centralized in a government somewhere far away, like in Washington, DC.

The other idea that came from that vision was the whole idea that he could also meet some spiritual needs in the process. In fact, that is what this man was. He was a minister. He understood that there was something deeper that was causing the problem in his neighborhood and he was able to meet many of those needs in a spiritual dimension.

Certainly today the Federal Government not only is incapable of it, they expressly state they cannot do that.

This gentleman from the Salvation Army admitted that no self-respecting religious organization would dare do that.

The next thing that he offers in his vision is a fundamental understanding that individuals do want to help themselves. All they need is the opportunity, but they cannot and probably will not take advantage of that opportunity when they are surrounded by a system that is saying exactly the opposite.

In so many ways we have regressed in terms of the model that this Nation once offered to the rest of the world starved for a vision, because we flipped inside out on what our fundamental tenets and principles are.

Let me give you an example. Today, inadvertently, our policies say to the American people, "Don't take care of your parents." I had a lady not too long ago call me on the phone, really distressed, quite different from the distress that I heard in the other lady's voice. She said that she and her husband were distressed because they were living a fairly comfortable lifestyle and all of that was going to be challenged soon or threatened soon by the fact that their mother was going to be retiring and they were scared to death that they might have to pick up the tab.

They were saying, "What is it that the Federal Government, you, what can you do to make certain that I don't get saddled with this responsibility?"

Is it not interesting how far we have moved from the model that the first place you turn is to your family, and now suddenly the first place we turn seems to be to the Federal Government.

□ 1800

Then again if you look at the fact that we have created a model that encourages or subsidizes exactly what we say we do not want, we should not be surprised.

As I look at my Constitution, your Constitution, our Constitution, another thought occurs to me. We have been remiss once again as we have reached out to assume responsibilities that are not rightfully, lawfully, and constitutionally the Federal Government's. We have been remiss in doing what the Constitution says we ought to do, and that is administering justice.

How in the various examples that I have given have we been remiss? Well, let us go back to the lady who called me who had three children who knew that her husband was responsible for their child support, who had a decree that mandated that he pay it, but she could not do anything about it. What we ought to be doing at the Federal level is, rather than creating more policies that encourage giveaway programs, spending more money at the Justice Department making absolutely certain that if a father in this country has any type of obligation to his children, if he will not honor it morally, then the Justice Department ought to make certain through a uniform reciprocal child support act that already exists that he does.

The problem is, like so many of our programs within the Justice Department, we have great ideas, but we are not willing to spend the money to enforce those ideas, to implement those ideas. Why do you think that is? I think that it is because we are spending more and more money in areas that the Constitution never delegated the responsibility to begin with.

In closing, we know that we have a very major problem before us today when it comes to poverty and the cyclical nature of it, a problem so great that Bill Moyers, President Lyndon Johnson's press secretary, was led to do a documentary wherein he admitted that the Johnson approach was flawed, and said, in essence, "We have a crisis on our hands."

If we are going to struggle meaningfully with that crisis, we are going to have to do some radical thinking. I can think of no more radical thought than looking at the Constitution and then applying it, because I suspect that in the wisdom of that document is the starting point, the seed, of the new vision that I have just described.

Mr. DORNAN of California. Mr. Speaker, I am surprised that today passed, a busy day on the trade bill, without any mention of the significance of today's historical date. After the Second World War there were speeches on this House Chamber floor that today really marked the end of the European part of the Second World War, because although the cease-fire was to come a few days later with the formal ending of the war, fittingly on Harry Truman's birthday, May 8, today was the day that Adolf Hitler turned himself over to the Mephistophelian evil that he had committed most of his life to and threw his mortal coil back to God by shooting himself with a German Luger in the face. So April 30 had an historical ring for this Chamber for many, many years after the Second World War.

But then on April 30, 1975, barely 2 years and a month after the last load of our prisoners had returned form the hellish existence in Wallow Prison, called good naturedly by our suffering POW's the Hanoi Hilton—"Wallow" being the translation literally of "hellhole"—2 years and 1 month after the great sacrifice of those men—one of them an Army major named Thompson, was 1 week short of 9 horrible years as a captive; Ed Alvarez, who just completed an excellent assignment of many years as the No. 2 man at our veterans' agency, the VA, had been a prisoner for 8½ years; many men 6, 7, 8 years—after all of that suffering, 2 years and 1 month later we saw those ghastly scenes of helicopters lifting off the roof of the U.S. Embassy in Saigon, helicopters landing in the water, being ditched next to our aircraft carriers and our ships of the 7th Fleet at sea, and America experienced the nightmare, just as our Bicentennial period was to begin, of our tragic total pullout from all of Southeast Asia, even temporarily from our friendship and association with what would have been the fourth domino, Thailand. We were gone, and that silence of death that Douglas Pike had written about so eloquently fell across Indochina.

Douglas Pike had predicted that the liberal intelligentsia of Europe and the United States would call the period peace, but he said that it would be a typical peace of communism, a peace of death, and the death squads would start to roam the countryside. First they would have to disarm the Army of Vietnam forces, the Vietnamese marines, the Vietnamese naval forces, so they put on that Communist benign face—Stalin had done this many times—we still see Communist leaders do it around the world—they said, "All is forgiven; turn in your weapons."

After they had collected the millions of M-16 rifles and older weapons of defense going all the way back to the French period right after World War II, when they had disarmed the population, then the roundup squads began to appear.

Just as we have seen in the excellent film called Shoah about the agony of all those people who died in Hitler's concentration camps, these Communist roundup squads would come by with their lies and say, "We need you to come down to a headquarters building for 2 days of briefing. Bring your toothbrush and maybe 1 day's change of clothes."

All during the rest of 1975 this would take place. Many of those people, women and men, older teenagers, who turned themselves in, were never seen again. To this day 6,000 of them—that is a Communist Hanoi, Vietnam, figure, which was told to my face in one of my two trips to Hanoi since the sad, tragic end of that long conflict—6,000 of our friends remain in Soviet-style gulag so-called reeducation camps to this day.

The Amerasian children, American-Asian descendants of some of our young men and their romances with Vietnamese women, these young men and women, boys and girls, still wander the streets of Saigon, spat upon, looked down upon, wanted by no one.

It is a long agony that the Vietnamese, Laotian, and Cambodian Khmer allies have suffered over these last 12 years. Tonight over in the Dirksen Building is a 2-hour reception presented by the National Congress of the Vietnamese in America. Most of them by now are citizens. Khmer and Laotian Americans are welcome to come tonight. I will be going over there as soon as I finish my remarks.

They said in their invite letter to please, those of us who represent the United States and in many cases the last hope of freedom around the world, not to forget their 6,000 friends and relatives and loved ones who were left behind, who are punished with a dozen years of ugly Communist captivity, virtual slave labor, in some of the camps in the Humen Forest in the most southern part of Vietnam. These people are suffering because they trusted the United States, befriended the United States, and accepted our help to contain communism under the Harry Truman doctrine that this Chamber's foreign policy statements followed for the better part of a quarter of a century.

□ 1810

Now across America we are being told by liberal pundits, critics, not all of them, but most of them, that the film "Platoon," and I choose to call it "Spitoon," for reason I will mention in a moment, that this film "Spitoon," is the definitive answer to explain to future generations of Americans what it was really like in Vietnam.

They chose the subject of the basic fighting unit in the Army infantry, the platoon. It could have been called squad, but platoon is where you get your first direction from an officer. A squad only has a sergeant or a corporal as a leader, and it was the drafted GI, the grunt, the Marine Corps dog face, the common combat infantryman, the fighting soldier who had equally as hard a time in some cases as any fighting man there. In the air you can get a shower, at least, that morning, and if you survive combat you return to clean sheets most of the time, not all of the time. But if you are captured and you survive, you come back with stories out of North Vietnam of 7, 8, and in one case 9 years that pale, not into insignificance but into balance, the stories of those who are lucky enough to spend only one tour in Vietnam for 1 year. Most began a 365-day countdown from the day they arrived. For the marines it was always, of course, 13 months and sometimes longer, something that they like to remind their Army brothers in arms about.

"Platoon" was a shoo-in for a Hollywood Academy Award. In cohosting a CNN show "Crossfire," before the film had barely premiered, I predicted that the liberal left in Hollywood, which seems to have taken over the Screen Actors Guild and some of the other crafts and guilds, would be able to work out their own guilt complexes for ignoring their struggle for over a decade. Many of Hollywood's luminaries, like Jane Fonda who traveled over to Vietnam and working in concert with the enemy to make sure that those victories of communism would take place over Laos, Cambodia, and Vietnam, would then, of course, be able to assuage their consciences by giving this film, "Spitoon," the coveted Oscar Award as the finest film. And to its writer, director, long-time crusader to get it done, Oliver Stone, he would get the best director's award.

Those critiques against "Platoon" are now starting to slowly come out, and they are needed so desperately for two reasons that I can think of this evening. One of them was that last week the Communist Vietnamese ambassador to the United Nations stated that he had just seen "Platoon" and found it to be an excellent historical document. He hoped he could get prints of it to take to Vietnam and to show to the Vietnamese people suffering under communism. As far as he was concerned, he agreed with that cover of Time magazine that this is the way it really was in Vietnam.

Now does that not show us something? The Communist conquerors of Indochina like Oliver Stone's film "Platoon," "Spitoon."

I say "Spitoon" because it spits on the honor of the U.S. Army, it spits on the honor of my father's service. His three sons, myself included, were all Air Force, but my dad was an Army combatant in World War I and had three Wound Chevrons, what we now call Purple Hearts. He got one for shrapnel in his face and two for poison gas. This film spits on my father's honor, because although each little incident in the film, could be tied over a 10-year period to some incident rooted in some truth. That is Oliver Stone's copout. But to take a 10-year period, and to take every ugly incident possible and jam it all into the experience of one platoon out of that Hawaii traffic lightning division, is an affront to the honor of the U.S. Army.

No one has put it better in the few critical reviews that I have been able to get my hands on than a brigadier general at Fort Bragg, Barry R. McCaffrey. Twelve years is a long time in a 20- or 25-year career, so without knowing, I am assuming that McCaffrey was probably a young captain back in 1968, or even maybe a first lieutenant.

He wrote this article for the Army Times. I wish I could get it published in Time magazine.

He says, "The movie 'Platoon' portrays a terrible and a distorted image of American combat troops with skillful photography." And it was, as it came very close to winning the award for cinematography, only beaten out by the beautifully artistic film, "The Mission." The acting, the acting was superb. I had never really seen Willem Dafoe before who plays the good Sergeant Elias. Tom Beringer is in the best role of his life, playing the bad, terribly scarred Sergeant Barnes. Charlie Sheen, Martin Sheen's son, may go his whole life and never have another role with the substance of this one. So General McCaffrey is right, the acting was certainly skillful.

But he goes on to say hundreds of his friends fought and many died in Vietnam. He personally served there during parts of 1966, 1967, 1968, 1969, and again back in 1971.

> "Platoon" portrays a combat outfit characterized by murder of civilians, rape, arson, the murder of prisoners, cowardice, incompetence of NCO's and officers, massive drug and alcohol abuse.

And remember, Time magazine tells us this is the way it was. So did Newsweek, so did all of the other liberal reviewers. So did Siskel and Ebert, the Chicago newspaper reviewers who are syndicated nationwide.

> The Vietnamese war was characterized by particularly bitter, small-unit actions, many of which were fought in populated areas. The savagery of these fights was perhaps as brutal as the heavy combat among the civilian populations of World War II. However, do not for a minute believe that "Platoon" is an accurate picture of the U.S. Army in Vietnam. Even during the depressing days of the U.S. withdrawal, our combat units never came apart.

Remember the rumors that our men might come apart the way the South Vietnamese Army did when the collapse started? They said that our allies, our friends, would be shooting at us, or we might do something that was undignified. None of that happened.

He said, "In general, we treated the civilian population with respect and affection." Is that not an unusual word, affection? That is what I saw in my eight trips to Vietnam during the war as a journalist.

> Millions of Vietnamese have since risked their lives to escape by sea and through Cambodian jungles.
>
> In combat, when U.S. rifle companies captured VC suspects, or in particular North Vietnamese soldiers, we got them to talk by giving them milk and cigarettes. Our teenage enemy captives were treated with dignity by teenage U.S. soldiers who had captured them. Newly arrived soldiers had to earn the trust and the respect of their platoon. But we sure didn't make them walk point.

This is, of course, what happened in the film "Platoon." They are always pushing the young guys up front to take the heat. Most units had volunteers for any dangerous, kind of sensitive job such as the point team, or tunnel searchers. I call those men tunnel rats. They were always volunteers. Also the recovery of wounded from the battlefield was done by volunteers.

"Cripes," the general writes. He probably wanted to speak more strongly. "The last thing a combat unit would do is put a new guy on point."

For those of you unfamiliar with combat, you do not put a new man out in front, when your own life and the whole existence of your squad depends on it. You want the best possible, most experienced man out there so it will not happen exactly as was portrayed in "Platoon." You don't do this because an inexperienced man freezes allowing the Communists to overrun an ambush and kill the platoon.

□ 1820

There are two other things the movie did not bring out, Brigadier General McCaffrey writes: "first we prayed a lot." Do Americans really find that hard to believe? I saw it on every one of my trips. We had chaplains in the field conducting church services. Some of them were highly decorated, one of them won the Medal of Honor.

"We prayed with our wounded." You saw that on the evening news, you people out there in America. You saw these young GI's bending over their wounded comrades holding their hands, praying, raising their eyes to Heaven, and looking back and whispering in their friends' ears. None of that in the film called "Platoon."

Infantry combat—let me back up. "We prayed with our wounded. We prayed with our dead. We loved each other."

In "Platoon" they murdered each other in cold blood in combat. It does not even make sense logically that you would cut down on your own fire power in combat by having sergeants murder one another.

> Infantry combat is brutal, exhausting, occasionally terrifying and incredibly uncomfortable. We grew to depend on each other totally in order to survive.

I myself witnessed and had black American soldiers tell me that the kids from the oldest traditions of bigotry, threw it all out the window. Color disappeared and they all became exactly like brothers. This happens in combat everywhere in the world on all sides of conflicts.

"We grew to depend on each other totally in order to survive." That is the reason why you did not murder one another in combat. "The enormous bond of love and trust that grew among the combat infantry soldiers is absent from the screen in the movie "Platoon." Now, listen to this: "Go see Platoon," General McCaffrey says, "It is beautifully photographed, the acting is good." I will say it is better than good. "Go see Platoon to look upon a unit without honor." That is what Oliver Stone's unit was. This is halfway true. A unit without honor, without courage, without moral leadership. "Platoon" is a film about what can happen to an American army unit that slips into evil. "Platoon" is not a movie about the U.S. Army that battles so valiantly, so effectively. It never lost anything beyond a company unit struggle. And to no avail in our country's longest war.

I remember a month's trip I took to Vietnam in 1968 as a combat photographer and newsman and I visited with some tough older sergeants, the kind the young kids called lifers because they were careerists. They said:

> We want to explain the Tet offensive to you and how bad it was here at our largest installation at Long Binh. They came over the wire, they got into this little convent here that was actually on our compound area. They murdered some of the tiny little nuns in their gray habits and they almost destroyed our nursery.

I said, "What do you mean, your nursery?"

He said, "Let me show you where we helped take care of these prematurely born babies." These big tough sergeants, some of them even had tattoos like Navy chief petty officers, took me into this clean but rudimentary and jury-rigged nursery. They showed me their little premie babies, tiny little babies, about 8 to 10 of them. And I said, "What are these liquor bottles doing in these little-hand-made bassinets?" They said, "Well, we can't afford to get rubber water bottles. If you have anybody in the States who can send us some we will take them. They are sterilized, don't worry about that, Mr. DORNAN. We sterilize these bottles and then we fill them with hot water, wrap them in these diapers and snuggle them up next to these little infants and try to save these little babies."

Except for that one brief moment in "Platoon" where they are walking away from the village carrying children, there is not anything in that film to indicate General McCaffrey's word that there was affection for the Vietnamese people.

I saw this film at a theater in Buena Park, CA, right near the famous Knotts Berry Farm. There are a lot of Vietnamese that live in my congressional district, more than in any one of the 435 districts in this country. The theater was about half Vietnamese. It is the first week of the film, I think it had been out 3 days. Vietnamese teenagers who came over here when they were 5, 6, 7 years old as boat people, many of them, surviving unbelievable horrors on the South China seas. They went. Also, older Vietnamese people were there, people my age, and those in between the teenagers and those in their fifties.

And I looked around during parts of that film particularly when one of the American sergeants murdered a grandmother, when Sergeant Barnes who was Tom Berrenger's character, was holding a gun to the head of the little 3- or 4-year-old girl threatening to blow her head off if her father did not tell him what he wanted to know. I looked around during those moments when the Americans were murdering one another—of the three people on the cover of Life magazine, the three stars, one kills another, first degree murder, when this sergeant thinks the other sergeant, the murderer, is rescuing him because he has just evaded the enemy where he was holding a point position all by himself. He even smiles when he sees one who he thinks is his rescuer, Sergeant Barnes; then Barnes shoots Elias right in the face. He miraculously survives only to die later after being hunted down by a hundred Vietnamese Communist forces and they are unable to help from the helicopter. Then the young protagonist who is supposed to be Oliver Stone, autobiographically living out his life—it is his screen play—murders the other sergeant, the bad sergeant, in cold blood after he has been torn up during a night strike where our fighters are firing right on their own positions. And he is asking for a medic, "Get me a medic." And instead young Charlie Sheen, the private, the protaganist, Mr. Everyman, he murders in cold blood one of his two platoon sergeants and goes home without a guilty conscience. And I guess if that is Oliver Stone, if there is any truth to it, he is walking around today without any guilt that he murdered another American in combat when he was wounded and asking for a medic.

The film shows none of the affection for the Vietnamese. And if when they are not murdering one another, precious little affection for one another.

I have seen black American former combatant soldiers on TV say, "How come one of the blacks goes out and gets his throat slit and he is nailed to a tree? Another black is stabbing himself in the leg and all of them are engaging in drugs along with most of the white soldiers." He said, "Where are the black heroes that won the Silver Stars, the Medal of Honor, Distinguished Service Crosses?" Of course they are not there.

Now, if liberal mass media across this country is going to tell us that is the way Vietnam really is, does anyone suppose it tells the story of the Hanoi Hilton, the zoo, the zoo annex, the briarpatch, the plantation, or any of these horrible prison camps? Does it tell us anything about the Army, the Marine enlisted persons who suffered so grievously in the hills above happy valley, sarcastically named because of the horrible combat fighting there? Does it tell us anything about Admiral Zumwalt's young officer son and his enlisted men who fought so well in the river boat during the riverine war down in the Delta? Does it tell us anything about the MACV officers. [The Military Assistance Command Vietnam] our young men, sergeants, others who go out and work with an equivalent officer in the regional forces, the popular forces, with the Vietnamese Marines, with the ARVN forces? Does it tell us anything about them? Does it tell us the story of these young 19-and 20-year-old officers who flew helicopters? Does it tell us anything about the air commando pilots flying SPAD that would rally at treetop level to try to pull out our men? Does it tell us anything about Jolly Green Giants and the rescue services, the sea planes off the coast in the early war years? Do we hear about the incident where 19 men were killed trying to get out 1 pilot and succeeded? And there was not anybody on the rescue services who said they would not do it over again.

Does it tell us anything about the so-called CIA secret war in Laos where men gave of themselves? No matter what you want to call the war, no matter what this House thought about it, the years of operating out of Laos and in Cambodia are not even referred to in this film. Does it tell us anything about the men flying the C-130's into Cambodia loaded with racks of ammunition trying to stop the genocide of the Killing Fields that followed from the moment Pnom Penh fell in April 17th, 18th, and 19th of 1975? Did that Killing Field horror of 2 million to 3 million deaths—now that I have seen figures of 3 million—that went on for 4 or 5 years after that? The fall of Pnom Penh ever figure into this film? Does it tell you anything about the Navy men serving off the coast, like the kids on the deck of the *Forrestal* or the *Oriskany,* when the fires broke out because of exploding bombs? Does it tell us anything about the kids on the carrier deck when one of the cables broke one night and whipped across the deck and cut the legs off six of those enlisted men serving in the most dangerous environment in peacetime? Does it tell us anything about the Navy pilots at night, or the Air Force pilots at night going over Haiphong, or Hanoi, with this unbelievable series of restrictions put on them? I believe the restrictions were unethically and immorally imposed by Robert Strange McNamara, so that they could not hit the Mig bases, and could not hit the proper targets but were sent back again and again? Our pilots went back even after McNamara arranged bombing pauses, giving them time to build the most effective system of radar-directed antiaircraft, SAM's and the incredible sanctuaries for the Mig-17's and the advanced Mig-21 fighters to work over our guys. These pilots were sent back over and over again in what was almost by direction a futile effort "Platoon," "Spitoon," does not tell us anything about all these various jobs. Does the film tell us anything about the eight women's names who are on the black marble gash in the Earth between the Washington and Lincoln Monuments—that emotion-grabbing spot called the Vietnam Memorial? Does it tell you anything about these nurses, the ones who were captured in the Tet offensive including some German nurses who died on the march across the DMZ back into North Vietnam?

□ 1833

"Platoon" does not teach us anything except, as General McCaffrey suggests, to show what can happen to a unit of dishonor when its leadership falls apart.

If you got this psycho platoon sergeant and a typical cliche Hollywood idea of an officer, an Ivy-leagued, untrained and indecisive officer who is just rotten—what would you expect? That is the way this one officer is portrayed in this film—who says, "I don't give a damn," at one point. What happens to the men who are going to have to go out on point again? That was not the attitude of the men I saw in eight trips to Vietnam.

If this film is to go down in history, according to liberals, as the definitive film on Vietnam, it will not only receive a warm welcome in Hanoi, tomorrow if they could get a print to show, but it will follow the course of another Hollywood liberal film with some excellent actors in it, like Gene Hackman and Nick Nolte, called "Under Fire."

This film is about Nicaragua and so glorifies the Sandinistas that it is being used as a training film in some of the Communist camps and other areas of Central and South America unedited. They just flat out show this film "Under Fire" to say, "See how rotten and corrupt the Americans are and see how wonderful we Communist guerrillas are."

That is what is going to be the ultimate fate of Oliver Stone's film, "Platoon." "Spitoon" is going to be shown in the Kremlin to applause. It will be shown all over the world, in Leftist and Communist and Socialist countries as the definitive film, just as the American news magazines have called it, of how corrupt and rotten we really were in Vietnam.

In the end of the film, as actor Charlie Sheen, portraying the director, Oliver Stone, sits on his helicopter after his final 365th day in Vietnam, as the helicopter is flying away, the young protagonist, Mr. Everyman, says, "You know, we weren't fighting the enemy in Vietnam; we were fighting ourselves."

Is that not a beautiful line to dovetail into what the good sergeant says earlier, "We've been kicking ass so much all over the world, we deserve to have our ass kicked."

I thought of that comment while watching "Shoah" last night on PBS or while going to the memorial in the Rotunda Tuesday, during this week of memorials to the horrible Nazi Holocaust of 6 million European Jews. Hundreds of thousands of Protestants, Catholics, Gypsies, and anybody else who got in the way of the Nazi Third Reich, also died and were honored here in the Rotunda a few days ago. An entire parade of flags including five American divisions and six American armored divisions, all U.S. Army infantry, whose honor is so terribly besmirched by this movie "Platoon." I thought of those men who gave their lives to kick open the doors of those concentration camps. I thought of General Patton walking around one of the camps. I believe it was Bergen-Belsen or Buchenwald, where Eisenhower made the mayor and his wife walk through and look at the atrocities, including people who were going to die by the thousands, even after they had been liberated because their bodies were so emaciated, there was no saving them.

I thought to myself, is this what Oliver Stone is putting in the mouth of his Sergeant Elias. This is what he meant by "kicking ass." Let me tell you something as a historian about World War II, because most Americans are unaware of—certainly the young people, they get such a lousy education on history in this century these days. We executed, in the Second World War 486 American soldiers and sailors, 486.

We executed no one in Korea, and there were atrocities there too, but the country chose not to focus on them. We do not have even a memorial for the 33,629 men who gave their lives to keep half of Korea free. And that was at least half a victory. If you do not think so, ask some Korean who is fighting for his liberty now and ask him about their economy.

We are all worried about our trade imbalance with Korea in this House over the last 3 days, but what about a memorial for those 33,629 men? There were plenty of atrocities in that war, but we did not execute anybody for them. We were entering a new period in the history of our country at that time. You could murder a fellow soldier, sailor, over a card fight and you would get a long sentence, but no more capital punishment.

In Vietnam, we did not even put before the firing squad a man that dearly deserved it, named Calley. This second lieutenant perpetrated the massacre, the 90-day wonder that gave us the disgrace at My Lai in which way over 100 women and children, were killed. This became Oliver Stone's excuse for portraying this sort of conduct as your average American Army infantry platoon.

Now what did we execute 486 people for in World War II? We executed one for a military crime, just one, the Slovik story. The young man who deserted, who really was sort of a conscientious objector, but because so many Americans were deserting after we had the victory made, after the Battle of the Bulge, that President Eisenhower, then the commanding five-star general of our crusade in Europe, said, "We must make an example out of someone." I do not know to this day if he thought it was a mistake, but he personally signed the execution order on this fellow, Pvt. Eddie Donald Slovik.

Who are the other 485 who went before a firing squad? They were Americans who raped and murdered American women in villages near our Army camps or an Army nurse on the base or shot a friend in a card game, as I mentioned a moment ago.

Then when our Armed Forces went over to England, there were some GI's that murdered English girls after raping them. You certainly do not treat your allies like that. Then after we freed occupied France, some men raped and murdered French girls who were looking at Americans like heroes. Only a handful, but some were in that 485.

Then when we got to Germany, men did this same thing to German women. "This is the way to occupy; we are the conquerors; let's act like Huns or something. We will rape these women and then kill them to get rid of the evidence."

We do not treat enemy women that way, especially when they are really innocent civilians. They were young girls who had no control over Hitler's minority election to power in 1932. So what did we do? We put those men before a firing squad, 485 people met with capital punishment in World War II.

When I went in a military library once, I came across the "Stars and Stripes" from August or late summer of 1944. On one of the front-page stories in the corner, I read that 9 or 10 men were being court-martialed for black marketeering in silk stockings, French cognac and chocolate, and anything else they could get their hands on. Were these unenlightened enlisted men, Oh, no, it was a major, two lieutenants, and several sergeants, all engaged in black marketeering in Gay Paree which had just been liberated a few weeks before. This was happening while other men were in their combat units about to move into those areas where, when the first snows of winter came, and they became known as the "battered bastards of Bastogne." Eight of them were executed by German machineguns in the massacre in Belgium. What do you do to people engaging in black marketeering while other better men are up dying on the front lines? You court-martial them, and that is what we did.

If that type of story—and I am sure some of it happened in Saigon—had happened in the Vietnam war instead of World War II, that would be the front-page news across this country. This news would be flagellating and beating us to death, looking for examples of dishonor like My Lai. This dishonor cast a shadow over all our 2.7 million GI's who came home and had to put their uniforms away in some sort of self-imposed shame and not talk about their effort to keep freedom alive in Indochina.

Then, after 12 years of fighting to rebuild the image of our great fighting men and those women, along comes this garbage film, this reprehensible, lying, horrible piece of dishonor, this "spitoon," film "Platoon," worst of all the film is touted by liberals from here to Europe.

Wait until this thing opens in Europe. Wait until it starts coming around. Now, by coincidence, a film also 10 years or more in seeking production status and financial aid, the "Hanoi Hilton," a film that has just opened, has been scathingly attacked by most liberal reviewers, with great exception like Rex Reed. The good reviews are anomalies.

□ 1840

I saw this film, "Hanoi Hilton." I am going to sponsor a screening in the Mumford Room on the top of the James Madison Building of the Library of Congress Tuesday, May 5. I invite all my colleagues to come. I invite all the U.S. Senators, Members of the other body, to come, and they can bring their wives. It is going to be just Members and their immediate families only.

That film was attacked because they said it was a cheap attempt to piggyback on "Platoon." The producer, Lionel Chetwin—who directs it—did not know that "Platoon" was being made when he made his film. He had fought just as long to get this story made. Over 10 years ago a mutual friend of ours, young Stephen Dart, had brought the story to him because Ronald Reagan, as Governor of California, had used the late Justin Dart's home to have a welcome back party for the first load of Americans from Vietnam. They came back on Lincoln's Birthday, February 12, 1973, before the other three loads of prisoners were to come home from the Hanoi Hilton.

Then this very young Stephen Dart said, "This is the story that has to be told." So he has had since 1973 this dream to produce "The Hanoi Hilton." But the self-appointed god-like critics, Ebert and Siskel, dismissed "Hanoi Hilton" with the back of their hand, with the thumbs-down symbol, and said, "Don't waste your time to go and see it."

Well, if you want to see truth about America's longest war in Indochina, go and see "The Hanoi Hilton."

But "The Hanoi Hilton" is no more the definitive film—this is the way it was—than is "Platoon," although one is true and one is filled with calumny, slanders, and lies. "The Hanoi Hilton" is about people in captivity right from the opening reel after they are shot down. That does not tell you the story of the men fighting in the Delta or the men out there as advisers to Vietnam units or the men in Laos or what our people tried to accomplish in Cambodia.

I read somewhere recently that the Vietnam experience was the major experience of the middle life of many Americans. It was certainly the major experience of my middle life. The major experience of my youth was watching as a child, 8 to 12 years of age, the great crusade in Europe and MacArthur's great crusade to return freedom to the Philippines. I remember those maps that I put up on my wall with the shrinking boundaries around Americans. These Americans were in Europe by 365 days as our men were in Vietnam, but until they were badly wounded. These American soldiers stayed until they received the million-dollar wound, the one that forced you to go home or you stayed until you were killed or until the war was over, and that meant for some men 3 years and 9 months. Then after they cleaned up in Europe, they were sent to the South Pacific to fight and die and get ready to invade Japan—an incident only stopped—if it were not by those two nuclear weapons, the one at Nagasaki and then Hiroshima right before that.

World War II was the major experience historically of my youth. But I am like those Vietnam vets that served over there. The major experience of my middle years was 1962 when I began to write a story about a T-28 pilot who was a Notre Dame graduate that had been in Vietnam. Barry Goldwater talked about him in the 1964 Presidential campaign. I refer to a screenplay I wrote called "The First American," about the first American to die in Vietnam. That would be like Fronius, Sergeant Gregory Fronius, in El Salvador a few weeks ago. Then I got the title of the "The 13th American" in my rough draft, then "The 82d American"—that was sort of a play on the number 82d Airborne—then 'The 101st American," then the "201st American," Then I gave up, as in 1964 and early 1965 the death toll started to soar, till by the middle part of that war, which would have been about the time of my fifth or sixth out of eight trips to Vietnam, it became clear that this Congress was not bringing to a resolution the nightmare that Robert Strange McNamara had crafted in Vietnam. It also became clear that President Johnson had allowed this conflict to get away from him, because he was crippled, in Johnson's own words, by fear. He said to Walter Cronkite, "We never knew what Red China would do. The American people were with me up until October and November of 1967. The sky was the limit, Walter. I could have done whatever I wanted." Those were his exact words.

Then came the Tet offensive where we crushed the entire infrastructure of the Viet Cong. The war then had to be perpetuated totally by the North. And what did we do? We declared upon ourselves a defeat.

Read what General Giap has to say. We went through seven Presidents, seven Secretaries of State, five or six Secretaries of Defense, and four or five military commanders. The Communists had continuity: one President till Ho Chi Minh died and one military commander throughout the whole war—Gen. Nguyn Vin Giap.

Is it any wonder that we tore ourselves apart with the half-hearted way our politicians ordered that that conflict would be fought?

None of that political side is covered in "Platoon."

DAN LUNGREN, was telling me—that one of the great writers of our time, Charles Krauthammer, wrote a review about "Platoon" that sums it up correctly. He said, "All war on the cutting edge of the violence and the fighting can be portrayed in very ugly, brutal terms."

I can remember a GI I worked with as a young garbage man at Hughes Aircraft in the 1950's who told me that he had nightmares because some of his men had been brutally tortured in the South Pacific. I think the island he was on was Buna, if I remember correctly, and the Japanese troops would put a microphone next to the mouth of the screaming man who would be found the next morning. He said, "When we would capture soldiers, we would grab them by the heels and spin them around and around until we had a lot of speed up and then step to a palm tree and crush their head against the palm tree."

Imagine if they had caught some GI doing that in Indochina. That would have been the definitive story, along with My Lai, that Oliver Stone would put into a film.

There were atrocities everywhere. Tom Braden, the host of "Crossfire," told me one night that there were so many brutal, unnecessary executions of German POW's after we broke through the hedgerows in Normandy that Eisenhower sent down secret communiques: "I will court martial and shoot people if you don't start treating these German POW's in accordance with Geneva Convention rules."

I never heard that until Tom Braden told me. I have no reason to believe he did not tell me the truth. But we did not consecrate—we did not concentrate, or consecrate, these acts of brutality because they were the exception, they were not policy, and people were punished generally when they were caught. Most often they had to be punished if they were caught.

But in Vietnam, sight, sound, and color of the American mass media was following and tracking that war day by day, knowing that we were not driving for any victory, because there was no MacArthur credo, no substitute for victory. This House funded it and for the most part supported the crippling way we fought it. This House also supported the way we left our allies to the sleazy, nontender mercies of those reeducation gulag camps in Vietnam, where the slaughter of millions in the killing fields of Cambodia took place.

And now comes this garbage film, "Platoon," and this highly touted Stone—so highly touted that he had a press conference at the Washington National Press Club a few days ago with Jan Scruggs, the man who tried to railroad this House into giving him a gold medal because he was the man who was the originator of the idea of the black wall called the Vietnam Memorial. Jan Scruggs was the driving force behind this memorial which is buried in the dirt at the foot of the Lincoln Memorial and that became sacred the minute they put the name of the first American who died fighting communism and died for the freedom of people far away. These Americans died for our own freedom by extension if you believe that we are all one human family.

Jan Scruggs takes this man who brags that at one time he was a cokehead, who was arrested at the Mexican border for drug smuggling and had to get his father, since deceased, a conservative stockbroker from New York, to bail him out. Oliver Stone admitted he was deeply into the promiscuous sex scene and coke scene of Hollywood. This is the same man who wrote the film, "Midnight Express," while he was stoned on coke, according to his own testimony and who wrote this filthy, foul-mouthed film, "Scarface," as kind of his revenge against the drug scene that had almost consumed him.

This former cokehead wrote the original drafts of "Platoon" while stoned on drugs. He then was taken for a tour of the Vietnam memorial wall by Jan Scruggs. What an affront. This is like pouring salt into the wounds of our veterans.

I guess our veterans of Vietnam are still so hammered that they cannot find the voice to come forward and really speak out against this film, I suppose because they are awed by the superb cinematography, the excellent fast editing, and the touching musical score borrowed from other musical pieces, like Adagio for Strings, or some such beautiful mood music. Our veterans are intimidated by the fact that some of the combat firefights were accurate, particularly when compared with the silly comic strip type of film like Rambo I or II or III or Missing in Action I, II, or III, all that Captain Marvel or Superman stuff, because this came closer in some moments to capturing the utter fear and pandemonium of combat firefights, but because of that, they are too intimidated to speak out and say that in all of their experience in Vietnam they never saw a woman raped, and they never saw a GI grab a little 3-year-old girl and put a big 45 up against her temple, screaming and threatening to blow her head off in front of her grandparents.

You see what Oliver Stone would say? "Well, didn't My Lai happen?" Yes, it happened, from a distance, and it was still a brutal murder. I went up the wall when it happened and demanded that if he were guilty, he be court-martialed and go before a firing squad. And I believe to this day that Rusty Calley, as an example for the honor of the U.S. Army, and most officers I have ever spoken to agree with me that he should have met a firing squad. He should have been executed particularly because he had enlisted men on his team, like one I remember, Meter—Paul Meter, I think—who, after killing a few civilians, threw his gun down and said, "I've had it. I am not going to do this anymore." He disobeyed an officer and walked away. Did anything happen to him? Did Calley ask to court martial him? No, because Calley knew as an American who had grown up in this country that what he was doing was immoral and rotten, pistol whipping a Buddhist monk, shooting him, shooting a little brother who was trying to cover his brother's body.

Because that ugly incident happened, that horrible anomaly, then Oliver Stone is able to say to those of us who hate this reprehensible film, "Well, if you kill a child, what's wrong with showing a child with a gun held against his head?"

Then, when you say that our sergeants never murdered one another in combat, what about the fragging? The fragging was what Oliver Stone called the REMF's—the rear echelon mother f's—expletive deleted.

□ 1850

The rear echelon mother f's, those are the ones he claims he hates worse than everyone. For every guy in combat, there were seven guys backing him up. But that is the job of some people, to support the ones in combat. Some feel lucky, but others ask to get into combat. You don't always get what you want in the military. Oliver Stone seems to be one of these unusual people who wanted to go to Vietnam as a volunteer, go to Vietnam and get into combat, and he got his three wishes and has hated himself and his country ever since.

Now, can he justify sergeants killing one another? There is not a recorded event ever of an American killing another American in combat.

He will point to the fragging, that ugly word, which describes young Americans, who were stoned on drugs because they were bored in the later years of the war, and had not been in combat and developed that affection, that love for one another, that camaraderie among fighting men and would shoot their commanding officers. But for the most part U.S. soldiers were bored and behind the lines. I would see them with their big expensive stereos from the PX. They had just been bowling. They would turn on the morning show, "Good Morning America," from Saigon and the tempo was down in 1971, and 1972, except for those units still out fighting in the field heroically.

These guys would get so into drugs. If an officer started to come down on them and threaten them, and some of the tensions from this country were being carried over there among various ethnic groups, they would roll a grenade into a tent at night and kill some young officers, or lifers, as they called them, sergeants.

This is an irony when I think about those 58,000 names on that black wall—I wanted the exact figure, killed in action, 38,530 or died of wounds, another 5,196; died while missing, and we will never know the last horrible days, months and years of some of these, 3,539. Died in captivity, many of them beaten to death under torture, 113.

One captured still, one POW to this day, Charlie Shelton, captured 22 years ago yesterday, is still carried as a POW.

Is it not sad to know that in those figures some of those names on the wall did not die under hostile fire or in a plane crash in a combat area or drowned at sea or drowned in a river boat operation or died in captivity. They were killed by a young fellow American from some small town, stoned out and bored on drugs, and he murders his lieutenant with a grenade.

There are lots of names on that wall down there, and that is the excuse that Oliver Stone has for showing sergeants murdering one another in combat. It just flat out never happened, or if it did, it was never reported. Nobody ever heard of it. Some say that Oliver Stone ought to be tried for war crimes if this is a true relation of his experience as a private in an infantry platoon in the Jay Ninh area with the Tropic Lightning Division. Stone sluffs it off and says, "The only people who criticize my film are marines."

Is that not interesting? Why? Because they are all volunteers, not draftees?

There were marines who were drafted at one point, L.B.J. would not call up the Reserves, would not use us old—older—I started to use a different expression, so rather than use reservists, he finally started drafting the Marine Corps for 1 short year. The Marine Corps did not even want that, because they loved their tradition of volunteers.

So what was Oliver Stone saying, that marines and officers were the ones who hated his film? Well all the officers in the film were poor leaders and idiots and corrupt. These were the men that had to understand something about policy so is that the reason why?

Forgive my tangent. Let me come back to what Charles Krauthammer said. He said: All combat is brutal and there are exceptions to decency by the best of countries when pandemonium breaks loose on the battlefields. When you begin to fight for your own survival and for your own men in your squad, your brothers who you become closer to than even your flesh and blood brothers for the rest of your life." Anything can happen.

He said, "If a war film is on that and that alone, it has got the narrowest of focus, but if the film discusses policy, the objectives, who was wrong or mostly wrong, who was right or mostly right, and what was the whole objective of a conflict, then you can truly say a film has some objectively and this is the way it was or why it was fought."

I was the only person for Ronald Reagan from this Chamber at the Nashua debate in February, 1980, when he called the Vietnam war a noble cause. Ronald Reagan was responding to a young soldier, a veteran from the audience, about agent orange, and the President said it was a noble cause, "and you can be proud and your family can be proud that you went and fought."

I was sitting very close to the press section. We were at right angles. We were all here as close as that chair and they scoffed and they scowled, they laughed, and they all started to write in their notes what I heard them mumbling, "Reagan is finished. He is through. He has just blown the campaign." To call Vietnam a noble cause was absolutely the ultimate absurdity and it was the end of his campaign.

Well, I turned to Senator GORDON HUMPHREY's wife, who was back behind the stage supporting the President. I turned to Mrs. Patty Humphrey and I said, "Patty, this is a standing ovation for me."

I stood up, and as I stood up I realized the whole gigantic audience was standing with me, pounding applause, and then the scoffing started in the press community, particularly among the elitist liberals, and everybody looked in amazement. Here was a whole auditorium in Nashua, NH, cheering the President's statement that Vietnam was a noble cause.

You know, not every noble cause wins. Lots of Norwegian freedom fighters in their resistance died. Lots of French Marquis from the Resistance died. Their leader, Jean Moulin was tortured to death by the butcher Klaus Barbie, who is on trial in France right now. Partisans died in the Soviet Union and Yugoslavia. All over the world there were efforts that failed.

The people on Bataan thought we were coming to save them and thousands died on the Bataan Death March. The people in Corregidor held out hope until almost the last 2 or 3 weeks before they collapsed on May 6, 1942. All over the world there have been efforts that have failed.

It is not the winning that is always important when you fight for freedom. It is that you make a stand and that you fight differently than the evil forces in the world fight.

Vietnam did not have even the successful, although inconclusive end, of the Korean war. Our invasion of Laos certainly did not end up, or Cambodia, as happily as our invasion of France where we liberated a country and killed a lot of civilians in that beautiful farm country of Normandy as we were shelling the beaches and the hedge row areas to make it safer for our young GI's to go ashore.

This filthy film, "Platoon," almost goes unscathed. When it is being shown among the laughter in the Kremlin and to special forces units for the Soviet Union, their so-called Spetsnaz forces around the world, who need to get a feel for American culture, Oliver Stone can feel proud. When the film is shown to the Communist guerrilla camps to make young unsophisticated Latin Americans in our hemisphere, fellow Americans, learn to hate the United States, then maybe, just maybe Oliver Stone will realize how badly he has spit on the uniform he wore of the U.S. Army. Maybe then he will realize how badly he has served his fellow combatants that he supposedly puts higher than anything else, through the degradation of the REMF's, the rear echelon mother f's that did not get a chance to go into combat, or avoided it with an easier assignment.

When Oliver Stone comes to the realization that he has undone, the work of 12 years of rebuilding the honor and the image of those American kids that I saw over there on eight trips from the highest ranking officer to the youngest grunt, then and only then will he realize what he has done. I cannot help but remember those men whom I asked, "Are you long or short, son?"

"I am long, sir."

"How long?"

"Well, 364 days. I just got here yesterday."

Every one of those kids used to say, "I didn't want to be here. I was drafted."

I said, "Now, you could have gone to Canada, you could have gone to Sweden, you could have pretended you were a homosexual, you could have had your teeth pulled out, you could have broken your arm, you could have gotten a student deferment, you could have gotten your father to go to the draft board, you could have bought test scores and cheated and, you could demonstrate in the street, you could go on the law and go underground in this country. It was so easy to avoid service."

I said, "Son, you are a volunteer. There is no such thing as a draftee over here and I apologize to you as an American newsman for the terrible way you are covered back home and for the gutless wonder called the U.S. Congress that won't give you the mandate to override McNamara and go for some kind of early solution to this thing, or get out, get out early before we brought about the death of hundreds of thousands of ARVIN soldiers, and yes, hundreds of thousands of missing-in-action North Vietnamese soldiers."

Those young kids down to 12, 13 and 14 years of age in 1972 were Ho Chi Minh 's, based his war plan almost like harvesting crops that had been born 13 years before. When all that came down at the end, we had missed our opportunity a half a decade or more before to resolve this situation. Was this unwinnable because it was not a peninsula like Korea or an island situation like the British successful fight against communism in Malasia for 12 years?

Are the American people so impatient that we just cannot help anybody, that we have to turn our backs on them like we did on Cuba, like we did on Hungary, like we might do in any country that would revolt tomorrow against their Communist slave masters? Should we tell them that because we cannot get it together without the right supply lines, and if we cannot do it quickly, like on the little island of Granada, we cannot do it at all?

□ 1900

Should we not have come to that decision? And do not a lot of Americans realize that if Barry Goldwater had won, promising to either get out or come to a quick and fruitful conclusion, that he would have been a better choice than Lyndon Johnson? Would we not have had this wall down here with 58,139 names on it, and one POW's name, Charlie Shelton, shot down over Laos, and known to be a prisoner for 4 years with my best friend in the Air Force, Dave Hrdlicka, whose son is checking out F-18's in the Navy this month fulfilling the tradition of his father, a U.S. Air Force fighter pilot?

Dave was shot down 22 years ago next month, on the 16th of May, and that is when I began my crusade for the POW's, starting that bracelet a few years later, and traveling over to Vietnam eight times, and two trips back as a Congressman.

Yes, I am scarred by Vietnam, as much as some of those combatants. My combat missions were out in the field with Echo Company, 2d Battalion, 9th Marines, out in the field with ARVIN forces in the South, four missions in F-5B fighter-bombers with those young, courageous South Vietnamese pilots, and 14 missions in every type of an airplane from an F-4 Phantom to a Spad to Huey Cobra gunships.

Everywhere I went, everyone I saw was the cream of the crop of the United States of America, whether they were a preppie young 2d lieutenant out of one of our eastern schools, or an Hispanic kid from a poor neighborhood who dropped out of high school from southern California, or mostly farm kids, blacks, Hispanics, sons of conservatives, and sons of military families. I sure did not meet many liberals over there, because liberal kids knew how to get out of here, and their liberal parents guided them away from the war that was supported and funded by people whom they voted for.

Mr. Speaker, I invite you also to come over to the Mumford Room and see "Hanoi Hilton" on Tuesday night at 5:30.

BUDGET PROCESS REFORM AMENDMENTS

The SPEAKER pro tempore (Mr. HAYES of Illinois). Under a previous order of the House, the gentleman from Mississippi [Mr. LOTT] is recognized for 5 minutes.

Mr. LOTT. Mr. Speaker, today I am introducing the "Budget Process Reform Amendments of 1987," a package of nine amendments to House Rules, the Budget and Impoundment Act, and the Gramm-Rudman-Hollings Emergency Deficit Control Act. I am joined in sponsorship by our Republican leader, Mr. MICHEL, and our ranking Budget Committee Republican, Mr. LATTA.

While I would agree with the commonly expressed view that no amount of budget process tinkering will cure our deficit problem, I would hasten to add that the very nature, operation and credibility of that process can either facilitate or impede our deficit reduction efforts. And, I would go on to assert that our budgetary machinery today is in a sad state of disrepair and badly in need of fixing. Some would even urge that we junk it altogether and either dust off the old Model T or get ourselves a new X model. I must confess that I often share that frustration and sentiment, though my optimistic side usually regains control.

Consider, if you will, the current, sorry state of our budget-appropriations-authorization processes: budget deadlines are routinely missed; spending ceilings are regularly breached; budget rules are habitually violated and waived (106 specific Budget Act waivers in the 99th Congress alone); deficits continue to mount; authorizations are squeezed-out and consequently tacked onto omnibus bills such as reconciliation and appropriations measures; regular appropriations bills are not enacted on time, if at all, forcing increasing reliance on omnibus, continuing appropriations measures on which there is little deliberation or amenment.

In short, this breakdown in budgetary machinery has adversely affected every facet of the legislative branch of Government and greatly inhibited our ability to function as the deliberative and representative body the framers intended. Instead of prudently managing the purse strings, which is our principal power and responsibility under the Constitution, we are becoming increasingly entangled and strangled by those purse strings. Budgetary matters occupy more and more of our time, but with fewer and fewer results: we're budgeting more now and enjoying it less.

The time has clearly come to revisit the Budget Act and fix what has been broken. But, I would caution against half-measures and minor adjustments that do not address our root problems. For instance, some will suggest that all that needs to be done are some adjustments in our deficit targets and restoration of automatic sequestration. But, taken by themselves, such proposals do not offer real solutions: they simply attempt to redefine the problem and defer and detract from a responsible solution.

Adjusting the deficit targets simply opens the way for even greater games playing and deficit overruns than we now experience. And restoring automatic sequestration, makes no sense if we do not at the same time improve our ability to avoid sequestration through stricter enforcement of our own budget priorities, ceilings, and reductions. Without such a renewed and reinforced commitment to implementing our own budget, sequestration will tend to become a self-fulfilling prophecy. We should keep in mind that sequestration was intended as a deterrent to backsliding and not as a desirable alternative.

The budget process reform amendments which I am introducing today, a summary of which is attached to my statement, are designed to require stricter compliance with and enforcement of our budget resolutions; discourage the resort to omnibus, continuing appropriations resolutions; and restore automatic sequestration.

House Rules would be amended in several ways. First, explanations, justifications, and cost estimates would be required in Rules Committee reports on any Budget Act waivers proposed in a rule, and separate votes could be demanded on each such waiver. Second, extraneous matters would be prohibited in reconciliation bills. Third, a formula would be established for short-term, continuing appropriations measures—those effective for 30 days or less. Such measures could only contain the spending levels from the current year's bills as reported or passed, or the previous year's enacted spending levels, whichever are lower.

And fourth, long-term continuing appropriations bills would be subject to the same prohibitions on legislation and unauthorized provisions as now apply to regular appropriations bills; and a three-fifths vote would be required to waive points of order against provisions in a continuing resolution not previously adopted by the House for that fiscal year.

The Budget and Impoundment Act would be amended in four ways. First, enforcement would be required for the outlay suballocations made by committees. This is already required in the Senate, but the House only enforces suballocations for new credit, entitlement and budget authority. Second, enforcement would be required for our overall budget outlay ceiling as is now required in the Senate. The House operates under the so-called "Fazio exception" whereby a committee bill can breach the outlay ceiling if the committee is still within its overall allocation for budget authority. The "Fazio exception" makes a mockery of our efforts to control spending and deficits. Third, no appropriation bill could be considered until all had been reported. This is important to avoid games and ensure that the committee does adhere to its overall allocation.

The fourth amendment goes to the Impoundment Control Act and would give the President special rescission authority over long-term, continuing appropriations measures which cover two or more regular appropriations bills for more than 30-days. Under this procedure, the President could submit a special rescission measure or measures within 3 days after a continuing resolution is enacted, and this would take effect unless a joint resolution is enacted disapproving all or part of each message within 20 days. This reverses the present rescission process which requires enactment of approval resolutions. The reason for this proposal is first, to discourage these omnibus continuing resolutions in the first place; and second, to give the President some strategic alternative to vetoing a funding bill that may cover the entire government and force its shutdown. If ever a line-item veto were justified, continuing resolutions are it.

Finally, title III of my bill amends Gramm-Rudman-Hollings by substituting a Commission on Deficit Reduction for the Comptroller General in the sequestration process, and thereby restores the automatic nature of that process. This compromise has been offered in view of natural suspicions which some have of giving the President or OMB any discretion in adjusting the OMB/CBO sequestration recommendation.

The Commission would consist of six members to be appointed by the President, not more than three of whom could be of the same political party. Moreover, two could only be appointed after consideration by the President of a list of prospective nominees submitted by the Speaker of the House; and two others after consideration of a list from the President pro tempore of the Senate. This would not be a full-time, paid commission, but rather would receive a per diem amount for days on which they do meet. Moreover, it is expected that it would only require a small, core staff, which would be full time. So, for relatively little expense, the credibility and integrity of the sequestration process would be restored.

In conclusion, Mr. Speaker, while I do not pretend that this package is a panacea and I do favor such other proposals as credit reform and biennial budgeting, I think the amendments contained in my bill represent some essential steps which should be taken now to fix the budget process. I would again warn against half-measures and minor adjustments of an unbalanced nature. The Germans have a word for such half-reforms: scalimbeserung—"an improvement that makes things worse." A summary of my bill follows:

SUMMARY OF "BUDGET PROCESS REFORM AMENDMENTS OF 1987

(H.R. *2232*, Introduced by Mr. Trent Lott, April 30, 1987) (Principal Sponsors: Mr. Michel and Mr. Latta)

Official Title: A bill to improve the congressional budget and appropriations processes by requiring stricter enforcement of budget resolutions; discouraging omnibus, continuing appropriations measures; giving the President special rescission authority over such omnibus measures; and by restoring automatic sequestration under Gramm-Rudman-Hollings through the creation of a Deficit Reduction Commission.

Section 1. Short Title.—The "Budget Process Reform Amendments of 1987."

TITLE I—AMENDMENTS TO HOUSE RULES

Sec. 101. Budget Act Waivers.—It would not be in order in the House to consider any resolution (rule) providing for the consideration of a measure of matter if that rule waives any provisions of the Budget Act against consideration of the measure, or against any provision thereof or amendment thereto, unless the report accompanying the resolution contains an explanation and justification for the waiver, a cost estimate of the provisions being waived, and a summary or text of any communication received from the Budget Committee regarding the proposed waiver. A separate vote could be demanded on each Budget Act waiver contained in a rule, subject to the requisite number of affirmative votes required for such waiver pursuant to the Budget Act.

Sec. 102. Prohibition on Extraneous Provisions in Reconciliation.—House rules would be amended to prohibit the reporting of any provision in a reconciliation bill, or amendment thereto, which is not related to a committee's reconciliation directives, i.e., which is not related to a provision which reduces spending or raises revenues, as determined by the Committee on the Budget. Note: The Senate already has a similar prohibition.

Sec. 103. Short-Term Continuing Appropriations Formula.—House rules would be amended to provide that any short-term continuing appropriations resolution (effective for 30-days or less) contain only the lower levels of appropriations and more restrictive provisions of the House-reported, House-passed, Senate-passed or conference agreement for that year, or the previous year's appropriations act. A three-fifths House vote would be required to waive the formula or add extraneous matters.

Sec. 104. Long-Term Continuing Appropriations Limitations.—House rules would be amended to provide that any long-term continuing appropriations bill (more than 30-days) contain the full-text of matters to be enacted (rather than mere references to other bills), be subject to House rules now applicable to general appropriations, i.e. the prohibition against unauthorized and legislative provisions, and requirement of cost estimates in the committee report. A three-fifths vote would be required waive points of order or deny amendments to provisions not previously adopted by the House. The present restrictions on limitation amendments would be abolished.

TITLE II—BUDGET ACT AMENDMENTS

Sec. 201. Enforcement of Outlay Suballocations in House.—The current ban on bills and amendments which exceed a committee's subdivisions of new discretionary budget authority, new entitlement authority, and new credit authority would be extended to any breach of outlay suballocations as well. Note: Such a rule already applies in the Senate.

Sec. 202. Enforcement of Spending Ceiling in House—The so-called "Fazio exception" would be repealed. That exception protects bills against points of order for exceeding the spending (outlay) ceiling in the budget resolution so long as the reporting committee is still within its allocation for budget authority. Moreover, any waiver of the spending ceiling would require a three-fifths vote of the House membership. Note: Such a rule and waiver requirement already applies in the Senate.

Sec. 203. Required Reporting of all Appropriations Bills.—No regular appropriation bill could be considered in either House until all approriations bills had been reported by that House.

Sec. 204. Special Rescission Authority Over Long-Term Continuing Appropriations—Any long-term continuing appropriations measure would be subject to special presidential rescission messages if submitted within 3 days of enactment of CR. The total of all such special rescissions could not exceed 10% of the most recently projected deficit as estimated by the joint OMB/CBO report. Such rescissions would take effect unless disapproved by enactment of a joint resolution. (Note: under current law rescissions may only take effect if approved by enactment of a joint resolution.) Congress would have 20 days of continuous session to consider a recission message under special, expedited procedures. If Congress adjourns sine die before completing action on a rescission message, the budget authority would be withheld until the next session of Congress at which time the President could resubmit a message.

Sec. 205. Exercise of Rulemaking Powers.—The applicable provisions of the Titles I and II are enacted as an exercise of the rulemaking powers of the House and Senate, are to be considered as rules of the respective Houses, and as such may be changed by either House at any time.

Sec. 206. Effective Date.—The provisions of Titles I and II having the status of House and Senate rules shall take effect on the final passage by each House of the bill. Those provisions not having the status of House or Senate rules shall take effect upon the enactment of the bill.

TITLE III—RESTORATION OF AUTOMATIC SEQUESTRATION

This title is entitled, the "Deficit Reduction Commission Act Amendments of 1987". It amends the Gramm-Rudman-Hollings "Balanced Budget and Emergency Deficit Control Act of 1985" by substituting a Commission on Deficit Reduction for the sequestration role of the Comptroller General which was found unconstitutional by the Supreme Court in Bowsher v. Synar.

The Commission would be comprised of six members appointed by the President, not more than three of whom could be of the same political party. Two of the six members (not of the same party) would be nominated after consideration by the President of a list of prospective nominees submitted by the Speaker of the House; and two (not of the same party) after consideration of a list submitted by the President pro tempore of the Senate (both after consultation with their minority leaders).

Commission members could not be officers or employees of the government at the time of their nomination, and must be especially qualified for the Commission's work by virtue of their education training and experience. The Commission would expire on September 30, 1991. The existing fallback procedures in Gramm-Rudman-Hollings would be repealed.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SWINDALL) to revise and extend his remarks and include extraneous material:)

Mr. DORNAN of California, for 60 minutes, today.

Mr. GILMAN, for 60 minutes, May 26.

Mr. LOTT, for 10 minutes, today.

(The following Members (at the request of Mr. RICHARDSON) to revise and extend their remarks and include extraneous material:)

Mr. PANETTA, for 5 minutes, today.

Mr. FORD of Tennessee, for 60 minutes, today.

Mr. LELAND, for 30 minutes, on May 4.

Mr. RICHARDSON, of 5 minutes, on May 4.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DORNAN of California, during debate on the Young amendment on H.R. 3 in the Committee of the Whole yesterday.

Mr. CARDIN, immediately preceding Speaker WRIGHT in Committee of the Whole, today.

Mr. FROST, immediately following the remarks of Mr. RODINO during consideration of S. 903 in the House today.

Mr. BADHAM, following rollcall 77 and rollcall 78 in the Committee of the Whole today.

Mr. OBERSTAR, on S. 903 in the House today.

Mr. BRENNAN, prior to the remarks of Mr. WRIGHT on H.R. 3 in the Committee of the Whole today.

(The following Members (at the request of Mr. SWINDALL) and to include extraneous matter:)

Mr. SCHULZE.
Mr. LUJAN.
Mr. BADHAM.
Mr. BURTON of Indiana.
Mr. DUNCAN.
Mr. PURSELL.
Mr. DAUB.
Mr. CRANE.
Mr. GREEN.
Mr. ROBERTS.
Mr. KEMP in three instances.
Mr. BROOMFIELD.
Mr. MCCANDLESS.
Mr. MACK.
Mr. NIELSON of Utah.
Mr. MCKINNEY.
Mr. THOMAS of California.
Mr. HENRY.
Mr. GALLO.
Mr. MCMILLAN of North Carolina.
Mr. LIGHTFOOT.
Ms. SNOWE.
Mr. PACKARD.
Miss SCHNEIDER.
Mr. HERGER.

(The following Members (at the request of Mr. RICHARDSON) and to include extraneous matter:)

Mr. SMITH of Florida.
Mr. MAZZOLI.
Mr. MCCLOSKEY.
Mr. ATKINS.
Mr. PENNY.
Mr. KANJORSKI.
Mr. MONTGOMERY.
Mrs. KENNELLY.
Mr. NOWAK.
Mr. SCHEUER.
Mr. ROYBAL.
Mr. MATSUI in two instances.
Mr. RANGEL in two instances.
Mr. JONTZ.
Mr. BONIOR of Michigan.
Mr. FASCELL in two instances.
Mr. WOLPE.
Mr. BORSKI.
Mr. YATRON.

ADJOURNMENT

Mr. DORNAN of California. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 3 minutes p.m.), under its previous order, the House adjourned until Monday, May 4, 1987, at 12 noon.

EXECUTIVE COMMUNCIATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1290. A letter from the Secretary of Defense, transmitting a report of an alleged violation of the Anti-deficiency Act which occurred in the Department of the Air Force, pursuant to 31 U.S.C. 1351; to the Committee on Appropriations.

1291. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend section 305a of title 37, United States Code, relating to career sea pay, in order to provide long-term recognition of the arduous nature of duty aboard a ship; to the Committee on Armed Services.

1292. A letter from the Adjutant General, the Veterans of Foreign Wars of the United States transmitting the proceedings of the 87th National Convention of the Veterans of Foreign Wars of the United States, held in Minneapolis, MN, August 17-22, 1986, pursuant to 36 U.S.C. 118; 44 U.S.C. 1332 (H. Doc. No. 100-73); to the Committee on Armed Services and ordered to be printed.

1293. A letter from the Director, Administrative Office of the U.S. Courts, transmitting the eighth annual report on applications for delays of notice and customer challenges under provisions of The Right To Financial Privacy Act of 1978, pursuant to 12 U.S.C. 3421; to the Committee on Banking, Finance and Urban Affairs.

1294. A letter from the Secretary of Education, transmitting notice of final funding priorities for the research and demonstration projects and knowledge dissemination and utilization projects programs, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

1295. A letter from the Director, Information Security Oversight Office, transmitting a copy of the office's "Annual Report to the President FY 1986," together with a copy of the President's letter in response to the report; to the Committee on Government Operations.

1296. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a report on the number of applications for orders authorizing the interception of wire or oral communications, and the number of such orders and extensions granted or denied during calendar year 1986, pursuant to 18 U.S.C. 2519(3); to the Committee on the Judiciary.

1297. A letter from the Attorney General, Department of Justice, transmitting a report of the Department's progress on implementing Public Law 99-578, authorizing the Attorney General to retain private counsel to collect government debts, pursuant to Public Law 99-578; to the Committee on the Judiciary.

1298. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report dated October 29, 1984, from the Chief of Engineers on North Branch Chicago River, IL, together with other pertinent reports (H. Doc. No. 100-72); to the Committee on Public Works and Transportation and ordered to be printed.

1299. A letter from the Acting Secretary of Agriculture, transmitting the second quarterly commodity and country allocation table showing current programing plans for food assistance under Title II of Public Law 480 for fiscal year 1987, pursuant to 7 U.S.C. 1736b(a); jointly, to the Committees on Agriculture and Foreign Affairs.

1300. A letter from the Assistant Secretary of the Army (Installations and Logistics), transmitting a draft of proposed legislation to amend title 10, United States Code, to delegate to the Secretary of Defense the authority to operate a military education and training program known as the School of the Americas; jointly, to the Committees on Armed Services and Foreign Affairs.

1301. A letter from the Assistant Attorney General, Office of Legislative and Intergovernmental Affairs, Department of Justice, transmitting a draft of proposed legislation to be cited as the Capital Punishment Procedures Act of 1987; jointly, to the Committees on the Judiciary and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1044. A bill to establish the National Maritime Museum at San Francisco in the State of California, and for other purposes; with amendments (Rept. 100-73). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. A report on patients at risk: "A Study of Deficiencies in the Veterans Administration Medical Quality Assurance Program" (Rept. 100-74). Referred to the Committee of the Whole House on the State of the Union.

Mr. MONTGOMERY: Committee on Veterans' Affairs. H.R. 733. A bill to exempt retired members of the Armed Forces called to active duty and assigned to full-time duty with the American Battle Monuments Commission from grade limitations on officers of the Armed Forces (Rept. 100-75, Pt. 1). Ordered to be printed.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 1207. A bill to amend the Federal Food, Drug, and Cosmetic Act to ban the reimportation of drugs produced in the United States, to place restrictions on the distribution of drug samples, to ban certain resales of drugs by hospitals and other health care facilities, and for other purposes; with an amendment (Rept. 100-76). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred to as follows:

By Mr. DAUB:

H.R. 2228. A bill to amend the Internal Revenue Code of 1986 to change certain provisions added by the Tax Reform Act of 1986 which affect farmers, and for other purposes; to the Committee on Ways and Means.

By Mr. STAGGERS (for himself, Mr. MURPHY, Mr. DAUB, Mr. RAHALL, Mr. EMERSON, Mr. LEWIS of Georgia, Mr. BEVILL, Mr. LIPINSKI, Mr. GRAY of Illinois, Mr. BATES, Mr. YATRON, Mr. RICHARDSON, Mr. WISE, Mr. OLIN, Mr. FAUNTROY, Mr. FLORIO, Mr. OBERSTAR, Mr. DOWDY of Mississippi, Mr. SCHEUER, Mr. BRENNAN, Mr. SHUSTER, Mr. DEFAZIO, Mr. HOWARD, and Mr. SIKORSKI):

H.R. 2229. A bill to amend the Railroad Retirement Act of 1974 and the Railroad Unemployment Insurance Act to provide for the removal of the trust funds established by those acts from the unified budget, and for other purposes; jointly, to the Committees on Government Operations and Energy and Commerce.

By Mr. ANDREWS:

H.R. 2230. A bill to provide that past-due amounts owed by physicians and other health professionals who breached a contract under the National Health Service Corps Scholarship Program shall be deducted from amounts otherwise payable to the physician under the Medicare and Medicaid Programs, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. BRYANT:

H.R. 2231. A bill to prescribe an end strength level of U.S. forces assigned to permanent duty in NATO countries and Japan and to provide for the reduction of U.S. forces in these countries under certain circumstances; jointly, to the Committees on Armed Services and Foreign Affairs.

By Mr. LOTT (for himself, Mr. Michel, and Mr. Latta):

H.R. 2232. A bill to improve the congressional budget and appropriations processes by requiring stricter enforcement of budget resolutions, discouraging omnibus, continuing appropriations measures, giving the President special rescission authority over items in such omnibus bills, and by restoring automatic sequestration under the Gramm-Rudman-Hollings Deficit Control Act through the creation of a Deficit Reduction Commission; jointly, to the Committees on Governmental Operations and Rules.

By Mr. CRANE:

H.R. 2233. A bill to provide for the privatization of the U.S. Postal Service; to the Committee on Post Office and Civil Service.

By Mr. de LUGO (for himself (by request) Mr. Udall, Mr. Lagomarsino, and Mr. Young of Alaska).

H.R. 2234. A bill to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, and for other purposes; jointly, to the Committees on Interior and Insular Affairs and the Judiciary.

By Mr. DUNCAN:

H.R. 2235. A bill to amend section 4052 of the Internal Revenue Code of 1986; to the Committee on Ways and Means.

By Mr. GEJDENSON:

H.R. 2236. A bill to extend for 3 years the suspension of duty on uncompounded allyl resins; to the Committee on Ways and Means.

By Mr. GLICKMAN:

H.R. 2237. A bill to recognize the organization known as the Red River Valley Fighter Pilots Association; to the Committee on the Judiciary.

By Mr. GLICKMAN (for himself, Mr. Mineta, Mr. Carr, Mr. Fish, Mr. Denny Smith, Mr. Gingrich, Mr. Anderson, Mr. Hammerschmidt, Mr. Gekas, Mr. Boucher, Mr. Nelson of Florida, Mr. Barnard, Mr. Nichols, Mr. Coughlin, Mr. Slattery, Mr. Horton, Mr. Lightfoot, Mr. Petri, Mr. Coble, Mr. Thomas of Georgia, Mr. Roberts, Mr. Chandler, Mr. Boulter, Mr. Whittaker, Mr. Rowland of Connecticut, Mr. Daub, Mrs. Meyers of Kansas, Mr. Shaw, Mr. Inhofe, Miss Schneider, Mr. Schuette, Mr. Kolter, Mr. Armey, Mr. Ireland, Mr. Lujan, Mr. Callahan, Mr. Clinger, Mr. McDade, and Mr. Kolbe):

H.R. 2238. A bill to amend the Federal Aviation Act of 1958 relating to general aviation accidents; jointly, to the Committees on Public Works and Transportation, the Judiciary, and Energy and Commerce.

By Mr. GREEN:

H.R. 2239. A bill to amend the Internal Revenue Code of 1986 to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his life, any amount which would have been ordinary income if such item had been sold by the decedent at its fair market value, to allow a charitable deduction based on the fair market value of such items, and for other purposes; to the Committee on Ways and Means.

By Mr. HUGHES:

H.R. 2240. A bill to establish a national estuarine and coastal waters program, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. HUNTER (for himself, Mrs. Bentley, Mr. Hefley, Mr. Dreier of California, Mr. Rowland of Connecticut, and Mr. Solomon):

H.R. 2241. A bill to place prohibitions on certain foreign corporations; jointly, to the Committees on Ways and Means and Armed Services.

By Mr. KASICH:

H.R. 2242. A bill to amend title 5, United States Code, to improve the awards program under which the Government recognizes superior accomplishments of Federal employees; to the Committee on Post Office and Civil Service.

By Mr. KENNEDY (for himself, Mr. Boland, Mr. Early, Mr. Mavroules, Mr. Donnelly, Mr. Studds, Mr. Atkins, Mr. Moakley, Mr. Markey, Mr. Conte, Mr. St Germain, Mr. Roe, Mr. Ford of Michigan, Mr. Annunzio, Mr. Brooks, Mr. Mineta, Mr. LaFalce, Mr. Montgomery, Mr. Hawkins, Mr. Gray of Pennsylvania, Mr. Fascell, Mr. Rodino, Mr. Dixon, Mr. de la Garza, Mr. Whitten, Mr. Jones of North Carolina, Mr. Foley, Mr. Coelho, Mr. Michel, and Mr. Bonior of Michigan):

H.R. 2243. A bill to designate the Federal Building located at 10 Causeway Street, Boston, MA, as the "Thomas P. O'Neill, Jr. Federal Building"; to the Committee on Public Works and Transportation.

By Mr. LUJAN:

H.R. 2244. A bill to permit American prisoners of war held by the Japanese after the Bataan death march to sue in the U.S. Claims Court; to the Committee on the Judiciary.

By Mr. MARTINEZ:

H.R. 2245. A bill to establish programs to provide comprehensive employment, training, educational, and other services for recipients of, and applicants for, aid to families with dependent children in order to promote economic self-sufficiency for such persons and their families, and for other purposes; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. MARTINEZ (for himself, Mr. Atkins, Mr. Hayes of Illinois, Mr. Owens of New York, Mr. Jontz, Mr. Murphy, Mr. Clay, Mr. Chandler, Mr. Bryant, Mr. Perkins, Mr. Kennedy, Mrs. Kennelly, Mr. Wise, Mr. Cooper, Mr. Penny, Mr. Mfume, Mr. Fawell, Mr. Robinson, and Mr. Coelho):

H.R. 2246. A bill to amend the Job Training Partnership Act to establish an incentive bonus for the successful placement of certain employable dependent individuals, and for other purposes; to the Committee on Education and Labor.

By Mr. MATSUI:

H.R. 2247. A bill to amend the Internal Revenue Code of 1954 to allow individual retirement accounts and individually directed accounts to acquire coins issued by North American countries; to the Committee on Ways and Means.

By Mr. MONTGOMERY (for himself, Mr. Solomon, Mr. Applegate, Mr. Hammerschmidt, Mr. Mica, Mr. Stump, Mr. Dowdy of Mississippi, Mr. McEwen, Mr. Evans, Mr. Burton of Indiana, Ms. Kaptur, Mr. Bilirakis, Mr. Staggers, Mr. Ridge, Mr. Rowland of Georgia, Mr. Rowland of Connecticut, Mr. Bryant, Mr. Dornan of California, Mr. Florio, Mr. Davis of Illinois, Mr. Gray of Illinois, Mr. Stenholm, Mr. Kennedy, Mrs. Patterson, Mr. Johnson of South Dakota, Mr. Jontz, Mr. Ravenel, Mr. Daniel, Mr. Bennett, Mr. Spence, Mr. Hutto, Mr. Ortiz, Mr. Bateman, Mr. Leath of Texas, Mr. Badham, Mr. Ray, Mr. Sweeney, Mrs. Byron, Mr. Coleman of Texas, Mr. de la Garza, Mr. Roberts, Mr. Nichols, Mr. Hochbrueckner, Mrs. Lloyd, Mr. Fazio, Mr. Price of Illinois, Mr. Bustamante, Mr. Blaz, Mr. Hefner, and Mrs. Schroeder):

H.R. 2248. A bill to recognize the organization known as the Non Commissioned Officers Association of the United States of America; to the Committee on the Judiciary.

By Ms. OAKAR:

H.R. 2249. A bill to change the title of employees designated by the Librarian of Congress for police duty and to make the rank structure and pay for such employees the same as the rank structure and pay for the Capitol Police; to the Committee on House Administration.

By Mr. PANETTA:

H.R. 2250. A bill directing the Secretary of Defense to prescribe regulations giving the commanding officer of each military installation authority over contracting out for commercial activities performed on the military installation; to the Committee on Armed Services.

By Mr. PETRI:

H.R. 2251. A bill to amend the Internal Revenue Code of 1986 with respect to the definition of preproductive period under the uniform capitalization rules; to the Committee on Ways and Means.

By Mr. RICHARDSON (for himself, Mr. Pepper, Mr. Dymally, Mr. Torres, Mr. Wheat, and Mr. Leland):

H.R. 2252: A bill to establish a forbearance program for thrift institutions including minority associations; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SCHEUER (for himself, Miss Schneider, Mr. Henry, Mr. McMillen of Maryland, Mr. McCurdy, Mr. Smith of New Hampshire, Mr. Valentine, and Mr. Waxman):

H.R. 2253. A bill to establish within the Environmental Protection Agency a comprehensive program of environmental research, development, and demonstration relating to ground water contamination and ground water resources; jointly, to the Committees on Energy and Commerce and Science, Space, and Technology.

By Mr. SCHULZE:

H.R. 2254. A bill to permit the Joint Committee on the Library to accept gifts of personal property for use in the Botanic Garden, and for other purposes; to the Committee on House Administration.

H.R. 2255. A bill to provide for the temporary suspension of the duty on m-Hydroxybenzoic acid; to the Committee on Ways and Means.

H.R. 2256. A bill to provide for the temporary suspension of the duty on 2-n-octyl-4-isothiazolin-3-one, and on mixtures of 2-n-octyl-4-isothiazolin-3-one and application adjuvants; to the Committee on Ways and Means.

H.R. 2257. A bill to provide for the temporary suspension of the duty on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium choloride, stabilizers and application adjuvants; to the Committee on Ways and Means.

H.R. 2258. A bill to extend for 3 years the existing temporary suspension of the duty on mixtures of 5-chloro-2-methyl-4-isothiazolin-3-one, 2-methyl-4-isothiazolin-3-one, magnesium choloride and magnesium nitrate; to the Committee on Ways and Means.

By Mr. SCHULZE (for himself, Mr. Walker, Mr. Vander Jagt, Mr. Stump, Mr. Kostmayer, Mr. Hiler, Mr. Shumway, and Mr. Lagomarsino):

H.R. 2259. A bill to amend the Internal Revenue Code of 1986 and title II of the Social Security Act to provide an exemption from coverage under the social security program on a current basis (pursuant to applications filed in advance) for employers and their employees in cases where both are members of faiths opposed to participation in such program; to the Committee on Ways and Means.

By Mr. SMITH of New Hampshire (for himself, Mr. Davis of Illinois, Mr. Dornan of California, Mr. Rowland of Connecticut, Mr. Dreier of California, Mr. Hunter, Mr. McCloskey, Mr. Denny Smith, Mr. Sundquist, Mr. Applegate, and Mr. Lipinski):

H.R. 2260. A bill to direct the heads of Federal departments and agencies holding records concerning reported live sightings of American military personnel classified as prisoners of war or missing in action in Southeast Asia to make such records available to the public; jointly, to the Committees on Armed Services, the Permament Select Committee on Intelligence, and Foreign Affairs.

By Mr. ARMEY:

H.J. Res. 262. Joint resolution to void certain agreements relating to the site of the Soviet Union's embassy in the District of Columbia; to the Committee on Foreign Affairs.

By Mr. KEMP (for himself and Mr. Udall):

H.J. Res. 263. Joint resolution making an urgent supplemental appropriation for emergency assistance to the Polish independent trade union organization NSZZ "Solidarnosc" for the fiscal year ending September 30, 1987, and for other purposes; to the Committee on Appropriations.

By Mr. LEVINE of California:

H. Con. Res. 113. Concurrent resolution concerning military unrest in Argentina; to the Committee on Foreign Affairs.

By Mr. McCLOSKEY:

H. Con. Res. 114. Concurrent resolution urging the President to implement a new policy with respect to the countries of Indochina in order to resolve the issue of American prisoners of war and Americans missing in action; to the Committee on Foreign Affairs.

By Mr. SCHEUER (for himself, Mr. Ackerman, Mr. Kemp, Mr. Downey of New York, Mr. Biaggi, Mr. Solarz, Mr. Garcia, Mr. Nowak, Mr. Owens of New York, Mr. Boehlert, Mr. Manton, Mr. Lent, Ms. Slaughter of New York, Mr. Hochbrueckner, Mr. McHugh, Mr. DioGuardi, Mr. Schumer, Mr. McGrath, Mr. Towns, Mr. Mrazek, Mr. LaFalace, Mr. Stratton, Mr. Weiss, Mr. Flake, Mr. Molinari, Mr. Gilman, Mr. Houghton, Mr. Horton, Mr. Green, Mr. Martin of New York, Mr. Rangel, Mr. Wortley, Mr. Fish, and Mr. Solomon):

H. Con. Res. 115. Concurrent resolution providing for participation by delegations of Members of both Houses of Congress in ceremonies to be held in April 1989 in New York City marking the 200th anniversaries of the implementation of the Constitution as the form of government of the United States, the inauguration of President George Washington, and the proposal of the Bill of Rights as the first 10 amendments to the Constitution; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

62. The SPEAKER presented a memorial of the general assembly of the State of Vermont, relative to the National Chapter 1 Compensatory Education Program; to the Committee on Education and Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SHUMWAY introduced a bill (H.R. 2261) to confer jurisdiction upon the U.S. Claims Court to render judgment upon the claim of John King, and for other purposes; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 17: Mr. Fawell.

H.R. 18: Mr. Hughes, Mr. Clinger, Mr. Panetta, Mrs. Byron, Mr. Roybal, Mr. Kanjorski, and Mr. Tauzin.

H.R. 39: Mr. Jontz.

H.R. 51: Mr. Hayes of Illinois, Mr. Fazio, and Mrs. Kennelly.

H.R. 285: Mr. Boehlert.

H.R. 536: Mr. Crane.

H.R. 594: Mr. McDade and Mr. Roe.

H.R. 660: Mr. Fields.

H.R. 733: Mr. Applegate, Mr. Hammerschmidt, Mr. Mica, Mr. Wylie, Mr. Dowdy of Mississippi, Mr. Stump, Mr. Evans, Mr. McEwen, Ms. Kaptur, Mr. Smith of New Jersey, Mr. Penny, Mr. Burton of Indiana, Mr. Staggers, Mr. Bilirakis, Mr. Rowland of Georgia, Mr. Ridge, Mr. Bryant, Mr. Rowland of Connecticut, Mr. Florio, Mr. Dornan of California, Mr. Gray of Illinois, Mr. Smith of New Hampshire, Mr. Kanjorski, Mr. Davis of Illinois, Mr. Robinson, Mr. Stenholm, Mr. Harris, Mr. Kennedy, Mrs. Patterson, Mr. Johnson of South Dakota, and Mr. Jontz.

H.R. 758: Mr. Oxley.

H.R. 922: Mr. Ridge.

H.R. 953: Mr. Bateman, Mr. Bennett, Mrs. Bentley, Mr. Blaz, Mr. Bonker, Mr. Borski, Mr. Bosco, Mr. Brooks, Mr. Carper, Mr. de la Garza, Mr. DioGuardi, Mr. Dyson, Mr. Fields, Mr. Foglietta, Mr. Hertel, Mr. Hubbard, Mr. Hutto, Mr. Lewis of Georgia, Mr. Lipinski, Mr. Lowry of Washington, Mr. Manton, Mr. Martinez, Mr. Mavroules, Mr. Miller of Washington, Mr. Ortiz, Mr. Owens of New York, Mr. Pickett, Mr. Quillen, Mr. Scheuer, Mr. Studds, Mr. Sweeney, Mr. Tallon, Mr. Thomas of Georgia, Mr. Towns, Mr. Vander Jagt, and Mr. Young of Alaska.

H.R. 957: Mr. Fish, Mr. Hertel, and Mr. Atkins.

H.R. 1025: Mr. McCollum.

H.R. 1053: Mr. Latta.

H.R. 1064: Mr. Jontz, Mr. Mineta, Mr. Owens of Utah, and Mrs. Vucanovich.

H.R. 1152: Mr. Tallon, Mr. Weiss, and Mr. Eckart.

H.R. 1170: Mr. Evans.

H.R. 1207: Ms. Slaughter of New York.

H.R. 1213: Mr. Owens of Utah, Mrs. Bentley, Mr. Buechner, Mr. Murphy, Mr. Dornan of California, Mr. Owens of New York, Mr. Lipinski, Mr. Dymally, Mr. Gallo, Mr. Levine of California, and Mr. Horton.

H.R. 1271: Mr. Eckart and Mr. Rogers.

H.R. 1425: Mr. Rangel.

H.R. 1428: Mr. Lungren and Mr. Dannemeyer.

H.R. 1444: Miss Schneider, Mr. Ballenger, and Mr. Holloway.

H.R. 1495: Mr. Conyers, Mr. Darden, Mr. DeFazio, Mr. Garcia, Mr. Hughes, Mr. Kildee, Mr. Kolter, Mr. Lancaster, Mr. Murphy, Mr. Owens of Utah, Ms. Slaughter of New York, Mr. Solarz, Mr. Towns, and Mr. Valentine.

H.R. 1506: Mr. Lipinski.

H.R. 1568: Mr. Howard.

H.R. 1580: Mr. Miller of California, Mr. Levine of California, Mr. Dixon, Mr. Coelho, and Mr. Gejdenson..

H.R. 1583: Mr. Stump, Mr. Lagomarsino, Mr. Hastert, Mr. Tauke, and Mr. Hiler.

H.R. 1604: Mrs. Bentley, Mrs. Collins, Mr. Gradison, Mr. Rangel, Mr. Gilman, and Mr. Rowland of Connecticut.

H.R. 1626: Mr. Boehlert.

H.R. 1708: Mr. Rahall, Mrs. Boxer, Mr. Pease, Mr. Guarini, Mr. Lantos, Mr. Roe, Mr. Schumer, Mr. Russo, Mr. Richardson, Mr. Anderson, and Mr. Gilman.

H.R. 1807: Mr. Dwyer of New Jersey.

H.R. 1840: Mr. Petri and Mr. Martinez.

H.R. 1843: Mr. Hayes of Illinois, Mr. Solarz, Mr. Lehman of Florida, Mr. Mineta, Mr. Ford of Tennessee, Mr. Towns, Mr. Lewis of Georgia, Mr. Gray of Illinois, and Mr. Sikorski.

H.R. 1872: Mrs. Boxer and Mr. Vander Jagt.

H.R. 1885: Mr. Huckaby.

H.R. 1950: Mr. Beilenson, Mr. Carper, Mr. Coelho, Mr. Conyers, Mr. Derrick, Mr. Dyson, Mr. Frost, Mr. Glickman, Mr. Hertel, Mr. Hochbrueckner, Mr. Kennedy, Mr. Kildee, Mrs. Lloyd, Mr. Price of North Carolina, Mr. Rowland of Connecticut, Mr. Scheuer, Mr. Smith of Florida, and Mr. Wolpe.

H.R. 1953: Mr. Wolf, Mr. Frost, Mr. Clinger, Mr. McGrath, and Mr. Hughes.

H.R. 1958: Ms. Kaptur and Mrs. Byron.

H.R. 1973: Mr. Coleman of Missouri and Mr. Clinger.

H.R. 1974: Mr. Davis of Illinois, Mr. Ballenger, Mr. Robinson, Mr. Lagomarsino, Mrs. Johnson of Connecticut, Mr. Smith of Florida, Mr. Horton, Mr. Lipinski, Mr. Porter, Mr. Gordon, Mr. Martinez, Mr. Frank, and Ms. Kaptur.

H.R. 2017: Mr. Solarz, Mr. Frank, and Mr. Atkins.

H.R. 2036: Mr. Beilenson, Mr. Traficant, Mr. McCloskey, Mr. Pease, Mr. Fazio, Mr.

Clinger, Mr. Jeffords, Mr. LaFalce, Mr. Jacobs, Mr. Frank, Mr. Vento, Mr. Roybal, and Mr. Studds.

H.R. 2062: Mr. Borski and Mr. Eckart.

H.R. 2070: Ms. Kaptur, Mr. Boehlert, Mr. Hatcher, and Ms. Snowe.

H.R. 2125: Mrs. Morella.

H.R. 2132: Mr. Blaz, Mr. Lagomarsino, and Mr. Frost.

H.R. 2191: Mrs. Lloyd.

H.J. Res. 55: Mr. Howard, Mr. Lagomarsino, Mr. Kemp, Mr. Bevill, Mr. de la Garza, Mr. Rahall, Mr. Cardin, Mr. Chapman, Mrs. Vucanovich, Mr. Rinaldo, Mr. Goodling, Mr. Gallo, Mr. Ritter, Mr. Lipinski, Mr. Wilson, Mr. St Germain, Mr. Shaw, Mr. Dwyer of New Jersey, Mr. Traxler, Mr. Kostmayer, Mr. Torricelli, Mr. Hughes, Mr. Courter, Mr. Johnson of South Dakota, Mr. McEwen, Mr. Smith of New Jersey, Mr. Weldon, Mr. Ireland, Mr. Fascell, Mr. Brown of California, Mr. Lewis of Florida, Mr. Lehman of California, Mr. Carper, and Mr. Tauke.

H.J. Res. 58: Mr. Mineta, Mr. Rinaldo, and Mr. McEwen.

H.J. Res. 127: Mr. Garcia, Mrs. Patterson, Mr. Emerson, Mr. Foglietta, Mr. Ravenel, Mr. Oberstar, Mr. Kennedy, Mr. Schaefer, Mr. Owens of New York, Mr. Inhofe, Mr. St Germain, Mr. Neal, Mr. Davis of Michigan, Mr. Boland, Mr. Coughlin, Mr. Feighan, Mr. Nelson of Florida, Mr. Spence, Mr. Parris, and Mr. Alexander.

H.J. Res. 139: Mr. Jontz and Mr. Mineta.

H.J. Res. 180: Mr. Fascell.

H.J. Res. 192: Mr. Andrews, Mr. Applegate, Mr. Bates, Mrs. Boggs, Mr. Bonior of Michigan, Mr. Borski, Mrs. Boxer, Mr. Brennan, Mr. Clay, Mr. Conyers, Mr. Dorgan of North Dakota, Mr. Dwyer of New Jersey, Mr. Evans, Mr. Feighan, Mr. Fish, Mr. Ford of Tennessee, Mr. Garcia, Mr. Gejdenson, Mr. Gordon, Mr. Grant, Mr. Hamilton, Mr. Henry, Mr. Howard, Mr. Hoyer, Mr. Hughes, Mrs. Johnson of Connecticut, Mr. Johnson of South Dakota, Mr. Jones of North Carolina, Mr. Jontz, Mr. Kastenmeier, Mr. Kildee, Mr. Lancaster, Mr. Lowry of Washington, Mr. Markey, Mr. Matsui, Mr. Mollohan, Mr. Morrison of Connecticut, Mr. Mrazek, Mr. Murphy, Mr. Oberstar, Mr. Price of Illinois, Mr. Rhodes, Mr. St Germain, Mrs. Schroeder, Mr. Smith of Florida, Mr. Studds, Mr. Wise, and Mr. Udall.

H.J. Res. 214: Mr. Fauntroy, Mr. Dymally, Mr. Staggers, and Mr. Towns.

H.J. Res. 246: Mr. Kasich, Mr. Garcia, Mr. Rangel, Mr. Pepper, Mr. Crockett, Mr. Dymally, and Ms. Snowe.

H. Con. Res. 48: Mrs. Boxer, Mr. Foglietta, Mr. DeFazio, Mr. Berman, Mr. Matsui, Mr. Ackerman, Mr. Levin of Michigan, Mr. Dixon, Mr. Oberstar, Mr. Ford of Michigan, Mr. Lowry of Washington, Mr. Gejdenson, Mr. Mrazek, Mr. Atkins, Ms. Kaptur, Mr. Levine of California, Mr. Studds, Mr. Towns, Mr. Richardson, Mr. Garcia, Mr. Moakley, Mr. Pease, Mr. Hall of Ohio, Mr. Fauntroy, Mr. Fuster, Mr. Green, Mr. Evans, Mr. Lehman of Florida, Mr. Kostmayer, Mr. Dwyer of New Jersey, and Mr. Frank.

H. Con. Res. 69: Mr. Valentine.

H. Con. Res. 96: Mr. Weber, Mr. Dornan of California, Mr. Ritter, Mr. Inhofe, Mr. Ackerman, Mr. Solomon, Mr. Hyde, Mr. Burton of Indiana, Mr. Grandy, Mr. Davis of Illinois, Mr. Stump, Mr. McCollum, Mr. Spence, Mr. Shaw, Mr. Leath of Texas, Mr. Dannemeyer, Mr. Lewis of Florida, Mr. DeWine, Mr. Parris, Mr. Baker, Mr. Martinez, Mr. Dyson, Mr. Schuette, Mr. Daniel, Mr. Flippo, Mr. Hutto, Mr. Swindall, Mr. Traficant, Mr. Barton of Texas, Mr. Donald E. Lukens, Mr. Lungren, Mr. Clinger, Mr. Hammerschmidt, Mr. Darden, Mr. Kemp, Mr. Daub, and Mr. McEwen.

H. Res. 62: Mr. Pursell, Mr. Florio, and Ms. Slaughter of New York.

H. Res. 65: Mr. Edwards of Oklahoma, and Mrs. Martin of Illinois.

H. Res. 137: Mr. Hughes and Mrs. Smith of Nebraska.

PETITIONS, ETC.

Under clause 1 of rule XXII,

36. The SPEAKER presented a petition of city council of the city of Lake Worth, TX, relative to the formula for eligibility under the Community Development Block Grant Program for local governments; which was referred to the Committee on Banking, Finance and Urban Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1748

By Mr. CHAPPELL:

[As amended by a substitute H.R. 2169; delete sections 105(c), 113, 201(b), and 301(c)]

—On page 10 of the bill, delete the matter beginning after line 12 and all following thereafter through line 22.

On page 19 of the bill, delete the matter beginning after line 6 and all following thereafter through line 11.

On page 22 of the bill, delete the matter beginning after line 16 and all following thereafter through line 20.

On page 49 of the bill, delete the matter after line 12 and all following thereafter through line 18.

H.R. 1748

By Mr. ROBINSON:

[Page and line references are to H.R. 2169]

—In section 204 of division A (page), insert the following after line :

(4) The Naval Airship program.

—Strike out section 224 of title II of division A (page , lines through).

EXTENSIONS OF REMARKS

THE CHALLENGE OF AMERICAN CITIZENSHIP

HON. RICHARD K. ARMEY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. ARMEY. Mr. Speaker, a young lady in my district, Tara Marie Hitchcock, recently participated in the Voice of Democracy broadcast scriptwriting contest sponsored by the Veterans of Foreign Wars of the United States and its ladies auxiliary. Her article won seventh place from among more than 300,000 entries.

Tara demonstrated an amazing perception of why United States citizenship is so precious and the challenges and responsibilities that accompany this right. I commend her work to my colleagues' attention.

THE CHALLENGE OF AMERICAN CITIZENSHIP

(By Tara Marie Hitchcock)

In 1920, a man named John left his homeland with only a dream, and traveled over three thousand miles in search of what he had been told was the gateway to new opportunities and a guarantee of freedom. Risking all he had, the man faced this challenge of the uncertain by immediately adopting the hope it offered him, and after months at sea, he, as well as millions of other immigrants bound together by this same hope, arrived at the land known as America and set out eager in their search for a new beginning, a new way of life, as citizens of that nation. You see, America never guaranteed them any wealth, or success . . . but, simply as opportunity and means by which they could obtain it. And so America continues to do just that for its citizens today; however, its almost astonishing to think of how complacent we've become about the value of our citizenship . . . to wonder what has happened to the eagerness that was so pervasive in the earlier decades? We've been given the duty, the opportunity, and the challenge to achieve, yet too often, we let these things slip by, unseen. It was once realized by philosopher John Locke, that the quality of a successful nation is based on the quality of the sum of the citizens in that nation . . . and in realizing this, one must realize that the challenge of American citizenship didn't end at Ellis Island, it merely began there.

As it grew, America had many problems to face. However, as a nation, America will always have these obstacles to overcome, but what must be realized is that it's the citizenship of the people in that nation that enables it to even overcome them. It would have been easy to abandon the idea of forming an entire new country, give up on the causes of World Wars I and II and return to bleak isolationism, or lose all faith in one's government after the Watergate incident; however, what made it possible to overcome all of these was the willingness of the American to meet his challenge of faith and duty as well as his remaining true to the ideas behind Americanism and Democracy . . . a willingness that must be further revived. It is this challenge that is manifested in three different ways, all of thich help to define what being an American is about.

The first part of man's challenge as an American lies in the faith he must have in himself. All to often, we begin to doubt our individual worth in a nation of such immense size. We feel intimidated by the rest of our fellow men, and in feeling so, decrease our willingness to face head on our challenge of achieving. We fail to see the great effects that just one man can have on an entire nation, and that we are in this country because we believe it has something special to offer each of us.

After all, it is this search for every man's "something special" and the morality of having continuous faith in ourselves that becomes the first challenge we must meet.

However, being an American goes deeper than simply remaining true to one's self and one's values, it involves the faith one must have in his own country. The soul of a people is the image it cherishes of itself. If we destroy that image, we destroy the way in which the nation recognizes itself as well as what it has to do. This image a people holds of itself must be created by the continual faith in the values that stand behind it and back it up. Some of the greatest patriots are those who have given their lives for their nation . . . who strive to keep its image polished and glowing. The challenge of American citizenship provides each citizen with his own towel to also help in the polishing of their great country.

However, it's not only the polishing of our own country that is a part of this challenge, it extends beyond our borders, to other nations. By a coincidence of birth, each American citizen today is given the duty to help those less fortunate, constantly seeking independence and freedom from oppression. This is an integral part of remaining true and faithful to the values of Democracy . . . and this where the real test comes in. As Americans, we will always have to meet this challenge, our obligation to those in other lands, living under different rules, and searching for help.

In order to understand why we're citizens, we must first understand why its so important. As Americans, we have the tools needed to make things work for ourselves, for our nation, and for others. Our challenge is just that . . . using these tools to achieve. No wonder the last four letters in the word "American" spell the words "I Can". The millions of immigrants knew they could, John knew he could, and we too know that we can . . . we *can* meet the challenge of being an American citizen and meet it we shall.

COLONEL COHEN

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. SMITH of Florida. Mr. Speaker, Marine Corps Maj. Robert S. Cohen of U.S. Central Command, CGJ 30G at MacDill Air Force Base in Tampa, FL, soon will be promoted to lieutenant colonel. Major Cohen is the son of retired Col. Philip Cohen of Hallandale, FL, in my district.

When Major Cohen receives his promotion, the Cohens will be one of the few father and son teams to make field grade or above in the Marine Corps.

Colonel Cohen's contributions to his community are as conscientious as the contributions to his Nation. Following 22 years of active and inactive duty with the Marine Corps, including service in World War II and Korea, Colonel Cohen currently is a Hallandale, FL, City Commissioner. Additionally, he is the senior member of my military academy nominating selection committee, chairman of the veterans committee for the Broward County League of Cities and the southeast cities chairman for the Broward County U.S. Constitution Bicentennial Commission. This is only a partial list of Col. Philip Cohen's community service accomplishments.

Col. Philip Cohen and his son Maj. Robert Cohen are to be commended for their outstanding work. The fact that they soon will be one of the few father and son teams to make field grade or above in the U.S. Marine Corps is a crowning honor to their community and national service.

AN ANALYSIS OF THE INCOME CONTINGENT STUDENT LOAN PROGRAM

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. BIAGGI. Mr. Speaker, I would like to call to the attention of my colleagues an editorial that appeared in the Washington Post last Saturday, by John G. Driscoll, the President of Iona College, entitled "Could They Ever Pay Off Their Student Loans?"

This editorial accurately and effectively outlines the provisions of the administration's Income Contingent Loan Program. While the concept of an income contingent student loan is worth consideration, some of the aspects of the Department's proposal are troubling.

I urge that my colleagues carefully consider this program prior to any action to expand it. I now submit for my colleagues' consideration a copy of "Could They Ever Pay Off Their Student Loans?"

COULD THEY EVER PAY OFF THEIR STUDENT LOANS?

(By John G. Driscoll)

William Raspberry's argument in support of the Income Contingent Loan Program is much less persuasive when the proposal program is described accurately [op-ed, April 3]. He states that Income Contingent Loans would be lent at a 3 percent interest rate. It would be terrific if that were the case. According to the Department of Education's own proposal, students would pay back the principal and interest calculated at

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

the 91-day T-bill rate plus 3 percent; Interest would be capitalized and could escalate dramatically in times of high inflation.

The concept of the program is worthwhile. However, the mechanics and the anticipated results do not serve the best interests of students or their families.

For example, repayment of loans is linked directly to income earned after a two-year fixed payment period. There is no maximum time period to repay the loan. In times of high inflation, lower-income borrowers could realize negative amortization—their debt will get larger as they make payments. They may never be able to pay off their loans.

Borrowers could not be counseled by financial aid officers about the amount and duration of future payments, as within the Guaranteed Student Loan program. Payment amounts would be contingent upon income and fluctuating market rates.

Raspberry suggests having the IRS collect the payments. The secretary's plan does not involve the IRS at all. Colleges would have to become collection agents and track alumni salaries through the collection of the federal tax returns. This would be an administrative nightmare, as well as invasion of personal privacy.

While the secretary's plan places the burden of tracking and collecting totally on the college, the program would allow an institution 10 percent of the total loan volume—with a cap of $75,000—to reimburse for administrative costs necessary to process and collect the loans. Thus, with loan volumes exceeding $750,000, a college would have to absorb the additional cost of administering this program.

Nowhere does Raspberry mention the source of the $600 million the secretary would like to put into the first year of the program. According to the proposed FY88 budget, the funds would come from elimination of the National Direct Student Loan program, College Work Study and Supplemental Educational Opportunity Program, all financial aid programs for low-income students. This untested program would replace, not supplement, them.

I do agree with one important point of Raspberry's: it is hard to imagine an investment with a more attractive return than higher education. But the ICL program is not the answer. Unplanned, excessive debt is not in the best interest of students or their families, or colleges or our nation.

GROUND WATER RESEARCH, DEVELOPMENT AND DEMONSTRATION ACT

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. SCHEUER. Mr. Speaker, today I am introducing the Ground Water Research, Development and Demonstration Act.

Ground water is a vast, invisible resource of immeasurable value to every region of the United States. Ground water is the source of drinking water for more than 50 percent of the total U.S. population and for 97 percent of rural residents. Ground water accounts for nearly 40 percent of all agricultural irrigation water and 26 percent of industrial water uses. In many areas of the country, such as Long Island, ground water is the sole source of drinking water for residents.

Until recently, we believed that ground water was naturally protected from man-made sources of contamination. We have learned, sometimes painfully, that this is not in fact the case. For example, in December 1978, 36 wells in Suffolk and Nassau Counties on Long Island were closed after the discovery of synthetic organic chemicals in the drinking water, an incident that affected more than 2 million people.

Similar incidents all across the country have shown that ground water contamination is a problem of national scope. In 1981, an EPA study found measurable levels of volatile organic compounds in more than one-fourth of the large public drinking water systems drawing on ground water.

The discovery of contaminated ground water has led to well closings all over the Nation, causing disruptions in water supplies, concerns about possible health effects, and economic losses to consumer and businesses alike. Once contaminated, ground water can be cleaned up, if at all, only through slow and highly expensive technologies.

Fortunately, most experts agree that most of our ground water is still safe and pure. But research and experience have shown us that ground water is far more vulnerable to contamination than we had believed. Threats to its purity come from many sources: hazardous wastes; septic tanks; road salts; pesticides and fertilizers; sanitary landfills; and oil and gas explorations.

We can no longer afford to take our ground water for granted. Protecting ground water will require strong, concerted action.

Our efforts to protect ground water, however, are hampered by a lack of scientific knowledge about ground water. Scientists know relatively little about:

How contaminants move into ground water, how they disperse; how they change; and how long they last.

Our technologies for detecting, monitoring and mitigating ground water pollutants are expensive and limited. For example, EPA has estimated that it will take 4 or 5 years to complete just one round of organic compound testing in the 3,400 public water supply wells in Illinois alone.

In addition, there is very little information on the potential health effects of many ground water contaminants.

While the U.S. Environmental Protection Agency has limited responsibility for ground water protection under statutes such as the Safe Drinking Water Act, Superfund, and the Resource Conservation Recovery Act, the primary responsibility for protecting ground water supplies now rests with the States.

However, the States depend on the Federal Government—particularly the EPA—for sound scientific information for making their ground water protection plans.

If it is our national policy to give the responsibility of protecting our ground water to the States and local governments, we must recognize that the States do not have the resources to conduct the comprehensive scientific research needed to manage ground water effectively. Ground water research must be a Federal responsibility.

In many cases, however, EPA is simply not conducting the research the States need; in other cases, States have difficulty getting access to EPA's information. As a Government Accounting Office report on ground water protection efforts found, States uniformly report that "research or technical assistance to support their ground water programs was one of their greatest needs."

The bill I am introducing today will, for the first time, give EPA a congressional mandate to conduct a comprehensive ground water research program designed to give the State and local governments the specific factual knowledge they need to cope adequately with their responsibility to protect ground water.

Presently, EPA can only conduct research in support of its regulatory programs, leaving many areas of vital concern about ground water untouched.

The bill responds to specific recommendations made by numerous ground water authorities, including the National Ground Water Policy Forum, the Environmental and Energy Study Institute, the Northeast-Midwest Institute, the EPA's Independent Science Advisory Board, Congress' Office of Technology Assessment, and the Government Accounting Office.

The bill would establish a comprehensive and coordinated program of research, development, and demonstration at EPA to enhance the knowledge of the natural characteristics and processes that govern ground water.

The bill would improve the scientific capability to assess, detect, and evaluate the effects on human health and environmental resources of ground water contaminants.

In addition, the bill provides incentives for the development and dissemination of new technologies for preventing, detecting, and mitigating ground water contamination.

To ensure that the results of the research are widely available, the bill provides for technology transfer, technical assistance and the dissemination of information to other Federal agencies, States and local governments.

In response to the recognized shortage of experts, the bill would provide training in scientific disciplines relevant to ground water contamination research.

A section-by-section analysis of the bill is attached to these remarks.

I am pleased to note that Senator BURDICK, chairman of the Senate Environment and Public Works Committee, and Senator DURENBERGER, the ranking minority member of that subcommittee, have introduced S. 1105, a companion ground water research bill. The bills have many similarities, and some important differences.

We are looking forward to working with the Senate and with the other House Committees with jurisdiction over ground water research to craft a law which will begin to gather the scientific and engineering information which the States and local officials need to protect our ground water resources.

Whether we succeed in protecting our vast resources of ground water for future generations depends on our willingness to invest in the research, training, and engineering needed to understand ground water contamination, and to develop new technologies to enable the States to protect, preserve and clean up ground water resources.

I encourage all Members to join with me in sponsoring this legislation.

[Section-by-Section Analysis]

The Ground Water Research, Development and Demonstration Act

Section 1. Short Title.

Section 2. Findings.

Finds that ground water is a valuable resource being threatened by contamination across the nation; that EPA lacks a specific, comprehensive Congressional mandate to conduct research on ground water contamination; the State and local governments, which have primary responsibility for protecting ground water, depend upon EPA for scientific information; and that continuing scientific uncertainties, lack of low-cost, effective technologies in preventing, detecting and mitigating ground water contamination, and the shortage of skilled scientific personnel, have hindered the ability of governments to develop and implement ground water protection programs.

Section 3. Purposes.

States that the purposes of the Act are to establish a comprehensive and coordinated ground water research and development program at the EPA, to improve technology transfer, and to provide training for ground water related disciplines.

Section 4. Definitions.

Section 5. Authorities.

Subsection (a) directs the EPA Administrator to establish a ground water research program in consultation with other federal agencies and State and local governments. Directs the Administrator to conduct research, develop and demonstrate new technologies, cooperate with and assist other agencies, and coordinate ground water research.

Subsection (b) specifically authorizes the Administrator to enter into contracts and cooperative agreements with, and make grants to, government agencies, nonprofit organizations, and other persons; to construct needed facilities; and to use existing Federal labs.

Section 6. Research Committee and Annual Report.

Subsection (a) establishes a ground water research committee within EPA. Subsection (b) requires the committee to prepare an annual report to Congress outlining ground water research needs and evaluating progress made by the ground water research program.

Section 7. Science Advisory Board.

Subsection (a) establishes a standing Ground Water Subcommittee within the Science Advisory Board. The Subcommittee will independently review the annual report of the EPA ground water research committee.

Section 8. Control and Mitigation Technologies.

Subsection (a) directs the Administrator to carry out a research, development and demonstration program for promising new technologies which could be used to control sources of ground water contamination or mitigate ground water contamination.

Subsections (b) through (h) set out procedures for the selection of projects to be demonstrated. Steps include solicitation, selection, supervision, evaluation, and dissemination of information. Subsection (e) sets out selection criteria. Subsection (h) requires the Administrator to enter into cost-sharing agreements to the maximum practicable extent.

Section 10. Assistance to States and Local Governments.

Authorizes the Administrator to provide financial and technical assistance to States and local governments in ground water research. Subsection (b) authorizes the Administrator to conduct specific research at the request of State or local governments, providing that such governments provide at least 25 percent of the funding.

Section 10. Health Effects Research.

Authorizes the Administrator to conduct a research program on the health effects of ground water contaminants. Research is directed on studies of total human exposure to contaminants in ground water, and potential human health impacts. Subsection (b) directs the Administrator to coordinate the health effects research program with HHS.

Section 11. Training.

Subsection (a) authorizes the Administrator to conduct training in disciplines related to ground water protection for personnel from EPA, State and local governments, and others. Permits EPA to charge reasonable fees for non-Federal personnel.

Subsection (b) authorizes the Administrator to establish ground water research fellowships at EPA and other research organizations.

Section 12. Research Institutes.

Directs the Administrator to make grants to universities and other research centers for the establishment of three ground water research institutes. (One would be the existing EPA funded National Center for Ground Water Research, a consortium between Oklahoma University, Oklahoma State University and Rice University.) The institutes would carry out research, training, and technology transfer activities on ground water.

Subsections (c) through (j) set out procedures for selecting and establishing the centers, funding restictions, development of research programs, and the periodic review and evaluation of the centers.

Section 12. Clearing House and Technology Transfer.

Directs the Administrator to establish and maintain a national ground water quality information clearinghouse, and a program for technology transfer and information dissemination. Subsection (c) ensures that information obtained by the research program will, consistent with existing law, be available to the public.

Section 13. Construction.

Makes clear that the Act is intended to authorize only a program of research and related activities, and does not create any new regulatory authority or affect any existing authority.

Section 14. Authorization.

Authorizes appropriations as may be necessary to meet the purposes of the Act.

ASIAN PACIFIC ISLANDER HERITAGE WEEK

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. MATSUI. Mr. Speaker, I would like to call to the attention of my colleagues in the U.S. House of Representatives to a very special celebration—Asian Pacific Islander Heritage Week—which is being held in my home State of California during the week of May 3-9, 1987. Gov. George Deukmejian has set aside this time to recognize the valuable and diverse contributions that Asian Pacific cultures have made to the great State of California.

As you know, Asian Pacific Islander Week is celebrated annually on the national, State, and local community levels. Through efforts to organize and commemorate this event in a meaningful way, an ad hoc committee composed of members of the community was formed to plan and coordinate events which will be significant to Americans of all ethnic backgrounds. This year's Heritage Week will include a wide variety of events which have been designed to enhance our understanding and appreciation of Asian Pacific Islander culture.

Not only will we be celebrating the history and contributions of the Asian Pacific communities in our State, Heritage Week will also lead to a more thorough understanding of today's needs and concerns of Asian Pacific peoples in this country.

I am confident that Asian Pacific Islander Heritage Week will be both enjoyable and entertaining for all those fortunate enough to take part. In addition, and more importantly, Heritage Week will foster a better understanding and a greater appreciation among diverse American cultures.

Mr. Speaker, I highly commend all those whose time and efforts have made the Asian Pacific Islander Herigate Week not only possible, but also have made this the entertaining and educational event that it is. On behalf of the people of Sacramento, I offer my sincere thanks to all those who have contributed to this event, and wish Asian Pacific Islander Heritage Week every success.

IN HONOR OF THE 37TH ANNUAL AWARDS LUNCHEON OF THE VOCATIONAL GUIDANCE AND WORKSHOP CENTER

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. RANGEL. Mr. Speaker, it is not very often that I have the chance to stand in the well of this Chamber and expound on the goodness of human kind. It seems that we often get so bogged down that the problems of the world overwhelm us and we forget to take time to smell the roses. Today, Mr. Speaker, I am here to slow the pace of what has been a very hectic legislative agenda to recognize the extraordinary works of Mrs. Kate Johnson Hicks, founder and executive director of the Vocational Guidance and Workshop Center in West Harlem.

Mrs. Hicks moved to New York City from Richmond, VA, where she was born and raised. Since coming to the west Harlem community with her husband George, she has been nothing but a pillar of positive energy and inspiration to many people, young and old.

Having built upon a dream, Mrs. Hicks and her husband George, with the aid of a close circle of friends and supporters, developed the Vocational Guidance and Workshop Center. The center was an unselfish response to the needs of neighborhood children. The motto of the center: "Helping our youth of today become the successful citizens of tomorrow."

On May 3, the center will hold its 37th annual awards luncheon to pay tribute to the many positive role models in the Harlem community. It is unfortunate the center cannot receive its own award, for it is truly deserving. Mrs. Hicks and the counselors at the center have provided free tutoring, counseling, and test preparation for neighborhood youth since 1950. The center also provides scholarships that enable many of the center's students the opportunity for a college education.

Mr. Speaker, as we struggle to meet fiscal obligations and fight massive trade deficits, it gives me great honor to note the achievements of Mrs. Katie Hicks. A woman who has overcome great odds, she can be a role model for us just as she has been for the youth in the Harlem community. Mrs. Hicks inspires the kind of unparalleled commitment that produces remarkable results.

AMENDMENTS TO H.R. 27 FSLIC BILL

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. RICHARDSON. Mr. Speaker, today I am introducing, with Mr. DYMALLY, Mr. TORRES, Mr. WHEAT, Mr. PEPPER, and Mr. LENT your amendments to H.R. 27, FSLIC minority institutions bill which will extend the forbearance and oversight provisions to a unique and endangered group of FSLIC-insured institutions, minority owned or operated associations. It is my understanding that these provisions will be incorporated into H.R. 27 as Chairman Pepper's amendments.

The first amendment broadens the present definition of institutions eligible for capital forbearance contained in section 202 and, by extension, institutions eligible for the Capital Certificate Program of section 203, by adding minority associations 50 percent or more of whose loans are minority loans and 50 percent or more of whose originated loans are for one through four dwelling units or consumer loans. This two-part definition is intended to identify those minority associations which are clearly serving the minority community and which are performing the classic funtions of a thrift institution. Minority is defined to mean black, native, Hispanic, and Asian Americans.

The second amendment includes regulation of minority associations among the topics for which quarterly reports to Congress are mandated by existing section 209.

The urgent need for legislation assisting minority associations and recognizing the special difficulties they confront is revealed in a few stark statistics. From a peak of 85 minority associations in 1982, there were only 64 remaining associations by yearend 1986, and the number continues to decline. Those 64 minority associations had combined assets of $4.8 billion, and 19 had regulatory net worth of less than 3 percent. Of the 19, 4 are in Florida, 4 are in California, 2 are in Texas, and 2 are in Louisiana.

Minority associations provide a unique service to their customers despite economic and cultural barriers. They often must overcome inner-city adversity and welcome as their clients individuals shunned by conventional financial institutions. They are pioneers in their promotion of minorities to executive positions and in their ability to raise capital from within the minority community. They are very often the only source of financial services that are accessible and affordable to minorities, and must contend with the fact that the costs of administering minority transactions are generally greater due to the smaller average size of deposits and loans.

Current conditions in the thrift industry compound the obstacles that minority associations must overcome. The private initiative and public service demonstrated by minority associations deserves our encouragement. In this period of financial turbulence and regulatory uncertainty, every effort must be made to foster those minority associations which find themselves in a distressed condition through no fault of their own.

This bill recognizes the special need and importance of minority associations, and are eminently entitled to our support. I urge each of the Members of this body to support this legislation. Thank you.

A SALUTE TO STANFORD UNIVERSITY

HON. ERNEST L. KONNYU

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. KONNYU. Mr. Speaker, I am privileged to represent in the 12th District of California one of the finest educational institutions in the world, Stanford University.

Stanford is preparing to celebrate the 100th anniversary of the laying of its cornerstone next month, having grown from a horse farm owned by its founder, Leland Stanford, to an educational institution that has patented 111 inventions including such diverse developments as gene-splicing, computer time-sharing, the birth control pill, the IQ test and vitamin C.

If I may, Mr. Speaker, I would like to take a moment to inform my colleagues of some of the ways Stanford University has touched, and in many cases changed, the lives of every American.

The birth control pill, developed by Stanford chemist Carl Djerassi, 1960.

Vitamin C, Nobel Prize winner Linus Pauling, 1966.

Heart transplants, Dr. Norman Shumway, 1968.

Laser eye surgery, ophthalmologists Milton Flocks and Christian Zweng, 1963.

The IQ test, Dr. Lewis Terman, 1916.

Gene-splicing, Dr. Herbert Boyer, 1973.

The wind tunnel, William Durand, 1918.

The laser, physics professor Arthur Schawlow and physicist Charles H. Townes, 1956.

Pre-paid health plans, professor Alain Enthoven, 1977.

The aerobie, Alan Alder, 1985.

The one-hand basketball shot, Angelo "Hank" Luisetti, 1937.

Nike athletic shoes, Philip Knight, 1962.

Football's T formation, Clark Shaughnessy, 1939.

The football huddle, Glenn Scobey "Pop" Warner, 1925.

The transistor, William Shockley, 1948.

The computer mouse, Douglas Engelbart, 1964.

Computerized airline reservations, Oliver Whitby, 1957.

The music synthesizer, John Chowning, 1974.

IBM computers, Arthur Samuel, 1949.

Artificial intelligence, John McCarthy, 1961.

Computer-assisted teaching, Pal Supples and Richard Atkinson, 1966.

The microprocessor, Marcian E. "Ted" Hoff, 1968.

Computer time-sharing, John McCarthy, 1959.

Unmanned space probes, Von Eshleman, 1964.

Treatment for hemophiliacs, Dr. Judith Pool, 1965.

Radar, Russell Varian, Sigurd Varian and William Hansen, 1939.

Mr. Speaker, these are only a few of the many products and projects developed by Stanford University or their students or their professors that have changed the world we live in. I salute the university for its many advances and achievements. I am honored to represent Stanford and its students and employees during this historic 100th Congress.

UNSOLICITED MAILINGS TO SENIOR CITIZENS

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. MAZZOLI. Mr. Speaker, I wish to express my concern about the flood of unsolicited direct mailings that older citizens in my district—and across the country—are receiving from organizations which claim to represent the interests of these older Americans.

Our elderly are being unnecessarily disturbed and even frightened by these unsolicited mailings. It would appear some of these organizations are actually preying upon the vulnerability and susceptibility of these seniors.

The pitch usually made is that a vital government program is about to go broke or that a valuable Government benefit is about to be curtailed. This is never the case. These programs are as solid as Gibraltar.

Furthermore, often these missives come in Government "look alike" envelopes. These tend to mislead the elderly into believing that the mailing is an official mailing from the Federal Government or one of its agencies.

I commend the efforts of my colleagues here in the House who are, even now, in the process of developing legislative recommendations which, if approved, will protect our senior citizens from the tactics employed by these direct mailing outfits.

Among the steps receiving attention is a possible ban on the use of envelopes carrying identifying markings which resemble the materials and insignia used by the U.S. Government. Another step is to require understandable and prominently-displayed disclaimers on these mailings to make it absolutely clear that the materials are being sent by a private group—not the Federal Government—and that the materials solicit donations from the receivers.

Pending passage of any such corrective legislation, I urge my older constituents to be wary of any official-looking letter which discusses important Federal programs—such as Social Security, Medicare, or VA benefits—in "doomsday" terms, or which solicits contributions in order to "save" these programs from being killed.

Don't let these groups mislead or scare you!

Don't send them a dime without checking with family or friends first!

THE GREATEST FREEDOM OF ALL

HON. TIMOTHY J. PENNY

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. PENNY. Mr. Speaker, recently the Friends of the Library in Rochester, MN conducted an essay contest in the Rochester schools. Students were asked to write on a very important question that all Americans should think about during the celebration of the Bicentennial of the Constitution: "Why the first amendment makes our country great."

From the over 200 entries received in the fourth through sixth grade category, the judges selected the essay written by Charles Michelich, a student in Larry Reinartz's fifth grade class at Bishop Elementary School in Rochester. Charles' essay entitled "The Greatest Freedom of All" deserves to be read by every American who enjoys the right of free speech.

I ask that the text of the essay appear following this statement.

The text of the essay follows:

THE GREATEST FREEDOM OF ALL

(By Charles Michelich)

The First Amendment to the Constitution of the United States allows us, as citizens, to enjoy the freedom of speech. This lets us read, write and listen to other points of view. This amendment, to me, gives us the greatest freedom we have in this country.

Let us imagine what it would be like to hear and read the opinions of those who were in charge of our government and yet not anyone else's. It would be difficult to have our own thoughts if we were unable to express them. What if the newspapers were written by people of all the same opinion? How would we be able to express our own personal concerns if they differed from those in charge? Isn't if great we have the freedom of speech!

The freedom of speech is important to me because it allows me to think for myself. Then develop these thoughts and express them either in written or oral form. I believe that unless you are able to share your opinions with others they are meaningless and would never change.

Our country was founded by people who were willing to give up their lives for the freedom to govern themselves. Currently there are countries in the world where the citizens are unable (because of the threat of persecution) to express their views, even in novels and music. Can you imagine our country without Mark Twain or Lloyd Alexander? How about no music by Peter, Paul & Mary or the Beach Boys? We must be willing to do everything within our power to preserve this all important freedom.

In school we are given the freedom to think and express our thoughts. I believe that without this freedom, our dreams would never become a reality and without dreams we would never prosper and grow.

THE ECONOMY AND FOREIGN INVESTMENT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. ANDERSON. Mr. Speaker, I would like to draw the attention of my colleagues to an article which appeared recently in the Los Angeles Times newspaper under the by-line of our distinguished majority whip, Congressman COELHO. I believe that my distinguished fellow Californian has hit the nail on the head when it concerns foreign investment in American banks and the overall influence of foreign capital in the American domestic economy.

The editorial is as follows:

[From the Los Angeles Times, March 26, 1987]

THE FOREIGN GREENING OF AMERICA: OUTSIDERS' BANKING MOVES THREATEN OUR ABILITY TO COMPETE

(By Tony Coelho)

Who owns America? More and more foreign investors, that's who.

There is growing concern among U.S. policy-makers that rising foreign ownership of American economic assets could well undermine our ability to compete in the world economy.

The trend toward foreign ownership extends to many sectors, including our agricultural and industrial base. But potentially the most troubling acquisition has occurred in the financial arena.

Foreigners are buying up our banks.

For example, Marine Midland Bank of Buffalo, the nation's 16th-largest bank, is owned by the Hong Kong Shanghai Banking Corp. Other banks with significant foreign ownership include National Bank of Georgia, Republic Bank of New York and Bank of Virginia. Here in California, where five of the largest 11 banks are Japanese-owned, foreign investors now hold more than 50% ownership in 170 banking institutions. In New York the number is 300.

Even banks that remain American have become much more dependent on foreign business. By the end of 1985 Citicorp, the largest U.S. bank, held nearly $55 billion in foreign deposits, or 52% of its total. As in commercial banking, foreign entry into U.S. investment banking is steadily increasing. Sumitomo Bank, one of the largest in Japan, was recently permitted by the Federal Reserve to have a passive interest in Goldman Sachs. Other U.S. investment giants like Salomon Bros., First Boston and Drexel Burnham Lambert feature significant foreign ownership.

My concern is not only that foreign influence in our domestic economy is growing; what is more worrisome is that we have lost our position as the world's preeminent financial power.

Measured by market capitalization, Citicorp today ranks 29th and Bank America 58th in the world. The top nine banks are all Japanese. But just 10 years ago BankAmerica was No. 1 and Citicorp No. 2. Indeed, our banks are losing market share and profits; foreign banks now make 25% of all loans to American businesses.

Partly because this degree of foreign takeover is unprecedented, there is disagreement over whether it is harmful to American interests. I think that it will be. We simply must have viable domestic institutions that can meet the needs of our businesses and consumers, and ultimately the government, if we are to retain adequate control of our nation's future.

As Federal Reserve Board member H. Robert Heller wrote recently, "When the day comes in the future that we want to build an Alaskan pipeline or similar project, there won't be a single U.S. institution strong enough to finance it. That's scary." Indeed it is.

Foreign banks' loyalties are to businesses in their own countries. If a computer firm in the Silicon Valley applies for a loan at a Japanese bank in California, and that same Japanese bank is affiliated with a computer firm in Japan, will the Japanese bank offer the best rates and services to an American competitor of its affiliates? Such relationships are not hypothetical.

In fact, not only do foreign banks own companies in their own countries; they also are buying up increasing numbers of American firms. In California, for example, foreign banks own hundreds of large and small companies in a variety of manufacturing and service industries. American banks, however, are generally prohibited from engaging in such activities.

To allow foreign banks operating in this country to also own a wide range of other businesses here and to prohibit American banks from doing the same is an inconsistency that undermines America's competitiveness. Why? For one thing, it forces American banks that want to broaden their activities to go overseas, where laws are less restrictive. This means that we're exporting jobs as well as capital. In any event it makes no sense to place fewer restrictions on foreign banks than we place on our own.

Without question, the global decline of our banks has been rapid and dramatic. Yet it has occurred quietly, without so much as a peep from Washington. It is symbolic of policies that have changed America's status as the No. 1 creditor nation in the world to the No. 1 debtor nation in just six years.

This is not to imply that the foreigners are doing anything wrong. Indeed, they are playing by our rules and at our invitation, mainly because we need their help to finance our national debt.

Yet policy-makers in Washington have not adequatley considered the long-term consequences of these policies. Most Americans would be shocked to learn that we are in effect turning over our economic security to foreign investors, whose highest priority is not necessarily continued international economic domination by the United States.

Congress will soon begin debating major "competitiveness" legislation. We need to evaluate, among other things, what role our restrictions on domestic economic activity have played in these developments. There are many laws on the books, including those governing our banks, that were appropriate when they were enacted many years ago but that do not reflect contemporary economic needs, conditions and relationships.

In short, we have a choice: We can confront our future now, or we can sit back, let the rest of the world decide for us and face a day of economic reckoning in the not-too-distant future.

FLORIDA STATE LEGISLATURE TO HONOR ELIE WIESEL

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. SMITH of Florida. Mr. Speaker, today I rise to applaud Elie Wiesel, a world renowned humanitarian who will be addressing a joint session of the Florida State Legislature on May 7, 1987. Elie Wiesel's moving and provocative writings have been an inspiration to me and millions of others. His humanitarian work and literature validate the Jewish belief "that out of darkness will come total light."

Elie Wiesel has lived the nightmare of despair. As a child he was sent to a Nazi concentration camp where he witnessed his father's death. His mother and sister also perished through atrocities committed by the Nazis. He now lives to bring hope to the many others who are still persecuted and who are denied their human rights.

This remarkable man, who experienced great suffering at the hands of the Nazis, survived his ordeal to write about man's "inhumanity to man." The world will remember the horrors of the Holocaust through his writings which will also remind us of those atrocities that must never be repeated again. As a noted author, Holocaust spokesman, and distinguished scholar, Elie Wiesel has devoted endless energy to humanitarian work. He had dedicated his life to the cause of peace and has been rewarded with the Nobel Prize.

The Holocaust changed the face of Judaism and history. Families were separated, villages and communities destroyed, and Jewish objects of religious and family life were confiscated. The Jewish heritage suffered a violation; family histories and heirlooms were lost forever. I, like Elie Wiesel, pledge to the survivors of the Holocaust that we will not forget, and we have not forgotten.

I salute Elie Wiesel for his dedication, sincerity, and commitment to making the world a better place for future generations.

NATIONAL CHILD ABUSE PREVENTION MONTH

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. BIAGGI. Mr. Speaker, today I wish to speak on behalf of National Child Abuse Prevention Month, which since 1983 has been designated as April of each year. This month is intended to increase public awareness of the serious problem of child abuse. I have long been a leader in the struggle for child abuse prevention, and it continues to be one of my top priorities. In fact, the first piece of legislation I introduced was a Child Abuse Prevention and Treatment Act. Currently, we are in the midst of reauthorizing the Child Abuse Prevention and Treatment Act, of which I was an original sponsor. It is not only critical for this authorization to be extended, but also that appropriate funding be obtained. Without the necessary level of funding, we will be unable to meet the important challenge of alleviating child abuse.

Despite the fact that Congress has made great strides in recognizing and dealing with this problem, the situation remains severe. In fact, the problem of abuse and neglect in the United States has reached epidemic proportions. Each year almost 2 million children suffer from abuse—either physical, mental, or sexual. Of these 2 million, over 2,000 will die as a result of their injuries. These statistics are staggering, but are only the tip of the iceberg. Most cases of abuse and neglect go unreported, and as a result, the full scope of the problem is larger than we can imagine or measure. Additionally, child abuse is not discriminating with its victims. The problem is not confined to any one social, ethnic, or religious group. It cuts across all boundaries and classes, making every child a potential victim.

Child abuse is on the rise. Most disturbing is the fact that incidences of reported sexual abuse have risen 24 percent in the past year. All reported incidences of child abuse have increased more than 135 percent since 1976. This is an outrage. Tragically, while these statistics have been steadily rising, funding for the act has declined. It is imperative that we continue to give this issue our attention, concern, and most importantly, the money necessary to fund treatment and prevention programs.

If we do not take proper steps to effectively deal with this situation, we will have to face disturbing future implications. Child abuse has been linked to juvenile delinquency and adult criminal behavior. Studies have revealed that 80 to 90 percent of all incarcerated felons were victims of child abuse. Also, those individuals who were mistreated as children have been found to be 80 percent more likely to abuse their own children. It can turn into a never ending, vicious cycle. If left untreated, child abuse has definite negative implications for future generations. The problems that we leave unattended will escalate. Steps must be taken now to alleviate this tragic problem.

The Federal and State programs that currently exist are definitely a positive signal. Federal involvement acts as an incentive to prompt State and local action. These important programs have drawn attention to a deserving issue. Now is not the time to rest on these laurels, but rather to continue to develop ideas and solutions. One of our top priorities should be to stop the spread of child abuse in our Nation.

At this, the end of 1987's Child Abuse Prevention Month, I urge all of my colleagues in Congress to join in the fight to increase public awareness of this critical problem. I pledge to continue to dedicate my time and efforts to combating child abuse and neglect, and hope that others will see fit to do the same. I believe that the recognition of this month is an important step in the battle to prevent child abuse. However, much more work must still be done.

CELEBRATING THE 200TH ANNIVERSARY OF THE IMPLEMENTATION OF THE CONSTITUTION, GEORGE WASHINGTON'S INAUGURATION, AND THE PROPOSAL OF THE BILL OF RIGHTS

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. SCHEUER. Mr. Speaker, in April 1989 a landmark ceremony will take place in New York City, the first capital of the United States.

This occasion will mark the 200th anniversary of the implementation of the Constitution, George Washington's inauguration, and the proposal of the Bill of Rights.

Today I am introducing a bipartisan, concurrent resolution authorizing and directing the Speaker of the House and the majority leader of the other body, in consultation with the minority leaders of their respective Houses, to appoint Members to a delegation which will participate in the ceremony.

As Americans, we can all be proud of our heritage. The Constitution became the framework for our great Republic on March 4, 1789; the first Federal Congress convened in New York City in April 1789; and George Washington was inaugurated President on April 30, 1789, in New York City.

It's appropriate that New York City, the place where our Nation's government first took root, celebrate the 200th anniversary of that beginning. It's also fitting that this resolution commemorating the event be considered during this historic 100th Congress.

This concurrent resolution is strongly supported by a bipartisan New York delegation, and I urge my colleagues to join us in this effort to assure that the U.S. Congress will be properly represented at this landmark celebration.

CONCERN CONTINUES TO BE EXPRESSED OVER DRUG ABUSE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. RANGEL. Mr. Speaker, a survey of potential voters commissioned by the Atlanta Journal and the Atlanta Constitution in 13 States between February 27 and March 8, 1987, revealed 84 percent of the respondents were very concerned over drunken driving and 83 percent of the respondents were very concerned over drug abuse. Interestingly, the same percentage of political party leaders, 83 percent, expressed very strong concerns over drug abuse, while the percentage of party leaders who felt very strongly about drunken driving was 33 percent.

In October 1986, Members of Congress reacting to the concerns expressed by their constituents over drug abuse passed Public Law 99-570, the Anti-Drug Abuse Act of 1986. This measure provided for tougher criminal penalties for narcotics offenses; provided for mandatory minimum sentences; made money laundering a crime; and authorized the purchase of additional assets designed to improve Federal drug interdiction efforts. It also established a 3-year program of drug abuse education; authorized funding for drug abuse treatment for fiscal year 1987; authorized a 3-year program of assistance to State and local governments for narcotics law enforcement; and provided additional funds for international narcotics control efforts. This was the most comprehensive piece of drug legislation passed since 1970, when the Congress passed the Controlled Substances Act.

Mr. Speaker, I believe that this poll clearly indicates our constituents continue to feel strongly about the drug abuse issue and the need for us in Government to fashion effective policies that attack the twin evils of drug abuse and drunk driving. I ask that the poll comparing voters' and leaders concern about issues be inserted into the CONGRESSIONAL RECORD at this point.

The poll follows:

COMPARING VOTERS' AND LEADERS' CONCERN ABOUT ISSUES

The following charts compare the answers of 5,523 potential voters with the answers of 24 party leaders to questions on how concerned they are about selected issues. On the left are the answers of 5,523 respondents in the 12 Southern and border states. On the right are the answers of the 21 Republican and Democratic state party chairmen and three national committee members in the 12 states. The answers have been ranked according to which problems and issues respondents said they were "very concerned" with.

POTENTIAL VOTERS' RESPONSE

[In percent]

	Concerned—			Don't know
	Very	Moderately	Not too	
Drunken driving	84	11	4	—
Drug abuse	83	12	4	1
AIDS	79	12	7	2
Crime	79	17	3	—
Education	79	17	4	—
Social Security	66	24	10	—
Taxes	65	26	8	1
Taking care of homeless	65	28	7	1
School prayer	58	22	19	1
Unemployment	57	25	16	1
The federal deficit	53	29	12	6
Abortion	50	25	23	2
Farm prices	48	29	18	6
Foreign competition	47	28	18	6
The death penalty	45	30	21	4
Relations with Russia	45	30	18	7
Catastrophic illness insurance	43	29	18	10
Inflation	41	36	21	1
Aid to the Contras	38	29	23	11
School busing	36	34	28	2
Star Wars	32	28	29	12

PARTY LEADERS' RESPONSE

[In percent]

	Concerned—			Don't know
	Very	Moderately	Not too	
Foreign competition	88	8	4	0
Drug abuse	83	17	0	0
The federal deficit	83	17	0	0
Education	79	17	4	0
Farm prices	67	25	8	0
AIDS	63	33	4	0
Relations with Russia	46	50	4	0
Crime	46	46	8	0
Catastrophic illness insurance	46	42	13	0
Aid to the Contras	46	29	25	0
Unemployment	42	50	8	0
Taking care of homeless	42	42	17	0
Star Wars	42	38	21	0
Taxes	42	38	21	0
Social Security	38	50	13	0
Drunken driving	33	50	17	0
The death penalty	21	38	42	0
Abortion	17	29	54	0
School prayer	13	42	46	0
Inflation	8	25	67	0
School busing	4	46	50	0

Note.—A year before the Super Tuesday presidential primaries, The Atlanta Journal and The Atlanta Constitution commissioned the Roper organization to poll 12 Southern states. The poll was conducted between Feb. 27 and March 8, and had 5,523 respondents from Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas and Virginia.

BILINGUAL EDUCATION

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. RICHARDSON. Mr. Speaker, I ask that an editorial by the president of the National Education Association, Mary Futrell, be placed in the RECORD. Her editorial—"Playing Tennis Without a Racquet"—clearly points out the necessity for the use of native language in bilingual education. I commend her for her insight and recommend that my colleagues read her thoughtful words:

PLAYING TENNIS WITHOUT A RACQUET

Ernest Boyer recently observed that if a child is not "linguistically empowered" in the early years, it is almost impossible to compensate for the failure later on. Academically, the child will be condemned to "playing tennis with a broken racquet."

Boyer may actually understate the case. I would suggest that children who miss the initial steps toward linguistic proficiency—children who are not from an early age acquiring new words, listening to stories, "playing" with language—have no racquet at all, no chance to participate in the literate exchange of ideas that is fundamental to learning.

Limited English Proficiency (or LEP) is the most common phrase used to identify the burden carried by U.S. students for whom English is a new and perplexing language. Between 1978 and 1982, the number of LEP students increased by 20 percent—from 2 to 2.4 million. Today, the best estimates tell us the number stands at 3 million.

Heated controversy surrounds the issue of how best to assist these students, how to ensure that they are not forever condemned to economic and social failure.

Many fear that allowing non-English-speaking students to continue using their native language while learning English will splinter American society. So strong is this conviction that seven states have passed "English Only" laws. The most severe of these statutes—California's Proposition 63—aims to forbid even the most minimal accommodations to students with limited English proficiency. If the champions of Proposition 63 succeed, teachers—to cite only one chilling example—would not be allowed to send home notes written in the native language of non-English-speaking parents.

A new report casts a dark shadow of doubt over the soundness of this ideology. In Building an Indivisible Nation: Bilingual Education in Context, the authors contend that "English Only" instruction for LEP students retards the movement toward English proficiency. The report, prepared by a study panel of the Association for Supervision and Curriculum Development (ASCD), cites numerous studies showing that the more intensive the instruction in a student's native language, the better the results on English-language tests in reading, writing, and math.

The ASCD report strongly suggests that when—even with the best of intentions—we demand that LEP students abandon their native tongue at the earliest possible stage of schooling, we rob them of opportunities to develop linguistic skills critical to mastering the entire spectrum of academic subjects.

If students are to reach their full intellectual potential, they need time to experiment with the language they already know. Building an Indivisible Nation notes that the longer LEP children remain in a bilingual program, the higher their academic achievement as measured in English. Studies of students whose native language is Spanish or Navajo show that those who remain in a bilingual program for five or six years often exceed national norms in achievement.

This research discredits the myth that instruction emphasizing the student's native language retards the development of English. The opposite is true.

The authors of the ASCD report explore various ways to explain this paradox. They suggest, for example, that we can't unleash the potential of minority students unless we first empower minority students. And we cannot empower minority students unless we value both their culture and their language.

I find this argument persuasive. Every time we fail to show respect for our non-English-speaking students, we convey the message that we will accept them only if they repudicate their cultural identity. We thereby discourage them from exercising and mastering their own language. And that, as Boyer observed, leaves them linguistically **disempowered** . . . **playing** tennis without a racquet.

The ASCD study offers powerful evidence that if we expect our non-english-speaking students to become productive citizens—citizens capable of contributing to the life of our democracy and sustaining the health of our economy—we would do well to regard their native language as an invaluable asset, not as an unfortunate liability.

THE 100TH YEAR MARKED AT ST. ADALBERT'S BASILICA IN BUFFALO

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. NOWAK. Mr. Speaker, this week the parishioners of St. Adalbert's Basilica in Buffalo, NY—the oldest basilica in the United States—completed the celebration of its 100th anniversary.

This imposing edifice symbolizes the strong role churches have played in the development of our great Nation.

At the request of Ronald N. Suchocki, chairman of the Centennial Committee of St. Adalbert's Basilica, I am inserting in the RECORD a brief history of the basilica, including its role in ministering to the many Polish immigrants who came to Buffalo—the city of good neighbors—in the 19th century and settled on its east side.

I am also enclosing a copy of an article which appeared in Buffalo's Am-Pol Eagle on April 16, 1987, further detailing this centennial observance.

I join in congratulating this great institution and its parishioners as they mark this historic occasion and look forward to their continued service to our community and to the improvement of its quality of life.

ST. ADALBERT'S BASILICA, OLDEST BASILICA IN THE UNITED STATES

As a result of the great immigration wave to America in the 1880's so many Polish people were coming to the east side of Buffalo that St. Stanislaus Parish could not accommodate the expanding congregation.

Some of the parishioners decided that a new parish was needed on the East Side. After surmounting difficulties and setbacks, this group eventually was able to establish a new parish for themselves. A small frame building was erected by the parishioners themselves on a tract of land comprising of 27 lots of Stanislaus Street. The church was called "A Little Chapel", it also served as a school during the day. Its first pastor was Father Anthony Klawiter.

On January 13, 1887 a loan was negotiated and a combination building and rectory were built. Unfortunately a fire totally destroyed this frame building. January 29, 1889. Father Klawiter originally planned to have a park, a home for aged, an infirmary as well as an immigration house.

A new pastor, Reverend Martin Mozejewski, on March 12, 1890, began to build a new church costing a total of $60,000. Because of ill health Father Mozejewski never completed his work and Bishop Ryan appointed Father A. Lex as pastor.

The structure was built with Romanesque architecture 240 feet high, 118 feet wide, two towers 150 feet high and a dome 40 feet wide and soaring 125 feet above the main nave, making it the largest church in Western New York State.

Under Father Thomas Flaczek the church was redecorated in 1891. A new rectory was built in 1901 along with a new school in 1905. In 1907, His Holiness Pope Pius X adjoined the church of St. Adalbert to St. Peter's Basilica in Rome so that all the faithful who visit St. Adalbert's Basilica, when rightly disposed, enjoyed the same indulgences, privileges and spiritual favors as if they personally came to the Vatican Basilica.

Succeeding Father Flaczek was Rev. Francis Kaluzny who had the marble and mosaic main altar installed. Rev. Francis Radziszewski was appointed pastor in 1940 and remained until 1957, when Msgr. Maximillian Bogacki was appointed pastor, followed by Father Joseph Stelmach, now Msgr. Stelmach, and the present pastor Rev. Joseph Bialek. Improvements were continuosly made by the pastors to the present time.

Today we no longer have a teaching school, but as we started out with a "Little Chapel" we now have a Little Chapel in our school building, also a Love Center, serving needy people in our neighborhood, headed by Pastoral Minister Sister Mary Johnice.

[From the Am-Pol Eagle; Apr. 16, 1987]

ST. ADALBERT'S CLOSES 100TH YEAR CELEBRATIONS

The parishioners of St. Adalbert's Basilica will celebrate the closing of their 100th year celebrations on Sunday, April 26th. Bishop Edward D. Head will be the main celebrant at a Mass held at the Basilica at 11 a.m. Later in the evening, a dinner-dance will be held at the Marigold Manor. Cocktails will be served at 6 p.m. and dinner will be served at 7 p.m. following dinner, the Art Kubera Orchestra will provide music for dancing.

Tickets, at the price of $25 per person, may be purchased by contacting Irene Kupinski at 893-5476 or Ronald Suchocki at 893-9672.

St. Adalbert's Basilica, which is the oldest basilica in the United States, was born in the 1880's when the great influx of immigrants flowing into the Polish East Side of Buffalo could not be accompanied by St. Stanislaus Church.

Some of the parishioners decided that a new parish was needed to serve the community. After surmounting difficulties and set backs, the group erected a small frame building on a tract of land comprised of 27 lots of land on Stanislaus Street. The church, which served as a school, was known as "A Little Chapel". The first pastor of the structure was Father Anthony Klawiter.

In 1887, a loan was negotiated and a combination building and rectory were built. Unfortunately, a fire destroyed the frame building in 1889.

In 1890, the Rev. Martin Mozejewski became the new pastor of the church. He began to build a new church at the cost of $60,000. Father Mozejewski never completed his work because of ill health; Bishop Ryan of the Diocese of Buffalo appointed Father A. Lex to be the new pastor of the church.

After the church was completed. Father Thomas Fleczek was named the new pastor. Father Flaczek redecorated the church in 1891. A new rectory was built in 1901 and a new school was constructed in 1905.

In 1907, Pope Pius X adjoined the church of St. Adalbert to St Peter's Basilica in Rome so that all Roman Catholic visitors could enjoy the same indulgences, privileges and spiritual favors as if they personally visited the Vatican Basilica.

The Rev. Francis Kaluzny suceeded Father Flaczek; he had the marbel and mosaic main altar installed.

In 1940, Rev. Francis Radziszewski was appointed pastor. He retained that position until 1957 when Msgr. Maximilian Bogacki was named pastor.

Msgr. Bogacki was replaced by Father Joseph Stelmach; Father Bialek is the current pastor.

Although the school is no longer in operation, a "Little Chapel" is located in the school building where the Love Center serves the needy people of the church community. The center is headed by Sister Mary Johnice.

GORDON'S PANTHERS

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. DORNAN of California. Mr. Speaker, Gordon's Panthers, a Los Angeles/Orange County softball team, has recently returned victorious from the Second Women's Pan American Softball Championship, held in Lima, Peru. The team was chosen to represent the United States and the Amateur Softball Association [ASA]/U.S. Junior Olympics Program during the 7-day competition that featured teams from Argentina, Brazil, Peru, Puerto Rico, Belize, El Salvador, Guatemala, Mexico, the Netherlands, Antilles, and Venezuela.

While the team was the youngest to play in the tournament, the average age was only about 17 years, it nonetheless played inspired ball and finished the tournament with a perfect 8-0 record. In fact, the team had only one run scored against it the entire tournament. It also has two players, Ruby Flores, pitcher, and Kelly Inouye, catcher, on the All-Tournament Team.

But beyond the great athletic accomplishments of the squad, I understand that the team members were an even bigger hit off the field where their friendliness made them a crowd favorite. This is the true meaning of international athletic competition.

In closing Mr. Speaker, I would like to congratulate Gordon's Panthers on a superb job. They represented their country with pride and goodwill and deserve a tip of the cap from all Americans. I would like to submit for the RECORD the names of the entire team.

PLAYERS AND CITY

Sandy Buckner, Cypress; Pam Crampton, Downey; Lisa Fernandes, Long Beach; Ruby Flores, Fullerton; Missi Gyde, Buena Park; Kelly Inouye, Cerritos; Kellie Kane, Costa Mesa; Kim Kostyk, Hacienda Heights; Deanna Mays, La Palma; Kelli Moore, Los Alamitos; Diane Pohi, Cypress; Shannon Riley, Cypress; Julie Schoales, Buena Park; and Deanna Weiman, Cerritos.

COACHES AND CITY

Larry Mays (manager), La Palma; Mike Inouye, Cerritos; Ernie Parker, Cerritos; Norman Perez, La Habra; Mike Riley, Cypress; and Jessie Weiman (chaperone), Cypress.

Major sponsors: Pam and Gordon Mullens, Cypress.

RETIREE BENEFITS NOT A NEGOTIABLE ITEM IN BANKRUPTCY PROCEEDINGS

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. OBERSTAR. Mr. Speaker, today we passed a 4 month extension of my legislation which requires LTV and Reserve Mining Co. to pay health and life insurance benefits for their retirees. Over the past several months, I have traveled throughout my district and have heard the troubling, sometimes heartbreaking stories of my constituents who are retirees of LTV Steel and its Minnesota subsidiary, Reserve Mining Co. These retirees have been caught in the teeth of the July 17 LTV bankruptcy filing and the subsequent unilateral termination of their health and life insurance benefits by the company.

This bankruptcy filing and the termination of these benefits by LTV Steel and Reserve Mining has caused tremendous hardship and pain in my congressional district and nationwide. In Minnesota, approximately 2,000 retirees were left to their own devices to provide for their health and life insurance; nationwide, the figure rose to 78,000. This is unconscionable, and reflects the kind of brutal and calculating economic attitude I remember displayed by big business tycoons of the 1930's and 1940's. We cannot and will not allow that attitude to prevail in the 1980's.

For the past several months, retirees with years of dedicated service to LTV and Reserve Mining Co., have been treated as just another in a long line of unsecured creditors, subject to arbitrary changes in or termination of pension and benefit plans to which they had contributed for many years.

In October, 1986, as the 99th Congress drew to a close, legislation which I authored passed the Congress and was subsequently signed into law by the President which required the trustee in bankruptcy to continue paying health and life insurance benefits due these workers until May 15, 1987. He has refused, and instead has entered into a settlement agreement with representatives of the hourly workers to establish a "Medical Insurance Trust Fund" to pay health benefits to hourly retirees and to salaried employees who opt to be covered by the agreement. This agreement has not yet been approved by the Bankruptcy Court, however. Further decisions about the final disposition of pension and benefit claims against the estates of these firms will be negotiated between representatives of the salaried and hourly retirees and the trustee, subject to approval by the court.

I am deeply troubled that the health and in some cases the very lives of these retirees is considered a negotiable issue, and I have worked with my colleagues over the past several weeks to extend that legislation requiring payment of these benefits to give negotiators and the court sufficient time to reach an agreement. Today this extension passed the U.S. House by unanimous consent, and will now be sent to the President for his signature. This measure sends a clear and unambiguous signal of congressional intent that health, life and pension benefits of LTV and Reserve Mining Co. retirees should be paid in full and immediately.

In January, I joined the gentleman from Ohio [Mr. STOKES] as an original cosponsor of the "Retiree Benefits Security Act of 1987" to provide more long-term, comprehensive protection of these retirees and their benefits. This measure would prohibit the unilateral suspension of retiree benefits for firms in bankruptcy. The need for this legislation became clear to me last fall when I was aghast to hear the attorney for LTV testify before the House Judiciary Committee that LTV had decided to abandon its commitments to its employees—many of whom had built the company and sustained it with their labors for the past 30 or 40 years—and walk away from those commitments without apology. We introduced this legislation to send a clear and unambiguous signal to firms considering bankruptcy as simply another management tool: Congress will not allow employee benefits to be a negotiable item.

In addition to clarifying and reaffirming current bankruptcy law regarding the termination of retiree benefits for employees under a collective bargaining agreement, the measure provides for special treatment under the Bankruptcy Code for retirees of firms in bankruptcy by reaffirming the current requirement of those firms to gain approval from the Bankruptcy Court before suspending benefits. Under the provisions of this act, the court can grant such approval only if failure to do so would seriously jeopardize the life of the company. In addition, the bill requires that health and life insurance benefits be considered an administrative expense, a first priority for companies in bankruptcy.

Further, it recognizes the potential conflict of interest labor organizations face when they are asked to represent the interests of both active employees and retirees. Under the bill, labor organizations have an option to represent both parties, but are not required to do so. If they choose not to represent the retirees, the court would then be required to intervene and appoint a committee of retirees to serve as the representative agent.

Finally, it requires the court to establish a separate class of creditors to be composed solely of claimants for retiree benefits which would allow those retirees to sit at the negotiating table with the other principle creditors.

While I realize several provisions of this measure may be considered unorthodox by some backruptcy experts, I believe they are absolutely necessary if the rights of the workers and retirees to minimum employee benefits are to be protected. I realize that this legislation is no panacea for the problems of Reserve or Erie Mining Co., employees in Minnesota; the complex subsidiary bankruptcy questions in that case will be settled through a negotiated agreement between the parties involved that ultimately must be approved by the Bankruptcy Court. This legislation is designed to ensure that retirees are given a fair shake in those bankruptcy proceedings. We cannot allow companies to wring from their workers a lifetime of dedication and labor and then abandon those workers without regard for their future.

I am delighted that this 4-month extention of benefits was passed before the May 15 deadline and I urge my colleagues to examine H.R. 1186 and to weigh the ironclad moral and legal commitments made by these companies; I am confident you too will conclude that these projections are necessary if we are to meet minimum standards of justice and provide these essential retiree protections. I urge my colleagues to move quickly to ensure the continued legal obligation of LTV and it's subsidaries to pay these benefits to its employees.

HOUSE JOINT RESOLUTION 250: TO DESIGNATE THE WEEK OF OCTOBER 25, 1987, AS NATIONAL ADULT IMMUNIZATION AWARENESS WEEK

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. ROYBAL. Mr. Speaker, on April 23, I introduced House Joint Resolution 250, to designate the week of October 25, 1987, as "National Adult Immunization Awareness Week."

As you know, Mr. Speaker, influenza and pneumonia are among the top killers of American adults—particularly the elderly.

Despite dramatic declines in the incidence of preventable diseases among children, more than 80 percent of the U.S. adult population remains vulnerable not only to flu and pneumonia, but also to hepatitis B, measles, diphtheria, rubella and tetanus. Many of the deaths and illnesses resulting from these diseases can be prevented.

But too many elderly Americans will fall prey to these diseases simply because they were unaware that an immunization—a simple shot—could save their lives.

The fact is that fewer than one out of every eight adults is protected against any one of these diseases.

Pneumococcal pneumonia is the sixth leading cause of death in the United States. This micro-organism attacks more than a half-million Americans each year and is responsible for 25,000 to 30,000 deaths. And it is the Nation's elderly and chronically ill who are most at risk. The threat of pneumonia increases in those over 40 and to a greater degree those over 60. For the fragile old, those over 75, the death rate from pneumonia is 10 times greater than for those under 75.

Influenza is another threat to our Nation's elderly. Since the mid 1950's, we have seen 16 influenza epidemics that have taken 10,000 or more Americans in each epidemic. The elderly can be protected from this virus with a safe and effective vaccine.

Mr. Speaker, House Joint Resolution 250 will officially recognize the ongoing national campaign designed to educate and motivate all Americans—especially the elderly—to protect themselves through immunization. This resolution designates the week of October 25, 1987, as "National Adult Immunization Awareness Week." Last year this resolution passed both Houses of Congress and was signed by the President as Public Law 99-528. The bipartisan support for this resolution is evidence of the strong commitment from Congress and the President to help eradicate these deadly and debilitating infectious diseases.

House Joint Resolution 250 will put Congress on record again this year as supporting the "Adult Immunization Awareness" campaign. It calls on the President to proclaim the week of October 25, 1987, for observance by all Americans of the need to be immunized against flu, pneumonia, tetanus, diphtheria, and other infectious diseases for which many American adults are at risk.

I urge my colleagues to sign up as early as possible as cosponsors of House Joint Resolution 250 and to work for quick passage of this bill. Let's prevent the tragic and needless loss of so many American lives.

CW BAN WITHIN REACH, NEW BINARY PRODUCTION ILL-ADVISED

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. FASCELL. Mr. Speaker, progress toward a worldwide ban on chemical weapons is being reported from the 40-nation U.N. Disarmament Conference negotiation in Geneva. Recently, the Soviet Union announced that it has halted the production of chemical weapons and begun building an incinerator for destroying its present chemical stocks. Two months ago, the Soviet Union also announced that it had agreed to "challenge inspections" and to declare the location of all of its chemical weapon stockpiles. Negotiators from East and West are predicting that an agreement could be reached early next year. I want to share with my colleagues the news article in the New York Times on April 30, 1087 entitled "40 Nations Closer to A Pact Banning Chemical Weapons" which details the progress.

The obvious question is why should the Congress fund new binary chemical weapons if we are about to reach an agreement in Geneva that will ban and destroy all chemical weapons. Neither the Soviet Union nor the United States should be engaged in any new chemical weapons production if momentum and optimism are to prevail and stimulate success at the negotiating table. The Soviet Union has made a commitment to halt production of chemical weapons, there is no reason why we should not also halt production of new binary chemical weapons to add a time-urgent incentive to the negotiations.

Congress has said no in the past to the administration's proposals for production of new binary chemical weapons because the weapons have been shown to be faulty in testing, not deployable in Europe, risky to proliferation, and an unfortunate excuse for the unilateral withdrawal of our current stocks from Europe. In the face of significant chemical weapons arms control progress in Geneva Congress should not authorize new binary chemical weapon production. Congress can instead promote the strong prospects in Geneva by halting new chemical production and by mandating that your current chemical stocks in Europe stay there until negotiations bring an agreement to eliminate those stocks.

The New York Times article follows:

[From the New York Times, April 30, 1987]

40 Nations Closer to a Pact Banning Chemical Weapons—Geneva Agreement Expected To Be Ready in Early 1988 After an 18-Year Effort

(By Paul Lewis)

GENEVA, April 29—The 40-nation Disarmament Conference here is moving toward the abolition of chemical weapons, according to Western and Soviet-bloc diplomats.

They said an international agreement could be ready early next year, after 18 years of negotiation. It provides for an agency to supervise the elimination of weapons and manufacturing sites over a 10-year period.

The agency would also inspect civilian plants to insure that no toxic agents are made for military use. And it would have the right to conduct surprise inspections if violations were suspected.

Yuri K. Nazarkin, the Soviet negotiator, said at a news conference this week that the Soviet Union had halted the production of chemical weapons and had begun building an incinerator for destroying its stocks.

RUSSIANS INVITED TO THE U.S.

Last week the American negotiator, Lynn M. Hansen, invited Soviet experts to visit a plant in Tooele, Utah, for destroying chemical weapons.

The Disarmament Conference, which has been sitting here permanently under United Nations auspices, groups the member countries of the NATO and Warsaw Pact military blocs as well as China and 21 other countries.

Although the talks on chemical weapons began in 1970, they made little progress until President Reagan and Mikhail S. Gorbachev said at their meeting in November 1985 that they were seeking an accord.

A worldwide ban on chemical weapons is coming into sight just as several countries are showing increasing interest in them.

United Nations inspectors have been investigating complaints that Iran and Iraq have been using chemical weapons in their war. The United States and France have said that they will resume production to match what they describe as a huge Soviet arsenal.

Western and Soviet officials say the use of chemical weapons in the Gulf war shows that a 1925 Geneva agreement banning their use but allowing countries to possess them is ineffective. Instead they want an outright ban backed up by strong enforcement.

Western diplomats also say the American decision to start production again in October has encouraged the Soviet Union to seek a total ban.

The prospective chemical ban would follow a convention prohibiting the development, production and stockpiling of biological weapons. That treaty, signed in 1972 and ratified by the United States in 1975, lacks an effective enforcement mechanism and has been overtaken by scientific advances, which have resulted in the invention of new kinds of biological weapons.

By contrast the chemical convention is based more on a 1968 treaty banning the spread of nuclear weapons, which has been highly successful.

PATTERNED AFTER ATOMIC AGENCY

The chemical enforcement agency would be modeled on the International Atomic Energy Agency, set up under the 1968 treaty to insure that no nuclear material is being diverted from powerplants for military purposes.

Countries joining the chemical convention would first report their weapon stocks and production plants. Inspectors would then supervise the destruction of weapon stocks along with the plants.

If the convention is signed early next year and is ratified quickly, the process could start in 1990, officials say.

The chemicals agency would also inspect civilian plants to insure that they do not make specified toxic chemicals. They include mustard gas, paralyzing nerve agents, agents like BZ that produce mental incapacity, and components for so-called binary weapons that become poisonous when the components combine after being fired.

The agency will also monitor production of chemicals like hydrogen cyanide and phosgene, which have both military and civilian uses.

SOME UNRESOLVED ISSUES

Some issues remain unresolved. There is uncertainty on how to account for chemical weapons that may be developed in the future. One idea is to create a scientific review committee.

The Soviet Union is reluctant to allow inspectors immediate access to any plant where another country suspects a breach of the agreement.

But Moscow wants strict verification in the parallel nuclear arms control negotiations, including the right to inspect any company that might be secretly building missiles. As a result, Western officials say they think Moscow will compromise on chemicals.

The Soviet Union is also reluctant to raze as much manufacturing capacity as the West wants, on the ground that it could be converted to civilian output.

France wants to retain weapons until the very end of the 10-year period to insure that it does not disarm before the Soviet Union does.

Another problem is that the NATO and Warsaw Pact countries want joint control over the inspecting agency to insure that it does not interfere with civilian chemial industries. The developing countries and the neutral countries are against giving the industrial nations a veto on agency activities.

THE ALLIES FAIR SHARE DEFENSE ACT OF 1987

HON. JOHN BRYANT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. BRYANT. Mr. Speaker, today I introduced the Allies Fair Share Defense Act of 1987, a measure to ensure that our NATO allies and Japan contribute a fair share to provide for their own security and defense.

In 1951, Dwight Eisenhower viewed American aid for NATO as essential, but he stated, "If in 10 years, all American troops stationed in Europe for national defense purposes have not been returned to the United States, then this whole project will have failed." Now, more than four decades after the end of World War II, the number of U.S. troops stationed in Europe is 326,414; 75,000 more than a decade ago. Our allies' forces, in contrast, have barely increased. The U.S. troop presence in Japan is 64,150. All told, 515,000 members of the U.S. military were stationed outside the United States in 1985.

A major U.S. role in the defense of our allies was warranted when, as they emerged from WW II, they were weak economically and fragile politically. The economic and political strength and maturity of our allies now requires that they should take more financial responsibility for their own defense and the worldwide defense of democracy.

We are subsidizing their defense while they are subsidizing their exports. And it's costing us millions of jobs.

Under the protective shield of the United States, European countries and Japan have been able to modernize their industrial plants, while the United States now has a trade deficit of $173 billion. I believe the time has come to send a clear signal to our allies that we are serious about achieving a better balance of defense expenditures.

The United States devotes in excess of 6.5 percent of its gross domestic product [GDP] to defense, whereas the member nations of NATO, on the average, spend approximately 3.6 percent of their GDP on defense, and the Japanese allocate only 1 percent. In fiscal year 1984, a comparison of defense spending and population showed that the United States spent $978 per person on defense, NATO allies spent $252 per person, and Japan spent $97 per person. In the June 1984, Department of Defense report, U.S. Expenditures in Support of NATO, cost estimates for fiscal year 1985 put the total annual cost of maintaining European-Deployed U.S. forces and all the U.S.-based forces pledged to NATO on call to assist in a conflict at $177 billion. The United States devoted $2.4 billion for the defense of Japan in the same year.

Mr. Speaker, my bill is not designed to terminate America's role in assisting with the defense of NATO nations, Japan, South Korea, or any of our democratic allies worldwide. We will continue to maintain a strong political, economic, and social attachment to our allies. What we want is for our allies to fulfill their repeated promises to the United States with regard to improving their own defense capabilities.

My bill is designed to encourage NATO and Japan to improve their conventional defense capabilities, because the continued reliance on the early use of nuclear weapons is diametrically opposed to the national security interests of this country and the security interests of our allies. The measure establishes a permanent ceiling on U.S. forces assigned to permanent duty in NATO countries and Japan and provides for the reduction of U.S. forces in these countries under certain circumstances.

The "Allies Fair Share Defense Act of 1987" sets a permanent ceiling of 326,414 personnel of the Armed Forces of the United States assigned to permanent duty ashore in member nations of NATO and 65,000 personnel assigned to Japan. Beginning in 1990 and continuing for 3 years, the troop ceiling would be reduced by 30,000 per year for our NATO allies and 7,000 per year for Japan, unless, during the previous calendar year, each of these countries has increased its defense spending by its real economic growth plus 1 percent. For example, if West Germany were to realize real economic growth of 1.5 percent in 1989, the following year the government in Bonn would be required to budget an increase of at least 2.5 percent for West German defense spending in 1990. In contrast to the 1978 NATO countries' pledge to increase annual defense expenditures in real terms 3 percent above inflation, which they have consistently failed to do, this approach would take into account the direct relationship between economic performance and the relative ability of each ally to increase its contribution to the alliance.

The member nations of NATO may also prevent the troop reductions by meeting three output goals the allies have set for themselves. These goals are not ones I seek to impose on the alliance, but are objectives they have repeatedly pledged to meet in order to increase the sustainability of the conventional deterrent. My bill simply tells our allies to "Put your money where your mouth is and meet your commitments."

The first goal for our NATO allies is to reduce by 20 percent the gap between conventional munitions on hand as of January 1, 1988, and the NATO goal of obtaining and maintaining a 30-day munitions supply level. An increase of 20 percent is established for each year that this bill would be in effect, aiming at 100 percent compliance over 5 years. However, this bill is only for a 3-year period in order to give Congress and our allies a chance to review the bill's effectiveness and the progress being made to comply with its provisions.

The NATO allies have pledged to reach the 30-day munitions supply level in order to be able to sustain their conventional military capability for 30 days. This is all well and good, but the problem is that our allies have yet to develop defense budgets which would enable them to do this. The United States has twice the sustainability with munitions compared to our allies. What does this mean if the American forces would comprise at most only 25 percent of all the forces in a conventional war scenario? It would mean that when the allies have used all of their ammunition, the conventional war would be over. Then our leaders would have the choice of escalating to nuclear weapons or surrendering. This is not a choice I would like our leaders to have to face. The allies must reach the 30-day munition goal.

The second goal is equally important: To reduce by 20 percent the gap between the number of existing emergency operating facilities and semihardened aircraft shelters available in Europe on January 1, 1988, and the number required to support the U.S. commitment of reinforcing tactical aircraft. This requires the allies to fulfill their commitment to provide the facilities essential to accommodate the refueling, maintenance, and protection of our rapid reinforcement aircraft when they land in Europe.

If a war were to begin in Europe tomorrow, America's finest pilots would arrive in Europe only to become sitting ducks—without shelter, without refueling capability, without a way to maintain their aircraft—because our allies have failed to do what they have promised again and again to do. It's time to require our allies to build the facilities necessary for our emergency air support.

The third goal would be certification, made by the Supreme Allied Commander in Europe (SACEUR) to the Secretary of Defense, that the allies have significantly decreased the nuclear threat by increasing their conventional defense capabilities.

These three sustainability objectives give our NATO allies alternative methods to avoid troop reductions. If the NATO allies meet the first real economic growth plus 1 percent objective, there would be no troop withdrawal. If they meet all three of the second path's objectives, there would be no troop reduction. If they meet two of the second path's three objectives, the cut would be 10,000; if they meet only one, the cut would be 20,000.

Japan is also afforded an opportunity to meet a second goal in order to avoid troop reductions. Japan has consistently promised to increase the defense of its sealanes to 1,000 miles. My bill requires Japan to followthrough on that commitment in increments on one-third between the years 1989 and 1991 as an alternative way of avoiding the proposed annual troop reduction of 7,000 personnel.

I do commend our NATO allies for the progress they have made in working to develop concrete programs to redress the deficiencies in NATO's defense posture. I also note Japan's recent decision to break with its policy of artificially holding defense spending to 1 percent or less of its GDP and am hopeful for Japan's $100 billion 5-year military spending plan that seeks to expand its sealane and air defense capabilities. However, much of our allies' progress is still largely in promises and not in programs, and many past promises have never yielded achievements. I think that my bill is necessary to get our NATO and Japanese allies to turn their words into deeds.

It is important to recognize that my legislation gives our allies adequate time to meet the goals. The first measuring year is 1989, and the first troop withdrawals, in the event of failure by our allies to meet the proposed goals, would not occur until December 1990—3½ years from now.

The possibility of troop reduction is not a threat or punishment. The fact is that if our allies will not pay their fair share of their own defense, there is no need for the American taxpayers to pay billions of dollars for troops, ammunition, and equipment on their behalf. It would be much less expensive to resort to an undesirable nuclear tripwire and stop paying for a conventional deterrent in Europe and Japan. But I do not think that is what we or our allies want. It is time for our allies to fulfill their repeated commitments. That is all my legislation requires—that our allies live up to their promises, pay their fair share of defense, and relieve the American taxpayer of an unwarranted burden.

TRIBUTE TO RABBI SIMON RESNICKOFF

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. McGRATH. Mr. Speaker, last week, my home community of Valley Stream, NY, suffered a great loss with the death of Rabbi Simon Resnickoff, who spent 35 years of his life as spiritual leader of Temple Gates of Zion.

I was fortunate to be a neighbor and friend of Rabbi Resnickoff for many years, and rarely have I met a person of his character and dedication. Several times after being introduced by him at community functions, I told the audience that if I had Rabbi Resnickoff's voice, I could become President. Behind the voice was a man of deep faith and commitment to others, a man whose character and sincerity stood out clearly in any forum.

Rabbi Resnickoff served our Nation as a member of the Army Air Corps during World War II. He was an active participant in numerous civic and veterans organizations. Whether striving to fulfill the needs of his congregation or assisting in various community endeavors, Rabbi Resnickoff's diligence and energy inspired thousands over the 3½ decades he served the members of Temple Gates of Zion and the residents of Valley Stream.

I wish to express my condolences to Rabbi Resnickoff's wife, Helen and other members of his family. The legacy of faithful service left by Rabbi Resnickoff remains in the hearts and minds of those whose lives he touched. His work on Earth should be a source of great consolidation and an example for all of us to emulate.

U.S. RESPONSE TO DISCRIMINATORY PRACTICES IN AVIATION BY FOREIGN GOVERNMENTS

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. OBERSTAR. Mr. Speaker, as we consider the trade bill, H.R. 3, I would like to speak out in support of a particular provision of that bill; title XII. Earlier this month, along with 32 of my distinguished colleagues, I introduced H.R. 1972, an amendment to the International Air Transportation Fair Competitive Practices Act of 1974. On April 8, that bill was reported favorably by the Committee on Public Works and Transportation and has been incorporated into title XII of the trade bill.

The 1974 act established a balanced set of U.S. international aviation goals. The Congress was particularly concerned in 1974, and in subsequent amendments adopted in 1979, with strengthening the competitive position of the U.S. international air transportation carriers. The Subcommittee on Investigations and Oversight of the Committee on Public Works and Transportation has continually monitored the effectiveness of U.S. implementation of the statutory objectives and of the complaint mechanism established for eliminating unfair treatment of our carriers abroad.

Under the current law, any U.S. carrier may file a complaint of discrimination with the Department of Transportation. The Secretary of Transportation is required to decide within 180 days what action to take on a complaint. Since 1979, U.S. airlines have filed only 16 complaints with the Department of Transportation. However, the committee's oversight of the Government's international aviation policy has shown repeatedly that discriminatory practices by foreign governments and airlines are far more prevalent than those 16 complaints would indicate. Our own air carriers have stated that they would be more willing to use the complaint process if it were modified in such a way as to make it more responsive. The changes proposed in title XII would provide the responsiveness so important to our airlines, and our country.

The United States has long been a world leader in aviation. The ability of our aviation industry to compete successfully throughout the world has been one of the few bright spots in an otherwise dismal pattern of lost trade opportunities and skyrocketing U.S. trade deficits. We must do all we can to ensure that our air carriers are allowed to compete on an equal footing with that of our trading partners. The ability of our civil aviation industry to succeed is vitally important to the economic health as well as the defense of our Nation.

The changes to the existing law as proposed in title XII will reduce the initial response time of the Secretary of Transportation to complaints filed by U.S. carriers. It will provide for greater coordination between the Departments of Transportation and State and the Commerce Department and U.S. Trade Representative. Last, it will strengthen the ability of Congress to monitor the handling by the Department of Transportation of complaints against foreign governments and airlines.

These proposed changes received unanimous support from the committee members, and I would urge my colleagues to support this vitally important provision.

THE ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

HON. PAUL B. HENRY

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. HENRY. Mr. Speaker, next week a significant event will be observed in Michigan by the independent colleges and universities and by many legislators and State officials. The Association of Independent Colleges and Universities of Michigan, the voice of independent higher education in Michigan, will celebrate its 20th anniversary at its annual meeting on Tuesday.

Twenty years ago on May 8, 1966, articles of incorporation were filed with the State of Michigan, and the Association of Independent Colleges and Universities of Michigan was born. Founding incorporators of this new organization included three legends in Michigan higher education: Monsignor Clement F. Bukowski, then president of Aquinas College; Dr. William Spoelhof, then president of Calvin College; and Dr. Weimer K. Hicks, then president of Kalamazoo College.

I rise today to recognize and pay tribute to that assocation and its member colleges and unviersities on the occasion of its 20th anniversary.

The Assocation of Independent Colleges and Universities, headquartered in Lansing, MI, serves and represents 42 independent, nonprofit colleges and universities in Michigan. The diversity of these colleges is quite remarkable. They include intensively liberal arts colleges, comprehensive universities, technical and engineering institutes, colleges specializing in business education, colleges of art and design, law schools, and a dental school. They include Protestant church affiliated colleges and universities, Catholic colleges and universities, and nonaffiliated colleges. They include large colleges and small colleges, but all serve with distinction and dedication the people of our State and Nation.

The Association of Independent Colleges and Universities serves more than 75,000 students annually, from all backgrounds and incomes, including many low-income and middle-income students. More than 15 percent of these students are ethnic minorities. The commitment and effectiveness of these Michigan independent colleges in serving minority students is well recognized in Michigan.

These independent colleges and universities in Michigan are an important part of our great national resource which we call independent or private higher education. These diverse independent colleges, with their unique missions, quality programs and personalized education, assure that the people of Michigan have a meaningful choice in a truly pluralistic higher education system. Many of these colleges are church affiliated, offering a values-oriented education. Such pluralism and choice is vital in a democratic society such as ours.

But there is another dimension to independent higher education in Michigan—its economic impact and value. A series of recent studies by the Association of Independent Colleges and Universities of Michigan reveals that the Michigan independent colleges, in composite, exert a positive economic impact on the Michigan economy of more than $3.5 billion a year. They bring into our State's economy from out of State sources more than $175 million each year. The composite value of their campuses and assets now exceeds $1.7 billion. And they do all these things at a net savings to the taxpayers.

In recognition of all this, I believe it appropriate to offer congratulations on the 20th anniversary of the Association of Independent Colleges and Universities of Michigan; to the 1986-87 chairman of its board of directors, Donald W. Maine, president, Davenport College of Business; to the association's third and current president, Edward O. Blews, Jr.; and to the following members of the board of directors:

Dr. Donald S. Stanton, president, Adrian College.

Dr. Melvin L. Vulgamore, president, Albion College.

Dr. Oscar E. Remick, president, Alma College.

Dr. W. Richard Lesher, president, Andrews University.

Dr. Peter D. O'Connor, president, Aquinas College.

Mr. Edward J. Kurtz, president, Baker College.

Dr. Anthony J. Diekema, president, Calvin College.

Mr. Jerome L. Grove, president, Center for Creative Studies.

Dr. Harry Howard, president, Cleary College.

Rev. Dr. David Schmiel, president, Concordia College.

Mr. Thomas E. Brennan, president, Thomas M. Cooley Law School.

Mr. C. Dexter Rohm, dean, Davenport College—Kalamazoo.

Mr. D. P. Colizzi, vice president, Davenport College—Lansing.

Dr. Frank Paone, president, Detroit College of Business.

Mr. Ralph Stingel, dean, Detroit College of Business—Flint.

Mr. John J. Abbott, dean, Detroit College of Law.

Dr. William B. Cottingham, president, GMI Engineering and Management Institute.

Dr. Charles U. Wagner, president, Grand Rapids Baptist College.

Dr. Gordon J. Van Wylen, president, Hope College.

Mrs. Lexie K. Coxon, president, Jordan College.

Dr. David W. Breneman, president, Kalamazoo College.

Dr. Phyllis I. Danielson, president, Kendall School of Design.

Dr. Richard E. Marburger, president, Lawrence Institute of Technology.

Sister Mary Francilene, president, Madonna College.

Dr. John E. Shay, Jr., president, Marygrove College.

Dr. Maureen A. Fay, president, Mercy College of Detroit.

Dr. Milton B. Fletcher, president, Michigan Christian College.

Dr. Robert D. Jewell, president, Muskegon Business College.

Dr. Patrick B. Smith, president, Nazareth College.

Dr. David E. Fry, president, Northwood Institute.

Dr. Donald A. Morris, president, Olivet College.

Rev. Leonard R. Chrobot, president, St. Mary's College.

Dr. Cathleen Real, president, Sienna Heights College.

Dr. Kenneth H. Kauffman, president, Spring Arbor College.

Dr. Ralph J. Jalkanen, president, Suomi College.

Rev. Robert A. Mitchell, president, University of Detroit.

Dr. Charles J. King, dean, School of Dentistry, University of Detroit.

Mr. Bernard Dobranski, dean, School of Law, University of Detroit.

Dr. Jeffrey W. Barry, Walsh College of Accountancy and Business Administration.

Dr. William A. Shoemaker, president, William Tyndale College.

BATAAN DEATH MARCH SURVIVORS

HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. LUJAN. Mr. Speaker, carved in the marble over the entrance to the highest court in the land, our U.S. Supreme Court, are the words "Equal Justice Under Law." As Americans, we rely on this access to our judicial system, to resolve disputes and redress wrongs, as befits a civilized society.

Yet, in spite of our declarations proclaiming the availability of an impartial forum to settle differences, we continue to block this same access to some American veterans who risked their lives for us when our American way of life was threatened.

Mr. Speaker, this is just not right. For this reason, today I have again introduced a measure to allow our World War II veterans of the Batann death march and enslavement, to petition the U.S. Court of Claims, to consider hearing their grievances against the foreign companies that benefited from the slave labor when we were at war.

This measure does not decide the merits of their claims, although we know of the sacrifices these brave men made for all of us. This legislation conveys no medals, no awards. It does not order the court to even hear the entire case. Mr. Speaker, all this measure does is allow these Bataan survivors the chance to petition the U.S. Court of Claims to hear their case: The same sort of access to the judicial system that the rest of us can take for granted.

Mr. Speaker, as Americans we strive to achieve a society where all people are treated equally. It is ironic that unless this measure is passed, we continue to officially condone a situation where those who sacrificed the most for us, do not even receive the minimum protections under the law.

A DEPLORABLE RECORD ON HOUSING AND DEVELOPMENT

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. OBERSTAR. Mr. Speaker, since 1981, the Reagan administration has been wanting to dismantle our Nation's comprehensive housing and development program. This deplorable and unwarranted policy threatens the Nation with a housing crisis of untold proportions.

As an advocate of programs designed to: First, assist less-advantaged persons in securing safe, decent, and affordable housing, and second, provide distressed communities with an equitable share of resources to enable their revitalization, I recently testified at a hearing of the HUD-Independent Agencies Appropriation Subcommittee in favor of strong and continued funding for Federal Government housing programs.

STATEMENT OF HON. JAMES L. OBERSTAR, SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES, COMMITTEE ON APPROPRIATIONS, APRIL 29, 1987

Thank you, Mr. Chairman, and distinguished members of this Subcommittee for the opportunity to testify on the Fiscal year 1988 HUD Appropriations. Many of the programs represented here comprise the only substantive assistance for economically distressed communities as they attempt to revitalize themselves. Your perseverance in opposing annual proposals by the Administration to levy user fees, decrease appropriations, or terminate programs is appreciated by the people of Northeatern Minnesota.

Minnesota's 8th Congressional District, whose economic livelihood is contingent upon a healthy steel industry, continues to experience above average unemployment; lengthy waiting lists for public housing; difficulty in fully financing developments, and homelessness. State and local resources are not meeting the demand to alleviate these pervasive conditions. The administration, ignoring this fact and the federal government's responsibility to ensure an equitable distribution of resources to less-advantaged areas, has proposed the termination of the Urban Development Action Grant (UDAG), Housing Development Action Grant (HoDAG), Section 312 Rehabilitation Loan Program, and Section 202 Elderly and Handicapped Loan Program. In addition, the Community Development Block Grant (CDBG) program is also slated for cutbacks.

While each of these programs continue to be of extreme importance to distressed communities, I would like to briefly discuss the CDBG, UDAG, Section 312, and Section 202 programs. These programs are extremely important to my Congressional District, the citizens of Minnesota, and numerous areas throughout the country.

COMMUNITY DEVELOPMENT BLOCK GRANT

Minnesota communities have extensively used the CDBG, and State Block Grant, for a variety of activities, including: housing rehabilitation, public works construction and repairs, economic development, and energy conservation. Citizen input, as required by the enacting legislation, results in the optimal use of funds and accounts for much of the program's success. Local efforts to rehabilitate housing, provide health assistance to the elderly, finance the replacement of water treatment facilities, and even assist in partially financing the construction of a papermill are among applications illustrating the program's importance to Northern Minnesota.

Since 1980, the number of eligible cities nationwide has increased 24% while the number of eligible urban counties has increased 59%. With these increases, and the termination of the general revenue sharing program, there has been no commensurable increase in program funding. Communities are now experiencing a demand on their local resources that far exceeds their availability. CDBG allocations are being reduced to accommodate the additional eligible areas and the Administration's proposed funding decreases. The city of Duluth, experiencing an average 5% CDBG allocation decrease since FY 1980, illustrates this trend. This program continues to be slated for cuts when communities need it the most.

I invite the members of this Subcommittee to consider the various successful applications of CDBG funds throughout this country. There are few areas that have not benefited from them.

Your support for CDBGs will assure that many regional and community development needs will continue to be met.

URBAN DEVELOPMENT ACTION GRANT

The UDAG is being fully utilized as a gap financing vehicle throughout Minnesota. FY 1986 program activity yielded 6 awards totaling $5 Million for Minnesota. For each $1 UDAG expended, there were $9.64 in private funds. This optimal leveraging is well over 3-times the ratio mandated by the law. In addition, nearly 1,000 planned permanent jobs with numerous construction and spin-off jobs were created. These investments would not have occurred without UDAG.

A gap financing tool is essential for areas in economic distress. The economic uncertainties of Northern Minnesota make it difficult for lenders to fully finance job-producing developments. Success in our efforts to diversify the local economy remains contingent upon the availability and certainty of UDAG funds.

This program, like others represented in my testimony, is being dismantled. Appropriations are currently at $225 Million, a decrease of 67% since 1980 when the appropriation for the program was $675 Million. Furthermore, the Administration's annual rescission of program funds and proposed outright termination of the program are making the assistance so uncertain that communities, developers, and lenders are all growing hesitant at utilizing UDAG. There is no reason why economically-distressed communities must face this political and economic harassment when their future and that of their economies are in jeopardy.

Since the program's inception in 1978, UDAG has received support from the Budget Committee, the Appropriations Committee, and the full House. I urge you to continue this support. Your actions, assuming FY 1986 activity, could result in 280 projects being funded across the nation, and the creation of: 43,200 permanent jobs, 26,394 low/moderate-income jobs, and 28,695 minority jobs.

SECTION 312 REHABILITATION LOAN PROGRAM

The Section 312 Program has received no new appropriations since FY 1981. Loans are now made from loan repayments. I raise this program to your attention out of grave concern over its future. This is one of a few housing assistance programs still being implemented. Current Administration proposals would discontinue Section 312 funding and transfer the rehab function to CDBG. As I noted earlier, the CDBG is already fully and efficiently utilized. Any curtailment of Section 312 will exacerbate the demand on local resources and further cloud the availability of housing in the future.

One only need to observe current housing trends to recognize this program's importance. These trends include: (1) many individuals, particularly under the Administration's voucher program, are paying well over 30% of their incomes on housing; (2) the increase in housing costs has been 4-times the increase in earnings since 1970; (3) many of the units created under the Section 8 program in the early 1970's are nearing the point where their owners can opt out of the program; (4) several of the units created under earlier housing legislation are in need of repair; and, (5) waiting lists for public housing are quite lengthy, resulting in some communities actually closing them off in an effort to avoid false expectations.

Our nation is committed to providing affordable, safe, and decent housing for its citizens. Current Administration policy is jeopardizing the future for many of the low income persons in the Section 8 and other assisted housing. Section 312 is one of a few existing programs that can be utilized to address these trends. I urge your support of this program at no less than current funding levels.

SECTION 202 ELDERLY AND HANDICAPPED LOAN PROGRAM

The Section 202 program has been the government's primary instrument in assisting this nation's elderly in securing affordable and suitable housing since 1959. Administration FY 1988 proposals would terminate the program in favor of its voucher program. Consequently, there is a planned 83% decrease in low income units to be assisted in 1988, as compared to the 1987 appropriation.

Northern Minnesota, similar to other areas in this nation where a growing segment of the population is elderly, does not have an adequate supply of elderly housing in some areas to accommodate the demand. Section 202 new construction addresses this demand by providing low-interest financing for the development of elderly housing. I urge this Subcommittee to retain Section 202 and Section 8 certificates for communities lacking a sufficient supply of elderly housing. The retention of Section 202 and Section 8 certificates will provide local officials with maximum flexibility in designing programs to optimally address local needs.

Mr. Chairman, the Administration is proposing a number of other changes which I'd like to call to your attention. These include: raising the Federal Housing Administration (FHA) Mortgage Insurance Premium (MIP) to 5% (from 3.8%) and the Government National Mortgage Association (GNMA) guaranty fee to 10 basis points (from 6), freezing loan purchase limits for the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) to the lesser of current $153,100 limit or 75th percentile of home sales in each market area, and loan-portfolio sales. Each of these proposed actions would adversely impact our government's provision of safe, decent, and affordable housing to our nation's less-advantaged citizens.

The user fees constitute taxes on the same low-income individuals these programs were designed to assist. As a member of the House Budget Committee, I requested Office of Management and Budget (OMB) Director James Miller to provide the cost-benefit analysis in support of this proposal. I continue to be most concerned with the impact these user fees will have on the low-income homebuyer. OMB has not provided the projected impact calculations for their proposal. While Congress has legislated a ceiling on the GNMA guaranty fee, which I joined as a co-sponsor, the FHA proposal remains on the table. I urge you to oppose any appropriation in support of additional user fees.

The limitations on FNMA and FHLMC are designed to allow private firms an opportunity to compete in the secondary market. FNMA an FHLMC activity was legislated to guarantee a secondary market for potentially riskier loans. Low-income and first-time homebuyers comprise the bulk of these loans. These secondary market institutions have been responsible for guaranteeing lower costs to the homebuyers who need it the most. Your opposition to any ceilings will assure that a secondary market remains for the homebuyer, making homeownership affordable for many.

Loan sales (or asset sales) represent an effort by the Administration to provide a short-term remedy to the deficit. These one-time auctions will generate revenue far short of the portfolio's actual value. Furthermore, questions remain as to whether: 1) the government, in the sale of FHA loans, can legally sell their obligations to the homebuyer without recourse, and 2) the purchaser (servicer) will be subject to the same accountability to the borrower that the government currently is. I urge this Subcommittee to oppose any asset sales under our nation's housing programs.

Finally, I call your attention to the need for Indian housing. Although there is not a direct appropriation for Indian housing, your inclusion of it in the Appropriation Comittee's Report will assure Native Americans across Northern Minnesota and the country of our government's commitment to decently house them. A recent study by the Bureau of Indian Affairs (BIA) estimates 92,000 Indian households to be in need of housing.

The inadequacy of the Administration in meeting this need is demonstrated by the FY 1988 allocations to fund 3,181 unit starts. This is barely 3% of the need demonstrated in the BIA study. Total HUD activity in FY 1987 and 1988 will meet only 18% of the Indian housing need. Another gauge of the Administration's lack of commitment to Indian housing is the reduction in use of budget authority for Indian housing development which will have decreased 82% to $71.5 Million for FY 1988, compared to $925 Million for FY 1980.

The trends represented in my testimony illustrate the absence of any commitment to housing by the Administration and the potential for a housing crisis in the near future. In fact, HUD has seen its: budget authority decrease 71% from FY 1980 ($35.7 Billion) to FY 1988 ($10.3 Billion), and permanent full-time employees decrease 23% from FY 1980 (15,613 employees) to FY 1988 (11,965 employees). This Subcommittee has the opportunity to avert such a crisis by once again saying "no" to the Administration's proposals.

Mr. Chairman, this concludes my testimony on the importance of several housing, community, and economic development programs to Northeastern Minnesota. Thank you for your consideration of the issues presented in this testimony.

A TRIBUTE TO SAMUEL W. McALLISTER ON HIS RETIREMENT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. ANDERSON. Mr. Speaker, I rise today to salute an outstanding civic leader in my district, Samuel W. McAllister. Sam will be honored at a retirement dinner sponsored by Teamsters Local No. 572 on May 8. For nearly 28 years, Sam has served the Teamsters in a number of capacities and has been an invaluable asset to the labor community.

Sam was born in Panama City, Panama, in 1927, and spent all of his early adult years in that Caribbean Republic. It's impressive to realize that only 3 years after migrating to the United States in 1959, Sam had gained a reputation of leadership in his union, and by May 1962 had been elected chief shop steward of Teamsters Local No. 357. This proved to be the first of a number of union leadership positions that Sam would hold in the years to follow. By 1967, Sam had been appointed to the position of business representative/dispatcher.

After formally winning his citizenship in 1967, Sam continued his advocacy of workers' rights. In addition, he began channeling his energies toward the political arena. Among those pro-labor campaigns that benefited from his support were those of the late Hubert Humphrey, former Gov. Pat Brown, Senator ALAN CRANSTON, Congressman MERVYN DYMALLY, Mayor Tom Bradley, and myself, among others.

Continuing his tradition of service to local unions in my district, Sam joined Teamsters Local No. 572 as business representative in 1972. This multifaceted position presented many challenges, and required considerable, negotiating, organizing, and arbitrating skills. Sam performed these duties with distinction, finally retiring from the demands of his leadership role this past April 1.

Even though Sam was devoting most of his professional life to the betterment of organized labor, he still found time and energy to give back some of what he felt his community had bestowed upon him. For instance, he has been an active member of the Urban League, NAACP, Frontier Democratic Club, and the A. Phillip Randolph Institute, which he served as president of the Los Angeles chapter in 1967. He also served the Crenshaw Neighborhood Association, was president of the Leimert Park Block Association, and sat on the Los Angeles County Judicial District Advisory Board.

Mr. Speaker, it gives me great pleasure to recognize and pay tribute to Sam McAllister's efforts and contributions to his community. His accomplishments are many and serve as an inspiration to us all. My wife, Lee, and I commend Sam for all he has done for organized labor in our community and wish him, his wife, Anna Lou, their children, Sam, Jr., Debbie Byres, José, Reneé, and Dixie Jones, and their grandchildren, Samoal, Eric, James, Leon, Josselyn, Amber, and David all the best in the years ahead.

THE INTRODUCTION OF A BILL TO DESIGNATE THE FEDERAL BUILDING AT 10 CAUSEWAY STREET IN BOSTON, MA, AS THE THOMAS P. O'NEILL JR. FEDERAL BUILDING

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. KENNEDY. Mr. Speaker, today I introduce a bill to name the new Federal Building in Boston after the man who represented the Eighth Congressional District in the House faithfully and effectively for 34 years. This gesture is a symbolic measure of the gratitude felt by the people of the Eighth District to Tip O'Neill, a man known very affectionately here and at home as "The Speaker."

Franklin Delano Roosevelt said:

> The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

By that measure the voice of Tip O'Neill has been one of the most progressive voices in our national Government for a generation. Through it all, he has never lost touch with the people of the Eighth District and he continues to capture their admiration and respect in a way that few politicians can do. In the rough and tumble world of politics, Speaker O'Neill has always taken the high road. He has made a career out of combining wit and humility with tough determination and dedication to the enduring principles of social justice.

When Tip O'Neill began his public career in 1936, half of our Nation lived in poverty, one-quarter of the Nation's breadwinners were out of work, only 3 percent of those Americans who finished high school attended college, firemen and policemen worked over a hundred hours a week. If you were elderly it meant you were poor, if you were poor you had no access to decent health care, and if you were in college it meant you were rich.

Today those figures have changed dramatically: 60 percent of high school graduates go on to higher education, 90 percent of our people live above the poverty line, and 93 percent of our wage earners are at work. Never have so many of our fellow citizens, especially working Americans, lived so well for so long. The majority of American families can afford to own their own home, educate their children, and look forward to a secure retirement.

We have suffered setbacks in the recent past, and many of the toughest battles lie ahead, but the Democratic Party, which Speaker O'Neill helped to lead, can take the credit for the creation of the American middle class. There are still those who are poor, those who are hungry, those who are sick and uncared for, those who are homeless, and who are discriminated against. We shall build on the progress of the past to ensure that in the future all Americans share in the prosperity of this Nation.

To borrow again from Franklin Roosevelt, in whose tradition Tip O'Neill has lived and labored for twoscore years and 10 in politics:

> I am reminded of four definitions; a radical is a man with both feet firmly planted—in the air; a conservative is a man with two perfectly good legs who, however, has never learned to walk; a reactionary is a somnambulist walking backwards; a liberal is a man who uses his legs and his hands at the behest of his head.

Tip O'Neill has persevered these many years in the best and truest spirit of the liberal tradition. He is a hands-on politician who has never been afraid to speak his mind or to take on the toughest issues facing the Republic.

The politics of Massachusetts would never be the same without Tip O'Neill so I am pleased to report to this House that the former Speaker has decided to remain active in the political and social life of our home State. I know I speak for all of my colleagues when I say that we wish him all the luck o' the Irish wherever his new interests may take him.

I will look to the example of the Speaker for guidance as I try to develop as deep and strong a bond with the people of the Eighth District as he has forged over the years.

SANTA ANA CHAPTER OF THE NATIONAL RESISTANCE LEAGUE

HON. ROBERT E. BADHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. BADHAM. Mr. Speaker, when an organization dedicated to acting as a friend to men, women and children who are in need of spiritual, material and physical assistance performs such service for 50 years, with no Government help, it deserves the greatest attention and the highest commendation.

This is the record of the Santa Ana Chapter of the National Assistance League, which will celebrate its 50 years of service to the community on May 16, 1987, an event which I would like to bring before this honorable body.

The Assistance League of Santa Ana was organized in 1935 by Mrs. James Irvine, of the Orange County pioneer family, and was incorporated in 1937 under that name. Forty-two women began a community service organization that has grown over the past 50 years to more than 500 adult members and more than 60 teenage "Assisteens."

Just during the past 5 years, the organization has helped 4,106 needy school children with clothing and shoes through its "Operation School Bell." The dental center, staffed by volunteers and a dentist paid by junior and Katharine Irvine auxiliaries, has served 1,043 children with their dental needs. Emergency aid has touched the lives of 3,058 people with food, rent, medicine and other neccessities. The homemaker service has assisted 6,447 families with in-home care. In addition, Assistance League operates a child day-care center for 70 children a week.

Through its 50 years of service, the Assistance League of Santa Ana has supported thrift and gift shops, played host to special Christmas events, department store openings, fashion shows, golf tournaments, parking lot sales, horse shows and street fairs. During the past 5 years, the league raised $750,000 to be returned to the community.

Ladies and gentlemen of the House of Representatives, the Assistance League of Santa Ana, CA, a community which I have the honor to represent, has been one of the great institutions of our area. Without hesitation and with great pleasure, I take this opportunity to salute the organization on the occasion of its 50th anniversary and wish its members many more years of successful service to our community.

TRIBUTE TO JOE MORRIS

HON. CHESTER G. ATKINS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. ATKINS. Mr. Speaker, on May 6, 1987, the citizens of Ayer, MA, will salute their favorite football son Joe Morris, star halfback for the world champion New York Giants. I would like to take this opportunity to join in this tribute to this gifted football player and special individual.

Since his days on the Ayer High School football field and continuing throughout his college and professional careers, Morris has been a standout football player. Morris has compensated for his lack of physical size with an unmatched combination of deft moves, quick feet, and unceasing determination.

In 3 years with the Ayer Panthers, Morris gained 3,414 yards and scored 49 touchdowns. He continued his mastery of the gridiron during his 4 years at Syracuse University. As an Orangeman, Morris gained over 4,000 yards and scored 27 touchdowns.

Chosen by the New York Giants in the second round of the 1982 National Football League draft, Morris, as he had done previously in Ayer and Syracuse, has consistently improved upon his skills in each of his first five seasons in professional football. By far, this past season was Morris' finest in his pro career. In leading the Giants to a convincing win over the Denver Broncos in Superbowl XXI, Morris broke his own single season rushing record with 1,516 yards and scored 14 touchdowns. Morris' ability to run to the inside as well as the outside combined with his catching skills has made him one of the NFL's leading running backs and most feared offensive players.

But Morris's skills and dedication go beyond the end zone. Morris has contributed many hours of his own time to help with community projects and charitable organizations. He has also spent time with high school students to discuss the dangers of drug abuse and the importance of academics.

Even on the day that his home town will honor him, Morris intends to put the community first before himself. On May 6, Morris will work to raise the money needed to install lights on the Harold G. Norton Memorial Field—the same football field that he lit up a decade ago with his dazzling running.

So Mr. Speaker, I join today with the citizens of Ayer to salute Joe Morris—a man who stands tall not only on the football field, but in his community.

TO ANNOUNCE THE APPOINTMENT OF DON SWEAT AS VETERANS' REPRESENTATIVE FOR CALIFORNIA'S SECOND CONGRESSIONAL DISTRICT

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. HERGER. Mr. Speaker, I rise today to announce an appointment of deep importance to all veterans in the Second District of California. Mr. Don Sweat, of Sacramento, CA, has recently agreed to continue on as the Veterans' Representative for the Second District.

Mr. Speaker, I feel very fortunate that Don has agreed to accept this reappointment, just having served in the same capacity under my predecessor, the Honorable Gene Chappie. Don is one of the most knowledgeable and dedicated advocates of veterans' rights in California. A World War II veteran, Don Sweat has been a leader in veterans' affairs in California for over 30 years.

Don is the State legislative advocate for the California Department of the Veterans of Foreign Wars. It is through this office, and previously as chief of staff north for the California Department of Veterans of Foreign Wars, that he has distinguished himself in establishing policies and programs which benefit veterans. Mr. Sweat comes to us extremely well-qualified.

As my official representative, Don will make recommendations concerning State and Federal appointments and will also represent the views and concerns of the veterans of the Second Congressional District in California.

THE PRINCIPLES OF RELIGIOUS FREEDOM

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. SCHULZE. Mr. Speaker, In 1965, Congress exempted from the Social Security self-employment tax, those individuals who belong to religious sects conscientiously opposed to public insurance, in particular Social Security, and who in addition, make provision for the care of dependent members. Today, seven of my colleagues and I, are reintroducing legislation to further exempt employees of identical faith to employers already exempt under the 1965 law. Our legislation covers only members of the Old Order of Amish, the Hutterites, and the Menonnites, and generally applies to their farmhands and church employees.

The Amish community is the most notable sect to which this exception applies. It is the Amish belief that they, with God's help, should provide for themselves in their old age as well as their parents. Their faith prohibits participation in Federal programs of any kind, including Social Security, for participation would mean substituting the State for the family and community in meeting human needs.

The exemption we propose would only benefit a narrowly defined, clearly recognizable group. It is estimated that the Amish in the work force who are not self-employed number approximately 8,000 persons. Since the number of workers to be exempted is small, their labor generates only a small amount of wages and taxes. Exempting this group of believers has a minimal impact on the revenues of the Social Security trust funds and in no way endangers the solvency of the Social Security system.

Clearly, the purpose of our bill is to provide relief for those individuals who have long been recognized to believe that payment of Social Security taxes is irreconcilable with their religious convictions. I urge our colleagues to join us by cosponsoring our legislation and uphold the principles our Nation was founded upon, the principles of religious freedom.

TO AMEND SECTION 4052 OF THE INTERNAL REVENUE CODE OF 1986 PERTAINING TO HEAVY TRUCK EXCISE TAXES

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. DUNCAN. Mr. Speaker, today I have introduced a bill in the nature of a technical correction to the Highway Revenue Act of 1987. That act contains a provision which I cosponsored, along with Congressman PICKLE, to create a presumptive sales price in connection with leases of heavy trucks for purposes of determining the retail excise tax. The purpose of that provision was to correct a perceived inequity in the application of the retail excise tax in the truck tractor industry and to provide parity between long-term truck lessors and people who sell trucks at the retail level.

In the conference, however, at the request of the Senate conferees, this provision was extended to all circumstances in which the retail excise tax is collected and paid by the manufacturer of the product. Because of the late hour at which this proposal was made and the haste with which it was adopted, affected industries had no opportunity to apprise us of the difficulties which this provision would cause.

In particular, we have been informed that the provision will return the truck trailer industry to the same uncertainty which we so wisely eliminated by converting the old manufacturers excise tax to a retail excise tax in the Surface Transportation Assistance Act of 1982. Unlike the truck tractor industry, the truck trailer industry in general does not operate through retail dealers, and therefore the provision is unnecessary. The manufacturers of truck trailers sell approximately 90 percent of their output directly at retail to consumers. Thus the problems of price differentials which arise in the truck tractor industry are much less important in the trailer industry and the correction of these problems does not justify the tremendous administrative problems raised by the introduction of the concept of a presumptive retail sales price to the taxing process.

The bill that I am introducing today will protect the truck trailer industry and the Internal Revenue Service from those administrative problems by excluding truck trailers and semitrailers from the application of the presumptive sales price rules. Those rules would remain applicable to the truck tractor industry and, therefore, the intent of the conferees in adopting those rules for the truck tractor industry would be preserved.

OLDER AMERICANS ACT AMENDMENTS OF 1987

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Ms. SNOWE. Mr. Speaker, on April 8, 1987, I introduced eight bills which will amend and strengthen the Older Americans Act. These bills are wide ranging and as the following descriptions indicate, they are efforts to fine tune this important legislation.

THE CAREGIVER REFERRAL ACT OF 1987

This bill requires the Commissioner to conduct a study to determine the efficacy of developing a nationwide referral system using the area agencies on aging and State units on aging for geographically remote caregivers of older persons.

Recent research has shown that 80 to 90 percent of care is still provided by the family. Adult children living in geographically distant parts of the country are not necessarily any less concerned about the well-being of their aged parents than are the family members who live in close proximity. Many attempt to perform the role of caregiver at a distance, but their tasks are more difficult because they do not know how to access available, reputable services in another community. Their continued involvement could be enhanced if there were a way to identify services for older family members who are geographically distant. The Older Americans Act consists of over 660 area agencies and 56 State units all of which provide a variety of services that could be made available to geographically distant family caregivers and which could serve to assist them in their caregiving role. This bill would determine if a nationwide referral system could be developed.

THE RURAL ALLOTMENT ACT OF 1987

This bill updates the current provision that in each fiscal year the State agency will spend for services in rural areas an amount of not less than 105 percent of the amount expended for such services in 1978.

This bill will update the base year from 1978 to 1986 in order to better reflect the growth in the need for services in rural areas.

THE ALZHEIMER'S DISEASE COORDINATION ACT OF 1987

This bill requires that AAA's work closely with local Alzheimer's disease organizations for the purpose of coordinating services to individuals and families with Alzheimer's disease.

Each of us is aware of the devastation that Alzheimer's disease causes the victim and the family. Requiring the Older Americans Act network to better coordinate their activities with organizations providing support services for Alzheimer's disease will serve to strengthen both the network and the community organizations involved in this important activity.

OLDER AMERICANS DAY CARE AND RESPITE SERVICES ACT OF 1987

This bill requires that, where possible, AAA's encourage the use of older volunteers in the provision of adult day care and respite care services and includes the provision that not less than 15 percent of new title V monies must be spent on employment in day care—adult and child—and respite care projects.

Increasingly, family caregivers have identified the need for day care and respite care services, creating a potentially large demand for these services as a means of staving off more costly and less personal institutional care. On the supply side, older persons who have an interest or expertise in the care of frail or dependent adults should be encouraged to volunteer to provide assistance in these areas. Title V workers should be channeled into work in day care and respite care as these workers can bring important skills and increase the available supply of services identified by caregivers as essential.

THE MEDIGAP AND LONG-TERM CARE INSURANCE COUNSELING ACT OF 1987

This bill allows for the training and establishment of volunteer programs to evaluate the provisions of medical insurance policies—long-term care and Medigap—which older persons are considering purchasing and requires the State to develop consumer education information on such plans.

Presently, approximately 65 percent of older persons purchase Medigap insurance. While it is unclear how many have more than one policy, anecdotal information suggests that many buy multiple policies on which their marginal gain may be very small. The purpose of this insurance counseling program, modeled after tax counseling programs currently in place, would be to inform older persons what benefits they can expect from purchasing a given Medigap or long-term care policy as well as the value of multiple policies. As older persons are increasingly targeted by insurance companies for television and direct mail sales, the ability to evaluate policies will be essential in assuring that older persons get value for their dollars.

OLDER AMERICANS TRANSPORTATION ACT OF 1987

This bill requires a study of how Older Americans Act money is being spent on transportation, what it is buying and how this money could be better leveraged through tapping into mass transit systems.

Transportation services are both essential and expensive services. Under the Older Americans Act, transportation has been funded as a means of providing access to services. Particularly in rural areas, transportation is the key to adequate utilization of needed services. The purchase of vehicles, staffing and maintenance consume a share of the Older Americans Act, but how large the share and what is being purchased has not been documented; neither has the extent to which Older Americans Act moneys can be used to draw mass transit and other alternative systems of transportation into the network. A study of these factors will enable the network to plan for the rational use of transportation without establishing parallel systems to those which are already in place.

THE COMMUNITY MENTAL HEALTH COORDINATION ACT OF 1987

This bill requires AAA's to include in their plans the provision that they will coordinate with community mental health centers and other public and private nonprofit organizations.

Historically, older persons have underutilized mental health services. Better coordination among those who provide mental health services and the AAA network help to insure that the elderly in need of mental health services will have improved access.

AREA AGENCY ON AGING UNIFORM LISTING ACT OF 1987

This bill requires that all area agencies uniformly list themselves in the telephone book under area agency on aging for purposes of easy access by consumers.

Area agencies across the country use different names and are located in different sites—that is, some are private while others are part of local government. The point of a uniform listing provision is to assure that those who wish to obtain service can do so by knowing that, wherever they are, they can gain access to the local area agency on aging. The use of a uniform listing is an essential step in establishing an easily accessible nationwide network of area agencies on aging.

As each of you knows from your constituents, the Older Americans Act is important far beyond the confines of its $1 billion budget. This act and the network of area agencies and State units has focused national attention on the needs and concerns of older persons. As we consider the reauthorization of the Older Americans Act in 1987, I hope you will join me in supporting these provisions and in further strengthening a 22-year-old success story.

TITLE X OF H.R. 3

HON. HOWARD C. NIELSON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. NIELSON. Mr. Speaker, the following letter was sent from the U.S. Trade Representative Clayton Yeutter to the chairman of the Government Operations Committee, Mr. BROOKS, regarding H.R. 1750, which was incorporated into title X of H.R. 3.

The letter follows:

THE U.S. TRADE REPRESENTATIVE,
Washington, DC, April 2, 1987.

Hon. JACK BROOKS,
Chairman, Government Operations Committee,
Washington, DC.

DEAR MR. CHAIRMAN: We are both eager to find solutions to our trade problems. However, I have concluded that H.R. 1750, which was introduced on March 23, will have some serious negative unintended effects. After a careful evaluation of the bill, I believe that it could not be effectively implemented, that it is too costly from both an economic and a policy perspective, and that it would not improve the existing situation. For these reasons, the Administration is strongly opposed to its enactment.

As I understand H.R. 1750, this bill is aimed at expanding the foreign government procurement markets available to U.S. exporters while the Administration and the Committee share the same objectives—our exporters deserve the same access to markets overseas that foreign exporters enjoy in our markets—we are very concerned about the strategy you have proposed for pursuing this objective.

H.R. 1750 would force closure of U.S. Government procurement markets as the primary means of increasing our leverage over foreign countries with offensive government procurement practices. But we must ask ourselves at what expense do we select this approach as our primary weapon? Are the measures proposed in this bill better than the tools we now have in place?

The answer to both these questions leads me to the conclusion that this legislation is not what is needed. I have examined both of these questions in the light of what seem to be the underlying—and admirable—specific objectives of the bill: to achieve more rigorous enforcement of the Government Procurement Code and to achieve increased participation by foreign countries in the Code.

Any Administration would welcome tools which better enable it to more fully achieve U.S. objectives, unless, of course, these tools come at too high a price. Does this bill provide better tools than the existing ones?

The answer is no. We have Buy America legislation on the books now. This bill repeats and reorganizes that legislation in another way—and creates a whole new set of problems for those who have to implement these new requirements. Secondly, in the Trade Agreements Act of 1979, we have already legislated a powerful incentive to nonsignatories to the Government Procurement Code to get rid of their own buy national policies and join the Code—we have totally denied them access to our Code-covered market in the absence of such steps. This legislation would actually weaken that incentive and create a more lenient situation for them than exists today by providing for the possibility of a Presidential determination which would remove that purchasing prohibition without their having to join the Code. Thirdly, in response to what is at best an already difficult situation, the bill restricts our ability to find practical solutions to compliance problems under the Government Procurement Code. Our first few years of experience with the Code have shown that the contrary is needed. A real and unanswered problem is how we get the kind of evidence from our firms that we need to allow us to bring about effective challenges to the procurement systems of our trading partners without losing business in the process. We have had very few complaints under the Code, despite the fact that we have expressly looked for them through our Foreign Commercial Service, in our Industry Sector Advisory system, and in our other contacts with the private sector. Without complaints, a new method of resolving complaints would appear to be unnecessary.

So, while we may conclude that this bill attempts to provide additional tools, we do not believe that these tools are better than the existing ones.

Moreover, how expensive are these tools? I believe that this bill would be very costly to put into effect. It could eliminate a great deal of competition in the U.S. market, resulting in greater cost per contract. Given the scope of the reviews required by this legislation, the administrative costs of implementing this bill are likely to place a severe drain both on our budgets, and perhaps just as importantly, on our manpower resources.

The policy costs of this bill would also be serious. The provisions of this bill constitute policy concessions to our key trading partners, even though these concessions may be unintended side-effects of this legislation. By potentially eliminating foreign competition other than that of Code signatories for all procurements by the U.S. Government, we have effectively given them a kind of preferred access to this market without demanding any kind of reciprocal concession from them. No one would wish to be in this position as a negotiator.

Finally, the most immediate cost of this bill would be the serious negative effect on the procurement system itself. I would like to underline what appear to be some of the most significant problem areas.

First, the technical difficulties of implementing this bill appear to be considerable. This bill introduces a new layer of Buy America restrictions and requirements over the existing layer—layers which appear to be incompatible with each other and to potentially create conflicting requirements. These problems seem to arise as we try to meld our trade policy concerns with the recognized and primary purpose of our procurement system—to procure goods and services at the best value to the government. Both our procurement policy and our trade policy must work toward achieving economic efficiency.

In other ways, it is also unclear how the bill would work. For example, the bill asks the Administration to carry out individual reviews for all countries from which the U.S. Government procures goods and services. It requires an assessment in the greatest detail of the procurement practices of these countries and requires a determinative "certification" for each as to whether it is discriminating against U.S. goods or not. The information required for these reviews, however, is generally unavailable—from our foreign trading partners or from U.S. firms, who have been reluctant to supply us with this kind of information even in isolated instances. What then would be the result of such a review? Should we automatically find that these countries discriminate against us and therefore close our markets?

In the area of solving the individual problems which our firms are encountering in foreign procurement markets, the bill also places a singular priority on a highly visible and formal legal kind of settlement. We have found that this is not the preferred or even the most effective way to settle problems like these. Most firms that decide to raise problems they are encountering in foreign procurement markets ask us to try to settle them in a low-key way. They are legitimately afraid that a confrontational approach will lose them more business than it will win them in the pending contract. Thus, we have pursued these problems behind the scenes, through our posts overseas, and in other ways which do not seem to be counter-productive.

We have also sought other means than formal dispute settlement procedures to deal with the implementation problems of the Government Procurement Code. One avenue which we have vigorously pursued in this respect has been based on advice from our firms and on the competition legislation initiated by your Committee. In November of last year, the United States was successful in getting signatories to the Government Procurement Code to adopt revisions to the Code which would bring it more in line with current U.S. procurement practices. Some of these revisions were specifically designed to prevent a recurrence of some problems U.S. firms were having overseas. Because we have found that the problems we must solve often need creative and hand-tailored solutions, this kind of approach is sometimes a better one. But we need the flexibility to make this kind of decision on an individual basis. The dispute settlement provisions of this bill would unduly tie our hands in finding these kinds of solutions by mandating confrontational action where more practical solutions may be required.

I would also like to note that we are doing all we can to monitor foreign government compliance with the provisions of the Code and to pursue implementation problems even in the absence of specific complaints from firms. To uncover problem areas, we routinely review tender notices and work with our embassies abroad. Embassy officials in countries whose governments are signatories to the Code have been instructed to report (1) all Code-covered tender notices, (2) any violations of the Code's provisions, (3) government reorganizations that may change the balance of Code country concessions, and (4) any new laws or regulations that may violate the Code. In fact, through these methods, we were successful in discovering a compliance problem in the European Community, a case which was suited to the formal dispute settlement procedures of the Code. The "VAT case" stemmed from a disagreement over the way the European Community was establishing the threshold for determining coverage under the Government Procurement Code. In this self-initiated case, the United States was highly successful. As a result, the EC has agreed to fully modify its practices in all of its member states receiving benefits of the Code.

Finally, your requirement for a fixed period limitation on formal dispute settlement procedures forces the Administration to consider intentionally violating its international obligations under the Government Procurement Code. Since no time limit now exists on dispute settlement cases, we would have to take steps against a country even though an international panel of reviewers may not have yet reached a conclusion on the validity of our claims. As we enter a new round of multilateral trade talks aimed at achieving consensus on new trade disciplines, this kind of requirement will not enhance our credibility.

In summary, while we share the common objective of removing foreign government barriers to purchases from American firms, I must continue to consistently oppose all proposals that would constrain the President's power to negotiate with foreign governments by mandating retaliation on a strict schedule. Inevitably, "automatic" retaliation would almost certainly result in counter-retaliation and possibly even mirror legislation. There would be no winners in such situations.

In addressing foreign compliance with international obligations, the President has a strong track record of using both his power to retaliate and the threat thereof to open markets. I think we should reconsider our existing tools and refrain from enacting legislation in this area until we have a solution which yields a better balance of benefits on all counts.

The Office of Management and Budget advises that from the standpoint of the President's program, there is no objection to the submission of this letter.

Sincerely,

CLAYTON YEUTTER.

OPENING ADDRESS OF THE IPU: AN ELOQUENT CALL FOR PEACE

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. SCHEUER. Mr. Speaker, I was in Managua, Nicaragua last weekend attending the 77th Conference of the Interparliamentary Union where I represented the gentleman from Florida, Mr. PEPPER, in meetings held by the Executive Committee of the IPU.

To the surprise of no one, Daniel Ortega's speech to the Executive Committee was full of venom and hatred for the United States and he used this opportunity to deliver a sound thrashing of our Nation. His remarks have been reported in the press and deserve no further mention here.

I would, however, like to take this opportunity to bring my colleagues' attention to a speech which failed to receive the attention it so richly deserves.

Hans Stercken, a distinguished member of the Bundestag of the Federal Republic of Germany and chairman of the Bundestag's Foreign Affairs Committee, delivered the opening address of the Conference which was in the very best tradition of the IPU. His eloquent call for cooperation and dialog among the nations of the world captured the true spirit which has brought this and prior IPU Conferences together. Chairman Stercken's stirring remarks voiced the fears, as well as the hopes, of parliamentarians throughout the world who strive for peace, liberty, and respect for human rights.

Chairman Stercken's words challenge each of us to work with our parliamentary colleagues from around the world toward greater understanding in an effort to achieve a lasting international peace. I commend Hans Stercken for his vision and offer his remarks to my colleagues in this Chamber.

OPENING SPEECH ON THE OCCASION OF THE 1987 SPRING MEETING OF THE INTERPARLIAMENTARY UNION IN MANAGUA, APRIL 27, 1987

Two wars of global dimensions have decisively determined the development of the 20th century. The devastation of part of Europe and the death of approx. 55 million people have strengthened the realization that peace is not created by agreements or arbitrary decrees but by organizing co-operation. Historians know that no peace has yet proved durable if it did not lead to co-operation between former rivals and opponents.

Unions and alliances of nations aim to jointly safeguard peace and security. However, it is only through co-operation that the tensions between Eastern and Western Europe can be overcome with lasting effect. I believe that this is possible. War is not the father of all things. War is death. We want life. Therefore we must safeguard life together. Despite such thoughts of peace, many people are dying a cruel death each day because we are not organizing co-operation but disunity. Our peace union has the task of making it clear to all member states and all governments that war is the father of all hardship and poverty, of destruction and suffering for all human beings. If we want this earth to develop we need peace. This is a responsibility which we all share—each of us in equal measure. Each of us must make his or her own contribution.

If we were to think for only one moment that this is not the primary objective of the Interparliamentary Union, we should save our nations the cost that our work entails. For the Interparliamentary Union was founded as a peace movement. We must not allow it to be turned into a social or representative event today.

I consider myself to be a patriot. I love my homeland and I love my country. But I would not be serving my country well if I had to fear that I was thereby jeopardizing peace in the world.

Peace means that people can live in peace because their rights are respected. An indispensable prerequisite for creating and preserving internal peace is respect for human rights: respect for the dignity of man, the possibility for everyone freely to participate in the political process, and the freedom to express one's own opinion without fear of repression, as manifested in particular in the freedom of the press, set the inalterable standard for peace within a country. Every man should be able to live a life according to his own fashion. This is the freedom that guarantees and protects democracy. This freedom is democracy.

It is on different paths that we are seeking to achieve this goal. And we certainly also have varying success as far as the attainment of this goal is concerned. But that does not mean that we do not have to respect the Charter of the United Nations or the human rights covenants of the United Nations which have been signed by the majority of our countries.

More than 90 per cent of the people of this earth are represented by parliaments. This requires us to make greater contributions towards peace in the world than are currently being prepared in our countries. To ensure this, we must have the necessary political will. The Interparliamentary Union must not become a routine event, a ritual.

We do not know today what historians will write about us one day. It depends on what we demand of ourselves in future. All my life, self-complacency and self-righteousness have upset me. If we want to serve the people we represent in parliament, we must ask ourselves how we are actually fulfilling this universal mandate. Does this worldwide union make a contribution to solving the causes of tension? Does its activities make the world realize that apart from governments there are also parliaments?

Let us therefore encourage our governments to undertake decisive steps towards disarmament even before this year ends. Is there anyone in our midst who opposes a ban on the research, production, deployment and use of chemical weapons? Anyone who is against verification of this procedure?

What a contribution could be made towards developing this world if arms were drastically reduced, if we could free ourselves from the fear of nuclear, chemical and conventional weapons!

True, for decades efforts have been made to find possibilities for disarmament. But do we not have the feeling now that we have never been closer to a solution than at the present time?

Is it not also true that limits to arms development have become apparent, not only as a result of our financial resources being limited but above all because of the human and ethical consequences involved?

Unfortunately, we are still a long way from realizing that we should regard our little earth as something which has been entrusted to our joint responsibility and care. True, there are regions today that have united to take common action in the political and economic fields, but they are not yet representative of the earth as a whole. However, once we have recognized such a common responsiblity, this awareness must be reflected in our resolutions. Parliaments are not the executive but, on behalf of the people, they commit the governments to a specific course of action. In the light of this fact, is it not our duty to repeatedly ask in a constructive spirit: What can the Interparliamentary Union do to enable mankind to make progress on the path to peace and welfare? This is not the place where we delimit our national interests but where we endeavour to find solutions to overcome these delimitations. Some people tell me after my speeches that they find my thoughts idealistic, but that reality is unfortunately different!

Anyone who regards the misery and hardship which people suffer in the world as a reality is of course a realist, but those who do not have the ambition to change this are not politicians; for those actively involved in politics want to improve things, want to make the world a more humane and just place. In this respect, we cannot reprimand those who believe that there is good in the world and who expect us to promote peace, humanity and justice.

I think that this also gives a meaning to the task we are called upon to perform here together. We must all be prepared to accommodate each other, we must engage in a dialogue; the Interparliamentary Union must be a forum for talks between all its members—I repeat, all its members.

This time, it is the President, the Parliament and the people of Nicaragua who are hosting the peace union. I should like to express my sincere thanks to you for your invitation and for the hospitality which you are extending to us in your country and in this sorely tried city of Managua and at the same time express the hope that a star of peace, of freedom and of justice may guide us in our proceedings. May we be inspired by what the Mexican president and son of this continent, Benito García Juárez, once expressed in the following words: "Consideration for the rights of others—that is peace."

TRIBUTE TO BENJAMIN BADMAN, JR.

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. KANJORSKI. Mr. Speaker, it is my great pleasure to bring to your attention Benjamin Badman, Jr. of Forty-Fort, PA who is being honored on May 1 by the Geisinger-Wyoming Valley Medical Center for his many outstanding accomplishments in the field of health care and administration. After serving as the executive vice president of the Geisinger Medical Center since 1981, Mr. Badman has decided to retire after a long and distinguished career.

Born and raised in Luzerne County, Benjamin Badman, Jr., received his B.A. in economics from Wesleyan University and served in the U.S. Air Force from 1943–45. First Lieutenant Badman flew 35 missions over Germany, acting as bombardier and later as navigator. He was decorated for his heroics with an Air Medal with three oak leaf clusters and the Distinguished Flying Cross.

Benjamin Badman's contributions to the field of health care administration are so vast and impressive that it may be difficult to mention them all in one breath, or even one evening. Mr. Badman served as president of the Wyoming Valley Hospital in Wilkes-Barre from 1949-1983 and acted as a member of the board of trustees to the hospital from 1953-83. He then moved to the Geisinger-Wyoming Valley Medical Center where he served as executive vice president from 1981 through the present.

Benjamin Badman is a member of the American Hospital Association, and served as a Pennsylvania delegate from 1973-79. He has also been an active member of the Hospital Association of Pennsylvania since 1949, holding a variety of top-level leadership positions on the board of trustess and other committees. He has served on the board of the Northeastern Regional Hospital Association, the Hospital Council of Wyoming Valley, the American College of Hospital Administrators, and the Mid-Atlantic Health Congress in many different capacities.

As if this was not enough, Benjamin Badman has also continued to be an important contributor to many community civic and social organizations throughout the Wyoming Valley. I would particularly like to mention his involvement in the American Red Cross and in the Salvation Army. Benjamin Badman has actively supported these organizations, serving as chairman of the Blood Program Committee and lending his experience as an adviser to both boards. He has been involved with the Boy Scouts of America, the Wyoming Valley United Way, and a variety of other health-related civic organizations.

Benjamin Badman has served on the board of trustees of Wilkes College since 1972, and he is a member of the Masonic bodies. Benjamin and his wife, Janet Sanders Badman, have two children, David Robert Badman and Wendy Badman Sgarlat.

Mr. Speaker, it is indeed an honor for me to take this opportunity to draw the attention of my colleagues of the House of Representatives to the many distinguished and impressive accomplishments of Benjamin Badman, Jr.

SUPPLY-SIDE SCHOLAR PAUL CRAIG ROBERTS RECEIVES FRENCH LEGION OF HONOR

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. KEMP. Mr. Speaker, I am very pleased that Paul Craig Roberts has received the French Legion of Honor in recognition of his pathbreaking contributions in the fields of economics and politics. Mr. Roberts and other supply-side thinkers deserve public commendation for their spirited efforts in advocating free market policies that have helped create prosperity and greater opportunity in America. America's success is also spreading like wildfire from places as disparate as China, France, and Japan. I commend the following article to my colleagues because it gives some well-deserved recognition to some of America's finest economic thinkers.

[From the Detroit News, Apr. 9, 1987]

VIVA LES SUPPLY-SIDERS

While American politicians—in Congress and in state houses—ponder tax increases and scholars scribble grave eulogies to the Reagan era, Reaganomics has begun to sweep across Europe. Perhaps the most telling sign of this trend appeared Wednesday night, when French officials pinned the French Legion of Honor on American supply-side revolutionary Paul Craig Roberts.

Mr. Roberts was one of the first American scholars to point out that government can increase its revenues and make wealthy taxpayers pay more by cutting the top marginal income tax rates. The reason for this "magic" is that rich people take their money out of tax shelters and pump it into the productive economy.

He designed in 1977 a piece of legislation that became the cornerstone of the Reagan Revolution, the Kemp-Roth tax bill. As assistant secretary of the Treasury for tax policy, he also helped implement the 1981 Reagan tax cuts.

Over the first three years of those cuts, the actual taxes paid by wealthy Americans (those earning more than $100,000 per year) rose 57 percent. Taxes paid by those with incomes of more than $500,000 actually shot up nearly 85 percent. Meanwhile the middle class (those earning $25,000 or less) enjoyed effective tax cuts of 20 percent.

More important, the American economy soared—we're now in the 52nd month of our economic recovery—while European economies, fettered by high taxes, lavish welfare burdens, and protectionist trade policies, enjoyed little or no growth at all.

This helps explain why our allies have become copycats. France will cut its top personal income tax rates this year from 65 to 58 percent, and its corporate rate from 50 to 42 percent. Britain will lower its basic marginal rate from 29 to 27 percent. West Germany has decided to lower its top rate 56 percent to 53 percent, and its basic rate from 22 down to 19 percent, and its corporate rate from 56 down to 50 percent. Austria and Holland are both in the throes of designing their own tax cuts. Australia plans to replace its present highest brackets of 55, 46, and 43 percent with two rates of 49 and 40 percent this July.

The French gave Paul Craig Roberts the Legion of Honor in recognition not only of his contributions to tax policy but also of his prescience in advocating several years ago what is becoming the now-hot topic of monetary reform. This sort of insight places Dr. Roberts within a small cadre of outspoken thinkers, writers, and politicians—along with people like Jude Wanniski, Alan Reynolds, Richard Rahn, Alvin Rabushka, Arthur Laffer, and Jack Kemp—who have led the fight to pry the hands of government from economies and let free markets work their magic. While this group gets little respect at home, it's nice to see the prophets get some deserved honor abroad.

A NEW DAY IN AGRICULTURE

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. PURSELL. Mr. Speaker, it is with great pleasure that I take this opportunity to draw my colleagues' attention to one of my constituents in Michigan's Second Congressional District. Michele L. Payn of Jonesville, is a junior at Litchfield High School who lives on a 400-acre dairy farm and is active in 4-H and the Future Farmers of America.

Living on a 400-acre dairy farm, Michele is extremely familiar with the farming industry and our current agriculture surplus. She has taken the initiative to express her views in a speech which she read in district and regional competitions in Michigan. Most recently, on March 26, 1987, Michele placed second in the State at a public speaking competition sponsored by the Future Farmers of America.

In reviewing Michele's award winning remarks her intelligence, ambition and grasp of today's complex problems become obvious.

I urge my colleagues in the U.S. House of Representatives to give Michele's speech text a careful review:

A NEW DAY IN AGRICULTURE

I stand here today, wearing my national blue and corn gold jacket, as a Future Farmer of America. But will I return home tomorrow and find our farm and my future gone? I do have the desire to make a success of farming, but as many farmers have found, it's not an easy goal to reach.

While the American farmer has worked since the birth of this nation to provide food for everyone, farmers today make up less than 3 percent of the nation's population. Though it is not the only cause, one of the major reasons for this declining number is a large agricultural surplus, created by continuous purchasing of foreign commodities. A weakened market for U.S. goods has virtually taken away success in American farming.

Take a minute and think about what you ate for your last meal. Do you know if it was grown and produced in the United States, or was it imported? The agriculture sector does have an impact on the economical status of this country, and we need to take precautions against foreign offers. The price might be cheaper, the advertising more persuasive, or the packaging more attractive, but consumers need to slow down and consider the impact each purchase has on the United States agricultural community.

In past years, our nation's farmers have succeeded, and surpassed all expectations. We should show pride in this success, and thus reward them by buying their products. Yet, in fiscal year 1986, the United States spent a record-high amount of 20.9 billion dollars on agricultural products and from 1976 to 1984, imports agricultural products rose 8 billion dollars. This increase might not be so bad if government officials had not forgotten to sell our products abroad.

As the years have proven, trade can and will profoundly affect the structure of a country's agriculture. But any attempts to solve the entire trade deficit at one time would be costly, not only in dollars, but in faith in our government. Our country needs to start with one small problem, work to resolve it, and then move on.

Imports of agricultural products is the area where we should begin. I've found American imports have been increasing in such areas as cocoa, wine and beer, fruits and vegetables, along with milk and beef which are two chief areas of surplus.

An extreme increase of technology has partially caused the current surplus. In a few short years agriculture has gone from the horse-drawn plow to a computer-oriented society. With fewer farmers, and a 10 percent yearly increase in agricultural output per man-hour, we have found it much easier to produce higher yields.

This efficiency, however, is not the only important issue. A rise in technology is only good, as long as its results may be put to use. Yet, the high quality of products from the American agricultural industry do not seem to satisfy this nation's consumers. Continued buying of foreign products is beginning to take its' toll on the farmer in two different areas: surplus and trade deficit.

One solution to begin to solve the surplus situation and to help the needy in our own nation could be merging the two areas into one program, in order to make these vast quantities of food readily available to Americans who are hungry.

Billion dollar imports are not needed, even in such sectors as fruits and vegetables, sugar, alcoholic products, and cocoa. With advanced technology and research, it would seem our scientists could find a way to grow or produce more of these crops in the United States. Studies alone could employ thousands of individuals, from the bankrupt farmer to a college graduate. In actuality, such a program could result in the growth of a large number of industries.

Declining imports will help, but an increase in agriculture exports is a necessity. In the past three years, the value of farm exports fell 30 percent, and volume dropped nearly 40 million metric tons. Export advancement could result in tremendous gains for America. First and foremost, the workforce would be expanded, since production of agriculture exports account for one-third of all harvested croplands and involves over 20 percent of farmworkers.

Substantial funds will be necessary to expand exports. These monies could be found through cutbacks in imports, government programs, and eventually, though the profits of other exports. Twenty-four percent (24 percent) of gross farm income currently comes from exportation, and if the figure was larger, fewer farmers would rely on government support.

Keeping this in mind, the government must take actions to increase export volume. There are many ways to go about this. One circumstance we need to correct is the lack of quality in products available to foreign buyers. Our nation needs to make offers using the best possible existing standards, and then tell the world of American products.

Another area could be selling to developing third-world countries. While it is true no immediate profits would result, America could make countless future gains from these dealings. After all, millions of people in the world are dying form lack of proper nourishment, and a contract would benefit both countries. As these countries develop, they could pay us the buying price, along with additional benefits, such as natural resources.

It is indeed true that the entire economy could benefit from the increase of farm exports. With a decrease in imports and an increase in export volume, not only would the agriculture deficit be solved, but the U.S. could again profit from world trade.

At the same time, American citizens themselves need to remember how great our agriculture sector really is. You and I, as the American consumer, have a drastic impact on the economic status of this country. I challenge you to go out and support our nation's farmers. There are two ways you can help. First, when you go to the grocery store, differentiate between American and foreign products. As you pick up that box of cereal or can of fruit juice, ask yourself, "Will I be putting yet another American farmer out of business if I buy this?" Chances are you will, if the product is not made in the good old U.S.A.

My other challenge is directed towards the younger society. As a member of the F.F.A., I'd like to see every state association contact the food administrators around the nation and tell them, "We are proud to be Future Farmers of America! Please support the American farmer by selling and producing only our nation's goods. You will profit from the quality of United States products our farmers work so hard to bring you. Future generations will profit if you support our nation first."

The future does rest in our hands today. Yesterday is a closed door, upon which we should not look back. Tomorrow is a new beginning and to be successful, we need to first succeed today. Be proud of what our nation's farmers have accomplished in the past, for America is truly the greatest agricultural society.

With this thought in mind, go out and help American farmers. Their future success is in your hands, and within that success lies the hopes and dreams of many youngsters wearing the same blue and gold jacket I wear today. If all of us work together, we can make tomorrow a new day in agriculture!

Thank You!

CELEBRATING THE MINISTRY OF THE REVEREND HENRY C. GREGORY III

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. FAUNTROY. Mr. Speaker, it is with a sense of pride and admiration that I join with the citizenry of the District of Columbia and the members of the Shiloh Baptist Church in noting that Dr. Henry C. Gregory III will be celebrating his 14th anniversary of distinguished service as pastor of Shiloh Baptist Church in Washington, DC, May 21 through May 24. Reverend Gregory is the fifth pastor of Shiloh Baptist Church which was first organized in 1863 and which now has a membership of nearly 6,000 persons. He has been instrumental in the establishment of several organizations and events at the church since beginning his tenure as pastor including: the building of a $5.5. million Family Life Center, the Shiloh Gospel Choir, which has appeared on national television and at the White House, the Male Youth Enhancement Program, the Men of Shiloh, the Women of Shiloh, and various community outreach programs.

Active in community affairs, Reverend Gregory has served as chairman of the National Baptist Convention for more than a decade as well as serving in leadership roles for various other religious and national community organizations.

This year Reverend Gregory earned the AFL-CIO Man of the Year Award and received the Martin Luther King, Jr., Community Service Award for 1986.

Reverend Gregory was licensed at Shiloh and ordained at Bethany in Newark, NJ, and began his pastoral responsibilities at Shiloh Baptist Church—new site—in Fredericksburg, VA. He served as senior minister at Fifth Street Baptist Church in Richmond, VA. In addition, he has taught at Howard University and McCormick Theological Seminary in Chicago.

During his 25 years in the ministry, he has traveled extensively—preaching in India, Korea, and Scotland. He has been invited to undertake a preaching tour of New Zealand in 1988.

He is married to the former Muriel E. Edwards, J.D., and they are the parents of two children: Lisa Michelle, a student at Spellman College, and Henry Clayton IV, a student in D.C. public schools.

In conclusion, I join with all the citizens of the District of Columbia in offering congratulations to Reverend Gregory.

PRIVATIZE THE POST OFFICE THROUGH EMPLOYEE OWNERSHIP

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. CRANE. Mr. Speaker, during the last few years, the post office has endured criticism from many quarters. The public, the Grace Commission, and Members of Congress have argued that the post office provides poor service at an exorbitantly high cost. The facts reinforce their view. When the price of a first-class stamp went to 22-cents in February of 1985, the price of the first-class stamp had increased 47 percent in the previous 47 months—or 633 percent since 1958. Since 1970, the rate of a first-class stamp has increased 33 percent faster than the rate of inflation.

Rates have increased as service has decreased. Newly constructed houses, for instance are required to have their mailboxes located at the street, and new housing projects are being forced to use centrally located "cluster mailboxes." Former Postmaster General William Bolger admits that mail is being delivered about 10 percent slower than it was 20 years ago.

Some believe that the employees should be blamed for the inefficiency of the post office. But this explanation is simplistic and incorrect. Although some workers may indeed be lazy, the majority are hard-working, dedicated individuals who have served this country with distinction for years.

The malaise of the post office derives from being a State-owned monopoly, not because of its employees. Madsen Pirie, in his book

"Dismantling the State," uses extensive research findings to support his conclusion that public sector organizations are inherently less efficient and well run than their counterparts in the private sector.

Without competition public sector employees have few incentives to work at full capacity to provide outstanding service. Unlike the private sector where management decisions are based primarily on economic factors, decisions in the public sector are unduly influenced by politics. Decisions are made on the basis of such factors as the popularity of the Government, the number of marginal voting districts affected by a given program, political self-interest, and public tolerance of taxes. Public firms are, therefore, divorced from the realities of the marketplace and prone to shoddy performance.

When comparing similar organizations in both the public and private sector the results are quite startling. Private firms consistently outperform their public competition. Public sector production costs average 40 percent higher, their operations tend to use higher manpower levels, they make less efficient use of their machines, their labor costs are higher, and they are generally under capitalized; but most importantly, they are less innovative and flexible and thus unable to correct these shortcomings.

Hence, the performance of the post office cannot be improved as long as it remains in public hands. Attempts to promote efficiency and improve performance within the existing structure will be defeated by employees and such outsiders as Members of Congress who have a vested interest in maintaining the status quo. The performance of the post office can only be improved by transferring it to the private sector.

Over the years, various Members of Congress have been unsuccessful in their attempts to privatize the post office. While their proposals would have benefited the business community and the public, they simply threatened too many groups. Postal workers envisioned reduced wages and security, the union faced extinction, and rural communities expected postal rates to increase. These groups convinced Members of Congress that supporting privatization would be politically impossible. In fact, various Members of Congress who supported privatization mysteriously found their mail in gutters and river beds.

The time has now come for a new approach to privatizing the post office. The interests of all these groups must be taken into consideration and they must all benefit from privatization. To this end I will soon be introducing a bill which would privatize the post office by giving the employees full ownership of the corporation.

My plan is relatively straightforward. All assets of the post office would be given to a corporation owned by the employees by establishing an employee stock ownership plan [ESOP] which will transfer stock to the employees based on seniority and rank. Retirement benefits will be maintained by giving workers additional stock upon retirement and guaranteeing additional funds in the unlikely event that the stock plan should not match the current level of benefits. Regulations will assure that rural service and general performance standards exceed current levels. The new firm will be given a 5-year grace period during which it faces no competition, giving it time to get its feet on the ground. Thereafter, the monopoly will be abolished and competition in all classes of mail will be allowed.

The employees will finally realize a major component of the American dream—ownership of their own firm. They will have an incentive to cut costs and improve service; their morale and job satisfaction will likewise increase as they see the opportunity to control their own destiny and earning potential. In fact, many employees could well see their earnings increase. For instance, the United Parcel Service [UPS], a private, unionized firm which competes with the USPS in the delivery of packages, pays many of its employees more than the USPS. The Congressional Research Service compared the wage rolls of both firms for 1984 and concluded that the average clerk working for the Postal Service made $23,714 while his counterpart at UPS made $24,960. A UPS sorter made $27,040 while a USPS sorter made only $22,772, and the average UPS driver made $29,120 while the average driver for the post office earned $23,704.

The existing unions will not be disbanded. Instead, they will be given ownership in the firm providing them with an incentive to work closely with management. They will play a vital role in helping choose the new management team and during the next 5 years, when the firm prepares for competition, the unions will ensure that corporate restructing and new efficiency programs do not adversly affect the employees. But since the unions will also own the post office, they will also strive to promote efficiency and good service. The unions will most likely continue to exist after full competition is allowed based on experience in other industries. Nearly a decade after deregulation, for instance, unions continue to play a significant role in the airline industry.

The public and the business community will see their mail costs decrease as private ownership and competition force the new firm to cut costs, develop new technologies, and improve service. Michael Wachter's, a professor of law and economics at the University of Pennsylvania, argues that stamp prices would decrease by an average of 23 percent (The Industrial Relations Review, 1981). Regular first-class mail would thus probably cost 18 cents and business and courtesy reply letters could well cost 17 cents. The price of presort mail would drop by the greatest amount. Presently, presort first-class mail subsidizes first-class letters and sealed parcels, but competition would abolish this subsidy and presort mail would probably cost around 16 cents. The public and the business community would certainly benefit from these savings. Both groups could afford to send more letters and businesses, in particular, would save millions of dollars in mailing costs. Using Wachter's estimates, the business community could well save over $6 billion each year in total expenditures on mail services.

The taxpayer would also get a break. The Congressional Budget Office estimates that the Postal Service soaks up about $1.6 billion in yearly subsidies. These subsidies pay for preferred rates, retirement benefits, and annuitants health care. Moreover, given the current deficit situation, taxpayers certainly would welcome the additional funds which private postal firms would add to reducing the deficit.

Service would likewise improve. Competition would force all firms to meet the high performance standards of UPS which guarantees its service. UPS delivers its packages from New York to Washington, DC, in 2 days, New York to Tampa in 3 days, and New York to Los Angeles in 5 days. Such service would be a pleasant change from the performance standards of the USPS which has never guaranteed these services. But more importantly, improved service would make all businesses more efficient, thus helping to improve the competitiveness of our businesses vis-a-vis foreign competition.

Even with competition, most customers would continue to use the new Postal Service, allowing it to remain the dominant force in the market. It would be the only entity large enough to maintain address correction and mail forwarding for quite some time. The post office already has a countrywide system of post offices and consumers could well be reluctant to switch to any of the new competitors given their familiarity with the Postal Service. Competitors would primarily operate in areas where the Postal Service was providing poor service in such large cities as New York and Chicago. But the new post office would rarely suffer from such poor service since "in a competitive market cream skimmers are the good guys who protect the consumer's interests by keeping other suppliers honest," (John Haldi, Postal Monoply, AEI C. 1974).

Even with the many clear benefits from privatizing the Postal Service, opponents of my plan continue to make the following arguments. They say that competition in first-class mail delivery will cause the elimination of service to rural routes. Subsidizing rural areas with the uniform price of the first-class stamp will no longer be feasible. Private firms, therefore, will only deliver to urban areas since they are cheaper and more profitable to service. Even if private firms somehow managed to deliver to rural routes, the rates would drastically increase. Since mail often contains money and valuable documents, what is there to prevent unscrupulous firms from opening the mails? Finally, why should the Government simply give the post office to the employees and lose the valuable assets of the post office?

But United Parcel Service services every point within 49 States and Puerto Rico. When calculating freight charges UPS considers weight and distance traveled; whether a route is rural or urban has no bearing on actual charges. Even the Postal Service already contracts with 4,800 private carriers to deliver mail to rural areas. These private carriers save up to two-thirds the usual delivery costs for rural routes and still make a profit. Even though rural service can clearly be maintained at a reasonable rate, my legislation will guarantee it. This will reassure rural residents that their service will continue and silence my critics.

Congress could pass legislation making it a felony for private firms to open mail. Firms with a reputation for poor service would lose customers and eventually be forced out of business. Private firms, such as UPS, certainly have an outstanding record for service and few question their integrity.

Given the poor track record of the post office, it will take time to make it into a money making venture. Forcing the employees to buy the post office would needlessly prolong this process. Giving the employees the post office will provide them with a maximum opportunity to turn it around. The Government will ultimately recoup its loss as private postal firms start paying taxes.

Privating the post office is not an idle dream, it is a goal based on successful example. Similar privatization ventures have worked well in England. British Telecomm, British Steel, and British Petroleum are but a few of the examples of state owned enterprises which have been returned to the private sector. These new firms have experienced increased productivity and worker satisfaction and employees of other state owned industries in England are also calling for similar opportunities for private ownership. Our post office can likewise be privatized and turned over to the employees. Only then will we get the outstanding mail service we deserve.

TRIBUTE TO BEN LINDER

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mrs. KENNELLY. Mr. Speaker, I rise to urge all Americans to take a moment to think about the death of Ben Linder, the young American engineer who died earlier this week in Nicaragua. Ben Linder could be counted as among America's best. He had given 3 years of his life to help others. He truly believed in peace, and the difference one individual could make in this world. He was in Nicaragua trying to bring electricity to the people when he was killed by the Contras.

How many more losses like this will we suffer before our policy on Nicaragua changes? We are spending millions of dollars to overthrow the sovereign Government of this country. Yet, at the same time, thousands of private citizens are going down to help the people of Nicaragua. And millions of others are asking us to use diplomatic and economic means, not military means, to change the direction of the Sandinista government.

The young man who died could have been anyone of our sons, or daughters, any person who believed in himself or herself and in doing good. The administration's failed policy in Nicaragua will continue to haunt us, whether in further deaths of good young people or in the tarnishing of our national name and reputation by our dealings with the world's arms merchants. It is time to end this failed policy. It is time to listen to the American people. It is time to remember Ben Linder and his efforts for peace.

FAMILY LIFE IN THE KOVNO GHETTO: IMAGES FROM A HIDDEN CAMERA

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. GREEN. Mr. Speaker, I would like to share with my colleagues a statement made by Benjamin Meed on April 27, 1987, at the opening of an exhibit of photographs by George Kadish.

The exhibit is called: "Family Life in the Kovno Ghetto: Images From a Hidden Camera."

The exhibit is in the rotunda of the Russell Senate Office Building. I urge my colleagues to view this very moving exhibit:

SPEECH BY BENJAMIN MEED

Senator Lautenberg, Chairman Eeyerhoff, Vice-Chairman Lowenberg, Ladies and Gentlemen: Many times, major events in history are reduced to one photograph, which stands alone without even a caption, and tells the story. Here in Washington, we have a statue honoring American soldiers who fought bravely in the Pacific—soldiers planting the American flag on a tiny island modeled after the original photograph which captured the determination of the American struggle against Japan during World War II.

So, too, in Israel one photograph symbolized the drama of the Six Day War. You all know the picture of the young battle weary Israeli soldier, a secular Jew with tears in his eyes, tired yet determined, proud in victory yet humbled by history, approaches the Western Wall in Jerusalem, the symbol of Jewish hope and determination for two thousand years.

When we remember the Holocaust, we also think of photographs. We remember Crystalnacht, we remember the burning of the books, we remember the Final Solution. And one of the last pictures which all of us will never forget—a child of the Warsaw Ghetto standing with his hands held high, desperate, frightened, led away by the mighty armies of the Reich—and only soon to be carried off to his death.

Three years ago. Yad Vashem published a microfilm catalogue of their photographic archives. More than 25,000 pictures of every stage of the Holocaust. Almost all of those pictures were taken by the enemy—by the Nazis who wanted to document our destruction for history. "A hidden chapter, never to be written, never to be spoken" was the objective of Himmler, who wanted to ensure that every step was documented so that the "Nazi triumph" could be preserved for history.

When we survivors look at the pictures of the Holocaust, we know that most of them are true pictures. But those pictures are of the last chapters of our agony and torture, before many of our loved ones were put to death.

We are shattered, that future generation will base their knowledge of the Holocaust on the documentation and pictures left by the Nazis. That's exactly what the Nazis' aim was: to show the world that millions of us have no right to live. That they were the master race and we were chosen by them in the millions, to be murdered. Six million Jews and millions of others.

What makes Kadish's pictures so very special and so very important is that they were taken by one of us who miraculously survived. The eyes are not the eyes of a stranger coming upon a hideous scene nor are they the eyes of a murderer taking glee in the devastation. But they are the eyes of a Jew who chronicled the suffering of his people and who did so at great risk to his life.

Notice the pictures, they are black and white—but this is not only because of the film. I remember well that as the Holocaust intensified, Warsaw lost all its colors. The city became more grey. The grass did not grow quite as green. The trees did not bring forth their fruits and more importantly, the people lost all shades of color. The good people—and there were so few—shone forth with radiant purity. And the evil ones—of whom there were so many—reached levels of evil never before known.

The Holocaust consumed millions of innocent men and women. Some survived, in a race against time and circumstances, only by miracle. Many recorded their experiences as eyewitnesses by writing, by speaking, or by teaching.

Today, we are grateful to Mr. Kadish for leaving us with another dimension. Grateful to a man who risked so much for the sake of preserving the memory—creating a visual memory and grateful that the final chapter of Jewish history will not be written only by our ememies—but will be written and recorded by Jews for all eternity.

TRADE BILL

HON. J. ALEX McMILLAN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. McMILLAN of North Carolina. Mr. Speaker, Thomas Jefferson, as Secretary of State under President George Washington, advocated the free market theories of Adam Smith. However, in real world politics, he firmly held the view that the U.S. Government should retaliate against nations that first discriminated against U.S. agricultural and shipping interests.

In a report to Congress in 1790, on the cod and whale industry, he wrote, "Admitting their (European nations) right of keeping their markets to themselves, ours cannot be denied of keeping our carrying trade to ourselves. And if there be anything unfriendly in this, it is the first example."

In today's Congress, Jerfferson would be labeled a "protectionist."

Jefferson was being realistic, not idealistic. It is time for the U.S. Government to be realistic as well. The current trade and competitiveness legislation under consideration in Congress is an effort to restore international trade to the concept of reciprocity and mutual access to markets that will ultimately benefit every nation.

The U.S. trade deficit in 1986 was $166 billion. We are no longer the preeminent economic leader in the world. A return to a balance in the trade accounts will depend upon three things: balancing the Federal budget, reducing foreign barriers to trade, and increasing foreign markets through international economic growth.

The budget must be balanced by 1991 under the discipline of the Gramm-Rudman-Hollings law. In the early 1980s, the deficits forced interest rates up to a higher-than-normal rate, which attracted foreign capital and drove the value of the dollar up. The dollar's overvaluation, by pricing many U.S. exports out of the world market, contributed substantially to the creation of the trade imbalance.

The coordinated drop in the value of the dollar has had little effect on our trade imbalance. It has been estimated that the dollar revaluation will help reduce the trade deficit by $50 billion, at most.

Congress slowed annual growth in Federal spending to 4.6 percent in 1986 in actual outlays and the increase is projected to be only 2.4 percent in 1987, With a shrinking deficit leading the way, interest rates have moderated and the dollar has fallen to a more balanced level. The trade deficit and the budget deficit must move downward in tandem to avoid any sudden rise in interest rates or in inflation.

In connection with the reduction in the United States deficits, West Germany and Japan have agreed to stimulate their economies and create more domestic demand. Not only have they been closing their markets to U.S. goods, they have also closed off imports from developing nations, leaving those nations no market except the United States, thus adding to the U.S. trade deficit.

In the strongest enforcement action to date, President Reagan recently announced stiff penalties of $300 million on Japanese computer and electronic goods in retaliation for Japanese failure to adhere to an agreement preventing the "dumping" of semiconductor computer chips—that is, selling them below production cost—in the United States. It is a long overdue step. The United States should have been enforcing signed trade agreements with our trading partners long before we built up our huge trade deficit.

In the Trade and Competitiveness bill before us, Congress is seeking to set ground rules for meeting our trade problems. The bill seeks to:

1. Set up a system to enforce anti-dumping provisions.

2. Transfer, from the President to the U.S. Trade Representative, the authority to make determinations of fair trade practices.

3. Require retaliation against countries engaging in "unjustifiable" trade practices with sufficient discretion allowed to the President.

4. Require negotiations with nations who have "excess trade surpluses" with the United States.

5. Enhance the authority of the Foreign Commercial Service of the Department of Commerce to support U.S. business interests abroad.

6. Increase funding to States for educational and worker training programs to improve literacy and technical skills.

7. Protect intellectual property rights and patents overseas to prevent "pirating" of American innovations.

I strongly support the concept of one Cabinet secretary coordinating trade policy through a new U.S. Department of Trade. Eighteen different Federal agencies now deal with international trade. With so many responsible, no one is accountable. Consolidating these agencies under a Secretary of Trade would increase accountability. I support consolidation, provided there is not net increase in cost or number of employees.

The United States must step up pressure on foreign trading partners to compete more fairly. The message is clear: if we fail to get tough, we are going to continue to lose our competitive edge as well as American jobs, especially in such targeted industries as textiles, furniture, footwear and now high-technology.

John M. Culbertson, an economic consultant with the Federal Reserve Bank of St. Louis has written, "American companies, . . . end up competing not with foreign companies but with sovereign foreign states—states intent on winning jobs and sometimes whole industries for themselves." It is time for the United States to stand up for the interests of our people and jobs first.

We must enact a strong, bipartisan trade bill this week to show our trading partners that the United States is serious about enforcing our trade commitments in the world market. As a matter of national policy, Thomas Jefferson would agree, there is none more important.

A.C. SMITH, JR.

HON. GEORGE (BUDDY) DARDEN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. DARDEN. Mr. Speaker, I would like to call to the attention of my colleagues the recent passing of A.C. Smith, Jr.—one of the foremost business and community leaders of Forsyth County, GA.

I long have considered Mr. Smith and his family among my closest friends. His brother, the late Ben F. Smith, once was district attorney in Cobb County, GA; Ben Smith was my first employer after my graduation from law school 20 years ago.

Mr. Speaker, I would like to submit for inclusion in the CONGRESSIONAL RECORD a front-page story from the Forsyth County News which describes the many accomplishments of the life of A.C. Smith, Jr.

My family and I also would like to extend our deepest sympathy to the entire Smith family.

[From the Forsyth County News, Mar. 29, 1987]

COMMUNITY LEADER A.C. SMITH DIES

(By Molly Read)

A.C. Smith, Jr., one of Forsyth County's foremost businessmen, who brought not only jobs and industry to the area but a sense of community spirit and good will, died Wednesday.

Founder and vice president of the Forsyth County Bank, (now First Atlanta, Forsyth County), Smith was a pioneer in the poultry business and a respected statesman who served in the State House of Representatives and on the staffs of four Georgia governors. He was buried Friday, following a memorial service at Sawnee Memorial Gardens.

Smith's acquaintances remembered him as a Christian, caring man who gave his best to his friends and family, his employees, and his church.

Family members asked that in lieu of flowers, friends send donations to the A.C. Smith memorial fund at First Atlanta, Forsyth County bank in Cumming. Proceeds from the account will go toward the Concord Baptist Church building fund.

"A.C. grew up in the Concord Church. He was always there, willing to offer any kind of help he could," said Louise Walls, clerk of the Concord Baptist Church in Forsyth County, where Smith taught Sunday school for 30 years, in addition to serving as deacon, church treasurer, and Sunday school superintendent.

Walls recalled how Smith helped to strengthen the church and the community when he opened the A.C. Smith Poultry Co. in Silver City in Northwest Forsyth County. "He gave a lot of people in our community good-paying jobs—people who would otherwise have to go somewhere else to get work," she said.

Smith's numerous contributions to the poultry industry are reflected by the professional associations he directed. He served as president of the Georgia Poultry Federation in 1959 and 1960, president of the Southeastern Poultry and Egg Association in 1967 and 1968, and president of the Dixie Poultry Exposition in 1969.

"He was an active leader for the state, the region, and the nation," said Abbot Massey, executive director of the Georgia Poultry Association. "And he was active in all phases of the business. In the production, the feed, the broilers, hatcheries, processing—all phases."

In addition to founding the Silver City business and holding the vice president seat of the Mar-Jac Poultry Company in Gainesville, Smith served as chairman of the board of the National Broiler Council and the National Poultry Disease Research Council.

Poultry workers speak of Smith with admiration for his extensive knowledge of the field, and the good will he showed those who worked with him.

"He gave me an opportunity to get started," said Harold London, now a broiler manager at Mar-Jac. London recalled the time Smith offered him a job. "He said, 'Never think you know everything about the poultry business, because everyday you learn something new.' That's the way he was, always looking for something new. I wouldn't trade the knowledge I gained from him for anything."

"A.C. was one of the pioneers and motivators of the modern broiler industry," said Larry Brown, an executive with the Southeastern Poultry and Egg Association.

Smith's pioneering spirit also touched the field of banking in Forsyth. In 1964, he helped found Forsyth County Bank and helped guide the bank's transition to a division of First Atlanta last year. Most recently, Smith served as vice-president on the bank's board of directors.

"He was a very astute businessman, very sharp, very energetic," said Charles Ingram, president of the bank. "He was also a man who looked after his employees. He always had them at heart."

Smith also served on the boards of Lanier Sales Feed Company and the Gainesville Midland Railroad rail service.

The community leader also represented Forsyth County in the State General Assembly, where he served as state representative in 1957-58 and 1963-64. He also served on the staffs of Govs. Marvin Griffin, Earnest Vandiver, Carl Sanders and George Busbee.

"I had the privilege of working with him while I was governor and he was in the state legislature, and then later, in the independent bankers' association," said former Gov. Earnest Vandiver. "A.C. was one of the finest men I've ever known. He was patriotic. He loved his state, and his area, and his nation, and he represented them well. . . . He was an outstanding man."

Surviving members of the family include his wife, Mrs. Ellorie Vaughn Smith, his daughter Mrs. Dave (Judy) Jenkins, sons Terry Jack Smith Sr. and Phil Arthur Smith Sr., grandchildren, and his mother, Mrs. A.C. Smith, Sr., all of Cumming.

Sisters and brothers-in-law include Mr. and Mrs. Herbert (Nellie) Biggers of Marietta, Mrs. A.C. (Jeanette) Thomas, and Mr. and Mrs. H.R. (Artherleen) Bramblett, Mr. Lane Smith of Cumming, and Mrs. Ben F. (Harriet) Smith, of Marietta.

CASEIN IMPORTS

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. BONIOR of Michigan. Mr. Speaker, I rise today to express my disappointment that a provision, so gravely needed for the continued profitability of our dairy farmers, was struck from the trade bill passed by the House today. I am referring, of course, to section 662 of title VI dealing with casein imports.

The reason that this provision was so important to the profitability of dairy farmers is that dairy price support levels are now tied to CCC purchases. Because the Secretary of Agriculture has predicted that fiscal year 1988 dairy surpluses will exceed the 5-billion-pound trigger, dairy farmers must suffer an additional price support cut of 50 cents in January 1988. This will come on top of a 50 cent cut affected in 1987.

From 1981 through 1986 casein imports have increased almost 100 percent. Casein imports that displace domestic sales of milk products have increased from 127 million pounds in 1981 to a staggering 228.9 million pounds in 1986. The impact of this dramatic increase in casein imports has been that of displacing billions of pounds of domestic dairy products that otherwise could have been sold on the commercial market. The domestic displacement caused by casein imports has resulted in increased purchases of domestic milk products by the Commodity Credit Corporation [CCC].

The Secretary of Agriculture has predicted that surplus production in fiscal year 1988 is expected to be around 5.7 billion pounds. Of this amount, about 1.6 billion pounds can be directly attributed to domestic market displacement of milk sales caused by increased casein imports. Section 662 would simply have recognized this displacement. Section 662 said that if the administration did not take steps to curtail casein imports—which it already has the legal right to do but has not done—then the Secretary of Agriculture would be required to consider casein displacement when calculating total CCC purchases of dairy products.

Dairy farmers were asked to reduce production. They did. Dairy farmers were asked to pay for the Dairy Termination Program. They did. Dairy farmers were asked to accept reduced price support levels. They did. The dairy farmer has complied with every demand. Now we want to penalize the dairy farmer because the administration has refused to act. Is this fair? I should think not.

RESTRUCTURE U.S. EFFORTS TO RESOLVE MIA-POW ISSUE

HON. FRANK McCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. McCLOSKEY. Mr. Speaker, it was 12 years ago this week that the last American civilians were evacuated from Vietnam and our country's presence there came to an end. And it was 14 years ago this month that "Operation Homecoming" was thought to have liberated all American POW's held in North Vietnamese prisons.

Yet, since 1973, the Defense Intelligence Agency has record of over 800 reports of sightings of United States personnel alive in Southeast Asia. While many of these reports have proven to be fabrications, over 100 have not been so assessed.

The administration itself concedes the possibility that American POW's are being held in Southeast Asia. Last year, a special DIA Commission headed by former DIA director Gene Tighe reported that a strong possibility exists that United States POW's are still being held against their will in Indochina. The current DIA director—General Perroots—himself testified before a congressional committee that as an optimist he thought some day we might walk out a POW.

And in a dramatic recent development which may or may not be diplomatic signal, the Vietnamese released on April 27 a South Korean construction worker named Choi-Ki-Son. He had been held in Vietnamese prisons for 12 years since the fall of Saigon.

But despite these developments, indications are that the current administration effort seems to many to be making less than dramatic progress. Just last week, H. Ross Perot was reported in the Washington Post as critical of the effectiveness of the current United States approach in dealing with Vietnam. Specifically, Mr. Perot found fault with the arrogant manner in which mid-level American officials were dealing with the Vietnamese. Addressing this approach is the purpose of the resolution which I am introducing here today.

As my colleagues know, Defense Department officials have been given the central role in dealing with the Vietnamese on the MIA-POW issue. Certainly, no one should doubt the dedication of those public officials who have tirelessly sought to obtain a full accounting of the over 2,400 U.S. servicemen listed as missing in action.

But the time has come to recognize that the pace of progress on this issue is insufficient. A new approach must be adopted.

If resolution of the MIA-POW issue is of the highest national priority as the administration has constantly stated, then our nation's highest ranking officials must be involved. And if we are learning anything from the Iran-Contra affair it should be that foreign policy must not be left to the National Security Council. It belongs to the Department of State.

The resolution I am introducing today urges the President to restructure the MIA-POW accounting effort in this way—by giving the leading role in future contacts with the Vietnamese to the Department of State. The resolution does not urge that diplomatic relations be established with Vietnam. But it does urge the elevation of diplomatic status of the principal represenative who will be designated by the Department of State to take charge of direct contacts with the Vietnamese on the MIA-POW issue. Such a step might encourage the Vietnamese to become more forthcoming on the resolution of the MIA-POW issue and allow them a way to assist in searches for American personnel who may still be held as POW's by governmental units in Indochina that might not be totally within the control of the Hanoi regime.

Together with the legislation being introduced today by my friend from New Hampshire [Mr. BOB SMITH] to declassify certain live sighting reports in a responsible manner, I am hopeful that we are sending a strong signal to those families and friends of our MIA and POW's that we will not break faith with those who have contributed so much to our Nation.

I urge my colleagues to support the resolution. I also include at this point a copy of the resolution:

H. CON. RES. 114

Whereas there is a strong possibility that American prisoners of war are being held in Indochina, 12 years after the United States ended its presence in Vietnam; and

Whereas United States policy to secure the repatriation of these prisoners and to obtain an accounting of the more than 2,400 Americans still missing in action in Indochina has yet to result in a full accounting of these servicemen: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress—

(1) strongly urges the President to restructure United States policy with respect to the countries of Indochina in order to secure the release of any American prisoners of war and an accounting of Americans missing in action;

(2) mindful of the many years that those Americans who may still be prisoners of war have endured the cruel privations of captivity, considers this matter to be of the highest priority; and

(3) recommends that—

(A) the President immediately assign to the Secretary of State the responsibility to develop and direct the implementation of this new policy;

(B) a person of appropriate qualifications be appointed Ambassador to represent the United States Government in all its relations with the governments of Indochina; and

(C) all departments and agencies of the United States support without qualification the implementation of this new policy.

SUPERCONDUCTING SUPER COLLIDER PROJECT

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. PACKARD. Mr. Speaker, the recent advances in the science of superconductivity have sparked debate on their applicability to the Superconducting Super Collider project. Dr. Maury Tigner, director of the SSC Central Design Group and Professor of Physics at Cornell University, recently wrote a letter addressing this issue to James Gleick of the New York Times. For the information of those who have an interest in the SSC, I would like to insert the text of Dr. Tigner's letter for the record.

SUPERCONDUCTING SUPER COLLIDER,
UNIVERSITIES RESEARCH ASSOCIATION,
Berkeley, CA, April 14, 1987.

MR. JAMES GLECK
New York Times, New York, NY

DEAR MR. GLECK: I have followed with interest and appreciation your recent series of articles on the new superconducting materials. Particularly appreciated is the balanced view that you have taken. Predictions of what technologies would be most affected by the new materials and when those impacts might be felt are, as you've pointed out, very difficult to make, particularly since they hinge on a complex of very technical considerations. Nevertheless, we do have some knowledge upon which to base our prognostications in various special cases which have been studied. One such example is the dipole electromagnet you wrote about in your article on the SSC in today's Science Times.

Two ways have been suggested in which the new materials might be used to save on the SSC. If the new materials could replace the existing metallic superconductors in its magnets the cryogenic system could be much simpler and therefore less costly and the power requirements correspondingly lessened. The proven thermal efficiency of the current SSC magnet design is such, however, that the needed refrigerator represents only 5% of the capital cost. The cost of power to operate that refrigerator would be 3.3% of the estimated annual operating budget for the facility. Thus, even if the refrigerator could be thrown away, the savings, while worthwhile, would be modest on the scale of the project. Another idea, mentioned in your article, is to build magnets of much greater bending power than possible with today's metallic superconductors, thereby shrinkng the overall size of the facility and thus its cost.

We do have considerable information with which to evaluate the difficulty of achieving either of these goals. The basic physical size of the magnetic field volume—size of the beam aperture—is dictated by basic accelerator physics, independent of the manner in which the magnetic field is produced. Once the size of that aperture is set and the desired operating magnetic field is set, then basic laws of electricity and magnetism set, within close limits, the electric current density which the superconductor must support to produce the desired field strength. That current density is in proportion to the desired field strength.

To be a candidate conductor, a material must maintain the superconducting state while simultaneously carrying the required electrical current density and being subjected to the desired magnetic field. Each material has its own characteristic maximum values. A third critical parameter is the temperature of the conductor. Above a "critical" temperature, characteristic of each particular superconducting material, the material ceases to be superconducting. Likewise, at any given temperature below that critical temperature there is a maximum magnetic field strength which can be applied to the material without destroying the superconducting state[1] and, in the absence of a magnetic field, a maximum electrical current density that can be conducted by the material above which superconductivity is destroyed, or "quenched." If field and current are applied simultaneously, as they are in an electromagnet in which current produces the magnetic field, the maximum allowed current and field values are linked. Very approximately, for a fixed temperature below the critical temperature, the product of field strength and current density are constant, characteristic of the material, its physical state, and the temperature. Thus, a higher current density implies a lower magnetic field and vice-versa. The lower the temperature, the higher the possible value of the product.

Thus for a desired magnetic field strength in an accelerator magnet, a candidate conductor material must exhibit a combination of properties to be viable. If any one of them is not met, that material cannot be used. These are basic requirements.

How do the new materials stack up so far? Some achievable critical temperatures are rather well measured and extend above 90 K. The upper critical fields are projected (not measured) from low field measurements to be quite high—in the range above 100 Tesla. The critical current densities at low fields are poorly known. Measured values as high as 1100 Amps per square centimeter have been reported. No values have been reported at magnetic fields as high as those now planned for the SSC, 6.6 Tesla. Furthermore, it is not known if this is a limit inherent to the material or whether careful control of the material formation can raise it. Thus we do not know yet if this material even has the potential to be useful in electomagnets for accelerators. Today's metallic superconductors, such as the niobium-titanium used in SSC model magnets, has a low field critical current of 1,000,000 Amps per square centimeter, one thousand times greater than for the material reported above. (Incidentally, the 1100A/cm^2 was for one of the materials having a critical temperature of 35 K. The 90 K+ materials have, so far, much lower critical current densities.) At the SSC operating field, 6.6 T, niobium-titanium has a critical current density of 200,000 Amps per square centimeter. Thus to arrive at a critical current density such that the new material could potentially replace the "old" we'd have to raise the existing number by a factor of about one thousand. To achieve fields 10 times higher, as has been suggested by Dr. Anderson, we'd need to find a way to multiply today's achievement by ten thousand. Remember, we don't know if this is even possible in principle. Suppose it were, for the sake of argument. To gain some idea of the length of time it might take to put this material in the field, so to speak we can only look to our experience of the past. Take niobium-tin, discovered in 1954. It was then a "high temperature" superconductor. 18 K was the reported critical temperature. By 1961 a simple solenoid magnet, by far the simplest magnet configuration and not suitable for an accelerator magnet, was reported. A critical current density of 100,000 Amps per square centimeter at 8.8 Tesla was achieved. The best combination ever. Twenty-six years later the uses of this material in magnets is limited to very special cases because of its poor, brittle, mechanical properties. This is despite an enormous amount of attention by academe and industry. Its upper critical field is 24 Tesla—quite respectable by any standard. Or take the material lead-molybdenum sulfide, discovered in 1971. It has an upper critical field of over 60 Tesla, putting it in the same class as the projected value for the new materials. This material has been worked on around the world and has not yet been used in a magnet of any kind, to the best of my knowledge, because of its brittleness.

Never mind all that. Suppose that in a brilliant flash we see our way through and achieve the 1,000,000 Amps per cm^2 required to make accelerator magnets at ten times the current SSC value. Forgetting about the step in which we learn to form this brittle ceramic material into the intricate, highly accurate shape needed to build an accelerator magnet, let's look into the forces it must withstand. Basic rules of electricity and magnetism dictate that any material used to form the driving conductor for an accelerator magnet will be subjected to internal pressures generated by the electro-magnetic forces. At 6.6 Tesla, the internal pressures in any magnet coil will be about 4,000 pounds per square inch. The magnetic pressure varies, by these rules, as the square of the internal magnetic field. Thus in a ten times SSC strength magnet the internal pressure will be about 400,000 lbs per in^2, beyond the yield strength of the highest strength steel alloys, to say nothing of the 20,000 lbs per in^2 of the copper matrix material now used to support common superconductors internally. No one has suggested any possible solution to this problem although considerable thought has gone into it.

Other analyses would, of course, be appropriate for other particular applications with particular requirements, power lines, electronic circuits, transportation, etc. Some of these may be much better matched to the properties already achieved and be capable of being fielded much more quickly.

One final remark to a point that is often mooted: "The new materials are easy to make and are the product of table top science". Demonstration of the existence of the superconducting state and measurement of critical temperature of all the known superconductors was done on a table top originally. Before arriving at the marketplace—or being set aside as being intractable—all of these materials were subjected to the full panoply of modern physical and metallurgical apparatus and team effort. It is no different for the new material. At this moment many experiments on these materials are being carried on at "big science" synchrotron light sources and at sophisticated electron microscope laboratories equipped with the latest in elemental, structural and chemical analysis apparatuses. Teams of physicists, chemists and materials scientists are at work in the preponderance of our universities and major industrial laboratories. That's big science by definition. Experience shows that all of that apparatus will be necessary if we are to understand the full nature of this marvelous stuff and bring its precise and high yield manufacture to the state of a controlled engineering science with widespread technological usage.

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[1] At zero temperature and zero current density this value is called the "upper critical field".

The recent developments are indeed exciting and worth our best efforts. The affiliated university and government laboratory units which make up the SSC consortium are hard at work, both on the material and on ideas about how it might be incorporated into accelerator magnet designs if and when it is ready. We will be ready when it is. From what we know now, however, this hard work will have to be sustained for a period of many years. With good fortune we may well be developing a technology which can produce a second generation SSC of enormously increased power for a moderate cost by adding another ring of magnets made with the new material.

In hopes that it will be useful to you for gaining further information may I suggest that you contact some industrial and academic experts who have thought about application of the new material to accelerator magnets, Dr. John Hulm, Director of Corporate Research for Westinghouse, Professor David Larbalestier, Superconductivity Center, University of Wisconsin at Madison, and Dr. J.M. Rowell, Assistant Vice President for Solid State Science and Technology Research, Bell Communication Research.

Yours sincerely,

MAURY TIGNER,
Director, SSC Central Design Group.

PROVISIONS IN TRADE LEGISLATION THIS YEAR

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. THOMAS of California. Mr. Speaker, I want to highlight some of the provisions in the trade legislation developed this year by the Committee on Ways and Means. The Ways and Means provisions include amendments I developed to help California farmers. My amendments reflect the unique trade problems facing specialty crop industries and I appreciate the assistance I received from Chairman ROSTENKOWSKI and others on the committee in making these amendments part of the provisions the committee reported.

Ways and Means included special emergency relief provisions for perishable commodities. Special fast track import relief procedures exist for imports from Caribbean Basin Initiative countries and under the United States-Israel free trade area, but there is no mechanism for emergency relief from other countries' imports. The Ways and Means provisions, on which the administration and I cooperated, would subject perishable agricultural imports from across the globe to emergency controls.

The relief process has three steps. First, the Trade Representative must determine that a U.S. industry is vulnerable to serious injury or the threat thereof from increased imports of perishable products. If the Trade Representative finds this is the case, the International Trade Commission will monitor the market and U.S. industry for a period of up to 2 years. Ninety days after monitoring begins, the U.S. industry can seek emergency relief by filing an import relief case and requesting emergency relief. The International Trade Commission has 21 days in which to make its recommendations on a request for emergency relief and, once the ITC has developed those recommendations, the Trade Representative has another 7 days in which to decide whether to grant relief. The provision would create a GATT-compatible process that is faster than our normal escape clause actions and, because monitoring may be started without regard to when an industry begins producing or marketing during a crop year, it can help U.S. agricultural interests secure relief from imports before a marketing year is completely disrupted.

Another important provision I developed gives the International Trade Commission the power to find serious injury or the threat of serious injury when producers of seasonal agricultural products are faced with harm from seasonal imports. For specialty crop producers, this an important change in the law. Specialty crops are produced throughout the United States with production depending on climate, geography, soil conditions and other factors. If imports have a seasonal impact, my amendment will permit the International Trade Commission to recognize the injury to U.S. producers and to recommend relief for them.

A third provision I recommended tightens restrictions on the circumvention of countervailing duty and antidumping orders. The amendment makes it clear that a mere change in tariff numbers will not exempt a product from countervailing or antidumping duties if only minor alterations have been made in the product itself.

Finally, the committee adopted an amendment requiring the Trade Representative to update reports on trade in U.S. wines. The original reports were required by the Wine Equity Act of 1984. The amendment, which I introduced as H.R. 1628 earlier this year, will give Congress new information within 13 months of its enactment.

The Wine Equity and Export Expansion Act of 1984 granted the President permanent power to address trade barriers and that authority does not appear to need alteration at this time. In fact, our negotiators have made some progress in reducing barriers to international trade in wines. Nevertheless, our negotiators must address other barriers. For example, Japan's tariffs are still as high as 21 percent on some United States wines, even after the so-called reforms Japan recently announced; in fact, Japan's minimum tariff can mean the rate is as high as 27 percent. Canada some time ago agreed to discuss reforming its provincial liquor board system to end discrimination against foreign wines but United States wines remain subject to discriminatory markups as well as listing and distribution practices that prevent our wines from being widely sold in stores. South Korea too has trade barriers that must be corrected. The Government of Korea places a 100-percent tariff on imported wines and restricts sales of foreign wines to selected tourist hotels. These practices make it virtually impossible for United States wines to be sold to Korean consumers.

While our trade negotiators are making use of the power they received in 1984, it is important that Congress have an up-to-date picture of our progress in reducing trade barriers so that the need for future action can be properly assessed. Equally important, the report required by this bill will remind our trading partners that Congress is still very concerned about reducing barriers to expanded wine trade.

I want to highlight these provisions because they do address unique specialty crop problems. Too often, our trade laws have focused on solutions needed by manufacturing industries. Speciality crop production can be signficantly different than manufacturing processes and the Ways and Means provisions will help adjust our trade laws to specialty crop producers' needs.

I also want to mention another matter that, while not addressed in the bill before the House, is of concern to me because it affects my constituents in the almond industry. Earlier this year, the President initiated a section 301 investigation against India because of India's restrictive practices on almond imports. The decision to go forward with a 301 investigation was reached after years of talks between our governments in which the United States sought improved market access for U.S. almonds. Those of us representing almond growers are going to be watching this case to ensure that the Government of India takes measures to grant more market access to our almond producers.

India has been using the excuse of balance of payments problems to restrict the United States almond industry's access to the Indian market. Indian licensing and tariff barriers have expanded despite United States requests for improved access. Moreover, India has relied on the "balance of payments" defense to justify these restrictions even though its balance of payments picture has improved from a negative $3.1 billion in 1981-82 to a positive $300 million in 1985-86.

Some believe the Government of India is withholding market access on almonds until the new trade round negotiations intensify so that the United States will be forced to pay for any corrective actions the Government of India may take. Such an approach is unacceptable. The United States should not have to compensate India for removing trade barriers that are unfair and contrary to the General Agreement on Tariffs and Trade.

If India persists in refusing to remove restrictions on almond imports, the United States may ultimately have no choice other than to retaliate. India's cashew industry enjoys substantial access to the American market today and I am sure the Government of India would strongly react to United States efforts to restrict our cashew imports. The United States almond industry is as important to our country as cashews are to India, and I hope that the Government of India will acknowledge that by granting our producers equal access to the Indian market.

CONGRESSIONAL CHARTER FOR NON COMMISSIONED OFFICERS ASSOCIATION

HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. MONTGOMERY. Mr. Speaker, it is my pleasure to introduce today legislation cosponsored by many of my colleagues to provide a Federal charter to the Non Commissioned Officers Association of the USA (NCOA). Headquartered in San Antonio, TX, NCOA counts among its worldwide membership more than 180,000 noncommissioned and petty officers who are serving or have served in regular or reserve elements of the Army, Marine Corps, Navy, Air Force, Coast Guard and National Guard. For more than 25 years, since its founding in 1960, NCOA offered its members fellowship in a fraternal, benevolent and patriotic organization of professional noncommissioned and petty officers.

NCOA is organized into nearly 300 chapters from Japan to Germany and Panama to Alaska. The association is there to provide its members a forum to community service and the economic benefits of belonging to a major organization. NCOA is widely known for its veterans employment assistance program. This year alone NCOA will host 20 or more job fairs across the United States and in Europe. I might poiint out that they have been doing these job fairs since the early 1970's without cost to the veterans who participate and without regard to military grade or membership in NCOA.

Through its scholarship program NCOA will award nearly $50,000 this year to the children of noncommissioned and petty officers. And hopefully, very soon, NCOA will begin giving grants from its medical trust fund to assist service members in paying medical bills not covered by Champus or direct care in military facilities.

The association is also quite active as a veterans' service organization. Through its network of nearly 290 accredited veterans service officers, NCOA assists thousands of veterans each year in obtaining benefits and services from the Veterans Administration and other Federal and State agencies. In addition, various members of the NCOA staff have been appointed to serve on the VA advisory committees on women veterans and cemeteries and memorials; the newly established Commission on Veterans' Education; the Council of Natural Resource Organizations and the President's Committee on Employment of the Handicapped.

NCOA is a nonpartisan organization but it has also been quite active in representing its membership in Washington. The association's strong and early advocacy for a new GI bill is a fine example of their efforts.

At the same time, NCOA has worked with the Veterans' Affairs and Armed Services Committees to support equity and necessity in military personnel and veterans' programs and benefits. The contributions made by NCOA in these efforts have been most significant and most helpful.

Mr. Speaker, I could go on for some time in citing the accomplishments and contributions of the Non Commissioned Officers Association. But I think many of the members of this body already know much about the association.

Indeed, many Members of the House, like me, are members of NCOA. I urge them and all my colleagues to join me in cosponsoring this legislation.

WOLPE PETROLEUM EXPORT AMENDMENT ENDANGERS NATO COMMITMENT

HON. CONNIE MACK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. MACK. Mr. Speaker, one of the founding principles of the NATO program is to secure the collective defense of its members; therefore, its primary focus has been on military preparedness. The NATO framework, however, also has embodied a civil structure, composed of a system of committees and subcommittees, including those concerned with civil emergency planning. It is within this civil emergency planning structure that the bulk of NATO oil crisis planning and operations occur.

The purpose of NATO's oil emergency program is to ensure the continued availability and distribution of petroleum for essential civil and military use. In response to the post-1973 oil crisis, NATO established a plan for sharing oil not only during wartime, but also during a nonmilitary crisis.

In NATO's system, oil is to be distributed in accordance with NATO defense priorities at the time in conjunction with essential civilian needs. NATO's Atlantic Council can activate the system in the event of war or if the defense needs of member countries are not being met, regardless of whether there is an oil supply shortfall or not.

Subsection (b) of section 331 of H.R. 3 would impose new restrictions on exports of products from U.S. refiners, more than one-third of whose production goes to exports. This section of the trade bill could complicate U.S. efforts to meet its NATO commitments.

DOE has made available production data for refineries operating on the U.S. east coast and U.S. gulf coast—which would most likely fill requests for export petroleum to Europe in an emergency. These data indicate that over time a number of refineries could be subjected to the one-third production ceiling which this section would impose. At least one-third of these refineries production comprises distillates and aviation fuels, the principal fuels that would support United States and allied military requirements. Most of these refineries also produce motor gasoline, lubricants, and residual fuel oil, which could also be required for either military or essential civilian use.

It is impossible to predict exactly what NATO's needs would be and how section 331 could affect these refineries' exports, but it is clear that the restriction of export of petroleum products could severely hamper the U.S. capability to support its NATO allies. Therefore, I urge my colleagues to either strike subsection (b) of section 331 from the trade bill on the House floor, or remove it during conference proceedings.

DOCTOR DEFAULT LEGISLATION

HON. MICHAEL A. ANDREWS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. ANDREWS. Mr. Speaker, today I am introducing legislation to strengthen an important Federal health program: the National Health Service Corps.

My bill, the Physicians' Education Loan Collection Act, is identical to legislation being introduced in the Senate today by Senator ROTH of Delaware.

The reason for our legislation is simple. According to the Department of Health and Human Services, some 2,000 doctors have defaulted on repayment of more than $60 million for the very Government loans which have made their education and practice possible.

These same doctors nevertheless continue to enjoy direct Government payments for services which they provide under the Medicare and Medicaid Programs.

This situation is both unfair and unacceptable. The defaults involved represent an unnecessary loss to the National Health Service Corps scholarship loan program, which provides funds to students of medicine and other health professions. While the vast majority of young doctors repay their Federal loans, a small group of recipients simply default—costing U.S. taxpayers money.

To remedy the situation, my bill requires that doctors who are in default repay the Government through scheduled deductions withheld from their Medicare and Medicaid reimbursements.

In the event that a doctor does not participate sufficiently in those programs, the legislation provides that the Secretary of Health and Human Services shall notify the Attorney General for initiation of legal action.

Mr. Speaker, the Public Health Service has been diligent in its efforts to collect the money owed by the offending doctors. What is needed now is a system of mandatory repayment for those who simply will not meet their obligations voluntarily.

This bill would create those incentives.

HONORING VOLUNTEERS

HON. WAYNE DOWDY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. DOWDY of Mississippi. Mr. Speaker, I would like my colleagues in Congress to join me in congratulating a very special group of people who are being honored at a ceremony in my district tonight. They are volunteers who generously donate their time and talents throughout the year at the Veterans' Administration Medical Center in Jackson, MS. Over

500 volunteers provide valuable services which greatly enhance the care given to veterans being treated at the center.

As chairman of the Veterans Affairs Subcommittee on Education, Training, and Employment, I have had the opportunity to visit numerous VA facilities and to meet with many veterans organizations. I have been enormously impressed with the work performed by dedicated, caring volunteers. Because of our efforts to reduce the Federal budget deficit, many services would simply have to be abandoned if it were not for the kindness and generosity of these very special people.

Mr. Speaker, as we celebrate National Volunteer Week, I hope you will join me in extending our deepest gratitude to all of the volunteers at the VA Medical Center in Jackson. I want to congratulate this year's top award winners who will be recognized at tonight's ceremony, Mrs. Gladys Lossing of the American Red Cross, and Mr. William R. Rogers of the American Ex-Prisoner of War. I also want to thank the center director, Mr. J.L. Warnock and the chief of voluntary service, Mr. Sam Huff, for the fine work they do to make the center a success.

SUSPENSION OF DUTY ON UNCOMPOUNDED ALLYL RESINS

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. GEJDENSON. Mr. Speaker, today, I am introducing legislation to extrend for 3 additional years the suspension of duty on uncompounded allyl resins. The duty on uncompounded allyl resins was originally suspended in Public Law 97-446. The circumstances which led to the original suspension remain largely unchanged. The suspension expires at the end of 1987.

I am introducing this legislation to assist the Rogers Corp. of Rogers, CO. The Rogers Corp. makes diallyl phthalate [DAP] engineering plastics for a variety of electronic and electrical applications. A major ingredient in the molding material formula is DAP prepolymer, an uncompounded allyl resin.

Until 1979, DAP prepolymer was manufactured by both the FMC Corp. in the United States and the Osaka Soda Co. of Japan. In 1980, FMC discontinued production of the DAP prepolymer, leaving Osaka Soda the only producer in the world. Another Japanese firm, Kukdo Chemical, a division of Tohto Kasei Co., Ltd., has entered the market and is manufacturing the DAP resin in Korea. Attempts to encourage domestic production of this prepolymer have been unsuccessful.

Reimposition of the duty would increase costs to the Rogers Corp. and several other firms which use the prepolymer. If the suspension of duty is not extended, the duty would be passed on to the customers of the Rogers Corp. and the other users of the prepolymer. Many of these customers are defense contractors who would build the higher cost into the cost of military equipment that they are manufacturing. Ultimately, the taxpayer would foot the bill.

A significant amount of the Roger Corp.'s product is exported. The increased costs of a duty would make the Rogers Corp. less competitive in international markets. There is no domestic producer who would be hurt by the continued suspension of the duty.

TRIBUTE TO MR. RAY BECKER

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. WOLPE. Mr. Speaker, I want to pay tribute to Mr. Ray Becker, a very special friend and constituent, upon his 25th anniversary as executive vice president of the Kalamazoo Board of Realtors.

At a time when hostile corporate takeovers and nonstop revelations of scandal on Wall Street have raised serious questions about the nature of business life and business ethics in America, it's important to remind ourselves of people like Ray Becker who, through their integrity and their commitment to public service, exemplify the very best in the American entrepreneurial spirit.

Since his appointment to the executive vice presidency of the Kalamazoo Board of Realtors, Ray has distinguished himself as a leader, an innovator, an educator, and a principled professional.

Due in large part to Ray's influence and guidance, the Kalamazoo Board of Realtors has distinguished itself as an organization firmly committed to a strict code of professional ethics and to the principle of equal housing opportunity for all Kalamazooans. Buyers and sellers alike can enter Kalamazoo's housing market with the certain knowledge that their brokers will represent their interests honestly, openly, and fairly.

And under Ray's direction, Kalamazoo's realtors have committed themselves to serving their clientele aggressively and effectively. One important measure of that commitment is the board's consistent leadership in the use of high technology innovations—innovations that have delivered for buyer and seller alike proven results. For example, the Kalamazoo Board of Realtors was one of the very first boards nationally to offer computerized multiple listing services. And today, Kalamazoo realtors have cemented their high technology leadership by becoming the first professional association in the country to provide clients with computer-generated images of available properties.

Thanks in large part to Ray Becker's encouragement, the Kalamazoo Board of Realtors has also dedicated itself to the continuing education of its membership. The board's school of real estate now offers a variety of classes from prelicense training to continuing education and advanced training for experienced professionals. As a result, realtors in the Kalamazoo area are among the best-trained and most highly skilled in the Nation.

At the same time, Ray has worked tirelessly to make sure that his industry is an industry of opportunity for anyone with the determination and dedication to succeed. Only one measure of his success in this regard is the increased participation of women on the Kalamazoo Board of Realtors—a level of participation that has grown from 23 percent in 1962 to over 40 percent today.

Mr. Speaker, Ray Becker and the Kalamazoo Board of Realtors, which he has served for the past 25 years, represent American business at its very best. Ray's commitment and dedication to his profession have been an inspiration to his colleagues and to those of us who have had the privilege to work with him.

IRA LEGISLATION

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. MATSUI. Mr. Speaker, today I am introducing a bill to allow all coinage from North American nations to be placed in IRA's without being treated as a distribution. This change will give Americans the ability to maximize their investment potential when planning for their retirement.

Last year Congress recognized the value of allowing gold and silver to be placed in IRA's by passing a provision allowing the inclusion of the new U.S. gold and silver American eagles. Thousands of Americans have already taken advantage of that option illustrating their strong desire to diversify their holdings for their retirement. This year I propose that Congress act to expand that provision so that more Americans can utilize the investment option of their choice.

Although the number of Americans who can create new IRA's was reduced by the 1986 Tax Reform Act, many Americans will still be able to take advantage of this expansion of assets allowed in IRA's. Over 30,000,000 Americans have IRA's, and would be able to utilize this option since it would not be limited to new IRA's. Anyone who currently has an IRA may roll over any existing funds into coins from these nations.

One concern about using assets of this nature in IRA's has been the consumption or use of the assets for purposes other than as an investment—as a display, for example. But, under this law, the beneficiary of the IRA is never allowed to have the coins in his possession. The coins must be purchased and held by the trustee or custodian.

There is no revenue effect of this provision since the money involved is money that has already been put in the IRA thus the investor has already received the tax benefit.

THE COMPETITIVENESS ENHANCEMENT ACT OF 1987

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Miss SCHNEIDER. Mr. Speaker, I am introducing with my colleague DOUG WALGREN a bill, the Competitiveness Enhancement Act of 1987, which would improve our Nation's competitiveness by establishing a clearinghouse on State and local initiatives to enhance productivity and innovation. A companion bill was introduced in the Senate by Senator DALE BUMPERS and I commend the Senator for recognizing the important role State and local governments have in improving our Nation's competitive position.

Everyone understands our Nation's competitiveness problem. But what is less well-known is that State and local governments are developing and implementing a number of innovative ideas to increase the Nation's productivity and competitive position. State and local governments are, in effect, the laboratories for many of the ideas to improve our Nation's technological base and innovative capacity. For example, Rhode Island initiated a program in 1985 which provides State applied research matching grants to serve as a catalyst to link the private sector and the State's university research institutions. The program has assisted innovative processes involving biotechnology and film plating.

The role of State and local governments was recognized by the President's Commission on Industrial Competitiveness chaired by John Young. The Young Commission Report recommended that the significant role of State and local governments in improving competitiveness be recognized. The Commission concluded that a framework to exchange innovative ideas would help State governments to continue to develop and implement competitiveness initiatives.

Further evidence to support the importance of State and local governments to the competitiveness effort is found in a report proposed for the Young Commission, "Innovations in Industrial Competitiveness at the State Level." The report documents the new efforts some States have taken to promote technological development, develop human resources, provide financial and management assistance to entrepreneurs and spur export trade. These effects are encouraging the development of new businesses, the revitalization of mature industries, and the retooling of our work force. These state efforts are creating new jobs and new wealth. The report called for the creation of a national center to document, evaluate and promote State initiatives to improve our competitive positions.

The Competitiveness Enhancement Act of 1987 addresses the need identified by the Young Commission to establish a mechanism to exchange and evaluate State competitiveness initiatives. The bill requires the Department of Commerce to establish within its Office of Productivity, Technology and Innovation a clearinghouse on State competitiveness initiatives. The clearinghouse will collect and disseminate information on State and local government initiatives, evaluate initiatives and provide advice and technical advice at the request of State and local governments, study ways for Federal agencies to use existing programs to assist State and local governments, and conduct research on the process of stimulating productivity, technology and innovation and methodologies for evaluating initiatives. The bill expressly prohibits the clearinghouse from providing direct financial assistance to States and local governments. This will ensure that the cost of programs will be small. Only $500,000 is authorized for fiscal year 1988 to carry out the act.

The Competitiveness Enhancement Act of 1987 addresses one of the solutions to our competitiveness problem identified by the Young Commission without creating a new Federal bureaucracy and without the expenditure of large amounts of Federal dollars. I urge my colleagues to join Congressman WALGREN and me in support of this important legislation.

A CONGRESSIONAL SALUTE TO THE ANNUNCIATION-ST. GEORGE SCHOOL

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. YATRON. Mr. Speaker, I rise today to pay tribute to the students and faculty of the Annunciation-St. George School in Shenandoah, PA. On May 20, 1987, the school will be celebrating the Bicentennial of America's Constitution in a special way with a commemorative show for the school and the entire surrounding community.

Students from kindergarten through the eighth grade will be the stars of the performance. Under the caring guidance of Sister Frances Anne, they have been diligently practicing and are anxiously awaiting for May 20 to come. They plan to portray the history of our Nation through dance, poetry, music, and drama. This is indeed a special event. In commemoration of the performance, the Pennsylvania Department of Education's bicentennial project has officially recognized the students and faculty for their commitment to recognizing the historical importance of our Nation's Constitution. It is my honor to also recognize these fine young men and women on this occasion. I know that my colleagues will join me in honoring the students and faculty of the Annunciation-St. George School and in wishing them continued success and good fortune in the years to come.

TRIBUTE TO DR. JOYCE YERWOOD

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. McKINNEY. Mr. Speaker, I ask my colleagues to join me in giving proud recognition to one of my constituents, Dr. Joyce Yerwood. The Union Baptist Church, the citizens of Stamford, CT, and I are honoring this very unique physician for her dedicated service as a leading woman in the medical field and for her outstanding contribution to the black community.

Dr. Yerwood earned her medical degree from Meharry Medical College, Nashville, TN, in 1933, an accomplishment nearly unheard of for a black woman at that time. After completing her internships in Kansas City and Philadelphia, Dr. Yerwood settled in Stamford with her husband, Dr. Joseph L. Carwin, to raise their son, Joseph. Remarkably, she maintained an active medical practice in Port Chester, NY, from 1937 to 1955.

In 1955 Joyce moved her practice to Stamford and set a precedent by becoming the first black, female family practitioner in Fairfield County. She devoted her practice to low-income women and children. She also recognized the vital need for a community organization to promote both the educational and cultural needs of black youth. Dr. Yerwood's commitment to improving the quality of life for her patients and her community led her to start the Negro Youth Theatre Group, which later grew into the West Main Street Community Center, and, in 1976, became the currently active Yerwood Center. Furthermore, she was among the first to recognize the emerging drug problem in Stamford and in the 1960's was involved in a federally sponsored drug research program. Finally, she was instrumental in starting the NAACP chapter in Greenwich.

Although now retired from her formal practice, Joyce should be commended for her continued activity. She is the medical director of the Methadone Clinic of Liberation programs in Stamford, she is a member of the board of directors of Yerwood Center, and she is chairman of the trustee board of Union Baptist Church.

Many honors have been bestowed upon the deserving Dr. Yerwood. A few of the more outstanding include the naming of the Yerwood Center and an appointment to serve on the National Advisory Council of Comprehensive Health Manning Programs under HEW. She has been the recipient of the mayor's award, the Alpha Kappa Alpha Heritage Award, and the Hannah G. Solomon Award. Dr. Yerwood is listed in "Who's Who of American Women," appears in the Connecticut Historical Society list "Black Women Against the Odds," and is mentioned in the publication Stamford: an Illustrated History.

Because of her many contributions to the welfare of mankind, Dr. Joyce Yerwood deserves the respect and admiration of young and old alike. To quote Pal Kusso, chairman of the Permanent Commission of the Status of Women, "Dr. Yerwood is a pioneer woman in the true and most wonderful sense of the word. She is a shining example of what women can achieve."

H.R. 2228 AN AG TAX PACKAGE

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. DAUB. Mr. Speaker, today I am introducing an AG tax package H.R. 2228 intended to bring tax equity back to the Code for the family farmer, rancher, and small businessman. The bill has 11 provisions . . . but it has only 2 goals—fairness and simplification.

Last year I supported the Tax Reform Act because I believed, and still do, that it was a big improvement over its loophole ridden predecessor. Although the Reform Act helped to get Wall Street out of the Farm Belt, it also made changes that imposed burdens on farmers that frankly were not worth the revenue raised for the Treasury.

At a time when farmers needed consistency in the tax laws we removed income averaging which worked to normalize the farmer's volatile income in our progressive tax system. At a time when we needed to cut red tape and administrative burdens we added inefficient bookkeeping for the family farmer which needs to be relaxed. At a time when we could have made great strides in equalizing deductibility for health insurance premiums for the small businessman we took only a small step toward fairness.

My bill addresses each of these concerns and takes further strides to insure that the true farmer does not suffer from the fallout of trying to get "Wall Street" the farms of America.

OLDER AMERICANS MONTH

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. ROYBAL. Mr. Speaker, tomorrow, May 1, marks the beginning of Older Americans Month. At the outset of this important national celebration, I call upon my colleagues to renew the Nation's longstanding and deep commitment to promoting, enhancing, and protecting the dignity of our senior citizens.

Contrary to the widely-held misperception that elderly persons are economically better off than the rest of the population, Older Americans Month provides us with the opportunity to look beyond stereotypes and generalizations and examine the varying characteristics and needs of the fastest growing segment of our population. With the aging of our society, perhaps the greatest challenge policymakers face is that the overriding characteristic of elderly Americans is, and will continue to be, their great diversity.

Our Nation has made great strides in increasing the probability of reaching old age, and more and more of our citizens are enjoying an improved quality of life in their later years. In virtually every community we can find older Americans making substantial contributions to the economy, their families, and to society.

However, we must not lose sight of the fact that the distribution of incomes is more unequal among the elderly than it is among any other age group. Hearings before my Select Committee on Aging have clearly revealed that while some older persons have substantial incomes and resources, there is a disturbingly high incidence of other older Americans who do not receive even the basic levels of food, housing, health care, and other supports necessary to maintain their dignity and independence. As the composition of our elderly population itself becomes older, the challenge we face is to develop policies which can adequately support a diverse group of older individuals with varying capabilities and resources who wish to maintain their autonomy and contribute as much as they can to their families and communities for as long as possible.

It is particularly appropriate that during this year's Older Americans Month celebration the House is scheduled to report out of committee a bill to reauthorize for another 4 years the Older Americans Act [OAA], the primary vehicle for delivering social services to elderly Americans. Since its inception in 1965, the OAA has provided millions of elderly individuals with essential nutrition assistance, transportation services, adult day care, legal services, employment opportunities, and other supportive assistance. Yet, some of the most vulnerable and needy subgroups of our older population still do not have access to adequate assistance. It is my hope that during the present reauthorization the OAA is made more responsive to those elderly Americans who because of race, gender, poverty, frailties, a lack of available family supports, or physical and mental impairments are unable to maintain a more basic and humane quality of life.

Mr. Speaker, I firmly believe that as a nation we have a moral obligation to not lose sight of our commitment to ensure that all Americans have access to an adequate level of nutrition, health care, housing and supportive service assistance so that they may continue to live with dignity and respect. I urge my colleagues to let this year's Older Americans Month serve as a catalyst for working throughout the year to improve the lives of millions of senior citizens who, after a lifetime of contributions to their country and communities, are struggling to make ends meet and obtain the supports necessary to maintain their very independence and well-being.

LIBRARY OF CONGRESS POLICE

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Ms. OAKAR. Mr. Speaker, today I am reintroducing legislation that would change the name and adjust the pay and rank structure of the police force of the Library of Congress.

The Library of Congress Police provide an invaluable service to Capitol Hill. As the National Library, the Library of Congress contains thousands of priceless collections and documents, which, if stolen, cannot be replaced. Since 1950, the Library Police have conducted 24 hour physical inspections of the Library areas which presently include over 500 miles of shelves and several acres of land. Library Police protect more than 5,000 employees occupying a number of different buildings, as well as thousands of students, readers and tourists who visit the Library on a daily basis.

The police force of the Library of Congress has enormous responsibilities; however, they have not received a salary adjustment besides the mandated COLA's in 14 years. While the Capitol and Supreme Court privates start at $24,929, the Library Police private starts at a salary of $18,358. Under the present salary structure, the maximum a Library Police officer can earn is a salary of $20,806 less than the starting salary of the Capitol and Supreme Court Police. Recently, the Capitol Hill Police Force—privates through lieutenants, received a flat $3,000 salary increase for 1986. This further proves the disparity in wages, regardless of the parity in duties. The benefits of the Library Police Force also lag significantly behind those of the other two forces.

According of a 1981 Office and Personnel Management Study of Federal police, the problems and responsibilites encountered by the Library Police are no less difficult than those of the other two forces. Furthermore, all three forces attend the same eight week training program which requires them to fulfill firearm, traffic control and powers of arrest requirements.

In order to provide a considerable savings to the taxpayer, I have removed the death benefits portion of this legislation. The Library of Congress Police approve of this minor change from the original bill, and the Librarian of Congress, Dr. Daniel Boorstin, has verified the Library's support for this legislation.

I hope that my colleagues will act on this legislation in an expeditious manner. I think it is time we provided a solution to this inequity.

SOMERSET, MASSACHUSETTS RECEIVES AWARD FOR EFFORTS TO PROMOTE HANDICAPPED ACCESSIBILITY

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. FRANK. Mr. Speaker, ensuring access for the handicapped to public places is an important Government responsibility. I was particularly pleased, therefore, to accept an award on behalf of the town of Somerset, MA, for their work in expanding access of its disabled citizens in public buildings.

Yesterday, in a reception in the Longworth Building, the National Organization on Disability honored cities and towns across the country for their work in advancing the opportunities of disabled Americans. I was proud to accept a Certificate of Achievement awarded to the "504 Steering Committee" of the Town of Somerset, MA. Armand Gauthier and the other members of the Somerset Town Committee overseeing the needs of the town's handicapped are to be commended for their compassion, their commitment, and their successful efforts on behalf of disabled people.

The residents of Somerset, MA, and the other communities honored yesterday have reason to be proud of their accomplishments and disabled Americans have a right to be proud of the work they have done to provide access for all.

A SOVIET NUCLEAR DISASTER BECOMES A PROPAGANDA PLOY

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 30, 1987

Mr. BROOMFIELD. Mr. Speaker, when many in the Western world are applauding Gorbachev's policy of glasnost as heralding new Soviet respect for human rights, we need only look at the Soviet response to the Chernobyl nuclear disaster which sent a plume of lethal radioactivity across Europe a year ago.

The Soviet Union waited 3 days to announce that the world's worst nuclear accident had occurred. That shows very little concern for the most basic of human rights—the right to live.

The Soviets failed to give notice to the International Atomic Energy Agency, even long after many Soviet citizens had died and tens of thousands of Polish, Czechoslovakian, and Romanian citizens were exposed to high levels of radiation.

The Soviet Union came forth with information only after it became apparent that news of such a major disaster could not be suppressed. Even then the Soviets only described in general the incident and measures underway to deal with the damage. The Soviets still have not produced the data promised to the world on the initial medical tests of evacuated residents and rescue workers.

It is ironic that the Soviets brought about a nuclear disaster that threatened the health of millions of Europeans, and now uses that Soviet disaster as a centerpiece in its propaganda campaign for the elimination of Western nuclear weapons from Europe.

Those who think glasnost means openness ought to ponder Soviet conduct after the Chernobyl disaster. It does not mean openness in the Western sense of truth. To the Soviets, glasnost means propagandizing the Western world's free press to manipulate public opinion in the West, as the Soviets have done with the Chernobyl disaster.

SENATE—*Friday, May 1, 1987*

(Legislative day of Tuesday, April 21, 1987)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the Honorable John Breaux, a Senator from the State of Louisiana.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

** * * the Lord King forever. The Lord will give strength unto His people; the Lord will bless His people with peace.*—Psalms 29:10-11.

Father in Heaven, this has been a difficult week as the Senate has sought agreement. Aggravating and time consuming as is the democratic process we would not exchange it for any other. Grant, dear God, that this weekend will be one of respite and renewal. Thank You for our families—for faithful spouses and the blessing of children. Despite their usual "pressure-cooker" schedules, help the Senators to make time for their loved ones this weekend, remembering the families need for them and theirs for the family. Bless the families of all who work on the Hill. Where there is alienation, help them seek and find reconciliation. Where there is financial need, remind them that You who care for the lilies of the field and the fowls of the air care also for Your children. Where there is illness, bring healing—discouragement or despair, hope. May this be an especially restful weekend for our families. In His name who promised rest and renewal for the weary. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Stennis).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, DC, May 1, 1987.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable John Breaux, a Senator from the State of Louisiana, to perform the duties of the Chair.

John C. Stennis,
President pro tempore.

Mr. BREAUX thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the majority leader.

PRIME MINISTER NAKASONE'S VISIT TO THE UNITED STATES

Mr. BYRD. Mr. President, the distinguished Republican leader and I met with the Prime Minister of Japan, Mr. Yasuhira Nakasone, yesterday afternoon for over an hour, and a number of our colleagues held a second lengthy meeting with him and his high-level delegation. Prime Minister Nakasone was, as he always is, courteous, articulate, frank, and in all ways impressive. He is a distinguished world statesman and a credit to the great people of Japan, our ally and our friend.

We talked directly and honestly about the tension and problems surrounding our relationship. The Prime Minister was frank to admit that taking his trip to our country at this time, and during a day when the other body was passing legislation which was not gauged for public popularity in Japan, was a gamble. But, Mr. President, no achievement in the affairs of men is going to be accomplished without risk—and with danger comes, as always, opportunity for those who would reach for it.

The Republican leader and I had, prior to Mr. Nakasone's visit, written a detailed letter, together with the chairman of the Finance Committee, Mr. Bentsen, and a key trade legislator from the other side of the aisle, Mr. Danforth, outlining our concerns over the alarming size of the growing trade imbalance with Japan and our belief that the Japanese market must be opened much wider to competitive American products and services. We reiterated our concerns yesterday with the Prime Minister. We had read our letter carefully as he had read our letter carefully and attempted to address our concerns as we did also in a detailed way.

We indicated that the thing that really matters now in our trading relationship with Japan is results—the bottom line. The deficit with Japan, over $60 billion in 1986, must be reduced steadily over the next few years. It must come down partly as a result of the opening of the Japanese market to our goods. Mr. Nakasone understands the need for this—he has been out front in trying to transform the Japanese economy from its export orientation to an import orientation, based on strong consumer demand. This is a tough job. It will take steadfastness, persistence, and years of effort. But it is a job which is essential for the health of the international trading system and for the growth of the world economy.

Mr. Nakasone listened carefully, attentively, and was, as I have said, courteous and frank. We pointed out the massive trade deficit, and how it has grown from some $12 billion in 1980 to over $60 billion in 1986. We said very plainly that we have to be honest and admit that some of this is not the fault of Japan—we have lost some of our competitive edge and we have to also get our budget deficit under control. We told him that the Senate was working hard on the deficit question.

We also indicated, however, that if the United States only spent 1 percent of its GNP on national defense, there would not be any Federal budget deficit in this country. Moreover, we would have $200 billion to invest productively elsewhere.

On the other hand, this country is spending 7 percent of GNP, not only to protect its own interests in the Pacific, but also those of our friends, the Japanese.

We also indicated that complaints about Japan's closed marketplace were not just coming from America.

When he said that American businessmen ought to be more aggressive, we had no quarrel with that. Yes, they should be more aggressive. But we pointed out that the Germans, the Koreans, and others also are having great difficulty in penetrating the Japanese marketplace and, when we talk to the Germans and the Koreans, they are not exactly shoddy salesmen, and so it just is not the American businessman's fault alone. We can always shape up and do better and we need to do better, but we need not run for cover when the Japanese point to that as the reason Americans are not penetrating the Japanese marketplace. There are many other problems, as I shall be discussing in the future.

I think we should take a look at the Gephardt language. I think certainly we should take a careful look at the kind of language that will help to open up those foreign markets which stubbornly resist, through one way or another, the penetration by American goods.

I indicated to Mr. Nakasone that the action taken by the other body in passing the Gephardt amendment is a very strong signal of sentiment in the Congress and in the country. I indicated that I personally was sympathetic to the goals of the Gephardt amendment.

I will certainly be willing to support some variation on the Gephardt concept in the Senate. In a nutshell, I am for the expansion of the world economy through open competition and open markets.

Retaliation for unfair trade practices is already a GATT principle and a Gephardt-like approach reinforces that principle. I am not saying here today that I will support the Gephardt language, every jot and tittle, every word, every phrase, every clause. I certainly am not saying that. But supporting a piece of paper means nothing.

And so I hope that the Senate will put into place a mechanism of its own which gets at the problem of unfairness and closed markets to American products and services.

Now I have confidence that the distinguished chairman of the Finance Committee and the members of that committee are not only working hard to produce good, effective legislation—I have confidence that strong legislation will come out of that committee, but I, for one, am not willing to trim our sales in connection with trade legislation just in order to get a piece of paper on the President's desk that he will sign. I think it has to be fair, it has to be effective, and it has to be comprehensive.

But the President faces the same problems that we all face and that is a growing, already massive trade deficit between these two countries, Japan and the United States, and a massive trade deficit overall. And if the President wants to veto effective legislation that is hammered out carefully and thoughtfully by all sides, Republicans and Democrats, in this Congress, then that is his call to make. But I am absolutely unwilling to trim the sales just in order to avoid his veto. He too, is going to have to think thoughtfully and carefully also about this legislation.

I am not going to be guided, necessarily, by the inside-the-beltway conventional wisdom in connection with this legislation. This Senator is not going to be so guided. That is the kind of wisdom that has carried us down the road to disaster already. We have gone on and on and on and we have let protectionist societies, export-oriented societies, continue to take American markets elsewhere in the world and in this country of ours and we have watched countries like Japan as they have utilized all sorts of ways, all kinds of mechanisms, some subtle, some not so subtle, to keep American goods out of their own markets.

I will be talking more about that as time goes on. That is the kind of road we have been traveling. And to hear those who, inside of the beltway, consistently condemn any new approach, especially if it comes from Democrats, as a protectionist approach—that is the familiar charge that the administration has used against us for all these years on anything that we Democrats suggested. The Democrats have sought repeatedly to bring to the attention of the administration the dangerous road we were traveling, the fact that we were getting nowhere, the fact that things were getting worse, and, yet, all we saw was inaction instead of action. And always the word "protectionist" was used to clobber the Congress if it attempted to raise its head and make legislative proposals on trade.

Now the worm has turned and we intend to put a trade bill on the President's desk. And I am not going to run for cover every time someone points a finger and says, "Ah, that's protectionist." I would say to those, "What would you have us do? What is your suggestion? We have tried it your way and we see where we are? A $170 billion trade deficit."

That is where we are now, and we are going deeper and deeper into the maelstrom of triple digit deficits. We hear month after month, I have heard it many times, that we have turned the corner—the administration says "we have turned the corner"—only the next month to see that things have gone worse for the next quarter.

"What would you do?" That is what I want to know from the critics. Keep on the same direction and keep on seeing our factories close down?

Yes, we point to the increase in service jobs. We were told some years ago by Don Regan that McDonald's and K-Mart are the wave of the future. Well, we all applaud the growth of the service industries. We want to see them grow more and we are glad to see them add jobs. But those jobs are not high-paying jobs and we are seeing our industries eroded and the doors of our manufacturers close.

Mr. President, the dialogue that we engaged in with Mr. Nakasone was useful and necessary. We need to communicate effectively with Japan. We need to understand each other. Senators ought to travel to Japan and attempt to understand the Japanese system. I would hope to return to Japan myself in the near future. We cannot afford to allow misperceptions to unnecessarily drive tensions upward—that is unproductive, dangerous and foolish. But we must be firm in our resolve to turn this problem around in a sustained—and I underline "sustained"—and fair, and predictable way over the next few years.

Mr. President, I yield the floor.

RESERVATION OF THE REPUBLICAN LEADER'S TIME

Mr. BYRD. Mr. President, I ask unanimous consent that the time of the Republican leader be reserved.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Later the following occurred.)

THE TRADE BILL

Mr. DOLE. Mr. President, I have listened with interest to the majority leader discussing our business with Prime Minister Nakasone. He is absolutely correct. It was a very serious discussion. I think the Prime Minister must know the depth of feeling, not only on the part of those of us in the Senate, but of our constituents across the country who really believe that we are treated unfairly in Japanese markets. They believe that we do not have access to markets, that they are not open. And then, this morning's announcement that there is a worldwide trade surplus of $101 billion in Japan's favor, will certainly make the Prime Minister's mission here that much more difficult.

As the distinguished majority leader pointed out earlier, we are friends with Japan, we are allies, they are important to us, and we are important to them. Certainly it is one of the leading industrial nations, and probably the most aggressive trading nation in the world.

So I would hope that we will have more than another Nakasone plan, or another promise by the Japanese. I hope before the Prime Minister leaves Washington—and when he returns to Japan—we will have constructive efforts to open up Japanese markets, and to motivate the Japanese to buy more American goods. As I travel around the country, I think it's clear the American people do not want protectionist barriers to trade, because they understand it means better bargains for consumers in America. So, if you have lost your job or lost your farm because of unfair trade practices, then that is not something you can blow away by telling them about free trade or fair trade.

So, yes, we believe in open markets. We believe in access. We believe when somebody in some other country, some producer, makes a product that is competitive, he should have access to our markets. And if that same country permits us access to their markets, where people or companies in our country make a competitive product or grow competitive grains, or whatever.

So, I think that will mean we are going to have a trade bill. And as the majority leader indicated, hopefully it will be one the President will sign. I frankly do not see much to be gained by making it a political issue in 1988. I would rather have a trade bill in 1987. But yesterday the House passed such a trade bill.

The Speaker was correct when he called it * * * constructive, creative, and comprehensive" because the House bill will "construct" new barriers to international trade. It will "create" giant new problems for America. It will create "comprehensive" new dangers.

In short, the Speaker said it is a "monumental" piece of legislation. Again, he hit the nail on the head because it is a monumental disaster.

Chairman ROSTENKOWSKI had tried to fashion a responsible piece of legislation. The Gephardt amendment has torpedoed any hope that. Obviously, the Gephardt amendment is never going to become law. By a vary narrow margin it passed in the House. It will not pass in the Senate.

So I suggest that we ought to get on to talking about trade legislation and not political amendments offered by anybody in either party on either side of the Capitol.

No wonder, today is May Day: An SOS has been sent out to the Senate to rescue America's trade position from the misguided action of the House.

Mr. President, I think we can work together. As I speak, I know the Senate Finance Committee is working on trade legislation, and hopefully that will be bipartisan legislation that we can pass rather quickly in the Senate.

STARVATION KNOWS NO POLITICS IN MOZAMBIQUE

HALF A LOAF, WHILE PEOPLE STARVE

Mr. DOLE. Mr. President, a new famine disaster is unfolding in the southern African country of Mozambique—a country already torn by war, and struggling under the disastrous polices of a repressive Marxist regime.

The United States has already started sending help, and the administration deserves credit for its quick response. But we are only dealing with half the problem:

Because we have limited our aid to the Marxist regime in control of the capital, Maputo, and have refused to even talk to the resistance forces of "RENAMO", about helping the hundreds of thousands of hungry in the large, war-torn parts of the countryside, where RENAMO has much greater access.

AID, which is in charge of our assistance program, has offered the lame excuse that they cannot locate anyone from RENAMO to talk to. In fact, there is a RENAMO office here in Washington, that is practically beating down the door of the State Department to ask for aid.

What gives here? Millions are starving on both sides of the political lines in Mozambique. The men, women, children, little babies—they are in equal desperation, regardless of the politics of the area they live in.

PUT ASIDE POLITICS AND PICK UP THE PHONE

Let us put aside politics—in the interest of simple humanity. Let us save lives first; and then we can worry about where people put their political allegiance.

I call on both sides in the conflict to call and observe a legitimate, real ceasefire; I call on both sides to cooperate with us, with the involved international agencies, and with each other—to get food to starving people.

And I call on the State Department and AID to get off their duffs, pick up the telephone, call the local RENAMO office here in Washington—and start the food flowing to people who do not have much time left.

Mr. President, I ask unanimous consent to include in the RECORD a letter I have written today to Secretary of State Shultz, and AID Administrator McPherson, urging these steps.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, May 1, 1987.

Hon. GEORGE P. SCHULTZ,
Secretary of State,
Hon. M. PETER MCPHERSON,
Administrator, Agency for International Development, Washington, DC.

DEAR GEORGE AND PETER: Like all Americans, I am deeply concerned about the famine which is unfolding in the southern African country of Mozambique. I applaud you for the efforts that you have already undertaken to provide American assistance to help meet this crisis.

At the same time, I am disturbed by what appears to be a conscious decision not to seek the assistance of the RENAMO resistance—which controls substantial portions of the countryside—to facilitate delivery of relief.

As you know, there is a RENAMO office here in Washington. I am confident that it is willing and anxious to work with you, on a totally non-political basis, to facilitate the provision of assistance to people in the war-torn zones of the country.

I would therefore propose that our Government undertake a three part program: (1) urging a temporary ceasefire by both sides, for the sole purpose of permitting delivery of food to people in war-torn areas; (2) urgently establishing contact with RENAMO, to explore the possibility of facilitating the provision of food assistance, through its organization or through some other vehicle, to all needy people in Mozambique; and (3) offering the good offices of the United States to establish communications between the Maputo regime and RENAMO, for the sole and nonpolitical purpose of facilitating the delivery of relief supplies.

Sincerely yours,

BOB DOLE.

BICENTENNIAL MINUTE

MAY 1, 1894: COXEY'S ARMY AT THE CAPITOL

Mr. DOLE. Mr. President, on May 1, 1894, 93 years ago today, police arrested a man for walking on Capitol grass. This may seem an unlikely event to commemorate, but the man was Jacob Coxey, and his arrest culminated one of the most dramatic protest movements of the 19th century.

The United States was suffering a terrible depression in 1894, and more than 2 million unemployed men wandered the countryside in search of work. The Federal Government disclaimed any responsibility for the unemployed, but the crisis was too severe for local governments and private charities to handle. In Ohio, affluent businessman Jacob Coxey proposed that the Federal Government end the depression by putting unemployed men to work building public roads. Sympathetic Congressmen introduced a "good roads bill," but Congress refused to act.

"We'll send a message to Washington with boots on," said Coxey, and he called for a march of the unemployed on Washington. On Easter Sunday, only 100 men started the march, accompanied by half as many reporters, who generally ridiculed their efforts. But as the march progressed it attracted greater numbers, and the desperate plight and determination of "Coxey's army" came to impress many observers.

Officials in Washington viewed the approaching marchers as an invading mob. Masses of police and Federal troops were called out to protect the Capitol, and they refused to allow marchers on the grounds. Coxey slipped through the police lines. He raced for the steps where he tried to speak, but was arrested and driven off to jail. Jacob Coxey was convicted for carrying banners on the Capitol Ground, and for walking on the grass. He was sentenced to 20 days, and fined $5. That was the price in 1894 for attempting to carryout one's constitutional right to petition Congress.

Mr. President, I reserve the remainder of my time.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business for not to extend beyond the hour of 10 a.m. with Senators permitted to speak therein for 5 minutes each.

The Chair recognizes the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Thank you, Mr. President.

STAR WARS ADDS NOTHING TO DETERRENCE

Mr. PROXMIRE. Mr. President, why has there been peace between the hostile, heavily armed nuclear superpowers for more than 40 years? Why has there not been a major military crisis between the two armed-to-the-teeth nuclear powers since the 1963 Cuban missile crisis, 24 years ago? What has happened to the regular occurrence of a major European war every generation that has punctuated major foreign power relations for centuries? The answer lies in the fact that we live in a nuclear age. What message does that give us? The message is the terrible image of a flattened and devastated Hiroshima. The heartbreaking memory of a Nagasaki that almost disappeared from the face of the Earth a few weeks later only enforces that. Every literate person knows that the small primitive atom bomb that destroyed Hiroshima and the single little bomb that wiped out Nagasaki were only feeble forerunners of the 1987 nuclear monsters that now sit ready-to-go in the arsenals of the United States and the Soviet Union. Informed people throughout the world know that each superpower has not 1, not 10, not 100, but literally 10,000 massive strategic warheads deployed at sea, in the air, and on the land. Each superpower knows the adversary can deliver all of that arsenal on his cities. He knows that even a small fraction of that destructive power could devastate his country. He knows the adversary continues to expand its arsenal every day of every month of every year. And that isn't all. Each superpower has many thousand more tactical nuclear warheads.

So why is there superpower peace? Because there is overwhelming, crushing, mind boggling deterrence. No cause however noble or inspiring has revived the regular rhythm of a major superpower war. Why? Because the illusion that a nuclear war to advance democracy, or defend freedom, or establish a new order or for whatever purpose could achieve its end has been drowned in the near universal understanding that a nuclear war would bring no benefits only appalling destruction and widespread death to both sides. For 40 years an international understanding of the terrible consequences of nuclear war has brought peace. It is the widely known consequences of nuclear war that has made deterrence a reality.

What would the strategic defense initiative [SDI] or star wars do to deterrence? Our most respected independent experts at the National Academy of Sciences by a huge 20-to-1 consensus tell us SDI will very likely not work. Our President, our Secretary of Defense, and the top experts they have hired to research it believe it has a strong chance of working. The Congress has appropriated several billion dollars a year to research SDI. What happens to the deterrence that has kept the peace for 40 years if the Congress proceeds with SDI? Keep in mind that the heart of deterrence is the universal certainty that nuclear war will bring catastrophe to everyone involved. What does SDI do to that certainty? SDI at its best can never provide a guarantee that an enemy's nuclear attack will not penetrate and destroy American cities and kill tens of millions of Americans in a single attack. It can never guarantee that the United States would survive a nuclear war. Indeed as I have said the great bulk of expert independent American scientific opinion believes that the prospect that it could succeed at any time in the next 25 years is poor or very poor. Certainly under these circumstances an American effort to begin SDI deployment would provoke a vigorous Soviet effort to develop and deploy the technology that would have an odds-on chance to overwhelm it.

So with SDI, what happens to the certainty of nuclear destruction that has kept the superpower peace for the past 40 years? Whether it was a success or a failure SDI would surely destroy the assurance in the minds of many that nuclear war would spell disaster. Consider the grim scenario. On the one hand, an American President sits in the White House with his trillion dollar beauty—SDI fully deployed—confident that his country could survive a nuclear attack. On the other hand the Soviet Union would have its new technology expressly designed to penetrate SDI. A Soviet leader might be sure his command could shoot through, under and around the American star wars, the way Hitler's panzer divisions penetrated the Maginot Line. With SDI deployed, the certainty that a nuclear war could only bring losers would fade away. As it faded, the deterrence that has kept the peace for 40 years and, if given the chance, might keep it for many more would also die. The grim fact is, Mr. President, that SDI will not increase national security and the prospects for peace. By diminishing deterrence, it will increase the terrible prospect of nuclear war.

THE STRING IS RUNNING OUT

Mr. PROXMIRE. Mr. President, this Congress is caught between a rock and the hard place. The rock is the huge deficit and the legal requirement to reduce it to $108 billion in fiscal year 1988. The hard place is an economy groaning under the huge debt we have incurred over the past decade.

About 18 months ago, we approved an emergency deficit control measure. It set forth a schedule which would reduce the deficit to that wonderful figure—zero—in 1991. The first year, 1986, the deficit was to have been $172 billion. Instead, it came in at a record high $221 billion.

This year—1987—the deficit was to be reduced to $144 billion. We passed a budget last year which projected a deficit of $154 billion. Even before the ink dried on that document, the estimated deficit had jumped to $170 billion. The Nation's media swallowed that figure hook, line, and sinker. They looked at the projected drop of the deficit of $50 billion and proclaimed hosanna, that the deficit was under control.

Now, that cheer sounds hollow, indeed. Most independent experts are saying that the deficit for this year will be $200 billion, give or take $10 billion. Some progress! The deficit for 1987 is going to be about the same as it was in 1983, when this Nation was in the midst of the deepest recession since the Great Depression. After 5 years of economic recovery and expansion, we have the same size deficit we had during a sharp recession. If that is progress, spare me any more of it.

This year, we stand a good chance of going through the same charade again. We are now considering a budget resolution which ostensibly would reduce the deficit to about $135 billion. But by the time the economic projections are deflated to more reasonable figures, by the same spending estimates grow and revenues fall, as always seem to be the case, we will be looking at another deficit in the $200 billion range. We are still looking at $200 billion deficits "as far as the eye can see," despite Gramm-Rudman and an aging economic expansion.

Mr. President, when the Federal Government incurs a deficit, it must borrow the money to pay for it. And like any other borrower, it must pay interest. The amount of interest is determined by two factors: The amount of debt which must be financed and the interest rate which must be paid. If the deficit is $200 billion and the interest rate is 8 percent, then the taxpayers must pay $16 billion in interest costs.

That money must be paid. It is the one true "uncontrollable" in the budget. And because it must be paid, it is not available for any other purpose—education, health, environmental protection, or any other worthwhile activity of Government.

Those growing unavoidable interest costs explain why this Senator is convinced that the first use of any additional revenue must be to reduce the deficit, not to increase spending. Unless those interest costs are controlled, and quickly, they will soon consume all the revenue from the personal income tax. And that is the revenue that supports social spending by the Government. This is a terrible equation: no revenue, no spending. Yet it is an equation which will soon be driving social policy in this country, unless we get control of the deficit.

Surely, you might say, an argument can be made, that the situation is not this bad. Will not economic growth generate enough new revenue to support this Nation's social needs. After all, are we not one of the richest nations on this Earth?

Mr. President, this statement used to be true. But now it is questionable. We are a rich nation, no doubt about it. Yet more and more of our wealth is based on debt, not on the productive ability of our economy. We are borrowing to keep up appearances, and our wealth is being dissipated.

Warning signs abound that our economy is overburdened. What are these signs? First, look at GNP growth, which was an anemic 2.5 percent last year. Given that the budget deficit was hitting a record high and that the Federal Reserve Board was printing money at an irresponsible pace, this growth rate is a disaster. Second, look at the trade deficit. We try to jump start our economy to get it moving faster and much of the effort is diverted to get it moving faster and much of the effort is diverted to foreign producers. Third, look at interest rates. They are now heading up after a long period of decline, in part because of the need to attract foreign money to finance our deficit. Inflation, once again, is becoming a concern. Add these signs to the fact that this expansion is now old, and we have ample cause for concern that we may soon be facing a sharp recession. Such a recession could easily turn into a depression because of the huge levels of debt carried by consumers, corporations, and the Federal Government.

Mr. President, this budget may well be the last chance we have to correct some of these fundamental imbalances and avoid a dangerous recession. Next year is a Presidential election year. Almost by definition, we will be unable to take politically unpopular actions. And a new administration will assume office in 1989. That means time will pass before it is able to get organized, and present Congress a plan. What this means is that, absent action this year, it will be the summer of 1989 before we will be able to do anything decisive and 6 months to a year after that before our actions really take effect. That will likely be too late.

I have painted a bleak picture here, but it is one I believe to be realistic. It explains why the $108 billion deficit target is still a worthy goal and why I will oppose efforts to do less.

Mr. President, I thank the distinguished leaders, and I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator yields the floor.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SHELBY). Without objection, it is so ordered.

NOMINATION OF WILKES C. ROBINSON

Mr. LEAHY. Mr. President, the nomination of Wilkes C. Robinson to be judge of the U.S. Claims Court was ordered reported by the Judiciary Committee on April 29, and is now before the Senate. On April 7, 1987, this nominee appeared before the Judiciary Committee for a hearing on his nomination. Because I presided at part of that hearing, and questioned Mr. Robinson extensively, I am familiar with the record on which this nomination is being considered by the Senate. While I do not oppose the nomination, I do have some concerns about it which I would like to share with my colleagues.

Mr. Robinson described himself at the hearing on April 7 as "a journeyman lawyer." That phrase aptly describes the variety of his legal experience. He was first admitted to practice in his native Alabama in 1951. After a few years as an associate in a general law practice, he served briefly as a judge of both a municipal and a domestic relations court. His judicial career ended and a second one began when he bacame an attorney for the Gulf, Mobile & Ohio Railroad Co. in 1956. For the next 10 years, he appeared frequently before State and Federal regulatory agencies, and sometimes in the courts, on behalf of railroad corporations. In 1966, he became chief commerce counsel for the Monsanto Co., in St. Louis, and 4 years later became the general counsel and vice president of Marion Laboratories in Kansas City. He remained there until 1980, when he began yet another phase of his career as president of the Gulf & Great Plains Legal Foundation in Kansas City. Since leaving the foundation in 1985, Mr. Robinson has conducted a corporate legal practice on a limited basis, and is currently a partner in a business brokerage firm which he founded.

This résumé would seem to speak for itself. It describes a varied and successful legal career that includes some hands-on litigation practice, nearly all prior to 1966. Perhaps it is not the ideal résumé for a trial court position such as the one to which Mr. Robinson has been nominated. The best candidate would be a lawyer who likes to try cases, who has recent and extensive experience in trying cases, and whose résumé reflects that inclination and experience. But certainly nothing in Mr. Robinson's résumé would disqualify him from favorable consideration to be a U.S. Claims Court judge.

The problem is that this is not exactly the résumé that Mr. Robinson presented to the Judiciary Committee. Specifically, his responses to the committee's questionnaire materially overstate his involvement in the litigation of some of the cases in which the Gulf & Great Plains Legal Foundation participated while he was the foundation's president.

The questionnaire which the committee asked Mr. Robinson—as it asks every other judicial nominee—to complete includes a request to "describe the 10 most significant litigated matters which you personally handled," and to "describe in detail the nature of your participation" in each case. Mr. Robinson's response, while noting that "most of my trial work occurred during the period from 1954 to 1966," goes on to list 15 cases, 6 of which date from the period of 1980-85 when the nominee was president of the Gulf & Great Plains Legal Foundation. The Judiciary Committee's investigation revealed significant discrepancies between the nominee's description of his participation in some of these cases, and the recollections of opposing counsel and, in some instances, of his cocounsel. These discrepancies were not fully resolved by the testimony of the nominee on April 7.

The overall impression we gained from talking to the other participating counsel in these foundation cases, and from examining the official reports of the cases in the Federal Supplement and the Federal Reporter, is that the nominee was not directly involved in the day-to-day conduct of the litigation. He was the supervisor of the foundation staff attorney who actually litigated the cases, or who assisted private counsel in doing so.

There is nothing wrong with that. What is disturbing, though, is that the nominee's questionnaire responses give a different impression, and in some instances simply misstate the facts.

For one case, for example, captioned Allison versus Block, Mr. Robinson states in his questionnaire that he had "directed the investigation of the case, filing of the suit, and supervised litigation."

In fact, there were two related cases, but the foundation did not get involved in either of them until after the trial had been concluded. Mr. Robinson's description of his involvement was misleading at best. Neither Mr. Robinson, nor any attorney working for the foundation, filed either suit. It follows that Mr. Robinson did not "investigate" the case before suit was filed. And the assertion that Mr. Robinson "supervised" the litigation is questionable, since private counsel tried and argued the cases, and apparently remained in control of the litigation throughout. It may be that Mr. Robinson supervised the activities of the foundation staff attorney who, according to private counsel, spent a great deal of time on the case and provided invaluable service to the clients. But the nominee's own proximity to the action may best be judged by the fact that he did not even enter an appearance in either case. This is also true of some of the other cases that Mr. Robinson cited as among his most significant litigation experiences.

Mr. Robinson has filed with the committee an explanation of his answers which resolves the major discrepancies among his recollections, those of the other participants in the case, and the official reports of the decisions. But that should not have been necessary. He should have given the committee accurate answers the first time.

Mr. Robinson appears to be qualified in terms of experience to serve on the Claims Court. As I have already stated, his career reflects familiarity with a broad variety of legal endeavors, and his integrity, intelligence, and willingness to work hard are not in dispute.

In short, I believe that this nomination is ready for favorable action by the Senate. But I think we must take this opportunity to put every nominee on notice that the Judiciary Committee expects them to respond to our questionnaire carefully, honestly, and accurately in every respect. Nominees are required to attest to the accuracy of these responses, just as the testimony at confirmation hearings is taken under oath. The committee will not hesitate to seek to verify the statements made in the questionnaire. Discrepancies such as those found in this case will inevitably prove embarrassing to the nominee. They may also, in future cases, prove injurious to the nomination.

AMERICA'S FOOD BANK NETWORK

Mr. DIXON. Mr. President, on May 3-6, the Food Marketing Institute Trade Show will be taking place in Chicago, IL. On this occasion, I would like to bring to your attention an extraordinary effort by America's food companies to feed our hungry citizens.

That effort has been coordinated since 1979 by Second Harvest, a Chicago-based nonprofit organization committed to bringing food to the hungry—food which would otherwise go to waste. Second Harvest actively solicits and distributes surplus food from manufacturers and retailers to feed those most in need, such as the elderly, the homeless, and families headed by unemployed or underemployed parents.

Second Harvest is the only national network of food banks. Last year alone, Second Harvest collected 352 million pounds of vital, nutritious surplus food from more than 200 major members of the Nation's food industry. This food was then allocated to nearly 200 food banks around the country. In turn, this urgently needed food was channeled to more than 38,000 social service agencies to serve the hungry in their communities.

Mr. President, I applaud the generosity of these companies, many of whom are in Chicago to exhibit their fine products at the Food Marketing Institute Show.

A list of donors include:

A.&J. Levy Zentner Company; A.E. Staley Manufacturing Company (Fresh Start Bakeries); ADM Milling Company; Alex Foods, Inc.; Allen Canning Company; Amboy Specialty Foods; Anchor Hocking Corporation; Anderson, Clayton & Company; Arnold Baking; Ateeco, Inc.; Avoset Food Corporation; B. Manischewitz Company; Banquet Foods Corporation; Basic American Foods Corporation; Beatrice Companies, Inc. (Beatrice Grocery Products Division, Beatrice Meats, Inc., Fisher Nut Company, Meadow Gold Dairy Products, Mountain High Yogurt, Rosarita Mexican Foods Company, Tropicana Products, Inc.).

Beech-Nut Nutrition Corporation; Bentley & Bentley, Inc.-Big Valley; Best Foods-CPC International, Inc.; Better Baked Foods, Inc.; Borden, Inc. (Realemon Foods); Boston for the World; Bridgford Foods Corporation; Brown & Portillo, Inc.; Bruno Scheidt, Inc.; Bush Brothers & Company; Cadbury Schweppes, Inc. (Duffy-Mott); Calavo Growers of California; Campbell Soup Company (Pepperidge Farm, Inc., Mrs. Paul's Kitchens, Inc., Vlasic Foods, Inc.); Cargill, Inc.; Carlstrom Foods, Inc.; Carnation Company; Celestial Farms; Charles F. Cates & Sons, Inc.;

Chef Francisco Inc.; Chipman-Union, Inc.; Chock Full-O-Nuts Corporation; The Clorox Company (Food Service Products Company, Kingsford Products Division, Moore's Food Products); Coca-Cola Company Foods Division; Consolidated Biscuit Company; Cooperation Brands, Inc.; Cornnuts, Inc.; Corr's Natural Beverage Company; Country Fresh, Inc.; Creek Food Products; D.B. Berelson & Company; Dairymen, Inc.; The Dannon Company; Del Monte Corporation; Dole Foods; Dryers Grand Ice Cream; Durkee Foods, E.J. Brach & Sons; East Baltimore Commissary;

Farley Candy Company; First Foods Virginia; Fleetwood Snacks, Inc.; Food Products International; Foodmaker, Inc.; Foremost Dairies, Inc.; Fort Howard Paper Company; Franco, Inc.; Friendly Ice Cream Corporation; Frito-Lay, Inc.; Froz Fruit Corporation; G.H. Bass; G.M.B. Enterprise; Gaines Manufacturing Company Inc.; General Biscuit Brands; General Foods Corporation (Claussen Pickle Company, Entenmann's, Inc., Oroweat, Oscar Mayer Food Corporation); General Mills, Inc. (Creative Dining Division, Red Lobster Inns of America, Yoplait USA);

Geo. A. Hormel & Company; Gerber Products Company; Globe Products Company, Inc.; Golden Dipt Company; Golden Grain Macaroni, Inc.; Golden West Foods, Inc.; Goldkist Poultry; Greenbay Foods; H.J. Heinz Company; H.P. Hood, Inc.; Haribo of America; Harmony Foods Inc.; Hershey Chocolate Company; Imperial Cup Corporation; International Frozen Foods, Inc.; International Multifoods Corporation; International Salt Company; J. Phillips; J.M. Smucker Company; J.P Sullivan Company; J.R. Simplot Company; J.R. Wood, Inc.;

J.W. Allen & Company; Keebler Company; Kellogg Company (Mrs. Smith's Frozen Foods Company); Kimberly Clark Corporation; Knotts Berry Farm; Kraft, Inc.; The Kroger Company; Krystal Company; L. Karp & Sons, Inc.; L.S. Heath & Sons, Inc.; La Victoria Foods, Inc., Lamb-Weston, Inc.; Land O'Frost Inc.; Land O'Lakes, Inc.; Laura Scudder's Inc.; Lawry's Foods, Inc.; Leaf Confectionery, Inc.; Lender's Bagel Bakery; Lever Brothers Company; Libby's; Life Blend, Inc.; Lucky Stores, Inc.; Lykes Pasco Packing Company; M. Polander & Son, Inc.; M.A. Gedney Company;

MJB Company; Mahchena Corporation; Malt-O-Meal Company; The Martin-Brower Company; Maryland Cup Corporation; Maryland Paper Box Company; Matthew's All Natural, Inc.; Maui Land & Pineapple Company; Inc.; McCaffery Baking Company; McCormick & Company, Inc. (McCormick-Schilling); McDonald's Corporation; McIlhenny Company; McKee Baking Company; Mid America Refresh, Inc.; Midwest Coast Transport, Inc.; Mother's Cake & Cookie Company; Mother's Kitchen, Inc.; Mrs. Crockett's Kitchen; Musco Olive Products, Inc.; Nabisco Brands, Inc.; National Beverage Company; (Shasta Beverages, Inc.); National Fruit Product Company;

National Oats Company, Inc.; Nature's Quality; Nemos Bakery, Inc.; Nestle Foods Corporation; New Day Distributors; Nutri-Foods International; Ocean Spray Cranberries, Inc.; Ohio Pure Foods, Inc.; Orange Bakery; Ore-Ida Foods Company, Inc.; Park Sausage; Peanut Corporation of America; Pepsi-Cola Bottling Company; Perlman-Rocque Company, Inc.; Pet, Inc.; Pillsbury Company; (Azteca Corn Products Division, Green Giant Company, Jeno's, Inc., Van De Kamp's Frozen Foods); Popsicle Industries, Inc.; Prince Matchabelli; The Procter & Gamble Company;

Quaker Oats Company; Queen International Foods; R.T. French Company; Ragu Foods, Inc.; Ralston Purina Company (Continental Baking Company, Inc.); Real Fresh, Inc.; Rich Products Corporation; Rich-Seapack Corporation; Richardson Foods Corporation; Riviana Foods, Inc.; Roman Meal Company; Ross Laboratories Division; Rykoff-Sexton, Inc.; S.B. Thomas, Inc.; S.C. Johnson & Son, Inc.; Safeway Stores, Inc.; San Antonio Foreign Trading Company; Sandoz Nutrition Corporation;

Sara Lee Corporation (Bali Company, Bryan Foods, Inc., Chef Pierre, Inc., Fuller Brush Company, Gallo Salame, Hanes Knitwear, Inc., Hillshire Farm Company, Kitchens of Sara Lee, L'Eggs Brands, L'Eggs Products, PYA/Monarch, Inc., Standard Meat Company); Sathers, Inc.; Savannah Foods & Industries, Inc.; Scandia Seafood; Schaffer Clark & Company, Inc.; Seabrook Foods, Inc.; Seafood Marketing; Shaklee Corporation; Shared Services; Society of St. Andrews; Specialty Brands Inc.; Spreckels Sugar Division; Springs Industries, Inc.; Steller Industries, Inc.; Stokley USA, Inc.;

Sundor Brands Inc.; Sunkist Growers, Inc.; The Suter Company Inc.; Sweetheart Products Group; Taco Bell; Target Marketing; Tetley, Inc.; Thomas J. Lipton, Inc. (Good Humor Corporation); Timber Line

Products; Tommy's Foods, Inc.; Trappe Packing Company; Treesweet Products Company; Tree Top Inc.; Uhlmann Company; United Provisions Company; Universal Foods Corporation; VIP Sales Company, Inc.; Valley Baking Company; Valley Foreign Trading; Ventura Coastal Corporation; Waterfield-Butterfield Farms; West Coast Products Corporation; Westvaco Manufacturer; Wyandot Popcorn Company.

TOO LITTLE, TOO LATE

Mr. SIMPSON. Mr. President, Sony chairman, Akio Morita, made the incisive observation at the Shimoda Conference in Tokyo last week that Japan "often does too little too late" to correct its trade problems with the United States. Those few well chosen words describe both the problem and a key to a solution for some of our longstanding bilateral trade disputes.

Japan would do well to abandon delaying tactics, prolonged negotiations, and incomplete gestures and act quickly to eliminate barriers to competitive U.S. goods and services. Action is essential and will contribute importantly to improving both our economic and political bilateral relations.

I observe that Prime Minister Nakasone is sincerely attempting to lead his government in this constructive direction under the most difficult of political circumstances. I often speak here of the products of soda ash, coal, and beef and the absolute requirement of access. Yet even the modest United States request to Japan for tariff reciprocity on chocolate has become an internal struggle with the Prime Minister encouraging immediate equalization of the tariffs, and the Ministry of Agriculture, Forestry, and Fisheries unilaterally announcing a duty rate and timing far less acceptable to the United States.

The chocolate tariff should be an easy gesture for Japan to make to the United States. It would be more than symbolic. I hope that Prime Minister Nakasone's enlightened leadership will prevail on this and so many other market opening measures which he so correctly recognizes are as important to Japan as they are to the United States. I sincerely commend this remarkable international statesman for his efforts and heartily welcome him to Washington.

RAPID CITY THRILLERS: THE PRIDE OF THE BLACK HILLS

Mr. DASCHLE. Mr. President, I wish to bring to the attention of my colleagues the outstanding success of the 1986-87 Continental Basketball Association Champions, the Rapid City Thrillers.

The Thrillers captured their third straight CBA Championship Easter Sunday in Rapid City, SD, by defeating the Rockford Lightening 127 to 120, thereby winning the CBA championship series four games to one. South Dakotans applaud the Thrillers' accomplishment and take great pride in their championship team.

While the CBA's association with South Dakota has been short, it has also been mutually rewarding. The Rapid City community has embraced the Thrillers, and the team has responded.

The Thrillers moved to the Rushmore Plaza Civic Center in Rapid City at the beginning of the CBA playoffs. Since the move from Tampa Bay, the Thrillers have broken all of their attendence records. The turnout at their first four games alone in Rapid City exceeded their whole regular season attendance in Tampa Bay.

The Thrillers are a solid organization led by owner John Tischman, general manager Sandy Smith, and coach Bill Musselman. They have assembled a team of professionals, many of whom appear destined for the National Basketball Association. Most of the Thrillers have now joined professional basketball teams in Europe and will be attending NBA camps next fall. South Dakotans will be following their professional development with great interest.

I would like to submit into the RECORD a clipping from the Rapid City Journal which recounts the Thrillers' championship game. Writer Don Linder covered the contest and captured the spirit of that tremendous victory.

Once again, I commend the Rapid City Thrillers for their championship. I know many South Dakotans join me in looking forward to many more exciting years of CBA basketball in Rapid City.

UNDER ANY NAME, THRILLERS ARE WINNERS

(By Don Lindner)

The name is different, but the results are the same in the Continental Basketball Association.

On this Easter Sunday afternoon at Rushmore Plaza Civic Center the parade of CBA championships continued for the Thrillers, now the pride of Rapid City.

Sparked by Most Valuable Player Clinton Wheeler, the Thrillers held off Rockford for a 127-120 victory and the CBA championship series.

The final tally: four games to one.

The Thrillers, who moved here from Tampa Bay for the start of the playoffs, were dominant throughout the month-long eliminations. It left them with their third straight league championship, all under Coach Bill Musselman.

The Thrillers ousted Pensacola 4-1 in the first round and then downed Albany 4-0 for the Eastern Division title.

The playoffs may have been decisively settled, but the procedure wasn't automatic, injected Wheeler, who played a sterling game and led the Thrillers with 33 points.

"It has been hard work," said the 6-foot-1 guard with two years of professional experience. "They worked hard to stop us, but we were the better team. They never gave up, but we wore them down."

It was just another day at the office for the Thrillers for most of the game. Their leads were 21 points in both the first and second halves.

This all changed in the final four minutes when Rockford made a bid to send the series back to the Illinois city on Tuesday night.

Jim Lampley, who scored 38 points, began to find the mark repeatedly underneath. His basket with 3:23 to play pulled the Lightning to within five points at 119-114.

The crowd, unbelievably small at 2,859, had sat in an almost state of boredom for 44 minutes because of the one-sidedness. Now the faithful followers became uncomfortable.

It was time for thrilling Thrillers: Introducing John Stroeder and Dale Blaney.

Stroeder sank a rebound shot and made a foul throw off the play. Blaney fired in an 18-footer and the Thrillers' lead went up 124-114.

They had survived crunch time.

"We got a little cute with the ball," said Musselman about the sudden turn of events. "I was a little upset and called a time-out."

"When Rapid City got down to five they didn't crack," said Rockford Coach Mauro Panagglo, who won CBA titles at Rochester in 1979 and 1981.

"You had two great coaches here," noted Thrillers owner John Tuschman after the game, holding the huge title trophy. "They go back a long way. It is a league of great coaches."

CBA commissioner Carl Scheer presented the trophy to Tuschman and Musselman. "It was a great sacrifice," Musselman said of his players. "They were unselfish. This team had tremendous character and character wins. They all are champions and so are you people of Rapid City."

Don Collins' 20 points were next to Wheeler's 33. Teammates Blaney and Stan Mitchell each added 18 and Stroeder 14.

"We came to end it," and Collins, the league's No. 2 scorer during the regular season with a 27.2 average. "We were loose and in position to do it."

"It was over yesterday, I knew they couldn't come back," said Musselman about the 182-125 runaway victory that opened a 3-1 edge in the best of seven championship series.

The Saturday night crowd of 5,724, too, must have thought it was the championship game. Only half showed for the real thing Sunday.

Rockford's Richard Rellford, hampered by fouls, scored only 19 points Sunday after a 40-point eruption Saturday. Teammate Pace Mannion matched the 19 points Sunday and Bryan Warrick and Anthony Welch each netted 16.

"It is great to be Most Valuable Player, I worked hard all year and this was my year," said Wheeler about the award presented to the best player in the playoffs. "Hopefully, I can play in the NBA. I have accomplished everything in the CBA and we proved we were the best in the CBA."

Musselman was asked to compare his three CBA championship teams. The one-time Minnesota Gophers' and NBA coach said last year's team had five of the finest players ever to play in the league. "This team was one from ten. It was more flexible. We had depth and could play half court, full court and press."

His own plans? "I plan to get away and take a break," answered Musselman, "I would like a NBA coaching job, but I'll decide my future later. Right now I am drained. I put a lot of pressure on myself in coaching."

Rockford was the Cinderella team of the series. The Lightning did not reach .500 during the regular season and then spilled La Crosse and Cincinnati in the earlier playoff rounds.

The Lightning's biggest strike came when they stunned the Thrillers in the opening game of the championship series in Rapid City a week ago.

Four straight losses, however, followed. Included were two setbacks on the Rockford home court before CBA playoff record crowds in the 7,000s.

"We look at our season total," said Panaggio, "and the way it went. We were not expected to make the championship series. We had a lot of problems; injuries, ailments and adversities. Our guys kept plugging away. Rapid City is a fine club and did what they had to do to win."

"You didn't lay down," said Scheer in a moment of comfort. "No, we didn't," Panaggio responded.

Musselman had to handle his own extreme degree of adversity, that of watching an entire team being moved to a different city while the season was still going on.

But it all turned out for the best.

"Wheeler was a great leader. Collins was outstanding. . . . It was just a great group of players and a great season," said Musselman.

HONORING FAMILY FARMING

Mr. RIEGLE. Mr. President, the State of Michigan is currently celebrating its sesquicentennial. As part of that celebration, an event will take place later this month to honor six farms in Oakland County, MI, which have been owned by the same family for 150 years or more.

Farming has been a key part of Michigan's history and development since the first settlers arrived. Michigan's terrain and climate have always provided ideal conditions for a wide variety of crops ranging from corn and soybeans to fresh fruit and vegetable operations.

These six farms in Oakland County are a symbol of the strength, vitality, and perseverance that has always characterized the people of Michigan for 150 years.

Some of these farms still contain original buildings and structures. Some of the residents can remember digging up arrowheads in their cornfields. All of these families are either the fourth or fifth generation to occupy this property. So in a very real sense, these farms are a living history of Michigan, and a heritage that we must all treasure and work to preserve.

The six who are being honored are: Paul H. Button of Farmington Hills; Carlton and Winifred Crawford of Milford; Loise Sowles and Shirley S. Patterson of Leonard; Robert L. and Ina P. Trask of Leonard; John B. Landon of Holly; and John L. and Mark K. Canfield of New Hudson.

Mr. President. It is truly remarkable that these families have been able to retain these farms for a century and a half, and it is a real mark of their tenacity, ingenuity, and plain hard work. I hope that the Senate will join me in extending my best wishes and congratulations to these six farmers, and in my hopes that they will enjoy another 150 years in Michigan.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

CONGRESSIONAL BUDGET RESOLUTION—1988

The PRESIDING OFFICER. The Clerk will report the pending business.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 49) setting forth the congressional budget for the United States Government for the fiscal years 1988, 1989, 1990, and 1991.

The Senate resumed consideration of the concurrent resolution.

Pending:

(1) Byrd motion to recommit the resolution to the Committee on the Budget, with instructions to report back forthwith, with language in the nature of a substitute.

(2) Chiles Amendment No. 174 (to the motion to recommit), with language in the nature of a substitute.

(3) Chiles Amendment No. 179 (to Amendment No. 174), of a perfecting nature.

The PRESIDING OFFICER. The majority leader.

THE EXECUTIVE CALENDAR

Mr. BYRD. Mr. President, I have been discussing with the distinguished Republican leader nominations on the Executive Calendar. I indicated on yesterday that it was my intention to proceed today to the nomination of Arnold Lewis Raphel to be Ambassador to the Islamic Republic of Pakistan.

The Republican leader and I have been discussing the time for a vote on the nomination. The distinguished Senator from New Hampshire [Mr. HUMPHREY] is interested in this nomination, as are other Senators.

Mr. President, I would like to see us vote on this nomination, if we can get to a vote on the nomination today, at 11:30. The Republican leader and I can determine among our colleagues whether we can have a vote at that hour.

I understand Mr. HUMPHREY is on his way to the floor.

As to the next nomination on the calendar, Melissa Foelsch Wells, to be Ambassador to the People's Republic of Mozambique, I wonder if we can reach some understanding as to when we might vote on that nomination today.

Mr. DOLE. Mr. President, will the majority leader yield?

Mr. BYRD. Yes, I yield.

Mr. DOLE. Mr. President, I believe on that one, I should discuss it with the distinguished Senator from North Carolina, Senator HELMS. Obviously, there could be a vote to proceed to the nomination. I am not sure what would happen after that. There is, as I understand it, considerable opposition to the nomination on this side.

Mr. BYRD. Very well. It may be that we could not reach a vote on that today. Senators certainly have the right to debate it.

Would the Republican leader have any problem with our recessing between the hours of 12 noon and 2 p.m., with a vote to occur either on the nomination of Melissa Wells or on a motion to proceed to it at 2 o'clock? I am not saying I am going to put the request at the moment. I wonder if the leader and I could discuss it.

Mr. DOLE. Mr. President, I certainly have no objection to recessing. I think we are both working on the budget.

Mr. BYRD. Yes.

Mr. DOLE. The majority leader indicated yesterday that sometimes we accomplish more off the floor than on the floor. I know Senator DOMENICI is looking at any possibilities he might offer. I know Senator CHILES is doing likewise.

Mr. BYRD. Yes. The purpose of our conference on this side would be just that, to further discuss an amendment to be offered by Mr. CHILES. That time could be charged against the measure, against both sides.

It would be by thought that perhaps the Senate would not be in Monday. I have indicated there will be no rollcall votes on Monday. And that being the case and in the context of other matters, too, that have to do with the budget and the need for consultations and continued work thereon before we are ready to have additional votes, it might be just as well if the Senate were not in on Monday. This would accommodate committees and accommodate the consultations that we are talking about, which would mean that on Tuesday and Wednesday, then, we would hope to complete action on the budget, certainly no later than Thursday next week, with critical votes occurring at any times on those days.

These are just thoughts that I am expressing out loud and that I have been discussing with the Republican leader. I will not put any request before the Senate until I have had an opportunity to discuss these matters further with the Republican leader.

Mr. DOLE. Mr. President, if the Senator will yield, we have had some discussions with the manager of the budget, Senator DOMENICI. And he indicates as long as we started Tuesday with each side having about 8 hours, he would have no objection to yielding back to that point.

Mr. BYRD. Very well. I can assure the distinguished Republican leader that as far as our side is concerned, we would be willing to join in that request and that approach.

Mr. DOLE. As I am also advised by staff, that while Senator Humphrey has no objection to a vote at 11:30, he does have a problem with the recess, because that would permit a committee to meet, and he would like to object to its meeting, between 12 and 2.

Mr. BYRD. Very well.

Mr. DOLE. Maybe we can resolve that as soon as he comes to the floor.

Mr. BYRD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The majority leader will state the inquiry.

Mr. BYRD. Has morning business been closed?

The PRESIDING OFFICER. Morning business has been closed.

Mr. BYRD. The motion with amendments pending is before the Senate?

The PRESIDING OFFICER. The majority leader is correct.

Mr. BYRD. I thank the Chair.

I suggest the absence of a quorum. I ask that the time be equally charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. BYRD. Mr. President, as in executive session, I ask unanimous consent that the vote on the nomination of Arnold Lewis Raphel to be Ambassador to the Islamic Republic of Pakistan occur at 11:45 a.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays as in executive session at this time on the nomination.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. Mr. President, I thank the Republican leader.

I again suggest the absence of a quorum under the same understanding, that the time be equally charged.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. BYRD. Mr. President, I have cleared this request with the Republican leader.

I ask unanimous consent that between now and 11 o'clock there be a period for the transaction of morning business, that Senators be permitted to speak up to 5 minutes each therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF ARNOLD LEWIS RAPHEL

Mr. BYRD. Mr. President, I ask unanimous consent that at the hour of 11 o'clock, the Senate go into executive session to consider the nomination of Arnold Lewis Raphel and that the time be equally divided in executive session for debate on that nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent that the time be divided equally between the majority leaders or their designees.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, the Republican leader and I would like to readjust the time for the vote, slightly.

I ask unanimous consent that the vote occur on the Raphel nomination at 11:40 a.m. today and that the time between 11 o'clock and 11:40 be equally divided between the majority and minority leaders or their designees, for debate on that nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Iowa is recognized.

HARRY HOPKINS

Mr. GRASSLEY. Mr. President, I rise this morning to honor an Iowan, Harry Hopkins, who was so close to President Franklin Roosevelt and so helpful to our country during World War II in the Allied movement.

The Iowa Senate recently passed a resolution asking the U.S. Postal Service to issue a commemorative stamp in honor of Harry Hopkins. I would like to second that request.

Harry Hopkins was a man of remarkable strength and character, who, though he never wore a uniform, quite literally gave his life for his country. He was a leading government figure during the Depression and put millions of people back to work during some desperate economic times in this country. But it is his wartime service, less well-known and less understood, on which I wish to focus these remarks.

Late in 1940, when England stood alone against the Nazis, many advised President Roosevelt against sending Britain the planes and ships that that country so urgently needed. They argued that they would only end up in German hands once Hitler finally overran that great ally of ours. Few gave that tiny island nation a chance of surviving the Nazi onslaught. Distressed at the implication if this were true, Roosevelt sent his friend and adviser, Harry Hopkins, that native of Iowa, to Britian to assess her chances of survival.

Hopkins was still recovering from a serious illness, and at the time he also had no Government job, title, office, or even paycheck. When he landed in England, he was too weak to unfasten his own seat belt. Yet, he kept up a pace that would have exhausted a younger man in vigorous health.

His 2 week mission soon stretched to 6 there in the country of Great Britain. After some initial and mutual wariness he struck up an enduring friendship with Prime Minister Churchill. Still, the British were unsure what he might report to Roosevelt and Roosevelt's chief adviser and Prime Minister Churchill and other English leaders were very worried. Many felt Hopkins literally held England's fate in his own hands.

Near the end of his stay, after a small dinner in Glascow with Churchill and other English officials, Hopkins was asked to say a few words. He rose, and holding on to the back of his chair, said:

> I know many of you are wondering what I am going to tell the President. Well, I plan to quote to him from the book of books the truth of which my own Scottish mother knew. "Wither thou goest I will go; wither thou lodgest, I will lodge; for thy people shall be my people, and thy God my God." and then with his voice dropping very low and looking directly at Churchill, he concluded softly, "even to the end."

Churchill then at that point realizing the depth of Hopkins' commitment, wept openly.

Britishers today still recall the hope that surged through England as what Hopkins had said passed by word of mouth. Hopkins was back in London in July 1941 just after the Nazis invaded Russia. The experts predicted that Russia lacked the fire power and the will to resist the Germans and would soon fall to the Nazis. Churchill warned that if this were allowed to happen, Germany would turn her full fury at that point against England.

Once again doubting the prevailing wisdom, Hopkins secretly at that point flew to Moscow and at that point Moscow was under heavy bombardment. After several days he was convinced that the experts were well wrong about Russia's ability to sustain that battle, as they were wrong about England's ability to do it. With adequate supplies, he thought the Russian people would hold out.

That assessment led to the extension of American war aid to the Soviet Union, just as his earlier reports had spurred United States assistance to our ally England. These supplies as well as his reports were critical in enabling the Russians to hold tight on the Easter front against the Nazi onslaught.

As he prepared to fly back from his Russian Mission in 1941, it was discovered that Hopkin's life-sustaining medicine has been forgotten in Moscow. Worried about getting back to England in time to sail to Newfoundland, where Churchill was to meet Roosevelt for the first time, Hopkins insisted in taking off without that medicine. He spent much of the flight riding the tail gunner's seat to keep an outlook for enemy aircraft.

By the time his plane reached its destination, the seas were so rough the pilot could not put down. After four passes, Hopkins ordered him to land. But the launch sent to pick him up could not get close to the plane for fear of a collision. Finally Hopkins, who after the ordeal of the past 5 days, was more emaciated and weak than ever, climbed out of the plane to the roof of that plane. He then leaped off, across the turbulent waters, and onto the launch, that was there to carry him on to further service for the preservation of peace and freedom for not only the U.S. but the rest of the world.

The RAF pilot who flew the mission later recalled the heroism of his passenger Hopkins this way;

> As he waved us farewell we could not help feeling that very few persons could have taken what he had endured. We wondered if there was ever any rest for a man so ill and yet showing such unbelievable courage, determination, and appreciation for the service of others. His was a noteworthy example of unparalleled devotion to duty.

The British commander who welcomed Hopkins back told Churchill he did not expect him to live through the night. But not for the last time Harry Hopkins displayed immense recuperative powers. He recovered from what was later described as the most valiant and important diplomatic mission of the war.

A few days later, he was at Roosevelt's side when the two great leaders of the English-speaking world met. He helped draft the Atlantic Charter which contained the principles that would be fought for in the coming years, as well as a vision of the peace that we now have had for the last 45 years. That vision, which Harry Hopkins did so much to shape and fight for, for endured, however imperfectly, for over 40 years.

Throughout the war, Hopkins played a key role in the allied effort. He not only made recommendations which resulted in American support for Hitler's opponents, he personally oversaw, as head of our lend-lease program, the production and distribution of U.S. supplies.

Once America herself entered the battle, his work continued. As Roosevelt's closest adviser, he orchestrated the wartime conferences at Casablanca, Teheran, and Yalta, and played a critical role in the successful functioning of the Grant Alliance.

His illness persisted, but so did he. He kept a killing schedule and shouldered enormous responsibility. Finally, in early 1946, he died in New York and was later buried in his home State of Iowa.

Because of his courage and determination in the struggle for peace and democracy, I wish to honor Harry Hopkins, as other people have done, and as the Iowa State Legislature has done, not just as one man who served his country well, but a symbol of all those who have sacrificed their own lives for the public good.

In closing, I would like to quote from the writing of someone who knew Hopkins firsthand and who spent some of the worst moments of World War II of his company. In the third volume of his memoirs on the Second World War, Winston Churchill described Harry Hopkins in the following terms:

> His was a soul that flamed out of a frail and failing body. He was a crumbling lighthouse from which there shone the beams that led great ships to harbor, in the history of the United States, few brighter flames have burned.

I am submitting as well Churchill's further recollections of Harry Hopkins, and a New York Times article, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FROM "THE SECOND WORLD WAR," VOL. III, BY WINSTON S. CHURCHILL

On January 10 [1941] a gentleman arrived to see me at Downing Street with the highest credentials. Telegrams had been received from Washington stating that he was the closest confident and personal agent of the President. . . . Thus I met Harry Hopkins, that extraordinary man, who played, and was to play, a sometimes decisive part in the whole movement of the war. His was a soul that flamed out of a frail and failing body. He was a crumbling lighthouse from which there shone the beams that led great ships to harbour. He had also a gift of sardonic humour. I always enjoyed his company, especially when things went ill. He could be very disagreeable and say hard and sour things. My experiences were teaching me to be able to do this too, if need be.

At our first meeting we were about three hours together, and I soon comprehended his personal dynamism and the outstanding importance of his mission. This was at the height of the London bombing, and many local worries imposed themselves upon us. But it was evident to me that here was an envoy from the President of supreme importance to our life. With gleaming eye and quiet, constrained passion he said:

"The President is determined that we shall win the war together. Make no mistake about it.

"He has sent me here to tell you that at all costs and by all means he will carry you through, no matter what happens to him—there is nothing that he will not do so far as he has human power."

Everyone who came in contact with Harry Hopkins in the long struggle will confirm what I have set down about his remarkable personality. And from this hour begin a friendship between us which sailed serenely over all earthquakes and convulsions. He was the most faithful and perfect channel of communication between the President and me. But far more than that, he was for several years the main prop and animator of Roosevelt himself. Together these two men, the one subordinate without public office, the other commanding the mighty Republic, were capable of taking decisions of the highest consequence over the whole area of the English-speaking world. . . . There he sat, slim, frail, ill, but absolutely glowing with refined comprehension of the Cause. It was to be the defeat, ruin, and slaughter of Hitler, to the exclusion of all other purposes, loyalties or aims. In the history of the United States, few brighter flames have burned.

Harry Hopkins always went to the root of the matter. I have been present at several great conferences where twenty or more of the most important executive personages were gathered together. When the discussion flagged and all seemed baffled, it was on these occasions that he would rap out the deadly question, "Surely, Mr. President, here is the point we have got to settle. Are we going to face it or not?" Faced it always was, and being faced, was conquered. He was a true leader of men, and alike in ardour and in wisdom in times of crisis he has rarely been excelled. His love for the causes of the weak and poor was matched by his passion against tyranny, especially when tyranny was, for the time, triumphant.

[From the New York Times, Sept. 6, 1986]

A MODEL PUBLIC SERVANT

(By Verne W. Newton)

BETHESDA, MD.—In his haste to accumulate wealth, the former White House aid-turned-lobbyist Michael K. Deaver may have displayed poor judgment or worse. If so, however, his excesses are a matter of degree. For the past 25 years, no right has been more unalienable than the right of White House aides to cash in on proximity to power. Some decorate corporate boards, some are given instant Wall Street partnerships, some remain in Washington on big-buck retainers.

It is thus worth recalling that things were not always this way—recalling, specifically, Harry Hopkins, one of President Franklin D. Roosevelt's most trusted aides. To the modern breed of White House advisers, Mr. Hopkins must seem a pathetic loser. He arrived in Washington at the age of 43 and for the next 12 years his salary was lower than it had been before he came. He once unsentimentally described his love of his country to students at Grinnell College, his alma mater.

"Nothing must happen to it," he said, "and those of us who get a chance, and many of us will because of the things this nation has done for us, should and will be motivated when the time comes to serve it well."

He did serve it well and no one since—not Mr. Deaver, Henry A. Kissinger, Hamilton Jordan, Bill Moyers—was as close to a President as Mr. Hopkins was from 1937 to 1945. He was deputy president, chief of staff and national security adviser all rolled into one.

It was common knowledge that as a father of four, he lived on the margin. Even so, he never tried to trade on his great power or his friendship with the President. It seems never to have occurred to him. Instead of bailing out and hanging up his shingle when he could have been a hot property, he stayed on and literally helped save the world.

He was not only F.D.R.'s eyes and ears but also his legs. His crucial visits to Winston Churchill in January 1941 and to Stalin the following July helped force the Grand Alliance. So complete was Mr. Roosevelt's trust in him that when Mr. Hopkins embarked on his London and Moscow missions he carried no written instructions. When the plane carrying him to see Churchill landed, Mr. Hopkins, his body depleted from malnutrition, was too weak to unfasten his seat belt. Because of a strange, still undiagnosed intestinal disorder, he received no nourishment from food he ate and was kept alive only by painful and difficult injections and transfusions.

After F.D.R.'s death, Mr. Hopkins dragged his emaciated body into retirement. He wanted only to write a book about Mr. Roosevelt. He had no agent, no big advances, no package deals. He did not collect directors' fees or retainers. He never wrote the book, but followed the President to the grave nine months later. Gen. George C. Marshall himself an Olympian figure, said of them: "The country will never even vaguely appreciate the service he rendered."

Prime ministers and presidents from around the world had sought him out when they were in Washington. The titans of American industry were impressed with his cool, clear thinking. He could have named his job and salary. He could have had the British Commonwealth account, the Latin American account, even the Soviet Union account.

Instead, he died virtually penniless. The estate's tiny cash assets included $2 Mr. Roosevelt had sent him after he had managed to put two pounds on his ravaged body and 32 Canadian dollars he had won playing backgammon with Churchill. He cherished these momentoes as he cherished his friendship with these two great men. He would never have tried to cash in on either one.

Mr. GRASSLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A MULTILATERAL APPROACH TO TRADE

Mr. BAUCUS. Mr. President, this Nation faces unprecedented international challenges, reflected in the billions of dollars' worth of foreign products surging into our ports.

As a result, our political system also faces great challenges.

The American people are frustrated—they are concerned, they are anxious—about the decline of America's competitive position, and they want action.

We all know that a main cause of the trade budget deficit is the fiscal deficit. We must reduce our fiscal budget deficit if we are going to be competitive and to lower capital costs in order to compete with other countries.

At the same time, we in Congress are considering comprehensive trade legislation. The House recently passed its trade bill. We in the Senate are now working on ours.

I think that, when all is said and done, we will have a solid trade bill.

A key provision, however, of the House trade bill is the Gephardt provision. I am disappointed that the House adopted the Gephardt provision. It is unfair. And if it becomes law, it may undermine rather than enhance America's international competitive position.

The Gephardt provision requires countries that enjoy large trade surpluses with the United States to cut their surpluses by over 40 percent over 4 years or face stiff sanctions.

Now, I am sympathetic with Congressman GEPHARDT's concerns. However, the amendment is too rigid. It is simplistic. And it takes a unilateral "Lone Ranger" approach that could undermine our relationship not only with Japan but with the rest of the world.

It assumes that the entire cause of the bilateral trade deficit is to Japan's unfair trade barriers. It does not in any way acknowledge that some of the reasons for the trade deficit are also due to problems we have here in our country, as well.

During the Finance Committee's consideration of the trade bill I will propose a very different approach.

This approach builds upon GATT and our multilateral relations. In a nutshell, it requires the President to bring an action against excessive trade surplus countries like Japan under article 23 of the GATT, on the ground that Japan's trading system nullifies benefits negotiated under GATT. If GATT fails to act, the President would seek a separate, multilateral approach. As a last resort, he must impose unilateral sanctions.

I believe that this approach has three main advantages.

First, a mulitlateral approach is more likely to succeed.

Japan's trading practices hurt us. But they hurt many other countries as well. These countries are likely to join us in the GATT. In fact, the EEC proposed bringing Japan to the GATT in 1983 but we at that time refused. The conditions are ripe for such a case today.

Second, a multilateral approach will reinvigorate the GATT by demonstrating that it can be an effective forum for major trade disputes.

The drafters of GATT originally envisioned that article 23 could be used in a situation like the Great Depression, in which closed markets and restrictive economic policies led to stagnating world economy. We face a similar situation today. Rising protectionism and deteriorating international cooperation threaten to ignite a global recession.

Third, a multilateral approach provides necessary flexibility.

We must put economic pressure on countries like Japan. Otherwise, the necessary changes will not occur. But we should do so through flexible multilateral negotiations, rather than by applying a mathematical formula that puts the trade war on automatic pilot.

The Gephardt amendment would lock us into a cycle of retaliation and counterretaliation, and counterretaliation again, because it assumes that Japan is the entire cause of the entire problem. An article 23 action in contrast, would permit us to expand the negotiations to include not only the elimination of unfair trade practices, but also changes in monetary policy, changes in fiscal policy, and a greater Japanese contribution to solving the problem of Third World debt.

In short, the Japan problem squarely presents the central dilemma facing U.S. trade policymakers today.

Foreign markets are more closed than our own. This may have been tolerable at one time. It is not tolerable now. We must insist on reciprocity.

At the same time, the United States remains the engine of world growth and the primary defender of an open international trading system. We must avoid reflexive protectionism and seek solutions that enhance the trading system and promote overall economic growth.

Mr. President, I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Sanford). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BYRD. Mr. President, I understand that Mr. Helms wishes to proceed in legislative session for a brief period. I ask unanimous consent that the Senate return to legislative session for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from North Carolina.

DIAL-A-PORN CONTROL ACT

Mr. HELMS. Mr. President, I send a bill to the desk and ask for it to be read the first time.

Mr. BYRD. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS. Mr. President, as we know, this is a procedure under the rules.

Mr. BYRD. Mr. President, I did not object to the introduction of the bill. I objected to the reading of the bill. If the distinguished Senator from North Carolina wishes to initiate the mechanism whereby the bill will eventually be on the calendar, he can introduce a bill. It was not an objection to the introduction of the bill.

The PRESIDING OFFICER. The Senator has a right to have it read for the first time. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1118) to help prevent rape and other sexual violence by prohibiting dial-a-porn operations.

Mr. HELMS. Mr. President, I ask for a second reading.

Mr. BYRD. Mr. President, I object to second reading.

The PRESIDING OFFICER. Objection is heard. The bill will have second reading on the next legislative day.

Mr. HELMS. Mr. President, I thank the Chair and my friend and fellow North Carolinian at one time, the distinguished majority leader.

Mr. President, I am today reintroducing my legislation to bar dissemination of so-called dial-a-porn messages over the public telephone system. The bill was originally introduced on the first day of the 100th Congress, January 6, 1987, as S. 212.

Since January 6, the bill has been in the Committee on Commerce, Science, and Transportation. Thus far the committee has not acted on this legislation.

Senators may recall that my dial-a-porn legislation passed the Senate, with very little controversy, in September 1986 as part of the bipartisan, antidrug package. The House of Representatives, however, stripped out the dial-a-porn provision before sending the bill to the President for his signature.

Mr. President, I strongly believe that the Senate should act expeditiously to end dial-a-porn. Many parents and others have written me, called me, and visited me about the urgency of this matter.

In order to speed consideration of this legislation I am using the procedures under rule XIV of the Standing Rules of the Senate to have this bill placed directly on the Senate Business Calendar. I am introducing it again, and it will be given a new number but it is identical to S. 212. Instead of going to the Commerce Committee, it will ultimately be put on the Senate Calendar where it will be available for action at any time.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1118

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Dial-a-Porn Control Act".

Sec. 2. Section 223(b) of the Communications Act of 1934 is amended—

(1) in paragraph (1)(A), by striking out "under eighteen years of age or to any other person without that person's consent";

(2) by striking out paragraph (2);

(3) in paragraph (4), by striking out "paragraphs (1) and (3)" and inserting in lieu thereof "paragraphs (1) and (2)"; and

(4) by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

EXECUTIVE SESSION

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of Mr. Arnold Lewis Raphel.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I understand there has been a request to change the time of the vote back to 11:30 instead of 11:40. That request comes from the Republican leader.

I make that request. The chairman of the Senate Foreign Relations Committee is present. If he has no objection, we will vote at 11:30 instead 11:40.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nomination will be stated.

DEPARTMENT OF STATE

The legislative clerk read the nomination of Arnold Lewis Raphel, of New Jersey, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Islamic Republic of Pakistan.

Mr. BYRD. Mr. President, on this side, I designate the distinguished chairman of the Foreign Relations Committee to control the time.

The PRESIDING OFFICER. Who yields time?

Mr. PELL. Mr. President, I yield myself such time as I may require.

Mr. President, I am pleased to support the nomination of Arnold Raphel as our next Ambassador to Pakistan. At 44, Mr. Raphel is a rising star of the Foreign Service and I commend the President for recognizing and rewarding talent.

Mr. Raphel brings many assets to this position. His involvement with Pakistan dates back 20 years to his graduate studies. He is fluent in Urdu and has served as political counselor at the Embassy in Islamabad. Most recently, he has been the principal Deputy Assistant Secretary for the Near East Bureau and, as a result, has been involved in some of the most vital foreign policy deliberations, including those on Afghanistan, the Middle East peace process, and the Iran-Iraq war.

As our Ambassador to Pakistan, Mr. Raphel will be responsible for handling one of the most important and difficult relationships the United States has. Mr. Raphel will be representing the United States at a time when the Afghanistan negotiations are entering a critical phase and where there appears at least some hope for an end to this cruel war. Mr. Raphel will be charged with negotiating any U.S. role in the settlement and with being sure that the rights of the Afghan people are fully protected. I believe Mr. Raphel is committed to such a task and will carry it out extremely well.

Mr. Raphel will also have to represent U.S. nonproliferation interests in Pakistan. The spread of nuclear weapons to South Asia could have catastrophic consequences for the people of the region and serve as a dangerous precedent for the rest of the world. I only hope that Mr. Raphel will lobby as hard and as effectively in Islamabad on behalf of nonproliferation as the administration lobbied the Foreign Relations Committee to defeat our efforts to strengthen the nonproliferation conditions on U.S. assistance to Pakistan.

During his last posting in Islamabad, Mr. Raphel developed a close working relationship with Pakistani leader General Zia ul-Haq. This should serve him well in advancing U.S. interests on key issues such as Afghanistan and nuclear nonproliferation. I would only emphasize the importance of also being in touch with other elements—including the leadership of the democratic opposition—in that deeply divided country. With Mr. Raphel's sensitivity to Pakistani policies, I am sure this is a point of which he is fully aware.

Mr. President, I am confident that Mr. Raphel will make an outstanding U.S. Ambassador to Pakistan. I strongly urge the Senate give advice and consent to his nomination.

I yield the floor.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the Chair.

Let me emphasize as best I can that I have not been trying to delay a vote on the Raphel nomination, but I must say to the Senate that there remains a significant problem with this nomination. Let me describe it as best I can.

The nominee for the position of Ambassador to Pakistan has been asked to perform just one simple task. He has been asked to go to the tax authorities of the District of Columbia and explain to them his tenure rights as a career Foreign Service officer under the Foreign Service Act of 1980, and to obtain from them a statement that they accept his claim that he is tax exempt under the provisions of the D.C. Tax Code that exempts Presidential appointees who are subject to Senate confirmation and whose tenure in office is at the pleasure of the President.

Now, Mr. Raphel is a very pleasant gentleman. I have nothing in the world against him personally. But he persists in insisting that the earlier correspondence he had with the District of Columbia in which he stated to them that he served as a Presidential appointee and at the pleasure of the President of the United States should be accepted by the Senate as proof that he legitimately did not have to pay District of Columbia taxes.

Well, he is absolutely wrong about that. The determination by the District of Columbia that he cites was made in 1964. The Foreign Service Act was changed in 1980. Career Foreign Service officers are not today appointees who serve at the pleasure of the President. By law they are career officers. They can be removed from office only under certain very specific circumstances involving decisions by promotion boards composed of other FSO's and, Mr. President, they have the legal right to appeal those decisions to the Foreign Service Grievance Board.

All right. The board has the right to order the reinstatement of the FSO and to award back pay for the period of separation.

Now, I hope the Chair understands the distinction I am making between Mr. Raphel's claim and the actual facts of the matter. But in any case, under the circumstances that I have cited, it is impossible for a reasonable person to conclude that FSO's serve at the pleasure of the President of the United States because that simply is not so. But in any case, Mr. Raphel has claimed to the tax authorities of the District of Columbia that he serves at the pleasure of the President in order to avoid paying taxes that he is required to pay under the law.

Now, that is the difficulty I have had with this nomination. I do not question Mr. Raphel's honesty, but I do wish that he would back off from this mistaken position that he has taken that he serves at the pleasure of the President of the United States. He does not and under the law, if the law means anything, he must pay D.C. taxes if he lives in this city for more than 183 days a year.

So all we have been asking is that the District of Columbia Government verify the nominee's claim to the tax exemption prior to our decision to confirm him for overseas service. Even though this has not yet been done, I hope that the matter can be resolved, Mr. President. But the responsibility for the delay in consideration of this nomination has clearly been his. There has been this need for him to take action to clear up the situation and even though the Senate may confirm him today, it is still imperative for Mr. Raphel to resolve the matter.

In this connection, Mr. President, I ask unanimous consent that a study by the American Law Division of the Library of Congress on this D.C. tax matter be printed at the conclusion of my remarks. I also ask unanimous consent that an exchange of correspondence between Mr. Ed Fox, Assistant Secretary of State for Legislative Affairs, and the Senator from North Carolina be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC., March 9, 1987.

To: Senate Committee on Foreign Relations.

From: American Law Division.

Subject: Whether Career Foreign Service Officers Are "Employees" as Defined in the Revenue Code of the District of Columbia.

This memorandum responds to your inquiry regarding whether career Foreign Service Officers are exempt from the definition of "employees" in the District of Columbia Revenue Code. An employer in the District of Columbia is required to deduct and withhold an income tax on wages paid to employees. 47 D.C. Code sec. 1812.8(b) (1981). The Code, in relevant part, exempts from the definition of "employee" "any officer of the executive branch of such [United States] government whose appointment to office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States." 47 D.C. Code sec. 1801.4(24) (1986 Supp.). Officers who meet this definition are not considered "employees," and, thus, are not subject to withholding unless they are domiciled in the District of Columbia at any time during the taxable year.

If the exemption does not apply, an employee is subject to withholding of District of Columbia income tax not only if domiciled, but also if he or she has a place of abode or resides within the District at the time the tax is required to be withheld in respect to his or her employment. 47 D.C. Code sec. 1801.4(24) (1986 Supp.).

Career Foreign Service Officers are appointed by the President and are subject to confirmation by the President. 22 U.S.C. sec. 3952(a)(1). These officers, however, do not appear to serve at the pleasure of the President because they are protected by merit principles. "All personnel actions with respect to career members and career candidates in the [Foreign] Service (including applicants for career candidate appointments) shall be made in accordance with merit principles." 22 U.S.C. sec. 3905(a)(1). "Personnel actions" means "any appointment, promotion, assignment (including assignment to any position or salary class), award of performance pay or special differential, within-class salary increase, separation, or performance evaluation." (Emphasis supplied.) 22 U.S.C. sec. 3905(a)(2).

The Foreign Service Act of 1980, 22 U.S.C. secs. 3901, et seq. (1982), gives the term "merit principles" the same meaning as does the Civil Service Reform Act of 1978, 5 U.S.C. secs. 1201, et seq. Section 3902(a) of title 22 states that as used in the Foreign Service Act, the term "'merit principles' means the principles set out in section 2301(b) of title 5, United States Code," a provision of the Civil Service Reform Act. The "merit principles" include provisions stating that "advancement should be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity," and that "employees should be retained on the basis of adequacy of their performance." 5 U.S.C. sec. 2301(b)(1) and (6) (1982).

The commitment to merit principles permeates the Foreign Service Act. The congressional findings and objectives section, for example, states that, "The Congress finds that . . . the Foreign Service should be operated on the basis of merit principles." 22 U.S.C. sec. 3901(a)(5) (1982). The objective of the Act is to strengthen and improve the Foreign Service by "assuring, in accordance with merit principles, admission through impartial and rigorous examination, acquisition of career status only by those who have demonstrated their fitness through successful completion of probationary assignments, advancement and retention of the ablest, and separation of those who do not meet the requisite standards of performance . . . ." 22 U.S.C. sec. 3901(b)(1) (1982).

The Act charges the Secretary of State with ensuring that members of the Foreign Service receive protection according to merit principles. 22 U.S.C. sec. 3905(b) (1982). A grievance system was established in 1976 to establish procedures to hear grievances relating to a number of matters including separation. 22 C.F.R. Pt. 16 (1986). If a grievance cannot be resolved by the agency, an aggrieved party is entitled to a hearing before the Foreign Service Grievance Board. 22 C.F.R. sec. 16.12 (1986). An aggrieved party may also obtain judicial review of final actions of the agency or Board in the district courts of the United States in accordance with standards set forth in chapter 7 of title 5 of the United State Code. 22 C.F.R. sec. 16.15 (1986).

The commitment to merit principles and existence of a grievance procedure appear to suggest that career Foreign Service Officers would not be exempt from the definition of "employee" in the District of Columbia Revenue Code and, thus, would be subject to withholding of District of Columbia tax on wages. Although career Foreign Service Officers are appointed by the President and subject to confirmation by the Senate, they do not appear to serve at the pleasure of the President. The following passage, articulated in another context, highlights the distinction between a pleasure and nonpleasure appointment:

> Generally, a holder of a 'pleasure appointment' may be removed without cause and without notice and hearing; 'tenure,' on the other hand, denotes relinquishment of unfettered power to terminate the employee's services, and explicit provisions or established understandings restricting the causes for removal and demanding prior notice and hearing invest the position holder with a species of tenure per se which clashes with the central characteristics of a pleasure appointment. *Zumwalt* v. *Trustees of California States Colleges*, 109 Cal. Rptr. 344, 347, 33 C.A. 3d 665, *quoted in* 32A *Words and Phrases* 67 (1981 Supp.).

THOMAS J. NICOLA,
Legislative Attorney.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, April 29, 1987.

Hon. ED FOX,
Assistant Secretary for Legislative Affairs, Department of State, Washington, DC.

DEAR MR. FOX: This is to acknowledge your letter of April 27 in which you argue that the nominee for the position of Ambassador to Pakistan is exempt from income taxes in the District of Columbia.

The law of the District of Columbia which you cite states that Presidential appointees who are subject to Senate confirmation and who serve at the pleasure of the President are exempt from income taxation if they do not maintain a domicile in this city. In 1964, the D.C. Corporation Counsel ruled that inasmuch as Foreign Service officers at that time could be removed from office under the Foreign Service Act of 1946 for any reason that the Secretary of State determined would "promote the efficiency of the Service", they could be construed to serve at the pleasure of the President.

The factual situation with regard to the Secretary's authority to remove Foreign Service officers changed greatly in the years following the 1964 ruling. All Foreign Service officers received the right to form a trade union and to be represented in official labor-management negotiations about their conditions of employment, including tenure in office. Later, in 1976, the Foreign Service received the right to formal grievance procedures in the event of separation from office and other personnel actions. These rights were then incorporated in 1980 into the Foreign Service Act of 1980 (PL-96-465), thus granting legislative protection to union and grievance rights that had heretofore been granted solely by executive order.

Since the 1980 Foreign Service Act repealed the 1946 Act, to claim tax exemption on the basis of repealed legislation is of questionable legal basis. The 1980 act grants foreign service officers the right to appeal any personnel action, including separation, to the Foreign Service Grievance Board. That Board has the right to order the reinstatement of any employee, to order that back pay be paid, or to reverse any decision denying the employee compensation or other perquisites of office. The board has the further right to order any other remedial action that has been agreed in the labor-management negotiations between the Department of State and the foreign service officers' union. The 1980 Act also specifically authorizes recourse to the courts in the event the employee does not accept the Grievance Board's decision.

Under these circumstances, it must be recognized that Mr. Raphel's statement to the District of Columbia tax authorities that he served at the pleasure of the President in a Presidential appointment confirmed by the Senate was less than fully accurate, especially after the enactment of the Foreign Service Act of 1980. The District's decision that he was tax exempt specifically stated that the decision was made "based on the information provided", and cannot be cited to exonerate a taxpayer from his lawful obligations to pay taxes if the information provided was unfactual. I am not asserting that Mr. Raphel's statements to the District were knowingly untrue, only that at best he was under an honest but mistaken belief. Nevertheless, ignorance of the law does not excuse him from the obligation to pay his taxes.

I must admit that I find it interesting that the Department of State's management is willing to argue, solely for the purpose of avoidance of legitimate taxes on District residents, that career foreign service officers serve at the pleasure of the President and can be removed from office by the President for any reason, or for no reason, when the Department has pushed so long for legislation granting foreign service officers protected tenure rights. If the Department is willing to support legislation making absolutely clear that foreign service officers serve solely "at the pleasure of the President" and to support the repeal of any provision of the Foreign Service Act of 1980 limiting the President's prerogative to remove officers without cause or explanation, I believe a resolution of this matter could be reached.

If on the other hand, the Department wishes to retain the legislative protection for career officers I believe it best to admit that the officers are not exempt from D.C. taxation. I ask you to review once again the pertinent, current legislation and to respond to this inquiry as soon as possible.

Sincerely,

JESSE HELMS.

Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. HELMS. Mr. President, no name has been called yet. I ask that the time be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. I ask unanimous consent that further proceedings under the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. I thank the Chair. Now I suggest the absence of a quorum, the time equally divided.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. The question of whether a career Foreign Service officer serves at the pleasure of the President is an interesting legal question which may be the subject of many academic treatises. However, the fact remains that the taxing authorities of the District of Columbia do recognize career Foreign Service officers as holding positions which quality for the exemption from income tax as officer holding office at the pleasure of the President.

I ask unanimous consent to insert into the RECORD the various pertinent documents on this subject with respect to Mr. Raphel, including a letter from Mr. J. Edward Fox, Assistant Secretary, Legislative and Intergovernmental Affairs.

I think these documents will amply buttress the position of the District of Columbia that Mr. Raphel does not owe taxes to the District.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF STATE,
Washington, DC, April 27, 1987.

Hon. JESSE HELMS,
U.S. Senate,
Washington, DC.

DEAR SENATOR HELMS: A question has arisen regarding the District of Columbia income tax requirements in connection with the nomination of Mr. Arnold Raphel as Ambassador to Pakistan. This is to set forth our understanding of the relevant requirements.

In general, D.C. taxes persons who are not domiciliaries of the District if they nonetheless maintain "a place of abode" within the District for 183 or more days during the taxable year. However, there is an exemption for certain Congressional and other officials, including Presidential appointees subject to confirmation by the Senate "whose tenure of office is at the pleasure of the President." (Title 47, section 47-1801.4, para. 17; attached.) The Corporation Counsel of the District of Columbia has ruled that commissioned Foreign Service officers are Presidential appointees subject to confirmation by the Senate, whose tenure is at the pleasure of the President, and that they therefore qualify for this exemption. (A copy of this ruling is attached.) This ruling is an authoritative determination by the relevant authorities.

This exemption continues to be in force. The D.C. Government has revised the applicable provision several times, including as recently as 1982, but has retained this exemption. In 1981, for example, an amendment specifically aimed at removing the exemption for Congressional and most Presidential employees was proposed, but was not adopted. We understand that the American Foreign Service Association testified at this time in favor of retaining the exemption for Foreign Service officers.

Mr. Raphel has advised the District of Columbia tax authorities of his particular circumstances, including in particular that he is a commissioned Foreign Service officer whose State of domicile is New Jersey. A District of Columbia Tax Auditor specifically reviewed his situation in 1980 and advised Mr. Raphel that he was not liable for D.C. income tax. In subsequent years, in accordance with what we understand to be usual practice, the District of Columbia has asked Mr. Raphel to complete an "Income Tax Compliance Survey" concerning this exemption and has accepted his entitlement to claim it. In short, Mr. Raphel's position has been presented to, and accepted by, the District of Columbia tax authorities. (See attached correspondence.)

Concerning this exemption generally, we would like to note that not only Foreign Service officers, but also a number of other government officials and employees similarly situated, benefit from this or similar exemptions. The District of Columbia provision applies, for example, to elected officials and certain of their staff, Supreme Court Justices, and to other Senate-confirmed Presidential appointees. Members of Congress and members of the military benefit as well from similar federal statutory exemptions, applying to District and State income taxes generally, contained in 4 U.S.C. 113 and 50 U.S.C. App. 574, respectively. Such provisions take account of the fact that such persons typically maintain a residence in the District of Columbia or a State only because they are assigned to work there, even though they are legally resident or domiciled in another State.

I hope that this answers your questions in this regard.

With best wishes,

Sincerely,

J. EDWARD FOX,
Assistant Secretary,
Legislative and Intergovernmental Affairs.

SUBCHAPTER I. REPEAL OF PRIOR INCOME TAX LAW AND APPLICABILITY OF SUBCHAPTER; GENERAL DEFINITIONS

§47-1801.4. GENERAL DEFINITIONS

For the purposes of this chapter and wherever appearing herein, unless otherwise required by the context:

* * * * *

(6)(A) The words "trade or business" include the engaging in or carrying on of any trade, business, profession, vocation or calling or commercial activity in the District of Columbia, including activities in the District that benefit an affiliated entity of the taxpayer, the performance of the functions of a public office and the leasing of real or personal property in the District of Columbia by any person whether or not the property is leased directly by such person or through an agent, and whether or not such person or agent performs any services in connection with the property: Provided, however, that the words "trade or business" shall not include, for the purposes of this chapter: Sales of tangible personal property whereby title to such property passes within or without the District, by a corporation or unincorporated business which does not physically have or maintain an office, warehouse, or other place of business in the District, and which has no officer, agent, or representative having an office or other place of business in the District, during the taxable year.

* * * * *

(17) The word "resident" means every individual domiciled within the District at any time during the taxable year, and every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not such other individual is domiciled in the District. The word "resident" shall not include any elective officer of the government of the United States or any employee on the staff of an elected official in the legislative branch of the government of the United States if such employee is a bona fide resident of the state or residence of such elected officer, or any officer of the executive branch of such government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States unless such officers or Justices are domiciled within the District at any time during the taxable year. In determining whether an individual is a "resident", such individual's absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode.

APRIL 28, 1964.

Re Whether Foreign Service officers are excluded from the definition of the word "resident" contained in title I, section 4(s), of the District of Columbia Income and Franchise Tax Act of 1947, as amended.

Commissioners of the District of Columbia.

GENTLEMEN: You forwarded to me a memorandum from the Finance Officer, D.C., requesting an opinion as to whether Foreign Service officers, not domiciled within the District of Columbia, are excluded from the definition of the term "resident," as contained in the District of Columbia Income and Franchise Tax Act of 1947, and therefore exempt from District individual income tax.

Title I, section 4(s) of the Act, § 47-1551c(s), D.C. Code, 1961 says in pertinent part:

"* * * The word 'resident shall not include * * * any officer of the executive branch of * * * [the United States] Government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, unless such officers are domiciled within the District on the last day of the taxable year."

Section 511 of the Foreign Service Act of 1946. 22 U.S.C.A. ¶ 906, is applicable and provides:

"The President shall appoint Foreign Service officers by and with the advice and consent of the Senate. * * *[1]

The question then becomes whether the tenure of office of such appointees is "at the pleasure of the President of the United States" within the framework of the Foreign Service Act of 1946, as amended.

Tenure "at the pleasure of" the appointing official means that removal from office may be accomplished at any time without notice, charges, or reasons. Such removal is contrasted with the removal from office for cause such as unsatisfactory performance, misconduct, or malfeasance. The power in the appointing official to remove at pleasure, if not limited by any applicable law, is implied not as punishment for the appointed officer, but to provide the necessary flexibility for the improvement of the public service. 43 Am. Jur., Public Officers, ¶ 184; McQullin, *Municipal Corporations,* ¶ ¶ 12.229, 12.249 (3d ed., 1949).

Congress presently provides for the Foreign Service of the United States in the aforementioned Foreign Service Act of 1946, 22 U.S.C.A. ¶ 810 et seq., as amended. Sections 637 and 638 of that Act, 22 U.S.C.A. ¶¶ 1007, 1008, provide for the involuntary separation from the Service of a Foreign Service officer by the Secretary of State "on account of the unsatisfactory performance of his duties, or for such other cause as will promote the efficiency of the Service." The authority of the Secretary of State is, however, restricted with respect to such removals in that an officer must be granted a hearing by the Board of Foreign Service and the unsatisfactory performance of his duties, or other cause for separation, must be established at such hearing. Nowhere in the Foreign Service Act is anything said about the power of the President of the United States to remove an officer from the Service.

The question then arises whether a Foreign Service officer is removable at the pleasure of the President when that officer is appointed by the President by and with the advice and consent of the Senate, quite evidently under the power conferred by article 7, section 2, of the Constitution, and when the statute providing for the office states nothing about removal from that office by the President. The landmark cases of *Myers* v. *United States,* 272 U.S. 62 (1926), and *Humphrey's Executor* v. *United States,* 293 U.S. 602 (1935), are applicable. These two cases considered together hold that a purely executive officer appointed by the President by and with the advice and consent of the Senate is subject to removal by the President at any time as an incident of his power to appoint any in the exercise of the executive power.

The duties of Foreign Service officers very definitely place them within the category of purely executive officers. This is especially so in light of the President's exclusive authority in the field of foreign affairs. In view of the constitutional limitations on

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[1] Although other appointees are provided for in the Foreign Service Act of 1946 as presently amended, this opinion is limited to those who are appointed by the President with consent of the Senate under that Act as it presently exists and who serve at the pleasure of the President as outlined in the succeeding portions of this opinion. See e.g., sections 501, 524, 533, 22 U.S.C.A. ¶¶ 901, 924, 938, in addition to the quoted section 511.

Congress, under the cases cited, to curtail the inherent power of the President to remove such officers, certainly no such restrictions on removal can be presumed or inferred from the Foreign Service Act of 1946 as enacted and amended by Congress, *Cf. Morgan* v. *Tennessee Valley Authority,* 115 F.2d 990 (6th Cir., 1940). This must still be so even though the legislative history of the Foreign Service Act of 1946, and its predecessors, reveal, a definite purpose to provide security of tenure and to encourage career service on a substantial basis.

* * * * *

GOVERNMENT OF
THE DISTRICT OF COLUMBIA,
Washington, DC, April 1, 1980.

Re Liability (JMT).
ARNOLD AND ROBIN L. RAPHEL,
Washington, DC.

DEAR MR. AND MRS. RAPHEL: Reference is made to your Form D-40B's, Nonresident Request for Refund or Ruling.

Before I can determine your D.C. tax liabilities, if any, I need more information. Please advise me within fifteen days of the following for each of you:

1. Your letter states that you "*presently*" hold a Presidential Commission. When did you receive the commission?

2. Your answer to question #3 states that you will return to New Jersey as soon as your appointment expires. What is the expiration date?

3. Are you an FSO or a FSOR? What grade?

4. Explain when and the circumstances of when you acquired a New Jersey domicile.

5. When were the houses on A St. and Potomac Avenue acquired.

6. Your telephone number for convenience sake. My phone is 727-6022.

When you reply, kindly use the special envelope provided.

Very truly yours,

J.M. THUR,
Tax Auditor,
Income and Sales Audit Section.

WASHINGTON, DC,
April 7, 1980.

DEPARTMENT OF FINANCE AND REVENUE,
Tax Audit and Liability Division.

DEAR MR. THUR: Thank you for your letter of April first concerning the questions of D.C. tax liabilities. The following answers are in response to the specific questions raised in your letter.

1—I received my Presidential Commission in the Fall of 1966. My wife received hers in the summer of 1977.

2—Our appointments do not have a firm expiration date. Since we serve as Presidential appointees—with Senate confirmation—the appointments do not have a fixed duration.

3—We are both FSOs. I am an FSO-3 and my wife is an FSO-6.

4—My family was originally from Upstate New York, where I was born and raised. In the mid-1960's, my mother and father moved to New Jersey and assumed permanent residence and domicile there. We changed our domicile at the same time as my parents. Not only my parents, but my only brother and his family are also domiciled in New Jersey, near my parents; the State is both our permanent Home Leave address and our permanent domicle address according to official State Department records. We are registered in New Jersey, vote in elections in the State, and fully consider it our permanent home.

5—The house on A Street was acquired in September, 1974; the house on Potomac Avenue in December, 1978.

6—My daytime telephone number is 632-9572. My wife's is 632-1448.

I would also add that we have, as required by D.C. law, filed a Form D-40B annually with the District, and have been formally notified every year that our request has been granted. During that time, the situation as to our domicile in New Jersey, our consideration of its as our permanent home, and our intention to reside there permanently have not changed.

I hope this information is useful. If we can be of any further assistance, please let us know.

Sincerely,

ARNOLD RAPHEL.

GOVERNMENT OF
THE DISTRICT OF COLUMBIA,
DEPARTMENT OF FINANCE AND REVENUE,
Washington, DC, May 5, 1980.

Re DC Tax Liability.
Arnold and Robin L. Raphel,
Washington, DC.

DEAR MR. AND MRS. RAPHEL: Based on the information submitted, you both are not liable for our income tax.

May I suggest that you not file Forms D-40B in future years, unless your situation changes or in the event you have D.C. income taxes withheld from your salaries.

If I can be of any further assistance, do not hesitate to contact me.

Very truly yours,

J.M. THUR,
Tax Auditor,
Income and Sales Audit Section.

WASHINGTON, DC,
August 29, 1984.

DEPARTMENT OF FINANCE AND REVENUE.

DEAR SIR OR MADAM: Enclosed, as you requested, is my completed notice of D.C. income tax compliance survey.

The following additional background may be useful. My Presidental appointment does not have a firm expiration date—I serve at the President's pleasure. I have been domiciled in New Jersey since the mid-1960s; my family is there, it is my permanent Home Leave address and permanent domicile address in the State Department; I am registered in New Jersey and vote there; I own property in the state and none in Washington; and fully consider New Jersey my permanent home.

In the late 70s, I annually filed a Form D-40B with the District and was formally notified every year that I was not liable for D.C. income tax. In May, 1980, I received a formal finding from the Department of Finance and Revenue that I was not liable for D.C. income tax, and that I need not file any further Forms D-40B in the future.

I hope this additional information is of use. Thank you for your consideration.

Sincerely,

ARNOLD RAPHEL.

SURVEY

Primary Social Security No.: xxx-xx-xxxx.
Taxable Year 1984.

Federal adjusted gross income	$65,584
Less +11 exemptions	1,500
Less standard deduction	1,000
D.C. taxable income	63,084
D.C. tax	6,139
Penalty	1,535
Interest thru September 15, 1986	1,228

DEAR SIR OR MADAM:

NOTICE OF D.C. INCOME TAX COMPLIANCE SURVEY

The District of Columbia is conducting a survey to insure that all District residents who are required to do so, file a return and pay their D.C. income taxes. A comparison has been made of Federal and District of Columbia income tax returns filed for the above taxable year showing Washington, D.C. addresses. This comparison was conducted under authorization of Federal law (Section 6103(d) of the Internal Revenue Code), and it indicates that you filed a Federal Income Tax Return for this year but did not file a D.C. Income Tax Return.

It may be proper that you did not file a D.C. Income Tax Return for this year. Please check the filing requirements by reading the enclosed instructions carefully regarding who is required to file.

If you are required to file, you must complete and mail the enclosed tax return form with this notice and pay the tax due within twenty (20) days from the date of this notice. A self-addressed envelope is enclosed for your convenience.

If you have already filed a D.C. Income Tax Return for the above taxable year or are not required to file, we ask your assistance so that we may clear our records. Please check the appropriate blocks on the reverse side of this form and return it in the self-addressed envelope supplied. The tax programs of the District of Columbia will benefit by your cooperation.

If we do not receive a reply to this letter within 30 days from the above date, you will be assessed the above amounts under the provisions of Title 47, Section 1812.4 of the D.C. Code.

DEPARTMENT OF FINANCE AND REVENUE.

WASHINGTON, DC,
June 11, 1986.

DEPARTMENT OF FINANCE AND REVENUE,
District of Columbia,

DEAR SIR/MADAM: Enclosed, as you requested, is my completed notice of D.C. income tax compliance survey.

The following additional background may be useful. My Presidential appointment does not have a firm expiration date—I serve at the President's pleasure. I have been domiciled in New Jersey since the mid-1960s. My family is there, it is my permanent Home Leave address and permanent domicle address in the State Department. I am registered in New Jersey and vote there. I own property in the state and none in Washington and fully consider New Jersey my permanent home.

I had previously filed Forms D-40B with the District and was formally notified each year that I was not liable for D.C. income tax. In May, 1980, I received a formal finding (copy enclosed) from the Department of Finance and Revenue that I was not liable for D.C. income tax, and that I need not file any further Forms D-40B in the future.

I hope this additional information is useful. Thank you for your consideration.

Sincerely,

ARNOLD RAPHEL.

Mr. PELL. I suggest the absence of a quorum, the time to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The hour of 11:30 having arrived, the Senate will now vote on the nomination of Arnold Lewis Raphel to be Ambassador to Pakistan.

The question is, Will the Senate advise and consent to the nomination of Arnold Lewis Raphel, of New Jersey, a career member of the senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Islamic Republic of Pakistan?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from New Jersey [Mr. BRADLEY], and the Senator from Tennessee [Mr. GORE] are necessarily absent.

Mr. SIMPSON. I announce that the Senator from Mississippi [Mr. COCHRAN] and the Senator from Arizona [Mr. MCCAIN] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 76, nays 19, as follows:

[Rollcall Vote No. 85 Ex.]

YEAS—76

Adams
Baucus
Bentsen
Bingaman
Bond
Boren
Boschwitz
Breaux
Bumpers
Burdick
Chafee
Chiles
Cohen
Conrad
Cranston
Danforth
Daschle
DeConcini
Dixon
Dodd
Durenberger
Evans
Exon
Fowler
Garn
Glenn
Graham
Harkin
Hatch
Hatfield
Hecht
Heflin
Heinz
Hollings
Inouye
Johnston
Karnes
Kassebaum
Kasten
Kennedy
Kerry
Lautenberg
Leahy
Levin
Lugar
Matsunaga
Melcher
Metzenbaum
Mikulski
Mitchell
Moynihan
Murkowski
Nunn
Packwood
Pell
Proxmire
Pryor
Quayle
Reid
Riegle
Rockefeller
Roth
Sanford
Sarbanes
Sasser
Shelby
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Thurmond
Warner
Weicker
Wirth

NAYS—19

Armstrong
Byrd
D'Amato
Dole
Domenici
Ford
Gramm
Grassley
Helms
Humphrey
McClure
McConnell
Nickles
Pressler
Rudman
Symms
Trible
Wallop
Wilson

NOT VOTING—5

Biden
Bradley
Cochran
Gore
McCain

So the nomination was confirmed.

Mr. PELL. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominee.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, I would like to state that there will be a party conference.

Mr. HELMS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BYRD. Mr. President, I thank the Chair and I thank the distinguished Senator from North Carolina [Mr. HELMS].

Mr. President, I am calling a party conference for the purpose of furthering discussions on this side in regard to an amendment that is being developed on the budget. I would expect the conference would last an hour or a little more. As soon as that conference is over, it will be my intention to come to the floor and ask to go back into executive session to take up the nomination of the next nominee on the Executive Calendar. That is the nominee to be Ambassador to Mozambique, Melissa Wells.

That request may be objected to, in which event I will be constrained to move to take up the nomination as a nondebatable motion. There would be a rollcall vote on that. The nomination itself is debatable.

I feel that while these discussions are going on both sides with reference to the budget resolution and amendments thereto, the Senate can be proceeding on the nomination, meanwhile utilizing the time to the very best.

Mr. President, I make these announcements so that Senators will know there will be a rollcall vote between 1 and 1:30 today.

CONGRESSIONAL BUDGET RESOLUTION—1988

The Senate continued with the consideration of the concurrent resolution.

Mr. BYRD. Mr. President, the Senate will now continue with the consideration of the concurrent resolution as the pending business. I ask unanimous consent that if there be quorum calls, the time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, I wonder if the distinguished Republican leader will allow me to go into recess so that the conference I am having with my party members, and possibly the consultations which may be going on, on the other side, could proceed without interruption and without Members having to be on the floor.

Mr. DOLE. If the majority leader will yield, I think if we could make certain that we did not permit the Labor Committee to meet, we would have no objection to a recess. But we would have an objection to the recess unless we can make that separate because then the Labor Committee could meet or be permitted to meet.

There is a matter before that committee which is quite controversial. We have a number of Members on our side that would be constrained to object to a recess. If we could make certain that that committee would not meet, we would have no objection.

Mr. BYRD. Mr. President, for the record, I am in a little bit of a catch-22 situation. I will not move that the Senate stand in recess. I ask unanimous consent that the Senate stand in recess for not to exceed 1 hour 15 minutes and that it be understood that there would be an objection to a meeting of the Labor Committee during that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, does that effectively prevent the Labor Committee from meeting during that recess?

The PRESIDING OFFICER (Mr. CONRAD). The Senator is correct.

RECESS UNTIL 1:22 P.M.

Mr. BYRD. Mr. President, I make that request. I ask unanimous consent that the time during the recess be equally charged.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the Senate, at 12:07, recessed until 1:22 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. LEAHY].

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MOTION TO PROCEED TO EXECUTIVE SESSION

Mr. BYRD. Mr. President, in accordance with my earlier indications that I would go to the nomination of Melissa Wells, to be Ambassador to the People's Republic of Mozambique, I ask unanimous consent that the Senate proceed to go into executive session to consider the nomination of Melissa Foelsch Wells.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BYRD. Mr. President, the motion I am about to make is a nondebatable motion. There will be a rollcall vote on it. Once the Senate is on the nomination, if indeed it goes to the nomination, that nomination will be debatable. In order that Senators may get this vote over with—several of them have plane reservations and committee meetings and various other engagements—I now move to proceed to executive session to take up the nomination of Melissa Wells.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas [Mr. BENTSEN], the Senator from Delaware [Mr. BIDEN], the Senator from New Mexico [Mr. BINGAMAN], the Senator from New Jersey [Mr. BRADLEY], the Senator from Connecticut [Mr. DODD], the Senator from Tennessee [Mr. GORE], the Senator from Florida [Mr. GRAHAM] and the Senator from West Virginia [Mr. ROCKEFELLER] are necessarily absent.

Mr. DOLE. I announce that the Senator from Mississippi [Mr. COCHRAN], the Senator from Missouri [Mr. DANFORTH], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Arizona [Mr. MCCAIN], the Senator from Oklahoma [Mr. NICKLES], the Senator from Delaware [Mr. ROTH], the Senator from Wyoming [Mr. SIMPSON] and the Senator from Wyoming [Mr. WALLOP] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. WALLOP] would vote "nay."

The PRESIDING OFFICER (Mr. DASCHLE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 56, nays 28, as follows:

[Rollcall Vote No. 86 Leg.]

YEAS—56

Adams
Baucus
Bond
Breaux
Bumpers
Burdick
Byrd
Chafee
Chiles
Cohen
Conrad
Cranston
Daschle
DeConcini
Dixon
Domenici
Durenberger
Evans
Exon
Ford
Fowler
Glenn
Harkin
Hatfield
Heinz
Hollings
Inouye
Johnston
Kennedy
Kerry
Lautenberg
Leahy
Levin
Lugar
Matsunaga
Melcher
Metzenbaum
Mikulski
Mitchell
Moynihan
Nunn
Packwood
Pell
Proxmire
Reid
Riegle
Sanford
Sarbanes
Sasser
Shelby
Simon
Specter
Stafford
Stennis
Weicker
Wirth

NAYS—28

Armstrong
Boren
Boschwitz
D'Amato
Dole
Garn
Gramm
Grassley
Hatch
Hecht
Heflin
Helms
Humphrey
Karnes
Kasten
McClure
McConnell
Murkowski
Pressler
Pryor
Quayle
Rudman
Stevens
Symms
Thurmond
Trible
Warner
Wilson

NOT VOTING—16

Bentsen
Biden
Bingaman
Bradley
Cochran
Danforth
Dodd
Gore
Graham
Kassebaum
McCain
Nickles
Rockefeller
Roth
Simpson
Wallop

So the motion was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. BYRD. Mr. President, will the distinguished Senator yield for a question?

Mr. HELMS. I am delighted to yield to my friend.

Mr. BYRD. Mr. President, the Senator from Arkansas [Mr. PRYOR] wishes to handle a matter as if in legislative session. Would the distinguished Senator from North Carolina mind if we made arrangements for Senators to speak as in legislative session if they wish to do so?

Mr. HELMS. Not only would I not; I would be delighted to do so.

Mr. BYRD. I thank the distinguished Senator from North Carolina. Mr. President, I ask unanimous consent that even though the Senate is in executive session, Senators may speak out of order as if in legislative session, for not to exceed 5 minutes each, and that they may be permitted to introduce bills and resolutions as if in morning business, with the understanding that the record show a separation of the two actions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS—S. 604

Mr. PRYOR. Mr. President, recently, I introduced S. 604, known as the taxpayers' bill of rights. At that time, the sponsors were Senators GRASSLEY, REID, SYMMS, MELCHER, COCHRAN, MCCLURE, NICKLES, WALLOP, BREAUX, STEVENS, LEVIN, and SIMON.

Today, I ask unanimous consent that the names of the following Senators be added as cosponsors of S. 604, the taxpayers' bill of rights: the Senator from North Carolina [Mr. HELMS], the Senator from Alabama [Mr. HEFLIN], the Senator from Alabama [Mr. SHELBY], and the Senator from North Dakota [Mr. BURDICK].

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSOR—SENATE JOINT RESOLUTION 120

Mr. SYMMS. Mr. President, yesterday, I introduced a joint resolution dealing with having the President exercise the authority he has under current law to close the Soviet chancery here in Washington, DC.

I ask unanimous consent that the name of the distinguished junior Senator from North Dakota [Mr. CONRAD] be added as a cosponsor of Senate Joint Resolution 120 along with myself and Senator BYRD.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF MELISSA FOELSCH WELLS TO BE AMBASSADOR TO MOZAMBIQUE

Mr. PELL. I am glad to support the nomination of Ms. Wells. In fact, I have known her for almost 30 years. I used to be a Foreign Service officer myself. Ms. Wells has always had an excellent reputation. She is a very competent woman, a career officer, and, really, one of the stars of the Foreign Service who has done very well. She has served as the U.S. Ambassador to Guinea-Bissau and Cape Verde and the U.S. Representative to the United Nations Economic and Social Council. Since 1979 she has been on loan to the United Nations Development Program. She was UNDP's first permanent representative in Uganda and director of IMPACT, a worldwide UNDP Program.

The Foreign Relations Committee approved Ms. Wells' nomination on March 31 by a 16-to-3 vote. Her outgoing personality as well as her experience in Africa make her an excellent candidate for the job of U.S. Ambassador to Mozambique. I am confident that she will undertake her responsibilities with enthusiasm and professionalism. I hope that my colleagues will approve her nomination.

I would add that, in my view, the more we disapprove of a nation and the worse our relations are with a nation, the more important it is that we have a top-ranking diplomat there keeping the channel of communication open. It does not matter if the nation is right wing or left wing.

I really feel that it was a mistake to withdraw our Embassy's Ambassador to Spain under Franco. Though I disapproved of Franco, I felt it was very important to maintain a communication. Of course, our relations with Mozambique are a somewhat different case. In the last few years, our relations with Mozambique have improved, as Mozambique has begun to take some important steps to move away from the Soviet Union. I, for one, would like to see ambassadors to all the countries with which we disagree, and a great example of that would be Cuba.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. SYMMS. Mr. President, I take the floor today regarding the nomination of Melissa Wells to be Ambassador to the People's Republic of Mozambique.

I compliment the distinguished ranking member of the Foreign Relations Committee. He has made available to Senators, information concerning the Wells nomination, including a "Dear Colleague" letter I urge all Senators to read.

Mr. President, I think this nomination represents a continuation of the State Department's failed policies to wean away Marxists-Leninist regimes from the arms of the Soviet Union.

It appears that we not only have the Communists to contend with in Africa, but, we must constantly battle within our State Department to decide what side they are on in that country.

At the confirmation hearings, in response to questions from my distinguished colleague from North Carolina concerning the present conflict in Mozambique and the effect the civil war is having on Mozambique, Ms. Wells said that:

> Renamo, has not demonstrated a capacity to take, hold and govern territory. Renamo is politically fragmented, it has no political program and has not shown evidence of a structure—other than military—that could be called a permanent presence in the country.

Mr. President, this opinion of Ms. Wells, which is supported by the State Department, is void of credibility in light of numerous reports on the situation in Mozambique. For example, a July 12, 1986 article in Jane's Defense Weekly states:

> With the Civil War in the former Portuguese colony of Mozambique in its ninth year, the anti-Communist rebels are operating in all parts of the country. More importantly, they seem to be winning over the local population.

I will also read a few lines from "Jane's Defense Weekly," which is a prestigious military publication. A former member of my staff has been in Mozambique and has reported on this to me directly. To the best of my knowledge, this is an accurate summation of what is happening in Mozambique.

> Renamo has developed considerable credibility, despite being unable to enjoy foreign support—unlike the government whose policies it opposes.
>
> The armed struggle began in 1977 under Rhodesian Intelligence control.
>
> Later there was support from South Africa, but this disappeared with the 1984 agreement between Pretoria and the Maputo government.
>
> Despite the loss of outside assistance, the insurgency is growing in strength—possibly because of the Mozambique Government's policy of imposing collectivisation.
>
> Herding the rural populace into *aldeas* (communal villages) has alienated peasants and created opposition in areas which were previously compliant.
>
> * * * * *
>
> During our five-week journey in different parts of the country, we witnessed the same. Everywhere Renamo has a network of support bases, the locations of which are well known to the people, to the extent that the commander of our escort normally asked local civilians to guide our party to the camp in their area.
>
> After gaining control of much of the countryside, the insurgents are able to capture and hold towns up to provincial capital level.

Mr. President, I ask unanimous consent that this article be printed in the RECORD. It is written by Almerigo Grilz, who has visited the country and reports on the struggle of Renamo, the Mozambique national resistance. There is no question but that Renamo is an indigenous popular force in Mozambique. These are the people the United States of America should be supporting.

Mr. President, I also ask unanimous consent that the "Dear Colleague" letter from Senator HELMS and the two attachments be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REBELS OF MOZAMBIQUE

(With the civil war in the former Portuguese colony of Mozambique in its ninth year, the anti-Communist rebels are operating in all parts of the country.

(More importantly, they seem to be winning over the local population.

(*Almerigo Grilz* has visited the country and reports on the struggle of Renamo, the Mozambique National Resistance.)

Renamo has developed considerable credibility, despite being unable to enjoy foreign support—unlike the government whose policies it opposes.

The armed struggle began in 1977 under Rhodesian Intelligence control.

Later there was support from South Africa, but this disappeared with the 1984 agreement between Pretoria and the Maputo government.

Despite the loss of outside assistance, the insurgency is growing in strength—possibly because of the Mozambique Government's policy of imposing collectivisation.

Herding the rural populace into *aldeas* (communal villages) has alienated peasants and created opposition in areas which were previously compliant.

The people appear to prefer to live in the resistance's 'liberated areas', where they have their own fields and can grow crops as they wish.

Three nuns, who had been prisoners of the rebels and travelled extensively with them in Nampula, Niasa and Zambesia privinces, told *JDW* they crossed vast areas where the rebels apparantly enjoy total control, getting food and help from the farmers.

SUPPORT BASES

During our five-week journey in different parts of the country, we witnessed the same. Everywhere Renamo has a network of support bases, the locations of which are well known to the people, to the extent that the commander of our escort normally asked local civilians to guide our party to the camp in their area.

After gaining control of much of the countryside, the insurgents are able to capture and hold towns up to provincial capital level.

Fifteen towns were overrun by Renamo in 1985 (nine are still in their hands), and 10 have been taken this year so far.

Most of the towns are abandoned, but in some cases the rebels are beginning to keep contingents inside the urban perimeter, with 14.5 mm guns giving protection against air strikes.

Renamo has put nearly 2,000 men into regular battalions, four of which are active while the rest are undergoing training. These battalions are intended to be able to manage semi-conventional warfare and to attack towns.

There is much room for improvement: coordination during operations is often nonexistent and hampered by the lack of tactical communication equipment.

Troops' ability to manoeuvre in the field is questionable. Officers have no knowledge of map reading, nor maps or compasses. It is not unusual to be without watches.

Plans are rarely more than a simple, daring headlong assault to dislodge enemy forces.

In spite of all this, the rebels usually succeed. Their confidence is unshakeable.

"When we attack, the enemy usually runs away after a few minutes," said Bob Chalton, one of the most spirited Renamo commanders.

When he led 300 men against Inhaminga (a district capital in Sofala province, already occupied last year by the rebels), the government troops managed to resist, pinning the attackers down under a hail of sustained small arms and mortar fire. Yet they were unable to defend the town itself: when the guerrillas swarmed into Inhaminga they retreated to their barracks outside the town.

The rebels besieged the garrison, undeterred by repeated air raids by MiG-17 and Mi-8 helicopters, which tried for several days to dislodge them.

The regular battalions are active in central Mozambique, between the Zambesi and Save rivers, but "Renamo will mainly maintain guerrilla tactics, as we lack training and equipment for large operations", said rebel leader Afonso Dhlakama, 33, whom we interviewed in his HQ at Gorongosa.

"We need to maintain pressure all over the country, launching a lot of small-scale attacks to force the enemy to disperse his forces."

Renamo has been extremely effective against the country's economical infrastructure: factories are burned down, electricity plants are destroyed, routes and goods distribution systems are paralysed virtually everywhere.

Only the corridor from Beira to Zimbabwe is open, because the Zimbabwean Army is directly involved in protecting it, with positions and constant patrolling along the railway and the pipeline.

One of the main efforts of the insurgents is to discourage foreign companies from investing in Mozambique. Western companies are also blamed for propping up the Marxist regime.

Technicians and workers (called cooperantes) from different countries have been kidnapped and installations are put to the torch.

The smallest structure of Renamo guerrilla forces is the section, of about 10 men; 30 men may form an operational group; a zonal group will then include three sections with nurse, radio operator and 'artillerymen' with heavier weapons.

Bigger structures are sectors, military regions and provincial commands. The provincial commanders are in daily radio contact with the Gorongosa headquarters, and transmit news about the situation, always in code.

The logistical system is simplified and everything is based on self-reliance.

Apparently, Renamo has to rely on what it is able to capture from the enemy, and hasn't a central logistical base.

The logisticians responsible only receive knowledge of how much material has been seized and where it has been stored.

Renamo is probably the most 'ragtag' army in the world: soldiers wear a mixture of civilian clothing and captured uniforms, generally worn out and falling apart.

No badges or other identifications are used. Webbing and packs are largely handmade with different materials and in a variety of colours. Everything is used until it disintegrates.

Weapons are almost totally Eastern bloc made: Soviet, Chinese and Romanian AK-47s, Czech VZ 58s, RPD and PKM machine guns, venerable PPSh and SKS carbines.

The weapons are mostly worn out as well. Many assault rifles are rusty (cleaning oil is a rarity), with butts broken or missing.

Ammunition is not to be wasted. We saw several soldiers with empty magazines in their makeshift webbing.

The rebels use RPG-7s, too. Their heavy weapons armoury includes 82 mm B-10 recoilless rifles, 60 and 82 mm mortars and 122 mm Grad-P (B-11) rockets. They move their artillery in parts. Men carry incredibly heavy loads on their heads.

Anti-aircraft guns are crucial, because Frelimo's (the ruling Marxist-Leninist party, which kept the name of the liberation movement created against the Portuguese) armed forces confine their offensive tactics almost exclusively to air strikes.

When a garrison is stormed it won't dare to counterattack, but it will certainly call for air support.

Anti-aircraft commander Lazaro Stewart, 39, said that during one battle, in Morrumeu last January, six 14.5 mm guns fell intact into Renamo hands.

We also saw some 120 mm M-1943 mortars and 76 mm guns captured during Renamo's counteroffensive in Gorongosa Cavalo area earlier this year.

The rebels' communication system is based on Syncal 30 radios, and Mortley Sprague hand-generators. Much of this equipment was probably supplied during the period of Rhodesian and South African support, although Renamo claims to have captured a lot of them from the Zimbabweans, alongside several Racal T-48s.

In January, Renamo formed its special forces: 200 men, trained to operate in three-man teams and scattered around the country.

Latest estimates establish Frelimo's manpower as 51,000 men, including the brigadas of the FPLM (Popular Forces for the Liberation of Mozambique, the regular army) and the 'local forces'.

The latter, under the provincial commanders, are locally raised and trained, while the FPLM operates directly from the Maputo headquarters.

Beside, there are a lot of popular militia auxiliaries, organised on factory communal villages.

Sources and evidence describe the Frelimo troops as demoralised, unskilled, and unable to stop the rise of the resistance. The guerrillas have a much higher morale, and they generally feel they are winning.

In order to achieve some effectiveness on part of the FPLM, Mozambican officers have been sent to Inyanga (Zimbabwe) for counterguerrilla training. According to Renamo sources, 48 of them have returned, while nearly 200 have just started a new course.

FOREIGN INTERVENTION

Renamo claims that without foreign intervention it would already have overthrown the Frelimo government. It is the Zimbabwean Army which gives the government the most crucial contribution, with a floating number of troops, possibly 15-20,000.

The resistance says the 25,000 Zimbabwean soldiers are currently inside Mozambique, but the forces permanently based there are reported by other sources to be nearer 8000.

More units are brought in for big operations along the Beira corridor. Zimbabwean forces are reportedly deployed along the Vinduzi/Tete road, in border areas in Manica province and inside several towns.

Disagreements between Zimbabwean and FPLM officers are said to be frequent, as the latter resent the Zimbabwean Army's general independence, and little consideration for its allies.

There are Tanzanian troops as well, with compact units, including engineers, in the northern provinces, and instructors. The new Tanzanian president confirmed during a recent official visit to Maputo that the help of his country for the Frelimo government will continue.

An undisclosed number of Soviet, Cuban East German and North Korean advisors and specialists are committed to help the government efforts to survive.

The Frelimo leader Samora Machel asked for more support from the USSR during his trip to Moscow on the 9th anniversary of the 20-year friendship and co-operation treaty signed by the two governments in 1977. He was reportedly given assurance that more weapons and equipment will be supplied.

On the contrary, it is extremely unlikely that the Renamo, little-known to western public opinion and internationally isolated, will have the chance of receiving any significant foreign support.

In spite of this, the resistance will keep growing. As long as the population starves and is forcibly gathered into communal villages, it will go on supporting the rebels.

The only way to end the stalemate, Renamo claims, is to find a political solution, based on the "establishment of a pluralistic system". But Frelimo considers the guerrillas "armed bandits" and dismisses and possibility of negotiating with them.

"Well intensify our attacks," said Renamo's Afonso Dhlakama, "until Samora Machel is forced to give up".

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, May 1, 1987.

DEAR COLLEAGUE: On March 18, the Foreign Relations Committee conducted a brief hearing on the nomination of Melissa Foelsch Wells, of New York to be Ambassador to the People's Republic of Mozambique.

The dominant themes of Wells' written responses reflect the ruling Marxist Frelimo party line. For example, in her answers about Renamo, Mozambique's pro Western, democratic anti-communist insurgents Wells maintains that: a) they are terrorists who can only control territory by Red Brigade type tactics and, b) Renamo "has not demonstrated a capacity to take, hold and govern territory."

Peter Godwin, a journalist for The Sunday Times of London quoted a Zimbabwean sergeant (one of the 16,000 Zimbabwean troops propping up the Marxist Frelimo regime): "All behind us in Renamo, as far as we are concerned they have won this war. All that is left is for them to announce it. These Renamo are good. They control the countryside. The local people support them." (Please see enclosure).

The fact that Frelimo needs 19,500 foreign troops and military and advisors to remain in power makes Wells' position on Renamo tenuous, at best.

There are 16,000 Zimbabwean troops, and 2,000 Tanzanian 1,500 Soviet advisors, East German advisors, and Cuban advisors waging war against the Mozambican people and these "Red Brigade" terrorists, as Wells refers to them, who, in her words have no "capacity to take, hold and govern territory."

To allow Wells to become Ambassador to Mozambique would be to (1) allow an individual who is eager to believe and propound the Marxist-Leninist Frelimo party line, (2) severely compromise any U.S. effort to achieve a democratic solution to the civil war in Mozambique through negotiations which include Renamo, and (3) subvert any chance for U.S. interests to be vigorously represented in Mozambique.

This must be a pro forma nomination.

For more information on the Wells nomination, please contact Claude Allen or Dan Perrin at 43941.

Sincerely,

JESSE HELMS.

FACTSHEET

Renamo Military Strength:

A Heritage Foundation Backgrounder, released March 31, 1987, reports that RENAMO has 22,000 insurgents under arms, who "now control 80 percent of the countryside."

A July 12, 1986 Jane's Defense Weekly report cites three nuns, "who had been prisoners of the rebels and travelled extensively with them in Nampula, Niassa, and Zambesia provinces." These provinces make up more than a third of Mozambique's land mass.

The nuns told Jane's Defense Weekly that they "crossed vast areas where the rebels apparently enjoy total control getting food and help from the farmers." Jane's defense weekly staff, after a five week journey through different parts of the country, witnessed the same. They reported that RENAMO "is growing in strength—possibly because of the Mozambique Government's policy of imposing collectivization." Additionally, the report states that FRELIMO's policy of "herding the rural populace in aldeas (communal villages) has alienated peasants and created opposition in Areas which were previously compliant. The people appear to prefer to live in RENAMO's liberated areas where they can grow crops as they wish."

Wells' Political Views of Frelimo:

Wells attempts to deflect charges that Mozambique is a Marxist. Leninist regime by stating that: " . . . classic Marxist-Leninism calls for dictatorship of the proletariate, the latter—for all practical purposes—being nonexistent in Mozambique."

Wells lauds "political liberalization' in Mozambique, saying it "is evident in the conduct of the 1986 elections, in which there were 20 per cent more candidates than seats available, thus affording voters a measure of choice and a chance to express their views."

Wells admits: "[t]he elections were held within the Framework of the country's one party constitution." One state controlled party, one state controlled press, one state controlled result.

International Press:

FBIS reports that on Mozamabique's Hero's Day, Mozambique's President Jouquin Chissano, stated on public radio: "Some may think that because we are having negotiations with Western institutions, that we are having doubts about the socialist option. That is not the case. We choose socialism and combined it with the scientific teachings of Marxism-Leninism."

The Portuguese national news agency, ANOP, reported that on November 26, 1986, FRELIMO's Minister of the Interior, Manuel Antonio, personally presided over the torture and burning at the stake of seven people suspected of being RENAMO members, in Mozambique's capital, Maputo.

Renamo's Hard Men Rule Over the Bush

Early this morning guerrillas from the Mozambique rebel army, Renamo, plan to attack the Zimbabwean soldiers based at the Mozambican town of Villa Nova. Leading the attack will be a Renamo commander, "Sharp Eyes" Ngere. Pitted against him will be Lieutenant Dube and his troops from a training battalion of the Zimbabwe Military Academy.

Though it will be little more than a skirmish, from what I have seen the Renamo guerrillas are sure to win it. Contrary to the general view in Western capitals, the rebels are gaining ground and are full of confidence. The motley forces from neighbouring states sent to help Mozambique crush them are losing the battle. Zimbabwe has a 12,000-strong task force in Mozambique, mainly to guard the vital trade route to the port of Beira. But the troops show little enthusiasm.

Last week I met the commanders and men on both sides. For a day I was held prisoner by Renamo guerrillas in the mountains between Malawi and Mozambique, overlooking the Zambezi River. I was forced to sit for hours in a bush clearing with a pistol at my head while they debated my fate.

I had driven for five hours from Blantyre to the southern tip of Malawi to check claims that there are Renamo bases in the area, as Zimbabwe and Mozambique have alleged.

At a simple Malawi store I met Ngere, who was buying cigarettes. He had a French pistol strapped to his side and wasted no time on pleasantries. I was marched for miles through the thick bush on the Mozambique side. In the middle of a maize field I suddenly heard the cocking of rifles and guerrillas pointing Soviet Kalashnikovs emerged to surround me.

At their camp I was searched and Ngere interrogated me at gunpoint for several hours in broken English and in the Chindau dialect. Finally, accepting that I was a journalist. Ngere, 30, told me he is a former Frelimo soldier who has turned against the Mozambique government because of its marxist policy of collectivisation. From his base we could see across the vast Zambezi valley. All this territory, he told me, is in Renamo hands.

Inside his hut, a green parachute served as a mosquito net. The Zimbabwean soldier who had used it was dead by the time he hit the ground, said Ngere. "Zimbabwe soldiers . . . they are women," he scoffed. "This Sunday at 4 am we will drive them out of Villa Nova and capture all their supplies. We have planned this attack for some time. It has been ordered by our headquarters." Renamo wants only to loot Villa Nova, he claimed.

Renamo has no bases in Malawi because it does not need them, Ngere told me. But, the lieutenant said, "We buy things at the stalls in Malawi. We loot the Zimbabweans of clothes, batteries, radios and tins of food which we sell to the Malawians."

All military supplies come from looting enemy soldiers and not from South Africa, he claimed. Their weapons looked old and battered. He and his men wore tattered remnants of Frelimo uniforms. Many were barefoot.

According to Ngere, the Zimbabweans bear the brunt of the fighting in the north, and little is seen of Frelimo. But the Zimbabweans mostly stay in their bases, he says. "They have no stomach for this fight." Ngere has also encountered Nigerian, Tanzanian and Zambian troops who have been identified from documents on their corpses.

Ten miles back down the road, at the Malawi railway station of Maraka, a dozen Zimbabwean soliders were in a small shop, taking a break from humping drums of water on to a trolley to be pushed along the rusty track over the border to Villa Nova. The railway is one of Malawi's two outlets to the sea.

Villa Nova is a charred shell, with the Zimbabwe garrison its only occupants. It has no power, no water and is cut off from the rest of Mozambique. "All behind us," said the Zimbabwean sergeant with a sweep of his arm, "is Renamo. As far as we're concerned they have already won this war. All that is left is for them to announce it. These Renamo are good. They control the countryside. The local people support them."

The Zimbabweans appear to be tough, well-equipped, professional soldiers. But their morale is flagging. "We are not paid bush allowance or danger money," complained one. "We are very far from home. Why should we be killed in someone else's war? First we were told just to guard the pipeline. Now we seem to be fighting the whole war." I walked along the railway track into Mozambique with the Zimbabwean soldiers. At the border they collected their weapons and called their commander, Lieutenant Dube. A small, nervous-looking man armed with a Kalashnikov similar to Ngere's. Dube was confident they could handle any attack.

The Malawians at Maraka are seasoned observers of the war in the valley. I asked them what they thought of the impending battle. Although the Zimbabweans look more impressive, a businessman told me, "They are not strong in their hearts." Often at night, he said, they sneak over the border to sleep on the Malawian side, for fear of being ambushed in Mozambique.

As I left, thankful to be alive, the Zimbabwean soldiers looked enviously across at the peaceful domestic scene on the Malawi side.

Mr. HUMPHREY. Mr. President, it is always a source of amazement to this Senator how many in the State Department will fall for the line that you can moderate a Communist regime. That, of course, is the current State Department line and I am sorry to say the administration line with respect to Mozambique.

Mr. President, it is especially unfortunate when the State Department and the administration pursue this self-delusion when there is in a country to which this delusion is being applied, namely, Mozambique in this case, an insurgency which has a real prospect of toppling a Communist government.

How ironic that the United States of America, which came into being through armed rebellion and the success of whose revolution would probably not have been realized without the help of a foreign power, namely that of France. So when we choose sides in these struggles, pitting Communist regime on the one hand against an insurgency which seeks to bring democracy to that country, we ought to side naturally with those who are trying to overthrow the Communists. But with whom are we siding in this case? The Communists.

It is certainly inconsistent with our own history, but then it is not inconsistent with the confused thinking which historically comes from the State Department.

Mr. President, It was 10 years ago that the People's Republic of Mozambique so-called, formalized its ties to the Soviet Union by signing a Treaty of Friendship and Cooperation with Moscow. Since that time, the Marxist-Leninist Frelimo regime which rules Mozambique has depended on Soviet bloc military assistance to remain in power.

To put it plainly, without this Soviet assistance, these Communist bums would have been thrown out of office long ago. Since 1977, for example, Mozambique has imported over $1 billion worth of Soviet arms; Maputo currently houses an estimated 3,500 Soviet, Cuban, East German military and security advisers. In return, the Soviets have reaped many benefits: Access to naval facilities on the Indian Ocean, support for selected Soviet-backed insurgencies, and access to Mozambique's plentiful natural resources.

But Moscow does not provide Mozambique's Communist regime with much economic assistance. Following the imposition of Marxist economic policies in the late 1970's, the Mozambican economy, surprisingly, went into a tailspin. By 1980, the situation was so bad that Mozambican strongman at that time Samora Machel asked the Soviets for help: he applied for membership in the Council for Mutual Economic Assistance [COMECON], the Soviet-bloc economic organization. Moscow, either unable or unwilling to assume the economic burden of another of its ailing Third World clients, refused membership.

Enter the United States, in the person of Dr. Chester A. Crocker, Assistant Secretary of State for African Affairs. Dr. Crocker believed Mozambique's rejection by COMECON gave the United States an opportunity to wean away Machel from the Soviet bloc. Moscow, after all, simply could not afford the major economic assistance necessary to maintain all its Third World clients; perhaps if the United States were to step in and fill the breach, then those Third World regimes would look more favorably upon the United States. Mozambique seemed to offer the perfect test case for Dr. Crocker's hypothesis.

Accordingly, he opened a channel to Machel and offered United States economic assistance in return for economic reforms in Mozambique. At the fourth Frelimo Party Congress in 1983, Dr. Crocker got what he wanted: Frelimo admitted the shortcomings inherent in the application of some of its socialist policies. Private farming, for instance, was encouraged, and some pricing mechanisms were liberalized.

For this Machel was rewarded handsomely by the State Department. U.S. assistance, which in 1982 had totaled $600,000, skyrocketed up to $9.7 million in 1983, and $18.3 million in 1984. Along with the economic support came political and diplomatic support from the United States. In March 1984—after much prodding of both sides by Dr. Crocker and his deputies—Mozambique signed the Nkomati accord with South Africa, in which each party pledged not to support insurgents operating against the other. Moscow, which had not been a party to the negotiations, could do nothing as one of its favorite "national liberation movements," the African National Congress, was told to pack up and leave Maputo. It appeared that United States influence was increasing and Soviet influence decreasing.

Dr. Crocker continued the payoffs to Machel. United States assistance to Mozambique for 1985 again was doubled, to $38.8 million. And again I make the point to a Socialist-Marxist-Communist regime for these U.S. dollars flowing in ever increasing amounts thanks to our fuzzy-minded friends at the State Department. Dr. Crocker's campaign to woo Mozambique peaked in September 1985, when Machel visited Washington. He met in the White House with President Reagan.

Interesting, is it not, that even in this White House the leader of a Communist country can easily get an appointment, but try to get an appointment for the leader of the freedom fighters who are trying to topple this Communist regime, it is quite a different story even in this administration.

He met in the White House with President Reagan who, reading from a State Department script, called Machel "amigo."

Machel died in a plane crash last October, 13 months to the day after meeting with Reagan. His replacement, former Foreign Minister Joaquim Chissano, was chosen by the Frelimo Central Committee primarily because he was the candidate believed most likely to assure the continued flow of Western assistance to Mozambique. His selection was greeted with relief at the State Department, which had worried that the selection of virtually any other candidate would have meant the end of the so-called weaning campaign.

After such a long and intense courtship, one would expect a great deal of movement on Mozambique's part—away from Moscow and toward Washington. But has that movement actually taken place?

In fact, no. Machel stayed close to the Soviets right up until the day of his death. In March 1986, just 6 months after meeting with Reagan, he visited Moscow and asked for more arms.

He gets money from the United States and weapons from the Soviet Union. That is called playing both sides against the middle, I suppose.

In July the Kremlin gave him a new arms agreement, which for the first time would provide him with MIG-23 jets and T-62 tanks. Just a month before his death Machel visited northern Mozambique with two Soviet and three Cuban military advisers, to plan a new strategy for dealing with anti-Communist insurgents. And according to documents found in the debris of his aircraft, Machel had been plotting with Soviet and Cuban assistance to overthrow the government of neighboring pro-Western Malawi.

Following Machel's death, the Soviets sent a new 100-man contingent of military advisers to shore up the Frelimo regime against the insurgents. The Soviet deputy defense minister and commander of the Red army ground forces was sent to Machel's funeral to demonstrate publicly Moscow's commitment to Frelimo's defense. The arms deliveries agreed upon in July were speeded up. Earlier in March, delegations from the Soviet Union, East Germany, and North Korea were all in Maputo simultaneously, negotiating increased support levels for Mozambique.

What, then, is the explanation? Was there a turn to the West or wasn't there? The answer lies in one's definition of "turn to the West." If by that one means a lessening of the regime's commitment to Marxism, perhaps, there was somewhat of a turn. But if one means a lessening of the regime's commitment to Leninism, no, there clearly was not a turn. Which begs the question—which is more important, for United States purposes: a turn away from Marxism on the part of a Third World Soviet client, or a turn away from Leninism?

Clearly, the turn from Leninism is what matters. After all, why should the United States desire in Mozambique a lean, economically efficient Communist regime, instead of a bloated, corrupt, inefficient—that is, typical—Communist regime? In fact, it is a misnomer to refer to a score of Third World Communist leaders as Marxists. These leaders—Somora Machel and Joaquim Chissano foremost among them—care not nearly so much about how to organize their national economies as they do about how to achieve and maintain political power. Thus, their attraction to Communist ideology is not to Marxism—which has been demonstrated conclusively to be disastrous in every country which has applied it—but to Leninism, which offers them a guaranteed method of seizing and keeping power. Their attraction to the Soviets and Cubans is an attraction to regimes which do not bother to ask meddlesome questions about human rights and democratic practices, but which offer the means to stay in power in return for certain rights.

In fact, Moscow's reported anger at Machel for the turn may have been a put-on for Western consumption. It is quite possible that the recent experience in Mozambique represents not just an experiment on the part of the West, but an experiment for the Soviets, too. It could represent a new Soviet strategy for the Third World: Use whatever means are necessary and appropriate to establish Communist regimes in the Third World, then allow them to accept Western economic assistance. This tactic serves at least three purposes: It releases Moscow from the economic burden of having to support its burgeoning Third World empire; it seduces the West into spending its own scarce resources in the elusive search for a Soviet client that can be weaned away; and it bails out Soviet clients which would otherwise fall because of ruinous economic policies.

Clearly, the turn to the West is a phony turn. Mozambique's willingness to accept massive amounts of Western economic assistance in no way signals any lessening of its commitment to Leninism and the Soviet bloc. And as long as Leninism flourishes in Mozambique, nothing fundamental has changed.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, thank you for recognizing me.

I pay my respect to the distinguished Senator from New Hampshire. He has put his finger precisely on the point as did the able Senator from Idaho who preceded Senator HUMPHREY in his remarks.

Mr. HUMPHREY. Mr. President, will the Senator from North Carolina yield?

Mr. HELMS. I certainly will, with pleasure.

Mr. HUMPHREY. This nominee is an exponent of the theory that somehow if you pay enough money to a Communist regime, the Communist will not only like you but embrace democracy and human and civil rights, a theory that has been tried many times but has never yet worked.

This is the debate over the confirmation of the nominee. I ask the Senator from North Carolina, the ranking member of the Foreign Relations Committee, is there any money in the 1988 foreign assistance bill for Mozambique?

Mr. HELMS. I will say to the Senator I have to check to be sure but I think I am correct in saying that aid to Mozambique is proposed only under the multilateral assistance of the SADCC proposal.

Mr. PELL. That is correct.

Mr. HELMS. That is my understanding.

Mr. President, Senator HUMPHREY has said that the theory to which he just alluded made no sense. It does not even make good nonsense as far as I am concerned and I thank him for his excellent comments.

Mr. President, in consultation with the distinguished majority leader and the distinguished minority leader earlier, it was established that there would be no more rollcall votes today, which means that there will be, of course, no action on this nomination today. And I must candidly acknowledge that I hope that there will be no action on this nomination period.

As Senator SYMMS has indicated, there is nothing personal against Ms. Wells. It is simply a matter of the best interests of the United States and how it will be served by our diplomatic representatives around the world.

The parliamentary situation is that, with so many Senators gone, we probably would not have a quorum if a live quorum were called. And the only way you can get a live quorum test would be by instructing the Sergeant at Arms to request the attendance of the absent Senators. And, of course, nobody is going to do that. So what we plan to do is to have such opening statements as Senators may wish to make and then we will let the distinguished Presiding Officer and the Parliamentarian and the other splendid officials of the Senate—and, I might add, pages—begin their weekend.

If we are doing that, however, I would offer a few comments, mainly for the purposes of the record.

On March 18, the Senate Committee on Foreign Relations conducted a hearing on the nomination of Ms. Melissa Wells, of New York, to be Ambassador to the People's Republic of Mozambique. It so happens that I was unable to attend the hearing because of deliberations on the Contra aid moratorium on the Senate floor.

However, as is the custom in the Foreign Relations Committee, I submitted questions in writing to be answered by Ms. Wells. The questions I submitted for Ms. Wells' response focus primarily on Mozambique, but I also solicited her response on regional questions since constructive engagement is, as Assistant Secretary of State for African Affairs, Chester Crocker asserts, a regional policy. Inasmuch as Ms. Wells' responses may be presumed to underscore the State Department view of the situation in Mozambique, and United States toward Mozambique, my concerns about the course the State Department is charting to wean away the Marxist-Leninist Frelimo government from the Soviet Union have deepened. I am more worried than I ever was. The pattern of our policy in Mozambique—if it can be called a policy—is a pattern of failure repeated by the State Department in its attempts to cajole Soviet-client states—and by that I mean allies of the Soviet Union—to cajole these states, these governments, using, of all things, the tax dollars of the American people.

Now, Mr. President, this sort of thing must stop. It has gone on far too long. And I think the American people are properly resentful of their money being used in such a way, particularly when it is such an abject failure in terms of foreign policy.

But as I say, I filed written questions with Ms. Wells, and she responded. Her responses reflect the typically evasive and indirect manner in which the State Department perpetually, consistently, constantly deals with congressional inquiries.

Just a few minutes ago, the distinguished Senator from South Dakota, Mr. PRESSLER, was on this floor, and he was expressing great anger at the treatment he receives as a U.S. Senator when he attempts to acquire information from the U.S. State Department. They give nonanswers. They give vague answers. They give incorrect answers. And that, in itself, is something that has long needed correcting.

But, Ms. Wells' indirect, evasive manner in responding to my questions nevertheless contained some startling admissions of a calculated attempt on her part, and I presume the State Department's, to justify and support the Marxist-Leninist government in Mozambique. Nothing else can be made of it, Mr. President.

Among other things, it is quite evident that Ms. Wells is unclear about what communism or Marxism-Leninism is. When questioned about the political liberalization in Mozambique, Ms. Wells embarks upon a diatribe on Mozambique's "support of the United States-sponsored Namibia/Angola negotiations, and more recently in its efforts to improve relations with Malawi." Then Ms. Wells went on to cite Mozambique's "shift to the West" by its "break with the Soviet Union on such international issues as Afghanistan, Cambodia, and Berlin."

Now, although Ms. Wells confesses that these were votes on which Mozambique abstained, rather than voted with the United States, she, nevertheless, continues to trumpet this as conclusive evidence of a friend of the United States, which I tell you, Mr. President, Mozambique is not.

Furthermore, a careful review of Mozambique's United Nations voting record during the 39th General Assembly shows that Mozambique never, never once voted with the United States on 10 key issues, including accepting Israel's credentials at the United Nations.

What a friend we have in Mozambique! What a friend the Free world has in Mozambique! If anybody believes that Mozambique is not Marxist-Leninist, I have a little swampland down in eastern North Carolina I would like to show you, for a price.

Additionally, Ms. Wells has already given every indication that she would be intoxicated by her clients instead of by U.S. interests. This raises a question, what is a U.S. Ambassador supposed to do when he or she goes overseas?

In her responses, she never once questions Frelimo sources, and that is why I insisted that she provide the source of her information.

Her responses provide insight into the misdirected motion that by ignoring the ever-increasing resistence of Mozambican citizens to the repression inherent in the policies adopted by the Renamo regime and by throwing United States economic and military assistance to prop up this Soviet proxy—and no other name can be given it—to prop up this Soviet proxy in southern Africa, the issue of Renamo would evaporate into nonexistence.

So let us not be deceived, Mr. President. Peace will not come to Mozambique unless and until Renamo is brought into the decisionmaking process to determine the future of the Mozambicans by Mozambicans.

I certainly hope that my colleagues will give serious consideration to the alarming drift in United States policy toward Mozambique, a drift accelerated by the nomination of Ms. Wells.

Reiterating for the purpose of emphasis, Mr. President, I do not know this lady, and I am not criticizing her personally. But now is the time to draw the line and show our allies, our anti-Communist, our non-Communist, allies that we are not, after all, siding with the enemies of freedom.

Now is the time for us to put up or shut up in terms of wanting to resist a Communist takeover in every sector of the world.

I must confess, Mr. President, that I have been repeatedly amazed at the nominations coming out of this administration, which I am bound to say is my administration. We know who orchestrates such nominations as these. They come up under the President's name, but anybody around this place knows full well that it is the State Department and the Foreign Service Office who orchestrate the nominations. On occasion, I have asked the President of the United States if he even knew a nominee, and he confessed he did not. That is true with every President.

So I put the blame where it belongs, down in Foggy Bottom. I do not have many friends in Foggy Bottom and I am not sure I want many. I have a few, but I am not going to identify them. I will tell them that I have a few Trojan horses around, and I know pretty well what is going on and how it goes on. Let the media criticize the Senator from North Carolina all it wishes about examining various nominations coming up in this body, but the news for them and to them is that more of the same will occur as long as I am in this Senate.

Perhaps it is a bad thing to be an anti-Communist. I read in some of the liberal publications that we ought to do this, that we ought to do that. But how do you compromise with a rattlesnake? The most recent evidence of what we get when we are trusting and when we are appeasing is the way the United States Embassy under construction in Moscow was infested with bugs—not the crawling kind but the electronic kind. Now the question before this Congress is whether we are going to tear down the Embassy and start all over again. That is the kind of people we are dealing with. No explanation, no excuses will wipe away the absolute incompetence of the U.S. State Department in this regard.

That is where the blame lies. They can try to put it on a bunch of young Marines, but who was in charge over there?

Mr. President, I said yesterday that this Congress will be reduced to a bunch of wimps if we do not insist to the Soviet Union that they pay every penny that it costs the American taxpayers to knock down that Embassy under construction and start over again. Until they do that, the Soviets should be forbidden to set foot in their Embassy on the hill in Washington, DC, on Mount Alto.

I say, Mr. President, that these nominations and what goes on in various countries around the world are part and parcel of each other. They are symptomatic of an infectious disease that has permeated so much of our foreign policy structure in this country; and unless and until we get a handle on what our goals are and what our courage is, then I doubt very much that the world is going to restore to us the admiration and respect that the United States once had almost universally as a world leader for freedom.

So this nomination of Mrs. Melissa Wells is a symptom. I am very much interested in the fact that one-third of those who voted today did not even want to take it up. They did not want the nomination even to come before the Senate. The vote was 56 to 28. I will ask the Chair if that is not correct.

The PRESIDING OFFICER. The Senator from North Carolina is correct.

Mr. HELMS. I thank the Chair.

I will tell the distinguished Presiding Officer that a number of Senators who voted procedurally to allow this matter even to come before the Senate have assured me that if this nomination is pursued seriously and there should be a vote on final approval, they will vote no.

In the meantime, Mr. President, and I will close by saying this, I am not going to talk anymore, but this in my hand is the first file folder of information I have and I want to discuss it in detail with the Senate if this nomination is brought up for serious consideration.

Mr. President, I ask unanimous consent that Mrs. Wells' responses be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF STATE,
Washington, DC., March 23, 1987.

Hon. CLAIBORNE PELL,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: Following the March 17 hearing for Melissa Wells, ambassadorial nominee for Mozambique, Senator Helms submitted questions to be answered for the record.

Please find enclosed the answers to those questions.

Sincerely,

J. EDWARD FOX,
Assistant Secretary, Legislative and Intergovernmental Affairs.

Enclosures: as stated.

QUESTIONS AND ANSWERS

1. Q. What is your view of the present conflict in Mozambique? What effect is the civil war having on the social, political and economic situation in Mozambique?

A. I express my view on the conflict in Mozambique on the basis of what I have learned in preparation for my assignment and on the basis of my previous experience in violence-torn areas of Africa, but with the qualification that I have not yet been to Mozambique.

In my opinion, the South-African supported insurgent movement RENAMO (Mozambique National Resistance) is operating in a manner that can only have as its objective destabilization of the country. Judged by its actions and not by its claims, the actions of RENAMO are not those of a nationalist movement. It has not demonstrated a capacity to take, hold and govern territory. RENAMO is politically fragmented, it has no political program and has not shown evidence of a structure (other than military) that could be called a permanent presence in the country.

The effects of the civil strife have devastated Mozambique's economic infrastructure, transportation routes, health centers and schools. Agricultural production has declined steadily. The emergency situation has generated more than 350,000 refugees and displaced almost two million people inside Mozambique.

2. Q. Do you advocate a negotiated settlement to the conflict in Mozambique? Is American aid presently being used in a manner that would promote dialogue?

A. The Government of Mozambique made an honest effort to negotiate with RENAMO in 1984 shortly after the Nkomati Accord, with South Africa acting as the gobetween. These negotiations were on the verge of reaching an agreement on the terms of a ceasefire. The RENAMO representative asked for time to consult and never returned to the negotiating table. We have never encouraged the Government of Mozambique to try and prevail through a strictly military approach. If there is an opportunity in the future for a second try at negotiations and if the Government of Mozambique decides that it is in its interest to again pursue negotiations with RENAMO, I would be prepared to encourage contacts and dialogue among Mozambicans within Mozambique.

Because of legislative restrictions, resources from our ESF Program in Mozambique are directed solely to the private sector. A more effective political "handle" on our ESF Program permitting resources to government entities and programs does therefore not exist at the present time due to legislative restrictions. Our food assistance to Mozambique under the present emergency is to assist the people of Mozambique and has no political objective such as to promote dialogue.

4. Have you personally spoken to representatives of the various opposition parties and groups in the Mozambican Civil War? Provide a list of all contacts made by United

States government officials, direct and indirect, with political dissidents and opposition leaders in Mozambique.

It is the Administration's policy not to have official contacts with RENAMO. Accordingly, I have not personally spoken with representatives of Mozambican opposition groups.

To my knowledge, the following contacts between United States government officials and opposition representatives have occurred:

Philip Ringdahl, then Director for African Affairs at the National Security Council, was introduced to RENAMO official Arturo Da Fonseca at a meeting in Congressman Dan Burton's office in August 1986.

Patrick Buchanan, then White House Communications Director, met with Arturo Da Fonseca in August 1986. The NSC staff and State Department were not aware of this meeting until it became the subject of an apparent Soviet disinformation effort in southern Africa.

David Lyon, a Foreign Service Officer assigned to the National War College for a year of academic study, met with RENAMO official Luis Serapiao in January 1987 while doing academic research. The State Department authorized Mr. Lyon's meeting with the understanding that he undertook it in his personal capacity in connection with his academic work, and not in an official capacity.

5. Q. During your meeting with Committee staff, you compared RENAMO to the Red Brigade in Italy. Upon what information did she base this comment? Provide complete details of comparison of objectives, tactics and organization.

A. During my meeting with Committee staff on March 16, 1987, there was a lengthy discussion as to whether RENAMO actually controlled areas of Mozambique. I made the point that RENAMO had certainly proven its ability to destroy targets and make it difficult for the Government of Mozambique to operate in certain areas, but that this capability was not tantamount to control. RENAMO's tactics have been hit-and-run attacks and ambushes. Aside from its camps, RENAMO has not demonstrated a capacity to take, hold and govern territory. My reference to the Red Brigade was to make the point that while the Red Brigade at one time wreaked havoc in certain parts of Italy with bombings, leg-shootings and assassinations, at no time was that area ever considered to be under the control of the Red Brigade. When I was asked whether I was comparing the Red Brigade to RENAMO, I explained that I was comparing the type of tactics used to the question of control of territory. I did not make or intend to imply a comparison of political orientation or agenda.

6. Q. The United States has had official contact with the leaders of the African National Congress. The ANC have undisputed Marxist members and receive Soviet support. They employ terrorist tactics as a matter of policy. What is your understanding of why the State Department has not even unofficial contact with the Democratic Resistance of Mozambique? Will you attempt to meet with the resistance? If not, why not?

A. Our decision to enter into dialogue with the ANC was not taken lightly or quickly. As Secretary Shultz has made clear, we have serious misgivings about the ANC, but it has a mass following in South Africa and is obviously an important factor in the South African political equation, and one that has to be involved in a peaceful resolution of South Africa's problems. The ANC began as a peaceful mass political organization, unlike RENAMO, and only turned to violence when it was banned fifty years after its founding and its leaders were incarcerated. My understanding of why the State Department does not even have unofficial contact with RENAMO is because there are some notable differences between the ANC and RENAMO. RENAMO was organized, trained and equipped by the Rhodesian Special Air Services during the period of Ian Smith in Rhodesia and since then has been taken over essentially by the South African military. RENAMO claims to be fighting for democratic principles in Mozambique, but has produced no evidence to substantiate these claims in its behavior in areas of Mozambique where it is most active. RENAMO's commitment to peaceful solutions is uncertain and it has no record of concern for the relief of suffering in Mozambique. On the contrary, Amnesty International and other humanitarian organizations have reported widespread atrocities by RENAMO forces against Mozambican civilians. RENAMO walked away from negotiations with the Government of Mozambique on the verge of a ceasefire agreement mediated by South Africa in October 1984. It has not given adequate assurances to the International Committee of the Red Cross that it will respect the neutrality of the Red Cross emblem. It has attacked CARE trucks bringing relief food to food-deficit areas. Against this background it is far from clear what purpose would be served by U.S. contacts with RENAMO. It remains Administration policy to refrain from official contact with RENAMO and I will not attempt to contact them in violation of such instructions.

7. Please give your analysis of the policies and potential of FRELIMO's new President, Joaquim Chissano.

Upon becoming President, Mr. Chissano pledged to carry out the policies of his predecessor, the late Samora Machel, and his actions have been consistent with that commitment. President Chissano has conducted a nonaligned foreign policy while moving to broaden Mozambique's international ties, particularly with the West. He has reaffirmed Mozambique's commitment to the Nkomati Accord with South Africa, improved relations and cooperation with Malawi, and maintained an active and positive role in regional diplomacy. Under his leadership, the Government of Mozambique has continued to undertake economic reforms which encourage the private sector and foreign investment and—to this end—has vigorously pursued negotiations with the IMF and IBRD in support of further opening of the country's economy. He has made clear his desire to expand Mozambique's ties to the United States.

For the future, much depends on how the people of Mozambique and foreign governments respond to President Chissano's actions and policies. On the basis of his record thus far, I believe that President Chissano's potential for playing a constructive role for his country, for southern Africa, and for the international arena in general is quite good.

8. During your testimony before the Foreign Relations Committee you stated that Mozambique was "shifting to the West". Describe the nature and extent of Mozambique's so-called shift to the West. What signs of political liberalization in Mozambique are there to support your statement?

Since 1982, the Government of Mozambique has steadily improved its relations and expanded its cooperation with Western countries, including the U.S.

It has worked closely with us and our Western allies in efforts to bring peace to southern Africa, through its historic negotiations with South Africa, through its strong support of the U.S.-sponsored Namibia/Angola negotiations, and more recently in its efforts to improve relations with Malawi.

While its overall record on recorded United Nations votes remains far from satisfactory, it continues to improve in response to our representatives. Mozambique has broken with the Soviet Union on such international issues as Afghanistan, Cambodia, and Berlin.

In the security field, Mozambique has quietly moved to expand cooperation with western countries. It has begun sending Mozambican military officers to a British military training camp in Zimbabwe, and Mozambique recently hosted a British naval ship visit. It is actively engaged in discussions of programs with other members of NATO.

Mozambique has joined the World Bank, International Monetary Fund, signed the Lome Convention with the European Community, and entered into an agreement with the United States Overseas Private Investment Corporation—all of which have increased Mozambique's involvement with Western economic institutions.

On the economic front, the government has expanded the role of the private sector by selling off more than twenty state industrial enterprises to the private sector, as well as more than 13,000 hectares of state farm land to private farmers. The government has also offered incentives to private entrepreneurs by raising producer prices and allowing exporters to retain a portion of foreign exchange earnings. A new wage policy adopted in January 1987 encourages employers to reward their most productive employees with wage incentives.

Political liberalization in Mozambique is evident in the conduct of the 1986 elections, in which there were 20 percent more candidates than seats available, thus affording voters a measure of choice and a chance to express their views. Some candidates proposed by the FRELIMO party were rejected by voters, and some candidates who were not members of the FRELIMO party were elected to the various assemblies. Balloting for district, city, and provincial elections was indirect, but was conducted by secret ballot for the first time.

In addition, the government's relationship with the churches has improved considerably over the past several years. Most churches that were closed after independence have reopened, and President Chissano recently called on the churches to work for peace, development, and progress in the country. Pastoral letters issued in 1986 by the Catholic bishops which were critical of the government policies circulated widely without reprisals from the authorities. The government recently allowed 100 Jehovah's Witnesses expelled after independence in 1975 to return to the country.

These examples illustrate the depth and breadth of constructive change in government policy over the past several years, and, I believe, justify continued U.S. efforts to encourage a significant and quite positive trend.

9. Q. President Chissano stated on Mozambican state radio on February 3, 1987, "we have been holding talks with the IMF and the World Bank. One might feel that we are having doubts about the socialist

option. No, that is not the case. We chose socialism and we did not do it arbitrarily . . . We combined it with the scientific teachings of Marxism-Leninism." In your opinion, does this indicate a shift away from Marxist-Leninist doctrine and practices?

A. The Government of Mozambique has never suggested that the dramatic reorientation of its economy away from socialist practices meant abandonment of the government's *theoretical* commitment to socialism. However, in the same speech from which this quote is extracted, President Chissano explicitly stated "we are going to support the private sector." The Government of Mozambique has backed up this commitment with far reaching steps to privatize the economy, encourage economic initiative by individual Mozambicans, and encourage Western private investment.

Mozambique's cooperation with the IMF/World Bank has required hard choices, such as dramatic currency devaluation, going well beyond rhetoric. Based on its *concrete actions* since 1983, the Government of Mozambique has proven that it will not be bound ideological dogma. It has demonstrated in action its commitment to the economic recovery of the country through greater reliance on the free market and productive economic relations with the West.

10. What is Mozambique's economic relationship with the USSR? Is Mozambique's dependence increasing or decreasing? Provide detailed examples. Provide details on the recent economic accord signed between Mozambique and the United States.

A. Mozambique's economic relations with the USSR are conducted under a bilateral agreement between the two countries which established a joint Mozambican-Soviet economic commission. Moscow uses similar arrangements to manage its economic relations with most Third World countries. Mozambique is not, however, a member of Comecon, nor does it have observer status in that organization.

On March 11, the USSR and Mozambique signed a protocol reflecting the results of a session of the Mozambique-USSR Joint Economic Commission. While details of the agreement have not been published, Mozambican media reports indicate that the protocol covered rehabilitation of Mozambique's State Petroleum Enterprise, Soviet contributions to other Mozambican industrial enterprises, and Soviet participation in rehabilitation of the Beira transport corridor. The protocol does not appear to be a new agreement; rather it appears to be an agreed plan for Soviet contributions to the Mozambican economy under the existing agreement.

The following figures indicate strongly that the role on Soviet economic assistance in the Mozambican economy has diminished sharply since the early 1980s:

Soviet assistance to Mozambique

Year:	*Millions*
1980	$85
1981	45
1982	5
1983	15
1984	5
1985-86	(1)

[1] Figures not yet available but will probably be similar to last 3 years.

While Soviet economic assistance has been declining sharply, Western economic assistance to Maputo has increased to over $500 million in 1986. Mozambique's major export trade partners are Spain, the United States and Japan. On the import side, the United States, South Africa, France, and Italy, as well as the USSR, are major suppliers. The evidence thus indicates that "dependence" is not an accurate description of Mozambique's economic relationship with the USSR. Instead, the role of the Soviet Union in the Mozambican economy has decreased throughout the 1980s both in absolute terms and relative to the role of Western countries.

11. Q: What was the purpose of the visit by the Soviet Communist Party delegated to Maputo in February? What accords were signed?

A. Semen Kuz'mich Grossu, First Secretary of the Central Committee of the Communist Party of Moldavia and a member of the Soviet National Central Committee, conveyed a message to President Chissano from General Secretary Gorbachev on February 17. No accords were signed. Discussions were held concerning arms control, Mozambican initiatives to promote peace in southern Africa, and the economic situation in Mozambique. Gorbachev's message pledged continued support for the Government of Mozambique.

15. Q: As an official at the United Nations, you undoubtedly had numerous opportunities to observe the delegation from Mozambique. How would you characterize Mozambique's support of the United States actions in the UN? What is the official State Department evaluation of Mozambique's support of the U.S. at the UN? Do you agree with this evaluation? If so, why?

A. In the years I spent at the US Mission to the UN, I found Mozambique's representatives uniformly courteous, though Mozambique did not vote with the U.S. very often. The official Department of State evaluation of Mozambique's support for US actions at the UN is a quantitative one: in the 41st UNGA (1986) Mozambique's plenary vote coincided with the US vote, when both countries were voting either "yes" or "no", only 7.2% of the time. This gave Mozambique the third-from-last position in the African group and the sixth-from-last place among the members of the Non-Aligned Movement. In comparison with most other nations, Mozambique was not very helpful to the US in terms of voting coincidence; this is consistent with Mozambique's behavior over the past four UNGAs in which the USG produced voting reports, and squares with my own observations as US Representative to the Economic and Social Council. However, I would also observe that there is reason to believe a possibility exists for improvement in Mozambique's voting on the basis of our discussions with it. For ten issues that the Department of State identified as the most important ones at the 41st UNGA, Mozambique's delegation absented itself on the other five: Kampuchea, Israeli credentials, Afghanistan, the US resolution on chemical and biological weapons, and human rights abuses in Afghanistan. I take this to indicate that on these issues the GOM did not actively support the U.S. but neither did it oppose our positions or support those of the USSR.

16. During your tenure, what has Mozambique's voting record in support of positions taken by the United States? Include additional information on Mozambique's rank in comparison with the other member nations. What nations have voted with the United States less than Mozambique?

A. In the years I spent at the US Mission to the UN (1977-79), I found that Mozambique did not vote with the U.S. very often. The U.S. began to assemble voting reports on UN members beginning with the 37th UNGA in 1983. From my own experience as Ambassador to the Economic and Social Council, I cannot see that Mozambique's record of support for US positions has changed much in the interim. In the 41st UNGA (1986). Mozambique's plenary vote coincided with the US vote, when both countries were voting either "yes" or "no", only 7.2% of the time. This gave Mozambique the third-from-last position in the African group and the sixth-from-last place among the members of the Non-Aligned Movement. However, I am also aware that after my tenure at the US Mission, Mozambique improved its votes on Kampuchea and Afghanistan by breaking with the Soviet position. This is a positive development which I would hope to encourage if confirmed as United States Ambassador to Mozambique. I therefore look forward to the opportunity of using my UNGA experience in contacts with GOM officials responsible for Mozambique's UN policy to persuade them to be more supportive of and sensitive to U.S. views.

17. Did you express any agreement with UN Ambassador Andrew Young's policy towards the PLO? If so, provide details. If not, why not?

It was the policy of the Carter Administration as it is the policy of the Reagan Administration today not to have contacts with the PLO. I supported that policy at that time as I do today.

21. Q. U.S. AID Administrator Peter McPherson is proposing a multi-million dollar food assistance program for Mozambique. He has limited statistics on the extent of the famine and claims 2.2 million starving people are inaccessible due to the war. Mr. McPherson has resisted suggestions that he contact RENAMO to get more information and enlist their cooperation in facilitating the relief program. Do you agree with Mr. McPherson's approach to this problem, How do you plan to handle this problem?

A. Estimates are that approximately 2.2 Mozambicans are living in insecure areas. The Government of Mozambique transports relief supplies by armed convoy, by air lift or coastal barge to these areas. Approximately 1 million Mozambicans (of a total of 14.5 million) are considered to be in areas access to which is extremely restricted because of security problems.

I recognize that the insurgency, and the food distribution problems it has caused, raise difficult questions about how to assure that food gets to the people who need it most wherever they are in Mozambique. We are working closely with our partners in Mozambique, the Government, the donors, the international organizations, and the PVO's to put together a logistical system that will work. The International Committee of the Red Cross (ICRC) has been discussing with the Government of Mozambique how to facilitate distribution of relief supplies in war-torn areas. The Government of Mozambique has been most supportive of an ICRC role in the emergency.

Mr. McPherson called for a UN food coordinator for Mozambique. Now that one has been appointed, we will be meeting with other donors in Geneva March 31 to give further impetus to relief efforts. If Renamo is serious about helping hungry Mozambicans, I earnestly hope it will cooperate with this international effort.

22. Provide any information, as complete as possible, of the October 16, 1986 meeting of Samora Machel with a military and security delegation from Zimbabwe.

A: According to documents which the Government of South Africa reported that it had recovered in the wreckage of the late President Machel's plane, the meeting in question discussed ways of bringing pressure on the Government of Malawi to halt its alleged assistance to the Mozambican insurgent movement RENAMO.

We cannot independently corroborate the authenticity of the documents publicized by the Government of South Africa.

During the period in question, relations between Mozambique and Malawi were tense. In a September 11 visit to Malawi by Presidents Machel, Mugabe, and Kaunda, the three leaders met with Malawian President Banda to insist that the Government of Malawi halt its alleged assistance to RENAMO. These tensions illustrate the continuing importance of efforts by all parties in southern Africa to seek and implement alternatives to violence and confrontation.

Since last fall, the Governments of Mozambique and Malawi have demonstrated that a strategy of dialogue and negotiation can work. The two countries began discussions in November 1986 which led to agreements on security and economic cooperation in December. A joint security commission established as a result of these discussions meets regularly, and the two countries' armed forces are now jointly providing security on the Nacala rail line between Malawi and Mozambique.

23. Provide any information, as complete as possible, of all attempts by Mozambique and Zimbabwe to destabilize neighboring states. What is the United States' policy on providing assistance to nations seeking to destabilize their neighbors? Do you believe that the United States should continue providing assistance to countries whose purpose is to spread Marxism-Leninism by destabilizing neighboring states? If so, please explain.

A. The only charge of destabilization against Mozambique and Zimbabwe of which I am aware arises from documents said to have been recovered from President Machel's plane after it crashed in South Africa October 19, 1986. I am not in a position to verify or deny the authenticity of these documents. However, the tensions last fall between Mozambique and Malawi only underscore the continuing need for negotiations among the states of the region to bring an end to cross-border violence so they can deal with their internal problems free from outside aggression. The recent improvement in relations between Mozambique and Malawi is a successful case study of how this process can work. After tensions between the two countries rose in the fall of 1986, they began discussions in November 1986 which led to agreements on security and economic cooperation in December. A joint security commission established as a result of these discussions meets regularly, and the two countries' armed forces are now jointly engaged in providing security for the Nacala rail line between Malawi and Mozambique.

This Administration does not provide assistance to governments seeking to destabilize neighboring countries. Rather, we support negotiations to achieve peaceful resolution of differences, such as the 1984 Nkomati Accord between Mozambique and South Africa and the negotiating process between Malawi and Mozambique which I have described above.

24. In the 1982 Human Rights Report, the Department of State officially described RENAMO as an "insurgent force" and the people of RENAMO as "insurgents". Now the Department is using the Mozambican Marxist government's terminology, "bandits". Between 1982 and 1987 what changes have occurred to cause the Department to adopt this new terminology?

A. As the State Department's 1986 Human Rights Report and statements by Department officials amply demonstrate, we continue to refer to RENAMO personnel as insurgents. However, we have received occasional reports of violent acts in Mozambique which correspond to the generally accepted definition of banditry, which may have been committed by persons without any political affiliation, or by renegade RENAMO or Mozambican Armed Forces personnel.

25. Q. Mozambique's re-education camps are frequently cited in the Department's human rights reports. Please provide the Committee with a detailed description of the camps, including location and number of prisoners. How does the Department compare conditions in Mozambican re-education camps with conditions in similar camps in Vietnam and Cambodia.

A. Not much precise information on "re-education" camps is available, and it is not possible to provide a list of the camps. I have been informed that the general impression in Maputo is that some, if not most, camps have been disbanded. During a visit to Niassa Province in 1985, Ambassador De Vos and an Embassy officer were told that all camps there were shut down and the detainees released.

Some information, however, is known about "re-integration" camps for captured insurgents in Inhambane Province. During a visit to the province in April 1986, an Embassy officer was told by the provincial military commander that in 1984 the Government of Mozambique opened a "rehabilitation" camp at Massinga for insurgents who had voluntarily surrendered. The camp's program included vocational training (farming) and basic health services. During the course of 1985, 86 rebels had been "rehabilitated." The provincial military commander claimed that the camp had been inspected by Amnesty International. I have been in touch with Amnesty International to verify this claim.

The Government media in February of this year described a "provincial center for reintegration" of former insurgents at Chiunze in Inhambane Province. The camp's program included agricultural training, and gave literacy and handicraft classes. A number of interviews were published in which the former "armed bandits" maintained that they had been pressed into service by the insurgents.

Our Embassy has received no reports of human rights abuses in the camps. The conditions apparently are not nearly as harsh as, presumably, is the situation with "re-education" camps in Vietnam and Cambodia. There are, of course, regular prisons throughout the country, including one in each provincial capital. The Mozambican media have featured a number of reports over the past year on conditions in the prisons, with concerns being expressed on the need to ensure against overcrowding and provision of proper health services. these prisons reportedly train inmates in vocational skills ranging from farming to shoe making.

26. Q. Has the United States government ever asked the Mozambican government to free the detainees in the re-education camps? If not, why not? Has the United States ambassador ever asked for permission to visit prisoners in those camps? If not, why not? Will you request permission to visit prisoners in those camps? If not, why not?

A. Yes, the US Ambassador has asked for permission to visit re-education in the past. The US Ambassador has also registered with the Government of Mozambique US concerns about detainees. If confirmed, I will request permission to visit camps—be they "re-education", "reintegration" or "rehabilitation" camps.

27. The United States Congress placed requirements on the government of El Salvador that it adopt a democratic form of government before the United States would provide military or economic aid. Do you believe such a requirement would be appropriate for Mozambique? If not, why not?

A. Congress has already placed restrictions on economic and military assistance to Mozambique; the latter is contingent upon political and economic reforms, including free elections. I believe that it is appropriate for the United States to encourage Mozambique's continued movement toward the West, cooperation on southern African issues, economic reforms, and progress on human rights issues. However, in doing so, we should take into account the country's specific internal and regional situation. Mozambique is not El Salvador, nor is the level of economic aid we provide Mozambique comparable to that which we give El Salvador. We should concentrate on what is realistically achievable in the short term as well as long term, and set our benchmarks accordingly.

30. Do you support the President's policies of constructive engagement from a personal as well as a professional assessment of the situation in southern Africa?

I support the President's policies of constructive engagement from a personal and professional viewpoint. This policy has been an outstanding success as far as our relationship with Mozambique is concerned.

34. What percentage of Mozambique does RENAMO have effective control? Cite source.

A: The conflict in Mozambique has been in an especially fluid phase since last fall. During the latter months of 1986, RENAMO conducted an offensive in which it established a military presence in a significant percentage of the total area of Mozambique. During the early months of this year, a combined offensive by Mozambican Government and Zimbabwean troops expelled RENAMO forces from any of these areas.

In this rapidly changing military environment, calculations of the percentage of Mozambican territory occupied by RENAMO forces are extremely difficult to make and are of questionable value. Such calculations are futher complicated by the fact that RENAMO has not established political or administrative structures in areas which it occupies militarily, and by the demonstrated ability of government forces (with the assistance of Zimbabwean forces) to maintain access to the vast majority of Mozambique's population. This judgment is based on the full range of information available to me on the military situation in Mozambique.

37. In Ethiopia, the government's policy of forced relocation and collectivization of the population contributed to the human disaster in 1984-1985. Mozambique has imposed a similar policy of collectivization of the rural people by hearding them into "aldeas". What impact does this policy of forced removal and collectivization have on the

people? What impact is it having on agricultural productivity? What is the U.S. response to the Mozambican government? Do you agree with this response?

Following independence the Government of Mozambique initiated a policy of creation of "Aldeas Communais", (communal villages) throughout the country. Communal villages were intended to accomplish two objectives: To gather together dispersed peasants in order to provide effective educational and health services, and to provide a setting for social and political transformation. The communal villages are built on existing physical and tribal structures and did not appear, for the most part, to involve forced resettlement. In Cabo Delgado, Niassa, and Tete Provinces, the government used the fortified villages which had been established by the Portuguese as a basis for the communal villages. In Maputo and Gaza Provinces, the government resettled some rural inhabitants into communal villages following extensive floods in those provinces in 1977. In 1982 there were 1,352 communal villages (according to the Mozambique country study), of which 543 were in Gabo Delgado, 260 in Nampula Province, and 139 in Gaza Province. Embassy officers have over the past several years visited a number of "Aldeas Communais", and have seen no evidence of forced resettlement. Creation of communal villages slowed in the early 1980s and now appears centered on resettling war refugees and victims of drought. During a trip to Inhambane Province last year, an Embassy Officer visited one such "communal" village. The village was composed entirely of war refugees from several parts of the province, near the provincial capital of Quelimane. The village spokesman described medical and educational facilities in the village, and explained that village officials had been elected by the inhabitants themselves. As the limited number of communal villages indicates, most rural Mozambicans do not live in them and some provinces, Manica for example, do not have communal villages. During a visit to Gaza Province in February, President Chissano was quoted in the local media as telling provincial officials that the program of "communal villages" would be re-evaluated in order to avoid errors that had been made in the past. In 1983 the government launched "Operation Production", which moved about 100,000 unemployed people from Maputo to the provinces to engage in agriculture. The government quickly abandoned this project of forced resettlement, admitting that it had been a failure, and many of those relocated have since returned to Maputo.

It is difficult to assess the effect of communal villages on the population and production. Overall economic production has declined each year since 1981 due to a combination of factors including government mismanagement, drought, lack of inputs, and the insurgents' attacks on economic targets and villages. At the Fourth Party Congress in 1983 a decision was taken to stimulate the private sector in agriculture in order to increase production. In conjunction with its economic rehabilitation program announced early this year, the government emphasized that priority would be given to private and family farming.

38. Explain your statement in the hearing that "Mozambique had experimented with scientific socialism?" Is scientific socialism another name for communism? Why do you persist in using the misnomer of scientific socialism when Joaquim Chissano himself stated, "we have combined our experiences with the scientific teachings of Marxism-Leninism"?

The terms "scientific socialism" and Marxism-Leninism were both used at the Third FRELIMO Party Congress in 1979 by President Samora Machel to describe Mozambique's political orientation. As explained by President Machel at the time of that Congress, and as indicated in the quote from President Chissano in your question, Mozambique's political orientation represents a synthesis of the country's own experiences with these principles. For example, classic Marxism-Leninism calls for the dictatorship of a proletariat, the latter—for all practical purposes—being non-existent in Mozambique.

42. In 1985, the State Department requested $1 million in military assistance for Mozambique. Congress denied the request and conditioned any military assistance to Mozambique on political and economic reforms including full restoration of free enterprise, the reduction of foreign military personnel, and free elections. Do you believe that Mozambique has met these requirements?

No, I do not believe that these requirements have been met but an encouraging trend in political and economic reforms is underway.

43. Q: Provide information on the United Democratic Front of Mozambique (FUMO). Who are its founders? What are its objectives? Does it support the Frelimo Government? What is its relationship with RENAMO?

I found the following information on FUMO in the *Area Handbook for Mozambique:*

The United Democratic Front of Mozambique (Frente de Unidade Democratica de Mocambique—FUMO) . . . "Formed among exiles in Europe, it claimed to have offices in France, Great Britain, and the Federal Republic of Germany (West Germany). Its major leader was Domingos Arouca, a black Mozambican who had originally been a follower of Mondlane but had rejected his—and FRELIMO's Marxism-Leninism for a less radical form of socialism. Arouca, long imprisoned by the pre-1974 Portuguese government, was a close associate of the leaders of the Socialist Party who were in power in Portugual in 1977.

In July 1976 FUMO announced creation of a government in exile. It claimed to be motivated by the instability, chaos, and destitution brought about by Michael. It also claimed that its policies would follow the "true" thought of Mondlane, creating a racially integrated state composed of ethnic divisions in a federal format, and that under FUMO Mozambique would integrate itself into a Lusitanian community. FUMO was frequently associated with the Voice of Free Africa, a clandestine anti-FRELIMO radio service believed to originate in Southern Rhodesia. By January 1977 FUMO claimed to control northern Cabo Delgado Province and to be spreading in the southern provinces.

FUMO or a similar organization was alleged by some to be gaining support in FRELIMO among party leaders alienated by Machel's policies. That an organized opposition existed appeared to be confirmed by Machel's frequent charges that enemies were at work inside the party.

In December 1986 a FBIS item from Lisbon noted a communique distributed by FUMO reporting that FUMO had overcome its previous aloofness and at times hostility to RENAMO. The item reported that FUMO now supported RENAMO. It is not known how many followers FUMO currently has, but they are believed to be negligible in number.

44. What steps have been taken in Mozambique to promote political pluralism? Provide information on Mozambique's most recent elections. Discuss the nomination process, the voting process, and the freedom and fairness of the elections.

Mozambique held general elections between August and December 1986, the first elections held since 1977. The elections were held within the framework of the country's one-party constitution. The FRELIMO party drew up single slates of candidates for the elections, and local party structures reviewed these slates with the local population prior to the election. Voters at the village level then physically assembled to vote on the candidates. For the first time, there were by law 20 per cent more candidates than seats available in the various assemblies. In addition, several dozen candidates nominated by the party were rejected by the voters at various elections meetings, and some of those elected were not party members. Balloting for district, city, provincial, and national elections was indirect, but was conducted by secret ballot for the first time. We understand that an estimated sixty per cent of those elected to district assemblies were first-time candidates, and as much as a third of the victors at the district level were not party members.

Although RENAMO threatened to disrupt the elections, balloting took place throughout the country, except for certain districts in Tete and Zambezia provinces.

While the elections were not comparable to Western democratic elections, they did offer the Mozambican people a greater measure of choice than ever before and an opportunity to express their views. In that sense, they represented a step forward for the country.

46. What is the Mozambique Business Council? What is their source of funding? What political activities is the Council involved with in the United States.

It is my understanding that the Mozambique Business Council was organized as a non-profit corporation for the purpose of encouraging private sector development and private U.S. investment in Mozambique. The office of the Council was closed in early February and I have no knowledge of when or if it will re-open.

In response to my inquiry the former vice president of the Business Council advised that initial funding for the operation was provided through a Mozambique entity called the Institute of Mozambiquan Studies with the transfer from the organization made by the Ambassador of Mozambique to the United States. The source of the Institute of Mozambiquan Studies funds is not known. Supplemental funding was received through International Trade Management Corporation (ITM), a U.S. corporation with offices in New York City. It is not known where those funds originated. Funding in each case was understood by the former vice president to have been authorized by the Mozambique Government.

The council has not been involved in political activities in the United States. It has hosted meetings between Mozambique officials and U.S. Government officials including Congressional Staff. The Council has taken no position on any legislation.

47. Provide a list, complete as possible, of all contacts you have had with members of the Mozambican Business Council?

I have met with Mr. William Sullivan and his wife Mrs. Ann Sullivan of the Mozambique Business Council.

48. What is SOCIMO? What is their source of funding? What are their activities in the United States?

It is my understanding that SOCIMO is a para-statal trading corporation organized by the Government of Mozambique.

I understand that SOCIMO earns income from investments and from representation fees. I have no knowledge of their source of income beyond that.

49. Provide a list, complete as possible, of all contacts you have had with members of SOCIMO.

I have not had any contacts with members of SOCIMO.

8) Why does the Mozambican government not make serious efforts to win the hearts and minds of the people? Other than propaganda efforts, how is the Mozambican government demonstrating its responsiveness and caring for the needs of its people to them?

A: The Government of Mozambique suffers from a lack of trained personnel to staff its administrative structure competently. For example, from the Portuguese colonial era, it inherited an illiteracy rate of 96% at the time of independence. Education and health services have been high priorities for the Government of Mozambique. The Government's responsiveness to the needs of the people is evidenced by its continuing to rebuild schools and clinics destroyed by civil strife as quickly as possible.

10) You paint a hopeless picture of what you choose to call the insurgency in Mozambique. On the one hand, you attribute the lion's share of Mozambique's problems to RENAMO, but you specifically refuse to meet with RENAMO representatives in or out of Mozambique to find a solution? Why this contradiction?

A: RENAMO's commitment to peaceful solutions is uncertain and it has no record of concern for the relief of suffering in Mozambique. On the contrary, international humanitarian organizations have reported widespread atrocities by groups claiming to represent RENAMO against Mozambican civilians. RENAMO has not given adequate assurances to the International Committee of the Red Cross that it will respect the neutrality of the Red Cross emblem. It has attacked CARE trucks bringing relief food to food-deficit areas. It remans Administration policy to refrain from official contact with RENAMO and I will not attempt contact in violation of such instructions.

12) It is clear that the State Department favors a military solution over negotiations in the Mozambican civil war. This is astonishingly contradictory of U.S. policy everywhere else in the world, most especially in Nicaragua, Afghanistan, Angola, Namibia, and the Philippines. Are you now prepared to recommend IMET or other military assistance to the Mozambican government in the war for its survival? If not, at what point would you make such a recommendation?

A: As I explained in response to a question last week, the U.S. has never encouraged the Government of Mozambique to try and prevail through a strictly military approach. (Economic and political solutions to the turbulence in Mozambique are the prime goals of U.S. policy.)

As to the specific questions asked above, I am not prepared to make any recommendations concerning U.S. policy to Mozambique until I have actually been to Mozambique and can form opinions based on my own personal experience.

13) The presence of Foreign Occupation Troops is always worrisome. Yet Tanzanian and Zimbabwean troops have shown themselves willing to assist unpopular Marxist or Scientific Socialist regimes. Is this a stabilizing and desirable factor in Africa? Would Nigeria's offer to provide military assistance and troops or that of Ethiopia's communist dictatorship also be seen as stabilizing in southern Africa?

A: At the request of the GPRM, the Governments of Zimbabwe, Tanzania, and Malawi have sent forces to Mozambique to defend themselves against a South African-backed effort to deprive them of essential transportation egress and to prevent the establishment of a hostile regime in Mozambique. No Ethiopian or Nigerian troops are present in Mozambique. All the black-ruled, southern African states, including Botswana, Zambia and Zaire, share an interest in preserving access to the sea through Mozambique and in preventing the overthrow of the government in Maputo.

14) Do you think the withdrawal of Zimbabwean forces might bring about negotiations in Mozambique?

A. Zimbabwe has indicated it is prepared to fight to keep transport routes open and to maintain Mozambique's independence. There is no evidence that Zimbabwean withdrawal would contribute to these objectives or to the opening of negotiations in Mozambique.

16. In spite of Mozambican and South African requests, the U.S. lagged in participating in the investigation to determine the cause of the crash of the jetliner containing President Machel and his party. Informed sources indicate that both the U.S. Mission in Pretoria and that in Maputo urgently requested U.S. participation but that the Africa Bureau dragged its feet. Please supply classified and unclassified cable traffic and other communications regarding U.S. participation in the on site and follow-up crash investigations in South Africa and the Soviet Union.

A. Following requests by both Mozambique and South Africa, American, British, West German, Canadian, French, and New Zealand technical experts travelled to Mozambique, South Africa, and the U.S.S.R. to assist in the preliminary technical investigation. The U.S. provided two representatives at two different stages. The first was an air force officer skilled in technical investigations of air crashes and in examining "black boxes". He joined the international investigative team in London, and travelled with them to Switzerland, the U.S.S.R., South Africa, and Mozambique. He subsequently contributed materially to the technical report that was given to the South African commission charged under international aviation practice with writing the final report on the crash.

The other U.S. participant was a civilian aviation medicine specialist who helped the commission investigate human factors in the crash. He consulted with the South Africans and Mozambicans for approximately two weeks. We expect that the South Africans will issue the final report on the cause of the crash shortly.

The South African foreign minister has formally expressed his appreciation for the U.S. assistance in the investigation. Any delays in providing assistance were due only to the difficulty of arranging for two individuals to travel at short notice, and to the necessity of coordinating our participation with the Government of Mozambique and with the other international participants. An officer from the Department of State will be happy to brief you or your staff at your request.

17. Within hours after President Machel's plane crashed, Alfred Nzo of the communist-controlled African National Congress (and a member of the South African Communist Party) issued a statement in Copenhagen that the South African Government had been responsible for the crash. This is the widely-held view of many so-called third world and so-called non-aligned countries such as Cuba, Libya and Yugoslavia and of many members of the Organization of African Unity. What public and private statement has the USG made on this topic, especially to distance itself from this tragically divisive and scientifically specious explanation?

A. The Department has stated that under the Chicago Convention on International Civil Aviation, the primary responsibility for investigating the crash lies with the country of occurrence, i.e., South Africa. We have noted that under the Convention, the Governments of Mozambique and the U.S.S.R. also have roles to play in the investigation. We stated that, while the U.S. had no legal obligation to become involved in the investigation, we were willing to assist if our participation were requested by both the Mozambicans and the South African governments. We in fact expeditiously named a participant after a delay in receiving formal requests from both nations.

We have continuously stated that we will not be in a position to comment on the cause of the crash until the final investigative report is publicized. As far as we can determine, the investigation has proceeded in a professional manner.

19. You criticize RENAMO for not "showing evidence of a structure (other than military) that could be called a permanent presence in the country." What is the structure of the Mozambican Government and how does it distinguish itself by efficiency, responsiveness, or willingness to forego military influence? Specifically, how many ministers or sub-cabinet senior officials hold military commissions?

A. The Mozambican Government is organized at national, provincial, and district and local levels. There are provincial officials responsible for economic matters, relief efforts, local government, and so forth. Similarly, there are district administrators and local officials responsible for the various areas.

In the countryside the Government maintains services, however haphazardly, such as schools, health services, emergency relief where applicable, as well as other administrative chores. There is little evidence that RENAMO carries out any of these activities in the few areas where it predominates.

The effectiveness of the Government is constrained by the lack of trained officials at the middle ranks. This makes the bureaucracy often inefficient and unresponsive. At the same time, well-trained officials at the senior levels are often efficient and competent. Senior officials are regularly dispatched to the provinces to consult with local authorities and monitor conditions.

While a number of ministers of the Government and Politburo members have military titles, none of them (except the Minister of Defense and Politburo Member Chipande and the President) are actively involved in military matters. Four of the seventeen ministers of the Government have military titles and all eleven members of the Politburo have military titles, but these are merely ceremonial titles for most of them.

20. How many Mozambican ministers and sub-cabinet senior officials have received training in the Soviet Union, Soviet-client

states, Cuba, North Korea, Veitnam, etc? Which have received such training?

A. While a number of Mozambican officials have of course travelled to the Soviet Union or its client states, few Mozambican ministers and sub-cabinet senior officials have received training in the Soviet Union or its client states. Most of these officials received training in western countries, particularly Portugal and France, in China, or in non-aligned countries, such as Algeria and Yugoslavia.

30. You have indicated that State Department goals for Mozambique include "to create conditions for peace through negotiations and an end to cross-border violence." Yet these conditions exclusively center on assisting the Mozambican Marxist government to strengthen its position, economically and militarily, without cutting its ties to the Soviet bloc. How consistent are your goals with your strategies?

A: The Administration's goal of creating conditions for peace throughout southern Africa is entirely consistent with our strategy of encouraging the Government of Mozambique to undertake policies which benefit its people and contribute to peace and stability in southern Africa. It would be difficult to pursue this strategy without a concurrent effort to demonstrate our good faith by directly helping the people of Mozambique—which we do through our assistance to private farmers and food aid to the hungry. We are not providing military assistance to the Government of Mozambique, nor does our policy "center on" assisting the government to strengthen its position economically and militarily. Rather, we seek to relieve suffering and enhance opportunities for personal economic initiative and advancement as means of demonstrating to the government and people of Mozambique that our ideas and proposals can work to the mutual benefit of Mozambique and the Government of Mozambique's constructive role in southern African negotiations, and its movement toward the West and away from the Soviet Union.

34. Please give a complete history of Mozambican national elections, including each time President Machel and President Chissano have run on a national ballot, in a one-man, one-vote system. Please describe all the legal political parties in opposition to the current government and how open, free elections are encouraged?

A: Mozambique has held elections twice in its history, in 1977 and in 1986. A description of the 1986 elections is given in the Department of State's Country Human Rights Report for Mozambique, and in my answer to Question 44 of the first set of questions. As indicated therein, both the 1977 and 1986 elections were held within the framework of the country's one-party constitution, under which the President is elected by the Central Committee of the FRELIMO Party and opposition parties are not permitted. The 1986 elections were more open than the 1977 elections because of the fact that there were 20 per cent more candidates than seats available; non-party members were elected to office; and district, city, provincial, and national elections were conducted by secret ballot. While open, free elections as we understand them have not taken place to date, I regard it as encouraging that the 1986 elections were more open than those held previously.

36. Please justify your term "western democracy." In what sense does "western democracy" differ from Mozambique's system? Would you feel comfortable representing the United States in a system that throttles political opponents yet calls its system democratic?

A: Western democracy can be characterized as a government representative of a people as expressed through free elections based on a multi-party system and resulting in either a presidential or parliamentary system of government. These conditions do not prevail in Mozambique nor in many other countries in which the United States maintains diplomatic representation.

41. You state that RENAMO's unacceptable because of its "type of tactics" which you fantastically liken to the Red Brigades in Italy. Yet Secretary Shultz has met with the head of the Communist-controlled ANC even though he allegedly dislikes their tactics. If tactics are the problem, how can the U.S. improve RENAMO behavior without contact?

A: RENAMO's behavior and tactics raise serious questions as to whether U.S. Government contact with this organization could improve its behavior, but tactics are not the main issue in our policy of not having contact with RENAMO. Rather, the lack of credible evidence of significant popular support for RENAMO in Mozambique, the lack of evidence to substantiate its claim to be fighting for democratic principles or a credible political program of any sort, and the fact that it walked away from a nearly successful effort to reach a negotiated settlement make it far from clear what purpose would be served by U.S. contacts with RENAMO.

44. Please give a detailed history of Andrew Young's role in your nomination for this position and your contacts with him since you have been nominated?

A: I am not aware that Andrew Young played any role in my nomination. I have spoken to Mayor Young once when he telephoned last fall to congratulate me on my nomination.

47. You describe the Mozambican Government's foreign policy as "non-aligned" but give as evidence only their willingness to accept western assistance. Please explain why this factor shows non-alignment.

A. One measure of non-alignment is a consistent effort by a country to balance its East-West relationships and to avoid complete dependence on the Soviet Union and its allies. Given its obvious political, economic, and security problems, Mozambique's foreign assistance relationships are a key component of its foreign policy. Thus the GPRM's openness to relationships with the West, its readiness to encourage foreign investment in the economy, and especially its welcoming of western involvement in the critical security sector are indicative of a serious effort to maintain non-alignment.

50. You argue that Mozambican government willingness to accept U.S. AID shows an openness to the West. Please comment on the reverse assertion, that U.S. non-conditional assistance allows the Soviets effectively to continue to control most vital elements in Mozambique at Western expense? Is U.S. and other Western non-conditional AID doing the Soviets a favor?

A. The GPRM's readiness to encourage relationships with the West has not excluded any area of policy, including the sensitive security area. U.S. assistance to Mozambique is not unconditional; all U.S. assistance programs are carried out in accordance with conditions established by Congress under the foreign assistance act and other relevant legislation. I do not believe that Western assistance to Mozambique does Moscow a favor; rather it undercuts Soviet influence in Mozambique and throughout southern Africa. The amount of economic assistance accorded to Mozambique by our western allies and friends is far greater than the limited aid supplied by the U.S. Soviet economic assistance to Mozambique is relatively insignificant.

51. Can you, argue that the microscopic improvement in Mozambican government support for U.S. positions at the UN is a measurement of how that behavior "continues to improve?"

A. I do not believe that we can be indifferent to Mozambique's UN voting record. We have urged that the GPRM improve its voting record, and I intend to make this one of my highest priorities as Ambassador, if confirmed by the Senate. That said, Mozambique has not voted with the Soviets on two issues of high-priority concern to Moscow—Afhganistan and Kampuchea. These actions do represent improvement on which I will try to build during my assignment in Mozambique.

52. You state "Mozambique has broken with the Soviet Union on such international issues as Afghanistan, Cambodia and Berlin." Please be so kind as to specify Mozambique's former position and give a detailed account of the transition to its present position. Is Mozambique's present position on these issues acceptable to the United States?

A. Beginning with the 39th United Nations General Assembly (UNGA) in 1984, the Government of Mozambique has absented itself from the vote on the UNGA resolutionon withdrawal of foreign troops from Cambodia. Prior to that year, it had voted with the Soviet Union against this resolution. Starting with the 40th United Nations General Assembly (UNGA) in 1985, Mozambique has been absent from the vote on the UNGA resolution calling for withdrawal of foreign troops from Afghanistan, a switch from its previous votes against the resolution. In both instances, the Government of Mozambique explained its position as one of nonalignment, i.e. not taking either side in an issue between the U.S. and the Soviet Union. We are pleased that Mozambique changed its votes, while we hope that it will find more areas of agreement with the U.S. in future U.N. sessions.

On the Berlin issue, Mozambique signed the Lome Convention with the European Community in 1984, which includes a clause that states the Convention shall apply equally to Berlin. This is standard language in EC documents. Prior to 1984, Mozambique refused to sign the Convention because of the Berlin clause, which the Soviet Union opposes. Mozambique's decision to sign the Lome convention, which concerns trade and aid arrangements between the EC and African, Carribbean, and Pacific countries, coincided with Mozambique's decision to join the International Monetary Fund and the World Bank.

53. Mozambique evidently abstained or took a walk during key UN votes. Is this a pattern of behavior and/or can anything substantive be drawn from it? Would Mozambique prefer to take a walk than to demonstrate its alleged pro-US attitudes?

A. Abstaining or being absent is accepted U.N. voting procedure. It is a common practice for delegations from non-aligned countries at the U.N. to seek abstention or absence on a resolution if support is not possible or would embroil them in unwanted confrontation between East and West. Naturally, we strongly prefer that delegations support us but, if they cannot, we welcome their refusal to oppose us despite the inevitable pressures from the other side.

57. How much free speech and freedom of association exists in government-controlled Mozambique?

A. The State Department's 1986 Country Human Rights Report for Mozambique contains the following information on freedom of speech and association in Mozambique:

There is little tolerance for public criticism of basic government policies and officials at the national level. At the local level, especially in rural areas, there is greater openness as the people express their views on prevailing conditions. In a public meeting in Matola, for example, residents criticized the armed forces for lack of security at night.

Political opposition to the Government and to FRELIMO is not permitted. Public meetings other than purely social or recreational gatherings are controlled by the local authorities. The right of Mozambicans to come together to form voluntary associations is limited; local economic cooperatives and social organizations such as sporting groups are encouraged, but politically oriented associations are proscribed. The Government has organized several "mass movements" for women, youth, workers, etc., and utilizes them to motivate and receive "feedback" from the general population. There are also several professional associations, such as the Mozambican writers' association, which are linked to the party. Although membership in these organizations is theoretically voluntary, there is occasional pressure to join.

The formation of independent labor unions is not permitted, and strikes are forbidden. In 1983 the Government established the Mozambique Worker's Organization which was intended to function as a national labor union under FRELIMO guidance. An independent organized union movement has yet to develop, and the Mozambique Worker's Organization has little influence on economic policy or politics. There are occasional exchanges of delegations in the labor field with other countries, most often with Eastern European countries, but also with the Western nations, including the United States.

63. You argued that political liberalization is occurring in Mozambique as evidenced by candidates being elected who were not FRELIMO party members, and government's improved relations with churches. Later, in a more detailed description you acknowledge that "elections" were held under the framework of the country's one-party constitution and that FRELIMO drew up single slates of candidates. You further explained that this process "did offer the Mozambican people a greater measure of choice than ever before and an opportunity to express their views." Please explain this apparent contradiction.

A. I do not see a contradiction. The fact that slates of candidates were reviewed with the citizenry prior to the election, that critical exchanges occurred between local electoral candidates in election meetings, that there were more candidates than seats, that candidates who were not party members were elected, and that the secret ballot was used for district, city, provincial, and national elections all indicate that the 1986 elections offered voters a greater measure of choice and a chance to express their views compared to earlier elections. As I said in my response to Question 34 of this set of questions, while open, free elections as we understand them have not taken place to date, I regard it as encouraging that the 1986 elections were more open than those held previously.

65. Please give a list, by party affiliation, of the members of the Mozambican National Assembly.

A. No accounting of members of the Mozambican National Assembly by party affiliation is available. Mozambique is a one-party state. Of the 299 members of the assembly, most are members of FRELIMO. However, we understand that as many as 25-35 percent of those elected to the People's assemblies at all levels were not members of the party; they are members of no party.

66. There are frequent references to official media sources of the Mozambican government in your testimony. Do you believe that the media in Mozambique is free?

A. The State Department's 1986 Country Human Rights Report for Mozambique, which I consider a reliable assessment, gives the following information on freedom of the media in Mozambique:

The Government exerts either tacit or de facto control over all authorized publications in the country, ranging from the radio and experimental television facilities to the nominally independent daily Noticias. Although the media promote the Government's general philosophy and its positions on issues, there is controlled reporting on abuses within the system or flaws in the implementation of government policies in those areas where the Government has admitted to errors or wishes to initiate changes. Magazines and newspapers frequently contain articles or letters to the editor complaining about the lack of goods and social services or the ineffectivness of a particular official. During August and September, the media reported a number of critical exchanges between local electoral candidates and voters.

75. What "strings" are attached to Soviet and Soviet Bloc assistance to Mozambique's Marxist Government? This is particularly interesting since U.S. assistance appears to be unconditional. Do you believe the Soviets get more for their investment in Mozambique than the west does? Please be very specific.

A. Soviet military assistance has been provided to the Government of Mozambique on a strictly business basis. The Mozambicans have to pay for the arms they receive, albeit with low interest rates. I am not aware of any particular "strings" attached to Soviet economic or military aid. The Soviets appear to be trying to use the leverage provided by their military supplier role to maintain access to the minerals sector, but the fact of growing U.S. involvement in this sector indicates that the Soviets extract no specific concessions for their military aid. Moscow receives some political support from the Government of Mozambique in return, but even this has eroded over the past several years as indicated by altered Government of Mozambique votes on Afghanistan and Kampuchea, and the Mozambican leadership's markedly toned-down rhetoric in support of Soviet positions on international issues. While U.S. assistance is not strictly conditional, we are using the commodity import program to support specific objectives in encouraging growth of the private sector.

78. Are you under specific instructions not to be in contact with RENAMO if you are confirmed? Please supply relevant documents.

A. It is longstanding U.S. policy not to have contacts with RENAMO. If confirmed by the Senate, I will act in accordance with that policy.

102. You indicate that "(T)his Administration does not provide assistance to governments seeking to destabilize neighboring countries." Yet Machel crash documents indicate just such a conspiracy against Malawi. Would the U.S. be prepared under any circumstances to suspend assistance to Mozambique and others if that plot developed? Isn't Malawi one of our most reliable western allies in the region?

A. This Administration has consistently condemned cross-border violence wherever it has occurred in southern Africa, and any such act would undoubtedly have a negative impact on our relations with the perpetrator. I would agree that Malawi is a close and reliable friend of the U.S., and we are quite pleased that the Governments of Malawi and Mozambique have signed agreements on economic and security cooperation and taken other steps to improve their relations.

109. Your predecessor and an Embassy officer "were told" that all camps were shut down and "detainees released." Who told them this? Is there a difference between a "detainee" and someone eligible for rehabilitation. Is there a detainees Support Committee in Mozambique, as in South Africa, or how else does the U.S. Embassy verify information?

A. The source for the statement that camps had been disbanded was a provincial official speaking only of his province (Niassa). The rehabilitation centers mentioned in my previous response appear to take in insurgents who have been captured by local forces. As the 1986 Human Rights Report noted, there are believed to be about 4,000 to 5,000 RENAMO detainees held by the government. To what extent they undergo rehabilitation is unclear. There is no detainee support committee in Mozambique. Embassy officers keep in touch with government officials, international organizations, religious groups, and other sources in order to monitor the human rights situation.

112. How many "regular prisons" exist in Mozambique? Where are they? How many inmates are there? Please supply additional data on "crimes" committed which can lead to imprisonment?

A. The exact number of "regular prisons" in Mozambique is not known. Each provincial capital has a prison, and Maputo area has a central prison at Machava as well as a smaller one in town. According to the press, much of the prison population is composed of those who have committed crimes such as theft, assault, etc. The size of the prison population numbers in the thousands, but the exact number is unknown.

113. Are there political prisons in Mozambique? How many prisoners of conscience are there in Mozambique?

A. I understand that there are prisons for political prisoners in Mozambique. According to Amnesty International, there were 4,000 to 5,000 RENAMO detainees at the beginning of 1986, a figure which the government has publicly acknowledged.

114. Give a detailed description of the legal process in Mozambique. Describe its legal code. Is there a provision for trial by jury? What rights do defendants have prior to and during trial? How are judges selected? Are there any "people's tribunals" such as in Nicaragua, Cuba, and other Marxist, scientific socialist countries?

A. As described in the 1986 Human Rights Report, "Nonpolitical trials conducted by the regular civil/criminal court system are generally fair and are held in public. At the local level they are often conducted in a public place in the village where the crime was allegedly committed to encourage public attendance and participation. The proceedings are conducted by a trained representative of the Ministry of Justice, assisted by two or four popularly elected "judges." Elected "judges" are chosen by regional assemblies to serve temporarily—sometimes up to two years—in the court system. Afterwards, they return full-time to their normal job or profession—auto mechanic, teacher, farmer, or whatever. These judges, however, do not have the right to impose jail sentences. This is done by district courts. "Since the legal knowledge of those involved is limited, they are instructed to exercise common sense and to apply locally accepted principles. These courts can handle only minor offenses; more serious crimes are judged in People's Courts at the district and provincial levels. District and provincial trials are also open to the public, except in certain cases such as rape, where the defendant can request a closed trial. Persons convicted of a serious crime have the automatic right of appeal to the next higher court. There is a Superior Court of Appeals in Maputo."

"Prisoners charged with crimes against the State are tried by the Revolutionary Military Tribunal. These trials are held in camera, and there is no recourse of appeal. In general, treatment of RENAMO prisoners is not known. However, there is a model prison for them in Inhambane where they receive training in various skills. The length of detention of such prisoners is not known.

Trial by jury is a concept originating in English common law and hence usually found only in the English speaking world. Trial by jury is not a concept basic to the Napoleonic Code on which the legal codes of continental Europe are based, and which was used by the former colonial power in Mozambique, Portugal. Hence, there is no trial by jury in Mozambique. However, every defendant has the right to a lawyer or defense counsel in court. Ministry of Justice lawyers handle cases as there is no private law practice.

As cited above, crimes against the State are tried by the Revolutionary Military Tribunal. It is not clear that the militiary tribunal is the same as "people's tribunals" as referred to in the question. If confirmed as ambassador, as part of my concern for the human rights situation in Mozambique, I will attempt to learn more about the workings of the Revoluntionary tribunals.

118. What is the percentage of Mozambique's total budget received from foreign bilateral and multilateral assistance? Please compare this percentage to El Salvador.

A. According to the IMF, net foreign financing (grants and loans combined) covered 26 percent of Mozambique's central government expenditures and net lending in 1985. In 1986, the IMF estimates that net foreign financing covered 30 percent of central government expenditures and net lending.

For El Salvador, according to the IMF, net foreign financing (grants and loans) covered 12.7% of the non-financial public sector expenditures and net lending in 1985 and 17.9% in 1986.

119. Are average citizens of El Salvador freer than citizens of Mozambique—or not so free?

A. Net assessments of this kind are exceedingly difficult to make. However, it is possible to use annual Country Reports on Human Rights Practices as one yardstick to compare different countries. The reports for El Salvador and Mozambique for 1986 are attached. In general, when evaluating the two reports, it is apparent that as violence has declined in El Salvador, the ability of the central government to provide for respect of its citizens has increased. The U.S. has sought and will continue to seek a decrease in bloodshed and turmoil in Mozambique with confidence that improved security will lead to an improved situation for the citizens of Mozambique.

120. Please supply a list of key Mozambican government personnel who are communists. Are the rest Marxists or scientific socialists? Finally, is there lively political debate within the government?

A. President Chissano and other Mozambican government ministers describe themselves as Mozambicans, nationalists, Africans, and socialists. They do not use the term communist. It is our understanding that very lively political exchanges take place at meetings of the Central Committee, Politburo, and the Council of Ministers. In addition, at the meeting of the new national assembly in January there was lively debate on the implications of the government's economic rehabilitation program, with a number of delegates expressing concern over the planned cutback in subsidies for social services, and a number of members voting against particular economic proposals.

122. Do you believe "constructive engagement" enjoys widespread public and congressional support? If not, why not?

A. During the past year our policy toward southern Africa was the subject of a contentious debate in Congress. That debate was not about our fundamental objectives, but about the means to achieve those objectives. U.S. policy seeks to promote peaceful solutions to southern Africa's problems. We seek to help South Africans move toward a new, democratic South Africa that respects the rights and promotes the opportunities of all its people. In Southern Africa as a whole, we are committed to playing our proper role in creating alternatives to destructive confrontation. We will continue our efforts to help resolve long-festering conflicts that complicate regional development efforts. I am convinced that this approach to U.S. policy in Southern Africa enjoys strong support in Congress and among the American people.

123. Can "constructive engagement" succeed in Mozambique unless there is greater political freedom and economic opportunity for each Mozambican? Must "constructive engagement" be bought in Mozambique through foreign assistance?

A. No American policy can be successful in any country if it does not strongly support freedom and economic opportunity for all citizens of the country in question. Our policy in Mozambique has forthrightly sought these goals. It will certainly do so as long as I am the U.S. Ambassador to that country. Because Mozambique's record has improved in these areas, our bilateral relations have improved. U.S. assistance can play an important role in demonstrating tangible U.S. support for constructive policy trends of this kind. I hope these trends continue, and I will do everything in my power to see that they do.

148. Does U.S. humanitarian, developmental, or programmed ESF assistance flow, directly or indirectly, to communal villages, resettlement camps, or re-education camps?

A. Developmental and programmed ESF assistance to Mozambique flows through the private sector rehabilitation program, which targets private (family and commercial) farmers' cooperatives in Chokwe, Xai-Xai, and Maputo Province. Two evaluations and continual monitoring have documented that the Government of Mozambique is in compliance with the end-use targeting convenant of the four grant agreements. To our knowledge, no assistance from either DA or ESF has flowed directly or indirectly to communal villages, resettlement camps, or re-education camps.

As regards humanitarian assistance (OFDA, African supplemental, P.L. 480, and section 416), some beans and vegetable oil, provided through World Vision, is being provided to populations dislocated by the rural insurgency. These people are located in Tete (Moatize, Benga, and Zobue) in temporary reception centers for returning refugees from Malawi. The government maintained—and we have verified—that these people have voluntarily returned to Mozambique. There are some communal villages receiving U.S. food assistance. These were set up in 1983 and 1984 to provide protection for rural populations dislocated by insurgent activity in Hambane. Villagers walk to their fields and work their land during the day and return at night to communal village safety. No food assistance that we know of is reaching any "re-education" camps.

150. Is it your general impression that it is humane to move "about 100,000 unemployed people from Maputo" during "Operation Production"?

A. No.

151. Do you personally believe the 100,000 allegedly unemployed people were forced into exile in the country because of failed Mozambican government policy?

A. It is not clear to me why the Government of Mozambique undertook this policy, but it is clear that it stopped "Operation Production" in 1984 and has not repeated it.

153. Since 1983, please give a complete report of Embassy officer tracking of the victims of "Operation Production."

A. "Operation Production" occurred during the first half of 1983 when about 100,000 unemployed people were moved from Maputo to the provinces to engage in agriculture. The government quickly abandoned this project of forced resettlement, admitting that it had been a failure. Most of those relocated have since returned to Maputo. While the Embassy reported on "Operation Production" and its failure, there was not to the best of my knowledge any tracking of the individuals involved.

156. You correctly cite the decline in economic production annually since 1981, but you have not assessed the role of Mozambican government policy (only "mismanagement"). Please do so and what specific policy reforms promise a better life for Mozambicans in the future.

A. There is no doubt that past policies of the Mozambique government have largely failed. The government itself is quite open and frank in this admission and very pragmatic in its search for viable solutions. The government has begun a serious economic reform program in an attempt to begin to turn the situation around. The start of a major devaluation, credit restrictions on parastatals, a breaking up of state farms, decontrol of agriculture prices, restrictions on public expenditures, and lay-offs of excess public employees and support for the private sector are examples of reforms that are underway. Still, turning the Mozambican economy around will not be a quick process and the continued destruction of the country's infrastructure and the insecurity throughout the countryside will seriously delay that process and limit the potential impact of the reform effort.

158. Is it fundamentally unfair or inaccurate to characterize Mozambique's political orientation as Marxist-Leninist?

A. The GPRM describes itself as "Marxist-Leninist" and President Chissano has reiterated that term in recent public statements. The U.S. is concerned about this ideological identification of the Government of Mozambique with Marxist-Leninism. To be accurate in assessing the ideological identification of the government, it is important to take into account recent specific policy areas in which the GPRM has moved away from the Soviet Union. The policies that we are supporting in that country are those that encourage private enterprise and development, a clearly non-Marxist vision for progress and human rights.

166. How many party members are there in Mozambique? What percentage is that of the total population?

A. The latest public figures we have seen are from the Fourth Party Congress in 1983, when it was stated that there were 110,000 party members and candidates (less than one for every 100 citizens).

167. What privileges are permitted solely to party members in Mozambique?

A. As far as we can determine, party members have no unique privileges. They have, for example, tax free benefits, but these are also accorded to others as, for example, former fighters in the liberation struggle.

168. How is party discipline carried out on Mozambique?

A. High level officials of the party are almost never expelled, but rather relegated to lesser positions from time to time. There is a party "control commission" which is charged with monitoring party discipline. Discipline of party officials is more often carried out as punishment for regular criminal acts (or sexual indiscretions) than for political reasons. Discipline is carried out by the regular party structures.

175. Please describe "indirect" balloting for district, city, provincial and national constituencies. Would you personally describe this system as democratic? Pluralist? Free?

A. "Indirect" balloting means that persons elected directly by the people in village and city elections were responsible for electing representatives for district assemblies, persons elected to district assemblies voted for representatives to provincial assemblies, and then these provincial representatives elected representatives to the national assembly. I would not describe this as entirely democratic, pluralist, or free.

176. Does Mozambique have a secret police? If people express their views are they likely to become intimately acquainted with this group?

A. Mozambique has a secret police, the Servizo Nacional de Seguranza Popular (SNASP), which has jurisdiction over both political and economic (sabotage) crimes against the state. As indicated in the State Department's 1986 Country Human Rights Reports for Mozambique, there is some tolerance for criticism of government services where the government has admitted to errors or wants to initiate changes, but there is little tolerance for public criticism of basic government policies and officials at the national level. Persons who challenge the latter run the risk of being accused of political crimes and becoming subject to the jurisdiction of SNASP.

179. Please give as much information as you can on Mr. and Mrs. William Sullivan. Of special interest is whether they are registered agents of the Mozambican government.

A. I met Mr. and Mrs. Sullivan last fall and have been in touch with them in order to inform myself with regard to their efforts to encourage private U.S. investment in Mozambique. The Department of Justice informs me that they are not registered agents of the Mozambican Government. Please also see Question 46 of last week's questions for information.

184. What do you believe is the greatest challenge facing you in your efforts to be confirmed to this ambssadorial post?

A. The greatest challenge is the debate on the President's policy towards Mozambique.

194. What relationship have you had historically, and meetings or consultations have you had with Eduardo Mondlane, Jr. or SOCIMO? Is SOCIMO or Mr. Mondlane registered as agents under the Foreign Agents Act? Provide complete details.

A. I have not met Mr. Eduardo Mondlane, Jr. nor have I contacted SOCIMO. The Department of Justice informs me that Mr. Mondlane is not registered as an agent under the Foreign Agents Act.

195. You stated that the Mozambique Business Council "has not been involved in political activities in the United States." Are you aware of a breakfast scheduled with Congressional staff in October, 1986, when the Director of the MBC sponsored then Foreign-Minister Chissano's meeting, the purpose of which was to explain Mozambique's "economic redirection," and interest in pursuing western financial assistance?

A. As I stated in my reply to question #46 of the previously submitted package, the Mozambique Business Council "has hosted meetings between Mozambique officials and congressional staff." I have no personal knowledge of the specific meeting about which you have asked.

196. Mr. Sullivan also helped to promote Chissano's meetings with State and NSC officials at the time, and Sullivan mentioned his accompaniment to Mozambique with Melvin Laird, the purpose of which was to initiate western business, and particularly, governmental endorsement for increased U.S. financial operations in Mozambique. Please provide a description of State Department efforts to promote U.S. investment in Mozambique, as well as an explanation of the origin of the Laird Delegation trip to Mozambique and any follow-up.

A. The State Department has provided informal briefings and information to American business representatives who inquire about Mozambique, and has advised them of services provided by other agencies, such as the Department of Commerce, AID's Trade and Development Program, and the Overseas Private Investment Corporation. The State Department invited Melvin Laird to lead a business mission to Mozambique in April 1985 as a result of the improvement of relations between the U.S. and Mozambique, in response to business interest because of the new foreign investment law enacted by the government of Mozambique in 1984, and in response to the Government of Mozambique's interest in attracting new foreign investment. A State Department representative accompanied that mission and the U.S. Embassy in Maputo assisted with arrangements for the mission. However, the mission was organized by its private sector participants. As a result of the mission, one American company (Edlow Resources, Ltd.) has signed a mining agreement with the Government of Mozambique and other companies are actively pursuing investments there. The State Department has continued to provide information on the situation in Mozambique to these companies as they request it.

Mr. President, I yield the floor.

[CONFIRMATION OF MELISSA WELLS AS AMBASSADOR TO MOZAMBIQUE]

Mrs. KASSEBAUM. Mr. President, I believe it is important that we confirm Ms. Melissa Wells as Ambassador to Mozambique.

Mozambique is a crucial diplomatic post in southern Africa, both because of Mozambique's role in planned efforts to develop the region economically and because of the serious problem of famine inside the country, where the United States is playing the lead role in emergency relief.

We have been without an ambassador in Mozambique for several months. Secretary of State Shultz feels that it is vital that we have a representative in Mozambique as soon as possible, and so do I.

Melissa Wells is an experienced and highly qualified diplomat, and I urge her prompt confirmation.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FORD). Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. BYRD. Mr. President, I will ask the able Republican leader if the three Calendar Orders numbered 102, 103, and 104 have been cleared on his side of the aisle.

Mr. DOLE. They have been cleared.

Mr. BYRD. I thank the leader.

I ask unanimous consent that the Senate proceed to the consideration of Calendar Orders numbered 102, 103, 104, that they be considered en bloc, agreed to en bloc, adopted en bloc, and that the motion to reconsider and the motion to lay on the table be agreed to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

GRATUITY TO GLORIA S. GARNER

The resolution (S. Res. 198) to pay a gratuity to Gloria S. Garner was considered, and agreed to; as follows:

S. Res. 198

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Gloria S. Garner, widow of William F. Garner, Sr., an employee of the Senate at the time of his death, a sum equal to eleven and one-half months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

GRATUITY TO MARGARET C. MITCHELL

The resolution (S. Res. 199) to pay a gratuity to Margaret C. Mitchell was considered, and agreed to; as follows:

S. Res. 199

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Margaret C. Mitchell, mother of Dorothy M. Mitchell, an employee of the Senate at the time of her death, a sum equal to six and one-half months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

GRATUITY TO WILLIAM MACKLIN

The resolution (S. Res. 200) to pay a gratuity to William Macklin was considered, and agreed to; as follows:

S. Res. 200

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to William Macklin, nephew of William J. Wooten, an employee of the Architect of the Capitol assigned to duty on the Senate side at the time of his death, a sum to equal six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

RESOLUTION CALLING FOR THE RELEASE OF POLITICAL PRISONERS BY THE GOVERNMENT OF VIETNAM

Mr. BYRD. Mr. President, on behalf of Mr. Kennedy, for himself, and Mr. Dole, Mr. Byrd, Mr. Pell, Mr. Helms, Mr. Durenberger, and Mr. Hatfield, I send a resolution to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 205) calling for the release of political prisoners by the Government of Vietnam.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. KENNEDY. Mr. President, I am pleased to join today in proposing a resolution to focus renewed attention on one of the utmost urgent humanitarian issues in the aftermath of the Vietnam war—the continued plight of political prisoners in Vietnam and the problem of family reunification.

Last night, Senator Dole and I had the privilege to attend a reception here in the Capitol organized by a coalition of Vietnamese refugee groups to mark the 12th anniversary of the fall of Saigon. But, more important, they reminded us of the plight of the thousands of Vietnamese refugees who continue to be separated from their family members still in Vietnam.

More tragic still, they focused our attention on family members who have languished for the past 12 years as political prisoners in Vietnamese jails—so-called "political reeducation centers."

Many humanitarian issues are compelling, but none more so than the plight of these political prisoners.

We need to break the diplomatic logjam that has thwarted any real progress in addressing these humanitarian issues. This resolution calls for that action. It asks the Government of Vietnam to do what it has already publicly said it is willing to do—to release political prisoners and permit them to resettle abroad or join their families in other countries.

It calls upon Vietnam to do what it agreed to do when it negotiated and signed the orderly departure agreement with the United Nations High Commissioner for Refugees in 1979—to process and give exit visas to family reunification cases.

I am pleased to join in directing the attention of Congress to these critical humanitarian problems, and I urge the Senate to adopt this resolution.

I ask unanimous consent that a very timely and thoughtful editorial on this subject, published today in the Washington Post, may be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Washington Post, May 1, 1987]

Hanoi's Broken Promise

Just three years ago the communist government of Vietnam promised to release to the United States all the Vietnamese still incarcerated in "reeducation camps" as a result of their service in the South Vietnamese regime associated with the Americans. Three years later, not a single one of these unfortunate people has been released and allowed to leave the country with their dependents under the amnesty pledged at that time.

These several thousand Vietnamese are the senior people remaining from a larger group caught up after the fall of Saigon in 1975. They were not accused of committing war crimes in the usual sense. They had simply held official positions in civilian and military branches under the old order. They are political prisoners, and they have endured an unimaginable ordeal in the camps. Says Khuc Minh Tho, the leader of a support group of their kin in the United States: "We do not think that belonging to a vanquished regime is a crime. But even if our relatives have committed 'crimes' under the new government's law we think 10 years of imprisonment is enough punishment for those who have sinned."

Soon after then-premier Pham Van Dong promised to free the prisoners, reports started being heard of Hanoi's provocative demand that the United States put a political leash on the prospective new arrivals to keep them from somehow acting against Vietnam. But it is extremely farfetched to imagine that these people could, even if they would, add any discernible weight to the political scales—scales on which the Vietnamese presence in the United States rests very lightly in any event. More recently, Hanoi has simply refused to address the question of the prisoners, and it altogether stopped permitting the emigration even of non-prisoners in January 1986.

In December 1986, Hanoi started a process of leadership renewal and policy review whose significance for matters like this one remains to be demonstrated. Still, if there is any inclination in Vietnam to signal that things are changing, the authorities should consider that nothing would come through to Americans more clearly—along with a resolution of the MIA issue and an end to the occupation of Cambodia—than the prompt release of political prisoners. Hanoi's current policy stands as a glaring example of Vietnamese bad faith.

Mr. DOLE. Mr. President, yesterday marks the 12th anniversary of the end of the Vietnam war.

Entirely apart from any political considerations surrounding the outcome of that war or the question of our political relations with Vietnam, there are three major humanitarian issues that ought to be resolved immediately: The POW/MIA issue; the refugee issue; and the issue of political prisoners still held in Vietnam.

The main reason these issues have not been resolved is that the Vietnamese authorities—and their allies in Kampuchea and Laos—have refused to cooperate in their resolution. Instead, the Hanoi authorities have callously and cruelly played international politics with the lives of countless thousands of innocent people.

It is as simple, and sad, as that. And it is time that we called the Vietnamese authorities to account for their barbarous behavior.

I have spoken elsewhere, and will again be speaking in the future, on the POW/MIA and refugee issues. Today, I want to speak briefly on the political prisoner issue. And, together with Senator Kennedy, I want to introduce a resolution dealing with this subject.

Today, together with Senator Kennedy, we have introduced this resolution, along with the distinguished majority leader and a number of other Senators, just to call attention to this fact. A number of us lament that some of the Vietnamese have been in this country for 12 years and longer, some a lesser time, and many waiting to have family members be reunited with them. And they are thwarted at every turn by the Hanoi government.

The facts are simple. When North Vietnam overran South Vietnam in 1975, it threw in jail tens of thousands of South Vietnamese. The main "crime"—and the word "crime" is in quotes—the "crime" was that these people had supported the South Vietnamese Government—their Government—against the North Vietnamese aggression. For that, they were thrown into jail.

And today, a dozen years after the war ended, at least 6,000—by the Vietnamese own admission—still remain in jail. The Vietnamese call these jails reeducation camps. Knowledgeable, honest people call them concentration camps.

These people have committed no crimes. There are no threat to the political system in South Vietnam. By most accounts, after a dozen years of Communist imprisonment, they are barely alive. There is no earthly reason why they should not be freed—to return to their families or, in the case of those with close relatives in the United States, to come here.

The resolution which Senator KENNEDY and I introduce today calls upon the Vietnamese to release these prisoners, and to expedite all family reunification cases still outstanding between our two countries. It is totally nonpolitical; certainly, in our political terms in the Senate, it is totally nonpartisan. All Senators ought to support it.

This is the 12th anniversary of the end of the war. With this action, and with the acceleration of strong, international pressure on Vietnam to do what is right, let us hope that this issue will no longer be with us next year, when we mark the 13th anniversary.

Mr. President, it would seem to me, and I think that was the plea made last night by those who were attending this very important event, that we do have some responsibility. I am not certain this resolution will have any great impact, but at least it will be a recognition on the part of the U.S. Senate that we are aware of the problem and willing to help in every way possible.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 205) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 205

Whereas twelve years have passed since the end of the Vietnam war, yet thousands of Vietnamese remain held as political prisoners and many thousand more divided from their families in the United States and other countries;

Whereas the Government of the Socialist Republic of Vietnam has a responsibility to observe international standards of human rights;

Whereas the Government of the Socialist Republic of Vietnam has committed itself to releasing political prisoners to be resettled abroad; and

Whereas the Government of the Socialist Republic of Vietnam has signed an agreement with the United Nations High Commissioner for Refugees to assist in the reunification of families: Now, therefore, be it

Resolved by the Senate, That the Government of the Socialist Republic of Vietnam should immediately release all political prisoners held as a result of their previous association with the Government of South Vietnam prior to 1975;

That the Government of the Socialist Republic of Vietnam should fulfill its commitment to negotiate their humane resettlement abroad or to rejoin family members outside of Vietnam; and

That the Government of the Socialist Republic of Vietnam should immediately resume processing of family reunification cases under the United Nations High Commissioner for Refugees' Orderly Departure Program.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, May 1, 1987, he had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 57. Joint resolution to designate the period commencing on May 3, 1987, and ending on May 10, 1987, as "National Older Americans Abuse Prevention Week"; and

S.J. Res. 67. Joint resolution to designate the month of May 1987 as "National Digestive Diseases Awareness Week."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STENNIS, from the Committee on Appropriations, with amendments:

H.R. 1827. A bill making supplementary appropriations for the fiscal year ending September 30, 1987, and for other purposes (Rept. No. 100–48).

By Mr. GLENN, from the Committee on Armed Services, without amendment:

S. 12. A bill to amend title 38, United States Code, to remove the expiration date for eligibility for the educational assistance programs for veterans of the All-Volunteer Force; and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. BYRD (for Mr. BIDEN), from the Committee on the Judiciary:

Bohdan A. Futey, of Ohio, to be a judge of the U.S. Claims Court for the term of 15 years;

David Bryan Sentelle, of North Carolina, to be U.S. circuit judge for the District of Columbia Circuit;

Reena Raggi, of New York, to the U.S. district judge for the eastern district of New York;

Ronald S.W. Lew, of California, to be U.S. district judge for the central district of California;

Richard J. Danonco, of New York, to be U.S. district judge for the southern district of New York;

David S. Doty, of Minnesota, to be U.S. district judge for the district of Minnesota;

J. Keith Gary, of Texas, to be U.S. Marshal for the eastern district of Texas for the term of 4 years;

Earl L. Rife, of Ohio, to be U.S. Marshal for the northern district of Ohio for the term of 4 years;

Dwight G. Williams, of Mississippi, to be U.S. Marshal for the northern district of Mississippi;

Robert W. Foster, of Ohio, to be U.S. Marshal for the southern district of Ohio for the term of 4 years; and

Wilkes C. Robinson, of Kansas, to be a judge of the U.S. Claims Court for the term of 15 years.

By Mr. BOREN, from the Select Committee on Intelligence:

William H. Webster, of Missouri, to be Director of Central Intelligence.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HELMS:

S. 1118. A bill to help prevent rape and other sexual violence by prohibiting dial-a-porn operations; read the first time.

By Mr. SPECTER:

S. 1119. A bill to amend title II of the Social Security Act to protect the benefit levels of individuals becoming eligible for benefits in or after 1979; to the Committee on Finance.

By Mr. MELCHER:

S. 1120. A bill to amend the Mineral Lands Leasing Act of 1920 to improve the administration of the Federal Coal Leasing Program, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GRASSLEY:

S. 1121. A bill to require the General Accounting Office to audit the Board of Governors of the Federal Reserve System, the Federal Advisory Council, the Federal Open Market Committee, and Federal Reserve banks and their branches; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. DASCHLE:

S. 1122. A bill to amend the Federal Meat Inspection Act to impose reciprocal inspection requirements for imported meat articles under certain conditions, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DURENBERGER:

S. 1123. A bill to control air emissions which are precursors of acid deposition, and for other purposes; to the Committee on Environment and Public Works.

By Mr. SIMON:

S. 1124. A bill to amend title 18, United States Code, to require that telephone monitoring by employers be accompanied by a regular audible warning tone; to the Committee on the Judiciary.

By Mr. CRANSTON (by request):

S. 1125. A bill to amend title 38, United States Code, to authorize modification of the structure of the Office of the Chief Medical Director, to clarify procedures for removal for cause of certain employees, to authorize the use of the Director Pay Grade within VA Central Office and for related purposes; to the Committee on Veterans' Affairs.

By Mr. EVANS (for himself and Mr. Adams):

S. 1126. A bill to designate the border station at 9931 Guide Meridian, Lynden, WA, as the "Kenneth G. Ward Border Station"; to the Committee on Finance.

By Mr. TRIBLE (for himself, Mr. Specter, and Mr. Heinz):

S.J. Res. 121. Joint resolution designating August 11, 1987, as "National Neighborhood Crime Watch Day"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. KENNEDY (for himself, Mr. Burdick, Mr. Pell, Mr. Cranston, Mr. Bentsen, Mr. Weicker, Mr. Chiles, Mr. Johnston, Mr. Bumpers, Mr. Leahy, Mr. Metzenbaum, Mr. Chafee, Mr. Riegle, Mr. Sarbanes, Mr. Moynihan, Mr. Levin, Mr. Mitchell, Mr. Dodd, Mr. D'Amato, Mr. Wilson, Mr. Lautenberg, Mr. Simon, Mr. Gore, Mr. Rockefeller, Mr. Adams, Ms. Mikulski, Mr. Fowler, and Mr. Graham):

S. Res. 204. Resolution to express the sense of the Senate regarding funds provided by the Anti-Drug Abuse Act of 1986; to the Committee on Labor and Human Resources.

By Mr. BYRD (for Mr. Kennedy (for himself, Mr. Dole, Mr. Pell, Mr. Helms, Mr. Durenberger, Mr. Byrd, and Mr. Hatfield)):

S. Res. 205. Resolution calling for the release of political prisoners by the Government of Vietnam; considered and agreed to.

By Mr. DURENBERGER (for himself, Mr. Dole, Mr. Danforth, Mr. McCain, Mr. Wallop, Mr. Wilson, Mr. Moynihan, and Mr. Heinz):

S. Con. Res. 56. Concurrent resolution expressing the sense of Congress that no major change in the payment methodology for physicians' services, including services furnished to hospital inpatients, under the Medicare Program should be made until reports required by the 99th Congress have been received and evaluated; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HELMS:

S. 1118. A bill to help prevent rape and other sexual violence by prohibiting dial-a-porn operations; read the first time.

(The remarks of Mr. Helms and the text of the legislation appear earlier in today's Record.)

By Mr. SPECTER:

S. 1119. A bill to amend title II of the Social Security Act to protect the benefit levels of individuals becoming eligible for benefits in or after 1979; to the Committee on Finance.

PROTECTION OF SOCIAL SECURITY BENEFITS FROM "NOTCH" EFFECT

Mr. SPECTER. Mr. President, today I am reintroducing legislation to amend title II of the Social Security Act, to restore benefit equity to those members of our society born between 1917 and 1921, the so-called notch babies.

Last fall, I delivered the welcoming address at the National Convention of the Gray Panthers, in Chevy Chase, MD. At that time, I emphasized to the organization that Congress recognizes and responds to the needs of the Nation's elderly, at least in part because of the dilligence and perseverence of senior citizens groups like the Gray Panthers, the American Association of Retired Persons, and others.

Senior citizens across the country have mobilized to protect and preserve their benefits from the budget ax, and to recoup those Social Security benefits lost due to a gross error in the automatic benefit increase provision enacted in 1972.

The bill I am introducing today is designed to eliminate the disparity resulting from changes made in 1977 in the benefit computation formula. This bill is identical to one I introduced in the last Congress, S. 2892.

In 1977, Congress approved a plan designed to eliminate a perceived over adjustment for inflation contained in the then-existing plan. This provided a new benefit formula for workers born after 1916. To protect people from an abrupt change in benefits, a transition formula was included in the new plan. This transition formula would have provided for a smooth changeover by dividing Social Security beneficiaries into three categories: Those born before 1917, those born between 1917 and 1921—the notch years—and those born after 1921.

The transition formula failed. Supporters of the plan knew benefits under the new plan would be lower—that was the idea—but they grossly underestimated the disparity they would be creating for the notch babies. Under the formula, benefits were supposed to be 5 to 7 percent less than those projected under the 1972 law. Instead, workers with the same earnings record, retiring at the age of 65, and born only a few days apart, one in 1916 and one in 1917, experienced a difference in benefits of up to $1,300 a year.

Mr. President, I ask unanimous consent that the text of the Social Security benefit table be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

COMPARISON OF INITIAL SOCIAL SECURITY BENEFIT AMOUNTS FOR VARIOUS RETIRED WORKERS IN IDENTICAL CIRCUMSTANCES EXCEPT DATE OF BIRTH

	Born in Dec. 1916 (subject to old rules)	Born in Jan. 1917 (subject to new rules) [5]	Difference
Workers retiring at age 62 in January 1979:			
Minimum wage [1]	$206.70	$203.50	−$3.20
Average wage [2]	312.80	306.50	−6.30
Maximum wage [3]	395.70	388.90	−6.80
Workers retiring at age 63 in January 1980:			
Minimum wage	254.00	242.30	−11.70
Average wage	388.90	365.00	−23.90
Maximum wage	493.50	463.10	−30.40
Workers retiring at age 64 in January 1981:			
Minimum wage	324.60	298.20	−26.40
Average wage	500.30	449.40	−50.90
Maximum wage	635.70	570.10	−65.60
Workers retiring at age 65 in January 1982:			
Minimum wage	400.10	355.30	−44.80
Average wage	623.70	535.40	−88.30
Maximum wage	789.90	679.30	−110.60
Workers retiring at age 66 in January 1983:			
Minimum wage	449.00	392.00	−57.00
Average wage [4]	716.00	592.00	−124.00
Maximum wage	900.00	755.00	−145.00
Workers retiring at age 67 in January 1984:			
Minimum wage	486.00	421.00	−65.00
Average wage [4]	773.00	637.00	−136.00
Maximum wage	990.00	826.00	−164.00

[1] Worker had earnings equal to 2080 times the hourly Federal Minimum Wage in each year.

[2] Worker had earnings in each year equal to the annual average wage figure used for indexing Social Security benefits.

[3] Workers had earnings equal to the Social Security contribution and benefit base in each year.

[4] Average wages for 1982 and 1983 are based on the alternative II–B intermediate economic assumptions in the 1983 Social Security Trustees Report.

[5] Assumes date of birth of January 2 so worker is eligible for benefits in January.

Source: Social Security Administration Office Of Legislation and Regulatory Policy, September 15, 1985.

Mr. SPECTER. Mr. President, the Social Security Administration reports that, of the 21 million Americans currently eligible for retirement benefits, approximately 7.9 million are and will be affected by the notch disparity.

In addition the agency predicts that, for each year after 1986, 1.5 million persons eligible for these benefits will be affected.

The failure of the transition guarantee to protect those born in the notch years is due primarily to two provisions of the formula. First, post-age 62 earnings of people born after 1916 are excluded when calculating the benefits for these workers. Second, benefit increases occurring before the year a worker reached age 62 are not factored into his or her initial benefits, as they would have been under the former rules.

Two bills, introduced in the last Congress were aimed at addressing these two limitations in an effort to correct the "notch baby" inequity. Neither bill, however, addressed both limitations. The bill I am introducing today incorporates the best provisions of each of these two bills and thus addresses the notch problem in a comprehensive fashion. It removes the restriction on including post-age 62 earnings in the computation of benefits, like Senator GRASSLEY's bill. It also effectively negates the provision denying notch babies the same benefit increases other retirees enjoy and provides for a lump-sum retroactive payment for those who have not been allowed to factor in benefit increases since 1979, like Senator D'AMATO's bill.

The time has arrived for us to restore benefit equity and send a strong message to senior citizens that this body will preserve and protect all benefits which our elderly so richly deserve.

Mr. President, I ask unanimous consent that the text of the bill be entered in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1119

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) Section 215(a)(4) of the Social Security Act is amended—

(1) by striking out "who had wages or self-employment income credited for one or more years prior to 1979" in subparagraph (B) and inserting in lieu thereof "who has 27 or more quarters of coverage based on wages and self-employment income credited for years prior to 1979";

(2) by striking out "prior to 1984" in clause (i) of subparagraph (B) and inserting in lieu thereof "after December 1978";

(3) by inserting "as in effect in December 1984" after "section 215(d)" in clause (ii) of subparagraph (B); and

(4) by striking out the last sentence.

(b) The first sentence of section 215(a)(5) of such Act is amended—

(1) by striking out "(other than an individual described in paragraph (4)(B))";

(2) by striking out "except that," and inserting in lieu thereof "except that (A)"; and

(3) by inserting before the period at the end thereof the following: ", and (B) in the case of an individual described in paragraph (4)(B), such individual's average monthly wage shall be computed as provided by subsection (b)(4)".

SEC. 2. Section 215(b)(4) of the Social Security Act is amended by striking out all that follows "shall remain in effect" and inserting in lieu thereof a period.

SEC. 3. Section 215(f)(7) of the Social Security Act is amended by striking out "For purposes of recomputing a primary insurance amount determined under subsection (a) or (d) (as so in effect) in the case of an individual to whom those subsections apply by reason of subsection (a)(4)(B)" and inserting in lieu thereof the following: "For purposes of recomputing a primary insurance amount determined under subsection (a) (as so in effect) in case of an individual to whom that subsection applies by reason of subsection (a)(4)(B)(i) as in effect after December 1978, the average monthly wage shall be determined as provided by subsection (b)(4). For purposes of recomputing a primary insurance amount determined under subsection (d) (as so in effect) in the case of an individual to whom that subsection applies by reason of subsection (a)(4)(B)(ii)".

SEC. 4. Section 215(i)(4) of the Social Security Act is amended by striking out "(but the application" and all that follows down through "paragraph (4) of that subsection)".

SEC. 5. (a) Section 215(a)(7)(A) of the Social Security Act is amended by inserting "or (by reason of paragraph (4)(B)(i)) under section 215(a) as in effect in December 1978" after "under paragraph (1) of this subsection" in the matter preceding clause (i).

(b)(1) Section 215(a)(7)(B)(i) of such Act is amended by striking out the first sentence and inserting in lieu thereof the following: "In applying subparagraph (A) in the determination of an individual's primary insurance amount, there shall first be computed (I) in the case of an individual whose primary insurance amount would be computed under paragraph (1) of this subsection, an amount which is equal to the individual's primary insurance amount under that paragraph, reduced by substituting (for purposes of this computation) the applicable percent specified in clause (ii) of this subparagraph for the percentage of the individual's average indexed monthly earnings established by subparagraph (A)(i) of paragraph (1), or (II) in the case of an individual whose primary insurance amount would be computed under section 215(a) as in effect in December 1978 by reason of paragraph (4)(B)(i) of this subsection, an amount which is equal to the individual's primary insurance amount under that section, reduced by a percentage equivalent to the percentage reduction which (as determined under regulations prescribed by the Secretary) would occur under subclause (I) if such primary insurance amount were a primary insurance amount under paragraph (1) of this subsection.".

(2) the second sentence of section 215(a)(7)(B)(i) of such Act is amended by inserting "or (by reason of paragraph (4)(B)(i)) under section 215(a) as in effect in December 1978" after "under paragraph (1) of this subsection".

(3) The third sentence of section 215(a)(7)(B)(i) of such Act is amended by inserting ", or (by reason of paragraph (4)(B)(i)) under 215(a) as in effect in December 1978," after "under paragraph (1) of this subsection".

SEC. 6. (a) Except as provided in subsection (b), the amendments made by this Act shall become effective on the date of enactment of this Act.

(b) Where an individual is entitled on the date of the enactment of this Act to old-age insurance benefits under title II of the Social Security Act which were computed—

(1) under section 215 of that Act as in effect (by reason of the Social Security amendments of 1977) after December 1978, or

(2) under section 215 of that Act as in effect prior to January 1979 by reason of subsection (a)(4)(B) of such section (as amended by the Social Security Amendments of 1977),

the Secretary of Health and Human Services (notwithstanding section 215(f)(1) of the Social Security Act) shall, with respect to monthly benefits payable for months after December 1984, recompute such individual's primary insurance amount so as to take into account the amendments made by this Act, and shall pay to such individual in a lump sum any additional amount to which such individual is entitled (for the period beginning with the first month for which such individual was entitled to such benefits and ending with the month preceding the first month with respect to which such recomputation is effective) by reason of such amendments.

By Mr. GRASSLEY:

S. 1121. A bill to require the General Accounting Office to audit the Board of Governors of the Federal Reserve System, the Federal Advisory Council, the Federal Open Market Committee, and Federal Reserve Banks and their branches; to the Committee on Banking, Housing, and Urban Affairs.

GOA AUDIT OF THE FEDERAL RESERVE

● Mr. GRASSLEY. Mr. President, today I am introducing a bill which would improve the accountability of the Federal Reserve System. My bill would require the General Accounting Office to annually examine and audit the operations of the Federal Reserve Board, the Federal Advisory Council, the Federal Open Market Committee, and all Federal Reserve branch banks.

Though independent CPA's from firms such as Peat Marwick presently conduct annual audits of the Federal Reserve, these audits do not include an examination of either the Federal Open Market Committee or other branches of the Fed. Congress must have information relating to the activities, not just to the expenses, of the Federal Reserve Board.

Audits dealing with the Fed's activities are severely limited by the United States Code Annotated (title 31, section 714(b)), which specifically exempts the Federal Reserve from these four types of examinations:

First, audits may not include transactions for or with a foreign central bank, government or foreign country, or nonprivate international financial organizations;

Second, audits may not include deliberations, decisions, or actions on monetary policy matters, including discount window operations, reserves of member banks, securities credit, interest on deposits, and open market operations;

Third, audits may not include transactions made under the direction of the Federal Open Market Committee;

Fourth, audits may not include parts of discussions or communications among or between members of the Board of Governors and officers and employees of the Federal Reserve System.

These types of decisions by the members of the Federal Reserve Board affect the entire American population. Their activities must be accountable to the public's elected representatives in Congress.

The actions of the Federal Reserve Board can raise and lower inflation and interest rates, thereby affecting farmers' decisions, workers' employment opportunities, and businesses' development plans.

Many other decisions made by the Federal Reserve Board also affect the international economy. Congress must examine the relationship of the Federal Reserve with foreign countries and international banks.

The American people and the Congress should know what decisions are being made by the Federal Reserve and the reasons for those decisions. We must carefully look at the powers we have granted to the Fed over the years. Then we must see if Congress should be more knowledgeable of the Fed's actions.

I urge my colleagues to closely look at these issues and to support this bill which would mandate GAO audits of the Federal Reserve System.

Mr. President, I ask that a copy of this legislation be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1121

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Comptroller General of the United States shall make, under such rules and regulations as he shall prescribe, an audit for each fiscal year of the Board of Governors of the Federal Reserve System, the Federal Advisory Council, the Federal Open Market Committee, and all Federal Reserve banks and their branches, including transactions of the Federal Reserve System's open market account conducted through recognized dealers.

(b) In making the audit required by subsection (a), representatives of the General Accounting Office shall have access to books, accounts, records, files, and all other papers, things, and property belonging to or in use by the entities being audited, including reports of examinations of member banks, from whatever source. They shall be afforded full facilities for verifying transactions with balances or securities held by depositories, fiscal agents, and custodians of such entities.

(c) The Comptroller General shall, within six months after the end of each fiscal year, or as soon thereafter as may be practicable, make a report to the Congress on the results of the audit required by subsection (a), and he shall make any special or preliminary reports he deems desirable for the information of the Congress. A copy of each report made under this subsection shall be sent to the President of the United States, the Board of Governors of the Federal Reserve System, and the Federal Reserve banks. In addition to other matters, the report shall include such comments and recommendations as the Comptroller General may deem advisable, including recommendations for attaining a more economical and efficient administration of the entities audited, and the report shall specifically show any program, financial transaction, or undertaking observed in the course of the audit which in the opinion of the Comptroller General has been carried on without authority of law.

(d) The Comptroller General is authorized to employ such personnel and to obtain such temporary and intermittent services as may be necessary to carry out the audits required by subsection (a), without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such individuals may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.●

By Mr. DASCHLE (for himself and Mr. EXON):

S. 1122. A bill to amend the Federal Meat Inspection Act to impose reciprocal inspection requirements for imported meat articles under certain conditions, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

IMPORTED MEAT INSPECTION RECIPROCITY ACT

Mr. DASCHLE. Mr. President, I am today introducing legislation which will address the issue of reciprocity of meat inspection in international trade.

Our country's agricultural producers have the ability to compete with producers anywhere in the world. Yet, their competitive position is threatened by artificial trade barriers imposed by many of our trading partners.

As a member of both the Senate Finance and Agriculture Committees, which are considering trade legislation, I have had the chance to follow the frustrations many of our producers feel when their products face unfair trade practices in international commerce. Time after time, barrier after barrier, our agricultural producers are expected to compete in the international market with one hand tied behind their back.

Our Nation's livestock producers have seen the results of these unfair trade barriers. The latest case surfaced with the European Economic Community's Third Country Meat Inspection Directive which was announced last year. This EEC directive stated that no USDA/FSIS-inspected meat plants would be permitted to export meat to the EEC unless specified tighter facility and inspection standards were met.

EEC representatives came to the United States to conduct reviews of the operating facilities of the meat processing firms that are exporting products to the EEC. These plants are all operating under USDA inspection. Nearly all of the approximately 400 plants the EEC inspected failed to meet European guidelines.

Many of the standards our meat processing firms failed to meet were not "health-related," though health concerns were the justification used for the new inspection process. The deficiencies were quite often nonproduction-related and required the expenditure of a great amount of capital—deficiencies such as "No truck wash on premises," and "Yard not yet fully paved * * * very muddy after rainfall."

Even though most industry experts view this as trade barrier, the meat processing industry has been desperately trying to meet the European standards. However, meeting these guidelines is an expensive undertaking. Plants that do not meet the European requirements will not be allowed to export to Europe.

Europe is a very important market for our meatpackers and producers, representing about one-third of the total variety meat market. Our packers and producers simply cannot withstand the loss of these markets, and we cannot afford the loss of these vital small businesses in an already economically depressed industry.

While I certainly understand and respect the European Community's desire to have quality meat imports, I cannot stand by and allow transparent trade barriers to be applied under the guise of "food wholesomeness."

The Federal Meat Inspection Act establishes the criteria for the imported meat inspection process. The Secretary of Agriculture is required to certify that the exporting country's meat inspection process meets U.S. standards. Following this general country-by-country certification, individual plants are occasionally spot checked by USDA meat inspectors to insure the general wholesomeness of that plant's meat inspection process.

This imported meat inspection process is not perfect. In fact, I have often criticized the manner in which imported meat has been inspected. The problems with this process are well documented.

I am today introducing the Meat Inspection Reciprocity Act, which will provide the Secretary with the tools to address the trade and inspection problem. Simply put, my bill will:

First, require the Secretary of Agriculture to investigate the meat inspection requirements in all countries which export meat to the United States. The Senate and House Agriculture Committees can also request the Secretary's investigation.

Second, notify Congress of any country which imposes a meat inspection process on U.S. meat exports which is:

Not substantiated by technological or scientific basis; or

An inspection process which is substantially stricter than the process utilized for its internal meat process.

Third, require the Secretary, upon such findings, to certify that foreign meat exporting plants in that country meet to the letter of the law the U.S. meat inspection requirements before they are allowed to ship meat exports to the United States.

In summary, this bill will simply provide inspection reciprocity, and it will give the Secretary the authority necessary to crackdown on thinly veiled trade barriers.

We want nothing more than fair treatment in the international trading arena. The Meat Inspection Reciprocity Act will go a long way toward accomplishing that goal.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1122

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Imported Meat Inspection Reciprocity Act of 1987".

SEC. 2. RECIPROCAL MEAT INSPECTION REQUIREMENT.

Section 20 of the Federal Meat Inspection Act (21 U.S.C. 620) is amended by adding at the end thereof the following new subsection:

"(h)(1) As used in this subsection:

"(A) The term 'meat articles' means carcasses, meat, and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines, that are capable of use as human food.

"(B) The term 'standards' means inspection, building construction, sanitary, quality, species verification, residue, and other standards that are applicable to meat articles.

"(2) On request of the Committee on Agriculture of the House of Representatives or the Committee on Agriculture, Nutrition, and Forestry of the Senate, or at the initiative of the Secretary, the Secretary shall determine whether a foreign country applies standards for the importation of meat articles from the United States that—

"(A) are not substantiated by reliable analytical methods; or

"(B) are not applied to domestic meat articles produced in the country in the same manner as the country applies the standards to meat articles imported from the United States.

"(3) If the Secretary determines that a foreign country applies standards as described in paragraph (2), a meat article slaughtered in a plant in the foreign country shall not be permitted entry into the United States unless the Secretary has issued a certification stating that the meat article has met the standards applicable to meat articles in commerce within the United States.

"(4) The Secretary shall—

"(A) periodically review such certifications; and

"(B) revoke any certification if the Secretary determines that the plant involved is not applying standards described in paragraph (3).".

SEC. 3. REPORTS.

Section 620(e) of the Federal Meat Inspection Act (21 U.S.C. 620(e)) is amended—

(1) by striking out "and" at the end of paragraph (4);

(2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(6) the name of each foreign country that applies standards for the importation of meat articles from the United States that are described in subsection (h)(2).".

By Mr. DURENBERGER:

S. 1123. A bill to control air emissions which are precursors of acid deposition, and for other purposes; to the Committee on Environment and Public Works.

NATIONAL ACID DEPOSITION REDUCTION ACT

● Mr. DURENBERGER. Mr. President, I am today introducing the National Acid Deposition Reduction Act of 1987. This bill has many features which have not been included in other acid rain bills introduced in the Senate this year.

The bill contains a trust fund to be used to assist utilities with the capital and operating costs of the control technologies which will be required.

The bill contains an emissions fee imposed on sulfur dioxide and nitrogen oxide emissions from stationary and mobile sources. The revenues from the fees amounting to $50 billion over a 30-year period are to be placed in the trust fund.

The bill includes a deposition standard for sensitive aquatic and terrestrial resources to assure that the control program provides sufficient reductions to prevent further environmental damage.

The bill modifies the law which authorized the 10-year National Acid Precipitation Assessment Program to make that research effort ongoing and to include within its scope, health and environmental damage caused by air pollutants other than acid precipitation such as ozone.

And the bill requires EPA to establish a tighter new source performance standard for nitrogen oxide emissions from stationary sources.

Mr. President, those are the principal innovations contained in this bill. In addition, it includes an authorization for the Clean Coal Technology Program which was proposed by the United States-Canadian envoys on acid rain. Senator MITCHELL and I have previously sponsored such an authorization as a free-standing bill, S. 911.

This legislation would also require EPA to review and revise the national ambient air quality standards for sulfur dioxide, nitrogen dioxide, ozone, acid aerosols and fine particles. Senator BAUCUS and I have previously sponsored bill S. 796 which included similar provisions.

Finally, the bill contains two control programs, one for stationary sources and one for mobile sources, which are designed to achieve a 12-million-ton reduction in sulfur dioxide emissions and a 4-million-ton reduction in nitrogen oxide emissions within 10 years, by January 1, 1997.

The Stationary Source Control Program contained in this bill is a two-phase program. In the first phase, which applies only to electric utilities and which has an effective date of January 1, 1994, each State must achieve average emissions rates of 2.0 pounds sulfur dioxide and 0.8 pounds nitrogen oxides for each million Btu of heat input.

The second phase, with an effective date beginning in 1997, includes emissions from three clusters of sources—electric utilities, industrial boilers and industrial process emissions. For utilities the statewide emission rates cannot exceed 0.9 pounds SO_2 and 0.6 pounds NO_x per million Btu. Various exceptions are included in the bill to assure that compliance costs are not unreasonable. These exceptions focus principally on the problem of NO_x emissions and reflect, I think, the less certain nature of the vialable control strategies for NO_x emissions.

Mr. President, the State are giving maximum flexibility under this bill to meet the reduction targets with any mix of control strategies whih seems appropriate to each State. No specific control technology is mandated. The States are to develop plans to meet the required statewide averages. EPA will provide technical guidance and financial assistance to the States to aid in the development of the control programs required. States will be given an opportunity to modify their proposed control programs affecting utility boilers between the first and the second phases. There is, however, no gap in the national political will between the two phases. The bill does not contemplate any congressional reconsideration of the goals and targets once the program is underway.

The bill has a default provision requiring that every electric utility and industral boiler in a State that does not develop a plan meet stringent emissions limitations. The bill has a cap requiring that new sources or existing sources that wish to increase their emissions rate acquire an offset before the new emissions are added to the inventory. There is also a powerplant life extension program requiring every powerplant to meet an SO_5 emissions rate of 0.9 pounds and an NO_x emissions rate of 0.6 pounds per million Btu's on and after its 30th anniversary. This provision takes effect in 1994 and includes an exemption for plants with low emissions rates which will be used to meet peak demands and for other intermittent needs.

As has been said many times here on the floor of the Senate, an adequate acid rain control program will include significant costs regions of the Nation. This bill is designed to spread the cost of the required reductions to all sources which contribute to the problem.

Mr. President, this is a polluter pays bill. Some people assume that any acid rain program that provides a financing mechanism deviates from the polluter pays principle. That is not the case. All of the subsidy in this bill is raised from fees on air pollution—from taxes imposed on sulfur dioxide and nitrogen oxide emissions. Pulluters will pay under this bill. But the burdensome cost of reductions will be spread more broadly to every source of SO_2 and NO_x emissions in the Nation.

The fees in this bill are designed to raise $50 billion over a 30-year period in roughly equal installments every 10 years. Two-thirds of the revenue is to come for an SO_2 fee. One-third of the revenue is to come from NO_x fees. Half the NO_x revenues will come from stationary sources and half from mobile sources. To assure administrative simplicity the fees are limited to major stationary sources and the first sale of light-duty vehicles.

The SO_2 is designed to discourage emissions. Previous studies conducted by EPA have indicated that early reductions in emissions of slightly more than 1 million tons per year might reasonably be expected to result from a modest tax. The SO_2 tax in this bill is graduated with higher rates for sources with higher rates of emissions. The top rate is $400 per ton for sources with emissions rates in excess of 4 pounds per million Btu. The rate reduces gradually to $125 per ton for sources at 1.2 pounds per million Btu. Sources with emissions rates below the 1.2 threshold will also have to pay a tax at a rate to be determined by the Secretary and in an amount which is sufficient to assure that the trust fund will raise $50 billion over the 30-year period.

EPA will use these revenues to assist utilities and other sources with the cost of control technology. Matching rates of 70 percent for capital expenditures and 30 percent for operating expenditures are authorized. If there are not sufficient funds to finance all required projects, EPA is instructed to put the projects in a priority order. Those getting high priority will be projects with the most cost effective emissions reductions and which are located in areas likely to contribute inordinately to damage of sensitive resources. There is a circuit breaker in the bill for coal miners in the high sulfur coal States. EPA is to limit the projects which incorporate fuel switching so that no substantial unemployment or regional economic dislocations will be experienced.

Mr. President, in addition to funding the basic acid rain control program with a 12-million-ton reduction goal, this legislation also provides modest support for new clean coal technologies. The Clean Coal Technology Program authorized here is our attempt to translate the report of the special envoys on acid rain into legislative language. It is a 5-year, $2.5 billion program. Projects are to meet all of the criteria set forth by the envoys including demonstration of technologies which would be available for retrofit on a large number of existing sources and near-term reductions in the acid rain precursor pollutants which are moving from the United States into Canada.

I have made one modification in this bill which is a significant departure from the envoy's report and from the bill which Senator MITCHELL and I introduce a few weeks ago. The Federal matching rate in the bill I am introducing today is 70 percent, not 50 percent as was recommended by the envoys. This modification reflects the financing scheme which is contained in the bill and which is supported by emissions fees. It would make little sense to offer a 70-percent match for the installation of conventional control technologies, while maintaining only a 50-percent match for innovative clean coal systems. The same 70-percent matching rate is offered for all projects.

Mr. President, the Mobile Source Control Program contained in this legislation will be familiar to those who have studied other acid rain bills which have been introduced in this Congress. It is essentially a series of tailpipe standards for cars and trucks which are more stringent than existing regulation. But there are three points which deserve mention. First, there is no requirement for the implementation of so-called stage II systems at gasoline service stations. There is a requirement for on-board canisters, which appear to this Senator more sensible and cost effective than the stage II technologies. If canisters were now in place, the at-the-pump refueling controls would be entirely redundant.

Second, the on-board canisters must be designed and certified for fuels which have a Reid vapor pressure of 10 pounds per square inch. This certification level is higher than existing regulatory practices at the EPA. It more closely reflects the actual fuels that are in commerce and will allow room for gasoline blends including ethanol fuels which have higher volatility.

Finally on the Mobile Source Program, there is a requirement that motor fuels turned out by refiners must have an RVP no higher than 9 pounds per square inch, but accommodation is made for fuels which are blends including alcohol which causes these fuels to have higher vapor pressure.

Mr. President, there is one final provision of this legislation which I would explain to my colleagues this afternoon, that is the provision requiring the Environmental Protection Agency to establish a deposition standard for sensitive resources. A deposition standard is a measure of the acid compounds which actually fall on a particular geographic area in a defined period of time. In the case of acid rain, damage to the resource is done by deposition—not by emissions or ambient concentrations. There is no guarantee that a control program for emissions will, in fact, protect any particular resource by actually lowering deposition below a level which that resource can absorb and neutralize. The deposition standard in this bill is designed to measure the effectiveness of the emissions control programs which are mandated by determining whether or not deposition at sensitive and critically sensitive aquatic resources does fall below levels which will prevent further damage.

Mr. President, my home State of Minnesota was the first and remains one of the few States which has adopted its own acid rain control program. The Minnesota acid rain law and regulation is based on a deposition standard. The bill I am introducing today takes the Minnesota experience and approach and brings it to the national level.

Minnesota established a deposition standard of 11 kilograms of wet sulfate per hectare per year which an administrative law judge found would be adequate to protect all of the sensitive aquatic resources in the State. There is one area in Minnesota where deposition levels are currently above that level. According to the provisions of State law our pollution control agency then further modified the emissions limitations applying two electric utilities to bring deposition at that site down to a level that might more closely approximate the standard. It is, of course, difficult for a single State acting alone to effectively implement a deposition standard; 90 percent of the emissions in our State come from sources outside of our boundaries.

Mr. President, I believe that a deposition standard can serve a useful function in a national acid rain control program. It is not unlike the "beyond-BAT" provisions which we recently added to the Clean Water Act. This bill requires the installation of technology to control emissions just like the Clean Water Act establishes effluent guidelines based on best available technology. But even after the installation of the technology at all the sources of water pollution there remain some water bodies that cannot meet water quality standards which have also been established under the water pollution control program. So further controls are imposed to assure that the environmental resource is not loaded with more pollutants than it can sustain.

The deposition standard in this bill would serve a comparable function. It is designed to protect sensitive resources. It will identify those areas of the Nation which, even after the implementation of a national acid rain control program, continue to receive pollution loadings which are beyond the buffering and neutralizing capacity of the ecosystem. According to the requirements of this bill, further reductions at sources which contribute to excessive loading will be required.

Mr. President, that concludes my brief summary of this bill. I hope that Members find that there are provisions here which are of interest and that may be useful in resolving the now 7-year-old debate on acid rain controls.

Mr. President, I would ask that the text of the bill be printed in the RECORD along with my comments this afternoon.

Thank you, Mr. President.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1123

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act, together with the following table of contents, may be cited as the "National Acid Deposition Reduction Act of 1987".

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TITLE I—STATIONARY SOURCES

ACID DEPOSITION CONTROL PROGRAM

SEC. 101. Title I of the Clean Air Act is amended by adding the following new part at the end thereof—

"PART E—ACID DEPOSITION CONTROL PROGRAM

"FINDINGS AND PURPOSES

"SEC. 180. (a) The Congress finds that—

"(1) the deposition of acid compounds from the atmosphere is causing and contributing to widespread, long-term degradation of aquatic and terrestrial ecosystems in the United States;

"(2) the principal source of the acid compounds and their precursors in the atmosphere is the combustion of fossil fuels;

"(3) the long-range transport of pollutants and their transformation products is an interstate and international problem;

"(4) substantial reductions in the total atmospheric loadings of pollutants including sulfur dioxide and oxides of nitrogen will enhance protection of public health, welfare and the environment;

"(5) control strategies and technologies to reduce air emissions of pollutants which are the precursors of acid deposition exist now and are economically feasible for widespread application; and

"(6) a Federal Government program to require the utilization of existing control strategies and technologies so as to substantially reduce air emissions of pollutants which may be precursors of acid deposition is an appropriate and necessary step to protect public health, welfare and the environment.

"(b) The purposes of this part are to—

"(1) protect public health, welfare and the environment from any actual or potential adverse effect which may be caused by ambient concentrations or the deposition of air pollutants which may be precursors of acid rain or the acidification of aquatic and terrestrial resources;

"(2) bring and retain emissions of sulfur dioxide within the United States to an annual level at least 12,000,000 tons less than the total actual annual level of such emissions in calendar year 1980;

"(3) bring and retain emissions of oxides of nitrogen within the United States to an annual level at least 4,000,000 tons less than the total actual annual level of such emissions in calendar year 1980;

"(4) provide flexibility in the design of reduction programs at the State level to assure implementation of the most cost effective emission reduction techniques; and

"(5) assure that the costs of reduction in air emissions of sulfur dioxide and oxides of nitrogen are shared equitably by all sources of such pollutants.

"EMISSIONS FROM UTILITY BOILERS

"SEC. 181. (a) PHASE I REQUIREMENTS.—Not later than January 1, 1994, and thereafter, each State shall achieve within its borders an annual Statewide average rate of emissions of—

"(1) sulfur dioxide not greater than 2.0 pounds per million British thermal units of heat input, and

"(2) oxides of nitrogen not greater than 0.8 pounds per million British thermal units of heat input,

for all fossil fuel fired electric utility steam generating units in the State.

"(b) PHASE II REQUIREMENTS.—Not later than January 1, 1997, and thereafter, each State shall achieve within its borders an annual Statewide average rate of emissions of—

"(1) sulfur dioxide not greater than 0.9 pounds per million British thermal units of heat input, and

"(2) oxides of nitrogen not greater than 0.6 pounds per million British thermal units of heat input,

for all fossil fuel fired electric utility steam generating units in the State.

"(c) IMPLEMENTATION.—Not later than 24 months after the enactment of this section, the Governor of each State shall submit to the Administrator a plan including enforceable measures adequate to achieve the reduction in emissions of sulfur dioxide and oxides of nitrogen required by subsections (a) and (b) of this section including emission limitations and schedules of compliance for fossil fuel fired electric utility steam generating units and additional means of emission reduction in accordance with section 186 of this Act.

"(d) STATEWIDE AVERAGE EMISSIONS RATES.—For purposes of subsections (a) and (b) of this section, Statewide average emissions rates shall not include consideration of the rates of emissions of any fossil fuel fired electric utility steam generating unit (or units) which began operation on or after January 1, 1981.

"(e) SPECIAL RULE.—For purposes of subsections (a)(2) and (b)(2) of this section, Statewide average emissions rates with respect to oxides of nitrogen may exclude from consideration emissions from any fossil fuel fired electric utility steam generating unit (or units) which incorporates a "cyclone" or "wet bottom" boiler: *Provided that* emissions of oxides of nitrogen from such unit (or units) which exceed 0.6 pounds per million British thermal units of heat input, averaged annually, shall be offset on a one-for-one basis by reductions in sulfur dioxide emissions at such unit (or units) or at another unit (or units) within the same State and that the offsetting reductions shall be in addition to those reductions required by subsection (a)(1) or (b)(1) or sections 110, 182, 183 or 187 of this Act.

"EMISSIONS FROM INDUSTRIAL BOILERS

"SEC. 182. (a) SULFUR DIOXIDE EMISSIONS.—

"(1) REQUIREMENTS.—Not later than January 1, 1997, and thereafter, each State shall achieve within its borders an annual Statewide average rate of emissions of sulfur dioxide not greater than 0.9 pounds per million British thermal units of heat input for all fossil fuel fired steam generating units in the State which are not fossil fuel fired electric utility steam generating units.

"(2) IMPLEMENTATION.—Not later than January 1, 1994, the Governor of each State shall submit to the Administrator a plan including enforceable measures adequate to achieve the reduction of emissions of sulfur dioxide required by paragraph (1) of this subsection including emission limitations and schedules of compliance for fossil fuel fired steam generating units other than electric utility units and additional means of emission reduction in accordance with section 186 of this Act.

"(b) NITROGEN OXIDE EMISSIONS.—

"(1) INVENTORY OF REDUCTIONS.—The Administrator shall identify all fossil fuel fired steam generating units which are not electric utility units in each State which can achieve at least an annual emission rate of 0.6 pounds of nitrogen oxides per million British thermal units of heat input through the use of burner retrofit technology or other means that can be utilized at a comparable cost per ton of nitrogen oxides removed. For those categories of boilers which cannot achieve such an annual emission rate using such technologies, the Administrator shall identify an annual emission rate which such categories of boilers can achieve using any means at a cost per ton of nitrogen oxides removed comparable to that of boilers which can meet at least an emission rate of 0.6 pounds of nitrogen oxides per million British thermal units of heat input using burner retrofit technology. Not later than 24 months after the date of enactment of this section, the Administrator shall transmit to each State an inventory of the total nitrogen oxide emission reductions that can be achieved through utilization of such technologies in each State.

"(2) IMPLEMENTATION.—Not later than January 1, 1994, the Governor of each State shall submit to the Administrator a plan establishing emission limitations and compliance schedules for emissions of nitrogen oxides from fossil fuel fired steam generating units other than electric utility units. The State plan shall include emissions limitations and compliance schedules in accordance with section 186 of this Act applicable to such steam generating units within the State which the Governor deems appropriate and which are adequate to ensure that on and after January 1, 1997, the aggregate annual reductions in emissions of nitrogen oxides from the total emissions of such sources located in the State will be at least equal to the total Statewide emissions reductions identified by the Administrator pursuant to paragraph (1) of this subsection.

"(c) STATEWIDE AVERAGE EMISSIONS RATES.—For purposes of subsections (a) and (b) of this section, Statewide average emissions rates shall not include consideration of the emissions rates of any fossil fuel fired steam generating unit (or units) which begin operations on or after the date of enactment of this section.

"INDUSTRIAL PROCESS EMISSIONS

"SEC. 183. (a) INVENTORY.—The Administrator shall conduct and periodically update a comprehensive annual inventory of emissions of sulfur dioxide and oxides of nitrogen from stationary sources of such air pollutants, including fossil fuel fired electric utility steam generating units, other fossil fuel fired steam generating units, and stationary sources of industrial process emissions.

"(b) POTENTIAL REDUCTIONS FROM PROCESS EMISSIONS.—The Administrator shall identify the total Statewide potential reductions in emissions of sulfur dioxide and oxides of nitrogen which are economically achievable on and after January 1, 1997 by stationary sources of industrial process emissions in each State. By December 31, 1991, the Administrator shall transmit to the Governor of each State a statement containing a calculation of the total reductions identified for that State under this subsection, together with an explanation of such calculation.

"(c) IMPLEMENTATION.—Not later than January 1, 1994, the Governor of each State shall submit to the Administrator a plan establishing emission limitations and compliance schedules for emissions of sulfur dioxide and oxides of nitrogen from stationary sources of industrial process emissions. Such State plan may include any emissions limitations and compliance schedules applicable to any source of industrial process emissions within the State, which the State deems appropriate and which are adequate to assure that, by January 1, 1997 and thereafter, the aggregate annual reductions in emissions of sulfur dioxide and oxides of nitrogen from the total of such sources located in the State will be at least equal to the total Statewide potential emission reductions for each such air pollutants identified by the Administrator pursuant to subsection (b).

"STATE REDUCTION PLANS

"SEC. 184. (a) GUIDANCE.—Not later than 9 months after the date of enactment of this part, the Administrator shall, after consultation with air pollution control officials of the several States, publish guidance for the preparation of State plans as required by section 181 of this Act. Not later than January 1, 1990, the Administrator shall, after consultation with air pollution control officials of the several States, publish guidance for the preparation of plans as required by sections 182 and 183 of this Act.

"(b) PLANS.—The Governor of each State shall, after notice and opportunity for public comment, prepare and submit to the Administrator for approval according to the provisions of subsection (d) of this section plans for the reduction in emissions of sulfur dioxide and oxides of nitrogen as required by sections 181, 182 and 183 of this part.

"(c) SIP AMENDMENT.—Each emission limitation, schedule for compliance or other measure contained in a State Reduction Plan shall be deemed a requirement of the State implementation plan approved or promulgated by the State under section 110 of this Act and any guidance, including provisions for public participation, for the development of State implementation plans issued by the Administrator shall apply to the preparation and elements of such plans.

"(d) REVIEW AND APPROVAL.—Not later than 180 days after receiving a State Reduction Plan submitted by a State pursuant to the provisions of subsection (b), and after notice and opportunity for public comment, the Administrator shall either approve or disapprove such Reduction Plan. The Administrator shall disapprove any Reduction Plan submitted by a State, if the Administrator determines that such Reduction Plan—

"(1) does not contain enforceable requirements for continuous emissions reduction, including for each source limitations on emission rate, assumed rates of operation, and limitations on aggregate annual emissions consistent with assumed rates of operation,

"(2) does not contain requirements for the installation and operation of continuous emissions monitoring by each source and additional monitoring by enforcement agencies to assure that emission limitations are being met, or

"(3) is not adequate to achieve the reduction in emissions for such State required by this part within the time specified.

If the Administrator disapproves a Reduction Plan pursuant to this subsection, the Administrator shall notify the State of any revisions or modifications necessary to obtain approval. The State shall have 180 days to revise and resubmit the proposed Reduction Plan for approval pursuant to the provisions of this subsection. Whenever the Administrator determines after public hearing that a State is not administering and enforcing a Reduction Plan approved pursuant to this subsection in accordance with the guidance of the Administrator or the requirements of paragraphs (1), (2), and (3), the Administrator shall so notify the State and, if appropriate action is not taken within 90 days, the Administrator shall withdraw approval of such Reduction Plan. The Administrator shall not withdraw approval of any such Reduction Plan unless the State shall have been notified and the reasons for the withdrawal shall have been stated in writing and made public. The owner or operator of each fossil fuel fired steam generating unit which is a major stationary source of sulfur dioxide emissions in a State for which approval of a Reduction Plan has been withdrawn pursuant to the provisions of this subsection shall be subject to the provisions of section 185 and shall be in compliance with the emissions limitations for sulfur dioxide and oxides of nitrogen contained in such section not later than 36 months after the date on which approval is withdrawn.

"(e) MODIFICATIONS.—During a 30-day period beginning December 1, 1993 the Governor of any State may, after notice and opportunity for public comment, submit proposed modifications to a Reduction Plan which has been previously submitted according to the requirements of section 181 and approved pursuant to subsection (d) of this section. Review and approval of such proposed modifications shall be conducted according to the provisions of subsection (d) except that modifications disapproved may not be resubmitted.

"(f) CERTIFICATION OF COMPLIANCE.—Not later than 36 months after the date of enactment of this part, the owner or operator of each fossil fuel fired electric utility steam generating unit subject to any emission limitation or limitations under this part shall certify to the State in which the unit is located the means by which such unit intends to comply with such emission limitation or limitations, identifying the extent to which it will rely on fuel substitution, installation of a system of continuous technological emission reduction, retirement of existing facilities, implementation of enforceable conservation measures, or a combination thereof. Not later than January 1, 1995, the owner or operator of each fossil fuel fired steam generating unit which is not an electric utility and the owner and operator of each source of industrial process emissions which is subject to any emission limitation or limitations under this part shall certify to the State in which such unit or source is located the means by which such unit or source intends to comply with such emission limitation or limitations, identifying the extent to which it will rely on fuel substitution, installation of a system of continuous technological emission reduction, retirement of existing facilities, implementation of enforceable conservation measures, or combination thereof.

"(g) ASSISTANCE.—The Administrator is authorized to make grants, subject to such terms and conditions as the Administrator considers appropriate, to each State for the purpose of assisting the State in developing and administering Reduction Plan pursuant to the provisions of this part. There are authorized to be appropriated $20,000,000 for each fiscal year ending after September 30, 1987 to carry out the provisions of this subsection.

"DEFAULT REQUIREMENTS

"SEC. 185. (a) LIMITATION.—

"(1) ELECTRIC UTILITY UNITS.—In any State which has not, in accordance with section 181, adopted measures to achieve reductions required by such section within 30 months after the date of enactment of this part or which has not had such measures approved by the Administrator under section 185 within 42 months after the date of enactment of this part each fossil fuel fired electric steam generating unit which is not subject to section 111(a) shall comply with an emissions limitation of 0.9 pounds of sulfur dioxide per million British thermal units of heat input on a monthly average and 0.6 pounds of oxides of nitrogen per million British thermal units of heat input on a monthly average on and after January 1, 1996.

"(2) INDUSTRIAL BOILERS.—In any State which has not, in accordance with section 182 adopted measures to achieve reductions required by such section by not later than July 1, 1994 or which has not had such measures approved by the Administrator under section 185 by not later than July 1, 1995 each fossil fuel fired steam generating unit which is a major stationary source which is not an electric utility and which is not subject to section 111(a) shall comply with an emission limitation of 0.9 pounds of sulfur dioxide per million British thermal units of heat input on a monthly average and 0.6 pounds oxides of nitrogen per million British thermal units of heat input on a monthly average on and after January 1, 1998.

"(b) COMPLIANCE PLAN.—The owner and operator of each steam generating unit subject to this section or subsection (d) of section 184 shall submit to the Administrator a plan and schedule of compliance for achieving such emission limitations or equivalent emission reductions in accordance with section 186, not later than 36 months after the date of enactment of this part or 6 months after the date on which such owner or operator becomes subject to such emission limitation, whichever is later. The Administrator shall approve such plan and schedule for compliance if it—

"(1) contains enforceable requirements for continuous emission reduction or alternate measures permitted under section 187;

"(2) contains requirements for monitoring by the source and enforcement agencies, including but not limited to the installation of continuous emission monitors by all fossil fuel fired steam generating units to assure that the emission limitations are being met; and

"(3) is adequate to achieve the sulfur dioxide and oxides of nitrogen emissions rates required by this part within the time periods specified by subsection (a) of this section.

"(c) ENFORCEMENT.—Failure of the owner or operator of a fossil fuel fired steam generating unit subject to this section to submit such approvable plan and schedule within the time provided in this section, failure to comply with the plan and schedule of compliance, or failure to achieve the emission limitations required by this section as expeditiously as practicable, but not later than on and after the dates specified in subsection (a) of this section shall be violations of emissions limitations for the purposes of sections 113, 120 and 304 of this Act.

"ENFORCEABLE EMISSION REDUCTION PROGRAMS

"SEC. 186 (a) For the purpose of attaining emission reductions required by sections 181 and 182 of this Act or maintaining the limitation on emissions required by section 187, the following methods or programs for net emissions reduction may be used, in addition to enforceable continuous emission reduction measures, by a State or the owner or operator of a source, if emission limitations under such methods or programs are enforceable by the Federal Government, States other than those in which the emissions occur, and citizens under section 304 of this Act—

"(1) programs for energy conservation where enforceable reductions in emissions can be identified with such programs;

"(2) least emissions dispatch to meet electric generating demand at existing generating capacity;

"(3) retirement of major stationary sources at an earlier date than provided in schedules on file with the Federal Energy Regulatory Commission, the Internal Revenue Service, or State utility regulatory agencies;

"(4) trading of emissions reduction requirements and actual reductions on a substate basis, where the total aggregate tonnage emissions reductions is not less than 110 per centum of the the total that would be achieved under sections 181, 182 and 183 absent such trading, and for which States and the Administrator are authorized to establish emission banks or brokerage institutions to facilitate such trading;

"(5) precombustion cleaning of fuels; and

"(6) substitution of low sulfur coal for current fuels.

"(b) It shall be a first priority under this part to achieve the reductions in emissions required by sections 181 and 182 and maintaining the limitation on emissions required by section 187 through conservation of electricity. If the Governor of any State certifies to the Administrator, as part of the measures submitted under sections 181 and 182, that a program encouraging or rquiring the conservation of electricity will be implemented in such State and that such program will result in a reduction in emissions of sulfur dioxide or oxides of nitrogen, then such State may calculate the extent of the emissions reduction accomplished by such program of conservation, and may comply with the requirements of sections 181 and 182 by substituting such emissions reductions attributable to the conservation program for reductions required by sections 181 and 182.

"(c) Interstate trading of emission reduction requirements and actual reductions shall not be approved as a method or program to attain the emissions reductions required by sections 181 and 182 or maintaining the limitation on emissions required by section 187 of this part.

"FURTHER REDUCTIONS

"SEC. 187. (a) OFFSET REQUIREMENT FOR INCREASED SULFUR DIOXIDE EMISSIONS.—

"(1) IN GENERAL.—No major stationary source in operation before January 1, 1988 shall increase its actual rate of emissions of sulfur dioxide over that experienced by such source during the calendar year 1987, unless there has been identified for such source a simultaneous net reduction in emissions of such pollutant at one or more points in the State in which such source is located in excess of the proposed increase in emissions rate, and not otherwise required by a State Reduction Plan under section 181, 182 or 183 of this part, a State implementation plan under section 110 of this Act, or a powerplant life extension program under subsection (b). For each major stationary source beginning operations after January 1, 1988 there shall be identified for such source a simultaneous net reduction in emissions of sulfur dioxide at one or more points in the State in which such source is located in excess of the proposed emission rate for that source, and not otherwise required by a State Reduction Plan under section 181, 182 or 183 of this part, a State implementation plan under section 110 of this Act, or a powerplant life extension program under subsection (b). For purposes of this section a major stationary source beginning operation after January 1, 1988 and under construction before the date of enactment of this part shall be considered to be in operation before January 1, 1988 with an actual rate of emissions for the calendar year 1987 not in excess of standards of performance issued pursuant to section 111 of this Act. For purposes of complying with the requirements of this paragraph, emissions reductions at a source (or sources) in another State within the same administrative region of the Environmental Protection Agency shall be allowed as offsets: *Provided*, That the Statewide average emissions of sulfur dioxide for fossil fuel fired steam generating units in the State in which the new source is located do not exceed 0.9 pounds of sulfur dioxide per million British thermal units of heat input averaged annually.

"(2) EXCEPTION.—For purposes of paragraph (1) of this subsection, actual rate of emissions may exceed emissions for calendar year 1987, if the additional increment of emissions results from increasing plant utilization above 1987 levels, but in no case may the actual rate of emissions used to determine whether an increase has occurred under paragraph (1) exceed the rate of emissions that would result by multiplying the 1987 emissions rate by a plant utilization factor equal to the average level of production experienced by such source during the preceeding five-year period.

"(3) COMPLIANCE.—Each State shall assure compliance with this section and the provisions of emission reduction banks and brokerage institutions authorized under section 110 and section 186(a)(4) of this Act.

"(4) DEFINITION.—For purposes of this subsection "rate of emissions" means the gross tons of sulfur dioxide emitted by a source over any one-year period.

"(b) POWERPLANT LIFE EXTENSION.—Any fossil fuel fired steam generating unit (including any utility or nonutility unit) which is not a new source according to the provisions of section 111(a) and on which construction has been completed for thirty years or more shall comply with an emission limitation of not greater than 0.9 pounds of sulfur dioxide per million British thermal units of heat input on a monthly average. This subsection shall apply to all such units on and after January 1, 1994, except that any unit attaining a monthly average emission rate not exceeding 1.5 pounds of sulfur dioxide per million British thermal units of heat input may operate for a total of not more than 30,000 hours after such date. Reductions in the emissions of sulfur dioxide at any unit which result from the application of this subsection shall not be used to offset or compensate for existing, new or increased emissions of sulfur dioxide at any other unit which are controlled pursuant to the provisions of this Act. Reductions in the emissions of sulfur dioxide resulting from the application of this subsection to a unit after January 1, 1994 shall be in addition to reductions required as a result of the application of sections 181 and 182 of this Act to all units within the same State and no other unit shall be allowed to increase emissions even if such increase would not cause an exceedance of the applicable Statewide emissions rates.

"USES OF THE FUND

"SEC. 187. (a) IN GENERAL.—The Administrator may enter into contracts or cooperative agreements with, or provide financial assistance in the form of grants to, the owner or operator of any source required to achieve emission reductions under a Reduction Plan submitted and approved pursuant to section 181, 182 or 183 or a deposition control plan submitted and approved under section 129 of this Act. Not later than 18 months after the date of enactment of this part, the Administrator shall publish regulations to assure the satisfactory implementation of this section.

"(b) CAPITAL COSTS.—The Administrator shall use funds available under the Acid Deposition Reduction Trust Fund established by title III of the National Acid Deposition Reduction Act to pay up to 70 per centum of the capital costs necessary to implement control strategies at any source required to achieve emissions reductions under a Reduction Plan submitted and approved pursuant to section 181, 182 or 183 or a deposition control plan submitted and approved pursuant to section 129 of this Act: *Provided*, That—

"(1) Such assistance shall be conditioned on the owner or operator of such source entering into an enforceable agreement with the Administrator to assure proper operation and maintenance of any technological system purchased with such assistance funds under this section and compliance with emissions limitations established under this part for the remaining life of the source; and

"(2) any assistance to the owner or operator of a source implementing a control strategy described under section 186(a)(3) (early retirement) of this part shall be limited to 70 per centum of the cost of the technology for continuous emissions reductions as defined by section 111(a)(7) of this Act.

"(c) OPERATING COSTS.—The Administrator shall use funds available under the Acid Deposition Reduction Trust Fund established by title III of the National Acid Deposition Reduction Act to pay up to 30 per centum of the operation and maintenance costs necessary to implement control strategies at any source required to achieve emissions reductions under a Reduction Plan submitted and approved pursuant to section 181, 182 or 183 or a deposition control plan submitted and approved pursuant to section 129 of this Act: *Provided*, That—

"(1) Such assistance shall be conditioned on the owner or operator of such source entering into an enforceable agreement with the Administrator to properly maintain and operate any technological system associated with such assistance and compliance with emissions limitations established under this part for the remaining life of such source; and

"(2) in the case of control strategies described in section 186(a)(6) (fuel switching) the assistance is limited to 30 per centum of any additional cost reflected in the delivered price of the substituted fuels or fuel mixtures as compared to the delivered price of fuels or fuel mixtures currently used; and

"(3) in the case of control strategies described in section 186(a)(2) (least emissions dispatching) the assistance is limited to 30 per centum of the cost that could have been avoided through least cost dispatching.

"(d) APPLICATIONS.—Any person or any public or private entity which is the owner or operator of a source of air emissions required to achieve emissions reductions under a Reduction Plan submitted and approved pursuant to section 181, 182 or 183 or a deposition control plan submitted and approved pursuant to section 129 of this Act may submit an application to the Administrator for assistance under this section. The application shall contain a description of the proposed control strategy and such other information as the Administrator may require.

"(e) COMMITMENTS.—Not later than 180 days after the publication of each of the priority lists required by subsection (f), the Administrator shall enter into binding agreements with the owners and operators of all sources with a control stratgegy included on the priority list. Such agreements shall include the provisions and conditions necessary to assure compliance with this part, including a plan and schedule of compliance for achieving the emissions limitations as required under Reduction Plans submitted and approved pursuant to section 181, 182 or 183.

"(f) PRIORITY LISTS.—

(1) IN GENERAL.—In the event that there are not sufficient funds available through the Acid Deposition Reduction Trust Fund to provide assistance for control strategies at all of the sources eligible and making application for such assistance under this section, the Administrator shall publish a priority list of such sources and strategies and provide assistance to the extent funds are available according to the order of priority on such list. There shall be two such lists, one for all sources required to make reductions pursuant to Reduction Plans satisfying the requirements of section 181(a) which shall be published not later than July 1, 1991 and one for all sources required to make reductions pursuant to Reduction Plans satisfying the requirements of sections 181(b), 182 and 183 and deposition control plans submitted and approved pursuant to section 129 which shall be published not later than July 1, 1985.

"(2) PRIORITIES.—The priority lists required by paragraph (1) shall—

"(A) assign highest priority (subject to the provisions of subparagraph (B)) to control strategies at sources which will achieve the most cost effective emissions reductions measured as the cost per ton of reductions of either sulfur dioxide or oxides of nitrogen;

"(B) reflect scientific knowledge concerning the relationship of emissions sources to receptor areas for aquatic and terrestrial resources which are sensitive or critically sensitive to acidic deposition and the health and environmental benefits of preserving and protecting those resources; and

"(C) limit the number of projects which rely all or in part on fuel switching to the extent that substantial unemployment or economic dislocation might result should such limitation not be applied.

"(g) LIMITATION.—Not more than 40 per centum of the funds expected to be available through the Acid Deposition Reduction Trust Fund to provide assistance under this section shall be used to provide assistance to projects on the first priority list with respect to reductions required pursuant to section 181(a).".

NSPS FOR NITROGEN OXIDE EMISSIONS

SEC. 102. Section 111 of the Clean Air Act is amended by adding the following new subsections at the end thereof:

"(k) NO_x EMISSIONS FROM CERTAIN ELECTRIC UTILITY BOILERS.—The Administrator shall revise the standards of performance for emissions of nitrogen oxides from electric utility steam generating units which burn bituminous or subbituminous coal. Such revised standards shall prohibit the emission of nitrogen oxides from such units at a rate which exceeds:

"(1) 0.30 pounds per million British thermal units, in the case of subbituminous coal, based on a 30-day rolling average; and

"(2) 0.40 pounds per million British thermal units, in the case of bituminous coal, based on a 30-day rolling average.

Such revised standard shall take effect with respect to units which commence construction after the date of enactment of this subsection. As used in this subsection, the terms "electric utility steam generating unit", "bituminous coal", and "subbituminous coal" have the same meanings as when used in 40 C.F.R. part 60, subpart Da, as in effect on January 1, 1983.

"(l) NSPS FOR NO_x EMISSIONS FROM INDUSTRIAL BOILERS.—The Administrator shall promulgate standards of performance under this section for emissions of oxides of nitrogen from all fossil fuel fired steam generating units which meet each of the following requirements:

"(1) The units are new sources within the meaning of subsection (a)(2);

"(2) The units are capable of combusting more than 50 million British thermal units per hour heat input of fossil fuel (either alone or in combination with any other fuel);

"(3) The units are not owned or operated by any electric utility.

"The standards under this section applicable to fossil fuel fired steam generating units which are capable of combusting more than 250 million British thermal units per hour heat input may vary from the standards applicable to units which are not capable of combusting more than 250 million British thermal units per hour heat input.".

SMELTERS

SEC. 103. Section 119 of the Clean Air Act is hereby repealed, and any primary nonferrous smelter order issued under such section shall terminate as of January 1, 1988. Any primary nonferrous smelter to which such an order was issued shall be in compliance with the applicable emission limitation or standard no later than January 1, 1988. No order under section 113 or other provision of the Clean Air Act, not the order of any court, shall permit any extension or delay in such compliance beyond January 1, 1988.

TALL STACKS

SEC. 104. Section 123 of the Clean Air Act is amended by striking the last sentence of subsection (c) and by adding at the end thereof the following new subsections:

"(d) Notwithstanding any provision of subsection (a), the Administrator may prohibit any increase in any stack height or restrict in any manner the stack height of any source including an existing source.

"(e) After review of State Reduction Plans submitted pursuant to sections 181 and 182 and deposition inventories and control plans submitted pursuant to section 129 of this Act, the Administrator shall not later than January 1, 1995 complete a review of the emissions limits for all existing fossil fuel fired steam generating units which are major sources in order to determine whether emission limits for such sources based on modeling credit for stack height are insufficient to protect sensitive or critically sensitive aquatic and terrestrial resources (as defined in section 129 of this Act). If emission limits are determined to be insufficient as a result of such modeling credits, the Administrator shall require the State, within six months, to correct the emission limit to conform with requirements of this section. It shall be the burden of the operator of each source to demonstrate the correct stack height credit to be used in determining the proper emission limits.

"(f) Not later than 18 months after the date of enactment of this subsection, the Administrator shall modify the new source performance standards for fossil fuel fired steam generating units (promulgated pursuant to section 111 of this Act) to prohibit stack heights in excess of good engineering practice.".

TITLE II—CLEAN COAL TECHNOLOGY

SHORT TITLE

SEC. 201. This title may be cited as the "Clean Coal Technologies Act of 1987".

CLEAN COAL PROGRAM

SEC. 202. Title I of the Clean Air Act is amended by adding the following new part at the end thereof—

"PART F—CLEAN COAL TECHNOLOGIES

"FINDINGS

"SEC. 190. The Congress finds that—

"(a) acid deposition is a serious environmental problem in both the United States and Canada:

"(b) air emissions from sources in both the United States and Canada are causing significant deposition of sulfates, nitrates and other acidic compounds on ecosystems in both nations;

"(c) acid deposition is a serious transboundary problem as air pollutants emitted by sources in both nations cross their mutual border causing diplomatic as well as environmental problems;

"(d) both the United States and Canada have a responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States;

"(e) the United States and Canada have a long tradition of successfully resolving transboundary environmental problems, both through the International Joint Commission and on a government-to-government basis;

"(f) the recommendations of the Special Envoys with respect to acid deposition build upon that tradition and, in combination with a long-term control program, constitute an appropriate near-term effort to address the transboundary acid deposition problem; and

"(g) control strategies and clean coal technologies necessary to carry out the recommendations of the Special Envoys exist now and can be deployed on a cost effective basis to reduce transboundary air pollution.

"STATEMENT OF POLICY

"SEC. 191. It is the purpose of this part to fully implement the recommendations of the Special Envoys with respect to acid deposition and transboundary air pollution problems and to improve relations between the United States and Canada by securing near-term reductions in the movement of air pollutants which may be precursors of acid deposition from areas within the United States to areas within Canada. To that purpose—

"(a) The Secretary of the Department of Energy is directed to promote the rapid deployment of existing clean coal technologies so as to reduce total atmospheric loadings of air pollutants which may be precursors of acid deposition and the transboundary movement of such pollutants.

"(b) The Administrator of the Environmental Protection Agency is directed to promote the vigorous enforcement of existing laws and regulations with respect to air pollution in a manner which is responsive to the problems of transboundary air pollution.

"(c) The Secretary of State is directed to seek establishment of a bilateral advisory and consultative group on transboundary air pollution comprising both diplomatic and environmental management officials from the United States and Canada to provide a forum for consultations on issues related to transboundary air pollution and to advise the directors of each nation's environmental program.

"DEFINITIONS

"SEC. 192. For purposes of this part—

"(a) the term "clean coal technology" means any technology, including technologies applied at the precombustion, combustion or post-combustion stage, deployed at a new or existing facility which will achieve significant reductions in air emissions of sulfur dioxide or oxides of nitrogen associated with the utilization of coal in the generation of electricity or industrial process steam which is not in widespread use at commercial scale as of the date of enactment of this part;

"(b) the term "coal" means anthracite, bituminous or subbituminous coal, lignite, or any fuel derivative thereof;

"(c) the term "conventional technology" means any technology, including technologies applied at the precombustion, combustion, or post-combustion stage, which achieves a significant reduction in air emissions of sulfur dioxide or oxides of nitrogen associated with the utilization of coal in the generation of electricity or industrial process steam which is in widespread use at commercial scale on the date of enactment of this part;

"(d) the term "high-sulfur coal" means coal with a heat value of 10 million British thermal units per ton which has a sulfur content greater than 1 per centum sulfur by weight or coal with an equivalent or greater sulfur content after adjustment for the heat value of the coal;

"(e) the term "precursors of acid deposition" means air pollutants including sulfur dioxide, sulfates, oxides of nitrogen and nitrates and their transformation products which may be deposited in a wet or dry form and which when deposited contribute to the acidification of aquatic and other ecosystems; and

"(f) the term "Secretary" means the Secretary of the United States Department of Energy.

"PROGRAM

"Sec. 193. (a) GENERAL AUTHORITY.—The Secretary, pursuant to authority provided by the Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577), acting jointly with the Administrator is authorized and directed to carry out a program for the construction and operation of facilities to acquire further experience with respect to the commercial deployment of clean coal technologies which significantly reduce air emissions of sulfur dioxide or oxides of nitrogen resulting from the utilization of coal in the generation of electricity or industrial process steam. The Secretary and the Administrator may enter into contracts or cooperative agreements with, or provide financial assistance in the form of grants to, the owner or operator of any such facility to assure the deployment of clean coal technologies. The program established by this section shall include—

"(1) solicitations for proposed projects to deploy such technologies;

"(2) selection of suitable projects from among those proposed;

"(3) supervision of the construction and operation of such projects;

"(4) monitoring and evaluation of the results of the projects which are conducted; and

"(5) dissemination of information on the effectiveness and feasibility of the clean coal technologies which are operated. Not later than 180 days after the date of enactment of this part, the Secretary acting jointly with the Administrator shall publish regulations to assure the satisfactory implementation of each element of the program authorized by this part.

"(b) SOLICITATION.—Not later than 210 days after the date of enactment of this part, the Secretary acting jointly with the Administrator shall publish a solicitation for proposals to deploy clean coal technologies which will significantly reduce air emissions of sulfur dioxide or oxides of nitrogen resulting from the utilization of coal in the generation of electricity or industrial process steam. The solicitation notice shall provide for a 30-day application period and shall prescribe the information to be included in the proposal, including technical and economic information sufficient to permit the Secretary and the Administrator to assess the potential effectiveness and feasibility of the technology to be deployed and the reductions in air emissions of sulfur dioxide or oxides of nitrogen which can be expected to be achieved through deployment of the technology. A second solicitation shall be conducted not later than 21 months after the date of enactment of this part.

"(c) APPLICATIONS.—Any person or any public or private entity which is the owner or operator of a major source of air emissions as defined in this Act may submit an application to the Secretary and the Administrator in response to the solicitations required by subsection (c) of this section. The application shall contain a proposed deployment plan setting forth the various phases of the project and such other information as the Secretary and the Administrator may require. Such plan shall provide that the technology to be deployed will be installed and operational as expeditiously as practicable, but in no case later than 36 months after the date on which the project is selected for assistance by the Secretary.

"(d) SELECTION CRITERIA.—The Secretary acting jointly with the Administrator may provide assistance under this part to a project which utilizes a clean coal technology, if the Secretary and the Administrator determine that the project will provide experience with respect to the operation of such technology at commercial scale and only if the project satisfies each of the following criteria—

"(1) the project will utilize technology which would be appropriate for retrofit on a significant number of existing coal-fired sources of air emissions of sulfur dioxide or oxides of nitrogen;

"(2) the project will contribute to a reduction in the transboundary movement of air pollutants which are precursors of acid deposition from areas within the United States to areas within Canada;

"(3) the technology to be deployed will significantly reduce air emissions of sulfur dioxide or oxides of nitrogen (measured as a percentage removed) associated with coal utilization or, if providing less than significant reductions (measured as a percentage removed), the technology deployed will achieve reductions at a cost per ton of reductions which is substantially less than the cost associated with conventional technology;

"(4) the technology to be deployed will result in a reduction of emissions of sulfur dioxide or oxides of nitrogen at a cost which is equal to or less than the cost of achieving comparable emission reductions with conventional technology; and

"(5) the project will utilize as a feedstock coal mined in the United States and the location of the facility will be in the United States.

In selecting among projects for assistance which have similar reduction potential, both with respect to the rate of emissions and the transboundary movement of air pollutants which may be the precursors of acid deposition, the Secretary acting jointly with the Administrator shall give priority to those projects which achieve reductions at the least cost per ton of reductions achieved and which would be appropriate for retrofit at existing sources of air emissions which utilize high-sulfur coal.

"(e) REVIEW BY THE ADMINISTRATOR.—The Secretary shall not select any project for assistance under this part unless the Administrator shall first have made a determination that the proposed project satisfies each of the criteria established by subsection (d) of this section.

"(f) PROHIBITIONS.—The Secretary or the Administrator shall not select for assistance any project which incorporates reductions in air emissions of sulfur dioxide or oxides of nitrogen which are required according to a State implementation plan developed and approved pursuant to section 110 of this Act. No reductions in air emissions of sulfur dioxide or oxides of nitrogen which is achieved by a source through the deployment of clean coal technology in a project assisted under this part shall be available for banking or trading to achieve compliance with a State implementation plan by any other source of such emissions.

"(g) NOTIFICATION.—The Secretary and the Administrator shall select or refuse to select a project for assistance under this section within 90 days of receiving the completed application. In the case of a refusal to select a project for assistance, the Secretary and the Administrator shall notify the applicant within such 90-day period of the reasons for refusal.

"(h) COST-SHARING.—In providing financial assistance under this part to a clean coal technology project, the Secretary acting jointly with the Administrator shall endeavor to enter into agreements and make other arrangements for maximum possible cost-sharing with State and local agencies, utility companies, technology vendors and other persons. Total Federal funds for any project shall not exceed 70 per centum of the cost of the project (including the entire capital cost and operating costs over a five-year period beginning on the date on which operation of the technology commences) estimated at the time of the award of such assistance. The owner or operator of the facility (or any other project sponsor) shall not be required to reimburse the United States from future revenues of the project.

"(i) FURTHER PROVISIONS.—

"(1) The Secretary may vest fee title or other property interests acquired through assistance of any clean coal technology project in any entity including the United States.

"(2) Cost-sharing by the owner or operator of the facility (or other project sponsor) is required in each of the design, construction and operating phases of the project.

"(3) Financial assistance for costs in excess of those estimated as of the date of the award of original financial assistance may not be provided in excess of the proportion of costs borne by the Government in the original agreement and only up to 25 per centum of the original financial assistance.

"(4) Other appropriated Federal funds may not be used for cost-sharing by the owner or operator of the facility (or other project sponsor).

"(5) Existing facilities, equipment and supplies or previously expended research and development funds are not cost-sharing for purposes of this part except as amortized, depreciated, or expensed in normal business practice.

"(j) RECONSTRUCTION.—No project which receives financial assistance under this part shall be deemed to be a significant modification or reconstruction which would require compliance with a new source performance standard promulgated pursuant to section 111 of this Act by the source at which the project is carried out.

"ADVISORY COMMITTEE

"SEC. 194. (a) Not later than 90 days after the date of enactment of this part, the Secretary acting jointly with the Administrator shall establish, according to the provisions of the Federal Advisory Committee Act (5 U.S.C. app 1, et seq.), a Clean Coal Technologies Advisory Committee composed of the Secretary and the Administrator, or the Secretary's or Administrator's designees, who shall be co-chairs, and ten members appointed by the Secretary and the Administrator who shall be selected from representatives of State and local governmental agencies or interstate or regional planning organizations with air pollution control responsibilities and who by their experience or technical expertise can advise, consult with, and make recommendations to the Secretary or the Administrator on matters of policy relating to the control of air emissions which may be precursors of acid deposition and the selection of clean coal technology projects which satisfy the criteria of section 193(d) of this Act. Five members shall be selected by the Secretary and five members shall be selected by the Administrator. The Committee shall also include three representatives of Canada who shall be nominated by the Minister of Environment Canada for service on the Committee.

"(b) TERMS.—Each member of the Committee (with the exception of the Chair) shall hold office for a term of three years and members shall be eligible for reappointment.

"(c) SUPPORT.—Such clerical and technical assistance as may be necessary to discharge the duties of the Committee shall be provided from personnel of the Department of Energy.

"(d) COMPENSATION.—Members of the Committee (with the exception of the Chair) shall, while attending meetings or conferences of the Committee or otherwise engaged in business of the Committee, receive compensation and allowances at a rate to be fixed by the Secretary, but not exceeding the daily equivalent of the annual rate of base pay in effect for Grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Committee. While away from their homes or regular places of business in the performance of services for the Committee, members shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

"(e) EXCEPTION.—Section 14(a) of the Federal Advisory Committee Act (5 U.S.C. app 14), relating to termination, shall not apply to the Committee established by this section.

"AUTHORIZATIONS

"SEC. 195. (a) There are authorized to be appropriated to carry out the provisions of this part $500,000,000 in each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

"(b) The sums authorized by this section shall be in addition to the amounts available from the Clean Coal Technology Reserve established pursuant to Public Law 98-473".

ECONOMIC REGULATION

"SEC. 203. (a) For purposes of determining whether the rates and charges of any public utility, as defined in section 201(e) of the Federal Power Act, are just and reasonable under sections 205 and 206(a) of such Act, the Federal Energy Regulatory Commission shall apply the following criteria—

(1) any expenditure by such utility (not including assistance under this Act) for the design and engineering of a clean coal technology project which receives financial assistance under this Act shall be allowed as an operating expense;

(2) any capital cost of such utility (not including assistance under this Act) incurred to retrofit, repower or modernize an existing facility with a clean coal technology as part of a project assisted under this Act shall be included in the rate base when incurred, except to the extent such cost is allowed as an expense under paragraph (1) of this subsection.

(3) on application of the public utility, the Federal Energy Regulatory Commission shall allow any capital cost of the utility incurred to retrofit, repower or modernize an existing facility with clean coal technology as a part of a project assisted under this Act (to the extent not allowed as an operating expense under paragraph (1)) to be amortized over a 5-year period beginning with the calendar year in which facility or clean coal technology is placed in service and a return shall be allowed on the unamortized amount.

(4) there is a rebuttable presumption that any expenditure or capital cost incurred by a utility for a clean coal technology project assisted under this Act is prudent.

(b) The Secretary of the Department of Energy, by rule after concurrence by the Administrator of the Environmental Protection Agency, may designate one or more clean coal technologies as eligible, in whole or in part, for the regulatory treatment provided in subsection (a) of this section. Projects using such designated technology, including projects which have not received assistance under part F of the Clean Air Act, shall only be granted such treatment to the extent that they satisfy the criteria established by section 193(d) of such Act.

(c) The Federal Energy Regulatory Commission may exempt any person from any provision of the Public Utility Holding Company Act and parts II and III of the Federal Power Act to the extent—

(1) either Act applies by reason of ownership or operation of any federally assisted clean coal technology project or any project using designated clean coal technology;

(2) the Commission determines such an exemption is necessary to permit such person to participate in such project.

FUEL USE ACT

SEC. 204. Notwithstanding any provision of the Powerplant and Industrial Fuel Use Act of 1978 or any other law, natural gas may be used in a major fuel burning installation which is coal fired (as defined in such Act), whether existing or new, to the extent that such gas is used as part of a clean coal technology, such as reburning, which achieves cost effective reductions in air emissions of sulfur dioxide or oxides of nitrogen. This section shall not be construed, interpreted or applied to allow the use of natural gas as the primary fuel in any such installation and the Secretary may by regulation require that any person using natural gas in such installation obtain a temporary or permanent exemption from the prohibitions of such Act before the clean coal technology is put into operation.

TITLE III—ACID DEPOSITION REDUCTION TRUST FUND

ESTABLISHMENT OF TRUST FUND

SEC. 301. (a) CREATION OF TRUST FUND.—There is hereby established in the Treasury of the United States a trust fund to be known as the "Acid Deposition Reduction Trust Fund", consisting of such amounts as may be appropriated or transferred to such trust fund under this title.

(b) TRANSFERS TO THE TRUST FUND.—There are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to the Acid Deposition Reduction Trust Fund established by subsection (a) amounts determined by the Secretary of the Treasury to be equivalent to the revenues received in the Treasury under section 403 of this title.

(c) AUTHORITY TO BORROW.—

(1) IN GENERAL.—There are authorized to be appropriated to the Acid Deposition Reduction Trust Fund, as repayable advances, such sums as may be necessary to carry out the purposes of such trust fund.

(2) LIMITATIONS ON ADVANCES TO THE TRUST FUND.—The maximum aggregate amount of repayable advances to the Acid Deposition Reduction Trust Fund which is outstanding at any one time shall not exceed an amount which the Secretary of the Treasury estimates will be equal to the sum of the amounts which will be appropriated or transferred to such trust fund under subsection (b) less the amounts necessary to pay interest on outstanding repayable advances.

(3) REPAYMENT OF ADVANCES.—Advances made pursuant to this subsection shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary determines that moneys are available for such purposes in the Acid Deposition Reduction Trust Fund. Such interest shall be at rates computed in the same manner as provided in subsection 404(b) and shall be compounded annually.

TRUST FUND EXPENDITURES

SEC. 302. (a) Acid Deposition Control Program.—Amounts in the Acid Deposition Reduction Trust Fund established under section 401 of this title shall be available only for the purposes of making expenditures under section 188 of the Clean Air Act or to pay interest costs to the general fund on repayable advances as provided in section 401(c) of this title.

(b) CLEAN COAL TECHNOLOGY PROGRAM.—Notwithstanding the provisions of subsection (a), there are available to be appropriated from the Acid Deposition Reduction Trust Fund for the purposes of carrying out title II of this Act relating to a Clean Coal Technology deployment program not to exceed $500,000,000 in each of the fiscal years ending September 30, 1988, 1989, 1990, 1991 and 1992.

(c) STATE GRANTS FOR REDUCTION PROGRAMS.—Notwithstanding the provisions of subsection (a), there are available to be appropriated from the Acid Deposition Reduction Trust Fund for the purposes of developing and implementing State reduction plans as provided in section 184 of the Clean Air Act not to exceed $20,000,000 in each fiscal year beginning on September 30, 1988 and ending September 30, 1997.

(d) STATE GRANTS TO IMPLEMENT DEPOSITION STANDARD.—Notwithstanding the provisions of subsection (a), there are available to be appropriated from the Acid Deposition Reduction Trust Fund for the purposes of assisting States in implementing national standards for acid deposition established pursuant to section 503 of this Act not to exceed $15,000,000 in each fiscal year beginning September 30, 1988.

IMPOSITION OF FEES

SEC. 303. (a) EMISSIONS FEES.—There is hereby imposed a fee on—

(1) emissions of sulfur dioxide from major stationary sources (as defined under section 302(j) of the Clean Air Act) in the United States;

(2) emissions of oxides of nitrogen from major stationary sources (as defined under section 302(j) of the Clean Air Act) in the United States; and

(3) emissions of oxides of nitrogen from light-duty motor vehicles (as defined under section 202(b)(3)(B) of the Clean Air Act) in the United States.

(b) EFFECTIVE DATES OF FEES.—The fees imposed by subsection (a) shall take effect on January 1, 1988 and shall terminate on December 31, 2017.

(c) RATES.—The Secretary of the Treasury, after consultation with the Administrator of the Environmental Protection Agency, shall establish the rates of the fees imposed by subsection (a) such that in the judgment of the Secretary the total amount received due to such fees during the period from January 1, 1988 through December 31, 1997 shall be $20,000,000,000; the total amount received due to such fees during the period from January 1, 1998 through December 31, 2007 shall be $15,000,000,000; and the total amount received due to such fees during the period from January 1, 2008 through December 31, 2017 shall be $15,000,000,000. Such rates shall be established so that—

(1) two-thirds of each such amount will be received from the fee imposed under subsection (a)(1);

(2) one-sixth of each such amount will be received from the fee imposed under section (a)(2); and

(3) one-sixth of each such amount will be received from the fee imposed under subsection (a)(3).

Notwithstanding the provisions of this subsection, the rate of the fees imposed by subsection (a) for major sources of sulfur dioxide emissions shall not be less than $125 per ton of such emissions for sources with an emissions rate in excess of 1.2 pounds of sulfur dioxide per million British thermal units of heat input; $250 per ton of such emissions for sources with an emissions rate in excess of 2.0 pounds of sulfur dioxide per million British thermal units of hear input; and $500 per ton of such emissions for sources with an emissions rate in excess of 4.0 pounds of sulfur dioxide per million British thermal units of heat input. Emissions rates for purposes of establishing rates of fees under this subsection shall be based on quarterly averages.

(d) TAXABLE ENTITY.—

(1) The fees imposed under subsection (a)(1) and (a)(2) shall be paid by the operator of each major stationary source of such emissions.

(2) The fees imposed under subsection (a)(3) attributable to light-duty motor vehicles (as defined under section 202(b)(3)(B) of the Clean Air Act) shall be paid at the time of first sale by the ultimate purchaser (as defined under section 216(5) of the Clean Air Act) of each such light-duty motor vehicle sold in the United States after December 31, 1987.

(e) ADJUSTMENT OF RATES.—

(1) The Secretary of the Treasury is authorized to adjust the rate of fees established under subsection (c) to better comply with the requirements of such subsection in light of accumulated experience. Such adjustments as the Secretary determines appropriate shall take effect on January 1, 1993, 1998, 2003, 2008 and 2013.

(2) The Secretary of the Treasury is authorized to modify the rate established under subsection (c) with respect to the operator of a specific fossil fuel fired steam generating unit which will be installing a technological system of continuous emission reduction to comply with an emission limitation under sections 110, 181 or 182 of the Clean Air Act during the period that such rate will be in effect. Such modification shall establish a fee of equal annual amounts during such period, based on the average of emission levels expected prior to and subsequent to the installation and operation of such technological system.

(3) The Secretary of the Treasury is authorized to establish the rate of the fee imposed under subsection (a)(1) and (a)(2) on the basis of ranges of quantities of sulfur dioxide or oxides of nitrogen emitted from a class of major stationary sources, in lieu of a strict per-unit-of-weight rate, if it is enforceable and produces adequate revenue, without imposing monitoring costs which bear no reasonable relationship to the revenues received from such sources.

ADMINISTRATIVE PROVISIONS

SEC. 304. (a) METHOD OF TRANSFER.—The amounts appropriated by section 401(b) shall be transferred at least monthly from the general fund of the Treasury to the trust fund established by section 401(a) on the basis of estimates made by the Secretary of such amounts. Proper adjustments shall be made in the amount subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(b) INVESTMENT.—It shall be the duty of the Secretary of the Treasury to invest such portion of the Acid Deposition Reduction Trust Fund established by section 401(a) as is not, in the judgement of the Administrator of the Environmental Protection Agency, required to meet current obligations. Such investments shall be in public debt securities with maturities suitable for the needs of such trust fund and bearing interest at rates determined by the Secretary, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of such trust fund.

(c) MONITORING REQUIREMENT.—The Secretary may by rule require that each stationary source subject to an emissions fee under section 303(a) install continuous emission monitoring devices which shall be in operation not later than January 1, 1988 to assure compliance with the provisions of this title.

(d) REPORT.—The Secretary of the Treasury shall be the trustee of the Acid Deposition Reduction Trust Fund, and shall report to the Congress for each fiscal year ending on or after September 30, 1988, on the financial condition and results of the operations of the trust fund during such fiscal year and on its expected condition and operation during the next five fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.

TITLE IV—MOBILE SOURCES

ESTABLISHMENT OF STANDARDS

SEC. 401. (a) Section 202(b)(1)(B) of the Clean Air Act is amended by adding at the end thereof the following new sentence: "The regulations under subsection (a) applicable to emissions of oxides of nitrogen from light-duty vehicles and engines manufactured during and after model year 1990 shall contain standards which provide that such emissions may not exceed 0.4 grams per vehicle mile.".

(b) Section 202(a)(3) of the Clean Air Act is amended by inserting after subparagraph (E) the following new subparagraphs and redesignating succeeding subparagraphs accordingly:

"(F) Regulations under paragraph (1) applicable to emissions from heavy-duty vehicles and engines manufactured during and after model year 1991 shall contain standards which provide that such emissions may not exceed 4.0 grams per brake horsepower-hour of oxides of nitrogen. Regulations under paragraph (1) applicable to heavy-duty vehicles and engines manufactured during and after model year 1995 shall contain standards which provide that such emissions may not exceed 1.7 grams per brake horsepower-hour of oxides of nitrogen.

"(G) Regulations under paragraph (1) applicable to emissions from light-duty trucks and engines manufactured during and after model year 1990 shall contain standards which provide that such emissions may not exceed 0.5 gram per vehicle mile of oxides of nitrogen. For the purposes of this subparagraph, the terms light-duty truck and engine mean any motor vehicle (including the engine thereof) with a gross vehicle weight (as determined under regulations promulgated by the Administrator) of 8,500 pounds or less and a curb weight of 6,000 pounds or less as determined under regulations promulgated by the Administrator) and which—

"(i) is designed primarily for purposes of transportation of property or is a derivation of such a vehicle,

"(ii) is designed primarily for transportation of persons and has a capacity of more than 12 persons, or

"(iii) has special features enabling off-street or off-highway operation and use.".

USEFUL LIFE

SEC. 402. Section 202(d)(1) of the Clean Air Act is amended by inserting after "occurs" the following: ", except that with respect to any catalytic converter or other component designed for emission control, for the purposes of section 207(a)(3), useful life shall be a period of use of ten years or of one hundred thousand miles, whichever first occurs".

CERTIFICATE OF CONFORMITY

SEC. 403. Section 206(b)(2)(A) of the Clean Air Act is amended by adding the following new clause:

"(iii) A certificate of conformity shall be suspended or revoked under clause (i) if less than 90 per centum of the new vehicles or engines tested in any sample or sampling period conform with the regulations with respect to which the certificate of conformity was issued.".

EMISSIONS CONTROL INSPECTION

SEC. 404. After January 1, 1988, a vehicle emission control inspection and maintenance program required by section 172(b)(11)(B) of the Clean Air Act or, in areas where there is no such program operating, and inspection program required by applicable vehicle safety laws of a State, shall require emissions testing or direct inspection of components of vehicle emissions control systems (including evidence of misfueling) and, where such components have been rendered inoperative, the replacement or repair of such components, for systems or components related to the control of emissions of oxides of nitrogen.

DIESEL FUEL STANDARD

SEC. 405. Section 211 of the Clean Air Act is amended by adding the following new subsection:

"(h) After July 1, 1988, the sale of diesel fuel for use in motor vehicles, which fuel has a sulfur content in excess of the average sulfur content of gasoline sold in the United States during 1985, shall be prohibited. No later than January 1, 1988, the Administrator shall publish a determination of the allowable level of sulfur in diesel fuel under this subsection. Unless and until each determination is published, such allowable level of sulfur shall be 0.05 percent by weight.".

ONBOARD CONTROLS

SEC. 406. Section 202(a)(6) of the Clean Air Act is amended to read as follows:

"(6) Not later than 6 months after the enactment of this paragraph, the Administrator shall promulgate regulations requiring the use of onboard hydrocarbon control technology certified to operate effectively with fuels having a Reid vapor pressure of not less than 10.0 pounds per square inch by vehicles manufactured for any model year after model year 1990."

MOTOR FUEL VAPOR PRESSURE

SEC. 407. Section 211 of the Clean Air Act is amended by adding the following new subsection:

"(i) The Administrator shall promulgate regulations under this subsection requiring that the Reid vapor pressure of gasoline shall not exceed 9.0 pounds per square inch and that the Reid vapor pressure of alcohol-blended fuels shall not exceed 10.0 pounds per square inch. After January 1, 1989, no manufacturer or importer of gasoline may sell, offer for sale, or introduce into commerce any base fuel or blended fuel which does not comply with such regulations.".

TITLE V—OTHER PROVISIONS

NATIONAL AMBIENT AIR QUALITY STANDARDS

SEC. 501. Section 109 of the Clean Air Act (42 U.S.C. 7409) is amended by adding the following new subsections after subsection (c) and relettering the remaining subsections accordingly:

"(d) The Administrator shall, not later than twelve months after the date of enactment of this subsection, propose a national primary ambient air quality standard for sulfur dioxide concentrations over a period of not more than 1 hour which is consistent with subsection (b)(1), unless, based on criteria issued under section 108, the Administrator first finds that there is no significant evidence that such a standard is requisite to protect public health allowing an adequate margin of safety. After notice and opportunity for public comment on a proposed standard, but not later than January 1, 1990, the Administrator shall promulgate such a standard, unless the Administrator has made a finding that such a standard is not requisite to protect public health allowing an adequate margin of safety. In the event the Administrator fails to promulgate a national primary ambient air quality standard for sulfur dioxide and fails to make the finding provided for in this subsection, on and after January 1, 1990 there shall be national primary ambient air quality standard over a 1 hour period for sulfur dioxide which shall be 0.2 parts per million of sulfur dioxide expected to be exceeded not more than once per year and which shall be in addition to any other standard for sulfur dioxide which has been established.

"(e) The Administrator shall, not later than twelve months after the date of enactment of this subsection, propose a national primary ambient air quality standard for nitrogen dioxide concentrations over a period of not more than 1 hour which is consistent with subsection (b)(1), unless, based on criteria issued under section 108, the Administrator finds that there is no significant evidence that such a standard is requisite to protect public health allowing an adequate margin of safety. After notice and opportunity for public comment on a proposed standard, but not later than January 1, 1990, the Administrator shall promulgate such a standard, unless the Administrator has made a finding that such a standard is not requisite to protect public health allowing an adequate margin of safety. In the event the Administrator fails to promulgate a national primary ambient air quality standard for nitrogen dioxide and fails to make the finding provided for in this subsection, on and after January 1, 1990 there shall be national primary ambient air quality standard over a 1 hour period for nitrogen dioxide which shall be 0.3 parts per million of nitrogen dioxide expected to be exceeded not more than once per year and which shall be in addition to any other standard for nitrogen dioxide which has been established.

"(f) The Administrator shall, not later than thirty months after the date of enactment of this subsection, propose a revision of the national primary ambient air quality standard for ozone concentrations. The proposed revised primary ozone standard shall include a primary standard over a 1 hour period and a primary standard which addresses subchronic human health effects and which is averaged over a period not to exceed 24 hours both of which standards shall be consistent with subsection (b)(1) unless, based criteria issued under section 108, the Administrator first finds that there is no significant evidence that either or both of such standards is requisite to protect public health allowing an adequate margin of safety. After notice and opportunity for public comment on proposed standards, but not later than July 1, 1991, the Administrator shall promulgate such revised standards, unless the Administrator has made a finding that either or both such standards is not requisite to protect public health allowing an adequate margin of safety. In the event the Administrator fails to promulgate a national primary ambient or quality standard for the subchronic human health effects of ozone concentrations and fails to make the finding with respect to such standards provided for in this subsection, on and after July 1, 1991 there shall be a national primary ambient air quality standard over a 1 hour period for ozone concentrations which shall be 0.08 parts per million of ozone expected to be exceeded not more than once per year and which shall be in addition to any other standard for ozone which has been established.

"(g) The Administrator shall, not later than thirty-six months after the date of enactment of this subsection, propose a national primary ambient air quality standard for acid aerosols along with their precursors including sulfates, nitrates and other fine particles which shall be in addition to any national primary ambient air quality standard of particulate matter which has been established and which is consistent with subsection (b)(1) unless, based on criteria issued under section 108, the Administrator first finds that there is no significant evidence that such a standard is requisite to protect public health allowing an adequate margin of safety. After notice and opportunity for public comment on a proposed standard, but not later than January 1, 1992, the Administrator shall promulgate such a standard unless the Administrator has made a finding that such a standard is not requisite to protect public health allowing an adequate margin of safety.

"(h) The Administrator shall, not later than thirty-six months after the date of enactment of this subsection, propose a national secondary ambient air quality standard or standards for ozone concentrations consistent with subsection (b)(2) unless, based on criteria issued under section 108, the Administrator finds that there is no significant evidence that such a standard is requisite to protect soils, waters, crops, forests, vegetation materials, visibility or other elements of public welfare. The proposed standard or standards shall take into account both short-term and seasonal effects of ozone concentrations on crops and forests. After notice and opportunity for public comment on proposed standard or standards, but not later than January 1, 1992, the Administrator shall promulgate such a standard or standards, unless the Administrator has made a finding that such a standard or standards is not requisite to protect public welfare as provided in this subsection. In no event shall any such standard be identical to the national primary ambient air quality standard of ozone absent a determination by the Administrator, based on criteria issued under section 108, that an identical standard is nevertheless adequate to protect soils, waters, crops, forests, vegetation, materials, visibility or other elements of public welfare.

"(i) The Administrator shall, not later than thirty-six months after the date of enactment of this subsection, propose a national secondary ambient air quality standard for fine particles with an aerodynamic diameter smaller than or equal to 2.5 micrometers consistent with subsection (b)(2) unless, based on criteria issued under section 108, the Administrator finds that there is no significant evidence that such a standard is requisite to protect crops, waters, forests, vegetation, materials, visibility or other elements of public welfare. After notice and opportunity for comment on a proposed standard, but not later than January 1, 1992, the Administrator shall promulgate such a standard, unless the Administrator has made a finding that such a standard is not necessary to protect crops, waters, forests, vegetation, materials, visibility or other elements of public welfare.".

IMPLEMENTATION OF SECONDARY STANDARDS

SEC. 502. (a) Section 110(a)(1) of the Clean Air Act is amended by striking the last sentence and inserting in lieu thereof, "Each State shall conduct a separate public hearing on the elements of its plan (or revisions thereof) implementing national secondary ambient air quality standards.".

(b) Section 110(a)(1)(A) of the Clean Air Act is amended by striking "and" before "(ii)" and by inserting at the end thereof, "and (iii) in the case of a plan implementing a national secondary ambient air quality standard for ozone or fine particles as required by section 109 (h) and (i), it provides for the attainment of such secondary standards as expeditiously as practicable but (subject to subsection (e)) in no case later than three years from the date of approval of such plan (or any revision thereof to take account of a revised secondary standard);".

(c) Section 110(b) of the Clean Air Act is amended by adding at the end thereof, "Only one such extension shall be made for any State for any secondary standard or revision thereof.".

(d) Section 110(e) of the Clean Air Act is amended by adding at the end thereof—

"(3) Subject to the same conditions which apply to an extension under paragraph (1), upon application of a Governor of a State at the time of submission of any plan implementing a national secondary ambient air quality standard for ozone concentrations or for fine particles, the Administrator may extend the three-year period referred to in subsection (a)(2)(A)(iii) for not more than two years for an air quality control region.".

ACID DEPOSITION STANDARDS FOR SENSITIVE AREAS

SEC. 5303. (a) Part A of the Clean Air Act is amended by adding at the end thereof the following new section—

"ACID DEPOSITION STANDARD

"SEC. 129. (a) PURPOSE.—It is the purpose of this section to establish acid deposition standards that will assure protection of sensitive and critically sensitive aquatic and terrestrial resources in the event that the acid deposition control program required by part E of this Act is not sufficient to reduce the deposition of acidic pollutants to levels below the threshold for adverse effects in every region of the Nation.

"(b) DEFINITIONS.—For purposes of this section—

"(1) the term "sensitive" with respect to aquatic resources means lakes, streams or other surface waters with an acid neutralizing capacity of 200 microequivalents per liter (200 ue/1) of alkalinity or less; and

"(2) the term "critically sensitive" with respect to acquatic resources means lakes, stream segments or other surface waters with an acid neutralizing capacity of 40 microequivalents per liter (40 ue/1) of alkalinity or less.

"(c) INVENTORY OF SENSITIVE RESOURCES.—

"(1) REPORT.—Not later than 24 months after the date of enactment of this section, the Governor of each State shall, after opportunity for public participation, prepare and submit to the Administrator for approval a report which identifies those sensitive and critically sensitive aquatic and terrestrial resources within the State. Such report shall identify the county in which each sensitive or critically sensitive resource is located and include information on which the identification has been made.

"(2) GUIDANCE.—Not later than 9 months after the date of enactment of this section, the Administrator shall publish guidance which would be useful to the States in preparing reports required by paragraph (1). The guidance may include definitions of sensitive and critically sensitive terrestrial resources and may include factors in addition to acid neutralizing capacity, such as effects on aquatic life, wildlife and human health, for the purpose of indentifying sensitive or critically sensitive resources.

"(3) ASSISTANCE.—Upon application of a State, the Administrator may make grants, subject to such terms and conditions as the Administrator deems appropriate, to such State for the purpose of assisting the State in preparing the report required by this subsection. Funds reserved pursuant to section 302(d) of the National Acid Deposition Reduction Act of 1987 shall be appropriated in amounts not to exceed $15,000,000 for fiscal years 1988 and 1989 to carry out the purposes of this subsection.

"(4) APPROVAL.—Not later than 180 days after the date of submission to the Administrator of any State report under this subsection, the Administrator shall either approve or disapprove such report as an adequate identification of sensitive and critically sensitive resources within such State. If the Administrator does not disapprove a report within such 180-day period, it shall be deemed approved.

"(5) FAILURE OF A STATE TO SUBMIT REPORT.—If a Governor of a State does not submit the report required by paragraph (1) within the period specified or if the Administrator disapproves that report submitted, the Administrator shall within 36 months of the date of enactment of this section, prepare the report for such State making the identifications of sensitive and critically sensitive acquatic and terrestrial resources as provided by paragraph (1).

"(6) INVENTORY.—Not later than 36 months after the date of enactment of this section, the Administrator shall propose a national inventory of sensitive and critically sensitive aquatic and terrestrial resources based on the reports developed pursuant to paragraphs (1) and (5). After notice and opportunity for public comment, but not later than 48 months after the date of enactment of this section, the Administrator shall promulgate the national inventory as an informal rule-making.

"(7) ADDITIONS.—Subsequent to the promulgation of the national inventory as required by paragraph (6) any person may petition the Administrator to add or delete aquatic or terrestrial resources from the inventory. The Administrator shall schedule a hearing on any such petition within 60 days and grant or deny any such petition with 180 days of the hearing. Petitions not granted within such period shall be deemed denied for the purposes of review pursuant to section 307 of this Act. The Administrator shall promulgate regulations for the implementations of this paragraph.

"(d) ESTABLISHMENT OF STANDARDS.—

"(1) SENSITIVE AQUATIC RESOURCES.—Not later than 24 months after the date of enactment of this section, the Administrator shall, based on criteria issued under section 108(g), propose a national standard for acid deposition, including both wet and dry deposition, which shall be set at a level sufficient to protect sensitive aquatic resources from any adverse effect which may result from such deposition. After notice and opportunity for public comment on such proposed standard, but not later than 36 months after the date of enactment of this section, the Administrator shall promulgate such standard. In the event the Administrator fails to promulgate a national standard for acid deposition with respect to sensitive aquatic resources as provided by this paragraph, on and after July 1, 1991 there shall be a national standard for acid deposition with respect to sensitive aquatic resources of not to exceed 20 kilograms of wet sulfate per hectare per year.

"(2) Critically sensitive aquatic resources.—Not later than 24 months after the date of enactment of this section, the Administrator shall, based on criteria issued under section 108(g), propose a national standard for acid deposition, including both wet and dry deposition, which shall be set at a level sufficient to protect critically sensitive aquatic resources from any adverse effect which may result from such deposition. After notice and opportunity for public comment on such proposed standard, but not later than 36 months after the date of enactment of this section, the Administrator shall promulgate such standard. In the event that the Administrator fails to promulgate a national standard for acid deposition with respect to critically sensitive resources as provided by this paragraph, on and after July 1, 1991 there shall be a national standard for acid deposition with respect to critically sensitive aquatic resources of not to exceed 16 kilograms of wet sulfate per hectare per year.

"(3) Terrestrial resources.—The Administrator may, based on criteria issued under section 108(g) and after notice and opportunity for public comment, promulgate a national standard or standards for acid deposition, including both wet and dry deposition, with respect to terrestrial resources which shall be set at a level sufficient to protect such resources from any adverse effect which may result from acid deposition.

"(e) Deposition Control Plans.—

"(1) In general.—Not later than January 1, 1993, the Governor of each State in which a sensitive or critically sensitive aquatic or terrestrial is located shall submit to the Administrator a deposition control plan contain provisions adequate to assure protection of such resources from the adverse effects of acidic deposition. The plan shall identify those sources (or groups of sources) both within the State and in other States of air emissions which are precursors of acidic deposition the further control of which is reasonably necessary to assure protection of the sensitive and critically sensitive resources. The deposition control plan shall identify emissions reductions at such sources (or groups of sources) necessary to assure that standards established under subsection (c) are not exceeded more frequently that twice in each 10-year period and that no exceedance is in an amount more than 120 per centum of the standards. The deposition control plan submitted under this section shall include amendments to the State's implementation plan developed and approved under section 110 providing enforceable measures including emissions limitations and compliance schedules for sources within the State adequate to achieve the reductions in emissions identified for such sources in the deposition control plan.

"(2) Guidance.—Not later than 24 months after the date of enactment of this section, the Administrator shall publish guidance which would be useful to the States in preparing the deposition control plans required by this subsection. The guidance shall specify the methodology (including modeling of atmospheric transport and transformation processes) which the Administrator deems appropriate to identify the sources (or groups of sources) and the associated emissions reductions which are reasonably necessary to assure compliance with the deposition standards established under subsection (c).

"(3) Assistance.—Upon application of a State, the Administrator may make grants subject to such terms and conditions as the Administrator deems appropriate, to such State for the purpose of assisting the State in developing and implementing the deposition control plan required by this subsection. Funds reserved pursuant to section 302(d) of the National Acid Deposition Reduction Act of 1987 shall be appropriated in amounts not to exceed $15,000,000 for each fiscal year ending after September 30, 1989 to carry out the purposes of this subsection.

"(4) Review and approval.—Not later than 180 days after receiving a deposition control plan submitted by a State pursuant to the provisions of paragraph (1), and after notice and opportunity for public comment, the Administrator shall either approve or disapprove such deposition control plan. The Administrator shall disapprove any deposition control plan submitted by a State, if the Administrator determines that such deposition control plan—

"(A) does not assure compliance with the deposition standards for sensitive and critically sensitive aquatic and terrestrial resources as provided in paragraph (1);

"(B) does not reasonably allocate identified emissions reductions among sources (or groups of sources) within the State and other States;

"(C) does not contain enforceable requirements including emissions limitation and compliance schedules for sources within the State adequate to achieve reductions in emissions identified for such sources in the deposition control plan; or

"(D) does not contain adequate provisions for the construction and operation of deposition monitoring devices within each county containing a sensitive or critically sensitive resource to assure that deposition standards are being met.

If the Administrator disapproves a deposition control plan which has been submitted pursuant to this subsection, the Administrator shall notify the State of any revisions or modifications necessary to obtain approval. The State shall have 180 days to revise and resubmit the proposed deposition control plan for approval pursuant to the provisions of this subsection.

"(5) Failure of a state to submit a plan.—The Administrator shall promptly prepare and publish proposed regulations setting forth a deposition control plan for a State, if—

"(A) the State fails to submit a deposition control plan which meets the requirements of this subsection;

"(B) the plan, or any portion thereof, submitted for such State is determined by the Administrator not to be in accordance with the requirements of this subsection; or

"(C) the State fails, within 120 days after notification by the Administrator, to revise a deposition control plan as required by the Administrator to assure protection of sensitive and critically sensitive resources.

"(f) SIP Modifications.—

"(1) In general.—Pursuant to the authorities of section 110 and the provisions of section 110(a)(2) (E) and (H), the Administrator shall require modification of the implementation plan for each State containing a source (or group of sources) identified pursuant to this section the control of which is reasonably necessary to assure that the deposition standards for sensitive and critically sensitive resources in an adjacent or distant State (or States) are satisfied. Such modifications shall provide enforceable requirements including emissions limitations and compliance schedules adequate to achieve the reductions in emissions identified for such sources in the deposition control plans approved by the Administrator under this section.

"(2) Schedule.—The Administrator shall publish the first round of the modifications required by paragraph (1) not later than January 1, 1994 which shall be implemented by the States according to the provisions of section 110. A second round of such modifications shall be published by the Administrator not later than January 1, 1998 and be implemented by the States according to the provisions of section 110. Following the second round of such modifications, the Administrator shall periodically, but not less often than every 5 years, review the results of monitoring conducted pursuant to subsection (e)(4)(D) and assure that deposition standards for sensitive and critically sensitive resources are met according to the requirements of subsection (e)(1).

"(g) State Authority.—Nothing in this section shall preclude or deny the right of any State to adopt or enforce any regulation, requirement or standard with respect to emissions, ambient concentrations and the deposition of acid compounds and their precursors within such State which is more stringent than a regulation, requirement or standard in effect under this section except that no such State regulation, requirement or standard shall be the basis for control requirements imposed under this section or section 110 on sources of air emissions of such pollutants in other States."

(b) Section 108 of the Clean Air Act is amended by adding at the end thereof the following new subsection—

"(g) For the purposes of establishing national acid deposition standards for sensitive and critically sensitive resources pursuant to section 129, the Administrator shall not later than 18 months after the date of enactment of this subsection, issue a criteria document on the deposition of acid compounds which shall accurately reflect the latest scientific knowledge useful in indicating the kind and extent of all identificable effects on public health, welfare and the environment which may be expected from the deposition of acidic compounds. The Administrator shall review and revise, as necessary, such criteria every five years."

(c) Section 110(a)(2)(H) of the Clean Air Act is amended by adding "or deposition standard promulgated under section 129" after "inadequate to achieve the national ambient air quality primary or secondary standard".

INTERSTATE POLLUTION

Sec. 504. (a) Section 110(a)(2)(E) of the Clean Air Act is amended—

(1) by inserting "or sources" after "source";

(2) by striking "prevent" and inserting in lieu thereof "interfere with";

(3) by inserting after "visibility," the following: "or (III) contribute to atmospheric

concentrations or loadings of pollutants (whether or not a national primary or secondary ambient air quality standard has been promulgated for such pollutant) or their transformation products or the deposition of such pollutants or transformation products which may reasonably be anticipated to cause or contribute to an adverse effect on public health or welfare or the environment in any other State or foreign country,"; and

(4) by adding at the end thereof, "Not later than January 1, 1989 the Administrator shall promulgate regulations for the implementation of this subparagraph. Such regulations shall specify the methodology (including modeling of atmospheric transport and transformation processes) which the Administration deems sufficient to demonstrate a violation of this subparagraph or section 126. After the date on which such regulations are promulgated, the Administrator shall review all plans submitted (including plans previously submitted) pursuant to this section to assure compliance with this subparagraph and section 126.".

(b) Section 110(a)(4) of the Clean Air Act is amended by striking "within such State".

(c) Section 126 of the Clean Air Act is amended as follows:

(1) by adding a new subsections as follows:

"(d) Emissions of an air pollutant which, by itself or in combination, reaction, or transformation, adversely affects the public health or welfare of another State, is in violation of this section.".

(2) in subparagraph (B) of subsection (a)(1), by striking "in excess of national ambient air quality standards";

(3) in subsection (b)—

(A) in the first sentence, following "Major source", by inserting "or group of sources";

(B) by striking "110(a)(2)(E)(i)" and inserting in lieu thereof "110(a)(2)(E) or this section"; and

(C) by adding at the end thereof, "Any petition pursuant to this subsection not granted or denied within 180 days after such hearing shall be deemed denied and shall be reviewable under section 307.";

(4) in subsection (c)—

(A) in the first sentence, following the words "violation of", inserting "this section and";

(B) striking "110(a)(2)(E)(i)" wherever it appears and inserting in lieu thereof "110(a)(2)(E) of this section";

(C) in paragraph (2) insert before the period the phrase, "or to continue operation in violation of subsection (d) more than two years after the date of such finding without the installation of reasonably available control technology."

(d) Section 302(h) of the Clean Air Act is amended by inserting "precipitation," following "effects on" the second time it appears and by inserting before the period a comma and "whether caused by transformation, conversion, or combination with other air pollutants.".

(e) Section 304(a)(1) of the Clean Air Act is amended by inserting a comma after "Act"; by striking "or"; and by inserting at the end thereof "or, (C) section 110(a)(2)(E) or 126,".

NATIONAL ACID PRECIPITATION ASSESSMENT PROGRAM

SEC. 505. Subtitle A of title VII of the Energy Security Act (Public Law 96-294) is amended to read as follows:

"Subtitle A—National Acid Precipitation Assessment Program

"SHORT TITLE

"SEC. 701. This title may be cited as the "Acid Precipitation Act of 1980."

"STATEMENT OF FINDINGS AND PURPOSE

"SEC. 702. (a) The Congress finds and declares that acid precipitation resulting from other than natural sources—

"(1) contributes to increasing pollution of the Nation's surface waters;

"(2) adversely affects fish and wildlife resources and aquatic and terrestrial ecosystems generally;

"(3) contributes to the corrosion of metals, woods, paint and masonry used in construction and ornamentation of buildings and public monuments;

"(4) may, in combination with other pollutants including ozone and heavy metals, adversely affect agriculture and forest crops;

"(5) may, directly or indirectly, produce adverse effects on human health; and

"(6) affects environmental resources distant from the sources of emissions which are the precursors of acid precipitation and thus involves issues of national and international policy.

"(b) In addition, Congress finds that—

"(1) other air pollutants, acting alone or in combination with acid precipitation, are contributing to aquatic and terrestrial damage through tropospheric concentration or deposition;

"(2) such pollutants include ozone and its precursors, volatile organic compounds and nitrogen dioxide, which may also be involved in the atmospheric processes producing acid precipitation; and

"(3) such pollutants are produced, transported and deposited through atmospheric processes which call for scientific investigation and study comparable to that devoted to acid precipitation.

"(c) The Congress declares that it is the purpose of this subtitle to—

"(1) identify the causes and sources of acid precipitation;

"(2) evaluate the environmental, social and economic effects of acid precipitation;

"(3) based on the results of the research program established by this subtitle to (A) limit or eliminate the air emissions which provide the precursors of acid precipitation, and (B) mitigate or otherwise ameliorate the adverse effects which have resulted from acid precipitation;

"(4) evaluate the efficiency and effectiveness of a program conducted pursuant to parts E and F of the Clean Air Act to control the air emissions which provide the precursors of acid precipitation; and

"(5) evaluate the environmental, social and economic effects of other transported air pollutants including ozone.

"(d) For purposes of this subtitle the term "acid precipitation" means the wet or dry deposition from the atmosphere of acid chemical compounds.

"INTERAGENCY TASK FORCE

"SEC. 703. (a) There is hereby established a comprehensive program to carry out the provisions of this subtitle to be called the National Acid Precipitation Assessment Program. To implement this program there shall be formed an Acid Precipitation Task Force (hereafter in this subtitle referred to as the "Task Force") of which the Administrator of the Environmental Protection Agency shall be chair and who shall be accountable for the progress of the program. The remaining membership of the Task Force shall consist of—

"(1) the Secretary of Agriculture and the Administrator of the National Oceanic and Atmospheric Association;

"(2) one representative each from the Department of the Interior, the Department of Health and Human Services, the Department of Commerce, the Department of Energy, the Department of State, the National Aeronautics and Space Administration, the Council on Environmental Quality, the National Science Foundation, and the Tennessee Valley Authority;

"(3) the directors of Argonne, Brookhaven, Oak Ridge and Northwest national laboratories; and

"(4) four additional members to be appointed by the President from among nominees selected by the governors of the several States acting through the National Governors Association.

"(b) The Task Force shall convene as necessary, but no less often than twice during each fiscal year.

"(c) The Task Force shall submit to the President and to the Congress not later than January 15 of each year an annual report which shall detail the progress of the program during the preceeding fiscal year and which shall contain such recommendations for legislative or regulatory actions as the Task Force deems appropriate to reduce the damage and injury reulting from acid precipitation and concentrations or deposition of other air pollutants.

"(d) Such technical and clerical support as the Task Force may require shall be provided by the Environmental Protection Agency.

"RESEARCH DIRECTOR

"SEC. 704. The President, by and with the advice and consent of the Senate, shall appoint a research director for the National Acid Precipitation Assessment Program who shall head the staff of the Program. The research director shall be an individual who is, by reason of background and experience, especially qualified to develop and implement research programs and plans with respect to the causes and effects of acid precipitation. The research director shall be compensated at the rate provided for level IV of the Executive Schedule pay rates under section 5315 of title 5, United States Code.

"COMPREHENSIVE RESEARCH PLAN

"SEC. 705. (a) The Task Force shall prepare a comprehensive research plan for the program (hereafter in this subtitle referred to as the "comprehensive plan"), setting forth a coordinated program (1) to identify the causes and effects of acid precipitation and (2) to identify actions to limit or ameliorate the harmful effects of acid precipitation.

(b) The comprehensive plan shall include programs for—

"(1) identifying the natural and anthropogenic sources of air emissions contributing to acid precipitation and other transported air pollutants including ozone;

"(2) establishing and operating a nationwide long-term monitoring network to detect and measure levels of acid precipitation including monitoring of wet and dry deposition;

"(3) research in atmospheric physics and chemistry to facilitate understanding of the processes by which atmospheric emissions are transformed into acid precipitation;

"(4) development and application of atmospheric transport models to enable prediction of long-range transport of substances causing acid precipitation and other transported air pollutants including ozone;

"(5) defining geographic areas sensitive to acid precipitation and other transported air pollutants including ozone through deposition monitoring, identification of sensitive and critically sensitive aquatic and terrestrial resources, and identification of areas at risk;

"(6) broadening of impact data bases through collection of existing data on water and soil chemistry and through temporal trend analysis;

"(7) development of dose-response functions with respect to soils, soil organisms, aquatic and amphibious organisms, crop plants, and forest plants;

"(8) establishing and carrying out system studies with respect to plant physiology, aquatic ecosystems, soil chemistry systems, soil microbial systems, and forest ecosystems;

"(9) research on the health and environmental effects caused by tropospheric concentrations and the deposition of transported air pollutants other than acid precipitation including ozone;

"(10) economic assessments of the environmental impacts caused by acid precipitation and other transported air pollutants on crops, forests, fisheries, and recreational and aesthetic resources and structures,

"(11) documenting alternative practices and technologies to remedy or otherwise ameliorate the harmful effects which may result from acid precipitation;

"(12) documenting the cost and availability of control technologies which can substantially reduce the air emissions which are precursors of acid precipitation and other transported air pollutants including ozone;

"(13) evaluating the reduction in emissions and transport and deposition of air pollutants and the reduction in adverse health and environmental effects resulting from any control program for air emissions which are the precursors of acid precipitation and other transported air pollutants including ozone which may be adopted by the Congress;

"(14) documenting all current Federal activities related to research on acid precipitation and other transported air pollutants including ozone and ensuring that such activities are coordinated in ways that prevent needless duplication and waste of financial and technical resources;

"(15) effecting cooperation in acid precipitation and air pollution research and development programs, on-going and planned, with the affected and contributing States and with other soverign nations having a commonality of interest;

"(16) subject to subsection (d), management of the technical aspects of Federal acid precipitation research and development programs, including but not limited to (A) the planning and management of research and development programs and projects, (B) the selection of contractors and grantees to carry out such programs and projects, and (C) the establishment of peer review procedures to assure the quality of research and development programs and their products; and

"(17) analyzing the information available regarding acid precipitation and other transported air pollutants including ozone in order to formulate and present periodic recommendations of the Congress and the appropriate agencies about actions to be taken by these bodies to alleviate acid precipitation and other forms of transported air pollution and their effects.

"(c) The comprehensive plan—

"(1) shall be submitted in draft form to Congress, and for public review within six months after the date of the enactment of this Act;

"(2) shall be available for public comment for a period of sixty days after its submission in draft form under paragraph (1);

"(3) shall be submitted in final form, incorporating such needed revisions as arise from comments received during the review period, to the President and the Congress within forty-five days after the close of the period allowed for comments on the draft comprehensive plan under paragraph (2);

"(4) shall constitute the basis on which requests for authorizations and appropriations are to be made for the fiscal years following the fiscal year in which the comprehensive plan is submitted in final form under paragraph (3); and

"(5) shall be reviewed and revised to incorporate the additional authorities and responsibilities assigned to the National Acid Precipitation Assessment Program by the National Acid Deposition Reduction Act of 1987 not later than July 1, 1988. The revised plan shall be circulated to the public for comment for a period of not less than sixty days before the final revised plan is submitted to the President and the Congress.

"(d) Subsection (b)(16) shall not be construed as modifying, or as authorizing the Task Force or the comprehensive plan to modify, any provision of law (relating to or involving a department or agency) which specifies (A) procurement practices for the selection, award, or management of contracts or grants by such department or agency, or (B) program activities, limitations, obligations, or responsibilities of such department or agency.

"IMPLEMENTATION OF COMPREHENSIVE PLAN

"Sec. 706. (a) The comprehensive plan shall be carried out during the fiscal years following the year in which the comprehensive plan is submitted in its final form under section 705(c) (3) and (5); and

"(1) shall be carried out in accord with, and meet the program objectives specified in, paragraphs (1) through (15) of section 705(b);

"(2) shall be managed in accord with paragraphs (16) and (17) of such section; and

"(3) shall be funded by annual appropriations as provided in section 708 after the submission of the Task Force progress report which under section 703(c) is required to be submitted by January 15 of the calendar year in which such fiscal year begins.

"(b) Nothing in this subtitle shall be deemed to grant any new regulatory authority or to limit, expand, or otherwise modify any regulatory authority under existing law, or to establish new criteria, standards, or requirements for regulation under existing law.

"REDUCTION POLICY ASSESSMENT

Sec. 707. (a) Preliminary Assessment.—Not later than June 1, 1987 the National Acid Precipitation Assessment Task Force shall transmit to the Congress a document which contains a compendium of research results obtained by the Program to that point and which evaluates the various policy alternatives and control strategies for achieving reduction in air emissions which are the precursors of acid precipitation and other transported air pollutants including ozone in light of such research results. The document shall contain recommendations for modifications in regulation and legislation as may be appropriate to protect human health and environmental resources from the damage and injury which may be caused by tropospheric concentrations and the deposition of such pollutants.

"(b) Public Comment.—The Task Force shall circulate the preliminary assessment broadly and seek public comment thereon in preparation for the development of a final policy assessment as provided in subsection (b). The Task Force shall to the maximum extent practicable maximize public participation in the development of the final assessment by various means including the appointment of a technical advisory committee to assist the Task Force in development of the final assessment.

"(c) Final Assessment.—Not later than January 1, 1990 the Task Force shall transmit to the President and the Congress a document which is a compendium of the research results obtained by the Program and which contains an evaluation of the policy alternatives and control strategies available to reduce air emissions which are the precursors of acid precipitation and other transported air pollutants including ozone. The document shall contain recommendations for modifications in regulation and legislation as may be appropriate to protect human health and environmental resources from the adverse effects of tropospheric concentrations and deposition of such pollutants.

"(d) Continuing Analysis.—Following transmittal of the final policy assessment the Task Force shall review and revise the research program to focusing on baseline data gathering and trend analysis with respect to acid precipitation and other transported air pollutants including ozone and the reductions in emissions and deposition of such pollutants which result from any control program implemented by the Federal Government.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 708. (a) For the purpose of establishing the Task Force and developing the comprehensive plan under section 705 there is authorized to be appropriated to the National Oceanic and Atmospheric Administration for fiscal year 1981 the sum of $5,000,000, to remain available until expended.

"(b) Authorizations of appropriations for the fiscal years following the fiscal year in which the comprehensive plan is submitted in final form under section 705(c) (3) and (5), for purposes of carrying out the comprehensive program established by section 704(a) and implementing the comprehensive plan under sections 705 and 706, shall be provided on an annual basis in amounts not to exceed $85,000,000.

Summary of the Acid Deposition Reduction Act

The goal of the bill is a 12 million ton reduction in sulfur dioxide emissions before January 1, 1997. The major provisions of the bill are as follows:

ACID RAIN CONTROL PROGRAM

Title I of the bill contains a two-phase acid deposition control program. In the first phase each State must meet an average SO2 emissions rate of 2.0 pounds per million Btu at all electric utility plants by 1994. In the second phase each State must achieve average emission rates of not more than 0.9 pounds SO2 and 0.6 pounds NOX per million Btu by 1997. The second phase applies both to electric utilities and industrial boilers.

CLEAN COAL TECHNOLOGY

Title II of the bill implements the reports of the U.S.—Canadian envoys on acid rain. It provides $2.5 billion in Federal assistance to be matched by the private sector to develop new coal combustion technologies which will be effective in reducing emissions. The projects that are funded under the program must meet each of the criteria established by the envoys including: availability for retrofit at existing sources; providing reductions in transboundary pollution; more cost effective than scrubbers; and adaptable to high sulfur coals.

EMISSIONS TAX

The third title of the bill imposes a $50 billion fee on emissions of sulfur dioxide and nitrogen oxides from stationary and mobile sources. The tax is to be collected over a thirty-year period. Revenues from the tax are to be used to assist utilities in constructing and operating the control systems required by Title I. Two-thirds of the tax is to be collected from SO2 emissions at major stationary sources and one-third of the tax from NO_x emissions from both stationary and mobile sources.

MOBILE SOURCES

Title IV establishes a series of new standards for tailpipe emissions from automobiles and trucks. It also requires a reduction in the vapor pressure of gasoline supplies and the installation of on-board canisters to capture refueling emissions.

STANDARDS

Title V of the bill includes a series of miscellaneous provisions including requirements that EPA review and revise National Ambient Air Quality Standards for SO2, NO2, ozone, acid aerosols and fine particles. EPA is also required to establish acid deposition standards for sensitive environmental resources to be used in conjunction with the technology provisions of the other titles.●

By Mr. SIMON:

S. 1124. A bill to amend title 18, United States Code, to require that telephone monitoring by employers be accompanied by a regular audible warning tone; to the Committee on the Judiciary.

TELEPHONE MONITORING BY EMPLOYERS

● Mr. SIMON. Mr. President, most Americans can be confident that their telephone calls are private, legally protected against eavesdropping. But through a little-known loophole in the Wiretap Act—title III of the Omnibus Crime Control and Safe Streets Act of 1968—some 14,000 employers secretly listen in on the telephone conversations of employees, a practice that affects over 400 million telephone calls each year. Secret monitoring of employees and customers has spread from telephone companies to other industries and is increasingly common whenever the telephone is used in business.

This is a serious invasion of privacy, both for these workers and for the unknowing public who may be party to these calls. Privacy is essential to our dignity and autonomy as individuals. Justice Brandeis called it the right to be left alone—the most comprehensive of rights, the right most valued by a civilized society,[1] and Americans dearly cherish it.

The bill I am introducing today amends the Wiretap Act to require an audible "beep" tone to be used to give notice whenever employers listen in on employee conversations. Monitoring for service quality purposes would still be permitted; secret surveillance would not. Legitimate law enforcement activities would not be affected. This modest proposal is a simple but critical step toward protecting privacy rights. It is endorsed by the AFL-CIO, the American Civil Liberties Union, and others.

I urge my colleagues to join me in cosponsoring this important bill.●

By Mr. CRANSTON:

S. 1125. A bill to amend title 38, United States Code, to authorize modification of the structure of the Office of the Chief Medical Director, to clarify procedures for removal for cause of certain employees, to authorize the use of the director pay grade within VA Central Office and for related purposes; to the Committee on Veterans' Affairs.

VETERANS' ADMINISTRATION DEPARTMENT OF MEDICINE AND SURGERY

Mr. CRANSTON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, by request, S. 1125, a bill to authorize modification of the structure of the Office of the Chief Medical Director of the Veterans' Administration, to clarify procedures for removal for cause of certain VA employees, to authorize the use of the director pay grade within VA Central Office, and for related purposes. The Administrator of Veterans' Affairs submitted this legislation by letter dated March 9, 1987, to the President of the Senate.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all Administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose any of the provisions of, as well as any amendment to, this legislation. Moreover, I wish to announce that I am opposed to the provisions of the bill which would eliminate the statutory requirement for certain executive positions—the directors of various services—to be established and maintained in the Office of the Chief Medical Director.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point, together with the March 9, 1987, transmittal letter and enclosed section-by-section analysis of the proposed bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1125

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That section 4103 of title 38, United States Code, is amended as follows:

(a) paragraph (3) of subsection (a) is amended to read as follows:

"(3) Not to exceed two Associate Deputy Chief Medical Directors, who shall be assistants to the Chief Medical Director and the Deputy Chief Medical Director, appointed by the Administrator upon the recommendation of the Chief Medical Director.".

(b) by striking out paragraphs (4) through (9) of subsection (a).

(c) Subsection (b) is amended to read as follows:

"(b) In addition, the Office of the Chief Medical Director may consist of the following:

(1) Not to exceed seven Assistant Chief Medical Directors, who shall be appointed by the Administrator upon the recommendation of the Chief Medical Director and who shall be qualified doctors of medicine, dental surgery or dental medicine, except that not more than two Assistant Chief Medical Directors may be persons qualified in the administration of health services who are not doctors of medicine, dental surgery or dental medicine.

(2) Such Medical Directors as may be appointed by the Administrator, upon the recommendations of the Chief Medical Director, to suit the needs of the Department. A Medical Director may be a qualified doctor of medicine, dental surgery or dental medicine or a registered nurse qualified in nursing administration.

(3) Such Directors as may be appointed by the Administrator, upon the recommendations of the Chief Medical Director, to suit the needs of the Department.

(4) Such directors of hospitals, domiciliary facilities, medical centers, and outpatient facilities as may be appointed by the Administrator upon the recommendation of the Chief Medical Director.

(5) Such other persons as may be appointed by the Chief Medical Director with the approval of the Administrator to fill positions deemed necessary to accomplish the mission of the Department.".

(d) Subsection (c) is redesignated as subsection (f).

(e) By inserting the following new subsections:

"(c) The Chief Medical Director, with the approval of the Administrator, may establish, consolidate, eliminate, abolish, redistribute, or modify such positions and offices as he deems needed for the Department of Medicine and Surgery to carry out its mission.

(d) Any appointment under section 4103 (a) and (b) shall be for a period of four years, with reappointment permissible for successive like periods. Any such appointment or reappointment may be extended by the Administrator for a period not in excess of three years. Any person appointed or reappointed, designated or redesignated pursuant to this section, including subsection (f), or whose appointment or reappointment, designation or redesignation is extended shall be subject to removal for cause in the same manner and under procedures similar to those set forth in section 4110 of this title. The members of the Disciplinary Boards in such cases may be any persons appointed pursuant to this subsection.

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[1] *Olmstead* v. *United States,* 277 U.S. 438 (1927).

(e) The appointment, reappointment, or extension of appointment or reappointment of any person pursuant to subsections (a) and (b), whose position is abolished in accordance with subsection (c), shall terminate. Any person who relinquished an appointment made pursuant to section 4104(1) in order to accept an appointment under this section and whose appointment, reappointment, or extension of appointment or reappointment under this section is terminated by reason of abolishment of position, shall be entitled, upon such termination, to reemployment under section 4104(1). Any person who relinquished an appointment in the Federal Civil Service in order to accept an appointment under this section who at the time of such appointment shall have had a civil service status, and whose appointment, reappointment, or extension of appointment or reappointment under this section is terminated by reason of abolishment of position, shall be entitled to reappointment in the Federal civil service in accordance with his or her reinstatement eligibility by virtue of previous civil service appointment and status.".

Section 2. That section 4107 of title 38, United States Code, is amended as follows:

(a) By striking out in subsection (a) all after "Medical Director, $73,958 minimum to $83,818 maximum." and inserting in lieu thereof "Director, $63,135 minimum to $79,975 maximum.".

(b) By inserting in paragraph 3 of subsection (c) "or any person appointed under section 4103 of this chapter, who is not eligible for special pay under section 4118 of this chapter" after "applies.".

(c) Paragraph 2 of subsection (d) is amended to read as follows: "(2) Level IV for the Deputy Chief Medical Director and the Associate Deputy Chief Medical Directors; and".

VETERANS ADMINISTRATION,
ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, DC, March 9, 1987.

Hon. GEORGE BUSH,
President of the Senate, Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill "To amend title 38, United States Code, to authorize modification of the structure of the Office of the Chief Medical Director, to clarify procedures for removal for cause of certain employees, to authorize the use of the Director Pay Grade within VA Central Office and for related purposes" with the request that it be referred to the appropriate committee for prompt consideration and favorable action.

Current law, codified at section 4103 of title 38, United States Code, makes mandatory a rather rigid structure for the Office of the Chief Medical Director (CMD) in the VA Department of Medicine and Surgery. It expressly requires, for example, that the Office "shall consist of" certain executive positions, restricts eligibility for certain positions to physicians or dentists only, and limits to one the number of Associate Deputy Chief Medical Directors (ADCMD) that may be appointed. The rigidity precludes refinements in the Department that are needed to effectively meet current challenges posed by a changing veteran population, evolving medical knowledge and technology, and refinements in both health care planning and Congressionally enacted health care programs. Without changing existing law as to the appointment, qualifications, or responsibilities of the Chief Medical Director and the Deputy Chief Medical Director, this proposal would create a second Associate Deputy Chief Medical Director position and authorize appointment of qualified nonphysicians to ADCDM positions. The draft bill would also expressly enable the CMD, with approval of the Administrator, to establish or abolish positions at the "operational" executive medicine level in DM&S headquarters. These changes would give the CMD flexibility necessary for managing the Department.

In addition, the draft bill contains a number of refinements that would complement the basic authority to organize the Department. Typically, appointees to executive medicine positions give up either positions as Civil Service employees under title 5, United States Code, or positions as professionals under section 4104 of title 38. To protect these appointees in the event their positions become abolished under the authority conveyed in the draft bill, it guarantees restoration rights to the type of position they gave up. Of course, such restoration rights would not be guaranteed to those appointees who did not previously hold Federal positions.

The existing law does not prescribe any procedures for removing persons appointed under section 4103. The draft bill would establish in statute the rights of persons appointed under section 4103 by specifying that a peer review hearing procedure similar to that set forth in section 4110 applies to them.

The draft bill would also amend the section 4107 pay schedule to accommodate the changes proposed for section 4103 and would authorize use of the "Director grade" pay range for Central Office positions at levels comparable to Directors in the field, but having different responsibilities. Current law permits the use of this pay range only for Directors of field medical activities. Such authority would enable the CMD to recruit and retain the services of highly qualified administrators at a pay range that is commensurate with their managerial skills.

The draft bill would provide that persons appointed under title 38 to executive positions in the Department of Medicine and Surgery, who are not physicians or dentists, would be eligible for bonuses and rank awards under the Senior Executive Service system. At persent, only Directors of field medical activities appointed under 38 U.S.C. 4103(a)(8) are eligible for these awards.

Finally, in order to improve the attractiveness of the position of Associate Deputy Chief Medical Director, the draft bill would raise the base pay for that position from Executive Level V to the higher Executive Level IV rate, currently paid only to the Deputy Chief Medical Director. Justification for this higher pay level is readily found in the special leadership qualities and managerial expertise required of those who, as ADCMD's, are accountable for ensuring the effective functioning of one of the largest health care delivery systems in the United States.

Because the draft bill would authorize appointing nonphysicians to some positions now occupied by physicians receiving special pay, it is expected to bring about minor cost savings.

A detailed analysis of this proposal is enclosed.

The Office of Management and Budget has advised that there is no objection to the submission of this draft bill to the Congress from the standpoint of the Administration's program.

Sincerely,

THOMAS K. TURNAGE,
Administrator.

SECTION-BY-SECTION ANALYSIS

Section 1 of the draft bill would amend section 4103 of title 38, United States Code. That section prescribes the structure of the Office of the Chief Medical Director in the Veterans Administration. Section 1 would make section 4103 less rigid in the number of executive positions it calls for, in the types of positions it mandates and in the qualifications it requires for certain positions.

Subsection (a) of section 1 of the draft bill would increase to two the number of authorized Associate Deputy Chief Medical Directors (ADCMDs) that may be appointed by the Administrator upon the recommendation of the Chief Medical Director (CMD). It continues current language stating that any ADCMD(s) shall be an assistant(s) to the CMD and the Deputy Chief Medical Director. As amended by subsection (a), section 4103 would no longer require that ADCMDs be qualified doctors of medicine and would thus allow the Agency to consider selecting highly-qualified individuals with health care and hospital management backgrounds and skills.

Subsections (b) and (c) of section 1 of the draft bill would add flexibility to the provisions in section 4103 that address second tier management positions, i.e., the Assistant Chief Medical Directors (ACMDs) and Medical Directors. Subsection (b) of section 1 eliminates paragraphs (4) through (9) of subsection (a) of the current section 4103. Those paragraphs authorize up to eight ACMDs, an unspecified number of Medical Directors, require the existence in the Office of the Chief Medical Director, of Directors of Nursing, Pharmacy, Dietetics, Podiatry, and Optometry Services (a minimum of five) and also authorize facility director appointments. Substituting for these paragraphs in the current law, subsection (c) of section 1 of the draft bill retains discretion in the number of Medical Directors, but would reduce to seven the maximum number of authorized ACMDs. These changes would be codified at 38 U.S.C. § 4103(b) (1) and (2). Subsection (c) would enhance flexibility by eliminating specific requirements that Directors of Nursing, Pharmacy, Dietetics, Podiatry, and Optometry Services exist in the Office of the Chief Medical Director. Subsection (c) would recast the authority for appointing Directors of such services by eliminating the limit on their number and enable certain qualified persons who are neither physicians nor dentists, whose duties and responsibilities are of sufficient import, to be appointed in status of a Director, or, in the case of a Director of Nursing Service, in the status of a Medical Director. It retains unchanged the language, which would appear at paragraph (4) of subsection (b) of the amended section 4103, authorizing the appointment of facility directors. Paragraph (5) of subsection (b) of the amended section 4103 would affirm the historic prerogative of the CMD to appoint persons to such positions that the CMD considers necessary to meet the needs of the Department.

Subsection (d) of section 1 of the draft bill would redesignate subsection (c) of section 4103, dealing with the designation of a Director of the Chaplain Service, as subsection (f). There is no substantive effect on the current authority of the Administrator to designate a member of the VA Chaplain Service as Director, Chaplain Service, for a period of two years. If not redesignated, the appointee is to revert to the position, grade and status held immediately prior to being designated Director.

Subsection (e) of section 1 of the draft bill would add necessary authority to organize the Office of the Chief Medical Director at the "operational" level. It would give the CMD, with the approval of the Administrator, authority to establish, consolidate, eliminate, redistribute, modify, or abolish such subordinate positions as are necessary to accomplish the mission of DM&S. It also would add a statutory mandate that section 4103 appointees receive a due process hearing procedure for removal for cause similar to the peer review board procedures set forth in section 4110 for section 4104 appointees. In addition, subsection (e) would provide alternate placement to those whose positions are abolished by any reorganization. However, the protection afforded to these appointees by such restoration rights are guaranteed solely to those who, immediately prior to accepting these executive positions, occupied a Federal position.

Section 2 of the draft bill would amend the pay statute, section 4107 of title 38, to bring it into conformity with the changes that section 1 would make in section 4103. Subsection (a) of section 2 of the draft bill would revise the pay schedule for section 4103 appointees by eliminating the six ranges now separately listed for each specifically named Service Director and substituting a single pay range for appointees to Director positions. This measure, which would establish a Director pay range for VA Central Office, is consistent with the change to section 4103 effected by subsection (e) of section 1 of the draft bill, which makes discretionary the existence of any particular professional service.

Under existing law, the use of this grade is limited only to Directors of field medical activities. The new "Director grade" (starting at $63,135) in the section 4103 schedule will be between the "Executive grade" (starting at $58,297) in the physician and dentist schedule and the higher "Medical Director grade" (starting at $73,958) in the section 4103 schedule. Its current absence from the section 4103 schedule in section 4107 precludes its use for Central Office appointees. Subsection (a) of section 2 of the draft bill would correct this and add the Director grade to that section 4103 schedule. It is expected that the Director grade would be used for appointees having levels of responsibility similar to those who currently serve as Directors of such services as Pharmacy, Dietetics, Podiatry, etc., but who do not necessarily serve as directors of services. As noted above and as under current law, the Director of Nursing Service would continue to be paid at the Medical Director grade. To avoid confusion and to reflect the accurate pay rates, the schedules in the "Ramseyer" comparison with existing law have been updated to include the current pay rates resulting from Executive Order 12578 of December 31, 1986.

Subsection (b) of section 2 of the draft bill would make non-medical executive appointees to nonfacility Director positions in VA Central Office eligible for Senior Executive Service bonuses and rank awards. Currently, only facility directors are eligible for such benefits. This change would ensure that a career member of the Senior Executive Service will not be precluded from eligibility by accepting an appointment to a position under title 38.

Subsection (c) of Section 2 of the draft bill would raise the base pay for ADCMDs from Executive Level V to Executive Level IV.

Raising ADCMD pay to Executive Level IV would make it equal to that of the Deputy Chief Medical Director. While it is unusual to place the salary of a subordinate on a par with that of his/her superior, this proposal merely reflects the unique managerial roles expected of the ADCMDs. The ADCMDs are charged with the responsibility of administering a vast and complex medical care system to ensure that it meets its obligations as to those who seek, and place their trust in, the VA's medical care program. To shoulder the constant burdens of this immense organization and to effectively implement Department policies and goals requires extraordinary administrative talents and technical expertise. The increase in rate of pay is in recognition of the singular leadership qualities and resourcefulness demanded of an ADCMD.

Because the proposal would authorize appointing nonphysicians to some positions now occupied by physicians receiving special pay, we expect that the enactment of this draft bill to bring about minor cost savings.

By Mr. EVANS (for himself and Mr. ADAMS):

S. 1126. A bill to designate the border station at 9931 Guide Meridian, Lynden, WA, as the "Kenneth G. Ward Border Station"; to the Committee on Finance.

KENNETH G. WARD BORDER STATION

● Mr. EVANS. Mr. President, I rise today to introduce legislation to designate the U.S. Customs Service border station at Lynden, WA, as the "Kenneth Ward Building."

Mr. President, Kenneth Ward was on duty as the customs inspector at the Port of Lynden on May 24, 1979. During his shift, a man and woman arrived at the station and were referred to a secondary inspection. After reviewing information provided by the Treasury Enforcement Communications System, Inspector Ward determined that a more thorough inspection of the man and his vehicle was warranted.

After Inspector Ward requested that the man empty his pockets, the individual pulled out a handgun and shot Inspector Ward in the chest and back, killing him.

Inspector Ward was the 31st customs officer in the history of the U.S. Customs Service to be killed in the line of duty. At the request of the Customs Service, I am pleased to join with Senator ADAMS in introducing legislation which would name the border station at Lynden in Inspector Ward's honor.

Identical legislation has been introduced in the House, and I am hopeful that we can act quickly on this legislation so that the Customs Service may commemorate the anniversary of Inspector Ward's death with a dedication service.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1126

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The border station at 9931 Guide Meridian, Lynden, Washington, shall be known and designated as the "Kenneth G. Ward Border Station".

SEC. 2. LEGAL REFERENCES.

Any reference in a law, map, regulation, document, record, or other paper of the United States to the border station referred to in section 1 shall be deemed to be a reference to the "Kenneth G. Ward Border Station".●

By Mr. TRIBLE:

S.J. Res. 121. Joint resolution designating August 11, 1987, as "National Neighborhood Crime Watch Day"; to the Committee on the Judiciary.

NATIONAL NEIGHBORHOOD CRIME WATCH DAY

Mr. TRIBLE. Mr. President, I am introducing legislation today which commends the efforts of the Nation's neighborhood crime watch groups and declares August 11, 1987, as "National Neighborhood Crime Watch Day."

During the past several years, the ranks of the Nation's crime watch organizations have grown tremendously. Citizens throughout America have joined together in voluntary efforts to prevent criminal activity in their communities.

One grass-roots organization—the National Association of Town Watch—has more than 1,500 chapters from 32 different States, and was a winner of the 1986 National Crime Prevention Award. The National Sheriffs Association is actively involved in neighborhood watch efforts. And in my own State of Virginia, more than 300,000 households participate in some form of neighborhood watch program.

On August 11 of this year, those groups will take part in a "National Night Out" being sponsored, in part, by the National Association of Town Watch. In large cities and small towns across America, participating neigborhood watch members will spend the hour between 8 and 9 p.m. patrolling their neighborhoods to help deter criminal activities. As in years past, a number of jurisdictions in Virginia are expected to take part.

This annual event is designed to increase cooperation between community-based watch programs and their local law enforcement authorities. It is also aimed at generating local support for the crime watch groups and increasing their membership.

Last year, more than 16 million people in 4,700 different communities took part in the National Night Out—the fourth of its kind. I am hopeful that an even larger turnout will occur in Virginia and across the Nation on August 11.

The joint resolution I am introducing today commends the efforts of America's neighborhood watch groups. It also declares August 11, 1987, as National Neighborhood Crime Watch Day, to coincide with the National Night Out being held on that same day. This measure is virtually identical to resolutions of mine that have been signed into law during the past 2 years.

Mr. President, I am greatly encouraged by the growing participation in neighborhood crime watch programs. I believe it reflects a growing unwillingness on the part of law-abiding Americans to simply give in to the threat of crime. It is also a valuable example of the voluntary, community-based efforts that contribute so much to our national well being.

I urge my colleagues to join Senator SPECTER and me in sponsoring this resolution, and I ask unanimous consent that a copy be printed in the RECORD at this time.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 121

Whereas neighborhood crime is of continuing concern to the American people;

Whereas the fight against neighborhood crime requires people to work together in cooperation with law enforcement officials;

Whereas neighborhood crime watch organizations are effective at promoting awareness about, and the participation of volunteers in, crime prevention activities at the local level;

Whereas neighborhood crime watch groups can contribute to the Nation's war on drugs by helping to prevent their communities from becoming markets for drug dealers;

Whereas citizens across America will soon take part in a "National Night Out", a unique crime prevention event which will demonstrate the importance and effectiveness of community participation in crime prevention efforts by having people spend the period from 8 to 9 o'clock postmeridian on August 11, 1987, with their neighbors in front of their homes: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That August 11, 1987, is designated as "National Neighborhood Crime Watch Day", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate programs, ceremonies, and activities.

Mr. SPECTER. Mr. President, today I join Senator TRIBLE in introducing a resolution to establish August 11, 1987, as the fourth annual "National Neighborhood Crime Watch Day."

An integral part of this important day is "National Night Out," sponsored by the National Association of Town Watch [NATW], based in Wynnewood, PA. In response to growing concern over the Nation's crime rate, organizations such as NATW, have expanded their efforts to increase the public's role in combatting crime.

Last year, NATW sponsored its third annual "National Night Out" crime prevention project on August 12, 1986. The participants included 16.5 million citizens in 4,720 communities and 49 States nationwide. Citizen participation is especially significant in my own State of Pennsylvania. Last year, NATW recognized the city of Pittsburgh as the top "National Night Out" City of the Year.

"National Night Out" is a nationwide attempt to fight crime through a joint police and community effort. Coinciding with National Neighborhood Crime Watch Day, National Night Out is an expression of the citizens' intent to combat crime through the participation of neighborhood watch members in patrolling their own neighborhoods or observing this patrol from their lawns or lighted porches from 8 to 9 p.m.

I hold NATW in high regard for the importance of its crime prevention work in Pennsylvania and throughout the Nation. NATW is a unique organization, serving as a liaison among thousands of communities involved in crime prevention programs and representing the entire spectrum of programs concerned with the serious problem of crime in our neighborhoods. As such, it helps coordinate the anticrime efforts of, and provide information and assistance to, the many communities involved in organized crime prevention programs.

Under the leadership of Mr. Matt Peskin, project coordinator, NATW received the prestigious 1986 National Crime Prevention Award, presented by the National Crime Prevention Council, the Crime Prevention Coalition, and the U.S. Department of Justice, for the association's extraordinary efforts in fighting crime.

In association with other anticrime organizations, NATW works to reduce the neighborhood crime rate and to enhance the police-community relationship. Nearly obsolete in the 1960's and 1970's, the notion of the police and the community cooperating with each other is now being institutionalized. No longer are people as afraid to call the police, and law enforcement organizations now recognize the citizens' role in fighting crime.

As a former district attorney and current member of the Senate Judiciary Committee and cochairman of the Congressional Crime Caucus, I have actively pursued initiatives to fight street crime. I, therefore, commend the efforts of NATW and all the participants in National Night Out.

Mr. President, I urge my colleagues to join me in cosponsoring this important resolution to recognize the active involvement of organizations such as NATW in the ongoing national fight against crime.

ADDITIONAL COSPONSORS

S. 12

At the request of Mr. CRANSTON, the name of the Senator from Kentucky [Mr. MCCONNELL] was added as a cosponsor of S. 12, a bill to amend title 38, United States Code, to remove the expiration date for eligibility for the educational assistance programs for veterans of the All-Volunteer Force; and for other purposes.

S. 104

At the request of Mr. INOUYE, the names of the Senator from Iowa [Mr. GRASSLEY] and the Senator from Pennsylvania [Mr. SPECTER] were added as cosponsors of S. 104, a bill to recognize the organization known as the National Academies of Practice.

S. 143

At the request of Mr. INOUYE, the names of the Senator from Pennsylvania [Mr. HEINZ] and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of S. 143, a bill to establish a temporary program under which parenteral diacetylmorphine will be made available through qualified pharmacies for the relief of intractable pain due to cancer.

S. 328

At the request of Mr. SASSER, the names of the Senator from California [Mr. CRANSTON] and the Senator from Virginia [Mr. WARNER] were added as cosponsors of S. 328, a bill to amend chapter 39, United States Code, to require the Federal Government to pay interest on overdue payments, and for other purposes.

S. 407

At the request of Mr. GARN, the names of the Senator from Florida [Mr. CHILES], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Maryland [Ms. MIKULSKI], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of S. 407, a bill to grant a Federal charter to the Challenger Center, and for other purposes.

S. 541

At the request of Mr. PRYOR, the names of the Senator from Ohio [Mr. METZENBAUM], the Senator from Georgia [Mr. NUNN], the Senator from Louisiana [Mr. BREAUX], the Senator from North Carolina [Mr. SANFORD], the Senator from Missouri [Mr. DANFORTH], and the Senator from Vermont [Mr. LEAHY] were added as cosponsors of S. 541, a bill to amend title 39, United States Code, to extend to certain officers and employees of the U.S. Postal Service the same procedural and appeal rights with respect to certain adverse personnel actions as are afforded under title 5, United States Code, to Federal employees in the competitive services.

S. 552

At the request of Mr. EVANS, the name of the Senator from North Carolina [Mr. SANFORD] was added as a cosponsor of S. 552, a bill to improve the efficiency of the Federal classification system and to promote equitable pay practices within the Federal Government, and for other purposes.

S. 598

At the request of Mr. MITCHELL, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 598, a bill to amend title XIX of the Social Security Act to protect the welfare of spouses of institutionalized individuals under the Medicaid Program.

S. 604

At the request of Mr. PRYOR, the names of the Senator from North Carolina [Mr. HELMS], the Senator from Alabama [Mr. HEFLIN], the Senator from Alabama [Mr. SHELBY], and the Senator from North Dakota [Mr. BURDICK] were added as cosponsors of S. 604, a bill to promote and protect taxpayer rights, and for other purposes.

S. 747

At the request of Mr. BYRD, his name was added as a cosponsor of S. 747, a bill to establish a motor carrier administration in the Department of Transportation, and for other purposes.

S. 860

At the request of Mr. BOREN, the names of the Senator from North Dakota [Mr. BURDICK], the Senator from Utah [Mr. HATCH], the Senator from Arkansas [Mr. PRYOR], the Senator from North Carolina [Mr. SANFORD], and the Senator from New York [Mr. MOYNIHAN] were added as cosponsors of S. 860, a bill to designate "The Stars and Stripes Forever" as the national march of the United States of America.

S. 861

At the request of Mr. ADAMS, the names of the Senator from Florida [Mr. CHILES], the Senator from Illinois [Mr. SIMON], and the Senator from Connecticut [Mr. DODD] were added as cosponsors of S. 861, a bill to require certain actions by the Secretary of Transportation regarding certain drivers of motor vehicles and motor carriers.

S. 904

At the request of Mr. GRASSLEY, the name of the Senator from Kansas [Mr. DOLE] was added as a cosponsor of S. 904, a bill to amend the Job Training Partnership Act to establish a Literacy Training Program to serve individuals most in need of literacy skills who are not presently being served.

S. 907

At the request of Mr. HOLLINGS, the name of the Senator from Washington [Mr. ADAMS] was added as a cosponsor of S. 907, a bill to further United States technological leadership by providing for support by the Department of Commerce of cooperative centers for the transfer of research in manufacturing, and for other purposes.

S. 943

At the request of Mr. ADAMS, the names of the Senator from Connecticut [Mr. WEICKER] and the Senator from Montana [Mr. MELCHER] were added as cosponsors of S. 943, a bill to amend the Federal Aviation Act of 1958 to ensure the fair treatment of airline employees in airline mergers and similar transactions.

S. 946

At the request of Mr. ROTH, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 946, a bill to amend title 18 of the United States Code to provide for the imposition of the death penalty in certain espionage cases.

S. 947

At the request of Mr. ROTH, the name of the Senator from Alaksa [Mr. STEVENS] was added as a cosponsor of S. 947, a bill to amend the Foreign Missions Act regarding the treatment of certain Communist countries, and for other purposes.

S. 948

At the request of Mr. ROTH, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 948, a bill to condition the occupation of the new Soviet Embassy in Washington, DC, on improved United States security arrangements for the Embassy in Moscow.

S. 949

At the request of Mr. ROTH, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 949, a bill to prohibit the availability of funds for the United States' proportionate share of the United Nations' Office of Research and Information Collection.

S. 993

At the request of Mr. DOLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 993, a bill to require the Department of State offices involved in overseas construction projects.

S. 994

At the request of Mr. DOLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 994, a bill to improve security at facilities of the United States Government located in foreign countries.

S. 995

At the request of Mr. DOLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 995, a bill to assure the availability of funds for additional construction activity in certain Communist countries.

S. 996

At the request of Mr. DOLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 996, a bill to increase penalties for espionage, to enhance security at United States missions abroad, and for other purposes.

S. 997

At the request of Mr. PELL, the name of the Senator from Montana [Mr. MELCHER] was added as a cosponsor of S. 997, a bill to require the Director of the National Institute on Aging to provide for the conduct of clinical trials on the efficacy of the use of tetrahydroaminoacidine in the treatment of Alzheimer's disease.

S. 1002

At the request of Mr. CRANSTON, the names of the Senator from South Dakota [Mr. DASCHLE], and the Senator from Nevada [Mr. REID] were added as cosponsors of S. 1002, a bill to amend title 38, United States Code, to provide disability and death benefits to veterans (and survivors of such veterans) exposed to ionizing radiation during the detonation of a nuclear device in connection with the U.S. nuclear weapons testing program or the American occupation of Hiroshima or Nagasaki, Japan; and for other purposes.

S. 1007

At the request of Mr. HATFIELD, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 1007, a bill to enable States located on a river or acquifer affected by the siting of a repository for high-level radioactive waste or spent nuclear fuel to participate effectively in the site selection, review, and approval process for such repository, and for other purposes.

S. 1070

At the request of Mr. RIEGLE, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 1070, a bill to increase the amount authorized to be allotted under title XX of the Social Security Act.

S. 1080

At the request of Mr. BOSCHWITZ, the name of the Senator from Nebraska [Mr. KARNES] was added as a cosponsor of S. 1080, a bill to amend the Automobile Information Disclosure Act to provide information as to whether or not certain motor vehicles are capable of using gasohol.

SENATE JOINT RESOLUTION 14

At the request of Mr. HELMS, the name of the Senator from Maryland [Mr. SARBANES] was added as a cosponsor of Senate Joint Resolution 14, a joint resolution to designate the third week of June of each year as "National Dairy Goat Awareness Week."

SENATE JOINT RESOLUTION 53

At the request of Mr. Cranston, the names of the Senator from New Jersey [Mr. Bradley], and the Senator from Alaska [Mr. Stevens] were added as cosponsors of Senate Joint Resolution 53, a joint resolution to designate the period commencing November 22, 1987, and ending November 28, 1987, as "American Indian Week."

SENATE JOINT RESOLUTION 82

At the request of Mr. Glenn, the names of the Senator from Arkansas [Mr. Pryor], the Senator from Indiana [Mr. Quayle], the Senator from South Carolina [Mr. Thurmond], the Senator from Michigan [Mr. Levin], the Senator from Michigan [Mr. Riegle], the Senator from California [Mr. Wilson], the Senator from Rhode Island [Mr. Pell], the Senator from Arizona [Mr. DeConcini], the Senator from North Dakota [Mr. Burdick], the Senator from Utah [Mr. Garn], the Senator from Hawaii [Mr. Inouye], the Senator from Hawaii [Mr. Matsunaga], the Senator from Illinois [Mr. Dixon], the Senator from Pennsylvania [Mr. Heinz], the Senator from Florida [Mr. Chiles], and the Senator from Mississippi [Mr. Stennis] were added as cosponsors of Senate Joint Resolution 82, a bill to authorize the President to issue a proclamation calling upon the people of the United States to observe the bicentennial of the Northwest Ordinance of 1787.

SENATE JOINT RESOLUTION 86

At the request of Mr. DeConcini, the name of the Senator from New Hampshire [Mr. Humphrey] was added as a cosponsor of Senate Joint Resolution 86, a joint resolution to designate October 28, 1987, as "National Immigrants Day."

SENATE JOINT RESOLUTION 87

At the request of Mr. Riegle, the names of the Senator from Massachusetts [Mr. Kerry], the Senator from Florida [Mr. Chiles], and the Senator from Alabama [Mr. Shelby] were added as cosponsors of Senate Joint Resolution 87, a joint resolution to designate November 17, 1987, as "National Community Education Day."

SENATE JOINT RESOLUTION 118

At the request of Mr. Hollings, the names of the Senator from North Dakota [Mr. Burdick], the Senator from Washington [Mr. Adams], the Senator from Mississippi [Mr. Stennis], and the Senator from Indiana [Mr. Lugar] were added as cosponsors of Senate Joint Resolution 118, a joint resolution to designate the week of May 10, 1987, through May 16, 1987, as "Senior Center Week."

SENATE JOINT RESOLUTION 120

At the request of Mr. Symms, the name of the Senator from North Dakota [Mr. Conrad] was added as a cosponsor of Senate Joint Resolution 120, a joint resolution to void certain agreements relating to the site of the Soviet Union's embassy in the District of Columbia.

SENATE RESOLUTION 201

At the request of Mr. Moynihan, the names of the Senator from Utah [Mr. Hatch], and the Senator from Illinois [Mr. Dixon] were added as cosponsors of Senate Resolution 201, a resolution to express the sense of the Senate in support of Solidarity Sunday.

SENATE CONCURRENT RESOLUTION 56—RELATING TO PHYSICIAN PAYMENT

Mr. DURENBERGER (for himself, Mr. Dole, Mr. Danforth, Mr. McCain, Mr. Wallop, Mr. Wilson, Mr. Moynihan, and Mr. Heinz) submitted the following concurrent resolution; which was referred to the Committee on Finance:

S. Con. Res. 56

Whereas the President has proposed, in his budget for fiscal year 1988, that Medicare payments to physicians whose practices are based in hospitals—radiologists, anesthesiologists, and pathologists (RAPS)—be incorporated in the set price for each hospital procedure;

Whereas there is inadequate evidence at this time that a medicare reimbursement system for physicians' services based on DRGs would produce significant budget savings without possible compromise of quality of care and access to care, particularly in rural areas;

Whereas implementing such a reimbursement system, even if only for hospital-based physicians, might necessitate incorporating mandatory acceptance of assignment of Medicare benefits, which could result in the inequitable distribution of services and compensation. And which policy has been rejected by Congress.

Whereas the Congress has established the Physician Payment Review Commission to study, review, and report its recommendations regarding modifications in reimbursement for physicians' services under the Medicare Program; and

Whereas, the Congress has specifically required the Secretary of Health and Human Services, taking into account a thorough examination of input costs for physicians' services, to report by July 1, 1989, concerning development of a relative value scale for implementation in 1990: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—

(1) any significant change in the medicare payment methodology for physicians' services (including those incorporating payment for hospital-based physicians as part of a fixed payment for inpatient hospital services) should not be undertaken without receipt of the results of the reports required under legislation enacted in the Ninety-ninth Congress and a detailed analysis of the long-range impact of any such change on quality of care and access to care for Medicare beneficiaries, and Congress has considered the advantages and disadvantages of possible solutions. This does not preclude Congress from making modest changes recommended in the interim by the Commission, based on interim reports and Congressional study.

● Mr. DURENBERGER. Mr. President, the administration has proposed, in the budget for fiscal year 1988, that Medicare payments to physicians whose practices are based in hospitals—radiologists, anesthesiologists, and pathologists [RAP's]—be incorporated in the set price for each hospital procedure.

I am very concerned that such a proposal is premature and could waste valuable time and scarce resources in implementing a payment system that may not be the way Congress wants to proceed when studies now under way are concluded and the congressionally mandated Physician Payment Commission makes its report.

I have substantial concerns that a hurriedly designed Medicare reimbursement system for physician services based on DRG's may diminish both access to care, particularly in rural areas, and quality of care to Medicare beneficiaries.

Implementing such a reimbursement system, even if only for hospital-based physicians, might necessitate incorporating mandatory acceptance of assignment of Medicare benefits, which could result in the inequitable distribution of services and compensation. So far that policy has been rejected by Congress.

Congress has established an impressive Physician Payment Review Commission to study, review, and report recommendations to Congress regarding modifications in reimbursement for physicians' services, and to report by July 1, 1989, concerning development of a relative value scale for implementation in 1990. The Commission has already issued its first report and the Commissioners have started a number of studies which will inform Congress about the nature of the problem and possible solutions.

I believe that any drastic change in the Medicare payment methodology for physicians' services—including those incorporating payment for hospital-based physicians as part of a fixed payment for inpatient hospital services—should not be undertaken without receipt of the results of the reports required under legislation enacted in the 99th Congress and a detailed analysis of the long-range impact of any such change on quality of care and access to care for Medicare beneficiaries. I have, therefore, offered this resolution with my distinguished colleagues to ensure that there is not premature action by the administration.●

● Mr. McCAIN. Mr. President, I join my distinguished colleague from Minnesota, Senator Durenberger, as a cosponsor of this physician payment resolution.

I am very concerned, Mr. President, about the administration's proposal to wrap hospital-based physicians into the prospective payment system. While I agree with the administration's premise that the physician payment system is in need of reform, I believe that we should not take action—such as that proposed by the administration—until the studies requested by Congress have been completed.

In seeking both private and public sector input into the reform of the physician payment system, Congress established the Physician Payment Review Commission in the Consolidated Omnibus Reconciliation Act of 1985. This Commission, which is comprised of representatives from both the private and public sectors—beneficiaries, physicians, and other interested parties, collectively represents a broad range of experience and perspectives on issues concerning the payment of physicians. The Commission provides an organized structure for them to share a common information base and to render collective judgment.

Mr. President, establishing this Commission—thereby involving all concerned in the development of viable proposals—was a very responsible move on the part of Congress. To take action prior to receiving the recommendations of this group would—in my mind—be irresponsible.

We charged the Commission with the task of reporting to us annually the changes they recommend in the physician payment system. These reports are to address adjustments to the reasonable charge levels for physicians' services; modifications in the methodology for determining rates of payment; and changes in the methods for paying physicians for services under the Medicare Program.

On March 1, the Commission released its first report. In this report, the Commission indicated that it plans to develop a fee schedule, but that it will be some time before the plan is ready to be presented to Congress. In the interim, however, the Commission has made several recommendations for adjustments that might be made to the existing physician payment system. For this statement, the details of the Commission's interim recommendations are not important. What is important, however, is that we be reminded of the fact that we, just less than 2 years ago created the Physician Payment Review Commission.

I think it suffices to say that taking action, such as that proposed by the administration, prior to receiving the recommendations of the very Commission we established, sets a very unwise precedent. It is extremely important that we look at all angles of these important issues and that we involve all sectors of society in the debates. In fact, that is the very purpose for our establishing the Commission in the first place.

Mr. President, I would like to again stress that the physician payment system is in need of reform, but believe that we must take the time to involve—in this process—the very Commission that we established to assist us in this task. While it is going to be a couple of years before we receive the final report regarding recommendations for complete reform, we ought to remember that we charged the Commission with the task of making interim recommendations. These interim recommendations, Mr. President, ought to be seriously considered by Congress and acted upon accordingly.

Mr. President, we must proceed with caution. But, nevertheless, we must proceed. I urge my colleagues to join myself, Senators DURENBERGER, DOLE, DANFORTH, WALLOP, and others in supporting this resolution.●

SENATE RESOLUTION 204—REGARDING FUNDS PROVIDED BY THE ANTI-DRUG ABUSE ACT OF 1986

Mr. KENNEDY (for himself, Mr. BURDICK, Mr. PELL, Mr. CRANSTON, Mr. BENTSEN, Mr. WEICKER, Mr. CHILES, Mr. JOHNSTON, Mr. BUMPERS, Mr. LEAHY, Mr. METZENBAUM, Mr. CHAFEE, Mr. RIEGLE, Mr. SARBANES, Mr.MOYNIHAN, Mr. LEVIN, Mr. MITCHELL, Mr. DODD, Mr. D'AMATO, Mr. WILSON, Mr. LAUTENBERG, Mr. SIMON, Mr. GORE, Mr. ROCKEFELLER, Mr. ADAMS, Ms. MIKULSKI, Mr. FOWLER, and Mr. GRAHAM) submitted the following resolution; which was referred to the Committee on Labor and Human Resources:

S. RES. 204

Whereas treatment programs for alcohol and drug abuse in many areas of the United States are overburdened, have long waiting lists for treatment services, and turning away individuals in need of such services;

Whereas drug abuse education and prevention are essential to stop the widespread use of drugs and the abuse of alcohol among the Nation's students;

Whereas Congress enacted the Anti-Drug Abuse Act of 1986 (Public Law 99-570) (hereafter referred to in this resolution as the "Act"), in part, to assist States and communities in their efforts to immediately respond to those demands for treatment services and education and prevention programs;

Whereas Congress, in subtitle A of title IV of the Act, authorized a supplemental, emergency treatment grant program for alcohol and drug abuse services;

Whereas the Act requires that grant allocations designated for fiscal year 1987 be made available to the States within 4 months of the date of enactment of the Act;

Whereas the Department of Health and Human Services is informing States that the funds available for fiscal year 1987 to carry out such subtitle were appropriated for 2 years and should be so spent;

Whereas this directive contravenes Congressional intent that these funds be rapidly allocated in fiscal year 1987 for the expansion of treatment services;

Whereas the impact of this directive will be an effective reduction of the fiscal year 1987 appropriation by 50 percent and a consequent delay in the provision of services to approximately 110,000 drug and alcohol dependent individuals;

Whereas this directive will further seriously jeopardize the success of the supplemental, emergency treatment grant programs by calling into question the ongoing commitment of the Congress to this important endeavor;

Whereas Congress intends to renew its support for the supplemental, emergency treatment initiatives this year, during renewal of the Alcohol, Drug Abuse and Mental Health Services Block Grant program which expires at the end of fiscal year 1987;

Whereas in conjunction with the supplemental, emergency treatment initiatives, Congress enacted the Drug Free Schools and Communities Act of 1986 (subtitle B of title IV of the Act) as an essential part of its overall strategy to reduce the demand for and use of drugs;

Whereas the Department of Education has requested a fiscal year 1988 funding level for drug abuse education and prevention programs that is 50 percent less than the $200,000,000 Congress appropriated for such programs in fiscal year 1987; and

Whereas the consequent reduction in such education and prevention programs violates the intent of Congress to promote prompt action by our Nation's schools, families, and communities to achieve a drug-free society: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) all of the funds appropriated to carry out the Anti-Drug Abuse Act of 1986 (Public Law 99-570) with respect to emergency treatment of alcohol abuse and drug abuse, be made immediately available to the States for initiation and expansion of treatment services;

(2) States should not be required to use these funds for program costs in fiscal year 1988; and

(3) the proposed $100,000,000 cut by the Department of Education for fiscal year 1988 education and prevention programs under the Drug Free Schools and Communities Act of 1986 (subtitle B of title IV of the Act) be rejected by the Congress.

● Mr. KENNEDY. Mr. President, I submit today a resolution reaffirming the Senate's commitment to the promises we made to the Nation in the Anti-Drug Abuse Act of 1986 and repudiating recent actions by the administration related to the funding of that act.

Mr. President, with the enactment of the Anti-Drug Abuse Act of 1986, the Congress and the administration demonstrated to the Nation our commitment to stemming the flood tide of substance abuse. For our young people, we promised protection from the calamity of addiction by providing education and prevention programs. For those in need of treatment or rehabilitation, we promised new opportunities for care and counseling to help them escape the scourge of addition.

Recent actions by the administration have called into question the sincerity of our promises. The Department of Education's fiscal year 1988 budget request for drug abuse education and prevention is 50 percent less than the fiscal year 1987 appropriated level. The Department of Health and Human Services proposes to spend the fiscal year 1987 appropriation for emergency treatment programs over 2 years, effectively cutting the program to half the level Congress intended.

Both of these actions are inconsistent with the commitment made by the Congress and the administration. To reassure the Nation of our commitment to the goal of a drug-free generation and a drug-free society, I and my cosponsors introduce this resolution calling for full implementation in fiscal year 1987 of the program Congress initiated and continuation of these efforts in fiscal year 1988.●

SENATE RESOLUTION 205—CALLING FOR THE RELEASE OF POLITICAL PRISONERS BY THE GOVERNMENT OF VIETNAM

Mr. BYRD (for Mr. Kennedy, for himself, Mr. Dole, Mr. Byrd, Mr. Pell, Mr. Helms, Mr. Durenberger, and Mr. Hatfield) submitted the following resolution; which was considered and agreed to:

S. Res. 205

Whereas twelve years have passed since the end of the Vietnam war, yet thousands of Vietnamese remain held as political prisoners and many thousand more divided from their families in the United States and other countries;

Whereas the Government of the Socialist Republic of Vietnam has a responsibility to observe international standards of human rights;

Whereas the Government of the Socialist Republic of Vietnam has committed itself to releasing political prisoners to be resettled abroad; and

Whereas the Government of the Socialist Republic of Vietnam has signed an agreement with the United Nations High Commissioner for Refugees to assist in the reunification of families: Now, therefore, be it

Resolved by the Senate, That the Government of the Socialist Republic of Vietnam should immediately release all political prisoners held as a result of their previous association with the Government of South Vietnam prior to 1975;

That the Government of the Socialist Republic of Vietnam should fulfill its commitment to negotiate their humane resettlement abroad or to rejoin family members outside of Vietnam; and

That the Government of the Socialist Republic of Vietnam should immediately resume processing of family reunification cases under the United Nations High Commissioner for Refugees Orderly Departure Program.

Sec. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

NOTICES OF HEARINGS

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT AND SUBCOMMITTEE ON STRATEGIC FORCES AND NUCLEAR DETERRENCE

Mr. LEVIN. Mr. President, I wish to announce that the Subcommittee on Oversight of Government Management, Committee on Governmental Affairs, and the Subcommittee on Strategic Forces and Nuclear Deterrence, Committee on Armed Services, will hold a joint hearing on the "Need for and Operation of a Strategic Defense Initiative Institute," on Wednesday, May 6, at 2 p.m. in room 342 of the Dirksen Senate Office Building.

COMMITTEE ON SMALL BUSINESS

Mr. BUMPERS. Mr. President, I would like to announce that the Small Business Committee will hold a full committee hearing on Tuesday, May 12, 1987, at 10 a.m., to present and examine the results of a survey conducted by the Committee of Graduates of the Small Business Administration's Minority Business Development Program under section 8(a) of the Small Business Act. The hearing will be held in room 428A of the Russell Building. For further information, please call John Ball, staff director of the committee at 224-5175, or Erline Patrick at 224-2016.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BUMPERS. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Public Lands, National Parks and Forests.

The hearing will take place Thursday, May 21, 1987, 2 p.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The purpose of this hearing is to receive testimony on the following two measures currently pending before the subcommittee:

H.R. 626. A bill to provide for the conveyance of certain public lands in Alabama; and

H.R. 799. A bill to designate a segment of the Kings River in California as a wild and scenic river.

Those wishing information about testifying at the hearing or submitting written statements should write to the Subcommittee on Public Lands, National Parks and Forests, U.S. Senate, room SD-364, Dirksen Senate Office Building, Washington, DC 20510 on or before May 18. For further information, please contact Beth Norcross at 224-7933.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON WATER RESOURCES

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Water Resources, Transportation and Infrastructure, Committee on Environment and Public Works, be authorized to meet during the session of the Senate on May 1, beginning at 10:30 a.m., to hold a hearing on proposed Federal triangle legislation—to construct a Federal office building, and trade and cultural center on Pennsylvania Avenue.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Friday, May 1, 1987, to mark up the fiscal years 1988 and 1989 authorization legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FINANCE

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on May 1, 1987, at 9:30 a.m. to mark up S. 490, the Omnibus Trade Act of 1987.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BYRD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Friday, May 1, 1987, at 11:30 a.m. to vote on the nomination of William H. Webster to be Director of Central Intelligence.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

REFLECTIONS ON THE 200TH BIRTHDAY OF THE U.S. CONSTITUTION

● Mr. GLENN. Mr. President, we, the people, are celebrating the 200th birthday of the U.S. Constitution this year. This occasion provides us with a valuable opportunity to reflect on the extraordinary success our Nation has enjoyed over the past two centuries. It also gives us an opportunity to renew our commitment to the unique constitutional system which has allowed us to achieve that success.

As Americans, we enjoy significant rights that people in many other countries only dream about. Some of these are the right to choose our own leaders; the right to criticize people and ideas with which we disagree; the right to select our own occupations; the right to observe the religion of our choice; the right to travel around the country, or even to leave it entirely; and the right to keep our diaries and journals private without fear that the Government will arbitrarily confiscate and read them.

Most of us have become so accustomed to these rights that we sometimes overlook how revolutionary these ideas were when they were first presented in a single document two centuries ago. While most constitutions before 1787 were designed simply to establish the power and privilege of the rulers of a nation, ours vested political power in the people. Thomas Jefferson summarized the approach in saying:

> I know no safe depository of the ultimate powers of the society, but the people themselves.

Of all the political documents that have been produced, the U.S. Constitution is the most successful in the history of governments. One of its most remarkable features is that it resembles a skeleton rather than a shell in providing a strong but flexible political framework. It is firm in laying out a structure of government and a set of enduring values, yet like a skeleton it is flexible in its adaptability to changing circumstance. It has repeatedly brought us through turbulent times—through Civil War and the slavery issue, through the two World Wars, through the Depression of the 1930's, through the initial civil rights struggle, and through the tremendous geographic and economic expansion that we have experienced throughout our history.

Both in crises and in day-to-day governance, the Constitution has guided our Nation's leaders as they have sought solutions to pressing problems. Some struggles, such as that for civil rights, took a long time to begin and will take even longer to complete, but the Constitution 200 years ago established a process that enables us to manage periods of profound change more effectively than any other political system in history.

Sometimes, however, I worry that perhaps our Constitution has been almost too successful. By that I mean that we often seem complacent about our system of government.

Evidence of this complacency is all around us. Take voting, for example. Choosing our own leaders is the most fundamental responsibility of self-governance. Yet in the 1984 Presidential election only 53 percent of eligible voters turned out at the polls; voting totals were even lower in last year's congressional elections, when only 33 percent of the voting age population cast ballots.

Recent studies also reveal a disturbing lack of knowledge and understanding by our citizens of how our Government works. To cite some startling examples: According to one survey barely a majority of the American people know that the underlying purpose in drafting the Constitution was to create a Federal Government and to define its powers; 60 percent of our citizenry thinks that the President can appoint a Supreme Court Justice without the consent of the Senate; and nearly half of those Americans polled believe that the Constitution contains the Marxist declaration "from each according to his ability, to each according to his needs."

If we want our Nation's system of government to remain truly democratic, we must better educate our citizenry in our political system; we must better involve people in the process of citizenship; and we must better train those Americans who will lead our Nation in the next and in succeeding generations. I fully agree with former Chief Justice Warren Burger, who said recently that the major thrust of the Constitution's bicentennial celebration should be to provide "a history and civics lesson to us all."

So let us take a few moments to reflect on how remarkably well our Constitution has provided us with a free and secure society for 200 years. But let us not stop there. Let each of us use this occasion to reaffirm our commitment to civic responsibility and to rededicate ourselves to the principles of our Constitution. Only then can we be sure that future generations will live in an American society that is still strong, still independent, and still free.●

S. 268, THE FEDERAL EMPLOYEE ADOPTION BENEFITS ACT OF 1987 AND S. 269, THE FEDERAL ADOPTION BENEFITS ACT OF 1987

● Mr. CHAFEE. Mr. President, I am pleased to join Senator HUMPHREY in cosponsoring S. 268, the Federal Employee Adoption Benefits Act of 1987 and S. 269, the Federal Adoption Benefits Act of 1987. It is with these measures that we hope to encourage adoption through the use of subsidies.

These are times when legislators and commentators alike agree that the family in American society needs all the help it can get. The future of our country is only as bright as the futures of our children. When a family wishes to adopt a child in need of love, nurturing, and stability, it is something to be encouraged. Financial barriers should not be allowed to interfere with such commendable intentions; such desperately needed action.

When a family is created in a biological fashion and the parents are employees of the Federal Government, their expenses are covered through the employee benefits plans that provide for prenatal and delivery care. When a family is created through adoption, no similar benefits are available. The average fee for an adoption from a nonprofit adoption agency in 1985 was $6,000. It is time for the Federal Government to bring its employee benefits plans up to date.

The legislation that I have joined Senator HUMPHREY in sponsoring in the Senate seeks to amend this inequity—and bring the strength of families to more children in need of them.

Our bills would provide reimbursements of up to $2,000 for expenses incurred in the adoption of a child for civil service employees and members of the Armed Forces. This money can be applied to adoption expenses such as agency fees, placement fees, legal fees, medical expenses, foster care charges, and transportation costs.

Rhode Island has over 4,000 military personnel living within its borders. An additional 9,000 Rhode Islanders are Federal Civil Service employees. Thus, over 13,000 people in Rhode Island could benefit from this legislation.

It is through our children that we can eventually solve the problems of the world, and achieve what we struggle for on a day-to-day basis: peace, fulfillment, meaning. It only makes sense for us to ensure that our children are well cared for, in spite of the obstacles our society may present.

It is obvious by the variety of sponsors of this bill that adoption is an issue that transcends politics and ideology. Families are our Nation's strength. We need to do more to keep them strong.●

REMEMBRANCE OF FATHER JERZY POPIELUSZKO

● Mr. BRADLEY. Mr. President, tragically, history largely forgets the innocent who have suffered and died. As Nobel Peace Laureate Elie Wiesel, a survivor of the concentration camp at Auschwitz once said, "Memory is our shield, our only shield, to protect mankind against a repetition of the slaughter." I rise today to remember Father Jerzy Popieluszko, the Polish priest whose efforts to secure basic freedoms for Poles caused him to die at the hands of the state security police in October 1984. His courage will be inspirational for years to come.

The death of Father Popieluszko raised important questions about the relationship between the church and the state and unfortunately hindered relations between these two strong entities in Poland. However, the death of Father Popieluszko was not in vain and forced the government to pay closer attention to the unrest in many areas of Polish society. The trial itself was a startling break with the past. The severe sentencing meted out to the members of the secret police who were involved in the murder of Father Popieluszko was the first victory in a long battle to win freedom for the Polish people.

Father Popieluszko demonstrated a rare commitment to serving his fellow man. He deeply valued individual rights, freedom, and justice and spoke out for his beliefs. Finally, he sacrificed his own life for his countrymen and all who live under totalitarian governments throughout the world. We are fortunate to have people in this world, such as Father Popieluszko, who have the courage to stand up for their convictions in the face of strong opposition and grave personal danger. His life was admirable and so was the courage he showed in the face of his imminent death.

On his final night, during the last hours of his spirited life, he managed to break free from his captors and shout "Save me! Save me! Spare my life you people!" He died as he lived, not holding back his words despite the possibility that they might result in great personal harm or even death, as they eventually did.

Father Popieluszko was a martyr. He won a large following for his unselfish outspoken support of Solidarity. Today this movement lives because Father Popieluszko and others have sacrificed their lives for it. I join my colleagues in praising Father Jerzy Popieluszko, whose spirit lives on in the hearts of all people who struggle for human rights.●

EXPORTS OF TOBACCO AND TOBACCO PRODUCTS TO JAPAN

● Mr. McCONNELL. Mr. President, during Japanese Prime Minister Nakasone's visit here in Washington, condemnation of Japanese trade policies has been widespread, universal, and bipartisan. I have, at times, been a Senator who has been very critical of Japanese trade policy, but I think it is important to identify a very bright spot in our trading relationship with Japan.

I am speaking, as I often do on this floor, about tobacco and tobacco products.

Mr. President, America's No. 1 export, as an industry, to Japan in the month of January was tobacco leaf and tobacco products. In fact, the Japanese tobacco monopoly has been America's best customer for United States-produced tobacco leaf, purchasing almost 250 million dollars worth in 1986 alone. The Kentucky tobacco grower is indebted to the Japanese for recognizing the high quality of American leaf and purchasing accordingly.

Until recently, however, the Japanese Government's attitude toward purchasing the finished product was decidedly different. Much to my delight, even that has now changed.

Mr. President, the United States Trade Representative reached an agreement with the Japanese last September that appeared to lay the groundwork for a significant cigarette market opening in Japan. Those of us who have worked on this issue expressed some doubt as to the true meaning of this agreement, as the Japanese have promised to open their cigarette market to United States cigarettes for years with little substantive result. This time, though, I believe a real market opportunity is now available, and the Japanese deserve some credit for carrying through on the agreement both in substance and spirit.

The United States cigarette is now priced competitively with Japanese cigarettes and is available at all cigarette shops which sell tobacco products. Furthermore, the Japanese Diet showed extraordinary political courage last month by suspending the import tariff on American cigarettes. Firm figures on cigarette sales in Japan have not been published for the first quarter, but company executives have told me that trends for cigarette sales in Japan are very encouraging. A complete market opening for United States cigarettes could mean a 20-percent market share, translating into millions of dollars for Kentucky tobacco growers.

There are examples of the trading relationship between Japan and the United States where there is no level playing field. Certainly, Kentucky beef cattle producers would be delighted to have an opportunity to sell their product in the lucrative Japanese market. However, in this one instance, the Japanese Government must be commended for allowing American producers of tobacco and tobacco products to compete in the Japanese markets.

I hope, Mr. President, that the success the tobacco industry has enjoyed in creating a more favorable trading environment in Japan can be a model for other industries. The Japanese consumer market is an attractive target for American business, just as our markets are attractive to Japanese manufacturers. Perhaps this one example of success will lead to an eventual resolution of the difficult trade issues which threaten the important strategic relationship which exists between our two countries.●

JOBS PROGRAM

● Mr. SIMON. Mr. President, Lloyd Pletsch, the managing editor of the DeKalb Daily Chronicle, recently had a column about the jobs program that I have introduced.

I ask that it be inserted in the RECORD.

The article follows:

Work Plan Might Work

(By Lloyd Pletsch)

There's no such thing as a free meal.

In other words, everything costs somebody something.

For example, a welfare reform-type program designed to create 3 million new jobs would cost American taxpayers about $8 billion a year.

The program was introduced last week by U.S. Sen. Paul Simon. He is aware of the cost, but says much of the estimated $8 billion would be offset by savings in the welfare unemployment and compensation costs.

On the surface the concept is simple enough. Simon's Guaranteed Job Opportunity Act would provide anyone who is out of work for five weeks or more with a job. They would have to show they tried to get a job in the private sector and were unsuccessful. With that proof they would be paid to work for 32 hours each week at the minimum wage of $107 a week or $464 a month. That's 10 percent above welfare or unemployment compensation, Simon said.

What would these people be doing? Everything from repairing sidewalks to helping in daycare centers. Jobs would be provided on a project-by-project basis, following guidelines established by the secretary of labor.

The governors in each state would appoint a committee of seven to conduct hearings on appropriate governing districts within the state.

No more than two people in a household would be eligible for a job and no one in a household with more than $17,000 annual income could work under guidelines of the program.

The proposal is being hailed by groups ranging from the Americans for Indian Opportunity to representatives of the Catholic Church.

The bill has appeal in that it will provide for basic employment skills training and other measures to help recipients find long-term jobs in the private sector. It's true that the demand for unskilled labor is going down and the pool of unskilled labor is increasing. The bill adddresses that problem.

Will it work? Maybe. But it is expensive and that will be a major drawback to getting it approved. Administering it would be a real challenge but not impossible.

It's based on the premise that people do want to work. Is that really the case? Maybe for the majority, but there will always be those who cheat the system just as there is with any program.

One Senator who supports the concept said it would be doing something for the major problem facing this country—unemployment—and all the other problems will be taken care of.

That's doubtful, but the Simon proposal is an interesting one. It might be worth a try even though expensive. It's probably no more costly than dealing with unemployment through current means available. Paying people to work rather than simply paying people to do nothing is a concept that the American taxpayer can appreciate.

The plan is no free meal but it might be a nourishing meal at a less expensive price.

SPACE STATION: A REVITALIZATION OF OUR AMERICAN SPIRIT

● Mr. SHELBY. Mr. President, this year marks the silver anniversary of JOHN GLENN's historic orbiting of the globe. Twenty-five years ago, America stood poised on the edge of the "Final Frontier" and then vaulted with the confidence, pride and support of the entire Nation into the "challenge of tomorrow." Today, we are at a similar crossroad. Like the settlers of the early 1800's, we have the unique opportunity to push the frontier back a little farther—into the exciting new realm of a permanently manned space station.

As the world has changed so dramatically over these 25 years, so too, has America's global interaction. We live in a world where information is bounced into space and back to other parts of the world in milliseconds. We live in a world of economic summits, compact discs, robots, laser surgery, and star wars. We live in a world where for nearly two decades America dominated space flight and technology. Now we discover that the space playing field is filled with competitors from all nations.

The idea of a space station is certainly not new. Through the surrealistic eye of Hollywood the public has for several years been exposed to the idea of human beings living and working together in space. In fact, 25 years ago NASA's Langley Research Center opened the first space station office. Our scientists and astronauts confirm that America is at the point where a manned space station is the logical successor to the Mercury and Gemini programs, the Moon landing and the shuttle.

But rather than being an idea borne out of a Hollywood movie set, space station represents the culmination of a quarter century's work and the integral element in mankind's exploration of the universe.

Picture a new era of innovation and discovery fueled by a laboratory obiting 250 nautical miles above the planet. What can we look forward to? Lifesaving medicines, supercomputers, stronger metals, and crystals among many new advances planned for the station. Structurally we envision platforms to launch voyages to distant planets, to service satellites, assemble spacecraft, and to observe the Earth and the universe. We talk of private industry and Government, the academics and the astronauts, the scientists and the students from Western Europe, Japan, Canada, and the United States linked together by a common dream: a space station.

I feel confident that space station will be an academic, commercial, scientific, and security success—by more importantly—it will be a success for our country, a landmark accomplishment that every citizen can take pride in.

Mr. President, for a moment let us consider the world of 25 years ago, when we as a country saw the globe in it's entirety for the first time through the eyes of JOHN GLENN. From this perspective, we see the incredible beauty and pervasive tranquility. We do not see borders or boundaries, lines of demarcation or the fences that separate mine from yours. What we are privileged to see is the wonder of our planet in its entirety.

I believe space station will be the catalyst that will help us regenerate that elusive quality that characterized our Nation 25 years ago. I know that our strong commitment to this NASA program now will not only produce the most significant event of our century, but will also set the pace and tone with which we greet the 21st century. Mr. President, I believe in space station and I urge my colleagues to stand behind this most vital American program.●

YUGOSLAVIA

● Mr. SIMON. Mr. President, I would like to call attention to an issue that is often overlooked. There is a problem in Yugoslavia that is getting worse and worse, and we can no longer afford to look the other way.

Yugoslavia is a country of minorities, some of whom unfortunately do not get along with each other. An extreme example is the persecution of Albanians in Kosovo. Kosovo is a small region of Serbia along the border of Albania. The region has a majority of ethnic Albanians. The people of Kosovo want to have republic status, however, and the Government of Serbia misconstrues that to mean Kosovo wants to unite with Albania.

The Government of Serbia, saying it wants to stop separatism, suppresses the desires of the Kosovan people through the use of informants and frequent arrests. In the past few years there have been over 25,000 Albanians arrested or harassed in Yugoslavia for political activism. This has grown well out of control, and the United States must make its voice heard.

The United States has given much assistance and encouragement to Yugoslavia because Yugoslavia was the first Communist country to break relations with Stalin's Soviet Union in 1948. This was a fair step at the time, one that made good foreign policy sense. We still ought to encourage an independent Yugoslavia, free from Soviet troops and control. But Belgrade must also hear a clear United States voice condemning human rights abuses. I hope my colleagues will join me in speaking out against the persecution of ethnic Albanians in Yugoslavia's Kosovo province.●

PRESIDENT REAGAN'S COMMENTS ON EDUCATION

● Mr. LEVIN. Mr. President, we are all distressed by the reports of the failure of security in our Embassy in Moscow. But we should not let our frustration lead us to look for convenient scapegoats or simplistic explanations. Unfortunately, the President engaged in some of this recently when he suggested that our Nation's schools may bear substantial responsibility for the alleged misconduct of the marine guards at the Embassy. James Reston of the New York Times responded with a very thoughtful article which put the allocation of blame in its proper perspective. I ask that the article by James Reston appear in the RECORD.

The article follows:

REAGAN ON EDUCATION

WASHINGTON.—President Reagan has a story for every occasion and an excuse for every disaster.

He blames the Congress for the budget deficit, the Japanese for the trade deficit, his aides for the Iran-contra scandals, and now the educators for the latest security outrage at the U.S. Embassy in Moscow.

In California for the Easter recess, he condemned the Russians for spying on our embassy and the marines for letting them in, but then suggested that maybe the problem was not that boys like girls, but that we were no longer teaching "values" in the schools.

His story this time was about the counselor who asked his students what they'd do if they found a pocketbook with a hundred dollars inside and the owner's name on the flap. Most of them said they'd keep the money, but when they asked the counselor what he'd do, he didn't distinguish between right and wrong but ducked the question.

The national teacher's association could sue Mr. Reagan for that one, yet he was getting at a valid point, namely that we cannot explain the scandals of the present time without looking at the decline of decency and moral values in the society as a whole.

No doubt the educational system is part of the problem. More young Americans are spending more years in school than ever before, and more, like the Marine guards in Moscow, are going to high school and beyond at greater expense than in any other country in the world.

But in this last half-century there has been a startling change in American society that requires much more knowledge of the world and places a far greater burden on the schools.

Now, as the President suggested in California, the schools are expected to perform many of the educational functions that used to be performed by the family, the settled community and the church, and they often perform them in peculiar ways.

Modern American education, most of the time and most of the places, no longer emphasizes, for examples, the cultural tradition on which the Republic was founded and the Constitution written 200 years ago.

Instead, the usual school curriculum is filled not with a study of the student's responsibilities, but of his rights. It is concerned largely with elective, specialized, accidental and incidential studies, in accordance with the student's personal ambition rather than his public responsibilities. Accordingly, it is probably not too much to say that the present generation is now coming out of school with no common body of knowledge, no common moral and intellectual discipline and no common truth.

But it would be too much to say that the schools are wholly to blame for this predicament. Look at the predicament of the American family, which always was and still is the main repository of our values; look at the divorce rates, and the rate of illegitimate births, and the dropout rates, and the models put before our children by Madison Avenue and Wall Street, and Pennsylvania Avenue, and on the television screens of the nation.

Look also at the record of the President's own Administration. For he also is supposed to be a teacher, in fact the principal teacher in a secular society, and he has been teaching that private concerns are more important than public concerns, indeed that government is not the answer to our common problems but is itself the problem.

The President is quite right in suggesting that the society itself is also to blame for the derelictions of duty we have seen recently in Moscow, and in the basement of the White House, but the state of mind of the people is often a reflection of the quality of their responsible leaders.

For if you teach the people that they don't have to pay for what they want, that they can spend and borrow, that success is for those who equivocate and evade, that private wants are the things that matter, you shouldn't be surprised if marines chase girls and neglect their duties.

Meanwhile, I don't believe there's a teacher in the country who wouldn't tell his students to turn in the hundred bucks to the person whose name was on the pocketbook flap.●

AMENDMENT TO RULES OF PROCEDURE OF SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

● Mr. INOUYE. Mr. President, at a closed meeting of the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition which took place on April 30, 1987, the committee adopted an amendment to its rules of procedure.

The purpose of the amendment is to allow the committee to conduct hearings jointly with the House Select Committee to Investigate Covert Arms Transactions with Iran and to provide for the rules which govern those hearings.

The rule in its entirety reads as follows:

10.1 The Committee may conduct hearings jointly with the House Select Committee to Investigate Covert Arms Transactions with Iran.

10.2 Rules 3.2, 3.5, 5, 6.1-6.10, and 6.12 of the House Select Committee, to the extent that they are inconsistent with the rules of this Committee, shall govern hearings conducted jointly by the two Committees, when such hearings are held in facilities provided by the House.

10.3 Notwithstanding Rule 10.2, all such joint hearings shall for all purposes be considered hearings of this Senate Committee.●

CONGRATULATIONS TO WATERBURY BAR ASSOCIATION FOR OBSERVANCE OF LAW DAY 1987

● Mr. WEICKER. Mr. President, I want to congratulate the Waterbury Bar Association on its observance of Law Day in the year of our Constitution's 200th anniversary. Appropriately, Law Day's theme, "we the people," will focus on law and the Constitution in our daily lives.

The Hearst Corp. recently conducted a survey to test the American public's knowledge of our Constitution. The results were, to say the least, startling. Twenty-five percent of the individuals surveyed throught the Constitution was drafted to declare the independence of the United States from England; nearly 60 percent did not know the Bill of Rights is the first 10 amendments to the Constitution; and 49 percent believed the President has the right to suspend the Constitution in times of war or national emergency.

Fortunately, the Constitution protects all Americans whether they are familiar with the document or not. It touches our lives daily as we gather to worship, as we assemble to debate, as we share our opinions. In this bicentennial year of the Constitution, lawyers have a special opportunity to help instill in their fellow Americans a deep appreciation and understanding of our unique constitutional system. As the origins of the Constitution and the great freedoms it espouses reach the forefront of the Nation's consciousness, more Americans will realize it is their right and their privilege to participate in public policymaking.

I know the Waterbury Bar Association and all Law Day participants will rise to the challenge of educating Americans about their rich heritage. Once again, I congratulate them for the role they play in citizen involvement.●

THE WALLOP-BREAUX FUND A SUCCESSFUL RECREATIONAL PARTNERSHIP

● Mr. WALLOP. Mr. President, I want to thank my colleagues from both sides of the aisle for the strong showing of support they recently provided to America's millions of anglers and boaters. Well in excess of 30 Members of this body recently joined to protest a proposed diversion of $25 million in Federal recreation user fees. I feel confident that this strong reaction will safeguard the aquatic resources trust fund in fiscal year 1988.

Beginning in 1950, outdoor lovers began to pay special Federal taxes on fishing tackle and other equipment so that the public management programs for fisheries could be adequately funded. Since that time, tens of millions of Americans have paid hundreds of millions of dollars in taxes used to support research, fisheries habitat improvements, creation of lakes, and construction of fish hatcheries.

In my mind, this is one of the great examples of partnerships in the outdoors. Individuals pay the taxes—each paying a relatively modest amount—to a true Federal trust fund which makes matching grant money available to State fish and wildlife agencies. Local sportsmen's clubs often get involved, too, at the grass roots level, further extending the impact of this program.

In 1984, we built upon the tradition of success established under this program, then popularly known as the Dingell-Johnson fund. We merged into this fund a similar program designed to aid the Nation's boaters. I was pleased, as I know my colleague from Louisiana, Mr. BREAUX, was, to have the resulting program pass the Congress and be signed into law in the summer of 1984 and receive acclaim by key fisheries and boating organizations as one of the most significant pieces of legislation ever in this field. I was also delighted when the program was unofficially christened the Wallop-Breaux fund.

Since that time, my hopes and the hopes many public and private sector outdoor interests whose work led to this program have been fulfilled. My State's share of the new fund may not be immense by Washington standards, but the results of these funds are having a direct and dramatic positive impact on outdoor opportunities in Wyoming. This year, Wyoming will receive some $2 million. The money will be matched by State fishing license and boat registration revenues and will be used to:

Build a parking area, toilet facilities and boat ramp at the Woodruff Narrows Reservoir which will provide 20,000 fishermen days of use ($40,000);

Acquire access to three lakes (Meeboer, Gelatt, and East Allen) and develop proper facilities (parking, toilets, roads and boat ramps) to serve 41,000 fishermen days each year ($157,000);

Expand fisheries management, particularly through increased data collection ($250,000); and

Acquire the site for a new hatchery ($200,000).

I am pleased to report that the Wallop-Breaux fund is having a similar, measurable impact on fishing and boating opportunities across our great Nation. The use of these funds has been collected and published in a booklet printed by the U.S. Fish and Wildlife Service entitled State Fishing and Boating Statistics: Projected Plans for Wallop/Breaux funds. I know each of you would conclude, after reviewing the use of these funds and understanding that only 2 or 3 percent of the collected dollars are spent administering, that this ranks high on the list of effective and efficient Federal programs.

In 1985 and again this year, your outspoken support for this program, and your belief that we should remain true to the commitment made to the Nation's anglers and boaters when they volunteered for the special taxes, have helped millions of Americans understand that Federal assistance is not an oxymoron. I know the administration has come to respect the power of the Nation's anglers and boaters. I hope that future budget proposals will avoid any attempts to raid Wallop-Breaux not because of this power, though, but because of the need to protect the integrity of a successful, user-fee base program.●

THE DEATH OF EWAN CLAGUE

● Mr. MOYNIHAN. Mr. President, every day in America, business and Government leaders make policy decisions that affect the entire Nation. The success of their choices is critically dependent upon the accuracy and availability of the information they turn to for guidance. Such measures as the Consumer Price Index—a key measure of inflation—employment trends, productivity statistics, and other such indices record and describe the country's economic performance.

The Bureau of Labor Statistics is one of the principal data-gathering agencies of the Federal Government. And the credit for its responsible collection and dissemination of this basic data rests largely with Ewan Clague, the Commissioner of Labor Statistics for the Department of Labor from 1946 to 1965.

Far too often a man's work goes unacknowledged until his death. And so it is only with the loss of Ewan Clague that we are reminded once again of his valuable contributions to the Bureau of Labor Statistics, an agency with a record of high standards, consistently maintained.

But as we all know an agency is only as good as the people who staff it. Ewan's tenure coincided, even predicated, a crucial time in the Bureau's development. He guided the BLS through a turbulent postwar period and saw the use of labor statistics grow from descriptive and analytical purposes to policy tools affecting the lives of millions of Americans.

Under Mr. Clague's leadership, the Bureau maintained public confidence, especially among the captains of labor, industry, and Government. Ever adaptable to the changing needs of our society, Mr. Clague developed new programs while maintaining impartiality and objectivity.

I can attest to the Bureau's valuable contributions to the war on poverty launched by President Johnson. As Assistant Secretary of Labor for Policy Planning and Research, I know firsthand the merit of the Bureau's work, especially the Office of Economic Research established by Mr. Clague. This Office examines the critical social issues of poverty and the condition of minorities and also provides essential data on the characteristics of the unemployed and the nature and extent of poverty.

I have often asserted that you cannot understand a problem until you measure it. Ewan Clague's lifelong commitment to the competent and honest use of labor statistics helped to provide national awareness and consequently action on countless issues.

Mr. President, I ask that an obituary from the New York Times of April 15 be printed in the RECORD.

The obituary follows:

[From the New York Times, Apr. 15, 1987]

EWAN CLAGUE, 90; U.S. LABOR OFFICIAL

Ewan Clague, Commissioner of Labor Statistics for the Department of Labor from 1946 to 1965, died of Alzheimer's disease Sunday in a nursing home in Bethesda, Md. He was 90 years old and lived in Washington.

For almost a decade after he retired in 1965, Mr. Clague taught labor statistics. He did so at the Universities of California at Los Angeles and the Universities of Pennsylvania, Michigan State and New Hampshire and at Drexel University in Philadelphia.

Mr. Clague, a student of trends, was chosen as Commissioner when he was head of the Social Security Board's Bureau of Employment Security. He had been in the Government for 10 years.

His competence made him acceptable to the economic professionals in business and labor and to economists generally.

Once, when the announcement of the Consumer Price Index was delayed beyond its customary date in the month, Mr. Clague explained that the increase was so unusually large that he had sent the results back for a recheck. No error was found.

In 1959, in the 116-day steel strike, Mr. Clague's bureau produced a booklet of basic statistics about the industry for the Secretary of Labor. One of the side effects of this was a complimentary newspaper article about Mr. Clague as author of the booklet. He let it be known that this was a case of misplaced credit and that he was unhappy about it.

"I am no high-powered statistician," he declared, "but I have some of the best in the world working for me."

He was put in office under a Democratic Administration but when James P. Mitchell took office as Secretary of Labor in a Republican Administration in 1953, he fought hard to keep Mr. Clague in his post. He was re-appointed by Presidents Eisenhower and Kennedy.

Mr. Clague was a native of Washington State. His parents had emigrated from the Isle of Man, Britain.

Mr. Clague graduated from the University of Washington and earned a doctorate from the University of Wisconsin.

He is survived by his wife, Dr. Dorothy V. Whipple, a pediatrician; two sons, Christopher Karrin Clague of College Park, Md., and Lewellyn Whipple Clague of Hastings-on-Hudson, N.Y.; a daughter, Anne Farber of Manhattan, and seven grandchildren.

A memorial service will be held at 1 P.M. April 26 at the Cosmos Club in Washington.●

TAKE PRIDE IN NEW YORK CAMPAIGN

● Mr. D'AMATO. Mr. President, it is not often that the citizens of one of the most exciting places in the world pause to pay tribute to their own city. New Yorkers, by tradition, are too busy creating, designing, innovating, crafting, building, and implementing to stop and admire their unique hometown. While I am confident that every New Yorker feels a special, personal affection for the city in which they live, it is important that this admiration and respect be encouraged publicly.

This is why I rise to acknowledge the "Take Pride in New York" campaign underway in "the Big Apple." The campaign has begun, appropriately enough, by reaching out to our young people throughout the city school system. Mayor Edward Koch, the city board of education, Eastman Kodak, and the New York Post have all taken a leadership role in sponsoring a contest that asks the children to create photo essays and write poetry that speaks to the pride they feel about the city in which they are growing up.

We should applaud and encourage the sponsors of this effort, as they are helping to inculcate our next generation of leaders with the spirit that is New York.

For generations New York has given countless people an opportunity to realize their dreams. Today the "Take Pride in New York" campaign is allowing New Yorkers to return the favor and add a special shine to "the Big Apple."●

FAIRNESS IN U.S. ASYLUM

● Mr. KENNEDY. Mr. President, a few weeks ago I commented on the issue of our political asylum process following the Supreme Court's recent landmark decision in INS versus Cardoza-Fonseca. That decision of the Court upheld the intent of Congress in its passage of the Refugee Act of 1980 by ruling that the administration has been overly rigid in its applications of our political asylum process.

Mr. President, I would like to bring to the attention of my colleagues a thoughtful contribution to the public debate on the asylum issue by an imminent expert on immigration and refugee affairs. Doris Meissner has served with distinction on this issue, both inside and outside government, and is well known to many of us here in the Senate. I believe her recommendations add some very practical suggestions following the Supreme Court's decision by outlining steps which would increase the responsiveness of our asylum system, without the same time overburdening the process.

I think her recommendations deserve the Senate's careful attention, and I ask that her recent article on this subject in the Los Angeles Times be printed at this point in the RECORD.

[From the Los Angeles Times, Apr. 29, 1987]

FOR FAIRNESS, KEEP ASYLUM DISTINCT FROM IMMIGRATION

(By Doris M. Meissner)

The Supreme Court has soundly repudited the government's requirement that applicants for political asylum show that they are "more likely than not" to be persecuted if returned to their country. Instead, the court tells us, Congress intended the Refugee Act of 1980 to be "more generous" than that. However, experience teaches us that generosity is quickly sacrificed in the face of large-scale first-asylum influxes such as those that the United States has seen since 1980.

The Refugee Act gave us a method and criteria to decide on admittance of people directly from their home country. Scant attention was devoted to the situation of people who got here on their own and then sought asylum as refugees. The problem of "first asylum" became overwhelmingly evident with the Mariel boatlift, Premier Fidel Castro's export of 125,000 Cubans to Florida one month after the act passed.

Other Western nations have experienced similar pressures, unprecedented in size and suddeness, and have concluded that their asylum provision were being abused to circumvent traditional refugee selection processes. Most have tightened their systems significantly to discourage access to the judicial system through claims and appeals that can take years. Our government did the same just as the full weight of the Central American migration of the 1980s, particularly that from El Salvador, began to be felt.

Although the recent Supreme Court decision arose from a Nicaraguan's case, the facts were typical of thousands of Salvadorean claims, by far the largest caseload from Central America. Migration from El Salvador had traditionally been economic in origin. The surge began during the late 1970s when severe political repression became widespread.

No one can know what the percentage of true refugees among Salvadoran claimants might have been, because the Administration's approach and procedures foreclosed an honest review. Probing the line separating economically and politically generated flight was a new complexity that officials brushed aside. Overwhelmed by applications, they believed that Salvadorans were filing for political asylum to stop the legitimate enforcement of departures so that they could remain here to work. Thus the Salvadoran claims were judged particularly harshly: The approval rate was 2%.

This record stood in stark contrast to widespread reporting of death-squad activity and personal accounts of atrocities in El Salvador. Still, to this day the Immigration and Naturalization Service and the Department of State steadfastly insist that Salvadorans have essentially been economic migrants.

Characteristically, State acts as a refugee advocate within the government. In this instance, however, generous refugee admissions hardly would serve the larger foreign-policy agenda of support for the governments generating the major flows.

Had a humanitarian refugee policy been an important component of U.S. policy toward Central America, and had the INS made a successful effort to evaluate claims quickly and fairly, a best guess is that 15% to 20% of Salvadoran claimants who arrived before 1982-83 would have been granted refugee status. The debate would then have shifted to the truly difficult issue. How does a nation fashion an asylum policy and system that are at once fair and resistant to abuse?

The starting point must be fairness. A corps of specialized asylum officers is required to decide applications based on current information about country conditions. These officers should be specially trained and insulated from competing law-enforcement tasks. Information to guide their decisions must be drawn from many sources, not only from the State Department, to ensure objectively. The legal standard to assess persecution must be consistent across nationality groups, and decisions must be based predominantly on in-depth interviews with applicants.

Next, the major objective must be timeliness. Applications should be decided quickly, within three months at most, to deter the filling of claims to gain authorization to work in the United States. If a fraction of the resources that have been devoted to detention centers for asylum-seekers had been directed instead at the asylum adjudicatory process, crippling backlogs that invite frivolous applications would not have appeared. Moreover, interim regulations, hastily prepared after the act passed have never been replaced with definitive guidance for field personnel.

Finally, foreign-policy measures that inflame migration must be reexamined. The rapid increase in the size of human population coupled with growing income disparities among nations, especially in the Americas, and growing political instability worldwide have greatly increased the potential for first-asylum influxes. There will surely be more.

The Administration has severely mishandled the asylum mandate in the name of immigration control. In setting the record straight, the Supreme Court has ruled that time-honored humanitarian principles embodied in U.S. law cannot be set aside to choke off unwanted asylum requests. But the generosity that it correctly demands will be in short supply again unless we translate our traditions and law into a system that speaks to the reality around us.●

OREGON STATE SENATE MEMORIALS

● Mr. HATFIELD. Mr. President, Oregon's 64th Legislative Assembly has adopted four Senate joint memorials to the U.S. Congress which I submit for the Record:

Senate Joint Memorial 1

To the Senate and House of Representatives of the United States of America, in Congress asembled:

We, your memorialists, the Sixty-fourth Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas N-Reactor at Hanford, Washington, has been operating since 1963; and

Whereas N-Reactor appears to be similar in some respects to the nuclear reactor at Chernobyl, which was the site of a catastrophic nuclear accident in April 1986; and

Whereas the Oregon Department of Energy, in a report prepared for Governor Vic Atiyeh on N-Reactor safety came to the following conclusions about N-Reactor:

(1) Because persons responsible for safety at N-Reactor are also responsible for plutonium production, the United States Department of Energy should develop a regulatory program totally independent of the production program;

(2) In the event of an accident at N-Reactor radioactive liquids could be pumped with emergency cooling water into an earthen trench located close to the Columbia River where the possibility then exists that the radioactive liquid could, over time, enter the river.

(3) Much of the N-Reactor equipment is near or past its design life and needs frequent maintenance, repair and replacement;

(4) In order to enhance public health and safety, safety equipment should meet all current standards for the commercial nuclear industry when existing safety equipment is replaced or added;

(5) Unlike the commercial nuclear industry, the operators of N-Reactor are not required to prepare for unlikely accidents involving severe fuel damage;

(6) N-Reactor operators have not been trained and procedures have not been published on how to handle severe fuel damage, and improper actions could result in large releases of radioactivity into the environment; and

(7) Oregon has not been included in development and testing of the emergency response plan for N-Reactor; and

Whereas six independent consultants for the United States Department of Energy agreed with these safety concerns and raised others which questioned whether the N-Reactor can continue to operate safely; and

Whereas necessary safety improvements will be very expensive and take a long time to implement; and

Whereas in any case the N-Reactor can only operate a few more years due to growth of the graphite core; and

Whereas in order to protect the safety and health of the people of Oregon the concerns expressed in the Oregon Department of Energy report must be addressed; now, therefore, be it

Resolved by the Legislative Assembly of the State of Oregon:

(1) The Oregon Legislative Assembly believes these concerns pose risks of continued operation that are a significant threat to public health and safety and the environment.

(2) The Congress of the United States is respectfully memorialized to order the United States Department of Energy to immediately and permanently shut down the N-Reactor and begin decommissioning.

(3) A copy of this memorial shall be sent to each member of the Oregon Congressional Delegation.

Senate Joint Memorial 2

To the Senate and House of Representatives of the United States of America, in Congress assembled:

We, your memorialists, the Sixty-fourth Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas the purpose of the Nuclear Waste Policy Act of 1982 is "to establish a schedule for the siting, construction and operation or repositors that will provide a reasonable assurance that the public and the environment will be adequately protected from the hazards posed by high-level radioactive waste . . . as may be disposed of in a repository"; and

Whereas this process set up for the siting of our nation's first high-level radioactive waste repository is out of control; and

Whereas in the overall statistical evaluation indorsed by the National Academy of Sciences, the Hanford, Washington site for the proposed repository was ranked fifth among five potential sites; and

Whereas the Hanford site was ranked fifth in evaluation of both its post closure and preclosure performance; and

Whereas if only health and safety factors are considered, the Hanford site ranks far behind four other potential sites; and

Whereas despite these rankings, the Hanford site was selected as one of the top three sites in the selection of a nuclear repository; now, therefore, be it

Resolved by the Legislative Assembly of the State of Oregon:

(1) The Congress of the United States is respectfully memorialized to appropriate no further federal dollars on site characterization on the fifth ranked Hanford site.

(2) A copy of this memorial shall be sent to each member of the Oregon Congressional Delegation.

SENATE JOINT MEMORIAL 3

To the Senate and House of Representatives of the United States of America, in Congress assembled:

We, your memorialists, the Sixty-fourth Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas Section 112 of the Nuclear Waste Policy Act of 1982 requires the Secretary of Energy to develop guidelines for the recommendation of sites for repositories of high-level radioactive waste; and

Whereas Section 112 of the Nuclear Waste Policy Act of 1982 requires the Secretary of Energy to nominate five sites suitable for site characterization for selection of a second repository site; and

Whereas the Nuclear Waste Policy Act of 1982 requires the Secretary of Energy to use guidelines established under Section 112 of the Nuclear Waste Policy Act of 1982 in considering candidate sites for recommendation for site characterization studies and selection of the first and second repository sites; and

Whereas the Secretary of Energy announced the nomination of five sites suitable for site characterization for selection of the first repository site before completion of the guidelines for such selection; and

Whereas on May 28, 1986, the Secretary of Energy announced postponement indefinitely of all site-specific work related to selection of a second repository; now, therefore, be it

Resolved by the Legislative Assembly of the State of Oregon:

(1) The Congress of the United States is respectfully memorialized to require the Secretary of Energy to comply with the terms and procedures of the Nuclear Waste Policy Act of 1982.

(2) That if the United States Department of Energy fails to comply with the Nuclear Waste Policy Act of 1982, responsibility for the selection of high-level radioactive waste repositories should be placed with another appropriate agency.

(3) A copy of this memorial shall be sent to each member of the Oregon Congressional Delegation.

SENATE JOINT MEMORIAL 5

To the Senate and House of Representatives of the United States of America, in Congress assembled:

We, your memorialists, the Sixty-fourth Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas the 99th Congress of the United States failed to enact a federal aid highway act for this current federal fiscal year; and

Whereas the 100th Congress of the United States is currently considering enactment of a federal aid highway act for this current federal fiscal year; and

Whereas the differences in the proposals being considered in the Senate and House of Representatives relating to such issues as demonstration projects, speed limits and highway beautification are so great that there is a real risk of another prolonged delay as a conference committee attempts to resolve these differences; and

Whereas these differences could be addressed in separate legislation; and

Whereas these delays effectively impound road user taxes already paid to the Federal Government by the citizens of the State of Oregon; and

Whereas the delay of the distribution of federal highway funds to the State of Oregon has already resulted in the postponement of vital road, street and highway projects needed for the safety of Oregon's motoring public and for the economic recovery of the State of Oregon; and

Whereas these delays cause significant employment problems for large numbers of Oregonians: now, therefore, be it

Resolved by the Legislative Assembly of the State of Oregon:

(1) The Congress of the United States is memorialized to:

(a) Act expeditiously in the resolution of the differences between the two Houses of Congress; and

(b) Enact a federal aid highway act at the earliest possible time.

(2) A copy of this memorial shall be sent to each member of the Oregon Congressional Delegation.●

SOLIDARITY SUNDAY

● Mr. SIMON. Mr. President, this Sunday, Solidarity Sunday, is an opportunity for the citizens of the United States to express their commitment to the struggle to free Soviet Jews. The Soviets have made minor concessions regarding human rights, including a slight increase in emigration levels. However, the overall situation facing Jews in the Soviet Union remains unchanged.

The Coalition to free Soviet Jews is sponsoring a march and rally in New York this weekend on behalf of the hundreds of thousands of Jews remaining in the Soviet Union. I commend my colleagues to the following statement made by the coalition in the New York Times on Thursday, April 30, 1987.

> The news coming out of the Soviet Union these days is better than at any time in recent memory. And that scares us.
>
> Because while Jews are being allowed to emigrate to Israel in greater numbers, while Jewish prisoners of conscience and human rights activists are gradually being released from prison, while families are being reunited, a new threat to Soviet Jews looms large. It's us.
>
> We are in grave danger of growing complacent over these positive developments—and letting our joy over the emigration of 470 Jews this March make us forget the hundreds of thousands still trying to leave.
>
> We have much to be proud of. Were it not for our refusal to let the issue die, it's doubtful that Soviet Jews would now be enjoying the small gains they've made.
>
> But instead of resting on our laurels, we've got to build on our momentum. Our demands are being heard. They must continue to be heard until every Jew who wants to leave the Soviet Union has been allowed to, and until those who are left behind are allowed to live as Jews.
>
> By marching on Solidarity Sunday, May 3rd at noon, we can show the Soviet Union that the concessions they've made can't buy our silence.
>
> They'll still have to earn it.

These words parallel my own fear that recent releases will cause us to dismiss the pleas of individuals still suffering in the Soviet Union—individuals such as Naum Meiman who have been waiting for over 10 years for permission to emigrate. Naum, who is in his seventies, has been denied permission based on the presumption that he knows Soviet secrets—secrets that are over 25 years old and have been disclosed in Soviet journals. And, OVIR recently informed Naum that, due to the knowledge of these secrets, he will never be issued an exit visa.

I cannot begin to imagine the devastation Naum must feel. I do know, however, that the United States must closely examine changes in Soviet policy, and assess what real improvement has occurred. For Naum Meiman, there has been no improvement.

The United States must continue to apply pressure on the Soviet Union to release refuseniks. No matter how high emigration levels reach, we cannot ignore the cries of the individuals who remain there.

I implore the Soviet Union to grant Naum Meiman, and all other refuseniks, permission to emigrate to the West.●

OLDER AMERICANS MONTH BEGINS

● Mr. SIMON. Mr. President, I want to call the attention of my colleagues to the first day of Older Americans' Month. May has been designated as the month which celebrates the contributions, the achievements, and the spirit of the older citizens of our Nation.

I was pleased to cosponsor the legislation which recognizes Older Americans' Month. This designation focuses attention on the accomplishments of older people, the fastest growing segment of our population.

The image of the older person who sits in a rocking chair knitting or doing nothing is fading. The older person has a great deal to offer society; maturity is a tremendous asset. Recently, we have seen corporations appealing to the older person as a potential worker. The business community has recognized the assets of experience and reliability which the older worker possesses.

Older people have made enormous contributions to our society.

Georgia O'Keefe's stunning paintings, many done while she was in her eighties and nineties, exemplify the creative powers which many older people possess.

Dr. Albert Sabin, who discovered the polio vaccine, continues to do medical research. He is over 80.

Eleanor Roosevelt continued her political advocacy until the day she died at age 78.

Margaret Mead, whose findings revolutionized the world of anthropology, studied human nature until the day she died at age 78.

George Burns, whose energy is a source of amazement, has taught the public that not all 91-year-olds are cranky.

Eubie Blake, an institution in the world of jazz, composed and played the piano with vigor throughout his 100 years of life.

The age of these legends is immaterial.

I commend the activities and celebrations of Older Americans' Month and hope that this year brings even greater improvement in attitudes toward older people.●

ORDERS FOR TUESDAY, MAY 5, 1987

RECESS UNTIL TUESDAY AT 3 P.M.

Mr. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 3 o'clock p.m. on Tuesday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS—RESUME SENATE CONCURRENT RESOLUTION 49

Mr. BYRD. Mr. President, I ask unanimous consent that after the two leaders have been recognized on Tuesday next, there be a period for morning business, not to exceed 15 minutes and that Senators may be permitted to speak therein for not to exceed 5 minutes each, and at the conclusion of that period for morning business the Senate resume consideration of the budget resolution, Senate Concurrent Resolution 49.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERMISSION FOR COMMITTEES TO FILE REPORTS AND SENATORS TO SUBMIT STATEMENTS FOR THE RECORD, INTRODUCE BILLS AND RESOLUTIONS, PETITIONS AND MEMORIALS

Mr. BYRD. Mr. President, I ask unanimous consent that committees may have until 5 o'clock p.m. today to submit committee reports; that Senators may have until 5 o'clock p.m. today to submit statements for the RECORD, introduce bills and resolutions, petitions and memorials, and that committees may have on Monday next, between the hours of 10 a.m. and 3 p.m., permission to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME REMAINING ON SENATE CONCURRENT RESOLUTION 49

Mr. BYRD. Mr. President, I cleared this request with the Republican leader before he left.

Mr. President, I ask unanimous consent that when the Senate resumes consideration of Senate Concurrent Resolution 49 on Tuesday next, there remain 16 hours, 8 hours to a side.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BYRD. Mr. President, the Senate will convene on Tuesday next. I have indicated earlier there will be no rollcall votes on Monday. On this particular Monday, I felt it would be probably better for the Senate not to come in. I have no other business on the calendar that I can take up. This will give committees an opportunity to meet on Monday and without interruption by rollcalls or quorum calls. It will give Senators the opportunity to continue with their discussions on the budget resolution and amendments thereto.

The party conferences will meet on Tuesday, as is regularly their custom, at noon until 2 o'clock, and the convening hour of 3 o'clock will give us an opportunity, if our conferences so need, to run over a bit without concern about the Senate's being in session. The order has been entered accordingly.

Rollcall votes will occur at any time beginning on next Tuesday afternoon continuing through Wednesday, Thursday, and Friday. I would say the Senate should complete action on the Senate budget resolution next Wednesday or Thursday at the latest, and there are a number of amendments that are to be voted on. I urge Senators to be in attendance on those days beginning as early as 10 o'clock in the morning and staying available as long as is necessary daily Tuesday, Wednesday, Thursday, and Friday.

Following the action on the budget resolution, I hope to be in a position to proceed to take up the supplemental appropriations bill which was reported from the Appropriations Committee today.

RECESS UNTIL TUESDAY, MAY 5, 1987 AT 3 P.M.

Mr. BYRD. Mr. President, if there be no further business to come before the Senate, I move in accordance with the order previously entered the Senate stand in recess until 3 p.m. on Tuesday next.

The motion was agreed to, and at 3:56 p.m., the Senate recessed until Tuesday, May 5, 1987, at 3 p.m.

CONFIRMATION

Executive nomination confirmed by the Senate May 1, 1987:

DEPARTMENT OF STATE

Arnold Lewis Raphel, of New Jersey, a career member of the senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Islamic Republic of Pakistan.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Monday, May 4, 1987*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Teach us, O God, the ways by which we can translate our beliefs into action, our ideas into service, our thoughts into deeds, for we recognize that unless our faith is turned to good works we do not have the full measure of faith nor the fullness of truth. Encourage us never to be content with the documents and formulations of faith, but through the opportunities of service may we truly express our faith. For we know that when our faith is active in love we truly are stewards of Your entire creation. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PARLIAMENTARY INQUIRY

Mr. MARLENEE. Mr. Speaker, I was just a little late and I apologize.

Did you ask for unanimous consent to approve the Journal?

The SPEAKER. The Chair had announced the approval of the Journal.

INS NOT FOLLOWING CONGRESS' INTENT IN LEGALIZATION PROGRAM

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, on May 5 the legalization program which is the heart of the new immigration bill gets underway. The fate of millions of undocumented workers coming out of the shadows will be at stake, and it appears that the INS is unprepared to handle this avalanche of humanity. From every indication at centers across the country application forms are not ready and there are not enough doctors to conduct the required medical exams.

Many of the legalization sites are opening without full staffs, and a large number of immigrants still distrust the agency they so long considered the enemy.

My congressional office phone rings off the wall from people asking for information that should have been disseminated long ago.

Mr. Speaker, by not properly funding the program, the administration is trying to starve this bill to death. By charging close to $700 per family after all expenses, the INS is trying to finance this program on the backs of the immigrants. That was not the intent of the Congress.

It was also the intent of the Congress for the administration to enforce the antidiscrimination section of the bill, yet this has not happened, and there are hundreds of discrimination cases being reported by Hispanics and "other foreign looking people."

Furthermore, in the agriculture provision the administration's definition of "perishable commodities" excludes many deserving grower groups and farmworkers.

Mr. Speaker, I voted for this bill with a lot of reservations, as did many others. What the INS is doing is not what the Congress intended, and not what many of us voted for.

NETWORKS SKIP COVERAGE OF ANTICOMMUNIST DEMONSTRATIONS

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, I call your attention this morning to an article by William Randolph Hearst in the Hearst newspapers across the Nation that says, "Don't be led astray."

Mr. Speaker, a week ago Saturday night the three television networks chose to show you a group of people, so-called Americans, who came to Washington to demonstrate against their Government and against their country. * * * But they never bothered to show you the Communist organization participating in those demonstrations and they never bothered to tell you who put up the $3 million to pay for them.

Mr. Speaker, at the same time, there were loyalty day parades going on across this Nation in small towns sponsored by patriotic organizations like the Brunswick Elks Club. Those three networks never bothered to show any of those hundreds of thousands of Americans parading across this Nation in support of their Government and in support of the United States of America.

The same thing went on this weekend when hundreds of thousands of people in small towns in my district and in your district and all across this great country of ours were saying, "We will stand up to communism now and forever."

Mr. Speaker, not one of those parades was covered by any of the television networks again over the weekend. Where were you, Dan Rather? Where were you, Tom Brokaw? Where were you, Peter Jennings? Do you only show demonstrators who hate America. Regardless of your personal feelings, would it not have been "fair" to show both sides. I think you all are a disgrace to your profession. God bless those patriotic Americans. God bless America and thank you America for standing up against communism.

The SPEAKER. The Chair advises those in the gallery that there is a rule of the House that people in the gallery are guests of the House and are asked not to engage in demonstrations either for or against what Members may say on the floor.

JAPAN SHOULD BE ASHAMED OF WHALE SLAUGHTER

(Mr. RAVENEL asked and was given permission to address the House for 1 minute.)

Mr. RAVENEL. Mr. Speaker, so mercilessly have the large whales been hunted that they have become commercially extinct—stocks of blue whales have become so low that their gene pools may not be large enough for them to recover—these great whales are the largest creatures ever to dwell upon this Earth—an adult blue can exceed 100 feet in length and weigh as much as 140 tons—more than twice the size of brontosaurus, the largest dinosaur—the blue whale's heart is the size of a Volkswagen Beetle and a grown man can crawl through its massive arteries—it makes the loudest noise of any living creature and can communicate over hundreds of miles—it does not take a poet to imagine that these calls may be tinged with sadness and loneliness—though an international moratorium is now in effect on whaling, the Japanese have announced that they will continue the slaughter of minke and sperm whales this winter under the guise of "scientific research"—shame on you, Japan—shame on you, Japan.

A LEGACY OF LEADERSHIP: A TRIBUTE TO THE HONORABLE ANTONIO B. WON PAT

(Mr. BLAZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLAZ. Mr. Speaker, ordinarily when I come to the House I come to the House enthusiastically supporting a piece of legislation or speaking out against it. Today my presence is not so enthusiastic, because I am here sadly to report the passing of a former colleague of ours, the Honorable Antonio Borja Won Pat of Guam.

Those who knew Mr. Won Pat know that he was not a giant of a man in stature, but he was a giant of a man in accomplishments. They know that he did not talk very much, but he said a lot. They also know that he was a very, very humble man. He was a common man, but a common man with an uncommon touch.

I think that all of us in this business hope that someday history will be kind to us and say that in our presence in life here on Earth we have made a difference. Tony Won Pat has made a difference. We are better off for having known him, and as a colleague, as a Guamanian, as a friend, I salute you, Tony, and I say, "Adios, tun Antonio, adios."

Mr. Speaker, while it is always an honor and a pleasure to bring the thoughts and feelings of the people of Guam to my colleagues in the House, I come before you today with deep sadness in my heart to tell you of the tragic passing of a great gentleman.

Our former colleague, the Honorable Antonio Borja Won Pat—a magnificent paradox of a man—has died. He was not a big man physically, but he did a giant's job for our people, our territory, and our country—and he did it without a great deal of fuss.

He was a humble man with a warm self-effacing humor. Yet, he touched us all without overreaching and rose to a position of honor without seeking recognition. He was a common man with an uncommon touch.

He was a peaceful man who fought fiercely to advance both the quality of life for our people and the equality of treatment they deserve within the framework of our Constitution.

This giant of a man was a major catalyst and motivating force in the pioneering days of Guam's political and economic development. We needed to have a man of character, high caliber, and tenacity. Tony Won Pat was that man.

Tony Won Pat was, at times, sharply critical of U.S. policy, but he was demonstrably patriotic at the same time. With him, there was no contradiction in this. His spirit was big enough to balance his territorial and national obligations. Part of his genius was in how he met his obligations to the people of Guam and the United States, without subjugating the needs of Guam to the interests of the Nation. Not until I became a Member of Congress myself did I fully appreciate his ability to achieve a consensus in behalf of his legislation.

As a teacher, a family man, a political leader, and a senior statesman, his long list of accomplishments places him in a very special category. He was a father not only to his family, but, in a manner of speaking, to the community and the territory as well.

He entered public life with the first Guam Congress and passed from us during the 100th U.S. Congress. It seems so supremely ironic, yet characteristic of the man, that, on the eve of his death, he was here in the Halls of Congress, offering his knowledge, experience, and counsel to the leaders of Guam.

He was in such a jovial mood on the eve of his passing, meeting and greeting us, that now in looking back, it does seem as though he had come to say goodbye. The shoes he left behind are too big. I cannot fill them. But I will try to follow his impressive footprints.

My deepest condolences and prayers go out to his beloved wife, Tan Ana, his eight children and many grandchildren and great-grandchildren.

By that yardstick with which we measure people—their impact on our lives, the changes they made in the world—Tony Won Pat was one of those whose work in life has made a difference. I think that those of us who have worked with Tony Won Pat can say without reservation that we are all better for having known him.

As I am addressing you this morning, Tony Won Pat is en route to his beloved Guam. As a former teacher of mine, as a colleague, but most of all, as a friend, I thank you, I salute you, Tony.

Adios, tun Antonio, adios.

□ 1210

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. BLAZ. I am happy to yield to the gentleman from Arizona.

Mr. UDALL. Mr. Speaker, at a later date I am sure we will have a formal special order. At that time I will say some things for Tony Won Pat. Today, suffice it to say, as chairman of the committee which he served with such distinction and honor and dedication, I was proud to serve with him. He was everything the gentleman described him to be, and I appreciate the gentleman's kindness in advising the House of this unfortunate passing of former Congressman Won Pat.

Mr. BLAZ. I thank the gentleman for his kind and generous remarks.

Mr. LAGOMARSINO. Mr. Speaker, will the gentleman yield?

Mr. BLAZ. I am happy to yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman for yielding. I want to say as a person who served as the ranking Republican on Mr. Won Pat's subcommittee that I knew him quite well and would agree with the chairman of the full committee and with the gentleman's characterization of him. It is certainly very accurate, and I share in the gentleman's sense of loss.

Mr. BLAZ. I thank the gentleman.

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. BLAZ. I am happy to yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, in the brief moments left I would thank the gentleman for taking these moments to remember Tony. Tony was everything the gentleman said, and it is most appropriate the gentleman has advised us of this.

Mr. Won Pat did everything for everyone. Without a vote here, he was very, very effective as a Member and very compassionate. I know Tony often would come up and say, If I had a vote, I certainly would do that and I hope you will. Tony was a giant of a person, and I thank the gentleman for taking this time.

ANNOUNCEMENT OF THE DEATH OF THE HONORABLE ANTONIO B. WON PAT

(Mr. de LUGO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. de LUGO. Mr. Speaker, it is with sadness that I rise to pay tribute to a former colleague, Delegate Antonio B. Won Pat of Guam, passed away of a heart attack on Friday, May 1, in Silver Spring, MD.

Tony, as he was known by his many friends, died as he had lived: Serving the people of Guam whom he so loved. Only hours before his passing, I talked with him at a Senate hearing where he showed the old spark that made him so successful.

I first met Tony in the late 1960's when he was Guam's Washington representative, and I was serving the Virgin Islands in the same capacity. Together we worked on legislation which enabled our territories to elect their own Governors and send Delegates here to the House of Representatives in 1973.

That year, Tony and I came together to Congress and we continued to work as friends. Later, as chairman of the Subcommittee on Insular Affairs, I watched Tony use his well-honed legislative skills to produce a remarkable series of omnibus bills benefiting Guam and other United States territories.

Today I am honored to chair the same subcommittee as did my good friend and adviser, Tony Won Pat.

I am sure many of us here today can say we will deeply miss Tony. While he was small in stature, he was huge in spirit and accomplishment. We will miss you Tony.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC,
May 4, 1987.

Hon. JIM WRIGHT,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in clause 5 of rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit sealed envelopes received from the White House as follows:

At 5:06 p.m. on Friday, May 1, 1987, and

(1) Said to contain a message from the President whereby he transmits the periodic report concerning the national emergency with respect to Nicaragua; and

(2) Said to contain a message from the President whereby he transmits the 16th Annual Report of the Department of Transportation, which covers 1982.

With great respect, I am,
Sincerely yours,
DONNALD K. ANDERSON,
Clerk, House of Representatives.

REPORT CONCERNING NATIONAL EMERGENCY WITH RESPECT TO NICARAGUA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 100-74)

The SPEAKER laid before the House the following message from the President of the United States; which was read and referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

I hereby report to the Congress on developments since my last report of November 10, 1986, concerning the national emergency with respect to Nicaragua that was declared in Executive Order No. 12513 of May 1, 1985. In that Order, I prohibited: (1) all imports into the United States of goods and services of Nicaraguan origin; (2) all exports from the United States of goods to or destined for Nicaragua except those destined for the organized democratic resistance; (3) Nicaraguan air carriers from engaging in air transportation to or from points in the United States; and (4) vessels of Nicaraguan registry from entering United States ports.

1. The declaration of emergency was made pursuant to the authority vested in me as President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act, 50 U.S.C. 1701 *et seq.*, and the National Emergencies Act, 50 U.S.C. 1601 *et seq.* This report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c).

2. The Office of Foreign Assets Control of the Department of the Treasury issued the Nicaraguan Trade Control Regulations implementing the prohibitions in Executive Order No. 12513 on May 8, 1985, 50 Fed. Reg. 19890 (May 10, 1985). There have been no changes in those regulations in the past 6 months.

3. Since my report of November 10, 1986, fewer than 30 applications for licenses have been received with respect to Nicaragua, and the majority of these applications have been granted. Of the licenses issued in this period, most either authorized exports for humanitarian purposes, covering medical supplies, food, and animal vaccines, or extended authorizations previously given to acquire intellectual property protection under Nicaraguan law.

4. The trade sanctions complement the diplomatic and other aspects of our policy toward Nicaragua. They exert additional pressure intended to induce the Sandinistas to undertake serious dialogue with representatives of all elements of the Nicaraguan democratic resistance and to respond favorably to the many opportunities available for achieving a negotiated settlement of the conflict in Central America. The trade sanctions are part of a larger policy seeking a democratic outcome in Nicaragua by peaceful means.

5. The expenses incurred by the Federal Government in the period from November 1, 1986, through April 30, 1987, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Nicaraguan national emergency are estimated at $187,007, all of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Customs Service, as well as in the Office of Foreign Assets Control, the Office of the Assistant Secretary for Enforcement, and the Office of the General Counsel), with expenses also incurred by the Department of State and the National Security Council.

6. The policies and actions of the Government of Nicaragua continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. I shall continue to exercise the powers at my disposal to apply economic sanctions against Nicaragua as long as these measures are appropriate and will continue to report periodically to the Congress on expenses and significant developments, pursuant to 50 U.S.C. 1641(c) and 1703(c).

RONALD REAGAN.

THE WHITE HOUSE, *May 1, 1987.*

ANNUAL REPORT OF THE DEPARTMENT OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Energy and Commerce, the Committee on Merchant Marine and Fisheries, and the Committee on Public Works and Transportation:

To the Congress of the United States:

In accordance with Section 308 of Public Law 97-449 (49 U.S.C. 308), I hereby transmit the 16th Annual Report of the Department of Transportation, which covers fiscal year 1982.

RONALD REAGAN.

THE WHITE HOUSE, *May 1, 1987.*

ADDITION OF MEMBER AS COSPONSOR OF H.R. 1885, SATELLITE TELEVISION FAIR MARKETING ACT OF 1987

(Mr. TAUZIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAUZIN. Mr. Speaker, on March 31, when we introduced our legislation to ensure the continued availability of satellite television programming to millions of Americans, one key individual was inadvertently not included as an original cosponsor—Representative CARROLL HUBBARD of Kentucky.

Representative HUBBARD has worked with all of us consistently to ensure that home Earth satellite dish owners receive fair and reasonable access to programming, and his support of legislation—such as the Satellite Television Fair Marketing Act of 1987—has been unwavering. Representative HUBBARD should have been listed as an original cosponor, and, Mr. Speaker, I would like the record to reflect that.

Each day, we continue to add cosponsors to this important legislation to foster the growth of satellite services and competition in the marketplace. And, we look forward to adding more Members to our bill, H.R. 1885.

This legislation will work to promote fair marketing practices of scrambled signals, and we thank our colleagues who have cosponsored, and we encourage everyone in this body to join us in supporting this legislation.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken on Tuesday, May 5, 1987.

PARLIAMENTARY INQUIRY

Mr. MARLENEE. Mr. Speaker, I have a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. MARLENEE. So that we may fully understand the procedure here, Mr. Speaker, both of these pieces of legislation require a second, and it is my understanding that if you demand a second, and the Speaker says, without objection, a second is ordered, if someone objects, then is a teller vote necessary?

The SPEAKER. The answer would be in the affirmative. Under those circumstances, a teller vote would be required.

Mr. MARLENEE. And if a teller vote shows that we do not have a quorum, then you can object to the vote on the grounds that a quorum is not present, is that correct.

The SPEAKER. The gentleman correctly states the rule.

Mr. MARLENEE. I have a further parliamentary inquiry, Mr. Speaker.

If a quorum is not found to be present, then we have to adjourn for the day?

The SPEAKER. The Chair would respond that it is not possible under the rules to transact business in the absence of a quorum.

There would be remedies available, of course. If a teller vote should fail to evoke a quorum, a Member might make a point of order of no quorum and provoke a recorded quorum call.

□ 1220

Mr. MARLENEE. Mr. Speaker, out of a great respect to the Speaker and with this parliamentary inquiry in mind, since some of us in the West have great problems in meeting the schedule if we are going to have to be here on Fridays and Mondays, then we may as well have the votes necessary to make it worthwhile being here. I have nothing against the legislation.

The SPEAKER. The Chair will respect and protect the rights of the gentleman. If the gentleman is concerned about the difficulty of his colleagues being present, then the gentleman might want to accommodate them rather than to discommode them. But the gentleman would be within his rights to do as he suggests, and the Chair will respect and protect the rights of the gentleman under the rules.

Mr. MARLENEE. I thank the Speaker.

REQUIRING A STUDY TO DETERMINE THE APPROPRIATE MINIMUM ALTITUDE FOR AIRCRAFT FLYING OVER NATIONAL PARK SYSTEM UNITS

Mr. UDALL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 921) to require the Secretary of the Interior to conduct a study to determine the appropriate minimum altitude for aircraft flying over National Park System units, as amended.

The Clerk read as follows:

H.R. 921

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. STUDY OF PARK OVERFLIGHTS.

(a) STUDY BY PARK SERVICE.—The Secretary of the Interior (hereinafter referred to as the "Secretary"), acting through the Director of the National Park Service, shall conduct a study to determine the proper minimum altitude which should be maintained by aircraft when flying over units of the national park system. The Secretary of Transportation, acting through the Administrator of the Federal Aviation Administration (hereinafter referred to as the "Administrator"), shall provide technical assistance to the Secretary of the Interior in carrying out the study.

(b) GENERAL REQUIREMENTS OF STUDY.—The study shall identify any problems associated with overflight by aircraft of units of the national park system and shall provide information regarding the types of overflight which may be impacting on park unit resources. The study shall distinguish between the impacts caused by sightseeing aircraft, military aircraft, commercial aviation, general aviation, and other forms of aircraft which affect such units. The study shall identify those park system units, and portions thereof, in which the most serious adverse impacts from aircraft overflight exist.

(c) SPECIFIC REQUIREMENTS.—The study under this section shall include research at the following units of the national park system: Cumberland Island National Seashore, Yosemite National Park, Hawaii Volcanoes National Park, Haleakala National Park, Glacier National Park, and Mt. Rushmore National Memorial, and at no more than 4 additional national park system units, excluding those established by section 201 of Public Law 96-487. The research at each such unit shall provide information and an evaluation regarding each of the following:

(1) The impacts of aircraft noise on the safety of the park system users, including hikers, rock-climbers, and boaters.

(2) The impairment of visitor enjoyment associated with overflights over national park system units.

(3) Other injurious effects of flights over park system lands on the natural, historical, and cultural resources for which the park system units were established.

(4) The values of aircraft flights over park system lands in terms of visitor enjoyment, the protection of persons or property, search and rescue operations and firefighting.

Such research shall evaluate the impact of overflight by both fixed-wing aircraft and helicopters. The research shall include an evaluation of the differences in noise levels within the park system units concerned which are associated with flight by commonly used aircraft at different altitudes. The research shall apply only to overflights and shall not apply to landing fields within, or adjacent to, park system units.

(d) REPORT TO CONGRESS.—The Secretary of the Interior shall submit a report to the Congress within 3 years after the enactment of this Act containing the results of the study carried out under this section. Such report shall also contain recommendations for legislative and regulatory action which could be taken regarding the effects referred to in paragraphs (1) through (3) of subsection (c). Before submission to the Congress the Secretary shall provide a draft of the report and recommendations to the Administrator of the Federal Aviation Administration for his review. The Administrator shall review such report and recommendations and notify the Secretary of any adverse effects which the implementation of such recommendations would have on the safety of aircraft operations. The Administrator shall consult with the Secretary to resolve issues relating to such adverse effects. The final report shall include a finding by the Administrator that implementation of the recommendations of the Secretary will not have adverse effects on the safety of aircraft operations, or if the Administrator is unable to make such finding, a statement by the Administrator of the reasons he believes the Secretary's recommendations will have an adverse effect on the safety of aircraft operations.

(e) FAA REVIEW OF RULES.—The Administrator shall review current rules and regulations pertaining to flights of aircraft over units of the national park system at which research is conducted under subsection (c) and in addition over any other such units at which such a review is determined necessary by the Administrator or is requested by the Secretary. In the review under this subsection, the Administrator shall determine whether changes are needed in such rules and regulations on the basis of aviation safety. Not later than 6 months after the identification of the units of the national park system for which research is to be conducted under subsection (c), the Administrator shall submit a report to Congress containing the results of the review along with recommendations for legislative and regulatory action which is needed to implement any such changes.

(f) AUTHORIZATION.—Effective October 1, 1987, there are authorized to be appropriated such sums as may be necessary to carry out the studies and review under this section.

SEC. 2. FLIGHTS OVER YOSEMITE AND HALEAKALA DURING STUDY AND REVIEW.

(a) YOSEMITE NATIONAL PARK.—During the applicable study and review period it shall be unlawful for any fixed wing aircraft or helicopter flying under visual flight rules to fly at an altitude of less than 2,000 feet over the surface of Yosemite National Park. For purposes of this subsection, the term "surface" refers to the highest terrain within the park which is within 2,000 feet laterally of the route of flight and with respect to Yosemite Valley such term refers to the upper-most rim of the valley.

(b) HALEAKALA NATIONAL PARK.—During the applicable study and review period it shall be unlawful for any fixed wing aircraft or helicopter flying under visual flight rules to fly at an altitude below 9,500 feet above mean sea level over the surface of any of the following areas in Haleakala National Park: Haleakala Crater, Crater Cabins, the Scientific Research Reserve, Halemauu Trail, Kaupo Gap Trail, or any designated tourist viewpoint.

(c) APPLICABLE PERIOD.—For purposes of the subsections (a) and (b), the applicable study and review period shall be the period comprised of the time prior to the submission of the report under section 1 plus a 2-year period for Congressional review thereafter.

(d) Exceptions.—The prohibitions contained in subsections (a) and (b) shall not apply to any of the following:

(1) Emergency situations involving the protection of persons or property, including aircraft.

(2) Search and rescue operations.

(3) Flights for purposes of firefighting or for required administrative purposes.

(4) Compliance with instructions of an air traffic controller.

(e) Enforcement.—For purposes of enforcement, the prohibitions contained in subsections (a) and (b) shall be treated as requirements established pursuant to section 307 of the Federal Aviation Act of 1958. To provide information to pilots regarding the restrictions established under this Act, the Administrator of the Federal Aviation Administration shall publish notice of such restrictions in appropriate Federal Aviation Administration publications as soon as practicable after the enactment of this Act.

SEC. 3. GRAND CANYON NATIONAL PARK.

(a) Noise associated with aircraft overflight at the Grand Canyon National Park is causing a significant adverse effect on the natural quiet and experience of the Park and current aircraft operations at the Grand Canyon National Park have raised serious concerns regarding public safety, including concerns regarding the safety of park users.

(b) Plan.—

(1) Submission.—Within 30 days after the enactment of this Act, the Secretary shall submit to the Administrator of the Federal Aviation Administration a final plan for the management of air traffic in the air space above Grand Canyon National Park. The plan shall provide for substantial restoration of the natural quiet and experience of the park and protection of public health and safety from adverse effects associated with aircraft overflight. Except as provided in subsection (c), the plan shall contain provisions prohibiting the flight of aircraft below the rim of the Canyon, and shall designate flight free zones, except for purposes of administration and for emergency operations, including those required for the transportation of persons and supplies to and from Supai Village and the lands of the Havasupai Indian Tribe of Arizona.

(2) Implementation.—Not later than 60 days after receipt of the plan under paragraph (1) and after notice and opportunity for hearing, the Administrator shall issue regulations implementing the recommendations in the plan unless the Administrator determines that implementing the recommendations would adversely affect aviation safety. If the Administrator determines that implementing the recommendations would adversely affect aviation safety, he shall, not later than 60 days after making such determination, in consultation with the Secretary and after notice and opportunity for hearing, revise the recommendations consistent with the requirements of paragraph (1) to eliminate the adverse effects on aviation safety and issue regulations implementing the revised recommendations in the plan. In addition to the Administrator's authority to enforce such regulations under the Federal Aviation Act of 1958, the Director may enforce the requirements of the plan under such rules and regulations applicable to the units of the national park system as he deems appropriate.

(3) Report.—Within 2 years after the effective date of the plan required by subsection (b)(1), the Secretary shall submit to the Congress a report discussing—

(A) whether the plan has succeeded in substantially restoring the natural quiet in the Park, and

(B) such other matters, including possible changes in the plan, as may be of interest.

The report shall include comments by the Administrator regarding the effect of the plan's implementation on aircraft safety.

(c) Helicopter Flights of River Runners.—Subsection (b) shall not prohibit the flight of helicopters—

(1) which fly a direct route between a point on the north rim outside of the Grand Canyon National Park and locations on the Hualapai Indian Reservation (as designated by the Tribe), and

(2) whose sole purpose is transporting individuals to or from boat trips on the Colorado River and any guide of such a trip.

Sec. 4. The Administrator shall conduct surveillance of aircraft flights over the Boundary Waters Canoe Area Wilderness as authorized by the Act of October 21, 1978 (92 Stat. 1649-1659) for a period of not less than six months beginning within 60 days of enactment of this Act. In addition to any actions the Administrator may take as a result of such surveillance, he shall provide a report to the Committee on Interior and Insular Affairs and the Committee on Public Works and Transportation of the United States House of Representatives and to the Committee on Energy and Natural Resources and the Committee on Commerce, Science, and Transportation of the United States Senate. Such report to be submitted within 30 days of completion of the surveillance activities. Such report shall include but not necessarily be limited to information on the type and frequency of aircraft using the airspace over the Boundary Waters Canoe Area Wilderness.

The SPEAKER. Is a second demanded?

Mr. LAGOMARSINO. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Arizona [Mr. Udall] will be recognized for 20 minutes and the gentleman from California [Mr. Lagomarsino] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Arizona [Mr. Udall].

Mr. UDALL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 921, particularly those provisions that address Grand Canyon National Park. Those provisions are virtually identical to legislation authored last year by myself and then-Representative, now-Senator John McCain and approved overwhelmingly by the full House.

The problems generated by aircraft overflights of our national parks is most advanced at Grand Canyon. Tens of thousands of fixed wing and helicopter tour flights buzz the canyon each year as well as unauthorized general aviation and military flights. These operators, although well intentioned, have been largely self-regulated with predictable results.

The continual noise they generate, particularly at peak times of the tourist season, spoils the experience of many other visitors to the park. Moreover, their noise is simply antithetical to one of the fundamental natural resources of the Grand Canyon—its awe-inspiring natural quiet. In addition, the lack of standards raises real safety questions. We cannot allow another accident, such as last year's midair collision that took 25 lives, to happen again.

Mr. Speaker, the bill takes a simple and responsible approach to dealing with this problem. The Congress is not capable of writing an aircraft management plan for the Grand Canyon and should not attempt to do so. It is capable, however, of setting out a process, a timetable and certain minimum standards for the responsible Federal agencies to meet in writing this plan. Those standards are that the plan must substantially restore the canyon's natural quiet, protect the public safety and ban flights below the rim of the canyon.

The below-the-rim ban has been controversial and requires some explanation. First, why is there no definition of the rim in the bill? The answer is that the FAA and the Park Service are better able than the Congress to define it in a way that will further quiet and safety. It can be done simply and practically and all pilots will know what that definition is when they fly over the canyon. For example, the Park Service already has suggested that the park be divided into three parts with minimum altitudes defined in terms of mean sea level.

Second, the below-the-rim ban is necessary to require the Department of the Interior to do its job to properly protect the park. Last year, the professionals in the National Park Service developed an aircraft management plan after a very lengthy and exhaustive public process. It was a fair and reasonable plan that banned flights below the rim and did so by dividing the park into three sectors with minimum altitudes pegged to mean sea level for each. It also contained seasonal and permanent flight-free areas and quiet aircraft incentives. Under the terms of the Grand Canyon Enlargement Act, it was expected that the Secretary of the Interior would send this plan on to the FAA for action. But that isn't what happened. Instead, the Secretary junked it completely, criticized his own employees and only asked the FAA to ban flights in the inner gorge—a preposterously weak prohibition—while new studies are undertaken. The below-the-rim ban is necessary, therefore, to force the Department of the Interior to stand up for Grand Canyon National Park while it works with the FAA on a reasonable and effective aircraft plan.

It has been suggested that the recent FAA's special Federal Aviation regulation, or SFAR, effectively takes care of the problem at the park. I certainly believe that the SFAR, once implemented, will be a step forward, especially in promoting safer and more efficient air operations. But it simply does not address at all the restoration of the Grand Canyon's natural quiet. I don't know how we could expect the FAA to be a protector of the park when the Department of the Interior refuses to be the protector of the park.

And that is what this bill, ultimately accomplishes. It saddens me that we have to pass legislation that forces the Department to do its job, but the evidence is all too plain that that is what we have to do. We must have an Interior Department and a National Park Service that are equally involved with the FAA in the preparation of an aircraft management plan for the park. I am convinced that if we have a Park Service aggressively defending the park and an FAA aggressively defending the interests of safe and efficient air operations, that we will have a viable aircraft management plan.

But we just cannot have a situation where the Department of the Interior virtually excludes itself from the important decisions about the park. We cannot have a situation where the air tour operators are free to negotiate privately with the FAA where they will go, when and at what altitude. We cannot have a situation where the minimum altitudes, routes and flight-free zones are not laid out in a public document put together by all the responsible agencies in a public process. We cannot have a flight regime that only addresses flight safety and not noise. And it is abundantly obvious that we must have deadlines, standards and careful delineation of the respective roles of the Department and the FAA.

Some have complained that under the legislation the proper roles of the FAA is being compromised, even destroyed. I disagree, and so does the chairman of the Aviation Subcommittee, Mr. Mineta. The FAA is and will remain the only agency responsible for writing and implementing the regulations that will give life to any aircraft management plan and no such plan can take effect without its full approval. But the actions of the Department of the Interior, as well as the FAA, over the past year make it abundantly clear that strong direction from the Congress is very necessary.

We have been making progress in the past year, but it is in the classic mode of taking two steps forward and one step back. The bill will force everyone involved to start marching quickly in one direction and that is what we need.

Mr. Speaker, this bill is reasonable, it is moderate, and it preserves the legitimate roles and prerogatives of the respective Federal agencies. But it also forces them to act in a responsible and aggressive manner to deal with a problem that is ripe for a solution.

Mr. Speaker, I reserve the balance of my time.

Mr. LAGOMARSINO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 921. This bill requires a study to identify the problems associated with aircraft overflights and the impacts caused by various types of aircraft, including sightseeing, military, and commercial. The study will include research at Grand Canyon, Yosemite, Hawaii volcanoes and Glacier National Parks, Mount Rushmore National Memorial and up to four additional National Park System units. The study will include an evaluation of the values, as well as the adverse effects, of aircraft overflights. The study report, which will include recommendations by the Federal Aviation Administration [FAA] regarding safety, is to be completed and submitted to Congress within 3 years. The bill also provides that during the study period and for 2 years after its completion, mandatory altitude restrictions will apply in Yosemite and Haleakala National Parks. Through the study process, Congress will be able to adequately review the aircraft overflight issue and determine if additional aircraft regulations are necessary to address this important issue.

Section 3 of the legislation requires the Secretary to develop a final aircraft management plan for the Grand Canyon National Park within 30 days after enactment. The plan must include a prohibition of flights below the rim of the canyon, as well as the designation of flight free zones within the canyon airspace. It must be submitted to the FAA for review and revision of the recommendations, if necessary, to insure that their implementation would not adversely affect aviation safety. The recommendations must then be implemented through the issuance of aircraft regulations.

I believe this is a meritorious bill in that it seeks to study a serious problem. In recent years, concerns have been expressed regarding the impacts of aircraft overflights in terms of noise and safety on the resources of our National Park System and the visiting public. These concerns were heightened by the tragic midair collision over the Grand Canyon last June. Although the FAA has escalated its efforts to manage aircraft overflights at the Grand Canyon since the accident, hopefully this bill will complement these actions and enable the Secretary and the FAA Administrator to cooperatively develop regulations which will ensure aviation safety, as well as provide for the public's enjoyment of the park's resources. Therefore, I commend the chairman of the committee, Mr. Udall, for his diligent efforts in responding to the problems at the Grand Canyon and working to develop a viable solution.

As you know, Mr. Speaker, the House passed legislation last year which was nearly identical to H.R. 921. Although the bill was controversial, we were able to reach an acceptable compromise. Since the bill was not passed by the other body last year, we are once again considering the legislation. In the process, I believe the bill has been further improved through minor committee amendments.

I want to commend the bill's sponsor, my colleague from California [Mr. Coelho] for his foresight in recognizing that the overflight issue should be studied and reviewed by Congress, and I want to thank him and the subcommittee chairman, Mr. Vento, for working with other interested Members to improve this legislation.

The many weeks of negotiation on this bill have resulted in a workable piece of legislation which I believe will address the concerns regarding aircraft overflights of National Park System units. Therefore, Mr. Speaker, I urge all of my colleagues to support H.R. 921.

Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. Rhodes].

Mr. RHODES. I thank the gentleman for yielding.

Mr. Speaker, I likewise rise in support of H.R. 921. I want to thank Chairman Udall, Mr. Coelho, and Mr. Lagomarsino for the work that they have done and also my predecessor, John McCain, who now serves us in the other body.

Mr. Speaker, during consideration of this bill I expressed some concern that a particular portion of the bill appeared to be interjecting the National Park Service into the process of imposing and directing regulation of air space activities which are properly the function of the Federal Aviation Administration.

Our testimony at both the subcommittee and committee level and the language in the committee report make very clear that that is not the intention of the committee and that the traditional role of the Federal Aviation Administration is to be respected and observed.

I also was concerned that the language in the bill dealt with the rim of the Grand Canyon without defining it. Again, our conversations during committee debate made very clear, as does the language in the report of the committee, that we intend for regulatory agencies to deal gently with the subject of the rim of the Grand Canyon and to use a commonsense, easily recognizable approach to defining it.

So with that debate during the committee discussion and with the language in the committee's report, my objections or concerns have been satisfied. I fully support this bill. I strongly urge my colleagues in the House to support the committee and to support the bipartisan approach which has been taken to this bill.

I am very, very pleased to have had this opportunity to speak in favor of it and to urge its adoption.

Mr. Speaker, I yield back the balance of my time.

Mr. VENTO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 921 was introduced by my good friend and colleague on the Interior Committee, Tony Coelho. This bill is nearly the same as the bill (H.R. 4430) that was passed by the House last Congress by an overwhelming vote of 378 to 12. Unfortunately, the Senate declined to act on that bill.

Controversy over aircraft flights at low elevation above certain units of the National Park System has existed for several years. Because of the severity of the problem, the Federal Aviation Administration [FAA] and the National Park Service [NPS] entered into a memorandum of agreement in September 1984 in an effort to promote compliance with the FAA advisory rule to maintain an elevation of 2,000 feet above units of the National Park System. While these efforts are reported to have had positive effects at some units, especially with general aviation pilots, there has been increasing concern expressed about other park units and about the flight patterns of the rapidly expanding scenic overflight industry.

While numerous complaints are received each year from park users offended by noise intrusion of aircraft or expressing concern over the safety of rock climbers, horseback riders and other park users, there has been no systematic study of the park system to determine how widespread and how severe the problem is. Neither has there been any systematic study of the noise levels of different types of aircraft flying at different elevations.

Mr. Speaker, these conditions expand each year. They expand in magnitude with more intrusions at popular park units such as the Grand Canyon and they expand in terms of new park units being added to the list of those adversely affected by aircraft overflights.

The bill would require the Secretary of the Interior to conduct a study to determine the appropriate minimum altitude for aircraft flying over National Park System units. The study is to include indepth research at 10 park units, 6 of which are specified in the bill, and an evaluation of the impact of overflights on the Park System and Park System users and visitors and the values of overflights in terms of visitor enjoyment, the protection of persons or property, search and rescue operations and firefighting. The Secretary is to report to Congress within 3 years of enactment and to include recommendations for legislative and regulatory action. The FAA is to provide technical assistance in carrying out the study, and is to evaluate the study and make recommendations regarding the safety of aircraft operations.

The FAA is required to review the current rules and regulations pertaining to aircraft overflights over park units to determine if changes are needed for improvement of aircraft safety. The FAA is also required to monitor flights over the Boundary Waters Canoe Area Wilderness, in Minnesota, for at least 6 months and report to the affected committees of the Congress.

The bill specifies minimum flying altitudes for aircraft flying over Yosemite National Park and Haleakala National Park. Certain exceptions are permitted for emergency situations involving the protection of persons or property, including aircraft search and rescue operations; flights for purposes of firefighting; compliance with instructions of an air traffic controller; and for required administrative purposes. The FAA is required to publish public notice of these restrictions in appropriate FAA publications. The overflight restrictions would terminate 2 years after submittal of the required report to the Congress. The bill also requires joint action by the National Park Service and the Federal Aviation Administration to establish overflight controls at Grand Canyon National Park including a ban on flights below the canyon rim and the establishment of flight free zones.

Mr. Speaker, this is a good bill and one that has been worked out with our colleagues on the Subcommittee on Aviation.

I want to thank Norm Mineta and his staff on the Aviation Subcommittee for their support, cooperation, and suggestions for improving the bill language.

Mr. Speaker, I urge all of my colleagues to support H.R. 921.

Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. Coelho].

Mr. COELHO. Mr. Speaker, I rise in support of this bill. I want to thank the chairman of the full committee, the gentleman from Arizona [Mr. Udall], particularly the chairman of the subcommittee, the gentleman from Minnesota [Mr. Vento], and the gentleman from California [Mr. Lagomarsino] for their work in bringing about this very important bill. We also appreciate the support of the gentleman from Arizona [Mr. Rhodes]. I think it is very important to make sure that this bill not only passes the House but that it passes the other body as well. So we appreciate your support.

We also want to acknowledge the efforts of Mr. McCain, a member of the other body now, who has also been very helpful in his work over the past 2 years.

Mr. Speaker, today we are taking an important step in assuring that our national parks will remain places of quiet and solitude. For too long we have been hearing complaints about low-flying aircraft over our parks. We have allowed these flights to proliferate to the point where people are being killed. Today we are saying this will stop.

I introduced this legislation after I continued to hear from my constituents that planes were flying at low altitudes over Yosemite National Park. I had hoped that the 1984 agreement between the FAA and the National Park Service would have been enough to have pilots stop these flights. Unfortunately, I found this not to be true.

During hearings on H.R. 921, we heard that pilots routinely ignored the FAA advisory to stay at least 2,000 feet above the ground when flying over a national park. It became clear that the only way we would get some cooperation is if we stated a minimum altitude and wrote it into law.

I found that the problems being experienced in Yosemite National Park were not unique. Two parks in Hawaii were having similar difficulties in keeping overflights at appropriate altitudes and the Grand Canyon was quickly becoming a situation out of control. The tragic accident at the canyon last year only pointed out the urgency of congressional action.

While I would have been satisfied with legislation that totally banned flights over our national parks, I believe the bill we are debating today is a sensible plan for addressing the overflights problem. This legislation provides for a 3-year study by the National Park Service in at least 10 different parks, with emphasis on 6 where we are hearing the most complaints.

We also recognize the seriousness of the situation in two national parks by providing interim restrictions during the period of the study and for 2 years afterward. Finally, we have mandated that a plan to handle aircraft over the Grand Canyon be adopted shortly after the bill is signed into law.

As a member of the Subcommittee on National Parks, I hear from my constituents and many others across the country on how much they benefit from our parks. Congress truly gave something special to this Nation and to future generations when we created the National Park System.

I have been fortunate to enjoy Yosemite National Park many times over the years, and I want others to be able to have the same experience. Overflights not only disturb park visitors, they threaten the fragile environment often found in our parks, and create unnecessary safety hazards. This legislation will help return the quiet to our parks, and protect those who come to enjoy these national treasures.

I want to express my appreciation to the chairman of the subcommittee, Mr. VENTO, and all of my colleagues who cosponsored this bill and worked so hard to get it considered by the House. I also appreciate the support of Senator MATSUNAGA in sponsoring a similar proposal in the Senate where hearings are scheduled to begin this week. I look forward to working with the Senate so we can get this legislation signed into law and ensure the continued preservation of our national parks.

Mr. VENTO. Mr. Speaker, I yield 1 minute to the gentleman from Hawaii [Mr. AKAKA] who is cosponsor of the bill.

Mr. AKAKA. Mr. Speaker, I thank the gentleman for yielding. I want to thank the gentleman from Arizona, for his work on this bill, the gentleman from Minnesota [Mr. VENTO] for his long hard work trying to get this bill together, and also the ranking minority member the gentleman from California [Mr. LAGOMARSINO], and all those who have supported this bill because this bill is very important to the safety of the people who travel in our national parks.

Mr. Speaker, I rise in strong support of H.R. 921 and urge my colleagues to join me in voting for this important bill. Now is the time to confront the problems associated with overflights of our national parks.

Aircraft noise is a serious problem in Hawaii's national parks. Over the past 10 years, sightseeing aircraft operations have increased, particularly on the islands of Kauai, Maui, and Hawaii. It is not unusual for visitors to some wilderness areas to be subjected to low-altitude overflights every 15 minutes. Nowhere are the problems more serious than in Hawaii's two national parks, Haleakala National Park on Maui and Hawaii Volcanoes National Park on Hawaii.

In 1984, there were over 1 million visitors to Haleakala National Park. Many came to view the spectacular volcanic crater, Haleakala, the "House of the Sun." The crater area can be reached by hiking or by air. Haleakala experiences an average of 30 tourist helicopter flights a day. The crater itself, which is about 3,000 feet deep from rim to floor, magnifies noise caused by helicopters as the sound bounces off its walls, particularly when helicopters are flown inside the crater, below the rim.

A University of Hawaii graduate student, Al Perez, surveyed 44 park visitors on the trails of Haleakala. Seventy percent of those surveyed said they came to the park for silence and solitude. Without prompting from the interviewer, 41 percent said that helicopter noise was the most disagreeable aspects of their visit. In addition, I have received numerous statements, letters and testimony from community leaders, local officials, Hawaii residents and park visitors which further describe the problems with these overflights.

I have also reviewed Park Service cases of aircraft complaints by park rangers and visitors. These records indicate that sightseeing helicopter flight practices often go beyond being a nuisance and create unnecessary safety hazards. Complaints from horseback riders have been filed after low-flying helicopters startled their mounts. Several stockmen with trail-riding concessions in the park have remarked that this is a recurring problem. Complaints have also been filed by park rangers who have observed actual unsafe flight practices, some in violation of a Federal air regulation requiring helicopters carrying paying passengers to maintain a minimum altitude of 300 feet above populated areas.

It is time to address these problems. Since 1984, an FAA advisory has been in effect requesting aircraft to fly at least 2,000 feet above the highest landform of any national park. Unfortunately, this advisory has been ignored, particularly with respect to Haleakala National Park. We need the temporary restrictions over Haleakala which H.R. 921 provides during the study and review period. We need not only to protect our national parks but also public safety. Finally, we need to study the problems associated with aircraft overflights of our national parks by passing H.R. 921. I urge my colleagues to join me in this effort.

Mr. VENTO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I obviously am very grateful for the work that has been done on this issue by the sponsor of the measure, Mr. COELHO, and of course our chairman, Mr. UDALL, and the gentleman from California, Mr. LAGOMARSINO, my ranking member on the subcommittee, as well as Mr. RHODES, Mr. KYL, and others who have worked on this measure.

Mr. Speaker, Mr. MINETA, the gentleman from California, has been very helpful, and in light of that and since his subcommittee shares jurisdiction here, I want to yield 10 minutes to the gentleman from Minnesota, Mr. OBERSTAR, who is representing Mr. MINETA today because of the shared jurisdiction in this matter, so that he has that time available to state out the position of the subcommittee and his position on this measure.

Mr. Speaker, I reserve the balance of the time I will have remaining, and I yield 10 minutes to the gentleman from Minnesota [Mr. OBERSTAR] whose subcommittee shared jurisdiction on this bill.

The SPEAKER. Without objection, the gentleman from Minnesota [Mr. OBERSTAR] is recognized for 10 minutes.

There was no objection.

□ 1230

Mr. OBERSTAR. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I rise in strong support of this legislation, and commend our distinguished colleagues on the Committee on Interior and Insular Affairs and the Subcommittee on National Parks and Recreation for their fine work on this bill. I also thank them for their most cooperative and constructive efforts in working with the Committee on Public Works and Transportation and the Subcommittee on Aviation to accommodate our Committee's interests and concerns. Because of this cooperation, the Committee on Public Works and Transportation, which shares jurisdiction on this legislation, was able to quickly agree to the bill being brought to the floor.

Our interest in the problem of overflights of the national parks is nothing new. Three years ago, Congressman SEIBERLING, then chairman of the National Parks Subcommittee, and Aviation Subcommittee Chairman MINETA urged changes to FAA-recommended operating procedures covering overflights of national parks. The change was to advise pilots to fly 2,000 feet above canyon rims in units of the National Park System for noise abatement reasons. We recognized then, as did the Federal Aviation Administration, that flying below the canyon rim in national parks, like Grand Canyon and Yosemite, produced noise incompatible with the purpose of a national park—that being establishment of areas where citizens can enjoy our nation's natural beauty and quiet.

This change in recommended operating procedures has had a positive benefit, but it has become apparent that we now need to go beyond recommendations or advice to the aviation community, because there continue to be abuses resulting in environmental degradation of some units of the national parks.

I will not reiterate what my colleagues from the Interior Committee are proposing in this legislation. They have already ably described the comprehensive approach in this legislation of study and regulation of airspace over specific units of the national parks.

I would like to take a few moments to describe the legislation from an aviation safety perspective. The Aviation Subcommittee began supporting wholeheartedly the concept of a comprehensive study of the appropriate minimum altitude for flights over our national parks and more particularly tighter regulation of the airspace over the Grand Canyon, Yosemite, and the Hawaiian parks. However, I believe that when we decide to regulate the airspace over our national parks for environmental reasons that we must be crystal clear as to who is doing the regulation and who is enforcing those regulations. It is my firm belief that the regulation of airspace must remain in the hands of the Federal Aviation Administration.

It should be recognized that changes in airspace regulation can be made for reasons other than safety, such as to take account of environmental considerations, but changes in airspace regulation must never result in dimunition of safety. In order that the safety implications of any changes be adequately addressed, jurisdiction over the airspace must rest with the Federal agency whose expertise and mission is aviation safety, the Federal Aviation Administration.

This legislation before us today does just that and bestows no authority on the National Park Service to regulate airspace. Any new regulations that are developed out of the studies and plans we would authorize with this bill would be regulations of the FAA, not the Park Service. The Park Service can propose regulations, but if the FAA determines the Park Service proposal would adversely affect safety, then aviation safety concerns must be accommodated to FAA's satisfaction before any plans or regulations are put into effect.

Another important section of the legislation authorizes the FAA to conduct a study aimed at improving air safety above our national parks. In this study, I would expect a wide variety of issues to be addressed, including the need for stronger regulation of commercial operations using our national parks, the need for improved communications, the need for clearly defined flight patterns, and the need for improved surveillance and inspection of commercial aircraft operations by the FAA.

Finally, I would like to call attention to the special Federal aviation regulation issued by the Federal Aviation Administration in March. Some might argue that with respect to Grand Canyon National Park, this legislation before us today is not needed since the FAA has addressed the problems there administratively. I disagree. The FAA has made some very positive steps with the special regulation, but the regulation falls short in addressing the need to get sightseeing aircraft out of the canyon.

The special regulation does establish standardized flight patterns and communications procedures for commercial tour operators and it does ban the flights in the bottom of the canyon. This is good, but at the same time it continues to permit commercial sightseeing operations below the canyon rim, and this is what the public using the park wants to see stopped.

The FAA believes that to require all tour operators to fly above the rim would compress traffic into a small vertical space above the canyon. There is no question under this bill that the amount of usable airspace would be shrunk, but this need not result in safety or operational problems. Vigorous oversight, monitoring, and control of the operations by the FAA would ensure that above-the-rim operations would be safe. In fact, under this legislation, I anticipate that FAA will be required to be much more involved than it has been in both the tour operators' operations and management of the air traffic in the vicinity of the Grand Canyon National Park. I urge the FAA to begin preparing now for this eventuality.

Again, I want to commend our Interior Committee colleagues, particularly Chairman UDALL, subcommittee Chairman VENTO, and Congressman COELHO, the original sponsor of this legislation, for their fine work on this legislation and the opportunity they have afforded the Aviation Subcommittee to contribute to their efforts.

Finally, I would like to conclude that we have had some experience in my own congressional district just recently when the U.S. Air Force announced plans to have overflights of supersonic aircraft, B-1, B-52, FB-111 aircraft overflying areas just outside the boundary waters canoe area. They scare the daylights not only out of people, but out of timber wolves, bald eagles, and osprey. The Air Force greatly exceeded its jurisdiction in that respect and has agreed to change those flights from 200 to 300 feet above ground level, or to an altitude that is more compatible with the areas over which they are flying.

That still does not resolve some of the other plans of the Air Force, however. We see this legislation as a clear indicator of overwhelming public opinion in favor of quiet in national areas.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Speaker, I want to commend the gentleman for the work he has done. This has been of some concern to the gentleman from Minnesota who chairs the Oversight Committee on Public Works and is filling in today for the gentleman from California [Mr. MINETA]. He has really been a leader in terms of leading the delegation in registering concern with regard to these flights in this area.

This legislation before us will monitor any flights that are over the boundary waters, but the Superior National Forest, the Chippewa National Forest, in general, have become actual targets for flight paths which are of great concern. At some time, if we at least can deal with the national parks and with these very special units, they are the subject of a lot of attention because they represent the most unusual topography and geology and other historic sites that really exist in our Nation.

They represent special problems for that reason, but eventually if we get this study done, I think we will be able to point the path as to what should and should not be done in terms of public lands.

The fact is that there are millions of acres of public land that have been withdrawn for the use and for the focus of the armed services. That is appropriate; that is as it should be, but the question is whether or not they ought to use that particular land or to use other national forests and other public lands.

In this case, we are only talking about a study; we are only talking about surveillance of all types of aircraft, both military and nonmilitary, over, for instance, the boundary waters and the study over the other areas which we think will put into place some general rules, and I think a much needed shove that the Park Service and the FAA need in order to do this.

It is no accident that the day of the hearing, or the day before the hearing, they came out with temporary rules. It indicates to me the necessity and desirability of this legislation.

I thank the gentleman for his leadership in our home State on this issue.

Mr. OBERSTAR. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. MINETA].

Mr. MINETA. Mr. Speaker, I thank my colleague, the gentleman from Minnesota [Mr. OBERSTAR] for taking over in presenting this bill to the full House of Representatives. I am fully in support of the bill. We are pleased to have this bill, similar to what we took last year. We made some modifications on the bill, but I was delayed by a signing ceremony down at the White House and I apologize for not being back in time to make the presentation.

I am fully in support of the bill.

Mr. LAGOMARSINO. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Speaker, I rise to express by strong support for passage of H.R. 921.

The spectacle and beauty of a visit to the Grand Canyon can hardly be forgotten by anyone fortunate enough to visit this natural wonder. Whether one chooses to see the canyon from an observation point on either the south or north rim, by rafting down the Colorado River, by hiking down some of the many trails into the canyon, or even by viewing it from aircraft, the Grand Canyon National Park evokes a sense of wonder and awe that is, quite simply, incomparable.

Unfortunately, these various forms of appreciation can result in conflicts between users, and it is that conflict that gives rise to this legislation. Provisions of this bill have been drafted to reduce this conflict, while still providing a maximum degree of flexibility to meet everyone's means of enjoyment. More importantly, H.R. 921 speaks to the air safety question which last summer's accident raised.

I agree with the intent of section 3 of this bill requiring the submission of a report by the National Park Service a final plan to the Federal Aviation Administration for the management of air traffic in the air space above the Grand Canyon. I also agree that below the rim flights have resulted in noise levels that detract from enjoyment of the park by those in and around the canyon. This problem must be addressed in any final plan.

The problem of Grand Canyon overflights is not new. The first draft aircraft management plan was drawn up, but cast aside, back in 1971. Since then, resolution of this problem has been elusive, largely because of benign neglect within the FAA. To watch the well-meaning administrators attempt to get a handle on the overflight problem is like watching a dog chasing his tail—but not as amusing.

The FAA doesn't want to manage air space in a manner that reduces "noise pollution," a job they consider in the domain of the Park Service. But the Park Service doesn't want to make recommendations for air space management because that's the FAA's job. The interagency barrier is a tangled mess—and only legislation like H.R. 921 can sort it out. I would hope that the FAA will play an active role in improving management guidelines within the canyon not only to ensure the safety of park users, but also to enhance the enjoyment for all the park's visitors.

I want to commend the Interior Committee, and especially Congressman Udall for the work he's done to draft the Grand Canyon section of the bill. I also believe special mention is in order for a former Member of this body, John McCain, who now serves in the Senate, for his diligent work on this issue.

Americans are protective about the Grand Canyon because they know it is a national treasure that to be enjoyed, needs to be shared. The various users of the park should recognize this as well. Full enjoyment of the park should not be restricted to merely the young and able-bodied. Aircraft play a significant role in making possible the experience of the canyon for those who cannot hike or raft. However, I believe we all recognize that the Park Service and the FAA need to take decisive steps to improve management of the park's airspace. This is why I support this bill.

□ 1240

Mr. Speaker, I yield back the balance of my time.

Mr. VENTO. Mr. Speaker, I yield 1 minute to the gentleman from Montana [Mr. Williams].

Mr. WILLIAMS. Mr. Speaker, I rise in support of this bill to study the minimum altitude for aircraft overflights over our national parks.

The surge of aircraft flights over several of our national parks is increasingly threatening the safety and enjoyment of folks who come to visit these national treasures.

Many Members of Congress have been concerned with the issue of overflight over our national parks for several years and I am particularly pleased that Glacier National Park in Montana is one of the national parks to be reviewed in the bill. Glacier National Park turns 76 years old this month. It is an enchanting place. The best of its kind that America has to offer. It is a wilderness park offering solitude, conciliation, consideration, and quite.

At this point, overflights at Glacier do not represent a major problem, certainly no where near the magnitude being suffered by other national parks. It is clear that overflight policy or lack thereof needs a thorough review. This legislation will simply identify those parks most seriously affected and include specific recommendations for possible minimum altitude over the parks.

Protection of our national parks such as Glacier should be of utmost concern to all of us. This protection should include the sky above the park, as well as the mountains, rivers, and wildlife within it.

Obviously, we in Congress and the people intended the national parks to be fully protected on the surface, and there is nothing that would lead me to believe that the air over the parks was to be left out of the equation.

Out our way, we have agreed to set aside great portions of the land for the common purpose. We want folks to visit these great stretches of land and enjoy. That enjoyment is in jeopardy. I urge my colleagues to support this bill so that we can get on with the business of determining the extent of the aircraft problem in our national parks.

GENERAL LEAVE

Mr. VENTO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill now under consideration.

The SPEAKER pro tempore (Mr. Gray of Illinois). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. HAMMERSCHMIDT. Mr. Speaker, for the last few years, there has been a growing controversy about aircraft overflights of the Grand Canyon and other national parks. Environmentalists, backpackers, and hikers complain that aircraft noise ruins their enjoyment of the national parks. Aircraft owners, particularly those offering sightseeing tours of the parks, say that for many tourists a flight over the park is the best way to see it and enjoy it. This controversy came to a head last year as a result of the tragic aircraft collision over the Grand Canyon.

The bill before us today would direct the Secretary of the Interior to study this problem. The study would consider the proper minimum altitude that should be maintained while flying over our national parks. The study would focus on 10 national parks.

The bill also requires the Secretary of the Interior to submit a plan for the management of airspace over the Grand Canyon to the FAA. The FAA must implement this plan unless it finds that it would adversely affect aviation safety.

The crucial point here is that the FAA has the primary role in establishing airspace restrictions. Although some may disagree with its previous approach to this issue, the fact remains that only the FAA has the background and technical expertise to ensure that any restrictions imposed do not compromise safety. I don't believe we should support a bill that gives the final say over airspace restrictions to a nonaviation agency.

I am therefore pleased that this bill keeps the ultimate say over airspace restrictions at our national parks in the hands of the FAA.

Mr. LEHMAN of California. Mr. Speaker, I strongly endorse H.R. 921 to study and to regulate overflights of national parks. I would like to commend Mr. Vento and Mr. Udall for guiding this bill through the House for the second year in a row, and I especially wish to thank our distinguished colleagues Mr. Coelho and Mr. Mineta who have shown great leadership in providing practical solutions to a very, very serious problem.

The bill before the House today would essentially require the National Park Service to conduct a 3-year study of the proper minimum altitude of flights over our national parks. In addition, the bill would require the Federal Aviation Administration to review such overflights to determine what legislative or administrative changes are needed to improve the safety of these flights. In the meantime, a 2,000-foot altitude limit above Yosemite National Park would be enforced, as would altitude limits over Haleakala National Park in Hawaii. Very importantly a plan for the management of flights over the Grand Canyon must be developed within 30 days of passage of this act, with a key element of that plan being a prohibition on flights below the rim of the canyon.

Mr. Speaker, I believe the time for action is long overdue. We all recall with great sadness last June's crash over the Grand Canyon followed by further loss of life in July 1986 when a small private plane crashed just minutes after flying over Yosemite Valley. I am extremely dismayed that Congress has taken this long to take action on an issue which impacts public safety and the national parks themselves. Last year when the House Interior Committee held hearings on overflights, we were told that sightseeing aircraft businesses could and would voluntarily regulate themselves. The evidence demonstrates that self-regulation clearly does not work, nor does minor regulatory revision. Federal agencies have engaged in finger pointing, instead of working together. I am astonished and appalled that these agencies have not come to Congress in support of new legislation to strictly regulate aircraft over national parks. Business as usual will not get the job done.

Instead of working with the Park Service to solve these problems, the FAA report on the Grand Canyon air disaster points a large accusatory finger at the National Park Service, saying that contributing to the Grand Canyon accident was National Park Service influence over route selection. Mr. Speaker, those who should be regulating aircraft over national parks have waited too long to do too little. I urge swift passage of H.R. 921.

Mr. VENTO. Mr. Speaker, I yield back the balance of my time.

Mr. LAGOMARSINO. Mr. Speaker, I yield back the balance of my time.

Mr. OBERSTAR. Mr. Speaker, I yield back the balance of my time.

The SPEAKER. The question is on the motion offered by the gentleman from Arizona [Mr. UDALL] that the House suspend the rules and pass the bill, H.R. 921, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 27, FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION RECAPITALIZATION ACT OF 1987

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 100-77) on the resolution (H. Res. 154) providing for the consideration of the bill (H.R. 27) to facilitate the provisions of additional financial resources to the Federal Savings and Loan Insurance Corporation, which was referred to the House Calendar and ordered to be printed.

SAN FRANCISCO MARITIME NATIONAL HISTORICAL PARK ACT OF 1987

Mr. VENTO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1044) to establish the National Maritime Museum at San Francisco in the State of California, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1044

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "San Francisco Maritime National Historical Park Act of 1987".

SEC. 2. ESTABLISHMENT.

(a) IN GENERAL.—In order to preserve and interpret the history and achievements of seafaring Americans and of the nation's maritime heritage, especially on the Pacific coast, there is hereby established the San Francisco Maritime National Historical Park (hereinafter in this Act referred to as the "park").

(b) AREA INCLUDED.—The park shall consist of the lands and interests therein within the area generally depicted on the map entitled "Boundary Map, San Francisco Maritime National Historical Park," numbered 641/80,053 and dated April 7, 1987. The map shall be on file and available for public inspection in the offices of the National Park Service, Department of the Interior and in the office of the Superintendent of the park. If the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") determines, upon completion of the General Management Plan for the park, that the inclusion of the property at Jefferson and Hyde Streets, San Francisco, known as the Haslett Warehouse, would promote the purpose of the park, the Secretary may adjust the boundaries of the park to include that property after notification to the Committee on Interior and Insular Affairs of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate. The Secretary may make other minor revisions of the boundary of the park in accordance with section 7(c) of the Land and Water Conservation Fund Act of 1965.

(c) GOLDEN GATE NATIONAL RECREATION AREA.—The Secretary shall revise the boundaries of the Golden Gate National Recreation Area to exclude from the National Recreation Area the area within the park (as depicted on the boundary map referred to in subsection (b)). The Secretary shall transfer to the jurisdiction of the park all real and personal property of the United States administered by the Secretary as part of the National Recreation Area but located within the boundaries of the park (including the museum building), together with all vessels, marine collections, libraries, historic documents, equipment and other marine artifacts which are administered by the Secretary as part of the National Recreation Area and which relate to maritime history.

(d) MUSEUM BUILDING.—The building housing and displaying the marine collections, libraries, historic documents, equipment, and marine artifacts shall be named the "Sala Burton Building" and an appropriate plaque with this designation shall be prominently displayed as part of the structure.

SEC. 3. ADMINISTRATION.

(a) IN GENERAL.—The Secretary shall administer the park in accordance with this Act and with the provisions of law generally applicable to units of the National Park System, including the Act entitled "An Act to establish a National Park Service, and for other purposes," approved August 25, 1916 (39 Stat. 535; 16 U.S.C. 1-4), the Act of August 21, 1935 (49 Stat. 666; 16 U.S.C. 461-467), and the National Historic Preservation Act (16 U.S.C. 470-470t). The Secretary shall manage the park in such manner as will preserve and perpetuate knowledge and understanding of American maritime history and to provide for public understanding and enjoyment of maritime history.

(b) DONATIONS.—The Secretary may accept and retain donations of funds, property, or services from individuals, foundations, corporations, or public entities for the purpose of providing services and facilities which he deems consistent with the purposes of this Act.

(c) LEASING.—The Secretary may lease any real or personal property, including vessels and heavy marine equipment such as floating drydocks, which is administered as part of the park. The net receipts from any such lease shall be administered in accordance with the Act of October 27, 1972 (86 Stat. 1299).

(d) FEES.—Notwithstanding any other provision of law, the Secretary may impose entrance fees for admission to the ships in such amounts as he deems appropriate and may impose fees for the use by groups or organizations of the ships. All receipts from such fees shall be administered in accordance with the Act of October 27, 1972 (86 Stat. 1299).

(e) GENERAL MANAGEMENT PLAN.—Within 2 years after establishment of the park, the Secretary shall prepare and transmit to the Committee on Interior and Insular Affairs of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate a general management plan for the park. The plan shall include appropriate plans for development of the park to achieve the intent and purposes of this Act which shall include, but not be limited to, the following:

(1) A description of the elements appropriate to the park which shall include, but need not be limited to, the maritime and associated artifacts, documents, and the following historic vessels:

(A) The sailing ship Balclutha.
(B) The steam schooner Wapama.
(C) The steamship SS Jeremiah O'Brien.
(D) The ferry Eureka.
(E) The schooner C.A. Thayer.
(F) The tug Eppleton Hall.
(G) The tug Hercules.
(H) The scow schooner Alma.

The description shall include other real and personal property which comprises the park collections, such as written and illustrative material, objects, wrecks, smaller watercraft, and vessels. The description shall also include other real and personal property which the Secretary deems necessary for purposes of management of the park.

(2) Plans for the preservation of each historic vessel, including docking facilities, maintenance and ship repair facilities, and estimates for the costs thereof. Such plans shall include determination of permanent docking facilities in the location best suited to the preservation of the historic vessels and for visitor access to the historic vessels. They shall also include methods of accommodating visitors while protecting the historic vessels. Plans shall also provide for the proper care, exhibition, and storage of the park collections.

(3) Plans for the location, preliminary design, and estimated cost of public facili-

ties to be developed for the park, including a museum building, visitor parking, and public transit access.

(4) Plans for the interpretation of the historic vessels and park collections.

SEC. 4. ACQUISITION OF PROPERTY.

(a) General Authority.—The Secretary may acquire land and interests in land within the boundaries of the park by donation, purchase with donated or appropriated funds, or exchange.

(b) Transfers From Other Agencies.—The Secretary of Commerce may transfer the Liberty Ship SS Jeremiah O'Brien to the Secretary for inclusion in the historic fleet of the park. Any other Federal property located within the boundaries of the park which is under the administrative jurisdiction of another department or agency of the United States may, with the concurrence of the head of the administering department or agency, be transferred without consideration to the administrative jurisdiction of the Secretary for the purposes of the park.

(c) State and Local Lands.—Lands, and interests in lands, within the boundaries of the park which are owned by the State of California or any political subdivision thereof, may be acquired only by donation.

(d) Historic Vessels and Other Property.—In furtherance of the administration of the park, the Secretary is authorized to acquire by donation, purchase with donated or appropriated funds, or exchange such property as may be appropriate to carry out the purposes of this Act, including vessels, heavy marine equipment, and drydock facilities. The Secretary shall notify the Committee on Interior and Insular Affairs of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate in writing not less than 90 days before acquisition of any large historic vessel. Such notification shall indicate the estimated cost of preservation, restoration if appropriate, and maintenance of the vessel concerned.

SEC. 5. ADVISORY COMMISSION.

(a) Establishment.—There is hereby established the Advisory Commission of the San Francisco Maritime National Historical Park (hereinafter in this Act referred to as the "Commission"). The Commission shall be composed of 12 members appointed by the Secretary as follows:

(1) 3 members appointed for terms of 4 years from recommendations submitted by the National Maritime Museum Association.

(2) 2 members appointed for terms of 4 years from recommendations submitted by the Governor of the State of California, at least one of whom shall have professional expertise in maritime historic preservation.

(3) 2 members appointed for terms of 5 years from recommendations submitted by the Mayor of San Francisco.

(4) 1 member appointed for a term of 5 years from recommendations from the Secretary of Commerce, who shall have professional expertise in the maritime industry.

(5) 2 members appointed for terms of 5 years, who shall have professional expertise in maritime history or historic preservation.

(6) 2 public members for terms of 5 years with expertise in maritime history.

Any member of the Commission appointed for a definite term may serve after the expiration of his term until his successor is appointed. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(b) Compensation.—Members of the Commission shall serve without pay. While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed expenses under section 5703 of title 5 of the United States Code.

(c) Officers.—The Chair and other officers of the Commission shall be elected by a majority of the members of the Commission to serve for terms established by the Commission.

(d) Meetings.—The Commission shall meet at the call of the Chair or a majority of its members, but not less than twice annually. Seven members of the Commission shall constitute a quorum. Consistent with the public meeting requirements of the Federal Advisory Committee Act, the Commission shall, from time to time, meet with persons concerned with maritime preservation.

(e) Bylaws and Charter.—The Commission may make such bylaws, rules, and regulations as it considers necessary to carry out its functions under this Act. The provisions of section 14(b) of the Federal Advisory Committee Act (Act of October 6, 1972; 86 Stat. 776), are hereby waived with respect to this Commission.

(f) Functions.—The Commission shall advise the Secretary on the management and development of the park. The Secretary, or his designee, shall from time to time, but at least semiannually, meet and consult with the Commission on matters relating to the management and development of the park.

(g) Termination.—The Commission shall cease to exist 10 years after the date on which the first meeting of the Commission is held.

SEC. 6. CONFORMING AMENDMENT.

Section 4(f) of the Act of October 27, 1972 (16 U.S.C. 460bb-3(f)), is amended by striking out "National Maritime Museum" and inserting "San Francisco Maritime National Historical Park".

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. MARLENEE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Minnesota [Mr. Vento] will be recognized for 20 minutes and the gentleman from Montana [Mr. Marlenee] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. Vento].

Mr. VENTO. Mr. Speaker, I yield such time as he may consume to the chairman of the committee, the gentleman from Arizona [Mr. Udall], the principal sponsor of this bill.

Mr. UDALL. Mr. Speaker, I congratulate those Members who have helped us to bring this bill to this stage of the legislative process, and particularly I want to thank the subcommittee chairman, the gentleman from Minnesota [Mr. Vento], and acknowledge my pleasure at the naming of a feature of this national park unit after the late Sala Burton, our distinguished former colleague from California.

Mr. VENTO. Mr. Speaker, I thank the gentleman from Arizona [Mr. Udall] for yielding time to me.

H.R. 1044, a bill introduced by Chairman Udall, establishes the San Francisco Maritime National Historical Park. Our former colleague, Congresswoman Sala Burton, was prepared to introduce this legislation. Her untimely death prevented her from doing so. But the principles embodied in this bill and in creating the San Francisco Maritime National Historical Park will be a memorial of sorts for her and for all her efforts to protect this heritage. The park would superbly document our Nation's maritime heritage, especially on the west coast, and would provide a glimpse for all of us of this nearly vanished part of our history.

San Francisco Maritime National Historical Park would include a small fleet of historic ships and other maritime-related historic collections, including books, ship plans, historic photographs, artifacts and smaller watercraft. These resources are currently part of Golden Gate National Recreation Area, and would be transferred to the new park. The boundary of Golden Gate National Recreation Area would be redrawn to exclude the lands of the new park. The effect will be to create a separate and identifiable unit of the National Park System preserving and interpreting these maritime resources.

H.R. 1044 establishes the San Francisco Maritime National Historical Park, draws its boundaries and transfers from Golden Gate National Recreation Area the appropriate lands and historic maritime resources including the historic vessels and park collections. The bill also directs the Secretary of the Interior to prepare a General Management Plan for the new park within 2 years. The General Management Plan would include determining appropriate docking facilities for the historic vessels, preparing preservation plans for them and for the park collections, providing visitor facilities and providing interpretation for visitors. H.R. 1044 also allows for leasing of the historic vessels and heavy marine equipment, establishes an advisory commission with public and professional participation to advise the Secretary of the Interior, and authorizes appropriations for the new park in such sums as may be necessary.

Mr. Speaker, this measure would protect these unusual resources and be a fitting memorial for our departed colleague Sala Burton. Mr. Speaker, I urge adoption of this measure.

Mr. Speaker, I reserve the balance of my time.

Mr. MARLENEE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1044. As the chairman has explained, the bill simply carves out a piece of the existing Golden Gate National Recreation Area and designates it as the San Francisco Maritime National Historical Park.

The park will contain an area generally known as Aquatic Park and a collection of historic ships, a maritime museum, and artifacts.

Creation of the park will not result in any significant costs as the land and ships are already, for the most part, in Federal ownership.

The primary reason for the bill is to allow for fees collected at the site to go directly to a restoration effort for the ships and to heighten awareness of the area. The bill also names the museum building the "Sala Burton Building" after our late colleague. She worked long and hard on the draft legislation and it is appropriate that she is recognized in this way.

The Park Service has no major objections to the bill. Most of the amendments which they suggested have been incorporated in the bill as reported by the Interior Committee.

I congratulate the chairman on bringing this meritorious legislation to the House and urge its passage.

Mr. EDWARDS of California. Mr. Speaker, I rise today in support of H.R. 1044, a bill to establish the San Francisco Maritime National Historic Park. This legislation was the dream of my very dear friend and respected colleague, Sala Burton. She had planned to introduce it herself in the 100th Congress, and I want to thank the chairman of the Interior Committee. Mr. UDALL, and the chairman of the National Parks Subcommittee, Mr. VENTO, for carrying out her wish. In Sala's own words:

> Our Nation's fleet of historic ships has been forgotten for too long. I look forward to the day when this legislation might be implemented to allow future generations to learn of our Nation's rich maritime history.

Sala loved the city and State she represented, and realized the importance of remembering its history. She wanted current and future generations to be able to visit the museum and relive the excitement of the Gold Rush days, and hear the stories of the seafaring people and ships that helped shaped the West.

The beautiful old ships on display in the Maritime Museum once carried the most precious of cargos: dreams. The early settlers of California came looking for a better life, and some endured great sacrifices. Sala spent her whole life helping the less fortunate make a better life for themselves, and no sacrifice of her time or effort was too great.

Remembering and learning from our past is an important part of our existence. Sala wanted this museum to be a vivid remembrance of those early immigrants and pioneers who had the courage to follow their dreams. She wanted all Americans, and particularly those from San Francisco to have a living reminder of their past. She wanted them to be able to walk through the exhibits, see the artifacts and the artwork, wander through Aquatic Park and experience the timeless beauty of the bay.

I encourage my colleagues to support this bill and establish this wonderful museum in Sala's memory and dedicate the building in her honor.

Thank you.

Mr. MARLENEE. Mr. Speaker, I yield back the balance of my time.

Mr. VENTO. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Minnesota [Mr. VENTO] that the House suspend the rules and pass the bill, H.R. 1044, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to establish the San Francisco Maritime National Historical Park in the State of California, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. VENTO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

FUEL USE ACT AMENDMENTS

Mr. SHARP. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1941) to repeal and amend certain sections of the Powerplant and Industrial Fuel Use Act of 1978, as amended.

The Clerk read as follows:

H.R. 1941

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION. 1. REPEAL OF CERTAIN SECTIONS OF THE POWERPLANT AND INDUSTRIAL FUEL USE ACT OF 1978.

(a) IN GENERAL.—The following provisions of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8301 et seq.) are repealed:

(1) Section 202 (42 U.S.C. 8312).
(2) Section 302 (42 U.S.C. 8342).
(3) Section 401 (42 U.S.C. 8371).
(4) Section 402 (42 U.S.C. 8372).
(5) Section 405 (42 U.S.C. 8375).
(6) Title V (42 U.S.C. 8391).
(7) Section 801 (42 U.S.C. 8481).

(b) CLERICAL AMENDMENT.—The table of contents in section 101(b) of the Powerplant and Industrial Fuel Use Act of 1978 is amended by striking the items relating to the provisions repealed by subsection (a) of this section.

(c) CONFORMING AMENDMENTS.—(1) Section 102 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8301) is amended—

(A) by striking "and major fuel-burning installations" wherever it appears; and

(B) in subsection (b), by striking paragraphs (2) and (6) and redesignating paragraphs (3), (4), (5), (7), (8), (9), (10), (11), and (12) as paragraphs (2), (3), (4), (5), (6), (7), (8), (9), and (10), repectively.

(2) Section 103 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8302) is amended—

(A) in subsection (a)(13)(B)—

(i) by striking clause (ii)(III);

(ii) by striking "; or" at the end of clause (ii)(II) and inserting a period; and

(iii) by inserting "and" at the end of clause (ii)(I);

(B) in subsection (a)(15), by striking "or major fuel-burning installation";

(C) in subsection (a)(16), by striking "or installation" each place it appears;

(D) in subsection (a)(19), by striking "or a major fuel-burning installation";

(E) in subsection (a)(20), by striking "or major fuel-burning installation";

(F) in subsection (b), by striking "or major fuel-burning installation" wherever it appears;

(G) in subsection (b)(1)(D), by striking all after "synthetic gas involved" and inserting a period; and

(H) by striking subsection (b)(3).

(3) Section 104 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8303) is amended to read as follows:

"SEC. 104. TERRITORIAL APPLICATION.

"The provisions of this Act shall only apply within the contiguous 48 States and the District of Columbia.".

(4)(A) Section 201 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8311) is amended to read as follows:

"SEC. 201. COAL CAPABILITY OF NEW ELECTRIC POWERPLANTS; CERTIFICATION OF COMPLIANCE.

"(a) GENERAL PROHIBITION.—Except to such extent as may be authorized under subtitle B, no new electric powerplant may be constructed or operated as a base load powerplant without the capability to use coal or another alternate fuel as a primary energy source.

"(b) CAPABILITY TO USE COAL OR ALTERNATE FUEL.—An electric powerplant has the capability to use coal or another alternate fuel for purposes of this section if such electric powerplant—

"(1) has sufficient inherent design characteristics to permit the addition of equipment (including all necessary pollution devices) necessary to render such electric powerplant capable of using coal or another alternate fuel as its primary energy source; and

"(2) is not physically, structurally, or technologically precluded from using coal or another alternate fuel as its primary energy source.

Capability to use coal or another alternate fuel shall not be interpreted to require any such powerplant to be immediately able to use coal or another alternate fuel as its primary energy source on its initial day of operation.

"(c) APPLICABILITY TO BASE LOAD POWERPLANTS.—(1) This section shall apply only to base load powerplants, and shall not apply to peakload powerplants or intermediate load powerplants.

"(2) For the purposes of this section, hours of electrical generation pursuant to emergency situations, as defined by the Secretary and reported to the Secretary, shall not be included in a determination of whether a powerplant is being operated as a base load powerplant.

"(d) SELF-CERTIFICATION.—(1) In order to meet the requirement of subsection (a), the owner or operator of any new electric powerplant to be operated as a base load powerplant proposing to use natural gas or petroleum as its primary energy source shall certify to the Secretary prior to construction, or prior to operation as a base load powerplant in the case of a new electric powerplant operated as a peakload powerplant or intermediate load powerplant, that such powerplant has capability to use coal or another alternate fuel, within the meaning of subsection (b). Such certification shall be effective to establish compliance with the requirement of subsection (a) as of the date it is filed with the Secretary. Within 15 days after receipt of a certification submitted pursuant to this paragraph, the Secretary shall publish in the Federal Register a notice reciting that the certification has been filed.

"(2) The Secretary, within 60 days after the filing of a certification under paragraph (1), may require the owner or operator of such powerplant to provide such supporting documents as may be necessary to verify the certification.".

(b) The item relating to section 201 in the table of contents in section 101(b) of the Powerplant and Industrial Fuel Use Act of 1978 is amended to read as follows:

"Sec. 201. Coal capability of new electric powerplants; certification of compliance.".

(5) Section 211 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8321) is amended—

(A) by striking "or installation from one or more of" and inserting "from" each place it appears;

(B) by striking "or installation" wherever it appears;

(C) in subsection (a)(1), by striking "using imported petroleum" and inserting "the fuel that would be used";

(D) in subsection (a)(3), by striking "or 202"; and

(E) by striking subsections (c) and (d).

(6) Section 212 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8322) is amended—

(A) by striking "or installation from one or more of" each place it appears and inserting "from";

(B) by striking "or installation" each place it appears;

(C) in subsection (a)(1)(A), by striking "using imported petroleum" and inserting "the fuel that would be used";

(D) in subsection (a)(2), by striking all that follows "paragraph (1) shall" through "new electric powerplant.";

(E) by striking subsection (a)(3);

(F) in subsection (b)(2), by striking "in the case of a powerplant,";

(G) in subsection (d)—

(i) by striking "(1)" after the subsection heading;

(ii) by striking paragraph (2); and

(iii) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; and

(H) by striking subsections (g), (h), (i), and (j).

(7) Section 213 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8323) is amended—

(A) in subsections (a) and (c)(1), by striking "or (g)";

(B) in subsection (a), by striking "or installation"; and

(C) by amending subsection (b) to read as follows:

(b) STATE APPROVAL REQUIRED FOR POWERPLANT.—If the appropriate State regulatory authority has not approved a powerplant for which a petition has been filed, such exemption, to the extent it applies to the prohibition under section 201 against construction without the capability of using coal or another alternate fuel, shall not take effect until all approvals required by such State regulatory authority which relate to construction have been obtained.".

(8) Section 214(a) of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8324(a)) is amended by striking "or installation".

(9) Section 303 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8343) is amended—

(A) by striking "or installation" and "or installations" wherever they appear;

(B) in subsection (a)(1) by striking "or 302";

(C) by striking subsection (a)(3);

(D) by amending subsection (b)(1) to read as follows:

"(1) The Secretary may prohibit, by rule, the use of natural gas or petroleum under section 301(b) in existing electric powerplants."; and

(E) by amending the last sentence of subsection (b)(3) to read as follows: "Any such rules shall not apply in the case of any existing electric powerplant with respect to which a comparable prohibition was issued by order.".

(10) Subtitle B of title III of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8351-8354) is amended by striking "or installation" each place it appears.

(11) Section 311(a)(3) of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8351(a)(3)) is amended by striking "or 302".

(12) Section 312 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8352) is amended—

(A) by striking subsection (d)(2);

(B) in subsection (d)(3), by striking "In the case of an existing electric powerplant, the" and inserting "The"; and

(C) by striking subsections (j), (k), and (l).

(13) Section 313(a) of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8353(a)) is amended by striking "(i), or (j)" and inserting "or (i)".

(14) Section 403 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8373) is amended—

(A) in subsection (a)(1), by striking ", major fuel-burning installation, or other unit" and ", installation, or unit";

(B) in subsection (a)(2), by striking ", installation, or other unit" and ", installation, or unit";

(C) in subsection (a)(2), by striking the last sentence; and

(D) by striking subsection (a)(3).

(15) Section 404 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8374) is amended by striking subsection (g).

(16) Section 701 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8411) is amended—

(A) in subsection (b), by striking "(other than under section 402)" and "or installation";

(B) in subsection (c)—

(i) by striking "or permit" each place it appears;

(ii) by striking "or for any permit under section 405," in paragraph (1);

(iii) by striking "or, where appropriate, major fuel-burning installation" in paragraph (2); and

(iv) by striking paragraph (4);

(C) in the first sentence of subsection (d)(1)—

(i) by striking "(or permit)"; and

(ii) by striking "(other than under section 402)";

(D) in subsection (f), by striking "402 or" both places it appears; and

(E) by striking subsection (g).

(17) Section 711 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8421) is amended by striking in the first sentence of subsection (a), "or major fuel-burning installation".

(18) Section 721 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8431) is amended by striking subsection (c).

(19) Section 722 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8432) is amended by striking "(other than section 402)".

(20) Section 73 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8433) is amended—

(A) in subsection (a), by striking "(other than section 402)";

(B) in subsection (b), by striking "(1)"; and

(C) by striking subsections (b)(2) and (c).

(21) Section 731 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8441) is amended—

(A) in subsections (a)(1) and (g)(3), by striking "title II or"; and

(B) in subsection (e)(1), by striking "or major fuel-burning installation" and "or major fuel burning installation".

(22) Section 745 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8455) is amended by striking in the first sentence of subsection (a) "and major fuel-burning installations".

(23) Section 761(a) of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8471(a)) is amended by striking "or major fuel-burning installation".

(24) Section 763 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8473) is amended—

(A) by striking "or major fuel-burning installation" each place it appears; and

(B) by striking paragraph (2)(B).

SEC. 2. REPEAL OF INCREMENTAL PRICING REQUIREMENTS.

(a) REPEAL.—Subject to subsections (b) and (c) of this section, title II of the Natural Gas Policy Act of 1978 (15 U.S.C. 3341-3348) is repealed, and the items relating to title II are stricken from the table of contents of that Act.

(b) LIMITED CONTINUING EFFECT OF RULES.—A rule promulgated by the Federal Energy Regulatory Commission under title II of the Natural Gas Policy Act of 1978 shall continue in effect only with respect to the flowthrough of costs incurred before the enactment of this section, including any surcharges based on such costs.

(c) IMPLEMENTATION.—The Federal Energy Regulatory Commission may take appropriate action to implement this section.

The SPEAKER pro tempore. Is a second demanded?

Mr. LENT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Indiana [Mr. SHARP] will be recognized for 20 minutes and the gentleman from New York [Mr. LENT] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Indiana [Mr. SHARP].

Mr. SHARP. Mr. Speaker, I yield myself 4 minutes.

GENERAL LEAVE

Mr. SHARP. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SHARP. Mr. Speaker, H.R. 1941 is a consensus, bipartisan bill that has won support from the coal, electric utility, and natural gas industries.

It repeals the Fuel Use Act of 1978, an anachronism that barred large energy consumers from burning oil and gas because oil and gas were going to be scarce and high priced. But those predictions turned out wrong, and now we're going to repeal most of the act's end-user restrictions.

It was unanimously approved by the Energy and Power Subcommittee earlier this month, and by the Energy and Commerce Committee last week. This bill has the strong approval of the administration.

Technically, the bill does the following:

First, repeals FUA provisions on existing industrial facilities.

Second, repeals FUA provisions on new industrial facilities.

Third, leaves unchanged the 1981 Omnibus Reconciliation Act changes to FUA on existing electric powerplants.

Fourth, amends FUA provisions on new electric powerplants, by repealing provisions on peak load and intermediate load powerplants, but requiring base load plants to be "coal capable."

Fifth, repeals the incremental pricing provisions of the National Gas Policy Act of 1978. This additional repealer was not in the bill as reported by the committee last week, but has now been added. It is widely supported and is not controversial.

H.R. 1941 is a compromise between the complete repeal of the Fuel Use Act approved last year by the House, and the concern of many that the coal option be preserved in some way—especially for new base load electric powerplants which are long lived and consume so much fuel.

I certainly want to commend the many efforts that went into this compromise.

It will allow energy consumers to make their own, market-oriented fuel choices, and should contribute to a more flexible, decentralized energy market.

The bill will also give some new marketing opportunities to the very hard-hit gas producing sectors of our Nation.

With the addition of the coal capability requirement, we have increased the fuel flexibility that is so important to our energy security, and that helps insure us against over reliance on OPEC oil imports. But we have not done so in a way that would impose massive, up-front capital costs on utilities and their customers.

By repealing incremental pricing, we end a provision that has been dormant and unused for years. In the brief period when it was effective, it created price discrimination against large industrial gas consumers. We hope now that we are moving toward a competitive gas industry that doesn't discriminate against any consumers, big or little.

Mr. SPEAKER, I urge the House to approve this measure rapidly.

□ 1250

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am very pleased to join with my colleagues in urging the passage of H.R. 1941, a bill to repeal the Fuel Use Act. I strongly support repeal of the Fuel Use Act, which prohibits the burning of oil and natural gas in electric powerplants and major industrial boilers.

Repeal of the act will restore decisions on fuel choice to those who are best qualified to make such decisions—the utilities and businesses which own the powerplants and industrial boilers. No one wishes to see valuable energy resources, such as natural gas, used unwisely. But the best way to assure wise use is not to attempt to dictate fuel choice but rather to allow those people whose livelihood depends on sound decisionmaking to make fuel choices without interference from Washington, DC. I believe that consideration of this legislation today means that a majority of the Members of Congress recognize this fact.

I want to thank the chairman of the Energy and Commerce Committee, JOHN DINGELL; the chairman of the Energy and Power Subcommittee, PHIL SHARP; and the ranking Republican member of the Subcommittee on Energy and Power, CARLOS MOORHEAD, for their efforts at making today's vote possible. I urge my colleagues to support H.R. 1941.

Mr. SHARP. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Louisiana [Mr. TAUZIN], the chief sponsor of this legislation.

Mr. TAUZIN. Mr. Speaker, opportunities to make good, sound public policy in energy are before us today, and actually come before us very seldom.

I want to particularly thank our chairman of the Energy and Commerce Subcommittee, the gentleman from Indiana [Mr. SHARP], for his strong leadership in bringing this bill forward, and in such an expeditious manner. I am particularly also grateful to the chairman of our full committee, the gentleman from Michigan [Mr. DINGELL], for his efforts and those of his staff and the staff of our subcommittee.

I also want to extend my thanks and appreciation to the gentleman from California [Mr. MOORHEAD], the ranking minority member of our subcommittee, and the gentleman from New York [Mr. LENT], the ranking minority member of our full committee, for their help and cooperation in this truly bipartisan bill that we bring forward.

Mr. Speaker, this bill does not come easily before this House. It is a product of many years of negotiations, many years of efforts, by many Members in this body. I particularly want to cite my colleague, the gentleman from Texas [Mr. BRYANT], who led a very nearly successful charge last year to obtain repeal of the Fuel Use Act, and in fact obtained this House's approval. The only reason that the bill did not finally complete the circuit was because of inactivity on the Senate side.

I particularly want to thank my colleague, the gentleman from Oklahoma [Mr. SYNAR], who has been the leading, guiding force behind the coalitions that we have tried to form in the House committee to obtain this necessary legislation. Other Members have been there and have been extraordinarily helpful: Mr. RICHARDSON, Mr. HALL, Mr. DOWDY, Mr. SLATTERY; and I particularly want to commend Mr. LELAND, of Texas, our colleague who represents a very much consumer-oriented urban environment, and nevertheless has seen the wisdom of this particular action, which opens the door to natural gas consumption around the country.

I want to point out, Mr. Speaker, that this is not the first effort to repeal parts of the fuel use law which have been successful. In 1981, Mr. SYNAR and Mr. HALL and I joined together in an effort to obtain repeal of section 301 of the act. That section would have required that every electric generating plant in the country that was fueled by oil and natural gas would have had to have been converted by 1990 to coal, nuclear, or some other fuel. Estimates in that year were that if that requirement stayed in the law that today those conversions would be underway and utility costs in our region would have tripled by now.

So that repeal of section 301 accomplished in the first Reagan budget effectively saved our consumers a tripling of utility costs in our region of the country.

I am particularly grateful to Chairman DINGELL for standing by us in that repeal in 1981. Today, we repeal the rest of this act. The act in effect restrains the use of natural gas in our country. It prohibits therefore, the use of large industrial boilers and large new boilers that would burn gas to create utility electrical power from using natural gas, and in essence has halted the development of new gasfields and stymied investment in gasfields, and has caused consumers of America to have to pay more expensive nuclear costs of generation and has in effect stymied the growth and development of natural gas markets in this country.

The repeal today of the rest of that act opens the door for new investments in natural gas fields in the producer States, opens the door for consumers in America to use this clean fuel rather than fuels which produce the kinds of air problems that contribute to acid rain in our country, and opens the door for consumers in effect to use the most cost-efficient fuel rather than a fuel mandated by Congress.

It is worthwhile legislation long overdue that will help not only the consuming States but also the producing States in a more logical energy market for America.

With the repeal of the Fuel Use Act we expect to see a rejuvenation to some degree of national gas production, natural gas exploration and development, as consumers learn once again the beauty of using this clean fuel as an option in energy production, as an option in industrial use, and as an option in producing the electricity that homes require, that businesses and industry require in America.

Mr. Speaker, this has been a long awaited day. I urge my colleagues to support the bill. The Senate has already adopted the same bill. If we pass it today, it will go to the President, and this long fight will have ended, and we will repeal the law that in fact is long overdue for repeal, and we will open the door to new gas exploration, new consumer demand for gas, and indeed a more logical and rational energy market for America.

Mr. LENT. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana [Mr. COATS], a member of the committee.

Mr. COATS. Mr. Speaker, I rise in support of H.R. 1941, as amended.

Mr. Speaker, this bill is a long time in coming and deserves the quick and full support of this legislative body.

I have been a vigorous supporter for repeal of this law for quite some time and have been a sponsor, as well as a cosponsor, of legislation that would achieve the same goal as the bill we have before us today. I applaud the business coalition—comprised of the gas industry, the electric industry, coal industry, and other public interest organizations—that has come forward with its endorsement of this bill to repeal these constraints on the use of natural gas and petroleum as a primary energy source in new electric powerplants and in major new fuel-burning installations.

There are many reasons to repeal the Fuel Use Act, but the first and foremost reason is the overabundant supply of natural gas. Today, we see that the premise of the Fuel Use Act, while well-intentioned, was wrong.

Fuel Use Act repeal cannot help but benefit the economically depressed oil and gas producing States, as well as those States that are home to the many industries that are struggling to stand up to foreign competition. Coming from northeastern Indiana, I am all too familiar with the need for continuing economic growth. The road to many of our energy-intensive smokestack industries is a difficult one, but the road is made rockier still by the Fuel Use Act.

While in the past various industries have been vocal in their concerns, I applaud their efforts to work out their differences and reach a compromise that not only meets their needs but is a compromise that can obtain strong bipartisan support here in Congress. I strongly support the compromise and firmly believe we have everything to gain and nothing to lose by repealing the Fuel Use Act.

In addition, I am pleased H.R. 1941 has been amended to include a repeal of the incremental pricing provisions under the Natural Gas Policy Act. In fact, I have introduced legislation this Congress, along with Congressman SLATTERY, that would repeal this provision from the NGPA.

□ 1300

Incremental pricing injures our Nation for three reasons: First, it precludes the opportunity to reduce the use of imported oil; second, it distorts market preferences even for consumers that use only natural gas; and third, it has been ineffective, sometimes causing higher residential gas bills as a result of lost industrial gas sales.

H.R. 1941 is a major step toward a more rational energy policy. It is a good bill, and I urge my colleagues to vote aye.

Mr. Speaker, I also want to commend the chairman of the committee who has worked long and hard on the question of fuel prices, who has shown fairness and flexibility in terms of dealing with the Fuel Use Act and incremental pricing repeal; the gentleman from Kansas [Mr. SLATTERY] for his diligent work on these two issues and for his involvement in this process; also for the many members of the committee who have contributed to moving forward legislation that is sorely needed. Again, I urge my colleagues to support the measures we have before us today.

Mr. SHARP. Mr. Speaker, I yield myself 30 seconds to take note of the participation of the minority in this legislation. They have been effective advocates for repeal of fuel use and incremental pricing as well as other changes. My colleague, the gentleman from Indiana [Mr. COATS] is one of the early advocates and sponsors of this legislation to repeal both the items which are considering repealing, and I appreciate his able work.

Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. SYNAR], another early and long-time advocate of the repeal who has worked very hard on this legislation.

Mr. SYNAR. Mr. Speaker, let me join with all of those who have taken the opportunity to offer some special thanks to a number of Members who have made this day possible, in particular the gentleman from Michigan, JOHN DINGELL, for his leadership along with the gentleman from Indiana, PHIL SHARP, along with the gentleman from Texas, JOHNNIE BRYANT, and the gentleman from Illinois, TERRY BRUCE, and the gentleman from New Mexico, BILL RICHARDSON, and others.

It has been a very important day for a number of Members from States that will be most affected, but the one person who needs the greatest amount of accolades has been the gentleman from Louisiana, BILLY TAUZIN.

It has been because of the leadership of the gentleman from Louisiana in the last couple of months that we have been able to put this legislation on a fast track today. I want to join with all of my colleagues from both sides of the aisle to praise him for his efforts to get us to this important day.

Six years ago we started down this path to repeal the portion of the fuel use restrictions that would have required a massive and costly conversion of our utility plants.

Today we are removing the final restrictions on utilities in order that they may provide their customers with the most efficient and least costly electricity. Very rarely do we ever come to the floor where we have a bill where there are no losers, but today we have that unique opportunity to pass such a piece of legislation.

For today, everyone will benefit under this legislation.

First of all, we will increase the markets for our natural gas producers in those States which have been so severely impacted by this energy crisis.

Second, we will reduce the rate shock and lower electric bills for our consumers throughout all our States in this country; and finally, we will provide a cleaner environment from the increased use of our cheapest and cleanest fuel, that of natural gas.

I think that is why we are all here today, and that is why I encourage all of my colleagues to join with us in the support of this important piece of legislation.

Mr. LENT. Mr. Speaker, I yield 4 minutes to the gentleman from Utah [Mr. NIELSON].

Mr. NIELSON of Utah. Mr. Speaker, I stand in support of H.R. 1941 and commend the chairman of the subcommittee, the gentleman from Indiana [Mr. SHARP] for bringing this legislation forward. This bill that has been long in coming, and is excellent legislation.

I supported the bill last year, and also support it this year.

I would like to repeat what the gentleman from Oklahoma [Mr. SYNAR] just said. The bill removes the restrictions which were placed on the use of natural gas for electrical power generation. If these restrictions ever were needed, certainly they are not needed now.

This bill will reduce the electricity cost to consumers. It has been endorsed by every major energy fuel group including the Coal Coalition which might well have opposed it had it not been for the excellent compromises fashioned by the bill's chief sponsor, the gentleman from Louisiana [Mr. TAUZIN].

I think the bill does not go far enough however, The best thing to do would be to eliminate differential pricing out of our natural gas.

We also offered repeal of the rest of the Natural Gas Policy Act of 1978 by supporting H.R. 656 which would do that. I think it is ridiculous that we pay $5 per thousand cubic feet for Canadian natural gas and $9 per thousand feet for domestic deep-well gas, when there is a plentiful supply of natural gas available in shallow wells for $1.50 to $2 a thousand cubic feet. By refusing to deregulate natural gas, our natural gas customers are paying too much for their energy and our balance of trade problem is worsened.

If we cannot repeal the Natural Gas Policy Act of 1978 we should at least look at mandatory contract carriage and revise other policies. I certainly hope the committee will go further and finish the dismantling of the Natural Gas Policy Act of 1978. I yield back the balance of my time.

Mr. SHARP, Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from New Mexico [Mr. RICHARDSON] a sponsor of this legislation, and long-time advocate of the repeal of the Fuel Use Act.

Mr. RICHARDSON. Mr. Speaker, a number of key individuals worked very hard on this legislation, the gentleman from Michigan [Mr. DINGELL], the chairman of the Committee on Energy and Commerce, the gentleman from Indiana [Mr. SHARP], the gentleman from Oklahoma [Mr. SYNAR], and the gentleman from Utah [Mr. NIELSON].

Mr. Speaker, I rise in strong support of H.R. 1941. I want to take this opportunity to thank my colleagues, the Honorable JOHN BRYANT, from the great State of Texas, and the Honorable BILLY TAUZIN, of the great State of Louisiana, for their leading roles on this issue. I am delighted to be a cosponsor of the legislation before us today that will repeal the prohibition on the use of petroleum and natural gas boiler fuels by utilities and large industrial users.

In light of current market conditions—surpluses of foreign oil and gas severely depressed market conditions—it has long been time to repeal the prohibitions on the use of both natural gas and oil. The restrictions in the Fuel Use Act—enacted 9 years ago—are anachronistic and counterproductive.

In my home State of New Mexico, the Nation's fifth largest oil-producing State, the effects of the decline of our domestic oil and natural gas industries has been devastating. There has been a 25-percent plunge in revenues generated in New Mexico last year. The total value of my State's oil and gas activity dropped 46 percent, employment has slipped from 13,200 in 1985 to 9,000, the number of rigs has slipped from an average 71 to a mere 29. One in every four bankruptcies filed in New Mexico last year were in counties where oil and gas is produced—many of those counties are in my district. We should be doing all we can to stimulate domestic production and eliminate unnecessary regulations—repeal of the Fuel Use Act will be a small step in the right direction.

Mr. Speaker, I see the enactment of H.R. 1941 as a starting point. As you will recall back in June 1985, when I introduced H.R. 2734, a bill that would have facilitated the transition of the natural gas industry toward a more competitive market, I included a section that would have repealed the major remaining provisions of the Fuel Use Act. Much more needs to be done. It is essential that we maintain our domestic production capability for reasons of both national security and economic security. The passage of H.R. 1941, while important, certainly does not go far enough. I hope we will be able to consider the broader issues affecting the industry before natural gas production and exploration in this country are wiped out. Recent projections say that we are quickly approaching the 40-percent import level of oil and a mere 5-year reserve of natural gas. We are rapidly approaching the point where all of our conservation, exploration, and production incentives of the last 12 years will be wiped out in a flood of foreign oil.

Mr. Speaker, I would like to say in closing that do have concerns for another fuel—coal—which is also basic to our energy independence. While coal is not as devastated by foreign imports as oil, it too has suffered from increased use of foreign supplies. I am delighted that a compromise has been worked out with the House and the Senate that will remove all restrictions on the use of gas for electric generation with the exception of combined-cycle units, which must have the inherent design capability to burn coal.

Mr. Speaker, I believe there is a broad base of support for this legislation in the energy exploration and production industries, as well as among industrial and powerplant energy consumers. The House and Senate bills are carefully crafted in a spirit of compromise. I urge my colleagues to support this effort and reiterate my concern that much more needs and deserves to be done in order to preseve our energy independence.

FUA is completely repealed for a wide variety of oil and natural gas fired uses, including all industrial facilities, and uses in electric powerplant facilities designed for intermediate or peaking load purposes.

New baseload electric powerplants: The FUA prohibitions against the use of natural gas or oil in large new "baseload" electric powerplants—those used more than 3,500 hours per year, which is a 40-percent capacity factor—are repealed.

However, these large new electric powerplants must be "coal capable."

The definition of "coal capability" would not expressly require that a baseload electric powerplant have "adequate land space available" for all necessary coal shipping and handling equipment.

It would require that the new baseload powerplant: "Has sufficient inherent design characteristics which will permit the addition of equipment (including all necessary pollution devices) necessary to render such electric powerplant capable of using coal or another alternate fuel as its primary energy source; and is not physically, structurally, or technologically precluded from using coal as its primary energy source.

Note: Capability to use coal or another alternate fuel shall not be interpreted to require any such powerplant to be immediately able to use coal or another alternate fuel as its primary energy source on its initial day of operation.

Purpose of this coal capability requirement: Is to assure that as future market conditions warrant, new baseload powerplants can be converted off of oil or natural gas, and onto coal or another alternate fuel. Thus, there may be shortages or significant price increases in coming years in the oil and gas markets. If so, baseload powerplants built after the enactment of this bill would not be physically or structurally precluded from being converted to coal.

The main purpose of last year's House-approved FUA repeal, which was to let market forces determine fuel choices, is thus retained by this legislation.

A virtually identical Senate bill was approved by the Senate earlier this month.

Mr. LENT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SHARP. Mr. Speaker, I am very pleased to yield 2 minutes to the gentleman from Texas [Mr. BRYANT], the chief sponsor of last year's version.

Mr. BRYANT. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, at the outset I want to thank the gentleman from New Mexico [Mr. RICHARDSON] for his kind remarks regarding my participation. I should return those and say that the gentleman from New Mexico was one of the individuals who introduced this bill in the gentleman's first term in Congress, and long before we had real momentum behind it, and the credit for the foresight should go to the gentleman from Texas along with the gentleman from Kansas [Mr. SLATTERY] who introduced it in 1983.

It is impossible not to also thank the gentleman from Michigan, JOHN DINGELL, the chairman of the Committee on Energy and Commerce, for facilitating its passage, and also in particular the gentleman from Indiana, Mr. SHARP, the chairman of the subcommittee, for making it possible to schedule this early, and for overseeing the original efforts we made in an attempt to work out compromises in this area. He deserves credit to a great extent, more than probably any of the rest of us.

Last year, the House of Representatives acted in an expeditious manner and passed the repeal of the Powerplant and Industrial Fuel Use Act, which I sponsored in the House. Despite the best efforts of members of the House to offer some glimmer of relief to the beleagured energy producers of this country, the Senate failed to act and no measure gained full congressional approval.

In this Congress, the Senate, with the active involvement of concerned House Members like Congressman BILLY TAUZIN of Louisiana, has taken the lead in reaching a compromise to deal with both this element of the current energy crisis and the demands of the coal industry to ensure that utilities and industrial users of oil or natural gas could convert to coal. I am proud to sponsor this compromise, which we will have under consideration today.

The restrictions imposed by the Fuel Use Act on industrial and utility users are no longer necessary. They were imposed during a time of shortage and may have made some sense in directing limited supplies of these fuels to residential users. In today's marketplace those restrictions not only contradict the forces of the marketplace, but all logic. Now, in a time of overabundant supplies and declining prices, is the time to repeal these restrictions.

Enactment of this important piece of legislation will not cure all that ails the domestic energy industry—the crisis is fundamentally one of artificially low prices caused by Saudi Arabia and OPEC—but it will be an important first step in the right direction.

The legislation we propose will remove the final, now useless constraints on the burning of oil and natural gas in new utility or industrial facilities. The government restrictions have inhibited market forces by dictating—frequently to the disadvantages of the health of one of our most critical domestic industries, consumers' pocketbooks, and the quality of our environment—fuel choices for utilities and major industrial users. Now that there is a worldwide surplus of oil and gas, engineered at least in part by Saudi Arabia to depress our domestic energy industry, the time has clearly come to return the choice of fuels to the marketplace.

By doing so, we will move toward accomplishing several desirable goals: allow major energy users to choose fuels that are most economical so that savings may be passed on to consumers; create some free-market incentive for the exploration and production of domestic oil and gas, thus helping to preserve an industry close to collapse; and, most important, keep us from becoming overly dependent once again on foreign energy sources and the whims of foreign governments which do not necessarily have our best national security interests at heart.

There is one final argument to support the Fuel Use Act repeal with this compromise. We will eliminate the costly and time-consuming bureaucratic paperwork hurdles and redtape required of those seeking exemptions from the current law. Most petitions from potential users are granted—but only after long delays. In 1985, 81 of 105 petitions filed—potential contracts worth almost $500 million to domestic oil and gas producers—were not acted upon in a timely manner. The CBO has estimated the cost for bureaucratic delays at between $1 and $2 million of taxpayer money per year. In a time of soaring deficits and enormously unbalanced budgets, every penny saved is important.

The repeal of the Fuel Use Act will pump needed revenue almost immediately into sagging economies of producing States and go a long way toward ensuring the continued vitality of our domestic production industry. It also is a significant first step—in the face of the current fossil fuel price crisis—toward retaining our energy independence from foreign sources we have been striving to build for over a dozen years.

Once we have enacted this measure to provide relief for consumers, utility and industrial fuel users, and energy producers, while saving taxpayers unnecessary regulatory costs, we can redirect our efforts to other initiatives that can help salvage and strengthen our domestic energy industry, which is crucial to America's national security.

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Mr. SHARP. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas [Mr. SLATTERY], a sponsor of the legislation and an active member of our committee who has worked hard on this committee.

Mr. SLATTERY. Mr. Speaker, I am pleased to join with my colleagues on the Energy and Commerce Committee in support of H.R. 1941, legislation that will repeal the remaining provisions of the Fuel Use Act as well as the incremental pricing provisions of the Natural Gas Policy Act. In the past three Congresses, with my distinguished colleague from Indiana, DAN COATS, I have introduced legislation seeking to accomplish this goal. This year that goal will hopefully become reality.

The Fuel Use Act became law at a time when it appeared that supplies of natural gas were permanently short. Enactment of the NGPA, however, eliminated interstate and intrastate barriers to the movement of existing natural gas supplies, boosted new gas discoveries, triggered price-induced conservation, and produced a gas surplus. Despite the change in our energy supply situation, the Fuel Use Act has remained on the books, resulting in an outmoded, unnecessary, time consuming and costly exemption process being implemented at the Department of Energy. In addition to causing this inefficient regulatory hassle, the Fuel Use Act is driving up the cost of producing goods in the United States by limiting the ability of industrial plants and electric generating facilities to use gas.

Mr. Speaker, when the Fuel Use Act is repealed, increased demand for American natural gas will provide sorely needed exploration incentives for American gas producers, reduce oil imports, improve the efficient use of our energy utility infrastructure and eliminate an unnecessary bureaucracy.

In addition, Mr. Speaker, the committee amendment added to this legislation today will repeal the incremental pricing provisions of the NGPA. These regulations were supposed to ensure that anticipated gas price rises were borne primarily by industrial users, but they have never really done so. This complicated ratemaking and accounting mechanism effectively requires that most gas volumes sold to industrial boilers cannot be priced below the energy equivalent price of residual fuel oil. In some cases, this has artificially raised the gas price that would otherwise be charged, impeding gas use in one of its largest and most competitive markets. Repeal of these rules will permit new opportunities for displacing imported oil and give natural gas consumers the economic benefits of spreading fixed costs over expanded loads.

Mr. Speaker, I commend Energy and Commerce Committee Chairman JOHN DINGELL and Energy and Power Subcommittee Chairman PHIL SHARP for moving so quickly this year to move this legislation. Thanks to their efforts, this bill will move quickly to the President's desk.

Mr. SHARP. Mr. Speaker, I certainly want to recognize the efforts of the gentleman from Illinois [Mr. BRUCE], who could not be with us today but who actively participated in trying to see to it that the coal-capable provision was in this legislation, something extremely important not only to his State, but to other coal-producing States as well as to the Nation.

Mr. MOORHEAD. Mr. Speaker, I want to express my strong support for the legislation which the House has before it today, H.R. 1941, repeal of the Fuel Use Act. The Fuel Use Act represents a policy that was wrong from start; the act prohibited the burning of oil and natural gas in new electric powerplants and major industrial boilers. I am proud to note that no Republican signed the conference report which accompanied final passage of the act. Those Members who opposed the Fuel Use Act knew then what I believe a majority of the Members of Congress know today—that is, that the Federal Government has no business dictating fuel choices to private utilities and owners of major industrial boilers. Decisions about fuel choice are best made by those who must survive and prosper on the basis of their decisions. I thus strongly support returning to the private sector decisions about fuel choice.

My colleagues should recognize, however, that repeal of the Fuel Use Act is but a first step toward addressing the significant energy issues presently pending before Congress. The recent report on energy security issued by Secretary Herrington highlights the urgency of the need to move forward to restore the vitality of our energy industry. We need to do more in deregulating the supply of domestic energy resources. There are many steps Congress can take which will boost our energy producing sector without artificially intervening the marketplace and without adversely affecting consumers, the environment, or the economy. For that reason, I have cosponsored, with a number of my colleagues, H.R. 1960, the Domestic Energy Act of 1987. H.R. 1960 contains actions which Congress can take to stimulate our energy producing sector without harming consumers, our economy, or the environment. Its provisions include decontrol of natural gas prices, the requirement of nondiscriminatory transportation services by interstate pipelines, authority for oil and gas leasing in the Arctic National Wildlife Refuge, deregulation of oil pipelines, and repeal of the windfall profit tax. These measures are all ones which will infuse life into our energy industry and restore the balance between supply, demand, and the price of energy.

I urge my colleagues to support this repeal of the Fuel Use Act and also to support consideration of H.R. 1960. Both bills should be enacted in order to rekindle the vigor of our domestic energy industry. I want to thank my colleagues in the Energy and Commerce Committee who made passage of H.R. 1941 possible today—Chairmen DINGELL and SHARP and the ranking Republican member of the Energy Committee, NORMAN LENT of New York.

Thank you, Mr. Speaker.

Mr. LIVINGSTON. Mr. Speaker, I am gratified that the House leadership has allowed this measure to come to the floor here today under suspension of the rules. Over the last few years I have supported numerous bills and resolutions calling for repeal of the Fuel Use Act, and in fact last year was a proud cosponsor of an administration-backed bill to reform our outdated natural gas policy. While I would prefer a more comprehensive approach to our problems in this area, I believe that repeal of the Fuel Use Act is a good first step that needs to be taken if we are ever to get the energy industry back on its feet.

As you know, H.R. 1941 is substantially similar to H.R. 4669 which passed the House by voice vote in September of last year and I urge my colleagues to accept it again this year. The Senate has already passed a similar measure which contains a provision repealing the incremental pricing provisions of the Natural Gas Pricing Act of 1978. This is an important measure which I have firmly supported in the past, and I urge my colleagues to support the amendment which will be offered to this bill repealing incremental pricing.

I would also like to take this opportunity to remind my colleagues that there is still a great deal of work to be done to help get our energy needs back on firm footing once again. Our national security depends on our having adequate energy resources to meet our defense and domestic needs. That is why I have been a strong supporter of a number of bills designed to help the depressed oil and gas industry. For instance, H.R. 1614, which was introduced by BILL ARCHER, encourages the continued exploration for and production of domestic energy resources through tax incentives, repeals the windfall profit tax and removes Federal controls over domestic production. I am also a supporter of JOE BARTON's Energy Independence Act of 1987, which is a comprehensive energy security bill designed to maintain our domestic oil production at the fullest possible level.

Mr. Speaker, once again I commend the committee for bringing this measure to the floor and I urge its immediate adoption by the whole House.

Mr. DELAY. Mr. Speaker, I am pleased to support the passage of H.R. 1941 which repeals restrictions of the use and pricing of natural gas. This is truly a bright day for all American consumers and producers of petroleum energy.

We have now learned that Federal regulations on the price of gas have not served their intended purpose of maintaining an adequate supply at reasonable prices. The U.S. gas industry's biggest problem is not supply, but declining demand, which is down 15 percent since 1980. Gas shortages in the 1970's were not caused by any lack of gas resources. Rather, U.S. producers found it unprofitable to deliver gas to consumers under the Federal regulatory price controls. In response to this, Congress placed more restrictions on the use of natural gas, which further reduced demand and further reduced incentives to produce more gas. It has been estimated that we currently have a 200-year supply of natural gas resources in this country alone.

Another augment in favor of H.R. 1941 is the high cost to consumers of other energy sources. According to one very conservative estimate, over $6 billion could be saved in construction costs for pollution abatement equipment on generating plants that would not be required if natural gas were burned rather than coal. This pollution equipment is three times more costly than that required on gas burning plants. Furthermore, repealing the Fuel Use Act will create at least 300,000 new jobs by the end of the century due to increased efficiencies and would add $15 to $35 billion to real GNP each year.

Let's not pass up this opportunity to really increase this Nation's competitiveness.

Mr. FIELDS. Mr. Speaker, here we are, again, correcting problems created by the Fuel Use Act and incremental pricing.

The Powerplant and Industrial Fuel Use Act was one of five elements of the Carter administration's National Energy Act of 1978. By passage of the Fuel Use Act, the Government acted to limit the consumption of natural gas.

Natural gas was in short supply then. Of course, it was Federal regulatory price controls which caused the gas supply crisis in the first place.

When price controls created a gas supply shortage, Congress acted to artificially limit gas consumption. In effect, the Federal Government attempted to replace flexible marketplace decisionmaking with static regulations. It didn't work.

Not a single Republican signed the conference report on the Fuel Use Act. My Republican colleagues recognized then that Government mismanagement of fuel choices simply could not work.

Legislation to undo the Fuel Use Act has kept us busy for the past 9 years. First, in 1981, the provision requiring conversion of existing electric powerplants from gas to coal or an alternate fuel was repealed. And, since I've been a member of the Energy Subcommittee, we have had numerous hearings on legislation to repeal the remaining end-use constraints of the Fuel Use Act.

In the 99th Congress, the Energy and Commerce Committee and the full House finally passed legislation, H.R. 4669, which I cosponsored to repeal major portions of the Fuel Use Act.

Repealing the Fuel Use Act is only one tiny step in removing the burdensome, counterproductive regulations which affect natural gas producers and consumers. Congress also should act to completely deregulate natural gas prices, provide for nondiscriminatory transportation of natural gas, repeal the windfall profit tax, enact tax incentives to preserve essential U.S. oil production and other such sound energy policies.

H.R. 1941, which is before us today, is not even a clean repeal of the Fuel Use Act. Clean repeal of Fuel Use Act would completely remove Government-mandated bias in favor of coal. Instead, H.R. 1941 updates the Fuel Use Act to make the bias in favor of coal less onerous. The compromise language takes into account technological advances in gas turbine design which have occurred since 1978. The compromise makes a bad law somewhat better.

Some will argue that prudent utility owners are employing new coal capable technology anyway, so H.R. 1491's coal convertible provisions are not a practical imposition. But, if that is true, why do we need the provisions? If Congress has learned one thing, it should be that trying to micromanage fuel use choices doesn't work. Something unanticipated inevitably develops.

I support H.R. 1941 because it is better than current law. But I predict that if this fuel use update compromise passes we will be back sometime in the future to update the Fuel Use Act coal convertible provisions again.

In conclusion, Mr. Speaker, I urge my colleagues to support H.R. 1941 as one small step forward in restoring sound Federal energy policy.

Mr. OXLEY. Mr. Speaker, I rise today in strong support of H.R. 1941, legislation to repeal portions of the Powerplant and Industrial Fuel Use Act of 1978. I urge my colleagues to support this important legislation.

Over the last several years, there have been a number of attempts to remove the artificial restraints that were placed on our Nation's energy supplies and markets during the crises of the 1970's, especially those restraints that relate to natural gas. To date, congressional efforts have stalled after making considerable progress toward completing the deregulation of natural gas and requiring nondiscriminatory transportation. Many of my colleagues in the Energy and Commerce Committee and I worked to develop a comprehensive natural gas bill last year. But our only victory was House passage of H.R. 4669, legislation substantially similar to H.R. 1941, which we are considering today. Since the Senate took no action on H.R. 4669, we are back here today to hopefully complete a small portion of that process.

Repeal of the Fuel Use Act's prohibitions on the use of oil or natural gas is only a small step in the long road toward totally removing regulatory constraints on our domestic energy supplies. A much more meaningful step would be to address through legislation what the Federal Energy Regulatory Commission has attempted to do through regulation—that is, the questions of pricing and transportation. Nevertheless, repealing the use restraints in the Fuel Use Act is a step that I believe we should take.

It is also a step that the National Petroleum Council has mentioned in its recent report on the domestic oil and gas outlook as one of more than a dozen policy options that should be reviewed to prevent a recurrence of an energy crisis. We all know that the dramatic drop in the price of oil—while beneficial to consumers—has devastated our producers. In energy producing States across the country, including my home State of Ohio, marginal wells have been closed, drilling crews laid off indefinitely, and equipment dealers and other suppliers gone belly-up. The ripple effects have created ghost towns out of once-thriving communities. But because the price is low, consumption nationwide is up, and the result has been a surge of imports. Additional dependence on these imports only increases our vulnerability to supply disruptions and endangers our national security.

By repealing the use constraints in the Fuel Use Act, we are sending a message, however symbolic, to our domestic oil and gas industry that we want them to be able to find markets for their product without having to worry about obtaining exemptions.

Mr. Speaker, I am especially pleased that the bill we are considering today includes the coal capability/convertability compromise crafted in the Senate. While my home State of Ohio has significant oil and gas production, we also have lots of coal—in fact, we have more coal than the Saudis have oil. The compromise should ensure that markets for this coal will be readily available should it be needed in the future to meet baseload powerplant needs. I believe this provision could be very important to our energy security if we find ourselves in shortage situations similar to those we in Ohio were so hard hit by in the 1970's.

I urge all my colleagues to support this measure. Thank you, Mr. Speaker.

Mr. ANDREWS. Mr. Speaker, I rise today to speak in support of legislation to repeal the Fuel Use Act.

The Fuel Use Act was adopted in 1978 during an era of short supplies and rising prices for oil and natural gas. The act was intended to reduce the Nation's dependence on imported oil, to encourage greater reliance on domestic coal, and to preserve oil and gas for uses such as residential heating for which few substitute fuels were available.

The act further prohibited the use of oil and gas as primary energy sources in new electric powerplants and new major fuel-burning installations, and required that new powerplants be capable of using coal or another alternate fuel.

The oil and gas shortages that supported the act have not developed; instead, there is a growing consensus that interfuel price competition among oil, gas, coal, and other fuels is beneficial and should be encouraged. In reality, this act effectively shuts off several efficient uses for natural gas, creating inflated utility rates. Both producers and consumers suffer because of this legislation.

Today, the total resource base of the lower 48 States is estimated to be 835 trillion cubic feet, or 50 times the current annual production. Repeal of the Fuel Use Act would provide a badly needed shot in the arm for the gas industry, a strong incentive to find additional supplies, and a hedge against a cutoff of imported oil.

It is important to understand that U.S. domestic oil production is currently declining at a rate of 6 percent per year while consumption in 1986 increased at 3 percent. If these trends hold, the United States will be importing more than 50 percent of its oil by 1990, and the Organization of Petroleum Exporting Countries will be operating at 90 percent of capacity.

This is almost the identical situation that existed at the time of the second oil shock in 1979. For these reasons, removing Federal statutory restraints on the use of natural gas—a clean, abundant American fuel—is essential to lessen our dependence on foreign oil.

The repeal of the Fuel Use Act would restore flexibility to domestic gas markets, lower electricity cost, increase economic growth, and enhance U.S. energy security. I am pleased to see the House take this step today.

Mr. BRUCE. Mr. Speaker, I would like to express my support for the Tauzin, Bryant, Bruce bill to repeal the Fuel Use Act.

This legislation is one of the rare instances in which everyone wins.

This bill will free the oil and gas industry of cumbersome regulations which have unnecessarily inhibited the use of these fuels and will thereby provide a needed stimulus to a vital industry.

At the same time we will be allowing consumers greater access to affordable energy which will help relieve them from some of the rate shock which they have been suffering.

Finally, this bill includes language which will ensure that new powerplants will be designed in such a way as to allow for the convertability to coal, should the need ever arise.

Last year repeal of the Fuel Use Act moved through the House of Representatives at breakneck speed. And frankly, I'm not sure that all of the ramifications of that bill were fully considered.

One result was that this vital legislation was stalled in the Senate over the issue of whether base load powerplants should be designed to be capable of burning coal.

As you know, Mr. Speaker, base load powerplants can be converted from coal to gas, but gas plants cannot burn coal.

While it is clearly essential to free our new powerplants from the restrictions of the Fuel Use Act, prudence demands that we also be mindful of the potential need to resort to the use of coal in the future.

The historical volatility of our supplies and prices for energy is one of the few constants in our ongoing deliberations on the question of what energy policy our country should use to lead us into the 21st century.

When Congress first passed the Fuel Use Act we were concerned with the specter of increasing dependence on oil imports and the spectacle of long lines of consumers at the gas pump waiting for hours to buy gasoline for prices well in excess of a dollar a gallon.

Now we are experiencing an oil glut and a gas bubble. Yet American imports of oil are again reaching alarming levels, and Secretary of the Interior Hodel has prophesied that the gas lines will reappear in 2 to 5 years.

Because of this it has become clear to all of us who worked on the bill that we make provisions for our energy industry's infrastructure to enable us to rely on coal—which is our most abundant energy resource.

It is against this backdrop that the current legislation was designed to include language which demands not that new base load powerplants be coal capable, but that they be coal convertible. And we have allowed for the self-certification of this coal convertability on the part of the utilities.

In this regard Mr. Speaker, I have one technical point concerning the self-certification procedures for cogenerating facilities.

It is my understanding that under the following conditions, a cogenerator would be exempt from the coal convertibility, and hence the self-certification requirements of the act as amended by H.R. 1941:

First, a current cogenerator had previously obtained an exemption under the Fuel Use Act;

Second, a cogenerator is designed to consume less than 100 million Btu's per hour, which, depending upon fuel-burning efficiency, is approximately 10 MW;

Third, a facility constructed after the date of enactment of these amendments: First, sells less than 50 percent of its annual net electricity generation to the respective power grid, and second, operates 3,500 hours per year or less.

It is therefore my understanding that the cogenerator which finds itself selling 50 percent or more of its power to the grid and which operates more than 3,500 hours per year are the cogenerators that are, for the purposes of this act, considered electric powerplants.

It is my understanding that it is the intent of this legislation that if the cogenerator utilizing natural gas has not chosen to self-certify and does not have a valid exemption, it is then responsible to keep either its net power sales to the grid below 50 percent or its operation at or below 3,500 hours per year. There is, of course, nothing in the act that would preclude the cogenerator from rendering itself coal convertible and exercising the self-certification provisions of the act if it chose to exceed those sales and operation parameters, but the point is that it is the cogenerator's responsibility to monitor its sales and operation levels to ensure that it was not in violation of the coal convertibility requirements of the act as amended by H.R. 1941.

In summation, Mr. Speaker, the repeal of the Fuel Use Act, and the mandating of coal convertability protects our long term energy security, and provides economy to local consumers and strengthened our Nation's energy industry all at the same time.

I think this is a good bill from everyone's perspective, and I am pleased to have been able to play some small part in its development.

I would particularly like to congratulate my colleagues Mr. TAUZIN, Mr. BRYANT, Congressman SYNAR, and Congressman LELAND for their continual work on this issue. And of course none of this would have been possible without the assistance of our subcommittee Chair Mr. SHARP, and the chairman of the full Energy and Commerce Committee, Mr. DINGELL.

Mr. LENT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SHARP. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

GENERAL LEAVE

Mr. SHARP. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. (Mr. GRAY of Illinois). Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana [Mr. SHARP] that the House suspend the rules and pass the bill, H.R. 1941, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

PRESCRIPTION DRUG MARKETING ACT OF 1987

Mr. WAXMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1207) to amend the Federal Food, and Cosmetic Act to ban the reimportation of drugs produced in the United States, to place restrictions on the distribution of drug samples, to ban certain resales of drugs by hospitals and other health care facilities, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1207

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCE.

(a) SHORT TITLE.—This Act may be cited as the "Prescription Drug Marketing Act of 1987".

(b) REFERENCE.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Food, Drug, and Cosmetic Act.

SEC. 2. FINDINGS.

The Congress finds the following—

(1) American consumers cannot purchase prescription drugs with the certainty that the products are safe and effective.

(2) The integrity of the distribution system for prescription drugs is insufficient to prevent the introduction and eventual retail sale of substandard, ineffective, or even counterfeit drugs.

(3) The existence and operation of a wholesale submarket, commonly known as the "diversion market", prevents effective control over or even routine knowledge of the true sources of prescription drugs in a significant number of cases.

(4) Large amounts of drugs are being reimported to the United States as American goods returned. These imports are a health and safety risk to American consumers because they may have become subpotent or adulterated during foreign handling and shipping.

(5) The ready market for prescription drug reimports has been the catalyst for a continuing series of frauds against American manufacturers and has provided the cover for the importation of foreign counterfeit drugs.

(6) The existing system of providing drug samples to physicians through manufacturer's representatives has been abused for decades and has resulted in the sale to consumers of misbranded, expired, and adulterated pharmaceuticals.

(7) The bulk resale of below wholesale priced prescription drugs by health care entities, for ultimate sale at retail, helps fuel the diversion market and is an unfair form of competition to wholesalers and retailers that must pay otherwise prevailing market prices.

(8) The effect of these several practices and conditions is to create an unacceptable risk that counterfeit, adulterated, misbranded, subpotent, or expired drugs will be sold to American consumers.

SEC. 3. REIMPORTATION.

Section 801 (21 U.S.C. 381) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following:

"(d)(1) Except as provided in paragraph (2), no drug subject to section 503(b) which is manufactured in a State and exported may be imported into the United States unless the drug is imported by the person who manufactured the drug.

"(2) The Secretary may authorize the importation of a drug the importation of which is prohibited by paragraph (1) if the drug is required for emergency medical care.".

SEC. 4. SALES RESTRICTIONS.

Section 503 (21 U.S.C. 353) is amended by adding at the end the following:

"(c)(1) No person may sell, purchase, or trade or offer to sell, purchase, or trade any drug sample. For purposes of this paragraph and subsection (d), the term 'drug sample' means a unit of a drug, subject to subsection (b), which is not intended to be sold and is intended to promote the sale of the drug. Nothing in this paragraph shall subject an officer or executive of a drug manufacturer or distributor to criminal liability solely because of a sale, purchase, trade, or offer to sell, purchase or trade in violation of this paragraph by other employees of the manufacturer or distributor.

"(2) No person may sell, purchase, or trade, offer to sell, purchase, or trade, or counterfeit any coupon. For purposes of this paragraph, the term 'coupon' means a form which may be redeemed, at no cost or at a reduced cost, for a drug which is prescribed in accordance with section 503(b).

"(3)(A) No person may sell, purchase, or trade, or offer to sell, purchase, or trade, any drug—

"(i) which is subject to subsection (b), and "(ii)(I) which was purchased by a public or private hospital or other health care entity, or

"(II) which was donated or supplied at a reduced price to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

"(B) Subparagraph (A) does not apply to—

"(i) the purchase or other acquisition by a hospital or other health care entity which is a member of a group purchasing organization of a drug for its own use from the group purchasing organization or from other hospitals or health care entities which are members of such organization,

"(ii) the sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug by an organization described in subparagraph (A)(ii)(II) to a nonprofit affiliate of the organization to the extent otherwise permitted by law,

"(iii) a sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug among hospitals or other health care entities which are under common control,

"(iv) a sale, purchase, or trade of a drug or an offer to sell, purchase, or trade a drug for emergency medical reasons, or

"(v) a sale, purchase, or trade of a drug, an offer to sell, purchase, or trade a drug, or the dispensing of a drug pursuant to a prescription executed in accordance with section 503(b).

For purposes of this paragraph, the term 'entity' does not include a wholesale distributor of drugs or a retail pharmacy licensed under State law and the term 'emergency medical reasons' includes transfers of a drug between health care entities or from a health care entity to a retail pharmacy undertaken to alleviate temporary shortages of the drug arising from delays in or interruptions of regular distribution schedules.".

SEC. 5. DISTRIBUTION OF DRUG SAMPLES.

Section 503 (as amended by section 4 of this Act) is amended by adding at the end thereof the following:

"(d)(1) Except as provided in paragraphs (2) and (3), no representative of a drug manufacturer or distributor may distribute any drug sample.

"(2)(A) The manufacturer or distributor of a drug subject to subsection (b) may, in accordance with this paragraph, distribute drug samples by mail or common carrier to practitioners licensed to prescribe such drugs or, at the request of a licensed practitioner, to pharmacies of hospitals or other health care entities. Such a distribution of drug samples may only be made—

"(i) in response to a written request for drug samples made on a form which meets the requirements of subparagraph (B), and

"(ii) under a system which requires the recipient of the drug sample to execute a written receipt for the drug sample upon its delivery and the return of the receipt to the manufacturer or distributor.

"(B) A written request for a drug sample required by subparagraph (A)(i) shall contain—

"(i) the name, address, professional designation, and signature of the practitioner making the request,

"(ii) the identity of the drug sample requested and the quantity requested,

"(iii) the name of the manufacturer of the drug sample requested, and

"(iv) the date of the request.

"(C) Each drug manufacturer or distributor which makes distributions by mail or common carrier under this paragraph shall maintain, for a period of 3 years, the request forms submitted for such distributions and the receipts submitted for such distributions and shall maintain a record of distributions of drug samples which identifies the drugs distributed and the recipients of the distributions. Forms, receipts, and records required to be maintained under this subparagraph shall be made available by the drug manufacturer or distributor to Federal and State officials engaged in the regulation of drugs and in the enforcement of laws applicable to drugs.

"(3) The manufacturer or distributor of a drug subject to subsection (b) may, by means other than mail or common carrier, distribute drug samples only if the manufacturer or distributor makes the distributions in accordance with subparagraph (A) and carries out the activities described in subparagraphs (B) through (F) as follows:

"(A) Drug samples may only be distributed—

"(i) to practitioners licensed to prescribe such drugs if they make a written request for the drug samples, or

"(ii) at the written request of such a licensed practitioner, to pharmacies of hospitals or other health care entities.

A written request for drug samples shall be made on a form which contains the practitioner's name, address, and professional designation, the identity of the drug sample requested, the quantity of drug samples requested, the name of the manufacturer or distributor of the drug sample, the date of the request and signature of the practitioner making the request.

"(B) Drug manufacturers or distributors shall store drug samples conditions that will maintain their stability, integrity, and effectiveness and will assure that the drug samples will be free of contamination, deterioration, and adulteration.

"(C) Drug manufacturers or distributors shall conduct, at least annually, a complete and accurate inventory of all drug samples in the possession of represenatives of the manufacturer or distributor. Drug manufacturers or distributors shall maintain lists of the names and address of each of their representatives who distribute drug samples and of the sites where drug samples are stored. Drug manufacturers or distributors shall maintain records for at least 3 years of all drug samples distributed, destroyed, or returned to the manufacturer or distributor, of all inventories maintained under this subparagraph, of all thefts or significant losses of drug samples, and of all requests made under subparagraph (A) for drug samples. Records and lists maintained under this subparagraph shall be made available by the drug manufacturer or distributor to the Secretary upon request.

"(D) Drug manufacturers or distributors shall notify the Secretary of any significant loss of drug samples and any known theft of drug samples.

"(E) Drug manufacturers or distributors shall report to the Secretary of any conviction of their representatives for violations of section 503(c)(1) or a State law because of the sale, purchase, or trade of a drug sample or the offer to sell, purchase, or trade a drug samples.

"(F) Drug manufacturers or distributors shall provide to the Secretary the name and telephone number of the individual responsible for responding to a request for information respecting drug samples.".

SEC. 6. WHOLESALE DISTRIBUTORS.

Section 503 (as amended by section 5 of this Act) is amended by adding at the end the following:

"(e)(1) Each person who is engaged in the wholesale distribution of drugs subject to subsection (b) and who is not an authorized distributor of record of such drugs shall provide to each wholesale distributor of such drugs a statement identifying each sale of the drug (including the date of the sale) before the sale to such wholesale distributor. Each manufacturer shall maintain at its corporate offices a current list of such authorized distributors.

"(2)(A) No person may engage in the wholesale distribution in interstate commerce of drugs subject to subsection (b) in a State unless such person is licensed by the State in accordance with the guidelines issued under subparagraph (B).

"(B) The Secretary shall by regulation issue guidelines establishing minimum standards, terms, and conditions for the licensing of persons to make wholesale distributions in interstate commerce of drugs subject to subsection (b). Such guidelines shall prescribe requirements for the storage and handling of such drugs and for the establishment and maintenace of records of the distributions of such drugs.

"(3) For the purposes of this subsection—

"(A) the term 'authorized distributors of record' means those distributors with whom a manufacturer has established an ongoing relationship to distribute such manufacturer's products, and

"(B) the term 'wholesale distribution' means distribution of drugs subject to subsection (b) to other than the consumer or patient but does not include intracompany sales and does not include distributions of drugs described in subsection (c)(3)(B).".

SEC. 7. PENALTIES.

(a) PROHIBITED ACTS.—Section 301 (21 U.S.C. 331) is amended by adding at the end the following:

"(t) The importation of a drug in violation of section 801(d)(1), the sale, purchase, or trade of a drug or drug sample or the offer to sell, purchase, or trade a drug or drug sample in violation of section 503(c), the sale, purchase, or trade of a coupon, the offer to sell, purchase, or trade such a coupon, or the counterfeiting of such a coupon in violation of section 503(c)(2), the distribution of a drug sample in violation of section 503(d) or the failure to otherwise comply with the requirements of section 503(d), or the distribution of drugs in violation of section 503(e) or the failure to otherwise comply with the requirements of section 503(e).".

(b) PENALTIES.—Section 303 (21 U.S.C. 333) is amended—

(1) by inserting "(1)" after "(a)",

(2) by redesignating subsection (b) as paragraph (2) and by striking out "subsection (a)" in such subsection and inserting in lieu thereof "paragraph (1)", and

(3) by inserting after subsection (a) the following:

"(b)(1) Notwithstanding subsection (a), any person who violates section 301(t) because of an importation of a drug in violation of section 801(d)(1), because of a sale, purchase, or trade of a drug or drug sample or the offer to sell, purchase, or trade a drug or drug sample in violation of section 503(c), because of the sale, purchase, or trade of a coupon, the offer to sell, purchase, or trade such a coupon, or the counterfeiting of such a coupon in violation of section 503(c)(2), or the distribution of drugs in violation of section 503(e)(2)(A) shall be imprisoned for not more than 10 years or fined not more than $250,000, or both.

"(2) Any manufacturer or distributor who distributes drug samples by means other than the mail or common carrier whose representative, during the course of the representative's employment or association with that manufacturer or distributor, violated section 301(t) because of a violation of section 503(c)(1) or violated any State law prohibiting the sale, purchase, or trade of a drug sample subject to section 503(b) or the offer to sell, purchase, or trade such a drug sample shall, upon conviction of the representative for such violation, be subject to the following civil penalties:

"(A) A civil penalty of not more than $50,000 for each of the first two such violations resulting in a conviction of any representative of the manufacturer or distributor in any 10-year period.

"(B) A civil penalty of not more than $1,000,000 for each violation resulting in a conviction of any representative after the second conviction, in any 10-year period.

For the purposes of this paragraph, multiple convictions of one or more persons arising out of the same event or transaction, or a related series of events or transactions, shall be considered as one violation.

"(3) Any manufacturer or distributor who violates section 301(t) because of a failure to make a report required by section 503(d)(3)(E) shall be subject to a civil penalty of not more than $100,000.

"(4)(A) If a manufacturer or distributor or any representative of such manufacturer or distributor provides information leading to the arrest and conviction of any representative of that manufacturer or distributor for a violation of section 301(t) because of a sale, purchase, or trade or offer to purchase, sell, or trade a drug sample in violation of section 503(c)(1) or for a violation of State law prohibiting the sale, purchase, or trade or offer to sell, purchase, or trade a drug sample, the conviction of such representative shall not be considered as a violation for purposes of paragraph (2).

"(B) If, in an action brought under paragraph (2) against a manufacturer or distributor relating to the conviction of a representative of such manufacturer or distributor for the sale, purchase, or trade of a drug or the offer to sell, purchase, or trade a drug, it is shown, by clear and convincing evidence—

"(i) that the manufacturer or distributor conducted, before the arrest of such representative for the violation which resulted in such conviction, an investigation of events or transactions which would have led to the reporting of information leading to the arrest and conviction of such representative for such purchase, sale, or trade or offer to purchase, sell, or trade, or

"(ii) that, except in the case of the conviction of a representative employed in a supervisory function, despite diligent implementation by the manufacturer or distributor of an independent audit and security system designed to detect such a violation, the manufacturer or distributor could not reasonably have been expected to have detected such violation,

the conviction of such representative shall not be considered as a conviction for purposes of paragraph (2).

"(5) If a person provided information leading to the arrest and conviction of a person for a violation of section 301(t) because of the sale, purchase, or trade of a drug sample or the offer to sell, purchase, or trade a drug sample in violation of section 503(c)(1), such person shall be entitled to one-half of the criminal fine imposed and collected for such violation but not more than $125,000.".

SEC. 8. EFFECTIVE DATE.

(a) General Rule.—Except as provided in subsection (b), this Act and the amendments made by this Act shall take effect upon the expiration of 90 days after the date of the enactment of this Act.

(b) Exception.—

(1) Section 503(d) of the Federal Food, Drug, and Cosmetic Act (as added by section 5 of this Act) shall take effect upon the expiration of 180 days after the date of the enactment of this Act.

(2) The Secretary of Health and Human Services shall by regulation issue the guidelines required by section 503(e)(2)(B) of the Federal Food, Drug, and Cosmetic Act (as added by section 6 of this Act) not later than 180 days after the date of the enactment of this Act. Section 503(e)(2)(A) of such Act shall take effect upon the expiration of 2 years after the date such regulations are promulgated and take effect.

The SPEAKER pro tempore. Is a second demanded?

Mr. LENT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California [Mr. Waxman] will be recognized for 20 minutes and the gentleman from New York [Mr. Lent] will be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. Waxman].

GENERAL LEAVE

Mr. WAXMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WAXMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill before the House today is the "Prescription Drug Marketing Act of 1987," otherwise known the "Drug Diversion Bill". The bill is not controversial and has enjoyed bipartisan support in both the Subcommittee on Health and the Environment and the Committee on Energy and Commerce. It was reported from the committee by voice vote.

The drug diversion bill is a very important public health measure. It will provide additional assurances to American consumers that drugs they purchase will always be safe and effective.

The bill was developed after one of the most extensive investigations the Energy and Commerce Committee has conducted on a health-related matter. The investigation and hearings were directed by the distinguished chairman of the Energy and Commerce Committee, John Dingell.

The chairman's work focused on the distribution system for drugs in this country. He discovered that all the efforts of the FDA to approve drugs for safety and effectiveness could be for naught if the wholesale distribution system didn't handle drugs properly, or allowed counterfeit drugs to be passed along to consumers. Chairman Dingell also discovered that lawful drugs were being diverted by some nonprofit institutions, like hospitals, through illicit channels creating unfair competition for retail pharmacies.

Each provision in the bill before the House has been thoroughly considered and debated by the Energy and Commerce Committee. The bill addresses the many "drug diversion" issues in a constructive manner that will significantly enhance our confidence in the wholesale distribution system.

Mr. Speaker, I want to end by congratulating the chairman of the Energy and Commerce Committee, Mr. Dingell, for his leadership in conducting the necessary investigation in the Subcommittee on Oversight and Investigations and in developing this bill. His efforts deserve our thanks and the bill before us warrants our strongest support.

Mr. DINGELL. Mr. Speaker, I rise in support of H.R. 1207, the Prescription Drug Marketing Act of 1987. This bill, a result of the bipartisan efforts of the members of the Energy and Commerce Committee, provides urgently needed reform of the legend drug distribution system in the United States.

One of the problems remedied by this bill, abuse of drug samples, has been the subject of congressional investigations dating back to the days of the Kefauver Committee. Other problems, such as the growing incidence of counterfeit drugs coming from the bathtubs of the Third World, are of more recent vintage.

The committee legislation makes significant changes in the national drug distribution system. The bill prohibits the reimportation of prescription drugs except by the manufacturer or for emergency use, bans the sale, trade or purchase of drug samples, prohibits with certain exceptions the resale of prescription drugs purchased by health care entities for their own use, mandates storage, handling and accounting requirements for drug samples, prohibits the wholesale distribution of drugs in interstate commerce from States which do not license wholesalers or whose licensing requirements do not meet minimum standards, and establishes a range of criminal and civil penalties for violations of these provisions.

The purpose of the legislation is to protect American consumers from mislabeled, subpotent, expired, or counterfeit pharmaceuticals, which are being dispensed under existing law and practice, and to restore competitive balance in the marketplace.

American consumers cannot purchase prescription drugs with the certainty that the products are safe and effective. This is not to say that the shelves of the Nation's pharmacies are lined with substandard products, or that there are inadequate controls in the manufacturing process. Rather, the integrity of the distribution system is insufficient to prevent the introduction and eventual retail sale of substandard, ineffective, or even counterfeit pharmaceuticals.

Specifically, the existence and method of operation of a wholesale submarket, called the "diversion market," prevents effective control over or even routine knowledge of the true sources of merchandise in a significant number of cases. As a result, pharmaceuticals which have been mislabeled, misbranded, improperly stored or shipped, have exceeded their expiration dates, or are bald counterfeits, are injected into the national distribution system for ultimate sale to consumers. Fortunately, while diversion is commonplace, documented instances of harmful or ineffective merchandise reaching consumers through normal retail outlets are few. The legislation is designed to restore the integrity and control over the pharmaceutical market necessary to eliminate actual and potential health and safety problems before serious consumer injury results.

A significant volume of pharmaceuticals is being reimported to the United States as American goods returned. Those goods present a health and safety risk to American consumers because they may have become subpotent or adulterated during foreign handling and shipping. The ready market for reimports has also been a catalyst for the perpetration of a continuing series of frauds against American manufacturers, and has provided the cover for the importation of counterfeit pharmaceuticals in several cases. Moreover, the hazards associated with the reimports have forced the Food and Drug Administration and the U.S. Customs Service to spend inspectional and other resources that are sorely needed in other areas.

The existing system of providing samples of pharmaceutical products to physicians through manufacturers' sales representatives invites abuse. The approximately 80 felony pleas obtained by the U.S. attorney in Atlanta, many of which related directly to the misuse of drug samples, are but the latest episode in a long history of misuse. Samples that are improperly sold, bartered, or exchanged often end up in the secondary market, where they become adulterated, misbranded, or both. The propensity for misbranded sample merchandise to appear in the diversion market also makes it easier for expired or counterfeit pharmaceuticals to be introduced into the wholesale distribution system. The production and distribution of samples, as well as efforts to police sales representatives, are costs that must be recouped by manufacturers in the sales price of regular products.

The distribution of drug samples to patients by practitioners licensed to dispense pharmaceuticals is a useful and valuable medical tool. As noted by the American Medical Association and the Pharmaceutical Manufacturers Association, the use of samples enables doctors to more quickly identify the appropriate drug therapy for a patient and at less cost. The availability of samples can also be beneficial in acute care situations and in circumstances where access to a pharmacy is difficult because of distance, time of day, lack of transportation, or the like. The committee bill is designed to retain the positive benefits of samples while providing for improved storage and handling, greater accountability, and strong penalties for unauthorized distribution.

The resale of prescription drugs by health care entities to persons outside the corporate umbrella of the institution—such as a wholesaler—helps fuel the diversion market. Such sales, which are economical only because many manufacturers sell much more cheaply to certain institutions than to wholesale customers, provide an unfair competitive advantage to any wholesaler or retailer than can obtain the preferentially priced goods. Moreover, the resales may well constitute fraud against the manufacturers, especially if the health care institution is allegedly purchasing the goods for its own use. In any case, the practice contributes to the lack of accountability as to product source in the secondary market.

This bill is supported by all elements of pharmaceutical industry. It has been endorsed by the Pharmaceutical Manufacturers Association, the American Pharmaceutical Association, the National Association of Retail Druggists, the National Association of Chain Drug Stores, the National Wholesales Druggists Association, the American Society of Hospital Pharmacists, and the National Association of Boards of Pharmacy.

The Subcommittee on Oversight and Investigations held 8 days of public hearings over the past 2 years on this subject. In the last Congress, following the subcommittee's recommendations, I introduced a similar bill with our former colleague Jim Broyhill. That bill was voted out unanimously by the Energy and Commerce Committee last October. Unfortunately, there was not time to pass the bill last Congress.

H.R. 1207 represents a substantial bipartisan effort. Like its predecessor, it passed the Energy and Commerce Committee without objection. I would like to commend the Honorable Ranking Minority Member, NORM LENT, the distinguished chairman of the Health and Environment Subcommittee, Mr. WAXMAN, and his ranking minority member, Mr. MADIGAN. They, together with several other members of the Health and Oversight Subcommittees, made very important contributions to this bill. On the other side of the aisle, Mr. BLILEY and Mr. OXLEY merit special praise for their work. On our side, I wish to offer my special appreciation to Representative RON WYDEN who was instrumental in negotiating the compromises necessary to achieve the support of the industry for this bill.

Mr. Speaker, the consumers of this country need swift enactment of H.R. 1207 to assure that their prescription drugs are safe and efficacious.

Mr. WAXMAN. Mr. Speaker, I reserve the balance of my time.

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1207, the Prescription Drug Marketing Act of 1987. This is thoughtful legislation which is the culmination of several years of investigation into drug diversion by our committee. The legislation amends the Federal Food, Drug, and Cosmetic Act to make several prohibited acts subject to criminal penalties. Prohibited will be: First, the reimportation of American produced pharmaceuticals; second, the selling or trading of drug samples; third, the resale of certain drugs purchased by health care entities; and fourth, the distribution of drug samples directly to physicians by manufacturers' sales representatives except under well-controlled protocols.

This legislation enjoys the wide support of many Members from both sides of the aisle. It was developed under the leadership of the chairman of the Energy and Commerce Committee, Mr. DINGELL and it passed the Energy and Commerce Committee unanimously by voice vote. The legislation is also supported by all major pharmacy groups as well as other health care providers. I urge my colleagues to join me in supporting H.R. 1207.

Mr. LENT. Mr. Speaker, I yield such time as he may consume to the gentleman from Utah [Mr. NIELSON].

Mr. NIELSON of Utah. I thank the gentleman for yielding.

Mr. Speaker, I was a member of the Subcommittee on Health and the Environment last year. I am not this year, but I was when this issue first came up. I recall that we had compromises with the Senate and with the pharmaceutical industry. Those compromises have been made very effectively by the chairman [Mr. WAXMAN] and ranking minority member of the subcommittee [Mr. MADIGAN]. The Senate now supports this legislation as does the pharmaceutical industry. And notwithstanding the continued opposition of the administration who feel that the legislation would be unnecessary and costly, I support the legislation. This bill which deals with the distribution of pharmaceuticals in the country is a good companion to the distribution of pharmaeuticals abroad which we passed last year, and I urge my colleagues to support the bill.

Mr. LENT. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana [Mr. COATS].

Mr. COATS. I thank the gentleman for yielding time to me.

Mr. Speaker, I join in support of H.R. 1207, the Prescription Drug Marketing Act of 1987, and in so doing commend my colleagues, Chairman DINGELL, Chairman WAXMAN, and the ranking members, Mr. LENT and Mr. MADIGAN, for their efforts in this Congress and the last to bring this bill to the floor.

The legislation before us today is, in a very real sense, landmark legislation. It radically alters the way prescription drugs are marketed and distributed in this country and in so doing imposes a great deal of responsibility and risk on those whose business involves prescription drugs. The penalties, both criminal and civil, for violation of this new law are severe and should certainly provide a strong incentive to abide by its provisions.

In particular, this bill imposes on manufacturers and distributors of prescription drugs a number of restrictions and also substantial liability in connection with the distribution of prescription drug samples or starter packs. The committee report has correctly noted the importance both to physicians and to the industry of drug samples. Samples traditionally have been used to educate and inform doctors about medicines—particularly new medicines—and they have afforded doctors an opportunity to start a patient on a course of therapy immediately and to quickly determine whether a specific medicine will work in a particular instance.

I applaud the efforts of the industry coalition in working with the committee to achieve the compromise embodied in the bill. The industry, in my view, has acted very responsibly in this matter. The members of the Pharmaceutical Manufacturers Association actively support this measure and, in so doing, subject themselves to large civil penalties if their representatives violate certain provisions of this bill. I am confident the industry will act responsibly in making this bill work as intended.

I again congratulate Chairman DINGELL on getting this bill to the floor and urge its passage.

Mr. OXLEY. Mr. Speaker, I rise today in support of H.R. 1207, the Prescription Drug Marketing Act of 1987.

Mr. Speaker, the Committee on Energy and Commerce has been investigating the world of prescription drug diversion for over 2 years. During that time, those of us active in those hearings were amazed to learn the circuitous routes of pharmaceuticals. The committee learned that many of these medicines were improperly stored and sold after some of them slipped off of the legal distribution track.

Abuses were widespread. In 1986 the Ohio Pharmacy Board fined 26 companies several million dollars after uncovering prescription drug mishandling in the State. Even though Ohio has been active in its own crackdown on illegal diversion, the Director of the Pharmacy Board testified that he was 100 percent behind Federal legislation such as H.R. 1207.

Mr. Speaker, this legislation was crafted in a bipartisan manner and with considerable input from the pharmaceutical industry itself. I urge my colleagues to join me in support of this important measure.

Mr. ALEXANDER. Mr. Speaker, today I rise in support of H.R. 1207, the Prescription Drug Marketing Act of 1987. This legislation would help curb the diversion of prescription drugs. It is important to protect the American consumer from adulterated prescription medicines, and to safeguard fair competition within the pharmaceutical supply business.

Drug diversion, in its many forms, has reached alarming proportions. There are a number of ways in which drugs become diverted.

The practice of drug diversion abroad, whereby drugs are reimported to the United States as American goods returned and then sold through a wholesale submarket for a profit, has increased dramatically during the past few years. At the present time, numerous bogus charities funnel vast amount of drugs through a gray diversion market to foreign ports where the drugs sit in the docks until they are reshippped back to the United States for resale at a profit.

Domestic drug diversion can occur when perfectly reputable hospitals and charitable organizations sell off their excess drug supplies. More and more, these drugs are finding their way into the diversion market, being sold and resold before reaching the public.

The existing system of providing free drug samples to physicians also unwittingly lends itself to abuses and drug diversion. Too often, sample drugs given to physicians pass through many hands before they reach the physician or are resold to the consumer.

Over the past few years, congressional hearings have revealed the real dangers inherent in these drug diversion practices. Along the diversion process, drugs too frequently are improperly stored, falsely labeled, or outright adulterated. Since it is covert and fraudulent, the diversion market disrupts efficient control over the true sources and reliability of pharmaceutical merchandise. As a result, American consumers can no longer purchase prescription drugs in full confidence that such drugs will be safe and effective.

Furthermore, by reintroducing bulk quantities of drugs at below wholesale prices into the market, the drug diversion process thwarts fair competition within the pharmaceutical business. The honest men and women who serve their communities as druggists are being cut out of the very market they serve.

Mr. Speaker, drug diversion has gotten out of hand. Its negative effects threaten a vital element in our Nation's health care: the efficient distribution of safe drugs bought and sold by competent professionals. It must be checked to protect American consumers and the hardworking pharmaceutical professional who serve the public. Accordingly, I urge my colleagues to join me in supporting the Prescription Drug Marketing Act of 1987.

□ 1320

Mr. LENT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. WAXMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. (Mr. GRAY of Illinois). The question is on the motion offered by the gentleman from California [Mr. WAXMAN] that the House suspend the rules and pass the bill, H.R. 1207, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

REQUIRING SENATE CONFIRMATION OF FDA COMMISSIONER

Mr. WAXMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1226) to amend the Federal Food, Drug, and Cosmetic Act to require the appointment of the Commissioner of Food and Drugs to be subject to Senate confirmation.

The Clerk read as follows:

H.R. 1226

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. APPOINTMENT OF COMMISSIONER.

Chapter IX of the Federal Food, Drug, and Cosmetic Act is amended by adding at the end the following:

"FOOD AND DRUG ADMINISTRATION

"SEC. 903. The Food and Drug Administration is an agency of the Department of Health and Human Services.

"APPOINTMENT OF COMMISSIONER

"SEC. 904. The Food and Drug Administration shall be headed by a Commissioner of Food and Drugs who shall be appointed by the President, by and with the advice and consent of the Senate.".

SEC. 2. EFFECTIVE DATE.

The amendment made by section 1 shall apply to appointments of Commissioners of Food and Drugs made after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from California [Mr. WAXMAN] will be recognized for 20 minutes and the gentleman from New York [Mr. LENT] will be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. WAXMAN].

GENERAL LEAVE

Mr. WAXMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WAXMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the purpose of this legislation is simple and straightforward. It was reported by the Energy and Commerce Committee on April 8, 1987, with broad bipartisan support. During the 99th Congress, a similar bill, H.R. 4754, was reported by the House but Congress adjourned before legislative action could be completed.

The Food and Drug Administration [FDA] is an agency of the Department of Health and Human Services. The FDA is headed by a Commissioner. Although the statutory authority for the FDA is contained in the Federal Food, Drug, and Cosmetic Act, the statute contains no provision for the appointment of the Commissioner.

Mr. Speaker, I believe the responsibilities of the FDA and its Commissioner are crucial to the promotion and protection of public health. The Food and Drug Administration represents the only line of defense between the public and unhealthy foods, unsafe drugs, ineffective medical devices, and unfounded health claims.

Ironically, the FDA Commissioner is alone among major regulatory agency heads who are not subject to Presidential appointment and Senate confirmation. The head of every major Federal health and safety agency is currently subject to Presidential appointment and Senate confirmation. The list includes the Federal Aviation Administration, Environmental Protection Agency, Occupational Health and Safety Administration, Consumer Product Safety Commission, and Nuclear Regulatory Commission.

In addition, other offices within the Department of Health and Human Services require Presidential appointment and Senate confirmation. In addition to the Secretary, these offices include the Surgeon General, the Director of the National Institutes of Health, the Administrator of the Alcohol, Drug Abuse, and Mental Health Administration, and the Director of the National Cancer Institute. Even permanent promotion of officers within the U.S. Public Health Service are subject to Presidential appointment and Senate confirmation.

Senate confirmation is a constructive and worthwhile process. It is a procedure that provides the Congress with an invaluable opportunity for oversight. It is a procedure that should apply to persons appointed to serve as Commissioner of the Food and Drug Administration.

I urge support for the legislation.

Mr. LENT. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I rise in support of H.R. 1226. This legislation requires that the Commissioner of the Food and Drug Administration be appointed by the President and confirmed by the Senate. H.R. 1226, which is identical to legislation passed by this body under suspension of the rules during the 99th Congress, would require that the chief of the Food and Drug Administration be appointed in the same manner as most Federal health and safety agencies including the Environmental Protection Agency, the Consumer Product Safety Commisson, the Nuclear Regulatory Commission as well as the Surgeon General and the Director of the National Institutes of Health of the Department of Health and Human Services.

This legislation was reported by the Committee on Energy and Commerce on April 8, 1987, with bipartisan support. It is my understanding that the administration does not oppose H.R. 1226. Therefore, I urge my colleagues to suspend the rules and pass H.R. 1226.

Mr. WAXMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. LENT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. WAXMAN] that the House suspend the rules and pass the bill, H.R. 1226.

The question was taken, and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

EXPRESSING SENSE OF HOUSE THAT MAY 22, 1987, BE OBSERVED AS DAY OF COMMEMORATION OF TRUMAN DOCTRINE

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs and the Committee on Post Office and Civil Service be discharged from further consideration of the resolution (H. Res. 122) expressing the sense of the House of Representatives that May 22, 1987, be observed by the people of the United States as a day to commemorate the Truman doctrine and to honor the shared achievements and common commitment to democracy of the Greek, Turkish, and American peoples, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mrs. MORELLA. Mr. Speaker, reserving the right to object, I do not object, but would simply like to inform the House that the minority has no objections to the legislation now being considered.

Mr. Speaker, I yield to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Speaker, I rise in support of the pending resolution, House Resolution 122.

We are all in the debt of the gentleman from Missouri [Mr. SKELTON] for his work in sponsoring this commendable resolution on the 40th anniversary of the Truman doctrine, Public Law 75 of the 80th Congress. That resolution provided substantial financial assistance to Greece and Turkey, to promote their development as free, democratic nations and to prevent the spread of communism in the eastern Mediterranean.

In the subsequent 40 years, there have indeed been threats to democracy in both Greece and Turkey, threats which have been overcome. Both countries have been the subject of military rule, but are now firmly set on the democratic path and are now run integrated with Western Europe in the NATO alliance.

Mr. Speaker, House Resolution 122 was referred to the Committee on Foreign Affairs as well as the Committee on Post Office and Civil Service. In the Committee on Foreign Affairs, it was reported out of the Subcommittee on Europe and the Middle East on which I sit as ranking Republican member, on April 21. The Committee on Foreign Affairs subsequently waived further consideration of the measure.

Mr. Speaker, it is very appropriate that we salute the spirit of commitment to democracy shared by the Greek and Turkish people, and the foresightedness of President Truman and the 80th Congress, by unanimously approving this resolution.

Mrs. MORELLA. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Speaker, I appreciate the opportunity to say a few words regarding House Resolution 122, a resolution that I introduced recently.

An urgent note sent in the winter of 1947 by the government of Prime Minister Clement Atlee informed the American Government that Britannia could no longer provide aid to Greece and Turkey. The English, exhausted and financially broke after their 6 years of struggle against Hilter's Germany, had passed the baton of world leadership to our country, the United States.

□ 1350

Under Secretary of State Dean Acheson outlined the seriousness of the problem in the eastern Mediterranean by meeting at the White House with the congressional leadership. In Greece, 20,000 Communist guerrillas threatened to overthrow the ruling government coalition. In Turkey, Stalin was demanding bases and rights to the Dardanelles. Without assistance from the United States, these two countries would slip behind the Iron Curtain.

After a long pause, Republican Senator Arthur Vandenberg, chairman of the Foreign Relations Committee, turned to the President and said:

> Mr. President, if you will say that to the Congress and the country I will support you, and I believe that most of its members will do the same.

Forty years ago President Truman told a joint session of Congress that

> It must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

He requested $400 million in economic and military aid for Greece and Turkey.

To commemorate this occasion I introduced this resolution on March 12 here in the House of Representatives to observe May 22, 1987, the date when the Greco-Turkish aid bill was signed into law, as a day to honor the achievements of the Greek, Turkish, and American peoples in our common commitment to the ideals of democracy.

The United States and its two allies in the eastern Mediterranean have shared values and common interests. I have taken it upon myself to sponsor this resolution in order, first, to focus a bit of our attention on these shared values and common interests, in other words to accentuate the positive; second, to take stock of events as they have transpired over these past 40 years; and third, to serve as reminder for many who may not fully understand the momentous nature of the course that President Harry Truman set this country upon some 40 years ago.

The shared values of the United States, Greece, and Turkey include a strong commitment to democracy. Over the past 40 years both Greece and Turkey have experienced serious difficulties, internally and with one another, that would be hard to gloss over. In the 1960's and 1970's a military regime ruled Greece. Turkey also experienced this sad fate earlier this decade. Both countries, happily, have made the return to democratic rule. No one can deny that these two allies of the United States do not have their own differences with one another, and inevitably with the United States. Yet the nature of relations among democracies is such that the chances for resolving the differences between these two allies of our country, the United States, these two members of the North Atlantic Alliance, is vastly improved now that both have stable democratic governments. Democracies just do not go to war with one another—dictatorships do, democracies do not.

Two generations have grown up, Mr. Speaker, in the United States, Greece, and Turkey since President Harry Truman came to Capitol Hill to explain what we would later come to know as the Truman doctrine. It is important that the lessons of the past not be forgotten in the rush of day-to-day events. Unless we have a clearer understanding of the past, we will find it increasingly more difficult to make sense of the present and to take up the challenges of the future.

Mr. Speaker, I with great appreciation say that I thank the gentleman from California [Mr. DYMALLY] and the gentlewoman from Maryland [Mrs. MORELLA] for their assistance on this very important resolution to make it an expression of the House commemorating May 22 as a commemoration to the Truman doctrine.

Mrs. MORELLA. Mr. Speaker, further reserving the right to object, I want to congratulate the gentleman from Missouri [Mr. SKELTON] for his very eloquent statement.

□ 1330

Mrs. MORELLA. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. GRAY of Illinois). Is there objection to the request of the gentleman from California?

There was no objection?

The Clerk read the resolution, as follows:

H. RES. 122

Whereas on March 12, 1947, in a message to Congress setting forth what became known as the Truman doctrine, President Truman called upon Congress and the American people to meet the challenge to the independence, freedom, and territorial integrity of Greece and Turkey from Communist expansionism;

Whereas in a ceremony in Kansas City, Missouri, on May 22, 1947, President Truman signed into law Public Law 75 of the 80th Congress which provided $400,000,000 for military and economic assistance to Greece and Turkey;

Whereas the Greek, Turkish, and American nations worked together to summon the resources and energy to meet and defeat the threat of Communist expansionism; and

Whereas Greece and Turkey today are both free, independent democracies and partners of the United States in the North Atlantic Treaty Organization: Now, therefore, be it

Resolved, That the House of Representatives calls upon the people of the United States to observe May 22, 1987, the 40th anniversary of the Truman Doctrine as "Truman Doctrine Commemoration Day" and to engage in appropriate ceremonies and activities in order to—

(1) honor the achievements of the Greek, Turkish, and American peoples under the Truman doctrine; and

(2) reaffirm the continued common commitment to democracy and its defense of the Greek, Turkish, and American peoples.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RECOGNITION OF THE DISABLED AMERICAN VETERANS VIETNAM VETERANS NATIONAL MEMORIAL AS A MEMORIAL OF NATIONAL SIGNIFICANCE

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 97) to recognize the Disabled American Veterans Vietnam Veterans National Memorial as a memorial of national significance.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mrs. MORELLA. Mr. Speaker, reserving the right to object, I do not object, but I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, further reserving the right to object, I yield to the prominent gentleman from New Mexico [Mr. RICHARDSON] who is the chief sponsor of House Joint Resolution 97, to recognize the Disabled American Veterans Vietnam Veterans National Memorial as a memorial of national significance.

Mr. RICHARDSON. Mr. Speaker, I thank the gentlewoman from Maryland for yielding.

Mr. Speaker, I am proud to bring a bill up on the House floor today that will declare the DAV Vietnam Veterans National Memorial in Angel Fire, NM, as a memorial of national significance. In 1968, Dr. and Mrs. Victor Westphall along with their younger son Douglas sought to build a lasting memorial to their son and brother, David, who was killed in Vietnam. The chapel in Angel Fire stands on a hill in northern New Mexico overlooking the Moreno Valley. The structure rises above the brow of the hill to height of nearly 50 feet with inward curving walls sweeping down each side. It truly makes as impression when seen from a distance—one of the reasons why it has received an award for architectural excellence from the New Mexico Society of Architects. The chapel they built served for many years without official recognition. In fact, Dr. Westphall had exhausted all funds for the chapel before it was completed. But fortunately Mr. Speaker, the DAV [Disabled American Veterans] learned of the memorial in 1977 and began providing funding. On Memorial Day, 1983, the chapel was rededicated and named the DAV Vietnam Veterans Memorial. It was made a State memorial in 1983 during the 1st session of the 36th New Mexico State Legislature.

The chapel is a place were people can come to pray for peace and pray that the painful and lonely feeling of losing a loved one in combat need not happen again. It is a place where people can come to remember. I would like to read for my colleagues a quote written by the late David Westphall II which I think symbolizes the ethical principles behind the meaning of this memorial:

> At the sight of the heavenly throne Ezekiel fell on his face, but the voice of God commanded, "Son of Man, stand upon your feet and I will speak with you." If we are to stand on our feet in the presence of God, what, then, is one man that he should debase the dignity of another?

DAVID WESTPHALL

Dr. Westphall writes of his late son's feelings:

> David believed that the cause for which he gave his life was just. Yet his words bear testimony to his belief in a more ultimate justice, and in an ethical code whereby peace could prevail.

I would like to take a moment to personally thank Mr. DYMALLY for his help in passing this legislation through the House. I would also like to thank Dr. Westphall and his family along with members of the Disabled American Veterans who are here in the House gallery this morning. It is their commitment to this monument that has made it what it is today.

Mr. Speaker, it is a great honor for me to ask the U.S. House of Representatives to give this chapel the special recognition it deserves by declaring it a memorial of national significance. Many of our citizens come from all over the country to experience the kinds of emotions associated with Vietnam. The chapel has inspired the construction of other memorials to Vietnam veterans throughout the United States, including the Vietnam Veterans' Memorial in Washington, DC. It truly represents a place where veterans and civilians can come to observe, share, and learn. I urge my colleagues to recognize this chapel by making it a national memorial.

Mrs. MORELLA. Mr. Speaker, further reserving the right to object, I yield to the chairman of the subcommittee, the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. Mr. Speaker, I rise in strong support of House Joint Resolution 97, to designate the Disabled American Veterans Vietnam Veterans National Memorial, in Angel Fire, NM, as a memorial of national significance.

It was my privilege to bring this legislation before the Committee on Post Office and Civil Service, where it was approved by a unanimous vote.

I want to commend my colleague from New Mexico, Mr. RICHARDSON, for his sponsorship of House Joint Resolution 97. Through this resolution, Congress has the opportunity, once again, to pay tribute to the men and women who sacrificed so much for their country during the Vietnam war.

Mr. Speaker, I believe the DAV Vietnam Veterans Memorial serves as more than a tribute to all of the brave young men and women who gave their lives in an unpopular war.

This memorial serves as a reminder that the families of our soldiers also made a great sacrifice during the war.

It was the families of our soldiers who welcomed them home and cared for them when the Nation was too ashamed to help them.

It was the families who bore the tragedy and sorrow of losing a child when the Nation would not mourn for them.

This chapel in New Mexico, built by the family of a young man who lost his life in Vietnam, will continue to be a place where all Americans can reflect on the political and personal lessons we learned from Vietnam, and pray that we will never again face the sorrow of losing our children in war.

Mrs. MORELLA. Mr. Speaker, further reserving the right to object, I would like to rise personally in support of House Joint Resolution 97.

Mr Speaker, over 15 years ago, a memorial was dedicated at Angel Fire, NM, honoring all veterans of the Vietnam conflict, the living and dead, and those affected in body and spirit.

Dr. and Mrs. Victor Westphall and their son Douglas began the memorial to honor their son and brother, David, a young Marine Corps lieutenant and his 12 comrades who died in an enemy ambush in Vietnam. Before it was completed, their funds were exhausted. Fortunately, for all of us who love our country and those who defend its ideals, the Disabled American Veterans determined that this was a project of note and supplied money to complete the plans.

The monument was started because of the heroism of a local son. However, the inspiration and love has extended throughout the country. Other memorials are being constructed within the Nation.

Mr. Speaker, the DAV Vietnam Veterans Memorial with its chapel is a place where people come to pray for peace.

This spectacular monument, soaring up from a hilltop overlooking the Moreno Valley and between peaks of the Sangre de Cristo Range in New Mexico has become a meeting place of people who make the long pilgrimage from all over our country simpy to go to the center and remember that "my life is your life."

Mr. Speaker, I encourage all our colleagues to recognize the DAV Vietnam Veterans National Memorial as a memorial of national significance. No funds are being asked for upkeep. The monument is maintained by the generosity of the DAV and the families whose emotions overflow when they gather in Angel Fire.

I urge my colleagues to please support House Joint Resolution 97.

Mr. MONTGOMERY. Mr. Speaker, I want to commend the distinguished gentleman from New Mexico [Mr. RICHARDSON] for introducing House Joint Resolution 97, which recognizes the national significance of the DAV Vietnam Veterans National Memorial near Eagle Nest, NM.

I also want to express my appreciation to the Disabled American Veterans for the role they have played in establishing this moving memorial to the service and sacrifices of our Vietnam veterans.

The DAV Vietnam Veterans National Memorial will serve to remind this and future generations that freedom demands valor—valor such as that exhibited by our veterans who served in Southeast Asia. It stands to remind us that war exacts a tremendous cost. In this case, more than 58,000 Americans were killed. This magnificant structure is both a stirring tribute to the living and reverent reminder of those who died.

I am proud to be a cosponsor of this legislation and urge its swift passage.

□ 1340

Mrs. MORELLA. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the joint resolution, as follows:

H. J. RES. 97

Whereas in August, 1968, following the tragic death of their eldest son and brother, First Lieutenant Victor Davis Westphall, III, in the southeast Asian conflict, Dr. and Mrs. Victor Westphall and their younger son, Douglas, began construction of a memorial chapel at Angel Fire Recreation Area, near Eagle Nest, New Mexico, to honor Vietnam veterans;

Whereas the chapel was opened in 1971 as a memorial to all Vietnam veterans: the living, the dead, and the maimed in body and spirit;

Whereas the Disabled American Veterans and other interested persons have contributed much financial assistance toward the chapel;

Whereas in September, 1982, the Disabled American Veterans established a non-profit corporation to improve and perpetuate the chapel;

Whereas the chapel was rededicated and named the Disabled American Veterans Vietnam Veterans National Memorial in May, 1983;

Whereas the chapel has become known to millions of people in this Nation and abroad through extensive publicity in the national and international news media;

Whereas the chapel has inspired the construction of other memorials to Vietnam veterans throughout the United States, including the Vietnam Veterans Memorial in Washington, D.C.;

Whereas the chapel has received an award for architectural excellence from the New Mexico Society of Architects;

Whereas Dr. Westphall has received the New Mexico Medal of Merit in recognition of his services in connection with the chapel and its programs over the years;

Whereas to many persons, especially Vietnam veterans, the chapel is literally scared; and

Whereas the chapel has served for more than 15 years as a national shrine without benefit of an official national designation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Disabled American Veterans Vietnam Veterans National Memorial near Eagle Nest, New Mexico, is hereby recognized as a memorial of national significance, and the President is requested to issue a proclamation commemorating the occasion of this recognition and saluting the efforts of those individuals who have made the creation and continued existence of the Memorial possible.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FAIR HOUSING MONTH

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 201) to designate April 1987 as "Fair Housing Month," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is their objection to the request of the gentleman from California?

Mrs. MORELLA. Reserving the right to object, Mr. Speaker, I do not object, but simply want to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, further reserving the right to object, I yield to the chairman of the subcommittee, the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. Mr. Speaker, I would like to express my support for House Joint Resolution 201, which recognizes the passage of the Federal Fair Housing Act, a part of the historic Civil Rights Act of 1968.

At the outset, let me note that an amendment will be offered to change the designation under this resolution from April 1987 to April 1988.

Next year will mark the 20th anniversary of the passage of the Fair Housing Act.

I commend the gentleman from New York [Mr. FISH] for his continued recognition of the importance of the Fair Housing Act in ensuring access to housing for all Americans, regardless of race, religion, sex, or National origin.

It is difficult to imagine that 20 short years ago, people could be, and were, denied the right to live where they wanted on account of their race, ethnic background, or sex.

Today, the Fair Housing Act prohibits discrimination in housing. But we must remain ever vigilant to ensure that the national policy embodied in this act is carried out.

Unfortunately, discrimination still exists in housing. Neighborhoods, particularly in the suburbs of large cities, remain segregated through such practices as red lining.

It is my hope that the Federal Government will continue to strengthen enforcement of the Fair Housing Act, to guarantee the right of all Americans to rent or purchase a home wherever they choose to live.

Mrs. MORELLA. Continuing to reserve the right to object, Mr. Speaker, I yield to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Speaker, I rise today in strong support of House Joint Resolution 201, commemorating the 19th anniversary of the enactment of the Federal Fair Housing Act. I commend the gentlemen from New York Mr. FISH and Mr. GARCIA for providing this opportunity for the House to proclaim April 1988 as "Fair Housing Month" which comes in the wake of the steady, and praiseworthy advances that have been made in eliminating discriminatory housing practices.

In 1968, when Congress adopted the Federal Fair Housing Act as title VIII of the Civil Rights Act, we could not even begin to understand the multitude of ways in which the housing industry would be transformed so as to provide to all Americans equal housing opportunities. Although discriminatory housing policies still remain an unfortunate fact of life for some Americans, when we consider the pervasiveness of housing discrimination of the 1950's and 1960's, it is not difficult to see how far we have come in providing all people, irregardless of their race, color, religion, or national origin, the house of their dreams.

As a cosponsor of House Joint Resolution 201, I am proud to say that we have had great strides in the struggle against discrimination in the housing industry and urge our continued vigilence in building upon this fine work. I feel strongly that we should all join in supporting this measure, voicing our thanks to every man and woman who has worked to make certain that each individual finds himself in the home, or office of his choice. Accordingly, I urge my colleagues to fully support House Joint Resolution 201, and to join in all of the events being sponsored in our communities celebrating this designation. By doing so, we will be enthusiastically voicing our continued dedication to ensuring fair housing opportunities for every American.

Mrs. MORELLA. Further reserving the right to object, Mr. Speaker, I rise in support of House Joint Resolution 201, a resolution designating the month of April 1987, as Fair Housing Month.

We all agree that shelter is a basic human need, but the right to that need must be constantly reaffirmed. An unenforceable right is no right at all and access to decent and affordable housing goes to the core of American values.

Without decent housing, quality family life is virtually impossible. A survey by the Housing and Urban Affairs Department found 25 percent of rental housing was unavailable to families with children, and another 50 percent carried restrictions on ages and numbers. With so many families now headed by single, working women, equal access to housing is more important that ever.

I urge my colleagues to support this important resolution. I hope that it will lead to better enforcement of our fair housing laws and improved access to decent housing for all Americans.

Mr. Speaker, I compliment the chief sponsor, the gentleman from New York [Mr. FISH] for introducing it, and the chairman of my subcommittee, the gentleman from California [Mr. DYMALLY] for supporting it and working for it, and the gentleman from New York [Mr. GILMAN] who is a sponsor of the resolution.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 201

Whereas the year 1987 marks the nineteenth anniversary of the passage of title VIII of the Civil Rights Act of 1968, commonly referred to as the "Federal Fair Housing Act", declaring a national policy to provide fair housing throughout the United States;

Whereas the Federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, or national origin;

Whereas fairness is the foundation of our way of life and reflects the best of our traditional American values;

Whereas invidious discriminatory housing practices undermine the strength and vitality of America and the American people; and

Whereas in this nineteenth year since the passage of the Fair Housing Act, all Americans must work to continue to improve the Fair Housing Act by strengthening enforcement provisions, by extending the protections of the Act to all our citizens, by assuring there are no victims of discriminatory housing practices, and by making the ideal of fair housing a reality: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating April as "Fair Housing Month" and to invite the Governors of the several States, the chief officials of local government, and the people of the United States to observe the month with appropriate ceremonies and activities.

AMENDMENT OFFERED BY MR. DYMALLY

Mr. DYMALLY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DYMALLY: Page 2, line 4, insert "1988" after "April".

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California [Mr. DYMALLY].

The amendment was agreed to.

The joint resolution was ordered to be engrossed.

AMENDMENT TO THE PREAMBLE OFFERED BY MR. DYMALLY

Mr. DYMALLY. Mr. Speaker, I offer an amendment to the preamble.

The Clerk read as follows:

Amendment to the preamble offered by Mr. DYMALLY: Page 1, in the first clause of the preamble, strike "1987 marks the nineteenth" and insert in lieu thereof "1988 marks the twentieth".

Page 2, in the last clause of the preamble, strike "nineteenth" and insert in lieu thereof "twentieth".

The SPEAKER pro tempore. The question is on the preamble amendment offered by the gentleman from California [Mr. DYMALLY].

The amendment to the preamble was agreed to.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

TITLE AMENDMENT OFFERED BY MR. DYMALLY

Mr. DYMALLY. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Title amendment offered by Mr. DYMALLY: Amend the title so as to read: "Joint resolution to designate April 1988 as 'Fair Housing Month'.".

The SPEAKER pro tempore. The question is on the title amendment offered by the gentleman from California [Mr. DYMALLY].

The title amendment was agreed to.

A motion to reconsider was laid on the table.

NATIONAL OSTEOPOROSIS PREVENTION WEEK OF 1987

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 55) designating the week of May 10, 1987, through May 16, 1987, as "National Osteoporosis Prevention Week of 1987," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mrs. MORELLA. Reserving the right to object, Mr. Speaker, I do not object, but would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, further reserving the right to object, I rise in support of Senate Joint Resolution 55, which designates the week of May 10 through May 16, 1987, as "National Osteoporosis Prevention Week."

Mr. Speaker, we are learning more about the degenerative bone condition which affects millions of people in our country, and I commend the gentlewoman from Maine for her thoughtful introduction of House Joint Resolution 126 bringing attention to this condition.

I am a cosponsor of this important resolution and, additionally, as a member of the Select Committee on Aging and the executive board of the Congressional Caucus for Women's Issues, I am well aware of the problems that women, particularly older women, suffer because of loss of bone mass—called osteoporosis.

Our population is getting older, and osteoporosis affects 90 percent of the female population over 75 years of age. And 50 percent of the women over 45 are also affected by some form of osteoporosis.

It is reported that over 50,000 older men and women die from fractures, particularly of the hip and many who do recover require long-term assistance with daily living.

Mr. Speaker, I encourage all our colleagues to endorse Senate Joint Resolution 55 designating May 10, 1987, through May 16, 1987, as "National Osteoporosis Prevention Week of 1987."

Ms. SNOWE. Mr. Speaker, I would like to thank Mr. DYMALLY, chairman of the Subcommittee on Census and Population, and the ranking minority member of the subcommittee, Mrs. MORELLA, for bringing to the floor House Joint Resolution 127 which designates "National Osteoporosis Prevention Week." House Joint Resolution 127 is identical to Senate Joint Resolution 55, and received the support of more than half the Members of the House. I appreciate the interest of my colleagues in this critical health issue.

As the author of House Joint Resolution 127, I am pleased that today we are considering legislation that will designate the week of Mother's Day, May 10 through May 16, 1987, as "National Osteoporosis Prevention Week." By doing this, we have the opportunity to provide crucial information about a disease that afflicts and disables millions of Americans, especially women, each year.

Osteoporosis means "porous bone." Known as the silent thief, osteoporosis robs the skelton of its resources—often for decades—until the bones are so weak they cannot withstand normal stress. Osteoporosis is the most common skeletal disorder in the world. Half the women in the United States over 45 years of age and 90 percent of women over 75 are affected by this disfiguring and debilitating disease.

Osteoporosis is the major underlying cause of bone fractures in postmenopausal women and older persons. In fact, hip fractures, many caused by osteoporosis, are associated with more deaths, disability, and medical cost than all other osteoporotic fractures combined. Indeed, osteoporosis poses an enormous threat to public health and has been estimated to cost between $7 and $10 billion a year. Early detection and treatment of osteoporosis could prevent some of the more than 210,000 hip fractures that occur each year in the United States alone.

Although the causes of osteoporosis are not known and treatment remains controversial, experts agree that the prevention of osteoporosis is essential to decreasing its prevalence in our country. With the growing elderly population, unless there is adequate attention to osteoporosis, we can expect increased human and health care costs associated with this disease. That is why this year the focus of osteoporosis has been changed from awareness to prevention.

I thank my colleagues for their consideration of this bill and I urge unanimous consent of Senate Joint Resolution 55.

Mrs. MORELLA. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. GRAY of Illinois). Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 55

Whereas osteoporosis, a degenerative bone condition, afflicts sixteen million to twenty million people in the United States;

Whereas osteoporosis afflicts 90 per centum of women over age seventy-five;

Whereas 50 per centum of all women in the United States over age forty-five will develop some form of osteoporosis;

Whereas hip fractures are the most disabling outcome of osteoporosis, and 32 per centum of women and 17 per centum of men who live to age ninety will likely suffer a hip fracture due primarily to osteoporosis;

Whereas the mortality rates for people who suffer a hip fracture increase by 20 per centum, with such fractures resulting in the death of over fifty thousand older women and many older men each year;

Whereas 15 to 25 per centurm of people who suffer a hip fracture stay in a long-term care facility for at least one year after the fracture occurs, and 25 to 35 per centum of people who return home from a long-term care facility after recovering from a hip fracture require assistance with daily living after returning home;

Whereas the total cost to society of dealing with osteoporosis was $6,100,000,000 in 1983 and such cost is expected to rise as the population ages;

Whereas osteoporosis is associated with the loss of bone mass due to a lack of estrogen as a result of menopause, alcohol or cigarette use, and low calcium intake;

Whereas exercise and proper nutrition before an individual is age thirty-five will build bone mass to help prevent osteoporosis; and

Whereas people who suffer from osteoporosis should be aware of the increased risk of bone fractures, and should take precautions to reduce the chance of accidents that may result in bone fractures due primarily to osteoporosis: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of May 10, 1987, through May 16, 1987, is designated as "National Osteoporosis Prevention Week of 1987", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate programs and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DYMALLY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the several resolutions just passed and agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1988

The SPEAKER pro tempore (Mr. SKELTON). Pursuant to House Resolution 152 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1748.

The Chair designates the gentleman from Illinois [Mr. ROSTENKOWSKI] as Chairman of the Committee of the Whole, and requests the gentleman from Illinois [Mr. GRAY] to assume the chair temporarily.

□ 1356

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1748) to authorize appropriations for fiscal years 1988 and 1989 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1988 and 1989, and for other purposes, with Mr. GRAY of Illinois (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Florida [Mr. BENNETT] will be recognized for 1½ hours and the gentleman from Alabama [Mr. DICKINSON] will be recognized for 1½ hours.

The Chair recognizes the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill before the House today authorizes appropriations for all procurement, research, development, test, and evaluation [RDT&E], and operation and maintenance [O&M] for the Department of Defense and for civil defense for the fiscal year beginning October 1. In addition, the bill authorizes the strength levels, for both active and Reserve military personnel, and the appropriations for the civilian employees of the Department of Defense for fiscal year 1988.

Authorization of appropriations for military construction and family housing and for the Department of Energy National Security programs is also included.

This year the committee, for the first time, included 2-year authorizations for certain programs in procurement and research and development.

DOLLAR AUTHORIZATIONS

H.R. 1748, as reported, contains authorizations totaling $220.5 billion for the Department of Defense for fiscal year 1988. With the dollar implications of personnel ceilings set by the bill. Total is $305.7 billion. By major categories, the authorization totals are as follows:

Procurement: $83.8 billion.

Research, development, test and evaluation: $40 billion.

Operation and maintenance: $87.8 billion.

Civil defense: $154.8 million.

Military construction and family housing: $8.8 billion.

Although the bill sets the numerical ceilings on military personnel, it does not actually provide authorizations in the personnel accounts as it does for procurement, RDT&E, and O&M.

An authorization of $8.1 billion for military nuclear activities carried out by the Department of Energy is also contained in this legislation.

REDUCTIONS

The bill was ordered reported by the committee on April 8, 1986, with reductions totaling $6.2 billion below the amount requested by the President. This includes net reductions of $0.2 billion in procurement; $3.7 billion in RDT&E; $20 million in operation and maintenance [O&M]; $1.0 billion in military construction and family housing; and $1.3 billion in the personnel area.

The President's request would have provided 3-percent real growth for fiscal year 1988. The bill the committee has reported provides about 1-percent real growth.

MAJOR ISSUES

In the areas that have received the most attention, the committee bill contains the following:

MX missile: The President requested authorization for 21 MX missiles. All the missiles requested and approved are for the test program to support the 50 operational MX missiles that have previously been funded. No warheads were requested or approved for the 21 test missiles. The President also requested $591 million to begin development of a rail mobile basing mode for 50 missiles to be requested later. The committee recommends reducing the request by 60 percent to $250 million.

Midgetman missile: The request contained $2.2 billion for Midgetman. The full amount was approved.

Strategic defense initiative: The President requested $5.7 billion for SDI, including $481 million from the Department of Energy. The committee recommends a reduction of 33 percent, leaving a total of $3.8 billion for SDI—$3.5 billion in the Department of Defense—of which $200 million was transfered to the Air Force for the boost surveillance tracking satellite—and $339 million in the Department of Energy. The committee recommendation represents a 7-percent increase over the level appropriated for SDI last year.

Testing ABM systems: The committee included a provision that would preclude funds appropriated or otherwise made available to the Department of Defense from being obligated or expended to develop, test, or deploy an antiballistic missile system or component which is sea-based, air-based, space-based, or mobile land-based.

B-1B bomber: Based on its dissatisfaction with the management of the B-1B bomber program, the committee recommends reducing the program from the $841 million requested to $550 million. The committee recommends continuing the B-1 test program and procuring spare parts for portions of the aircraft, such as the engines. The committee recommends no procurement of parts for troubled portions of the aircraft and prohibits the Air Force from undertaking any modifications to the B-1 bomber without specific prior approval by Congress. The committee also included a provision clarifying the authority of the director of operational test and evaluation.

Trident submarine and Trident II missile: The committee authorized one Trident submarine for fiscal year 1988 and another for fiscal year 1989. Due to anticipated cost savings in the Trident II missile program, the committee recommends 72 missiles rather than the requested 66 without adding to the request for $1.9 billion.

Asat: The committee recommends reducing the authorization for the F-15 launched antisatellite missile by 37 percent from the $356 million requested to $225 million.

Binary munitions: For new chemical weapons, the committee recommends the requested sums for the 155 mm artillery round—$59 million—and the Bigeye bomb—$25 million.

SSN-21: The committee recommends approving the $213 million requested for SSN-21 development, increasing the $13 million requested for new attack concepts to $113 million, and adding $15 million for design of upgrades to the Los Angeles-class subs.

Pay raise: The request contained a 4-percent pay raise for military personnel effective January 1, 1988. The committee recommends a 3-percent pay raise effective that date.

Home porting: The Congress last year approved the home-porting concept involving 13 port cities. Without changing that position, the committee this year recommends deleting one-third of the funds requested for home porting. The committee recommends deleting all funds, except those for housing, for home porting at Hunters Point in San Francisco Bay until resolution of concerns that pollution problems would be exacerbated by construction there. Similar concerns led to the deferral of the requested funding for Lake Charles, LA, and Long Beach, CA. The committee also stretched out the construction programs associated with homeporting at New York City, Everett, WA, and Galveston, TX.

COMMITTEE ACTION

The committee voted to report the bill on a rollcall vote of 45 to 6.

□ 1400

Mr. Chairman, that concludes my presentation on behalf of the gentleman from Wisconsin [Mr. ASPIN] who is the chairman of our committee. I now look forward to the presentation by the gentleman from Alabama [Mr. DICKINSON].

Mr. DICKINSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we are starting debate here on probably one of the most important bills that will be discussed and voted on during this session of Congress.

The bill, depending on the final budget level, is about $300 billion. That is a lot of money.

I regret that there are only six Members on the floor at the present time to participate in the debate, because what we are debating here has a direct impact on national policy, on our defense posture, on our capability to defend ourselves, and there is no bill in my opinion that will come before us that is more important than the bill before us at this moment.

It does not make sense, Mr. Chairman, to bring the bill to the floor before we have a budget conference, however.

Before we created the Committee on the Budget, we used to have a two-step bill with authorization and appropriations.

Then in 1976 or thereabouts, we put another layer on the procedure by adding a Committee on the Budget. The Committee on the Budget is supposed to act in a timely way, and they have their deadline. Once we get the Budget resolution, we are supposed to authorize, and we are supposed to appropriate following that.

It just does not work like that. The Committee on the Budget has not yet finished its deliberations. The House committee has come out with a figure of about $288 billion, but they must go to conference with the Senate; and between the two, they come up with a compromise figure which is considerably larger, I would hope, than the House budget figure.

Our chairman, though, feels constrained to conform the armed services authorization bill to the House budget figure, but we all know that that is not going to be the final figure. It is going to be greater than that—to what extent, we do not know. But to say that we must arbitrarily curtail and shave down our bill to a figure lower than we know that it is going to be really does not make a great deal of sense.

A lot of people feel like we would be better off without the Budget Committee and going through that process, and as time goes by and as we see it in practice, I am inclined to agree with that position, because last year, for instance, the Committee on the Budget went so late into the year that, in order to get the appropriations process completed, we had all of the appropriations bills lumped together, and we passed a continuing resolution in the last minutes of the last Congress, and we are still finding out what was put into the appropriations bill.

We waived parts of what would be the normal course of business as to authorization, and it is really not the best way to do business. I think it is definitely unwise. The final defense funding level, as I said, will be higher than the House figure, when the Committee on the Budget gets through meeting in conference with the Senate; but we have a conforming resolution that will be offered by our chairman to take defense funding arbitrarily down to the lower figure, and we will have to make substanital cuts, much lower than I think are wise, to get down to the House budget figure.

□ 1410

After the Appropriations Committee marks I believe the defense level will be lower than the House budget number. We are negotiating with the Republican and Democratic leadership on the rule, which is similar to the truncated or two-level rule that we had last year. We have already approved the first half of the rule which allows us to come to the floor today.

Tomorrow we go back before the Rules Committee to complete the rule, which deals with those amendments that have been submitted to the Committee on Rules. Then we will allocate time according to the importance of the amendments and then we will come back to the floor for a vote on the rule tomorrow.

This bill will be debated this week and probably most of next week and we will take up policy matters as well as authorization matters, which creates a very cumbersome process.

The committee bill is presently at $305.7 billion. The chairman set up a policy committee to determine all matters of policy, and this committee met to determine what would be the correct level for the defense march. Should it be the budget request, should it be the anticipated budget figure, should it be more, should it be less.

The administration sent over an authorization request for $312 billion. Our policy committee determined that we should mark to what we perceived to the threat, not what we anticipated the Budget Committee would do, not what we anticipated the Committee on Appropriations would do, but what we thought would be the correct figure based on the threat as we perceived it based on testimony before our Policy Committee.

It was for that reason we came up with the figure of $305 billion. Now, the Committee on the Budget reported out a budget after we marked, so we went back in at the insistence of our chairman and had a markdown in subcommittee to a level of $288 billion which is $17 billion lower than our committee judged was needed.

In the unfortunate event that the Aspin substitute passes, I will offer an amendment to increase the authorized level to $302 billion, which is zero percent real growth. Under my amendment, instead of having negative growth for the third year in a row, but we will have zero real growth. This is the least that we should provide for our defense.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to my colleague from California.

Mr. HUNTER. I thank the gentleman for yielding.

Mr. Chairman, I wanted the gentleman to explain a little bit because I think it is important to the House, the fact that we put together this Steering and Policy Committee that was designed to build the defense budget from the ground up, to look at the threats, to look at the requirements on airlift, to look at the requirements on sealift, to look at the situation in Europe, the situation in the Middle East, and not just simply take the President's numbers.

It appeared to me that it was the consensus of the committee, after we looked at the threat that something on the order of the President's 3-percent real growth was needed to defend this Nation. Is that the gentleman's understanding of what the Policy Committee arrived at?

Mr. DICKINSON. The gentleman is entirely correct.

Mr. Chairman, we had a Policy Committee which held hearings. We brought in expert witnesses, we brought in the chiefs of our military services, we brought in our Secretaries, to tell us what the threat is, what the level of Soviet military is, what is our proportion of conventional defenses versus strategic defense as opposed to the Soviet and their level of spending.

In military spending, we are behind the power curve and we just want to tread water, so to speak, not lose our place. On this basis, our Policy Committee determined that $305 billion was the minimum figure that we should be spending.

The $305 billion number is not some figment of anyone's imagination, some figure plucked out of the air. We heard the testimony, we heard our intelligence sources, we know what the Soviets are doing, we know the disproportionate allocation of resources that the Soviet spend versus what we spend.

So it was to this figure of $305 billion that we marked because it was based on what we perceived to be the threat, what was actually necessary without gilding the lily, without a lot of plush add-ons; this is what we felt was necessary.

Now, if we mark down lower than that, I contend that we are not cutting out fat, we begin to cut into the bone and the muscle because this will be the third year in a row that we have had a negative real growth; 2.5 percent 2 years ago, 4.5 percent last year; this year another 5-percent negative growth.

What I would propose in the amendment that I will offer later is at least have a level spending, not boom or bust, up one year and down one year, but spending at a constant level. With sustained modest growth or even zero growth, we would not have to gear up and then lay people off. That way you get the most for your money and I think that is what we should do.

Mr. HUNTER. Just one conclusion I would ask from the gentleman; so the Policy Committee worked at this thing from the ground up and came to the conclusion that $305 billion was the minimum and the conforming amendment that goes along with what the House Budget Committee does is something around $288 billion. What is the gentleman's impression of that $288 billion? Is that highly inadequate?

Mr. DICKINSON. Yes, I think it is highly inadequate. We are going to decimate our defense posture, we are going to have to cut down our manpower, we are going to have to cut down on our major weapons system, we will have to delete weapons systems.

As somebody has predicted, we might wind up with a hollow army.

We have had great success in attracting bright young people to come and serve in the military to offer what expertise they have, to make their careers in the various services. When we start failing to live up to our commitments, changing the terms that were in place when they joined the services, we are going to find that we are going to have large numbers of people leaving the ranks. We are going to find trouble with our recruitment, with our rentention and with our overall defense posture and I think we are being pennywise and pound-foolish.

Let me turn briefly to title II, which is research and development. I am the ranking member on this committee. The committee bill would authorize $40 billion for the RDT&E, that is research, development, test and evaluation, a reduction of almost $4 billion from the administration request. This recommended authorization level provides for a modest growth in research and development of about 7 percent, and if there is any function we need to protect, where we need to have real growth, it is in research and development. Seven percent real growth over last year's funding I submit is fair, necessary and reasonable.

While we are not able to fully support the strategic defense initiative budget, but we were able to provide some growth in that program by providing approximately $3.5 billion.

In the ICBM modernization portion, this budget provides for the test and evaluation of silo-based MX missiles, the continued development of the small mobile ICBM and will provide a very important funding item, $250 million for alternative survival ICBM basing, which is a reduction of $300 million from the administration's request.

I think what we have provided here is fair, is reasonable, is necessary. I think a substantial reduction as is envisioned by the chairman of our committee, which is not supported by the full committee, is shortsighted, to say the least.

It is ridiculous to say that we can balance the budget, we can overcome the Gramm-Rudman threat of sequestration by taking it all out of defense. The money is just not there. There is less than 30 percent of the total Federal budget spent for defense, less than 30 percent. To say that 50 percent of the cuts have to come out of defense I think is shortsighted in the extreme. I would hope that common sense would prevail here and that as the debate develops and as we go along, that we can get more and more support for what I consider just the basic necessities for defense, and not only the administration's position, but certainly the committee's position.

Mr. Chairman, I reserve the balance of my time.

□ 1420

Mr. BENNETT. Mr. Chairman, I yield such time as he may consume to the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Chairman, I rise in firm support of H.R. 1748, the Department of Defense Authorization Act for fiscal years 1988 and 1989, and I urge my colleagues on both sides of the aisle to join me in support of this legislation.

Our committee has worked hard, as the two previous speakers have said, to present a bill that makes a lot of sense. It protects us in readiness and modernization and yet, in these times of fiscal responsibility, it moves ahead. We cut more than $6 billion from the administration's budget request of $312 billion, and in some cases reordered its priorities. The result will be increased national security; our Armed Forces will continue to be ready to meet any threat to our national interests. This is not to say that there are no weaknesses in this bill, but it attempts to address the most glaring problems of our Armed Forces today.

I would like to cover three subjects briefly as I talk about things pertaining to this bill.

First, let me report to my colleagues that the new GI education bill has been a total success. You have to go out and look at the recruits in the Army and Air Force and the Navy and Marines and the Coast Guard that we have now, and you will see that I speak the truth. The new GI education bill is bringing in the quality that we have needed. I wish our weapon systems were as good as the personnel that are now in the military.

I also would like to talk about the National Guard and Reserve and also wartime medical readiness.

About our reserve components, the capabilities provided by the reserves in the total force have substantially increased the readiness of our Armed Forces in an extremely cost-effective manner.

We cannot operate without the Reserve Forces. In the past, the Department of Defense in some cases would say, "OK," but they did not help the National Guard and Reserve.

Now, with the team we have in the Defense Department and the different service chiefs and secretaries, they are totally supportive in the Defense Department of building up the National Guard and Reserve.

The total force is a reality. Let me give you some figures showing how we are dependent on the Reserve Forces.

In recent years, there has been a large increase in the reserve strength—300,000 members or a 34-percent increase since 1980. That growth has meant that 66 percent of all separate brigades and 74 percent of infantry battalions are in the Army National Guard.

The Army cannot move without the Army National Guard. Seventy-three percent of the air defense of this country is now dependent upon the Air National Guard.

We are now totally dependent upon the Reserves, and that is the way it should be. It is a good buy for the taxpayers.

The Reserves have been given a fair shake, in my opinion, in this bill.

Let me talk about medical readiness. Sixty-five percent of the health-related mobilization assets must come from the Reserves. We have a real weakness in medical readiness or the mobilization of medical forces.

The Active and Reserve components of the Army, for example, have only a fraction of what they need to treat on the battlefield—only 41 percent of the orthopedic surgeons and 58 percent of the operating room nurses that would be required for war. We just will not be able to treat our wounded on the battlefield by the number of people we have in the Reserve Forces now—I am talking about health care professionals.

The Reserve Policy Board, in their annual report, said that in the Reserves we need an additional 7,100 doctors, 31,000 nurses and 73,000 enlisted health specialists to be required for full mobilization. We do not have them. The committee has conducted an extensive review of medical readiness over the past several years and has provided the services with improved recruiting and retention tools to redress some of these problems; however, much more remains to be done.

We have come up with some initiatives, and some of these initiatives were passed in the 1986 Defense authorization bill.

One was a loan repayment program and another was a stipend program for health professionals in the Reserves.

The services, unfortunately, have failed to publicize these programs. In fact, I have gone out and talked to commanders and asked them if they were aware of these initiatives that we put into the 1986 bill to bring in health care professionals. They did not know anything about it.

So in this legislation, we have ordered and directed the Department of Defense to point out to the commanders that we do have initiatives to attract health care professionals into the Reserves.

We made some changes in this bill that might be of interest to you. We think we can use more older health care professionals in the service, so we have raised the age where a doctor can come into the service of the age of 48 and he or she can stay until the age of 57. This gives the doctors or nurses who have had family or career demands more time to come into the Reserves.

We need experienced nurses. We have a shortage of nurses. We have concentrated some of this legislation to attract nurses into the medical profession of the military.

In the selected reserve, we are trying to get surgical nurses, which is a critical shortage, and we have come up with scholarships. We hope that the military will push these programs.

We have also proposed a change in the health professional scholarship program. The program provides that the services with many active duty physicians. Rather than continuing to give full 4-year scholarships to medical students regardless of their chosen specialty, the committee believes that the Secretary of Defense should target scarce medical resources to third- and fourth-year medical students who agree to accept their residency in a critical wartime specialty in exchange for receiving a scholarship. We are designating 2,500 scholarships to be earmarked for critical health professionals that we need in the military.

Let me say that we have also directed the Selective Service System to set up a program so that, in case the Congress did say we need to register or call up health care professionals, the Selective Service would be ready to call up these professionals. This would save as much as 6 months' time by having the Selective Service System with the cards printed up and the equipment required to call up these doctors and nurses.

Let me make it crystal clear that this is not a registration or a draft.

In closing, Mr. Chairman, some Members of the House went recently to the Philippines to inspect the island of Corregidor. We were shocked when we went to Corregidor. It is being destroyed. It is not being taken care of by the Philippine Government. We have a memorial there that the taxpayers in this country paid $2 million for. The memorial is falling down; the marble is being taken away; the lights and the water in the memorial are not running. On the great cannons and mortars on Corregidor, the barrels are being sawed off by scavengers and being hauled away.

We have to do something about it. When this bill comes up for amendments, I will not offer an amendment but I will have a colloquy with the chairman of the Subcommittee on Military Personnel and Compensation to see if we cannot move a small unit into Corregidor at once with the permission of the Philippine Government, so that we can get some idea of what we need to do about Corregidor and not let it be totally destroyed.

There are many Americans who were captured there, died there, and it just does not make sense to let it be totally wiped off the face of the Earth.

Mr. DICKINSON. Mr. Chairman, I yield 9 minutes to the gentleman from California [Mr. HUNTER].

□ 1430

Mr. HUNTER. Mr. Chairman, I just wanted to talk for a couple of minutes about the ABM Treaty and about the language regarding the ABM Treaty that is in this particular bill, and also about the number of programs that have been cut from what the committee felt was important and what the administration felt was important in the defense bill this year.

To start with, let me just reiterate what I spoke about with the ranking Member, the gentleman from Alabama [Mr. DICKINSON] and that is that we formed a policy committee in the Committee on Armed Services this year to build the defense authorization bill from the ground up, and that meant that we elicited testimony from experts on sealift requirements, airlift requirements, the situation in the Middle East, the submarine capability, our strategic systems vis-a-vis the Soviet Union, and all areas of defense so that we might build a defense bill that simply was not a reiteration of President Reagan's bill.

We did not know where that was going to go, but we did meet after this testimony had been elicited and after this committee had been put together, and that was its charter, so the Armed Services Committee could really build a defense authorization bill out of the threat and out of our analysis of the threat, rather than simply reacting to a number that the White House gave us.

After this was done and we met again, it was the consensus of the committee that the President's 3-percent real growth, which I believe was $312 billion, was the minimum required to defend America. That was the consensus, as I understand it, and I hope that the committee chairman will set me right if I am incorrect. That was the consensus, not on the Republican side but on the Democratic side, and it included the chairman of the committee. The chairman, the gentleman from Wisconsin [Mr. ASPIN] felt that we did need a 3-percent real growth to defend America, and that President Reagan's request this year was not an unreasonable request, it was something that was necessary.

After that we came up with the position that was put forth by the Budget Committee of the House that passed on the floor, and that was essentially $288.7 billion, representing a fairly major cut. One point that I would like to make to the full House is that this number did not come from eliciting this testimony, the testimony that the Committee on Armed Services went through. It did not come from a comparison of the strategic forces of the United States vis-a-vis the Soviet Union. It did not come from airlift requirements and sealift requirements versus what we have today. It did not come from an analysis of American mobility requirements in the Middle East and Europe. It came as a rather arbitrary figure that was offered strictly because of budgetary restraints and strictly because of prioritization between guns and butter made by the House Budget Committee. I submit to the Members that it was a figure that was erroneously arrived at, and that it does a real disservice to the American people, because in my opinion the biggest social program and the biggest benefit the Government can give the people is to defend them. So let us make that point right off the bat.

The Committee on Armed Services and its own policy committee came to the conclusion that the President's figure or something very close to it, which this committee produced, $305 billion or $304 billion, was necessary to defend America, and that the bill that passed on the House floor containing the Budget Committee's number was not arrived at through expert testimony, that it was an arbitrary figure that does a disservice to our national security and to the men and women in uniform who have to defend this Nation.

Let me tell the Members about a few of my particular problems with this bill. I think we made some major cuts. We made a $7.9-billion cut in research and development, and I think that is too much. It is true that R&D programs are seed programs that ultimately lead to procurement programs. We do not want to proliferate R&D programs so we have too many of them and so we are committed in the outyears to pay a great deal of money in procurement, but we have to keep R&D working, and we have to at least keep pace with the Soviets in a number of areas.

I think that Asat is a very critical area, and I think it is a critical area because the Soviet Union is developing an excellent satellite system which is essentially the eyes of their fighting forces. That satellite system is used to locate American forces, to pinpoint them, to prepare them for targeting, and to coordinate them with the destructive forces that the Soviet Union has to destroy those particular systems.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I am glad to yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, we get accustomed to dealing with buzz words and acronyms, and sometimes we fail to recognize that those who are hearing our words may not understand. We are talking about the Asat, meaning the antisatellite weapons system, and I think this goes without saying: I do not know that there is anyone who would dispute the fact that the largest threat that we have to the Navy and to our carrier task forces is a satellite system that can pinpoint where they are at all times.

So if we are talking about building two new carriers or a new carrier task force or enhancing those that we have, the biggest threat to the carriers and to our ships at sea is the satellites that can pinpoint them so that the Soviets or any other potential enemy can send bombers out and can take them out with their missiles.

This is the capability we are trying to develop for ourselves because the Soviets already have an Asat system. They have tested it over 20 times and have developed a successful system. So they say, "Hey, let's call a moratorium. We won't test anymore if you don't test anymore." We have tested one time.

So that will be one of the things that will be developed and debated during this bill. But the gentleman is eminently correct, that we do need an Asat system. We need the capability, and we are not talking about that much money when you compare that to the cost of a carrier task force and the security that an Asat system would lend to it.

Mr. Chairman, I thank the gentleman for yielding.

Mr. HUNTER. Mr. Chairman, I thank the ranking Member for making that point because the Backfire bombers that he mentioned are an intricate part of the Soviet attack system with regard to our naval forces.

For example, their satellites can target our forces, those 5,000 men and women on a carrier, for example, and all the supporting ships. They can target those forces, and they can direct those Backfire bombers that the Soviet Union is producing at the rate of about 30 a year and that were specifically designed, at least so the Soviets tell us, to destroy naval forces, they can target those bombers, and those bombers can move out and intercept our forces.

We as the U.S. Congress, by killing this antisatellite capability, the ability to shoot down that satellite before it can target our forces, have done a great disservice to the Navy men and women who are out there 2,000 miles from nowhere in the middle of the ocean, finding themselves targeted by the enemy's eyes and ears, which are the enemy's satellites, with no way to shoot down those satellites because of some screwy arms control notion that U.S. Congressmen had back home in Washington, DC. So they can find themselves at risk, truly in harm's way, as the Navy says, because we have not given them the capability to shoot down those forces, that reconnaissance capability, that targeting capability that the Soviets have on them so they can direct their killing machines and Backfire bombers to our fleet to destroy not only the ships but the men and women who operate those ships.

So I think the vice chairman of our committee has made an excellent point, and I would hope that the House would help us put back this Asat money when we get to it.

Let me just go over a couple of other areas that I think are important. The chairman of the committee put an amendment in this bill that essentially restates the ABM language, the Antiballistic Missile Treaty language, and it says that we shall not build any systems that are space-based, mobile-based, et cetera, essentially restating the first several paragraphs of the ABM Treaty.

Let me just say to my colleagues that there is a difference of opinion in the liberal view versus the narrow view of the ABM Treaty, and this particular provision that the chairman put in constrains us to the narrow interpretation even though the Soviets have violated the ABM Treaty by building the Krasnoyarsk radar, and I think this provision particularly ties the hands of our President when he is attempting to negotiate meaningful arms control with the Soviet Union.

So, Mr. Chairman, I would hope that this House will vote in support of an amendment to strike the ABM language that resides in our bill.

Mr. Chairman, I thank the gentleman from Alabama, and I yield back the balance of my time.

□ 1440

Mr. HUTTO. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. Mr. Chairman, I thank the gentleman for yielding this time.

Mr. Chairman, I chair the Subcommittee on Military Installations and Facilities and in that capacity I report both on the military construction action taken by our committee and the civil defense.

Mr. Chairman, today the committee on Armed Services brings to the floor H.R. 1748, the National Defense Authorization Act for fiscal year 1988. Division B would provide $8.8 billion in military construction authorization and related authority in support of the military departments, the defense agencies, and the reserve components.

The Aspin substitute, H.R. 2169, which will be considered on Tuesday, May 5, contains $8 billion in authorization for this purpose and brings the total requested for defense for fiscal year 1988 in line with the House budget resolution.

Before I proceed, Mr. Chairman, I want to express my deep appreciation to the distinguished gentleman from New York, Mr. DAVID O'B. MARTIN, the ranking Republican member of the Subcommittee on Military Installations and Facilities. His leadership and assistance during 3 weeks of extensive hearings on the military construction authorization budget request were invaluable in developing the legislation before you today. Also, I want to thank the 15 other members of the subcommittee for their extraordinary diligence through two markups and many difficult choices.

For the benefit of my colleagues, I would like to briefly review the development of this legislation. The Secretary of Defense requested $9.8 billion in new authorization for military construction and family housing for fiscal year 1988. On April 8, 1987, the Committee on Armed Services reported favorably H.R. 1748, the legislation before you today, which provides $8.8 billion in authorization for the new fiscal year. This amount is $1 billion below the President's budget request.

In an effort to comply with the House budget resolution, a second markup by the Subcommittee on Miliary Installations and Facilities on April 23, 1987, further reduced the administration's budget request by $800 million making a total reduction of $1.8 billion. The first and second marks are incorporated in the Aspin substitute which will be considered before the House on Tuesday, May 5.

To achieve the necessary reductions, the subcommittee agreed to defer all projects where there was not a clear requirement in fiscal year 1988 because of low design, canceled or modified mission requirements, and questionable scope and/or cost estimates.

In addition, the committee deferred all funds requested for construction in support of the ground-launched cruise missile pending the outcome of negotiations in Geneva, and all construction in Panama because of questions concerning the wisdom of going forward with permanent construction when, under the treaty, all United States facilities must be turned over to Panama by the end of 1999. Finally, the economics of the situation forced the committee to stretch out funding for strategic homeporting at most of the 10 locations, for facilities in support of the Light Infantry Division in Alaska, and for facilities in the Philippines.

Additional projects that otherwise met all the criteria for inclusion in the budget request were deferred because of budget constraints and the requirement to comply with the House budget resolution. At the same time, additional projects totaling $205 million were included in the bill because their relative priority, established in testimony or supporting material, warranted such action at this time.

As a result of these actions, the committee was able to reduce the $9.8 billion request by $1.8 billion that I alluded to earlier. In the interest of time, I have included a table that summarizes the actions taken by the committee on H.R. 1748 and H.R. 2169.

[In thousands of dollars]

	Fiscal Year 1988 authorization request	H.R. 1748 HASC recommended	H.R. 1748 change from request	H.R. 2169 aspin substitute	H.R. 2169 change from request
Recapitulation:					
Army	1,182,100	988,610	(193,490)	914,860	(267,240)
Navy	1,810,122	1,492,852	(317,270)	1,340,721	(469,401)
Air Force	1,485,850	1,275,430	(210,420)	1,143,910	(341,940)
Defense agencies	851,720	659,349	(192,371)	502,612	(349,108)
NATO infrastructure	396,000	396,000	0	396,000	0
Army National Guard	170,400	186,717	16,317	163,734	(6,666)
Air National Guard	160,800	148,465	(12,335)	126,475	(34,325)
Army Reserve	95,100	95,100	0	95,100	0
Naval Reserve	73,737	73,737	0	67,637	(6,100)
Air Force Reserve	79,300	79,300	0	67,370	(11,930)
Total military construction	6,305,129	5,395,560	(909,569)	4,818,419	(1,486,710)
Family housing, Army	1,738,659	1,659,559	(79,100)	1,590,673	(147,986)
Family housing, Navy	799,036	787,648	(11,388)	778,669	(20,367)
Family housing, Air Force	926,533	891,033	(35,500)	846,513	(80,020)
Family Housing, defense agencies	19,700	20,700	1,000	20,700	1,000
Homeowners assistance fund	2,800	2,800	0	2,800	0
Total family housing	3,486,728	3,361,740	(124,988)	3,239,355	(247,373)
Grand total	9,791,857	8,757,300	(1,034,557)	8,057,774	(1,734,083)

Included in the committee adjustments are the following major reductions: $45 million reduction in the $70 million requested for the Light Infantry Division Program at Fort Wainwright, AK; $107 million reduction in the $337 million requested for the strategic homeporting program at 10 locations; $85 million for ground-launched cruise missiles support facilities pending outcome of the Geneva negotiations; $55 million for construction in Panama because of the treaty requirement to leave the country by the end of 1999; $33 million for construction in Turkey because of questions concerning base rights beyond the year 1990; and $28 million reduction out of $82 million requested for facilities in the Philippines.

With the exception of the ground-launched cruise missile and construction in Panama and Turkey, all of the reductions were part of a requirement to stretch out programs because of budget constraints.

And finally, included in the general provisions approved by the committee is the following item:

A provision that designates Fort DeRussy, HI, as the primary Armed Forces recreation center for the Pacific, and prohibits expenditure of any funds to sell, lease, rent, excess, or otherwise dispose of any portion of the land.

Mr. Chairman, I do not relish supporting a lower budget number for military construction, particularly in the areas of family housing and quality of life because it impacts directly on the men and women in uniform. We are now dealing with an infrastructure that is, in many cases, 40-year-old World War II wooden buildings that are seriously in need of extensive renovation or replacement. This covers everything from maintenance hangars to barracks and family housing. The backlog grows each year as construction to support new weapon systems must take priority over everything else, this tremendous preoccupation with the technology of war, Mr. Chairman, to the detriment of the human equation in the military budget.

I personally would much prefer to find larger budget cuts in areas of the defense budget that do not impact so directly on the quality of life of the human beings who make up this military.

However, given the budget constraints under which the Subcommittee on Military Installations and Facilities had to operate, division B of H.R. 2169 represents the subcommittee's best efforts to meet the requirements of the House budget resolution

Mr. Chairman, I have a second responsibility as Chair of the Subcommittee on Military Installations and Facilities and that is to report upon the committee's action with respect to civil defense authorization for fiscal year 1988.

The National Defense Authorization Act for fiscal year 1988, title III of division C, would authorize $154.8 million to carry out the provisions of the Federal Civil Defense Act of 1950.

The Aspin substitute, H.R. 2169, which will be considered by the House on Tuesday, May 5, would authorize $134.8 million for civil defense purposes.

The Federal Emergency Management Agency originally requested authorization of $134.8 million for fiscal year 1988. However, the administration subsequently submitted a budget amendment of $20 million which, when added to the original request, amounts to a total request of $154.8 million, alluded to earlier.

On April 8, 1987, the Committee on Armed Services agreed to favorably report H.R. 1748, the legislation before you today, which approves the President's budget request and provides $154.8 million for civil defense purposes for fiscal year 1988.

In order to meet the requirements of the House budget resolution a second markup by the Subcommittee on Military Installations and Facilities on April 23, 1987, reduced the administration's budget request from $154.8 million to $134.8 million making a total reduction of $20 million. The second mark is incorporated in the Aspin substitute which will be considered by the House on Tuesday, May 5.

Included in both H.R. 1748 and H.R. 2169 is a provision that would prohibit the Director of the Federal Emergency Management Agency from withholding civil defense funds from State and local governments as a punitive measure.

Mr. Chairman, the Subcommittee on Military Installations and Facilities unanimously recommends approval of $134.8 million for the civil defense function for fiscal year 1988.

□ 1450

Mr. Chairman, if the gentleman will continue to yield briefly, I would like to make a couple additional remarks in my capacity simply as a Member of the House of Representatives representing the Eighth Congressional District in the State of California.

In that capacity, Mr. Chairman, I continue to raise a number of serious questions with respect to the military authorization bill that is being presented today, will be presented tomorrow, and probably for the balance of the week.

The administration presently occupying 1600 Pennsylvania Avenue, long concurred in for the most part by the U.S. Congress, has engaged in perhaps the largest and most rapidly growing military budget in the history of this country. That military budget as I perceive it was based upon three policy decisions.

First, to take this country with respect to nuclear-weapon development beyond the concept of nuclear deterrence to the development of a nuclear war fighting capability with a very frightening, alarming, and disturbing, to say nothing of expensive consequences of that policy.

Second, the military budget buildup was based upon the notion that we must expand our capacity to intervene in the Third World. I have always believed that the problems of the Third World are political and social and economic and cultural and have to be solved in that context, Mr. Chairman, not in the context of militarism, intervention, war, death, and destruction. Hopefully someday this body will come to realize that war is not the hope of the future.

Finally, the third policy upon which the administration's budget request has been allowed to grow, acquiesced in by the Congress of the United States, has been the notion that one-third to one-half of the American military budget can support a prolonged land war in Europe, which in my estimation is a gross absurdity. Both the United States and the Soviet Union believe that if we ever went to war in Europe, within a matter of days to a few short weeks it would gradually and steadily escalate to global strategic nuclear war, destroying life on this planet beyond our capacity to comprehend.

It was my hope that the policy committee that was selected and convened this year would have an opportunity to look at these policies to determine the efficacy of these policies and then come back, either in support of them or in this gentleman's humble opinion and hope that we would pose some significant and constructive alternative approaches that would allow us to make significant reductions in our military budget and make the world a safer place within which to live.

For the past 6 years this gentleman has come to the floor and offered an alternative military budget to my colleagues, worked diligently, tried to develop constructive alternatives that move us away from arms escalation to arms control, away from Third World intervention and militarism toward a peaceful approach and away from absurd notions that we can fight some protracted land war in Europe and move us toward détente and ease of tension and stress in the world, allowing us then to redirect our resources to deal with the problems that confront human beings in the various forms within which it is visited upon them, thus not rendering us impotent in our ability to deal with that.

But each year I have marched into the well to pose the alternative, and for the most part the alternative was never grappled with, never dealt with, because we really do not talk about policy in this body. We allude to it in debate, but we never grapple with policy. We never talk about war fighting versus deterrence. We never talk about Midgetman and MX and whether we need all these incredible missiles. We never talk about the nature of the world that it exists in. We talk about foreign policy in the context of the cold war, which is a myopic, simplistic, tragic way to view the world. The world is a much more complex place.

It is my hope that in the next several days that we will engage in a significant discussion, and on the other end of that discussion and the other end of that debate we could truly have a budget not based upon some person's notion of what the dollar figure ought to be in the budget. Too many of my colleagues believe that there is some intrinsic value in a dollar figure. You are extremely patriotic if you believe in a $312 billion military budget, but if you go below 270, in some way one's patriotism gets questioned.

This is bizarre. There is nothing intrinsic about a dollar figure. We ought to spend what is necessary on the military budget, but let us have the debate over what is indeed necessary and what policies are to guide us as we move toward the 21st century.

Finally, this gentleman will be offering an amendment on SDI. Some of my colleagues will reduce the funding; some will attempt to go forward. The thrust of this gentleman's amendment will end star wars. This is a dangerous and unnecessary program. As Carl Sagan said, SDI can be overwhelmed, underflown, and outfoxed. It is too sophisticated for human beings to operate. It will violate several treaties simultaneously. It will generate a whole new arms race in space. It will take us closer to the brink of nuclear war, to say nothing of the fact that it will cost us between $1 and $2 trillion to build a monument to madness that will not protect the American people, but only protect other weapons.

Finally, I am also considering challenging the Midgetman. We have reduced the MX missile to a tiny missile with one warhead, but I would think to a moral certainty that if we go forward with Midgetman, magically someone will say, "While we are developing it, let's move beyond one warhead and MIRV it, it'll save money," so it'll be a multiwarhead missile, and someone will say, "Let's have a bigger payload, because it's going to hit harder and create greater destruction," so we will build it a little bigger and we will give it a greater payload and we will increase its accuracy, and all of a sudden this Midgetman will have blown itself up into an MX missile.

It seems to me that we fought the battle on the MX missile. The American people know that it is wasteful, it is unnecessary, it is dangerous, it is environmentally hazardous, and so will

Midgetman be. I am considering very seriously dealing with that.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield,

Mr. DELLUMS. I am more than happy to yield to the gentleman from Alabama. I am on a roll about now.

Mr. DICKINSON. Mr. Chairman, I would not interrupt the gentleman's roll at all, but I would just like to commend the gentleman for his service on behalf of the military, especially as it relates to military construction.

The gentleman and I do not always agree on various things within the defense budget, but I think that we never differ when it comes to military construction and providing quality of life for our men and women in the armed services.

The gentleman has always been very diligent to protect this. I think that the product of the committee, subcommittee shows this. I think that it is unfortunate that we have taken as much of a cut as we have had to. Research and development got an 18-percent-plus cut; military construction was second only with a 17-percent cut.

I hated to see this, because really this does impact on the quality of life, and there is nothing threatening about it. We do this, we spend these moneys to protect and to enhance the quality of life of our military men and women around the world.

The gentleman has always been a staunch advocate of this, and I want to commend him, and I would hope that when we get to the amendment tomorrow that we can muster enough support at least to roll back the massive cuts that will be required under the Aspin substitute, so that we can at least take care of those things within the military construction budget that we feel are necessary for our men and women in uniform. I want to commend the gentleman.

Mr. DELLUMS. I thank the gentleman very much. I appreciate the generosity and I appreciate his compliment. It is a pleasure to work with my colleague on the Subcommittee on Military Installation and Facilities. We do join together on the issue of quality of life, and we have defined, Mr. Chairman, the quality of life as not only the circumstances of where people live but where they work as well, and this is a fight that we have won in the subcommittee, and I think for the most part we have gotten most of our colleagues on the full committee to understand the human side of this issue.

A great deal of us have been more preoccupied with the technology of war and have left the human side of it going begging, but this subcommittee has worked very diligently in that regard.

Mr. Chairman, it is very difficult to continue to try to bang the table to get our colleagues to understand that in many ways military construction is a part of quality of life and is a part of readiness, but when it comes to the issue of cutting the budget, people see military construction in the same context that they see procurement, research and development. We choose to see it in a very different way, because here is where you deal with the human dimension, where people live, how they live, and where they work. We have worked very hard, family centers, family facilities, child care facilities, these kinds of activities.

□ 1500

But you start to cut into those activities as you expand your capacity with new weapons systems. My colleague alluded to that. You have $1.8 billion from a $9.9 billion budget when you know we authorized military construction project by project. To cut $1.8 billion out of the military construction budget you lose literally hundreds of projects falling out and many of them specifically impacting the quality of life.

We tried to make these cuts as painlessly as we could with respect to these issues, and we try to do the best we can. Hopefully, as we move forward over the next several days, the issue of the quality of life will come back on the floor of Congress for our colleagues' favorable consideration.

I thank my colleagues for his generosity.

The Chairman pro tempore. (Mr. GRAY of Illinois). The gentleman from California [Mr. DELLUMS] has consumed 20 minutes.

Mr. DICKINSON. Mr. Chairman, I yield 5 minutes to the very distinguished gentleman from South Carolina [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, when the question of providing for the defense of this country comes before this body, honest people can differ on how best we can serve that purpose. I just wanted it understood that even though we can differ on how is the best way to defend this country, I want my colleagues to know I am for this country, for this flag, and for our freedoms. Someone else can have the job of taking up for the adversaries we have in this world.

Providing for our defense costs money, but is the most cost-effective program we have today if it keeps us out of war.

Mr. Chairman, I rise in strong support of H.R. 1748, the Department of Defense authorization bill for fiscal years 1988 and 1989.

I support the committee bill for two reasons. First is the process by which it was formulated. This year the Armed Services Committee examined the President's budget, not merely in the context of meeting an arbitrary budget figure, but rather from the standpoint of determining what is necessary for the defense of our country given the threats posed by our adversaries. The committee used the administration's budget request as a guideline, both in terms of overall dollars and defense priorities.

I also support the committee bill because of the results of this process. Although the bill would trim over $6 billion from the President's request, it would provide for a reasonable and prudent continuation of the military recovery program begun in 1981. The bill would help military people; it would maintain high levels of readiness and sustainability; and it would invest in important research and procurement programs necessary to the continued modernization of our forces.

Let me turn for a moment to the shipbuilding portion of the committee bill and address a couple of important areas. First are the submarine programs. The bill would provide authorization for three Los Angeles-class nuclear attack submarines, a Trident ballistic missile submarine, and long-lead funds for the next generation of attack submarines, the SSN-21 or *Seawolf*. The submarine portion of the bill represents a vigorous and healthy program for one of the most vital areas of naval warfare. The Los Angeles-class submarines we are building today are demonstrably better than earlier versions of the class: they are quieter, more versatile, carry more weapons of different types, and can operate in more demanding environments than their predecessors. These submarines are clearly better than anything the Soviets are fielding today.

The Trident submarines continue to demonstrate their value in patrol after patrol. These ships have far surpassed the high expectations we had for them from the outset, and remain the most survivable and cost-effective leg of our strategic triad.

An extremely important feature of the committee bill is that it would authorize continued research and long-lead procurement for the SSN-21. The Seapower subcommittee has held many hours of hearings both on the capabilities of this submarine and of its potential adversaries into the 21st century. We have learned that future Soviet submarines will present a real challenge to our own antisubmarine forces, of which the SSN-21 is an important part. But make no mistake about the capabilities of the SSN-21. It will possess better usable speed, be quieter, have greater weapons capacity, and incorporate the potential for future growth and improvement beyond that of the best submarine the Soviets may field. Together with the vigorous submarine technology research effort supported by the committee bill, the SSN-21 is our best bet for the future of the submarine force.

Finally, let me note that the committee bill supports the purchase of two new nuclear-powered aircraft carriers beginning in fiscal year 1990. These two ships would replace existing carriers that will be over 50 years old at the time of their retirement in the late 1990's. Although I am sure that we will have the opportunity to debate this matter more fully at a later date, let me mention a few important points. First, we need to buy these ships now. If we wait, they will become more expensive, and so will become even harder to buy in the future as funds for national defense become increasingly more difficult to come by. And second, if we fail to replace our older ships they will eventually become obsolete. This may not happen today or tomorrow, but eventually we will be left with fewer and fewer carriers. Time and again the Navy, and in particular the carriers, have been used by our presidents in times of crisis. Failure to replace these ships will hamstring some future president's options for protecting U.S. interests abroad.

Mr. Chairman, the committee bill is a clear statement of U.S. defense needs arrived at in open session by the full Armed Services Committee. I am satisfied that it contains the important items needed in the shipbuilding area, and I urge my colleagues to join me in supporting the committee bill.

Mr. BENNETT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have listened with care to some of the things that have been said here today, and some of it is common wisdom, untruthful; not lying, but not accurate.

The impression is at least given that the U.S. Government today is on a tremendous growth pattern in national defense.

I have served here for some considerable length of time, and I remember during the Kennedy years, the percentage of the budget was about 42 percent for defense, and was about 29 percent for social programs.

It is now almost the exact reverse. It is about 42 percent for social programs, and it is somewhat under 30 percent for defense programs, so it is really not true that we have such a tremendous upbeat situation with regard to national defense.

That is something that ought to be looked at, because the impression is erroneous. There is also an accurate impression that this administration in its first years of being in power has indeed added very substantially to the national defense of this country, but we have been cutting back on that every year, recently.

Every year we have substantial reductions in it, and there are two interesting innovations before us today in this legislation, two very interesting innovations.

One of them is a recent innovation. During most of the history of this country, the authorization committees authorized and the defense committees appropriated and that was a system that worked very well for almost 200 years.

As a matter of fact, it has never worked better than under that system. Our governmental system never worked better than under that system, but in our desperation to meet the tremendous tax problems which occurred in 1981, we have imposed upon ourselves budgetary processes which do not apply to the authorizing process at all. The laws do not require the authorization committees to meet the standards of the Committee on the Budget.

This year when the chairman of the Committee on Armed Services asked the Defense Policy Panel of the Committee on Armed Services, which includes a lot of old barnacles like myself, and also some young, sprightly people that have different views about things, and we met together and the common wisdom was—I do not remember any dissent being expressed—we really ought to use what we felt was necessary and essential to the defense of the United States of America, not what the President asks which we thought was too large, not what some extreme agitators, lobbyists would have us do, but what we felt was the best thing to do, and so we looked at the President's budget, and we cut about $6 billion out of the President's budget.

We came up with an authorization bill which represents what the Committee on Armed Services overwhelmingly, unanimously, actually, in the final passage—I believe it was unanimously—approved as what this country ought to have in a national defense bill.

That is one of the innovations, if you can call it an innovation, because this bill goes back to the procedure that existed prior to 5, 6 years ago before the budgetary process came about.

□ 1510

It was a process of saying: what do we actually need for a particular function of government? Then having the Appropriations Committee saying, "Well, you cannot afford all that, we are going to have to cut some of it out." Well, that is a logical procedure. What has the other procedure done to us, in the ensuing half decade? Well, it has done some pretty horrible things. For one thing, generally speaking we do not approve the authorization bill until the appropriation bill is already approved. What a dumb process.

In other words, we let months and months and months go by and at the end of every Congress we get together and say, "Well, we have got to have a defense bill." So, we enact a defense authorization bill many times after the appropriations bill has actually been enacted. That is really a dumb way to operate. But that is the way we have been operating since this defense structure has been put into the budget process. But bear in mind this law that we passed does not require the authorization process to comply with that at all. So that is one innovation. We ought to go back to the tried and true process of seeing to it what is the actual need of the Government and the country is in this particular field and then having the Committee on Appropriations make what cuts it makes based upon the judgment given to it by the Budget Committee and otherwise.

Now, what is the other innovation in this bill? It is a rather substantial innovation, something that people have talked about for decades. But for the first time we did something about it. We did something about it very constructively in the Seapower Subcommittee. What is it? Well, we decided to have biannual instead of annual authorization. Not all the authorizations in the Seapower Committee are on a biannual basis but very substantial ones are. In other words, we provided for, for instance, two carriers, one carrier this year and one carrier the next year. That will save about $700 million by having put them in the same bill but they are actually going to follow 1 year after the other.

The Trident submarine is another. We authorized a Trident submarine for next year out of next year's authorization.

Well, that is an important thing because that lets the Appropriations Committee know how to calculate itself, lets the Pentagon know to what extent we are likely to be favorable in the future year. So I think those are very substantial things that we have done that are important.

Mr. Chairman, I could not go further in this discussion of military matters without saying something that is very deeply upon my heart. The committee bill supports the strengthening of the 600-ship Navy which will be achieved by the end of this decade. Attaining the worthy goal is something that this country can be proud of. As I have noted before, this achievement did not come out of the expense of any other service. In fact, it was managed with a smaller budget, a smaller budget than the Navy had during the Carter administration. I would just like to take a moment to pay tribute to the architect of the modern 600-ship Navy, former Secretary of the Navy John Lehman.

In government it is not always easy to find a person of courage and spirit who will fight tenaciously for what he feels is best for our country, not thinking about himself, or how it may appear, but thinking what is best for our country. We are fortunate to have had such a man as John Lehman, who will surely be ranked as one of the very greatest Secretaries of the Navy of all time. He will be succeeded by an interesting young man, Mr. Webb. I think it is tough to follow a man like Mr. Lehman, but if you had to pick out somebody on God's green Earth to do this, I think Mr. Webb is a good one. I think we are also not going to be bored by Mr. Webb. I think he is going to keep us busy doing things that are necessary to be done. That in no way minimizes what I have said about the aspect of having a tremendous Secretary of the Navy like John Lehman in the past.

Now, Mr. Chairman, I would like to briefly address the specifics. My colleague, Mr. SPENCE, the able minority leader of the committee has pointed out some of these things. Under this bill we have 16 new ships, we have four conversions, three SSN 688 attack submarines, we have five Aegis surface combatants. That is the most marvelous ship I think has ever been designed because it can shoot down hundreds of things coming toward it. We have three mine countermeasure combatant ships, we have one amphibious assault ship, one dock landing ship, two fleet oilers, two long leads for carriers, and we have in fact a very fine program which you can be well proud of. The committee reduced the bill from the Presidential request by three mine sweepers and we saved $300 million that way. The reason we did that is because primarily because they were having difficulty in the production of those particular ships. We felt we could postpone that to next year. We have rearranged the Aegis ships to give some to destroyers and carriers in a different pattern from the President's proposal.

We retained the two carriers. A lot of people were surprised about that. As a matter of fact, when I approached this year's budget and saw two carriers in it, I felt like Mr. DICKINSON did, how in the world can you ask for two carriers in 1 year? I felt really that there was no possibility of doing that.

But when I got to getting the evidence—and you know, the evidence, the facts sometimes can sway a prejudice or a mind which is not really open to suggestion otherwise—when I started to getting the facts, in the first place I found out it is not two carriers in 1 year, it is two carries in 2 years. I learned that. That is one very important fact. The next fact I learned was that by ordering them at the same time, we would be able to save at least $700 million and we will do more than that because we will do it in a way which will give us a better work force because if a work force would have to be disbanded at the first carrier and reestablished, we would not get the good workers we had, those who have been on it and tested through the production line. So, I was convinced that the two carriers are the way to go. It will save us money. They are not added to the fleet. They are going to supplant carriers which will be 50 years of age or thereabouts. So I think that we have a real reason to actively support this measure.

The 2-year budget items have now brought about, as I mentioned, the carrier long leads and one Trident submarine, two attack submarines, three guided missile destroyers, five amphibious and support ships. So, it is a good program. It is one you can be proud of, and I hope that you will support the committee bill that has come before us.

Now, there is some legislative language in this bill that is worthy of note. One is that it provides for interport differential, ship repair, making the same on the east coast as on the west coast, which I think is logical, it takes care of the logic in the construction or repair of ships, which saves money for the Treasury.

Then we have added a provision for increase by 10 percent of the process payments which will help the cash flow. Any of you who have been entrepreneurs in business, particularly small business, know you can go bankrupt even though you are a very fine organization making lots of money, if you do not have any cash flow. If the people ask you for money and you cannot pay it, that is the end of that, even if you are a perfectly valid organization.

So we passed that 10 percent increase to allow primarily small businesses to survive the slow procedures that sometimes take place in paying for our ship building and repair.

Then we provided for defense stockpiling improvements where we let the Congress decide the priorities in this field, and we placed in the hands of the Department of Defense the management of that.

Now, this bill responds to a thing that has already been briefly addressed here. That is the myopic view that the Federal Government has had in the past, particularly those of us who have been active in the defense aspects, have been sort of centered on nuclear weapons. That has already been addressed. It is true we have a tremendous redundancy in that field. But this bill address that. In the field of missiles and torpedoes you can see from the charts here that demonstrate first of all in the field of missiles and torpedoes there has been an increase of from 60 to 110 percent in missiles and torpedoes for the Navy. You see in the less sophisticated weapons there has been a similar increase. You also see even with the increased threat, which has very definitely come about, that we are keeping pace and going beyond what we would be expected to do.

So, we have a well-balanced bill. We have a bill which shows a thought for the present and a thought for the future. We should be very happy we have had the great leadership of Secretary Lehman in this particular field. We welcome Secretary Webb aboard. I am so glad to report to you that we are in the process of getting a 600-ship Navy which is one of the real achievements this administration wanted to achieve. Now we have achieved it. We should not kick ourselves in the pants about this. We ought to be proud of it. In other words, it is a defense achievement that we have achieved. We have also done it with careful structuring not only in the seapower part of this bill but in this bill as a whole.

We have done things with regard to conventional weapons which are important. Mr. MAVROULES and I added $2.5 billion for new conventional weaponry which is going to be taken primarily out of the excesses, nuclear weapons excess, the SDI excess. Everybody believes the SDI study should go forward and the research on SDI. But I am somewhat inclined to believe that some of the philosophy of thinking about where we are going to be 20 years from now with SDI is probably well founded, because, as I see it, the Russians and ourselves are likely to both to have an SDI if we go forward with this.

Since it is a penetrable shield and nobody thinks it is going to be to the contrary, it is probably going to be something which is going to bring about many, many thousands of additional ICBM's. What a horrible situations to will yourself into, to have an umbrella which asks for more rounds. To have more rounds in that particular field, that is certainly a staggering thought.

I congratulate the President on raising the question because prior to his strongly raising this SDI question the Russians were not willing to sit down and talk. Now we have the possibility of not only of a verifiable peace treaty which would keep things from going into outer space but it could also be enforceable. Because for the first time we can enforce it ourselves. Because if they put things up there which are either defensive or offensive, and counter to the objectives of our country and what international comity would say, we can actually bring them back down.

So I have talked a little bit digressively on other subjects. My primary function here today was to talk about the Seapower Subcommittee. We have a good program. It is a program which our country needs and one which I hope you will support.

Mr. BADHAM. Mr. Chairman, how much time is remaining on each side?

The CHAIRMAN pro tempore (Mr. GRAY of Illinois). The gentleman from California [Mr. BADHAM] has 61 minutes remaining and the gentleman from Florida [Mr. BENNETT] has 39 minutes remaining.

Mr. BADHAM. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we are here today on the defense authorization bill and we have an unusual procedure again this year for handling this very important legislation on the floor.

Today we are discussing, in front of a packed House, the needs of the defense for the United States of America for the coming fiscal year. Tomorrow, we will be discussing at great length a proposal to change that made by the chairman of the full committee.

I think this is somewhat an unusual process because that will be Tuesday. On Monday, to a packed House, we tell you what the defense needs of our country are; on Tuesday, the chairman of the committee will come before you and ask you to reduce that. On Wednesday, we will be faced with the spectre of some 400-some-odd amendments from the—who I refer to as the defense experts.

Mr. Chairman, I recognize the need for defense to contribute a fair share toward resolving the Federal budget deficit problem. I have grave reservations about sacrificing the recent hard-earned gains in defense to achieve the budget balancing.

I am sure we have all watched television; I am sure we have all read the newspapers when we are given to understand that over at the Pentagon and from the White House, as regards the defense of our country and our way of life, there has been an absolute hemorrhage and an orgy in defense spending, while we have taken food from the tables of the poor and elderly, while we have sacrificed medical care.

Mr. Chairman, let me tell you that nothing could be further from the truth. Since before Vietnam, when the military expenditures of our budget were 52 percent and the social expenditures were 27 percent, before Vietnam, when we were at abject peace, according to some, those percentages have changed.

Today, defense accounts not for 52 percent of the budget, but 28; and social programs account for, not 28 percent, but 53 percent of our budget. Just reversed.

Do not believe it when somebody tells you that we have a hemorrhage over at the Pentagon of money being thrown at the imaginative needs for defense.

What I have to say today focuses on a few points that I would like to make regarding the bill that the committee passed, the committee-passed bill, H.R. 1748.

First, the committee of jurisdiction, under our rules for oversight of the common defense, is the House Committee on Armed Services. The Constitution requires that "The Congress of the United States provide for the common defense." That is a direct quote from the Constitution, which has not changed in 200 years.

The Department of Defense falls under the purview of the House Committee on Armed Services, and therefore, we have a responsibility by the Constitution and by the Rules of the House to recommend to the House of Representatives what is required for the defense of this country.

H.R. 1748, the committee-passed bill, embodies those recommendations, given the fiscal restraints in which we find ourselves.

Second, some argue that this bill is irrelevant because it does not conform to the funding levels contained in the House-passed budget resolution. I would remind my colleagues that there is no requirement for the authorization bills to conform to the budget resolution and even if there were, we would have to say, "That's fine," but the budget resolution has not been passed.

In fact, the gentleman from Pennsylvania, whose want it is to complain about the actions of this body, and most of the time correctly, objected to the bringing up of the rule on this because it waived the Budget Act.

Ladies and gentlemen, the House Committee on Armed Services-passed defense authorization bill waives the Budget Act? Give me a break. What it did was acknowledge the very simple fact that there is no budget resolution.

Why, then, should the House of Representatives or the House Committee on Armed Services, which has been assigned for the general purpose of the defense of this country, come up with a statement that we have to come by and go with a resolution that has not even been adopted yet?

I contend that the bill that we have before us in its present form is that bill which demonstrates after hearings, after testimony, after personal and corporate examination by the Members of this body assigned so to do, represents the needs for defense of this country.

We all know that there is a threat out there. To lose sight of what is needed to face that threat would be falling to budget esthetics, probably the most shortsighted thing we could do as a responsible body.

Third, there seems to be a groundswell of popular opinion that we ought to rely more on conventional forces and less on strategic forces to meet our national security needs. The United States of America, being one of the propelling factors in preventing a global conflict since 1945, has depended on a strategy called deterrence. Deterrence. Deterrence is the showing of such strength that it deters a potential enemy from attack. Indeed, this has worked.

For more than 40 years, our deterrence has been strategic, starting out with the monopoly on nuclear weapons and regressing into a plurality, and maybe now, parity.

But, Mr. Chairman, consider, if you will for a moment, the fact that a strategic deterrence, however awesome and frightening, and indeed it is to me, as well as those who have philosophically considerable different thoughts than I, a nuclear deterrent capability is relatively inexpensive.

Now the people of the United States, we understand, are clamoring for either cheaper defense or less defense, all the time recognizing, or perhaps not recognizing that there is a threat out there.

Today, we spend about 17 percent of our military budget on strategic nuclear weapons. To replace a deterrent force of 17 percent that holds enemies at bay thus far, hopefully; to replace that 17 percent with a conventional force that faces the largest uniformed military force ever existent in the history of mankind is going to cost a whole lot more than 17 percent.

If we were to have to double the people in uniform and equip them and arm them and train them, I contend it would add much more than 17 percent, indeed, closer to 75 percent, to double our conventional forces.

So greater reliance and emphasis on conventional forces without a concomitant increase in funding for defense will ultimately prove unworkable.

Simply said, you just cannot have it both ways. Strengthen conventional capabilities, yes; declining defense budgets, unfortunately true, but at the risk of a deterrent capability that has kept us away from global conflict for more than 40 years is senseless.

Finally, H.R. 1748 represents as equitable and as balanced a package as we of the committee could put together. Given unrealistic fiscal constraints and competing priorities and interests, we are no longer talking about slowing the rate of increase. Oh, no. For procurement, as one example, we are dealing with real decreases, or what we euphemistically call negative real growth of 13 percent in one fiscal year, Mr. Chairman.

□ 1530

Do our people who wear the uniform of our country, our soldiers, sailors, airmen, and marines, deserve a 13-percent real reduction in their equipment, in their airplanes, in their ships, in their bullets, in their weapons, in their training? I think not. But the budget as will be proposed tomorrow for defense will reflect just that.

If this trend were to go unchecked further, we would be condemned to repeat the mistakes of the late 1970's when defense atrophied and mistakes were made that we have worked so long and so hard not only to correct but from which to recover.

I would add one more comment. In 1980, when he was going out of office, President Carter, whom we all castigated for being soft on defense, published, as was required by law, his 5-year military defense requirement projection. This was for 5 years. That would be for 1981, 1982, 1983, 1984, and 1985.

Just as one example, let me tell the Members that the Carter projections for defense for 1985 were greater in standard dollars, levelized dollars, or then-year dollars, as we call them, than the actual request and the actual budget under the Reagan administration that is so often charged by those who will not hear as being a hemorrhage of spending orgy coming from the Pentagon.

Mr. Chairman, I ask the House to support the committee recommendation and to resist those proposals that would reduce the fiscal year 1988 military program to something that is below imagination.

Mr. BENNETT. Mr. Chairman, I yield 8 minutes to the gentleman from Florida [Mr. HUTTO].

Mr. HUTTO. Mr. Chairman, I would like to make a few general comments about this year's defense authorization bill, and especially the operation and maintenance section contained in title III.

The amendment to H.R. 1748 that will be introduced to bring our bill in line with the House budget resolution will reduce the administration's request by over $23 billion. Like most of my colleagues, I understand the driving factors behind the budget resolution. We must make every effort to reduce the Federal deficit. If the revenue is not there, and if the administration or Congress won't propose new revenue sources to pay for what is required in national defense, then we are forced to make these draconian reductions.

When the Readiness Subcommittee originally reported out H.R. 1748, we stated then that the authorized level of funding did not meet all readiness and quality of life requirements. That level was $87 billion after we cut almost $300 million. Since that action the readiness totals have decreased by another $3.5 billion! This equates to a 1,400-percent increase in reductions to the readiness accounts.

However, given the fiscal constraints that were imposed on us, I believe H.R. 1748, as amended, sets the proper priorities for national defense and is as good as we can expect. For example, as in past years, the committee again protected the personnel and readiness accounts as much as possible. However, the overall magnitude of the reductions required to meet the House budget resolution didn't spare any account, including readiness.

Let's be up front about what we are doing and tell it like it is. The O&M accounts are being asked to do more, with less money.

The recommended level for the operation and maintenance accounts in the amendment has stripped out all program growth and does not even cover the cost of inflation for 1988. Anytime your budget does not even cover inflation you have serious problems.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. HUTTO. I am happy to yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I wonder if the gentleman will go a little more in detail. We are familiar with O&M [operation and maintenance], but I think most people are not. I wonder if the gentleman would go into that in a little more detail and tell us really how badly we are hurting.

Mr. HUTTO. Mr. Chairman, that is a good point, and I assure the gentleman I will do that in the rest of this presentation. I thank the gentleman for bringing that to my attention.

Mr. Chairman, O&M must maintain equipment that is now coming on line. The Congress authorized all these new weapons systems since 1981, and now we must provide the funding to operate and maintain them. New planes, tanks, and ships are only valuable if we can operate and maintain them.

At the same time, O&M must support an increased level of military personnel.

O&M also pays for the increases in civilian workers and contractor personnel that have occurred since 1981.

The Army is forming new light divisions, the Navy is implementing homeporting, everyone wants an improved special operations force, but where are the increases to operate and maintain all these new initiatives?

Medical costs are going through the ceiling, but where is the corresponding increase in the O&M accounts to pay the bills?

Make no mistake about it, the reductions that we have been forced to make will effect every program in O&M. Athough we have recognized problems in medical readiness, depot maintenance and our "people" programs, this authorization bill amount will not solve those problems. In fact, some problems will probably get worse.

In the past we have been able to use smoke and mirrors to protect the O&M accounts. This year the smoke has dissipated and mirrors have cracked. These are real program cuts being made—not adjustments for economic assumptions or fuel refunds.

In making its reductions, the committee recognized the increased role of the Guard and Reserves and protected those accounts. This meant, however, that all reductions were made to the active duty accounts. Let me give you some specific examples of what these reductions probably mean.

For the Army, reducing program growth included such items as: $100 million for unit training; $110 million in medical programs; $20 million for special forces equipment and training; and $20 million for light divisions.

For the Navy: Steaming days will be reduced and the Navy may not be able to meet all of its commitments; defer or cancel 3 or 4 ship overhauls; and defer or cancel aircraft maintenance resulting in grounding of 25 to 50 planes.

For the Air Force: Reducing depot repair workloads will lead to increased cannibalization of planes for parts; flying hours used to train pilots and maintain basic crew proficiency will be reduced by 5 to 6 percent; and the growth for new systems in space operations, GLCM and B-1 will be eliminated.

I think this listing gives you a flavor of what is going to happen to the readiness accounts with this level of authorization.

We are witnessing the continuation of a very dangerous trend. We keep adding responsibilities to the O&M accounts without adding to the authorization request. Without increasing the dollars in the O&M accounts, future reductions to the readiness accounts must be accompanied by offsetting reductions in force structure, military personnel and/or mission requirements.

Even while recognizing all the problems involved in this authorization request, I believe that H.R. 1748 is the best that we can do, given the budget constraints that we are forced to live within. I hope each of us will participate in the discussion on the bill and do what is right for maintaining our national defense.

I want to thank the ranking member, Mr. KASICH for his outstanding help.

We have missed the distinguished chairman of the Readiness Subcommittee, our colleague DAN DANIEL during our hearings because of illness. But we are all delighted that Chairman DANIEL is back and steadily improving. He has done so much for the readiness of our forces and has been an inspiration to us in putting together the O&M portion of this bill.

Mr. DICKINSON. Mr. Chairman, I yield 5 minutes to the very distinguished gentleman from Virginia [Mr. BATEMAN].

□ 1540

Mr. BATEMAN. Mr. Chairman, I thank the distinguished gentleman and our ranking minority member of the Armed Services Committee for yielding me this time.

Mr. Chairman, I rise in support of H.R. 1748, the National Defense Authorization Act for fiscal years 1988 and in part 1989. Although the committee was operating on a faster track than ever this year, I am confident that we have brought a quality piece of legislation to the floor of the House—one that minimally—and I emphasize minimally—provides our Armed Forces with the wherewithal to adequately man, equip, and train against the threats we and our allies face in the world.

Mr. Chairman, H.R. 1748 would make numerous changes as well as approve many items contained in the President's defense request. I am certainly not in agreement with all the changes, but I find myself supporting the vast majority of the bill's provisions.

As some of my colleagues have already noted, H.R. 1748 contains $305.8 billion in budget authority, a reduction of $6.2 billion or 2 percent from the President's $312 billion request. The committee approved real growth in defense budget authority of about 1 percent—a bare bones increase as far as I am concerned, especially following 2 straight years of real decline.

In the interest of time, I will confine my remarks to two subject areas that I believe to be particularly important—seapower issues and military personnel and compensation. I serve on both of the relevant subcommittees and wish to commend the members of these panels for their fine work on behalf of the Nation's defense program.

With regard to seapower issues, H.R. 1748 would reduce the administration's shipbuilding request by $164 million. Although the committee recommended denying authority in fiscal year 1988 for 3 mine countermeasures ships, the committee approved 13 new ships—as compared to 16 requested—and 4 conversions.

Within these overall totals, I am especially pleased to report that H.R. 1748 contains the authorization for replacement—and I do emphasize replacement—of two aircraft carriers in the 1990's.

The bill authorizes long lead funding to replace the U.S.S. *Midway* in the mid-1990's at a point when it will be 52 years old and to later in the 1990's replace an aged *Forrestal* class carrier. The carrier proposal is crafted to preserve our shipbuilding mobilization base and to save up to 16,000 jobs and will save at least $700 million over any other replacement strategy.

This authority is vitally important now, Mr. Chairman. Failure to provide it would scuttle the Navy's ability to maintain 15 deployable carriers, make deploying larger numbers of modern aircraft more difficult and result in higher operating and support costs for the ships themselves. I certainly hope that the House will reject any amendment designed to delete these carriers from the bill.

Another area of interest is attack submarines. The committee approved the administration's request for three SSN-688 attack submarines as well as authority for advance procurement for the lead ship of the SSN-21 or *Seawolf* class. I would emphasize to my colleagues that the SSN-21 represents our best counter to the ever-improving Soviet submarine capability.

Leaving seapower and turning to personnel, H.R. 1748 contains many excellent provisions designed to increase the numbers of men and women in the Armed Forces, provides modest compensation improvements and improves the military medical care system. As ranking member of the Military Personnel and Compensation Subcommittee, I can tell you that we grappled with many important issues, including the pay raise, medical care and officer reductions, and I agree with most of the positions adopted by the committee. For example, the committee provided the full end strength request for all active and Reserve components—an action I view as critical for keeping our manpower levels in sync with operational readiness.

I take exception with the committee's position on the pay raise, however. It was and is my belief that our troops rightfully deserve a 4-percent raise as proposed by the President. I fear that the 3-percent raise approved by the committee is penny wise and pound foolish, and I hope that we can provide a more adequate pay raise during conference with the other body on this bill.

I'll conclude my remarks here, Mr. Chairman, by congratulating all committee members for a job well done and by especially thanking the chairman of the Military Personnel and Compensation Subcommittee, BEVERLY BYRON, and Chairman BENNETT of the Seapower and Strategic Material Subcommittee for their leadership in these past months. H.R. 1748 is not a perfect bill—but it's the best omnibus defense bill by far the House will consider this year. I urge its adoption.

Mr. BENNETT. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Alabama [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, I thank the gentleman for yielding me this time.

I want to make a few remarks about the bill that we face here the balance of this week.

Mr. Chairman, I support the committee position on the military authorization bill. We have reduced the figure from the $312 billion requested by the President of the United States, this administration, to a figure of $305 billion.

I happen to believe that that is sufficient. I say that as one who voted for the bill which has caused us to have to make the sizable reductions that we are going to be hearing about in the next few days.

I happen to believe that a $288 billion defense budget is too much. I think it is highly inadvisable. I think in the aftermath of such a proposal if we did have to go that, I think you would see some reductions in manpower, certainly some significant reductions in weapons systems; so I am prepared to support the committee position when we debate that in tomorrow's session.

I want to speak also just briefly, Mr. Chairman, on the Reserves, the National Guard in particular. Some 3 weeks ago it was my privilege to visit with other Members of Congress some of our troops in Central America. The plane that we went down there on belonged to the Air National Guard, the D.C. Air National Guard.

Mr. Chairman, I have never been treated finer. I have never flown with a more proficient crew and staff people. I have tremendous respect for all our guardsmen, but I want to particularly commend those who were responsible for this particular trip.

Today, Mr. Chairman, 51 percent of all our infantry battalions are National Guard troops. Some 48 percent of all our artillery are Army National Guard. Some 70 percent of our entire air defense is provided by the Guard.

As you and our colleagues are well aware, the Congress has been a staunch supporter of the Army's total force program whereby the combined capabilities of the Active Army, the Army National Guard, and the Army Reserves serve to accomplish the Army's mission.

Further, in recent years the National Guard and Reserves have been given increased responsibilities. All of this is good and it should continue.

One part of the overall effort to increase the overall combat capabilities of the Guard and Reserve have been to provide their technical units with modern weapons systems, especially to those units subject to early deployment in the event of mobilization.

A case in point is the EH-64 attack helicopter for the Army National Guard.

In fiscal years 1985, 1986, and 1987, Congress mandated that 18 Apaches from each of those procurements be assigned to the Army National Guard. It takes 18 Apaches to equip one attack helicopter battalion.

The precedent is well-founded and should be continued because of the combat mission of the National Guard.

The fact is that over a quarter of the Army's total quantitative requirements for the Apache is for the National Guard.

Specifically in March of this year, the Army testified that the National Guard Apache requirement is 270 of the 1,031 aircraft the Army would like ultimately to procure.

Therefore, I strongly endorse the action of the Armed Services Committee which will allocate to the Army National Guard 18 Apaches from the fiscal year 1988 procurement.

Further, I believe the Congress should continue in future years to provide at least 18 Apaches per year to the National Guard. The Apache is an outstanding attack helicopter and the Army National Guard needs it to accomplish its mission.

□ 1550

Mr. DICKINSON. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. ROWLAND].

Mr. ROWLAND of Connecticut. Mr. Chairman, I rise to offer a few comments on the defense authorization bill.

First let me take a moment to thank the ranking minority member and of course the chairman of the committee for their diligent efforts and for the hard work and long hours put in during this past year.

Having said that, I must say that unfortunately I am not personally willing to subscribe to the position that has been put forth by the Democrat majority on this bill.

Tomorrow we are going to vote on a so-called Aspin substitute. Quite frankly, it is a substitute. In other words, it is a substitute of weakness for strength.

In spite of the rhetoric about a military buildup that we have read about and heard about over the past years, the reality is that our Nation's defense needs are cut in real dollars for the third year in a row: 1986, a 2.5-percent decline; 1987, a 4.2-percent decline; and in 1988, if we adopt this substitute, we can look at a 5-percent decline in dollars.

Under the substitute the President is hostaged to compliance with the failed SALT II Treaty, despite the fact that the Soviet Union has repeatedly violated it.

Under the substitute we foreclose our option to test the reliability of our nuclear weapons systems. Testing would be banned—despite the fact that the Soviets are testing.

What is worse than the "official" Democrat proposal are amendments which will be offered—some 400 amendments that are floating around this House even as we speak.

I am told that we are going to see an amendment to kill all funds to develop a mobile basing mode for the Peacekeeper MX missile.

I find it interesting that those individuals who opposed the MX because of its stationary basing mode are now opposed to its mobile basing mode.

Quite frankly, we cannot have it both ways.

If the MX is not survivable in these silos—as some say—then why do some oppose the mobile basing option?

Well, I guess we will see. I will say up front that if an amendment passes to kill the MX rail garrison, I would go a step farther than what the ranking member has said. I will offer an amendment to totally scrap the Midgetman program.

Other amendments will have the effect of gutting our strategic defense initiative. Well, we do not see the Soviet Union cutting back on their SDI research.

As a matter of fact, they are now deploying lasers on some of their ships, and in my mind the only difference between our deploying an SDI system "early" versus the Soviet Union is that we are the Johnny-come-lately.

Lastly, it appears that an amendment will be offered to prohibit any covert operations by the National Security Council. We saw that talked about in an earlier public hearing. Obviously this is an issue which is very "newsy," and appears on the surface to be harmless.

But in my mind, it is bad policy. We will have the opportunity to debate this, but I will make one quick point: If covert action is banned by the National Security Council, we would be in essence shutting the door on the type of activity, the type of action, which actually led to our capture of the thugs who hijacked the *Achille Lauro*. Under this proposal, if it were adopted, President Carter would never have been able to even attempt his rescue attempt to the hostages.

All in all there are some very real fundamental differences between our approach and that of the majority when it comes to defense. Unfortunately, each year as we watch the defense bill come to the floor of the House, it becomes a vehicle for unilateral disarmament. We cannot let that continue to happen. We have a responsibility to provide for the common defense of this Nation—a reminder during this 200th anniversary of the U.S. Constitution. We must fulfill that responsibility prudently, we must do it without wasting taxpayers' dollars, and hopefully at the end of this process we can and will meet all these goals.

I want to thank the committee for the courtesies extended to me, and I look forward to the debate in the next few days.

Mr. BENNETT. Mr. Chairman, I yield 7 minutes to the gentlewoman from Maryland [Mrs. BYRON], the chairman of the Subcommittee on Military Personnel and Compensation.

Mrs. BYRON. Mr. Chairman, as chairman of the Subcommittee on Military Personnel and Compensation, I rise in support of H.R. 1748 as reported from the Committee on Armed Services. There was little program growth in the President's fiscal year 1988 budget request for military personnel, other than funding for a pay raise and increased end strength for the active duty Navy and the Reserve components. Recognizing that reductions would have to be made, however, we attempted to identify a realistic level of cuts. Titles IV, V, VI, and VII of H.R. 1748 represent a reduction of $1.3 billion from the request for fiscal year 1988.

The most difficult issue that we dealt with was the military pay raise. Last year it was 3 percent, effective January 1, 1987. The President's budget requested a 4-percent increase for January 1988, at a cost of $2 billion. Although I think each of us personally would like to approve a 4-percent pay raise, we recognized that was not in the cards in the current budget environment. As a result, the committee approved a 3-percent increase, which is consistent with the budget resolution subsequently passed by the House and results in a $500 million savings in the military personnel account. Given the continued low rate of inflation, a 3-percent raise will adequately maintain the service member's purchasing power relative to the cost of goods and services that must be purchased in the private sector.

H.R. 1748 as reported approved the Active and Reserve end strengths as proposed in the President's budget. There is very limited growth this year: for the active component, a 6,200 increase for the active Navy as a result of manning requirements for new ships; for the Reserve component, a 33,000 increase for the Selected Reserve and a 4,750 increase for Reserve full-time manning as a result of the additional missions being given to the Guard and Reserve. Overall, active duty end strength decreases by 1,850 as a result of the Air Force's decision to take an 8,150 cut in end strength below 1987 levels.

Few personnel issues have generated more uproar within the corridors of the Pentagon than the direction included in last year's authorization bill to reduce the size of the officer corps by 6 percent over a 3-year period. The 1-percent cut in 1987 is already being implemented. As we analyzed the 2- and 3-percent cuts required for 1988 and 1989, however, the committee was very concerned that we simply do not have enough good information or independent analysis on which to base a decision. Clearly, there has been growth in the officer corps since 1980. The questions to be answered are, first, whether that growth is justified and, second, what the impact of those cuts on the force will be. In view of the uncertainties, the committee has recommended delaying the implementation of the 2- and 3-percent cuts for 1 year and directed a comprehensive General Accounting Office study.

Medical care was a particular focus of this year—both peacetime and wartime care. The provisions recommended are the first installment of what I hope will be an even more comprehensive look at the medical care system once the authorization process is completed.

The committee was very concerned about the way that the Department of Defense is proceeding on both its proposed CHAMPUS reform initiative and acquisition of a computerized medical information system for military hospitals—called the composite health care system [CHCS]—and has, therefore, included a series of legislative provisions requiring an adequate test and evaluation process before proceeding further on either program. Our recent experience in dealing with DOD on both programs has been substantially less than satisfactory, so H.R. 1748 would also fence the money to ensure that congressional intent is adhered to.

For peacetime medical care, we have included a provision prohibiting implementation of the Office of Management and Budget's required test of a so-called "user" fee at military medical facilities, proposed a $1,000 catastrophic cap on out-of-pocket CHAMPUS expenses for active duty families, and earmarked a portion of the Navy's end strength growth for medical personnel.

The committee has recommended a package of initiatives to address serious shortfalls in medical personnel in the Reserve components which must provide two-thirds of our medical manpower in the event of a mobilization. Unfortunately, the Department of Defense has exerted very little leadership in this vital area. Any improvements have been the direct result of congressional intervention. In the fiscal year 1986 authorization bill, this committee proposed two initiatives—the stipend and loan repayment programs—to increase manning in critical wartime specialties like surgeons and operating room nurses. This year the committee has proposed several improvements to these previous initiatives, as well as several new programs, to enhance our wartime medical manpower capabilities.

In conclusion, titles IV-VII of H.R. 1748 are an attempt to maximize available military personnel resources, consistent with anticipated budget reductions, and I urge their approval.

□ 1600

The CHAIRMAN pro tempore (Mr. GRAY of Illinois). The gentlewoman from Maryland [Mrs. BYRON] has consumed 6 minutes.

Mr. DICKINSON. Mr. Chairman, I yield 7 minutes to the very erudite, persuasive, silver-tongued gentleman from Illinois [Mr. DAVIS].

Mr. DAVIS of Illinois. Mr. Chairman, I thank the gentleman for the glowing introduction.

My colleagues here know this fact. I am telling those who are in the gallery and those listening to the sound of my voice that I am a freshman Congressman, and I am a freshman Congressman that came to Washington and outrageously lobbied, as my colleagues know, for the House Armed Services Committee assignment and was grateful for receiving that assignment, as well as the prestigious Veterans' Affairs Committee.

I was then appointed to the Subcommittee on Military Personnel and Compensation and the Subcommittee on Readiness of the Committee on Armed Services, and ultimately got an appointment to the Defense Policy Panel, one of the only two freshmen serving on that body that is supposed to meet and does meet to discuss the policy of defense, the policy of security, and the policy of defending America against all intruders in the Committee on Armed Services.

What I did not do was come to Washington, DC, to preside in the 100th Congress over a negative defense budget and over a continued negative defense budget that takes us back to the late 1970's when helicopters would not fly, when there were no bullets for rifles, when ships could not steam to sea for lack of spare parts, when aircraft would not fly, and when the morale of the troops in the field and the sailors in the Navy, and those serving in the gallant Air Force was at its lowest point since the Vietnam war.

No, I did not come here to do that, so when the Defense Policy Panel met and decided to budget to threat rather than the crazy way things are done around here sometimes, Mr. Chairman, a budgeting to budget, I not only agreed and added my voice to that, but virtually that whole panel, save 2 or 3 Members out of 25, agreed that it would be a good idea to budget to the threat to America rather than to the budget that was being fashioned and decided by a group of people who were not even on the House Committee on Armed Services, and who in and of themselves knew nothing of the threat, and who produced a budget resolution for us to vote on subsequently that was $23 billion less than the President's request and some $16 billion, $17 billion less than the responsible mark of the House Committee on Armed Services, who said, yes, indeed, we will be responsible. We will budget to the threat, but we are going to cut the President's request responsibly, and the entire House Committee on Armed Services did that, and they budgeted to $306 billion to the threat, to the continution of the modernization of America's fighting force, and to the morale and the quality personnel that serves in those Armed Forces, and to stem the rising tides of Soviet adventurism throughout the world and the Soviet threat.

Yes, indeed, we budgeted to that; but at the same time, we cut the President's request by $6 billion, a thoroughly and totally conservative look at the budget, and one that was realistic, and that is the bill that is before us today.

Those that would speak against it, I assume, then tomorrow would vote for the so-called Aspin substitute, which takes that budget down another $16 billion and cripples R&D, and guts procurement, and takes O&M accounts, operations and maintenance, the very stuff from which training, readiness and gasoline is made out of.

Pay increases for the military, compensation in terms of medical benefits for dependents and for retirees will be cut and slashed to the bone through the further efforts of that Committee on the Budget who gave us a mark, and said, this is what it will be, and yet its very chairman said privately to other Members, "Well, maybe it will be higher later; we will tell you what it is."

Who is the policy panel? It is the House Committee on Armed Services.

Mr. Chairman, you know that, and you believe that. Mr. Vice Chairman, you know that, and you believe that.

A previous speaker said on this side of the aisle, we should budget to the threat; and if it is 288 or 289 or 281, that is what it ought to be.

I would say to that speaker, if you believe your words, what if it is 340, will you vote for it then, because maybe it is truly higher if we have not done our job as I believe we have?

This is a good bill. We will have an opportunity the next day, the day after, to find out just how bad the substitute is. We will have an opportunity to discuss SDI, ABM, conventional defense initiatives.

As we zero out intermediate nuclear missiles in Europe, we are going to have to replace those intermediate nuclear missiles with conventional forces and conventional buildup.

There is a general misunderstanding about the defense budget to begin with. Well over half of it goes for spare parts, for machinery already in place, and for training and for military compensation and benefits for personnel.

Almost two-thirds of its goes for things already in progress, and the balance is for new hardware that we have to continually modernize to meet the threat.

I simply say to the Members, this is the bill. This is the one that requires and deserves your vote, not the Aspin substitute. As we go through those 435 amendments that we will have before us in the next 2 weeks, we certainly ought to pick and choose on policy, as rightfully this great hall of debate should do.

This is the vehicle; it is not the Aspin substitute. This is it, and it deserves your vote, and those switchboards ought to light up today, tonight and tomorrow, and tell your Congressman, H.R. 1748, committee vote is the right vote.

The CHAIRMAN pro tempore (Mr. GRAY of Illinois). The Chair would announce that the gentleman from Florida [Mr. BENNETT] has 21 minutes remaining and the gentleman from Alabama [Mr. DICKINSON] has 33 minutes remaining.

Mr. BENNETT. Mr. Chairman, I yield 6 minutes to the gentleman from Virginia [Mr. SISISKY].

Mr. SISISKY. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, we have talked about two budgets in here, almost three budgets.

What I am going to talk about today is a very narrow part of that budget having to do with long lead time of aircraft carriers.

The committee saw fit to put it in both of the budgets, and we will be debating some amendments here on the floor this week or next week concerning these aircraft carriers.

So the record will be straight, these are replacement carriers, they are not adding to our 15 battle groups. They are not going to cost $37 billion. They are going to cost about $7 billion over a 10-year period.

Now, let us talk about the carriers.

Carriers have three peacetime purposes: First, to establish U.S. presence; second, remind other countries of American interests; and third, deter aggression. In war, carriers: First, protect sealanes; and second, attack the enemy.

Although the Navy uses forward deployment to justify a minimum of 15 carriers. I think other arguments for 15 carriers have been somewhat overlooked.

Since 1955 the Navy has been involved in over 90 percent of the situations where U.S. forces deployed in response to a crisis. About two-thirds of those incidents involved carriers.

Carriers provide an unparalleled diplomatic resource for preserving peace and protecting U.S. interests by responding to a broad range of threats across the entire spectrum of conflict.

As a rule it takes three carriers in service to keep one deployed. Many people don't realize we routinely have only five carriers overseas, with the rest in port or near the U.S. coast.

Normal carrier rotation is: As one returns to port, a second is training, and a third overseas. That doesn't mean we only deploy five carriers. It means deploying one-half or two-thirds of the force is about the maximum reasonable peacetime limit.

A carrier's fighting ability is almost entirely in its planes. Since we upgrade the system by developing new aircraft, a carrier can stay in the fleet half a century. For example, *Coral Sea* was commissioned in 1947, upgraded in 1983-85 and is now the first CV to deploy an all F/A-18 airwing.

That airwing has the power of 10 World War II carriers. And although we don't always think of carriers in the context of antisubmarine warfare, carrier-based planes provide significant ASW potential.

Someone always asks whether land-based planes could do the job better. But land-based planes need bases, and the United States neither has nor can afford adequate overseas bases to meet our security requirements.

Nor can we afford the long range, high endurance planes needed to meet these requirements from bases in the United States even it such planes could perform ASW, surveillance, and launch cruise missiles, it's not likely they could establish air superiority.

Carriers are less vulnerable than land bases. The United States lost several hundred air bases during World War II. In Korea, all South Korean air bases were captured during the first 5 days. By 1973 alone, 400 United States planes were destroyed and 4,000 damaged at land bases in South Vietnam.

None of the bases we built in Southeast Asia remain in our hands. During the last 40 years we've reduced operational overseas air bases by more than one-half and it's unlikely the trend will be reversed.

This is the problem that carriers solve.

With respect to survivability, the general rule is: The larger the ship, the harder it is to sink. The reason: Damage affects a smaller portion of the ship, and larger ships can be built to isolate and insulate critical components.

Although nuclear power adds about 30 percent to acquisition costs, the life cycle costs of a nuclear carrier are within 2 to 3 percent of a comparably sized conventional carrier. However, nuclear propulsion does have advantages.

Nuclear carriers have three times the ammunition and four times the aviation fuel storage capacity of conventional carriers. Nuclear carriers are also fast, sailing from Norfolk to the Mediterranean in less time than conventional carriers.

Reactor fuel lasts 13 years and eliminates the oil tanker umbilical cord. Conventional carriers depend on tanker support, giving an enemy the opportunity to strand carriers by eliminating tankers.

Carriers were originally planned for fiscal years 1984-96, at a cost of $10 billion. The Navy changed plans when they discovered a two ship buy at an earlier date could save as much as $3 billion, with less disruption to the industrial base.

This was a result of the under budget construction and early delivery of *Theodore Roosevelt*. Follow-on construction of two ships will allow Newport News to expand modular construction and accelerate the work force learning curve.

Building these ships now takes advantage of the intact labor pool and skill resources. Postponing construction will increase costs, as well as place us in a more precarious economic and national security environment during the coming decade.

In conclusion:

First, we need 15 carriers;

Second, carriers are more survivable than land bases or other ships;

Third, carriers are a durable, long-term investment;

Fourth, postponing the decision will increase the price; and

Fifth, buying both now is more affordable than any alternative.

□ 1610

Mr. DICKINSON. Mr. Chairman, I yield such time as he may consume to the very suave and debonaire gentleman from New York [Mr. MARTIN].

Mr. MARTIN of New York. I thank the gentleman from Alabama.

Mr. Chairman, I would like to extend to the chairman of the Military Construction Subcommittee, RON DELLUMS, this Member's most sincere appreciation for the truly outstanding leadership, fairness, and personal dedication that he has shown in guiding the subcommittee through some difficult times. I know that the other Members on this side of the aisle would agree with me that we are extremely fortunate to have the gentleman from California chair the subcommittee that is responsible for adequate and acceptable living and working conditions for our military personnel.

As my good friend, the gentleman from California stated, the committee had to make some very deep cuts in this year's military construction authorization to meet the numbers. If I may, let me recap some other numbers for you that will show an indication of where we are going in this area. In 1985, the military construction authorization was cut by 14 percent—in 1986 it was cut by 11 percent—and in 1987, 16 percent. The cuts that had to be made this year are 11 percent if the original committee position prevails, or 18 percent if the Aspin substitute prevails.

There are two very important points that I would like to make at this time.

One, the cuts that had to be made in the past years were not made because the requested projects were, in our opinion, not needed; nor were they cut because the services were trying to goldplate their existing empires. All of the projects submitted, as far as I am concerned, are for badly needed replacement facilities or facilities for new missions and equipment. The replacement facilities, for example, are for getting our troops out of World War II wood facilities where they live and work. During the past several years, the Defense Department has established new missions and purchased a considerable amount of new equipment which is now being delivered. Regardless of any members policy position on defense strategy or new weapons systems, once we the Congress have decided to improve our defense capabilities and add new and improved weapons, we can not forget about the people who must then be trained in and operate that mission and equipment.

Second, let me point out that as the military construction budget has been cut each year, the Department of Defense continues to request approximately the same level of authorization. From the Defense Department's viewpoint, one might ask—as this account is cut each year, why not reduce it and not take the chance on lost authorization? The facts are that the Department of Defense, recognizing the critical needs of the services, places a high priority on military construction.

The cuts that have been made over the past 4 years were made to get to a number, a budget number. At the rate we are going, we will quickly be right back where we were during the Ford and Carter years. During the past few years, we have been fighting a battle of damage control rather than repair and rebuilding. We will pay someday for this shortsightedness—hopefully only with money.

Mr. Chairman, I believe the committee has produced a bill that, considering the reductions that had to be made, has met the needs of the services as well as possible. I urge my colleagues to consider the military construction section of the Defense authorization bill carefully and give it their full support.

Mr. Chairman, I would be remiss if I did not take a minute to thank the staff of the Military Construction Subcommittee which has worked so hard to put our bill together. We see in some areas of Congress where we have huge staffs. I want to let you know that we have five staff members in Military Construction which put this budget together and helped us with many of these very difficult decisions.

With that, I would close by asking support of our committee bill and the total rejection of the Aspin substitute.

The CHAIRMAN pro tempore (Mr. Gray of Illinois). The gentleman from New York [Mr. Martin] has consumed 5 minutes.

Mr. BENNETT. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. Darden].

□ 1620

Mr. DARDEN. Mr. Chairman, I thank the chairman for yielding time to me.

Mr. Chairman, for the past 4 years, it has been my privilege and opportunity to serve on the Committee on Armed Services, and specifically, to serve on the Subcommittee on Research and Development with the Honorable Melvin Price of Illinois and the ranking minority member, the gentleman from Alabama [Mr. Dickinson].

This has been a very wonderful experience for me to have an opportunity to see first hand how our military procurement is begun at the research and development level.

At this time, I would like to issue a report on behalf of our chairman, the gentleman from Illinois [Mr. Price], outlining briefly the activities of this committee to be found in this bill.

FLOOR STATEMENT OF THE HONORABLE MELVIN PRICE OF THE RESEARCH AND DEVELOPMENT SUBCOMMITTEE

"Mr. Chairman, the administration requested $43.7 billion for the Department of Defense fiscal year 1988 research, development, test, and evaluation program. This represents a sizable increase over the $35.8 billion appropriated by the Congress for the fiscal year 1987 RDT&E program.

"In consideration of Gramm-Rudman-Hollings and the present situation with the Federal deficit, the committee could not endorse the administration's request for 18-percent real growth in the fiscal year 1988 RDT&E program.

"The committee recommends reducing the administration's request by $7.9 billion for several significant reasons.

"First, in several areas the Department of Defense wanted to pursue research and development at the expense of on-going production programs. The most notable example was the decision to begin the phase out of the Army's AH-64 Apache Helicopter line. Accordingly, the committee did not support the Army's light helicopter experimental [LHX] program in consideration of the fact that several hundred million dollars would be recommended for addition to the procurement account to ensure continuation of the Army's first line helicopter programs.

"The second reason for the committee's mark stems largely from the fact that the dollars that we approve today for research and development generate a requirement for tens of dollars within a 5- to 10-year period. There is a perception that in the Department of Defense research and development program the services are trying to execute too many programs—some of which are "nice to have" rather than pursuing fewer programs that are absolutely essential in a more efficient manner.

"There has been far too much duplication of effort in the defense research program and it is imperative that we eliminate needless redundancy and improve the return on our defense research investment.

"The more significant actions taken by the committee in reaching this level included a reduction of $1.7 billion from the administration's request of $5.2 billion for the strategic defense initiative [SDI]; a reduction of $106.0 million from the request of $356 million for the Antisatellite Program, a reduction of $227 million from the request of $402 million for the light helicopter experiment [LHX] program; a reduction of $200 million from the request of $1.2 billion for the C-17 aircraft; and a reduction of $342 million from the request of $592 million for the Intercontinental Ballistic Missile Alternate Basing Program. The committee recommended deletion of all funds for the Army's Aquila and Patriot Antitactical Missile Systems, and the Navy's Advanced Anti-Aircraft Missile, Airship, Advanced Lightweight Torpedo and Battle Group Passive Horizon Extension System Trainer. The committee recommended increasing authorization for the conventional defense initiative [CDI] by $328 million, university research initiative [URI] by $107 million, and the advanced attack submarine by $100 million. The committee also recommended authorization of $2.9 billion of the $44.2 billion requested for fiscal year 1989 primarily for the technology base, 6.1 and 6.2, activities.

"The committee made a number of 'efficiency' adjustments—most notably in the areas of tactical fighter aircraft and electronic warfare.

"Mr. Chairman, I have highlighted the more significant actions taken by the committee."

However, many changes were made, and the reason we were able to make these changes, I think, and stay within budget, was because of the tremendous amount of cooperation exhibited by both the majority and minority members of this committee.

We work together as a team, and I think we have an effort of which we can all be proud.

I ask that my colleagues join us in passing the recommendations of the Subcommittee on Research and Development.

Mr. DICKINSON. Mr. Chairman, I yield 7 minutes to the gentleman from Arizona [Mr. KYL], who is a very loquacious gentleman.

Mr. KYL. Mr. Chairman, first of all, I would like to make some general comments and then discuss a couple of specifics regarding the committee bill, specifically the strategic defense initiative and the MX rail garrison.

Mr. Chairman, let us recall where we started. We started with the President requesting $312 billion in spending authority for the Defense Department, and with the committee coming in at $305.7 billion. We then find a House budget resolution that would take us down to $289 billion. This is in the context of cuts in real growth over the last 2 years of 4 and 3 percent, respectively.

The committee mark would take us to an additional 5-percent reduction in real growth this year. The recent history of the Defense Department budget, in short, is not good.

Referring to this negative growth in comparison to earlier years of real growth, Chairman ASPIN said this:

> This boom-or-bust approach to defense budgeting does no good, either for our economy or our national security. For years, we have been demanding that the Pentagon and defense contractors shape up and produce efficiently. Then we jerk them around by boosting the defense budget 13 percent in 1981 and slashing it 4 percent just 5 years later. We ask them to be rational and efficient; then we treat them irrationally and inefficiently.
>
> What we need is a commitment by left and right, Democrats and Republicans, liberals and conservatives, to raise defense spending modestly, but consistently, say for a decade or more. Then and only then can we rightfully expect greater efficiency from the Pentagon.

The President's request of $312 billion represented a 3-percent growth, a modest growth. The committee budget of $305 billion clearly represents a less-than-modest growth. But the proposed Aspin substitute of minus 5 percent is totally inadequate, particularly coming upon the heels of years with 3 and 4 percent minus growth, respectively.

To the chairman's credit, he has acknowledged as much when he said that the attempt to comply with the budget resolution and at the same time fashion a rational and reasonable defense budget is impossible.

He said, and I am quoting:

> There are three choices. One could ignore the Budget Resolution; but that can't be done for long under the House Rules. One could brutalize the personnel and O&M accounts; but that makes for very foolish policy. Or one can play the game of smoke and mirrors."

That, Mr. Chairman, is precisely what has happened.

To cite just one example, the chairman found that after making all the deep and serious cuts in the committee mark, he still had to find another $4.7 billion. To do that, he opposes a substitute directing the Department of Defense to hold all payments that would otherwise be made in the last 10 days of fiscal year 1988 until the start of the fiscal year 1989, thereby, out of nowhere, coming up with an additional $4.7 billion in savings.

To his credit, here is what he said about that:

> This isn't brilliant policy. It's pure and simple gimmickry. I make no pretenses about it. But I also do not wish to hide it.

I commend the chairman for his responsibility and his candor. His remarks are really eloquent testimony for the committee bill.

Some of the cuts in his substitute constitute very bad policy, Mr. Chairman. To cite just a couple: Significant cuts in strategic programs, including elimination of 9 of 21 requested MX missiles; deleting of an additional $250 million in SDI funds. This comes on the heels of a $2.1 billion reduction in the committee mark from the administration's request.

In addition, reductions in classified programs, including the advanced technology or of Stealth bomber; $98.5 million cut for the Trident 2 D-5 missile, and elimination of the ground-launched cruise missile funding and all but $50 million in ASAT funding.

□ 1630

And there are many, many more. But the point, Mr. Chairman, is that these cuts were deep. Let me refer specifically to SDI, because the SDI Program has brought together through its accelerated research program a very clear indication of how the United States could protect itself in the future, even though the Congress has cut the President's request over the years. In fact research has accelerated and we have now determined that it is possible for us to develop a program which would be effective against the Soviet Union.

As a matter of fact, the George C. Marshall Institute study demonstrates in clear and specific terms how we could deploy a system by 1994 if that deployment decision is made later on this year. With these reports confirming the fact that the President's vision of a moral strategic defense could become a reality, the real debate regarding SDI has shifted. It is no longer a question of whether we can deploy a space shield but, rather, when we can do so.

So, the point is not whether we can do so but when we can do so. And I submit this is the real danger, because what the committee did was to stop SDI dead in its tracks by insisting upon a resolution, which passed by one vote, I might add, which would restrict us to a narrow interpretation of the ABM Treaty, thereby effectively precluding us from moving forward with testing and development of SDI.

I submit this is bad policy. The Soviets have not so constrained themselves, and we should not tie our hands.

Mr. Chairman, it is beyond me why we would want to tie our hands when the Soviets have not done so themselves, when they have spent close to $150 billion in the last 10 years on their own version of the strategic defense, and when they have continually violated the ABM Treaty themselves. There is no reason to tie our hands at this point. It harms our negotiations with the Soviets, it ignores Soviet violations, and in fact I would suggest that it condones these violations and it precludes us from testing. We should reject this kind of language which would preclude SDI testing when we are ready to do so.

Finally, Mr. Chairman, I want to comment on the ICBM modernization, because the committee's very modest $250 million for this program for a study for mobile basing for the MX and the Midgetman is significantly less than what the President requested. He requested $591 million. This request is for $341 million less than was requested, so the committee made a huge cut in our effort to find a way to protect the Midgetman and the MX missile.

If there are any further attempts to cut the $250 million, I will reluctantly offer my amendment to reduce Midgetman funding to $1 billion. There is little reason to have either the MX or the Midgetman if we cannot protect them. We must move forward expeditiously to determine what kind of mobile basing mode will work the best.

To summarize, Mr. Chairman, those who have spoken before me have correctly pointed out that this year's defense budget request is a minimum, a modest request. Second, we should not place handcuffs on our proceeding with SDI testing, by insisting upon a narrow interpretation of the ABM Treaty.

Finally, Mr. Chairman, we should not further restrict the funding to study a proper mode of basing for our MX and Midgetman missiles. I support the committee bill with these few changes and will oppose the Aspin substitute.

Mr. DICKINSON. Mr. Chairman, I yield such time as he may consume to the ranking member of the Committee on Foreign Affairs, the gentleman from Michigan [Mr. BROOMFIELD].

Mr. BROOMFIELD. Mr. Chairman, it is my understanding that the Democratic leadership intends to add to this bill dangerous language on how the United States should negotiate with the Soviets. Under a "shadow" arms control policy, the Democratic leadership is trying to use the DOD authorization as the forum for United States-Soviet negotiations. They also intend to prevent the United States from making necessary responses to Soviet noncompliance with arms control agreements.

Negotiations on arms control should be between the United States and the Soviet Union—not between the United States President and the United States Congress. This is hardly the time for the Congress to send the Soviets more signals of United States capitulation on SALT II, nuclear testing, ABM, SDI, and Asat matters. The Democratic leadership's provisions make it less likely—not more likely—that we can persuade the Soviets to join us in real nuclear arms reductions.

The Secretary of State has just concluded sensitive, high level arms talks with the Soviets. Although much work remains, substantial progress was made. We expect more progress in the Geneva round beginning this week. We cannot afford to send the President's negotiating team to the bargaining table with their hands tied behind their backs by Congress.

The best way to control the arms race is through negotiations for mutual and verifiable arms reductions. That is what the U.S. team is doing—if the Congress will permit it.

The Congress should not undercut the nuclear arms reduction process at the very time when negotiations are reaching more sensitive and productive stages. I urge my colleagues to oppose the Democratic leadership's damaging arms control agenda. Support the President and our negotiating team in Geneva by voting against restrictive arms control amendments.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I am happy to yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, let me say that I could not agree more with the gentleman. The gentleman has spent a great deal of his life working on the Foreign Affairs Committee, and he deals in this subject matter. Actually it is not a proper subject of an authorization bill for the Committee on Armed Services, but under the rules of the House it is proper, so they are using this forum to debate the issue.

But I agree with the gentleman, and if I understand it correctly, what is intended here is to bind our negotiators who are presently meeting in Geneva to negotiate. And by "negotiate" we mean to participate in give-and-take. What we are attempting to do, as seen by the proposed amendments, is to tell the Soviets, you don't need to negotiate. We will tie the hands of our negotiators. We will tell them in advance by statute that we are writing in the law what they can and cannot do, so there is no need to negotiate or do anything. We will give it to you to start with.

Is that a fair understanding of what we are doing?

Mr. BROOMFIELD. Yes. And I think the effect of it makes it harder for the U.S. negotiating team. They ought to have the flexibility in dealing with the other side. Things are moving forward, and their hands should not be tied by any action taken by the Congress. They are not the negotiating team; it is the President of the United States.

Mr. DICKINSON. I cannot imagine anyone expecting our negotiators to be able to come out with any sort of worthwhile product if the Soviets can read—and they do read our papers—in the paper where we are mandating in advance what they may or may not do. We are giving up any strategic advantage we might have. We are saying that "you can't have this weapons system." We are saying, "you can't deploy this."

All they have to do is sit back and wait because we in the House of Representatives will do all the negotiating for the Soviets, and they will sit back and chuckle and say, "thank you. We appreciate all you are giving us, and we don't have to negotiate."

Mr. BROOMFIELD. Mr. Chairman, I agree with the gentleman.

Mr. BENNETT. Mr. Chairman, I reserve the balance of my time.

Mr. DICKINSON. Mr. Chairman, I yield such time as he may consume to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I wish to take a few minutes of the general debate—which has focused largely on the flashy, headline grabbing issues like SDI, Midgetman, the ABM Treaty, the two aircraft carriers, the SSN-21, and the Bradley fighting vehicle among others—to talk about a much less visible and more mundane defense issue: military construction and family housing.

Somewhere in the din of the debate over these more prominent issues, military construction and family housing got lost. They became the Unknown Soldiers of the congressional debate over the defense budget.

As a new member of the Appropriations Subcommittee on Military Construction, I've received a crash course over the last 3 months on this remote subject. Considering that the military construction appropriations is roughly 3 percent the size of the budget that the Defense Subcommittee reviews, we are able to delve into the military construction budget in some detail.

And some of the statistics I've learned are eye-openers.

The Army has over 60,000 troops living in substandard housing, most of those live in wooden buildings built during World War II as temporary facilities. Thousands more work daily in these same sorts of antiquated, dangerous facilities that in most cases have been declared unfit for use as housing and as a result are converted to office space.

At many of the Army's major posts in the United States over 20 percent, and in some instances over 25 percent, of their facilities are wooden World War II era buildings built as temporary facilities designed to last roughly 5 years. Well, it's over 40 years later and these obsolete, hard to maintain, and costly to operate facilities are still in use at practically every Army post worldwide.

While the Army is in the worst shape, the Air Force and the Navy have smiliar tales to tell.

The Department of Defense maintains a modest goal for the services and that is to replace 2 percent of its facilities annually. Put another way, the services should turnover its entire physical plant every 50 years. This is, as I said, a modest goal considering that private industry replaces its physical plant, typically, on a 25-year cycle. In other words, private industry replaces a building twice by the time DOD replaces the same building once.

Unfortunately, the real world of military budgeting turns out to be far worse than DOD's 2-percent goal. The Army told our subcommittee in a recent hearing that they would need a 110-percent increase over the level of this year's request; needless to say this authorization bill provides something less than this 110-percent increase.

The Air Force and the Navy are in approximately the same shape. Each is funding construction at roughly something approaching an 80- to 120-year replacement cycle. Again, this means that the services are holding on to building anywhere from 3 to 5 times as longer than the average private business.

So who is to blame for this situation?

In a historical sense, the blame falls on those who allowed the defense budgets of the seventies to decline significantly in real terms. One largely unpublicized consequence of that was a prolonged deterioration of the services' physical plant that created staggering backlogs of construction and maintenance requirements; backlogs the services are struggling with today.

In recent years the tendency has been to blame the Pentagon for not putting their money where their mouths are—for not requesting more money for the construction requirements they say are so great, for not making construction a more visible, higher priority part of their budget.

After all, how serious can the Defense Department be about these backlogs if military construction is only 1.8 percent of the their budget and family housing is an even smaller 1.1?

On the surface, that line of thinking makes a lot of sense. But as with most issues before this body, it's not so easy, not so cut and dry. I'm afraid some of the blame can rightly be laid at our doorstep.

Let's look at what Congress has done to these requests for construction and family housing—which, as we've already established, are rather small in comparison to the overall defense budget.

But Congress has done even worse in each of the fiscal years 1985, 1986, and 1987 the Pentagon requested slightly over $10 billion—just as they have for this fiscal year.

What level of authorization and appropriations have they received in those years? Roughly the same amount each year, $8.3 to $8.4 billion.

What level is authorized for fiscal year 1988 in this bill? $8.3 billion under the Aspin substitute and $8.7 billion under the original committee bill.

So for 4 years, we have cut the administration's request by about 20 percent. Now perhaps you can see why I say we shouldn't be so quick to heap all the blame on the Pentagon.

The logical reaction to these figures is: Why should military construction and housing be exempt from the sizable cuts Congress has made to the administration's defense budget? Shouldn't construction be treated like all the other parts of the defense budget?

Well, yes and no. Yes, it should be treated like other parts of the defense budget if, within the defense arena, you see construction as a priority equal to other parts of the defense budget. But the answer is "no" if you believe that construction should be treated as a higher priority.

The authorizing and appropriating committees have set aside the personnel and operations and maintenance areas (the so called readiness accounts) as high priorities and refused to make across the board cuts in these areas.

Instead, the defense committees have chosen—and rightly so—to make deeper cuts in the investment accounts, procurement and research and development—even though the Gramm-Rudman imperative of keeping outlay figures low suggest just the opposite approach.

That military construction and family housing do not even come up in the debate over readiness accounts versus investment accounts is quite telling. It demonstrates that construction is simply not part of the defense budget debate at all. It's become just another area to make cuts in to meet the budget resolution target.

If you doubt this is the case, let's examine how construction fares in this bill when compared to procurement and R&D—the accounts the bill report would have you believe were sacrificed in order to preserve the readiness accounts. First, procurement was cut less than 1 percent under the committee's original markup and 9 percent under the Aspin amendment. Research and development, less SDI funding, was cut 4 percent in the original and 15 percent under the Aspin substitute.

How does military construction compare to procurement and R&D? In one word: poorly. Under the original committee bill, military construction and family housing were cut by 11 percent. Under the Aspin substitute, by 18 percent.

I would argue that military construction deserves a higher priority than serving as the first account on the chopping block. While military construction and family housing could arguably be placed in either the investment category or the readiness category, I think it needs to take its place along side the personnel and O&M accounts, but not simply because of the size of the backlogs or the number of so-called temporary wooden buildings our troops will live and work in.

Military construction belongs on the readiness side precisely because it makes important contributions to readiness and sustainability—through higher morale, increased retention, greater productivity, higher sortie and availability rates and other measures of the capability of our Armed Forces.

As a member of the Appropriations Subcommittee on Military Construction, who will be bound by these continuing flat levels of authorization when we go to mark up the appropriations bill, I am disappointed in this authorization bill. I will not be offering an amendment to correct the 18-percent reduction in militalry construction, largely because of the near impossible task of shifting funds from procurement or R&D accounts—that, for the most part, have a considerable constituency in the Congress—to military construction or family housing.

A one-shot effort to increase funds for military construction would be treating the symptom, not the disease. Rather, my purpose today is twofold: First, to call attention to this often overlooked portion of the defense bill and to point out the enormous cuts it has sustained in comparison to other arenas of the defense budget, not only this year but in the previous 3 years. Second, to urge the Armed Services Committee to take a longer view of the role of military construction in the overall defense budget.

While an amendment to increase construction funds in this year's authorization bill would be helpful, the real answer is for the Armed Services Committee, and the Appropriations Committee, to incorporate military construction and family housing into the larger defense budget.

When that is done and military construction is viewed on the merits in comparison to other portions of the defense budget, I feel confident that we will start to see the funding of military construction begin to match the current rhetoric about its importance. Then we can truly say that military construction and family housing are no longer the Unknown Soldiers of the defense budget debate.

□ 1640

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. KOLBE. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, just as an observer here, it seems to me that if we could sever the military construction from the balance of the defense budget, it is under less attack. Every year we seem to be getting more and more attacks against the total Defense bill.

In the past we have treated it separately and it got by pretty well unscathed, so perhaps we ought to give some thought in the future to this.

I really believe that since our Defense bill every year gets more cumbersome with more amendments, gets bigger and takes more time, this year it is going to take 2 weeks before we get finished with it, perhaps we ought to look at fragmenting and breaking up parts of it and perhaps military construction would come out better. Maybe that would be a good thing to do. It is something to think about.

I appreciate the gentleman's comments.

Mr. KOLBE. Mr. Chairman, I appreciate the vice chairman's comments.

If that is the answer, I certainly would like to see that done.

As the gentleman from New York pointed out a few minutes earlier, however, the military construction part of the budget is actually taking a bigger share of the cut this year than before.

One of the figures that to me is so telling is that the military, all the Services, they claim, are pushing to get on 50 year replacement cycle for all their facilities. That is about double what the private sector would do, a business, or a factory, where they are on a 25-year general replacement cycle for schools, plants and factories.

In point of fact we are nowhere even close to a 50-year replacement cycle and, indeed, with the current level of appropriations for several of the Services we are well over a hundred-year replacement cycle. That is totally unacceptable and eventually we are going to have to face this issue.

I appreciate the suggestions of the vice chairman in that regard and I thank the gentleman for his comments.

Mr. DICKINSON. Mr. Chairman, I reserve the balance of my time.

Mr. BENNETT. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. DANIEL].

Mr. DANIEL. Mr. Chairman, I thank the gentleman from Florida for yielding me this time.

Mr. Chairman, there is only one yardstick by which a defense budget should be measured, and that is the threat. Indeed, the purpose of our defense establishment is to advance American interests in world affairs in the event diplomacy fails.

The figures as proposed by the Budget Committee do not meet that test.

The operation and maintenance account fared relatively well, when compared to other Department of Defense accounts. But it in no way meets the requirements of people programs, flight and steaming hours, and personnel training.

Mr. Chairman, I would like to take this opportunity to express my genuine appreciations to Mr. HUTTO and Mr. KASICH, as well as all the other members of the Readiness Subcommittee for their leadership and their efforts on behalf of the readiness of our forces. For the first time since becoming a Member of Congress, I was absent, due to personal illness, from the hearings and markup of this section of the Defense authorization bill.

This bill gives short shrift to preparing us for low intensity and special operations activities. While there has been some improvement in our capability, our lack of airlift and communications could prove fatal, in the event of an emergency.

There is only one weapon system which I would like to address, and that is the Marine Corps' Harrier.

Mr. Chairman, I am deeply concerned about many elements in this year's bill, but none more so than what we are about to do the U.S. Marine Corps. The effect will be little short of disastrous.

The corps has a well-defined role to play in our national defense, and its procurement program has consistently been kept mission-directed. In this bill we are debating today, however, we have, by way of a procurement decision, fundamentally changed the Marine Corps doctrine.

Buried in this bill is the termination of the Harrier program. The Harrier has been the subject of major debate and of congressional support in past years. It has allowed the marines to fly and fight ashore without having to capture or construct airfields. We will now just throw away that doctrinal breakthrough. Without discussion or debate, and in the absence of any major hearings.

At no time did the committee consider this action and its effect on the rule of the Marine Corps, and we can only hope we do not find out the hard way that a grievous mistake has been made.

Why was funding deleted for this program? It was done to "pay" for programs in other categories—programs which do not duplicate the Harrier's role. It was done, purely and simply, to keep the numbers in balance.

In balance with what? That is not an easy question to answer. We are working against dollar amounts incorporated in a budget resolution which has not been adopted, and which will theoretically be incorporated in an appropriations bill which may or may not be passed.

The system has devoured the purpose for which it was established. The Armed Services Committee—as with all authorizing committees of the Congress—is becoming superfluous to the legislative process.

It has been this Member's position that if we can do no good, we should at least strive to do no harm. With this bill before us today, we fail this test.

Mr. STRATTON. Mr. Chairman, with the exception of seapower programs, my remarks will cover title I of H.R. 1748, the procurement section of the fiscal year 1988 National Defense Authorization Act.

As members recall, the committee marked up the fiscal year 1988 defense request before the budget resolution was adopted. Consequently, H.R. 1748, as reported, is above the budget resolution. The committee, however, felt at the time that it was important to present to the House a bill that represents what it really considers necessary for the defense of the United States.

Obviously, the pending bill, H.R. 1748, has been overtaken by events. The House has adopted a budget resolution that reduces the amount allocated for defense. Chairman ASPIN will offer a substitute next week that will bring the bill into conformance with the new defense figure of $288.7 billion.

While the statement I present today focuses more on the committee's original mark, it is fair to say that the subsequent action represented in the substitute is generally consistent with the policy direction of H.R. 1748 as reported.

Specifically, one of the most significant actions taken was the committee's approval of important conventional force initiatives that provide an additional $2.3 billion for conventional weapons, ammunition, and combat support equipment. This effort underscores the committee's commitment toward strengthening our conventional force posture.

In the substitute, $2.0 billion of the original $2.3 billion full package is protected. Cuts have been made in strategic and classified programs to protect this important initiative.

Also, the committee is recommending 2-year authorization for a limited number of programs that meet certain criteria, particularly with respect to funding, program, and schedule stability. The substitute does not change this recommendation.

Overall, the original mark provides some $68.5 billion for procurement other than seapower. This recommended authorization is at the same level as the budget request.

In the interest of time, I will simply highlight some of the major actions taken in each of the respective military departments.

ARMY

For the Army, the committee took several major actions:

Authorized 85 AH-64 Apache helicopters and advance procurement to continue production beyond fiscal year 1988; and directed that one battalion of the Apaches be designated for the National Guard;

Authorized $171 million to continue the Army Helicopter Improvement Program [AHIP]; restricted obligation of the fiscal year 1989 advance procurement funds until the Secretary of Defense certifies that AHIP is the most cost-effective scout helicopter;

Authorized $545 million for 84 UH-60 Blackhawk helicopters;

Authorized $1.74 billion to procure 720 M-1 tanks;

Authorized $770 million to purchase 656 Bradley fighting vehicles;

Authorized an increase of $125 million for mission essential equipment, such as generators and test sets for combat readiness;

Recommended consolidation of the Army's command and control systems; and

Recommended bill language that directs the Secretary of the Army to compete the technical data package of the existing 10-ton trucks for the new fleet of heavy vehicles beyond fiscal year 1988; reexamine requirements for palletized loading systems and incorporate these into competition, if warranted.

In the main, the substitute retains most of these committee initiatives.

NAVY

For the Navy, the committee increased aircraft modifications by $475 million and took other significant actions:

Authorized 12 EA-6B Prowler tactical electronic warfare aircraft;

Approved two of three E-6A Hermes (TACAMO) aircraft but denied advance procurement for additional aircraft pending resolution of the basing scheme;

Added $134 million for wing modifications to existing A6 Intruder and E2 Hawkeye aircraft to restore their full operational capability;

Added $139 million for important modifications to existing P-3, S-3 and H-2 antisubmarine warfare aircraft; and

Added $99.1 million for 600 Sparrow missiles.

The substitute retains all of these important initiatives.

AIR FORCE

The committee took the following major action on Air Force programs:

Approved the 21 MX missiles requested;

Recommended procurement of 500 of 630 AMRAAM missiles; and approved the buy of additional Sparrow missiles as a hedge against any further delays or difficulties with the AMRAAM development program;

Approved the F-15E request of 42 aircrafts;

Approved the requested production rate of 180 F-16's for both fiscal years 1988 and 1989;

Increased the KC-135R refueling aircraft reengining modification program from 36 to 50 kits; and directed the Department of the Air Force to conduct a feasibility analysis of a multiyear contract for this program;

Approved $666.3 million for the C-17 airlift aircraft program; and

For the special operations forces airlift program, the committee approved an additional $79.4 million for the HH-53 PAVE LOW helicoper modification program; stabilized the MC-130H Combat Talon Program at six aircraft per year; and authorized $18.2 million for long-lead funding of the AC-130U gunship aircraft program.

Again, with the exception of the MX missile, the substitute retains the original committee recommendations.

CHEMICAL WEAPONS

For chemical weapons, the committee is recommending the requested amounts for the 155mm artillery round and the Bigeye bomb.

The substitute deletes funding for the Bigeye bomb because of flight test and schedule delays.

In addition, $389.1 million was authorized for chemical demilitarization, and bill language was adopted that: First, requires the Secretary of Defense to make a record of decision by February 1, 1988; and second, restricts the obligation of the funds for procurement and military construction until the Secretary certifies that the demilitarization plan includes: evaluation of alternate technologies; full scale operational verification of the technology; and, maximum protection for the public. Finally, the Secretary is required to provide a revised plan that meets these requirements by March 1, 1988.

The substitute does not change this action.

RESERVE COMPONENTS

In terms of National Guard/Reserve initiatives, in addition to approving most of the requested items, the committee is recommending some $596.5 million in new authorization and earmarking major equipment for the Guard and Reserve. The equipment is designed to strengthen readiness, sustainability and combat support. This action is not changed in the substitute.

LEGISLATIVE PROVISIONS

Language initiatives include the following items:

Authorization of 3 multiyear contract requests, including the high mobility multipurpose wheeled vehicle; the AN/ALQ-136 jammer system; and defense meteorological satellite system;

A general provision that under certain conditions would permit the services to buy additional quantities of an item for the dollar amounts authorized.

These provisions are retained in the substitute.

Mr. Chairman, as chairman of the Subcommittee on Procurement and Military Nuclear Systems, it is also my privilege to present title I of Division C of H.R. 1748. This title contains the fiscal year 1988 authorization for seven Department of Energy defense programs that are under the jurisdiction of the Armed Services Committee. The programs include: development of reactors in support of the Navy nuclear propulsion program; the development, testing, production, and support of nuclear weapons for strategic and conventional military forces; production of nuclear materials necessary for nuclear weapons; the continuing management and permanent disposal of radioactive wastes that have been generated in the production of defense materials; the restoration of environmental damage done in the course of defense activities; development of technologies for the verification and monitoring of arms control agreements, including nuclear testing limitations and nuclear nonproliferation treaties; and the development of technologies to improve the security of U.S. nuclear weapons.

The budget request of the administration would have provided an overall funding increase of about 3 percent, after inflation, for a total budget of $8.05 billion. The committee recommendation would increase the amount requested by $11 million.

In recommending a funding level essentially the same as the request, the committee has made a number of significant reallocations of funds within the request.

The committee recommends limiting increases in funding for nuclear directed energy weapons to anticipated inflation plus 3 percent. The request would have increased funding for nuclear directed energy weapons from $317 million in fiscal year 1987 to $481 million in 1988, an increase of 52 percent.

The funds saved by limiting increases for directed energy weapons research would be used to alleviate shortfalls in a number of areas:

Increase funding for environmental restoration and waste management activities by $40 million to accelerate cleanup of previous activities and to assure that ongoing activities do not adversely affect public health and safety.

Provide $20 million to initiate planning and design for a new production reactor. A new production reactor is essential to assure a continued supply of nuclear materials because: the "C" reactor at Savannah River has been shut down with cracks in the reactor vessel and is not expected to operate again; the three operating reactors at Savannah River are operating at less than half power as a result of safety and environmental concerns; and the "N" reactor at Hanford is shut down for "safety enhancements" and may never restart. Even if the Hanford reactor does restart its remaining useful life is quite limited.

Increase funding from $118.5 to $159 million for the inertial confinement fusion program to maintain overall funding at the 1987 level in real terms. This program offers the potential of meeting some testing requirements that could not otherwise be accomplished under a nuclear test ban.

Increase funding for special isotope separation, a program to provide an alternate process for weapons grade plutonium. This is particularly critical in light of the previously mentioned problems with production reactors.

The bill also includes a number of legislative provisions. In addition to recurring general provisions, provisions are included to:

Establish the authorized amount for SDI as a ceiling.

Establish the authorized amount for inertial confinement fusion as a floor.

Clarify that costs incurred by DOE contractors to provide information requested by Congress are allowable notwithstanding the fact that the request was not made through the Department of Energy and notwithstanding that the contractor did not concurrently provide the information to the Department of Energy.

Require the President to submit to the Congress a study of the overall size required for the nuclear weapons complex and a plan for the modernization of the nuclear weapons complex.

Mr. Chairman, a nuclear deterrent has been for the past 40 years, and remains today, the cornerstone of the U.S. defense strategy. The funding for defense activities of the Department of Energy comprise less than 3 percent of the overall defense funding, a modest amount relative to its importance to the Nation's security. I urge my colleges to support the committee bill.

Mr. Chairman, House Report 100-58 omitted the table describing the details of the committee recommendations for the Department of Energy. I am submitting a copy of the table for inclusion in the RECORD.

FISCAL YEAR 1988 DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

[Amounts in millions of dollars]

Program	Fiscal year 1988—			H.R. 1748 HASC recommended	Change from 1988 request
	Authorization request	Authorization request—adjusted	Authorization request—restated		
SUMMARY TABLE					
Weapons activities	4,534.731	−26.450	4,508.281	4,419.181	−89.100
Operating expenses	3,671.775	−17.450	3,654.325	3,576.225	−78.100
Construction	545.726	−9.000	536.726	536.726	
Capital equipment	317.230	0	317.230	306.230	−11.000
Materials production	1,881.620	−18.633	1,862.987	1,922.987	60.000
Operating expenses	1,489.039	−18.518	1,470.521	1,480.521	10.000
Construction	291.181	0	291.181	341.181	50.000
Capital equipment	101.400	−0.115	101.285	101.285	
Environmental restoration and management of defense waste and transportation	811.249	45.083	856.332	896.332	40.000

FISCAL YEAR 1988 DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS—Continued

[Amounts in millions of dollars]

Program	Fiscal year 1988—			H.R. 1748 HASC recommended	Change from 1988 request
	Authorization request	Authorization request—adjusted	Authorization request—restated		
Operating expenses	492.598	45.921	538.519	578.519	40.000
Construction	274.226	−0.100	274.126	274.126	
Capital equipment	44.425	−0.738	43.687	43.687	
Verification and control technologies	100.600	0	100.600	100.600	
Operating expenses	95.500	0	95.500	95.500	
Construction	0	0	0	.000	
Capital equipment	5.100	0	5.100	5.100	
Nuclear safeguards and security	77.800	0	77.800	77.800	
Operating expenses	73.200	0	73.200	73.200	
Construction	0	0	0	0	
Capital equipment	4.600	0	4.600	4.600	
Security investigations	32.000	0	32.000	32.000	
Operating expenses	32.000	0	32.000	32.000	
Construction	0	0	0	.000	
Capital equipment	0	0	0	.000	
Naval reactors development	612.000	0	612.000	612.000	
Operating expenses	544.100	0	544.100	544.100	
Construction	17.900	0	17.900	17.900	
Capital equipment	50.000	0	50.000	50.000	
Proposed appropriation transfer for public affairs and foreign travel					
Total	8,050.000	0	8,050.000	8,060.900	10.900
Total DOE Operating Expenses	6,398.212	9.953	6,408.165	6,380.065	−28.100
Total DOE Plant Construction Expenses	1,129.033	−9.100	1,119.933	1,169.933	50.000
Total DOE Capital Equipment	522.755	−0.853	521.902	510.902	−11.000
Total DOE Defense activities	8,050.000	0	8,050.000	8,060.900	10.900
OPERATING EXPENSES					
Weapons Activities:					
Weapons research and development	759.619	−2.600	757.019	769.019	12.000
Materials research—PSP					
Weapons testing	396.900	−0.350	396.550	396.550	
Weapons production and surveillance	1,911.330	−14.500	1,896.830	1,896.830	
Nuclear directed energy weapons RD&T	416.600		416.600	290.000	−126.600
Inertial confinement fusion R&D	112.500		112.500	149.000	36.500
Program direction	74.826		74.826	74.826	
Weapons program	(66.848)		(66.848)	(66.848)	
Community assistance	(7.978)		(7.978)	(7.978)	
Total, weapons activities	3,671.775	−17.450	3,654.325	3,576.225	−78.100
Materials Production:					
Reactor operations	580.700	−4.665	576.035	576.035	
Processing of nuclear materials	455.700		455.700	465.700	10.000
Special isotope separation	(50.000)		(50.000)	(60.000)	10.000
Supporting services	235.600	−13.853	221.747	221.747	
Enriched material	193.000		193.000	193.000	
Naval reactors uranium enrichment	(178.500)		(178.500)	(178.500)	
Other uranium enrichment	(14.500)		(14.500)	(14.500)	
Program direction	24.039		24.039	24.039	
Total, materials production	1,489.039	−18.518	1470.521	1,480.521	10.000
Environmental Restoration and Management of Defense Waste and Transportation:					
Environmental restoration		77.798	77.798	97.798	20.000
Waste operation and projects	401.561	−9.964	391.597	411.597	20.000
Waste research and development	53.107	−2.025	51.082	51.082	
Hazardous waste process planning	27.000	−19.888	7.112	7.112	
Transportation management	8.400		8.400	8.400	
Program direction	2.530		2.530	2.530	
Total, defense waste and transportation	492.598	45.921	538.519	578.519	40.000
Verification and Control Technology:					
Verification and control technology	95.500		95.500	95.500	
Total, verification and control technology	95.500		95.500	95.500	
Nuclear Safeguards and Security:					
Nuclear safeguards and security	73.200		73.200	73.200	
(Program direction)	(8.200)		(8.200)	(8.200)	
Total, nuclear safeguards and security	73.200		73.200	73.200	
Security Investigations	32.000		32.000	32.000	
Naval Reactors Development:					
Plant development	74.000		74.000	74.000	
Reactor development	249.700		249.700	249.700	
Reactor operation and evaluation	208.000		208.000	208.000	
Program direction	12.400		12.400	12.400	
Total, naval reactors development	544.100		544.100	544.100	
Total, DOE defense activities operating expenses	6398.212	9.953	6408.165	6380.065	−28.100
PLANT AND CAPITAL EQUIPMENT					
Weapons Activities:					
Future year general plant projects, various locations					
Future year projects, various locations:					
88–D–101, general plant projects, various locations	30.200		30.200	30.200	
88–D–102, sanitary wastewater systems consolidation, Los Alamos National Laboratory, Los Alamos, NM	1.000		1.000	1.000	
88–D–103, seismic upgrade, Building 111, Livermore National Laboratory, Livermore, CA	1.100		1.100	1.100	
88–D–104, safeguards and security upgrade, Phase II, Los Alamos National Laboratory, Los Alamos, NM	3.500		3.500	3.500	
88–D–105, special nuclear materials research and development laboratory replacement, Los Alamos National Laboratory, Los Alamos, NM	10.000		10.000	10.000	
88–D–106, nuclear weapons research, development, and testing facilities revitalization, Phase II, various locations	28.962		28.962	28.962	

FISCAL YEAR 1988 DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS—Continued

[Amounts in millions of dollars]

Program	Fiscal year 1988—			H.R. 1748 HASC recommended	Change from 1988 request
	Authorization request	Authorization request—adjusted	Authorization request—restated		
88–D–121, general plant projects, various locations	33.000		33.000	33.000	
88–D–122, facilities capability assurance program, various locations	19.200		19.200	19.200	
88–D–123, security enhancements, Pantex Plant, Amarillo, TX	5.700		5.700	5.700	
88–D–124, fire protection upgrade, various locations	1.700		1.700	1.700	
88–D–125, high explosive machining facility, Pantex Plant, Amarillo, TX	2.700		2.700	2.700	
88–D–126, personnel radiological monitoring laboratories, various locations	1.000		1.000	1.000	
88–D–129, small intercontinental ballistic missile (SICBM) warhead production facilities, various locations	20.000		20.000	20.000	
87–D–101, general plant projects, various locations					
87–D–121, general plant projects, various locations					
87–D–102, environmental compliance and cleanup, Livermore National Laboratory, Livermore, CA, and Site 30	9.000	−9.000	0	0	
87–D–104, safeguards and security enhancements II, Livermore National Laboratory, CA	7.000		7.000	7.000	
87–D–122, short-range attack missile II (SRAM II) warhead production facilities, various locations	37.016		37.016	37.016	
87–D–123, protective clothing decontamination facility, Rocky Flats Plant, Golden, CO	4.608		4.608	4.608	
87–D–127, environmental, safety, and health upgrade, Mound Plant, Miamisburg, OH	1.737		1.737	1.737	
87–D–130, receiving and shipping facility, Pinellas Plant, St. Petersburg, FL	2.400		2.400	2.400	
86–D–103, decontamination and waste treatment, facility, Livermore National Laboratory, Livermore, CA	12.000		12.000	12.000	
86–D–104, strategic defenses facility, Sandia National Laboratories, Albuquerque, NM	15.000		15.000	15.000	
86–D–105, instrumentation systems laboratory, Sandia National Laboratories, Albuquerque, NM	8.000		8.000	8.000	
86–D–106, laboratory data communications center, Los Alamos National Laboratory, Los Alamos, NM	12.200		12.200	12.200	
86–D–122, structural upgrade of existing plutonium facilities, Rocky Flats Plant, Goldern, CO	0.221		0.221	0.221	
86–D–123, environmental hazards elimination, various locations	13.289		13.289	13.289	
86–D–124, safeguards and site security upgrading, Phase II, Mound Plant, Miamsburg, OH					
86–D–125, safeguards and site security upgrading, Phase II, Pantex Plant, Amarillo, TX	2.000		2.000	2.000	
86–D–130, tritium loading facility replacement, Savannah River Plant, Aiken, SC	46.773		46.773	46.773	
85–D–102, nuclear weapons research, development, and testing facilities revitalization, Phase I, various locations	33.500		33.500	33.500	
85–D–103, safeguards and security enhancements, Livermore and Sandia National Labs, Livermore, CA	9.200		9.200	9.200	
85–D–105, combined device assembly facility, Nevada Test Site, Nevada	28.000		28.000	28.000	
85–D–106, hardened engineering test building, Livermore National Laboratory, Livermore, CA	0.100		0.100	0.100	
85–D–112, enriched uranium recovery improvements, Y–12 Plant, Oak Ridge, TN	12.544		12.544	12.544	
85–D–113, powerplant and steam distribution system. Pantex Plant, Amarillo, TX	2.000		2.000	2.000	
85–D–115, renovate plutonium building utility systems, Rocky Flats Plant, Golden, CO	1.060		1.060	1.060	
85–D–121, air and water pollution control facilities, Y–12 Plant, Oak Ridge, TN	0.998		0.998	0.998	
85–D–123, Safeguard and site security upgrade Pantex Plant, Amarillo, TX					
85–D–125, tactical bomb production facilities, various locations					
84–D–102, radiation-hardened integrated circuit laboratory, Sandia National Laboratories, Albuquerque, NM					
84–D–107, nuclear testing facilities revitalization, various locations	5.458		5.458	5.458	
84–D–112, Trident II warhead production facilities, various locations	3.300		3.300	3.300	
84–D–113, antisubmarine warfare/standoff weapon warhead production facilities, various locations					
84–D–113, antisubmarine warfare/standoff weapon production facilities various locations (fiscal year 86 authorization)					
84–D–124, environmental improvement, Y–12 Plant, Oak Ridge, TN	5.878		5.878	5.878	
84–D–211, safeguards and site security upgrading, Y–12 Plant, Oak Ridge, TN	18.253		18.253	18.253	
84–D–212, Safeguards and site security upgrade Pinellas Plant, FL					
82–D–107, utilities and equipment restoration, replacement, and upgrade, Phase III, various locations	96.129		96.129	96.129	
82–D–109, 155mm artillery fired atomic projectile (AFAP) prod facs, var locations					
82–D–144, simulation technology laboratory, Sandia National Laboratories Albuquerque, NM					
Total, weapons activities	545,726	−9.000	536.726	536.726	
Materials production:					
Future year general plant projects, various locations					
Future year projects, various locations:					
New production reactor, location to be determined				20.000	20.000
88–D–146, general plant projects, various locations	39.030		39.030	39.030	
88–D–153, additional reactor safeguards, Savannah River, SC	2.900		2.900	2.900	
87–D–146, general plant projects, various locations					
87–D–149, reduced chemical discharges to process sewers, Richland, WA					
87–D–150, radioactive liquid effluent treatment facility, Richland, WA	5.000		5.000	5.000	
87–D–152, environmental protection plantwide, Savannah River, SC	2.800		2.800	2.800	
87–D–156, reactor effluent cooling water thermal mitigation, Savannah River, SC					
87–D–159, environmental health, and safety improvements, phase I, Feed Materials Production Center, Fernald, OH	35.000		35.000	35.000	
86–D–146, general chemical discharges, various locations					
86–D–148, special isotope separation project, Idaho Falls, ID	5.000		5.000	35.000	30.000
86–D–149, productivity retention program, phase I, II and III, various locations	68.860		68.860	68.860	
86–D–150, in-core neutron, monitoring system, N reactor, Richland, WA					
86–D–151, Purex electrical system upgrade, Richland, WA	1.900		1.900	1.900	
86–D–152, reactor electrical distribution system, Savannah River, SC	4.500		4.500	4.500	
86–D–153, additional line III furnace, Savannah, River, SC					
86–D–154, effluent treatment facility, Savannah River, SC	19.175		19.175	19.175	
86–D–156, plantwide safeguards systems, Savannah River, SC	13.000		13.000	13.000	
86–D–157, hydrofluorination system—FB–line, Savannah river, SC					
85–D–139, fuel processing restoration, Idaho Fuels Processing Facility, Idaho, National Engineering Laboratory, Idaho	28.000		28.000	28.000	
85–D–140, productivity and radiological improvements, Feed Materials Production Center, Fernald, OH	7.831		7.831	7.831	
85–D–145, fuel production facility, Savannah River, SC	21.100		21.100	21.100	
84–D–134, safeguards and security improvements, plantwide, Savannah River, SC	9.685		9.685	9.685	
84–D–135, process facility modifications Purex, Richland, WA	10.000		10.000	10.000	
84–D–137, Facility security system upgrade, IFPF, INEL, ID					
84–D–136, enriched uranium conversion facility modifications, Y–12 Plant, Oak Ridge, TN					
83–D–148, non-radioactive hazardous waste management, Savannah River, SC	4.200		4.200	4.200	
82–D–124, restoration of production capabilities, phases II, III, IV and V, various locations	13.200		13.200	13.200	
Total, materials production	291.181		291.181	341.181	50.000
Defense waste and transportation management:					
Future year general plant projects, various locations					
Future year projects, various locations:					
88–D–171, general plant projects, various locations	25.736	−0.100	25.636	25.636	
88–D–173, Hanford waste vitrification plant, Richland, WA	7.500		7.500	7.500	
87–D–171, General plant projects, interim waste operations and long-term waste management technology, various locations					
87–D–172, WESF K–3 filter upgrade, Richland, WA	2.800		2.800	2.800	
87–D–173, 242–A evaporator crystallizer upgrade, Richland, WA	7.200		7.200	7.200	
87–D–174, 241–AQ tank farm, Richland, WA	22.300		22.300	22.300	
87–D–175, steam system rehabilitation, phase I, Richland, WA	12.600		12.600	12.600	
87–D–177, test reactor area liquid radioactive waste cleanup system, phase III, Idaho National Engineering Laboratory [INEL], Idaho	3.900		3.900	3.900	
87–D–180, burial ground expansion, Savannah River, SC	8.200		8.200	8.200	
87–D–181, diversion box and pump pit containment buildings, Savannah River, SC	6.800		6.800	6.800	
86–D–172, B-plant F-filter, Richland, WA					
86–D–174, low-level waste processing and shipping system, Feed Materials Production Center, Fernald, OH	4.628		4.628	4.628	
86–D–175, Idaho National Engineering Laboratory security upgrade, Idaho National Engineering Laboratory [INEL], Idaho	0.742		0.742	0.742	
85–D–157, Seventh calcined solids storage facility, INEL, Idaho	2.181		2.181	2.181	
85–D–158, central warehouse upgrade, Richland, WA	0.056		0.056	0.056	

FISCAL YEAR 1988 DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS—Continued

[Amounts in millions of dollars]

Program	Fiscal year 1988—			H.R. 1748 HASC recommended	Change from 1988 request
	Authorization request	Authorization request—adjusted	Authorization request—restated		
85–D–159, new waste transfer facilities H-area, Savannah River, SC	13.682		13.682	13.682	
85–D–160, test reactor area security system upgrade, Idaho National Engineering Laboratory [INEL], Idaho					
82–N–103, Waste handling and isolation facs, Richland, WA					
81–T–105, defense waste processing facility, Savannah River, SC	120.000		120.000	120.000	
77–13–f, waste isolation pilot plant, Delaware Basin, Southeast, NM	35.901		35.091	35.901	
Total, defense waste and byproduct management	274.226	−0.100	274.126	274.126	
Verifications and control technology:					
85–D–171, space science laboratory, Los Alamos, NM	0		0	0	
Nuclear safeguards and security:					
86–D–186, Nuclear safeguards technology lab. LANL, NM	0		0	0	
Naval reactors development:					
Future year general plant projects various locations					
Future year projects, various locations:					
88–N–101, general plant projects, various locations	6.000		6.000	6.000	
88–N–102, expended core facility receiving station, Naval Reactors Facility, Idaho	2.100		2.100	2.100	
88–N–103, material handling and storage modifications, Knolls Atomic Power Laboratory, Niskayuna, NY	0.400		0.400	0.400	
88–N–104, prototype availability facilities, Kesselring Site, Knolls Atomic Power Laboratory, West Milton, NY	1.000		1.000	1.000	
87–N–101, General plant projects, various locations					
87–N–102, Kesselring site facilities upgrade, Knolls Atomic Power Laboratory, West Milton, NY	8.400		8.400	8.400	
87–N–103, computation laboratory addition, Bettis Atomic Power Laboratory, West Mifflin, PA					
Total, Naval reactors development	17.900	0	17.900	17.900	
Total, DOE defense activities plant construction	1,129.033	−9.100	1,119.933	1,169.933	50.000
Capital equipment:					
Weapons activities	317.230		317.230	306.230	−11.000
Nuclear directed energy weapons	(42.000)		(42.000)	(27.000)	−15.000
Inertial confinement fusion	(6.000)		(6.000)	(10.000)	4.000
Materials production	101.400	−0.115	101.285	101.285	
Defense waste and transportation management	44.425	−0.738	43.687	43.687	
Verification and control technology	5.100		5.100	5.100	
Nuclear safeguards and security	4.600		4.600	4.600	
Naval reactors development	50.000		50.000	50.000	
Total, DOE defense activities capital equipment	522.755	−0.853	521.902	510.902	−11.000
Subtotal, operating expenses	6,398.212	9.953	6,408.165	6,380.065	−28.100
Subtotal, plant construction	1,129.033	−9.100	1,119.933	1,169.933	50.000
Subtotal, capital equipment	522.755	−0.853	521.902	510.902	−11.000
Total, DOE defense activities	8,050.000	0	8,050.000	8,060.900	10.900

Mr. DICKINSON. Mr. Chairman, I have no further requests for time and I yield back the balance of my time.

Mr. BENNETT. Mr. Chairman, I have no additional requests for time and I yield back the balance of my time. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. ROWLAND of Georgia] having assumed the chair, Mr. GRAY of Illinois, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1748) to authorize appropriations for fiscal years 1988 and 1989 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1988 and 1989, and for other purposes, had come to no resolution thereon.

□ 1650

GENERAL LEAVE

Mr. BENNETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1748, the bill which has been under consideration today.

The SPEAKER pro tempore (Mr. ROWLAND of Georgia). Is there objection to the request of the gentleman from Florida?

There was no objection.

REPRESENTATIVE HAMMERSCHMIDT HONORED FOR SERVICE TO VETERANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi [Mr. MONTGOMERY] is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, I was privileged to be part of a ceremony on April 30 honoring our college, Representative JOHN PAUL HAMMERSCHMIDT of Arkansas, for his service to this Nation's veterans. He was presented with the 1987 Award for Life Service to Veterans by the Paralyzed Veterans of America and the Vietnam Veterans Institute.

JOHN PAUL HAMMERSCHMIDT is a great American and one of the best friends our veterans have ever had in this Chamber. This is a great honor and I am proud to share with my colleagues a copy of his very fine acceptance remarks:

ACCEPTANCE REMARKS

The Award presented to me this day is one that carries a very special meaning. To be honored for just a moment of service to our nation's veterans would be cause for considerable gratitude. To be honored for a lifetime of such service creates a sense of deep humility.

To the Paralyzed Veterans of America, to the Vietnam Veterans Institute and to all those here to witness this event, please know that it is one that I shall always recall with the appreciation that can only come from a very full heart.

I am proud beyond words of my support for those individuals who have served in the armed forces of the United States. By their service they have brought unparalleled distinction not only to themselves, but also to thousands of comrades-in-arms who did not return with them but whose sacrifices for the preservation of our country are spread across the proud history of our land.

These people we call veterans are individuals who proudly stand at attention when Old Glory passes by. They place their hands over their hearts when they hear the Star Spangled Banner. They come from every walk of life. They are young and they are old. They come from all races and from all creeds. They are as diverse as the nation itself. They are indeed a cross-section of the American ideal. They are all of this and more.

Some of them are less fortunate than others.

Some of them carry unspeakable scars of war.

Some of them are still recovering from the ravages of conflicts.

Some of them are diseased or injured and they are often elderly and poor.

Some of them need educational opportunities and assistance in rehabilitation.

Some of them need to be listened to and be heard as they try to put wars behind them and as they try to reenter the mainstream of society.

And some of them are still very young.

And yet, all of them have common characteristics.

In common, they are stalwarts of the American dream.

In common, they have embraced that precious dream.

In common, they speak as one in love of country.

In common, they have earned, they deserve and they must receive the best our nation has to offer.

We must always come to the aid of the unfortunate among them.

We must always bandage their wounds and assure their economic well-being.

We must always tenderly care for them when they suffer and when they limp and when they hurt.

We must always be mindful of their need for readjustment and rehabilitation.

We must always counsel them into a new world of hope and away from despair and loneliness.

We must always honor the elderly among them.

We must always hold out a hand of assistance to those of them who share less than they should in the abundance of our land.

We must always give encouragement to the energy of youth that it might one day be the energy of leadership. In common, we need to embrace their legitimate and noble aspirations of today and of tomorrow and every tomorrow after that. I am a proud Member of the Congress of the United States. For over two decades it has been my purpose from that vantage point to support needed programs for veterans and their dependents.

I have witnessed compensation for service connected disabled veterans reach a place of considerable dignity. I have witnessed a medical program for veterans withstand onslaught and doubt to become a model of excellence for sick and disabled people everywhere.

And I have witnessed our nation's veterans program in all its facets become much better in every way than it was just 20 short years ago. We have every right to be so very proud of what it is that we have done.

Of course, there is still much to do. Vigilance must be constant and everlasting. It is often said that there will never be sufficient resources to do all that our nation perhaps ought to do. There is truth in that. But dreams can always be the adversary of despair and achievements born of dreams can give truth to a pride yet undefined. It is to these goals that all of us must set our sights and to which we must ever aspire.

Tonight, I humbly receive the high honor bestowed upon me by the Paralyzed Veterans of America and the Vietnam Veterans Institute. I do so in the certain knowledge that any efforts of mine have been shared, aided, and abetted by Americans everywhere who have believed with me in a splendid and noble cause.

Our combined efforts have been a labor of love. To have had the rare privilege of being part of such an endeavor is high praise itself. To be singled out for individual recognition is even more meaningful, and it has caused this day to be most memorable to me. To all who have made this possible, I will be forever grateful. Thank you one and all so very, very much.—U.S. Representative JOHN PAUL HAMMERSCHMIDT.

TASK FORCE RELEASES REPORT ON NARROWING $100 BILLION "TAX GAP"

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from North Dakota [Mr. DORGAN] is recognized for 30 minutes.

Mr. DORGAN of North Dakota. Mr. Speaker, I take this time today to explain to the Members of the House of Representatives the substance of a task force report that we released today publicly.

I would like to give a little background to what I think is a significant problem for the Federal Government, and then indicate to the House of Representatives what we have done to try to address this problem.

First of all, there is now $100 billion a year that is owed to the Federal Government in taxes but is not collected. That is $103 billion precisely based on the Internal Revenue Service estimate, $103 billion a year that is owed to the Federal Government but not reported and not collected. That is called a tax gap. The tax gap is the difference between what is owned and what is collected, and it is over $100 billion for fiscal year 1986.

The Federal Government is drowning in red ink. We have significant fiscal year deficits. We have an enormous trade deficit. Even as we struggle with the latest budget resolution to try to determine where we are able to get new taxes for fiscal year policy purposes, even as we struggle with the $18 billion in revenues in this year's budget, we have $100 billion that goes uncollected each year.

How can we deal with the tax gap? What should we be doing to try to collect some of that revenue?

Several months ago I put together a task force—a bipartisan, ad hoc task force—which includes Republican and Democrat Members, and experts from the public and private sectors. It includes a former IRS Commissioner during the Nixon Presidency, Donald C. Alexander. It includes Jerome Kurtz, former IRS Commissioner under Jimmy Carter. It includes: the former chief of staff of the Joint Tax Committee, Bernard M. (Bob) Shapiro, John B. Jones, Jr., chair of the American Bar Association's Tax Section; Herbert J. Lerner, chairman of the Tax Division of the American Institute of Certified Public Accountants; Ira A. Jackson and Thomas D. Herman of the Revenue Commission of Massachusetts; William W. Chip of Cadwalader, Wickersham & Taft; and Andrew Kentz of my staff.

The result of this effort is the "Dorgan Task Force on Narrowing the $100 Billion Tax Gap." It is a 16-page report that specifically outlines the kinds of things that we can do here in the U.S. Congress to raise the money that we should raise from deadbeats, from people who cheat, from people who refuse to meet their tax obligations.

Let me hasten to add that by far the majority of the American people pay their taxes on time, and do it honestly. But there is a small percentage of the American people who refuses, who cheats, who decides that he or she can get away with it. Well, they get away with it to the tune of over $100 billion a year at the moment.

We spent several months analyzing how we can change that, and we decided that there is a two-pronged approach. First, we think that if you are going to have an Internal Revenue Service system that collects the money that is owed to the Federal Government, that you ought to put the "service" back in the Internal Revenue Service. So the first part of our program outlined today to the press and to the other Members of Congress in this task force report is "IRS Assistance Across America." We are going to move the Internal Revenue Service back out to the communities to provide help to taxpayers.

These days about the only thing that the American people see of the Internal Revenue Service is when it decides that it wants to audit someone. Well, we think that the American people ought to see more of the Internal Revenue Service than that. We think that there ought to be a presence across this country, particularly during tax-filing time, of Internal Revenue Service agents who are willing to help and assist the taxpayers in this country who are honest and who are willing to comply with the tax laws.

We would like to see many more small communities have Internal Revenue Service people available to help taxpayers. We would like to see expanded direct preparation of tax returns. We would like to see taxmobiles giving assistance in the small towns, tax assistance available at shopping centers. We want the Internal Revenue Service to expand telephone service. We want them to provide a helping hand to taxpayers who are honest and who pay their taxes.

One aspect of the plan is enhanced taxpayer assistance, and the other is beefing up enforcement. We believe that we should raise the audit rate to 2½ percent a year. We ought to go from 1.16 percent of returns audited now, to 2.5 percent by fiscal year 1992. That is what we had in the mid-1970's, and that is what we ought to have again. We ought to increase the number of collectors down at the IRS. That number has eroded, and at the same time accounts receivable has grown to over $47 billion.

We ought to increase the ability to investigate those who willfully evade their responsibility. We ought to investigate the tax evaders and bring them to justice.

So we are suggesting a couple of things. First, make the IRS a service that gives a helping hand to honest taxpayers; and, second, find out who is evading their responsibility and force them back on the tax rolls. We provide much more taxpayer assistance, and we beef up tax-law enforcement.

□ 1700

In order to accomplish this we spend $3.6 billion in 5 years, and we raise $105 billion in additional revenue for the Federal Government by fiscal year 1992 each year thereafter we raise $35 billion in additional revenue, each and every year.

This year in Congress we are debating about where we will find a few billion dollars in taxes; taxing a barrel of beer, a pound of butter, a dollar of income, a barrel of oil? What kind of tax will we levy? Congress is struggling to raise $18 billion. The plan I'm offering allows us to get $105 billion by fiscal year 1992, and we get it from dead-beats, the people who are now refusing to pay their taxes, and again, this is a small percentage of the American people.

Let me demonstrate with a chart what is happening. We are proposing to spend a very small amount of money, represented by a red line down here. The cumulative amount of money is $3.6 billion in 5 years.

The revenue raised to buy that would be increments of $7 billion a year to $35 billion by 1992. That is a cumulative revenue of $105 and $35 billion a year in additional revenue to the Federal Government every year thereafter. Again, that comes from people who have refused to pay their tax liability.

There are those in Congress and those among the American people who say, well, let us not increase the enforcement capability of the Internal Revenue Service.

Let us talk about the taxpayers' bill of rights. I do not disagree with that. I think the taxpayers must have rights, and we must also expand the role of the Internal Revenue Service in making certain that everyone they deal with is informed of their rights.

We ought to provide that outreach and that help to the American people to make sure, if they are honest people and want to comply with our tax laws, that they have the opportunity to do so. On the other hand, I do not think we want to pass a bill that cripples the ability of the Internal Revenue Service to enforce the law.

This is why we have put together this task force report which, if implemented, would give us the opportunity to get back taxes, get future taxes from the people who are not now complying with the tax law, ease the Federal deficit situation by additional taxes from the freeloaders who do not now comply, and at the same time extend a much greater helping hand to the American people by saying the Internal Revenue Service is not just an enforcement organization.

It is not just an organization that audits. It is also an organization that extends a helping hand, so that people can meet their requirements under the tax laws.

Our system is not a very simple system. In fact, it is extraordinarily complex. Last year we passed the most significant tax reform bill in the history of America. This year the President sent a budget recommendation to Congress that would cut back on taxpayer assistance. In fact, the President's fiscal year 1988 budget would cut back assistance to 4½ million people who now get help. The administration proposes to cut taxpayer help 1 year following a sweeping tax reform proposal. That does not make sense. If the President were a chief executive officer in charge of a major corporation, he would not be making these kinds of recommendations. The President's recommendations do not seem to make sense at all. You would not suggest that in your corporation the section that collects the money, that raises the revenue is a section that you would ignore, cut funds for.

The way to do it is to make sure that this section, in this case the Federal Government and the Internal Revenue Service, operates the way it should operate, with effectiveness and efficiency, and also operates in a way that is fair to the American people.

That is what we think the recommendations of this task force will accomplish. We have worked with the Committee on Ways and Means and with the Committee on Appropriations.

We are now following up the recommendations of this task force with the appropriate committees in Congress to see if we cannot now move forward and put them into force.

We believe raising this type of money, $105 billion in the next 5 years, is not an insignificant accomplishment. We believe it is very significant, and we believe it is possible.

This is not theory we are talking about. This is practice, the opportunity to do things that result in something very significant in fiscal policy.

We have worked with the gentleman from California [Mr. Roybal], the chairman of the Appropriations Subcommittee, whose staff is now awaiting these recommendations in anticipation of the Treasury, Postal appropriation markup for the fiscal year 1988.

We had a staff person from the Committee on Ways and Means sit in on the deliberations in the formulation of the task force report. We have kept in touch with others on Capitol Hill who are interested in this particular subject.

I think this is a distinguished task force of experts that has offered excellent recommendations, and I am here, Mr. Speaker, to make certain that Members of the House know what we have done and how we have accomplished it.

Let me make certain I mention two other people involved in this process: Gov. Michael Dukakis from Massachusetts, who was with me today at the press conference announcing these reports, because he played a role in the formulation of these recommendations through his Revenue Commissioner of Massachusetts.

About 4, 5 months ago Governor Dukakis came to my office and visited with me about what he had done in the State of Massachusetts on tax law enforcement.

I decided that it would make sense to put together a comprehensive report on tax law enforcement for the Federal Government, and so the genesis of the idea for the task force came from Governor Dukakis, and I am pleased that not only did his State play a role in it, but also Governor Dukakis was here today to appear with me at the press conference.

The other gentlemen I'd like to mention is Senator Conrad, from my State of North Dakota, who was also with me today. Senator Conrad intends to work on these task force recommendations in the Senate.

As a former tax commissioner from North Dakota, he has been involved in the Fair Share Program in North Dakota that moves also in the direction of improving tax law enforcement for the benefit of everyone.

I did want to mention the role that Governor Dukakis and Senator Conrad played, and I look forward to working with both of them.

Mr. Speaker, that concludes my discussion of the Dorgan task force that I wanted to bring to the attention of the Members of the House today.

Several months ago, I decided to try to develop a fresh, new approach to tackle the burgeoning problem of uncollected Federal income taxes.

The number of audits the Internal Revenue Service conducts on tax returns has decreased from 2.5 percent to 1.1 percent. Accounts receivable has burgeoned to over $47 billion. The cash economy has substantially increased. And the "tax gap"—the amount of tax money owed to the Federal Government but not reported or paid—has grown to over $103 billion a year.

I organized an ad hoc, bipartisan task force to work on this problem and assist me in developing recommendations to Congress.

Agreeing to serve as co-chairman of the task force were former IRS Commissioners Donald C. Alexander and Jerome Kurtz who served in both Republican and Democratic administrations. Other distinguished public officials and private sector experts agreed to serve on the task force. Massachusetts Gov. Michael Dukakis agreed to have his revenue commissioner and deputy revenue commissioner serve as well.

We are presenting today the task force's formal recommendations and we are offering them to congressional leaders this week. We hope this report will serve as a blueprint for making the necessary changes to substantially narrow the tax gap, restore confidence in our tax system and provide much needed additional revenue from those who now avoid their Federal tax responsibility.

These are fresh, new recommendations that we believe will raise $105 billion in additional revenue in the next 5 years and an additional $35 billion each year thereafter.

Our recommendations represent a two-pronged approach. First, we put the "service" back in the IRS. We provide additional resources and new direction to extend the helping hand of the IRS across this country to citizens who need assistance in preparing their returns and meeting their tax obligations. Our program, called "IRS Assistance Across America," would offer taxpayers help with "taxmobiles," shopping center offices and small community taxpayer assistance. In addition to this, our recommendations would restore some direct preparation help and expand and improve telephone tax assistance.

These days, the only real contact the American people have with the Internal Revenue Service is when the IRS conducts audits to enforce tax laws.

Yes, we do want a strong IRS enforcement capability to find those who cheat, but we also want the IRS to be an agency that provides help and assistance to the American people—most of whom are honestly interested in fulfilling their responsibility.

The second part of our program consists of new enforcement initiatives. Because the overwhelming majority of Americans pay their taxes willingly and on time, we want to find those who do not and put them back on the tax rolls.

Our program would beef up tax law enforcement by restoring audits to 2.5 percent of the returns; by providing adequate collection personnel to collect delinquent accounts and by adding resources to the criminal investigation area. That would increase the ability of the IRS to bring hard-core tax evaders to justice. The specifics on the additional resources needed to accomplish these goals are included in today's task force report.

We believe that the result of these investments will yield an extra $7 billion in revenue the first year and a $7 billion increase each year through the fifth year—a total of $105 billion through the 1992 fiscal year.

In summary, we are proposing a commitment of $3.6 billion in additional resources to the Internal Revenue Service over the next 5 years to bring in an additional $105 billion in Government revenue.

This is new revenue. It will come from the freeloaders and escape artists who now avoid their tax obligations while the overwhelming majority of their neighbors and co-workers comply with the tax laws.

At a time when the Federal Government is drowning in red ink and is considering proposals for new taxes, it is vital that we take a look at a substantial amount of money that is owed to us by a small percentage of Americans who are now cheating. And we must take steps to force those citizens to pay their fair share.

But we also want the other American people who are paying their fair share to understand that they deserve more help. We want to create an Internal Revenue Service system that is able to offer that help.

I'm excited about the work of this task force and hope that its recommendations will be used by Congress in a productive way to accomplish these very important goals.

IRAN-CONTRA SCANDAL

In the remaining time, I wanted to bring to the attention of the House a couple of additional thoughts that I had on some other subjects.

First, on the television screens this weekend we saw finally Lt. Col. Oliver North. Lieutenant Colonel North was suggesting that no matter what happens, this Marine is never going to plead guilty to anything.

I would like to say as one Member of the House, I intend to say in the coming days several times hopefully that I think it is wrong for us to provide immunity to Colonel North, to Admiral Poindexter, or anyone else who was involved in this private foreign policy apparently being run out of the basement of the White House.

Let me repeat that, I think it is wrong to provide immunity of any kind to Lieutenant Colonel North or Admiral Poindexter. In my judgment, we ought to aggressively research, investigate what happened down there in the White House, find out what was going on, who was responsible, what, if any, laws they broke.

It seems clear at this point that some laws were broken, and then we ought to bring them to justice for that purpose; but I do not believe that this House ought to rush to grant immunity to those folks who might have been involved in illegal activity in the basement of the White House.

I think that this scandal that is being investigated now, that is, the beginning of the hearings will commence tomorrow in the U.S. Congress, I think that this is going to play out for some while; and frankly, I wish it would not. I wish it was over. I wish we knew exactly what had happened and the issue was behind us, but unfortunately we have got folks who are in positions of high public trust who now tell us that they refuse to answer any questions about what they did as important public officials in this country. I lament that.

Those kinds of people in my judgment should not be in government. They disgrace all of those who serve the public.

Those who involve themselves in activity for which they cannot at a later time tell me that they are proud of their service. In my judgment, we ought to put this behind us, but first we have to understand what happened, who did what, what the consequences are, and then move on to the significant issues of the day.

As I said when I started this special order, our Government is choking on red ink. We have a trade problem that is severe.

We have got foreign policy problems that are too innumerable to describe here today. We have got an arms control opportunity, it appears, that is going to require a substantial amount of our attention.

I would like to see us move on these things. I would like to see us exert our total effort on those kinds of public policy questions. Unfortunately, the Iran scandal, the Iranian-Contra scandal does not allow all of our attention to move in those areas, because we have to find out what Lieutenant Colonel North did, what Admiral Poindexter did, and all the rest of those folks who formed this network of intrigue, what appears to me to be a shameful pattern of disregard for the law, what they did in their public service, and also in some cases in their private dealings.

I hope that is done quickly, and I hope that we get on with the other important business of the day, Mr. Speaker, because we have far too many important things to do to be spending all of our time on that subject.

□ 1710

Mr. Speaker, I would like to yield back the balance of my time by saying that I intend to furnish a copy of the task force report on the tax gap which I think is an important initiative to other Members of Congress in the coming days. I am hopeful that as we work on the fiscal policy issues, including this tax gap task force, that we can come to grips with some pretty tough questions. We need leadership.

I have said on this floor before we desperately need leadership. We have got to overcome these deficits. And without leadership we will not be able to do that. The President does not seem willing to compromise. He says, "No new taxes." He gives the Clint Eastwood admonition, "Go ahead and make my day." On the other hand he says, "I am against spending, but I insist on much more for the biggest area of spending, the Defense Department." So we are mired in economic gridlock. The President wants to drag us through this economic quicksand of his that he says will lead to solving our fiscal problems and in fact leads us to deeper and deeper deficits.

We need leadership here in Congress, now more than ever. One component of this leadership in my judgment is to do something about the tax gap; raise the additional money from the freeloaders who do not now pay their taxes.

I am pleased that I think we are finally on the road to seeing some of that leadership. Speaker of the House JIM WRIGHT has this Congress, I think, on a timetable to do what we need to do on the budget, pass our appropriations bills, pass a trade bill. Frankly, I am pleased that we are moving and making some progress on some of these issues.

Mr. Speaker, I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, I thank my distinguished colleague.

I merely rise to compliment my colleague. He has in the past, as a very relatively new Member, exerted leadership. The gentleman speaks of needed leadership. I want to applaud the gentleman because he has shown considerable leadership on some issues predating the farm crisis in which I think some of us were trying to predict what was inevitable given the allocation of credit in our Nation on the basis that it has been allocated. Also, I wanted to wish the gentleman well, if he is a member of this special committee, because I cannot think of anything more critical to the future development of our country than that the Congress upholds its independence and its separativeness and its coequality with the executive branch.

There is no question that the President has constantly flouted the Congress and its intent, its policies, and its laws.

I cannot think of a more important issue. I wish the gentleman well. I am delighted that he is on that committee.

Mr. DORGAN of North Dakota. I thank the gentleman from Texas. Let me say I am not appointed to that specific committee, but I am as interested as the gentleman is in seeing Congress assert its rights to understand exactly what is happening.

We appropriate money to do certain things in our Government and we discover now that a whole series of things were undertaken in foreign policy that, first, were dangerous, and, second, were very misguided and have turned this country's foreign policy topsy-turvy.

Now, we see the spectacle, as I have said before, of people in uniform, high public officials stand up at congressional hearings and take the fifth amendment. Frankly, that is shameful. We need to find out what went on, who did it, what laws were broken, if any, and then deal with that and then move on and see if we cannot recreate a foreign policy that makes sense.

Mr. Speaker, on that I yield back the balance of my time.

ORDER OF BUSINESS

Mr. HERGER. Mr. Speaker, I ask unanimous consent that I be permitted to take up my special order at this time.

The SPEAKER pro tempore (Mr. ROWLAND of Georgia). Is there objection to the request of the gentleman from California?

There was no objection.

INTERGOVERNMENTAL REGULATORY RELIEF ACT OF 1987

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. HERGER] is recognized for 10 minutes.

Mr. HERGER. Mr. Speaker, earlier this month, I introduced H.R. 1927, the Intergovernmental Regulatory Relief Act of 1987. This bill will help stem the tide of unfunded mandates the Federal Government imposes on State and local governments. These funded mandates are becoming increasingly burdensome, and we in the Congress must assume responsibility for their adverse effects. It will also help State and local governments comply with the costs of future legitimate mandates designed to achieve important national goals.

Over the past 20 years, the number of Federal mandates imposed on State and local governments has increased dramatically. The advisory commission on intergovernmental relations estimates that Federal regulations imposed on State and local governments cost up to $200 billion per year. According to a study by the National Conference of State Legislatures, the Federal Government enacted 145 Federal laws requiring State action between 1972 and 1984. I find these developments quite disturbing, given that the need to restrain Federal spending has resulted in reduced provision of Federal assistance to carry out these mandates.

Congress must begin to restrain its impulse to impose expensive spending on other levels of government. In essence, the Federal Government has been demanding that localities accomplish a long list of national goals without corresponding funding. This trend illustrates an unwarranted intrusion by the Federal Government into State and local jurisdictions.

The tremendous cost that the Federal Government imposes on State and localities drains funds away from programs which, because they are formulated by the States and localities, are more attuned to the needs of these localities. Local sheriffs departments, fire departments, libraries, and police forces must suffer reduced funding often because federally mandated spending forces communities to rearrange their spending priorities. Unfunded Federal mandates place greater emphasis on goals formulated in Washington which may be appropriate for New York City, Chicago, or Los Angeles, but often are inappropriate for communities like Redding, Chico, and Yuba City.

H.R. 1927 will not add to the Federal deficit because it should largely act as a break on Washington's ability to enact expensive new regulations. If the Congress had to ask itself, "How are we going to pay for implementing these proposed regulations?" we would likely see fewer new Federal regulations enacted.

There are many illuminating examples of the burdensome financial impact the Federal Government places on State and local governments. For example, clean water standards imposed by the Environmental Protection Agency under the Federal Clean Water Act can force small cities to build multimillion-dollar sewage treatment facilities. If the facilities are not operational by deadlines set by Federal bureaucrats, the cities become liable to $25,000-per-day fines.

H.R. 1927 is simple in design. It requires Federal reimbursement for all additional direct costs incurred by State and local governments in complying with any significant new Federal rule or regulation. If such relief is not forthcoming, the bill permits State and local governments the option of disregarding an unfunded mandate from a Federal agency. The bill also requires the Congressional Budget Office to study the yearly costs imposed by the Federal Government on State and local governments. I am confident that passage of this legislation will go a long way toward achieving the goals of fair Federal treatment of State and local governments.

Protecting our local governments from having their spending priorities determined by outsiders has long been a special concern of mine. I carried legislation in the California Assembly similar to H.R. 1927, but the problem is even more pronounced on the Federal level. I am pleased, therefore, to have the opportunity to offer this proposal to the House of Representatives.

IMPEACHMENT OF RONALD REAGAN—NO. 7

The **SPEAKER** pro tempore. Under a previous order of the House the gentleman from Texas [Mr. GONZALEZ] is recognized for 60 minutes.

Mr. GONZALES. Mr. Speaker, it certainly is not my intent to importune the House for a full hour and it will not be difficult to add to the discussion on what I guess this would be the impeachment of Ronald Reagan No. 7 because of the fact that the introduction of House Resolution 111 on March 5 which included seven particular bills of impeachment or recitals of particulars was introduced in the clear prediction that the President would utilize an invasion of Nicaragua in the very near future.

□ 1720

I predicted that at the beginning of this summer, and it looks as if that is about the way we are going.

The Congress, having very much abrogated a very serious responsibility under the Constitution to exact from the President, complying with its own laws, which he is under his oath of office charged to execute faithfully, and second, the flouting of our Constitution, also contained in his oath as President, to uphold the Constitution, and the oath we take to defend that same Constitution against foreign, as well as domestic, enemies of that Constitution.

This is what makes the difference between our systems and those that perhaps have prevailed in other countries. When the President, through his Secretary of State, the first one, General Haig, pronounced the fact that he would soon be having the equivalent of these juntas, military juntas that we are so accustomed to reading in history, and even to the present day in some other less-happier benighted lands, it was obvious to me that we had our job cut out for us in the Congress.

Perhaps I am more sensitive than the average because I am the offspring of a family that fled the parent country because of the customary occurrence into the constitutional rights, such as they were, reflected in the Constitution of that republic, and for which it was taken for granted and where life, limb, and every other earthly possession was at the mercy and the whim of powerful usurpers of those constitutions.

The times are on us, and in fact, the President today, as reflected on page 1 of the Dallas Morning News, in an article entitled "Continual Contra Aid—Reagan Says," and it has a New York byline, and it ends up saying that the President, even though he is in a tough position with the continuing revelations of the rather malodorous so-called Iran connection scandal, is saying that we have to pursue the course that I have predicted is inexorable with him, that unless the Congress deters, unless the Congress says, as it should have done several years ago, "Mr. President, the Congress hasn't declared war. Under our Constitution, only the Congress can do that, so you stop making war," as he has been doing for the past 5 or 6 years in Central America and in other parts of the world.

In this article here, it quotes, Reagan said that the Contras offer "the only political alternative to the dictatorship of the past and the communism of today." This is so unbelievably a misstatement and a misperception that it is hard to believe that it could be attributed to a national leader.

In the Christian Science Monitor for Monday, April 20, on page 12, there is one more reflection of the total disarray of this group that the President refers to as the Contras, or the rebels. It is entitled, "Revelations About Honduran Role in Contra War Fuel Opposition." The article says that we have subborned, we have occupied and we have, in effect, raped one of our neighbors in Central America, the Republic of Honduras. It quotes a former head of the military ruling body a few years ago, in which he charges that our CIA and our officials, both State Department officials as well as others, have literally infiltrated every level of Honduran Government and, in fact, it is an occupied country.

I pointed out that when I found out on March 5 that the President was intending to send 50,000 of our troops, soldiers into Honduras this month, as it is already, that I felt impelled at that point to introduce the impeachment resolution.

I have had some reaction and I am awaiting further reaction from some of the subcommittee chairmen who possibly could exert some jurisdiction if they can find a manner of doing it.

The truth of the matter is that our country is bent on a continued course that unquestionably is going to be catastrophic in its ultimate results. It is going to involve us in a continual guerrilla war with all of the nations, not with just one country, whether it is Nicaragua or El Salvador, but all of the countries in that entire region.

In fact, throughout South America, down the line from Isthmus, there is great, great concern and hatred of the United States because of its policies, because of the fact that even though as much as many of the leaders of the South American countries do not and are not congenial, do not agree and are not congenial with the approach of the present Nicaraguan Government, they detest more our occupation, our ongoing war, our mixing into the internal affairs of these nations. They always fear that we will in theirs because our history in that respect is rather dreary.

There is no question that, with the President's restatement of his inflexible, unchanging intention, that will lead to a direct intervention on our part and which will be done at great cost of blood and treasury. I think my colleagues should realize that Nicaragua is not Grenada and that, for the first time, we will be confronted with the major dimensions of a costly war. We must never forget, as disastrous as the results were in South Vietnam, where the fact situations were very little different, the fact remains that never were we ever challenged in the skies. We never heard of North Vietnamese or Communist Vietnamese bombing our troops or strafing through helicopters or any other way.

This will not be the case in the new war. Even at that, we could not conquer in Southeast Asia because it is obvious that under the circumstances that we have involved ourselves, we have done so with the thought, the mistaken notion, the fallacious concept that we can, through purely military means come out the winners or triumphant in a civil war in an indigenous situation in which we go in and try to take sides and dominate and impose our will.

□ 1730

It never has really happened in mankind's history, and I do not see any reason why it would not, atomic bomb or no atomic bomb. But what I think is the most shameful thing is that the administration and President Reagan are acting contrary to the great tradition and the history and the honor of this country, for he openly has advocated and he has openly solicited arms help and aid in violation of our Neutrality Act. The express terms of the Neutrality Act are limpidly clear. He is against a government that he himself and his administration proclaims is the legitimate government with whom we are at peace, because we have a duly accredited ambassador in Managua who is there to testify to the world that he as our emissary recognizes the government as the legitimate government and one with whom we are ostensibly supposed to be at peace.

We have been found guilty of acts of state terrorism by the world tribunal of justice, the World Court. It has found us guilty, it has convicted us, it has imposed a fine, and we thumb our nose at world law and order. As a matter of fact, we walked out of the Court. Our country happily was one of those that initiated it, but we walked out of it in a most shameful way, in a way that betrays the highest moral principles upon which our country has been founded and upon which it has always acted. It was certainly from those high moral purposes that we found ourselves involved in the costly and bloody wars, World War I and World War II.

I think that anything that can be done should be done in order to impress upon my colleagues the need to act and to restrain a President, willful by nature, adventuresome by spirit, and catastrophically wrong. The price we have to pay has been fully estimated yet for the Ronald Reagan administration. I am just warning against what I know will be one of the most dreary chapters in our history.

But even now he is obsessed, and the results of his obsession are so evident with this question of communism in Nicaragua, which is absurd. After all, the French Cabinet has two Communists in its Cabinet, and I do not see the President urging us to boycott or embargo or invade France. But we have a double standard for those who are our neighbors, those that fate has destined will share their destiny with us in the New World. It is a different standard than we bear upon others in other parts of the world.

Mr. Speaker, I will, by unanimous consent, place into the RECORD the following items: No. 1, an article that appeared in the Christian Science Monitor entitled "Revelations About Honduran Role in Contra War Fuel Opposition"; No. 2, the front-page article in the Dallas Morning News of this morning; and No. 3, an article in The Nation magazine of May 2, 1987, about one of the most perceptive and one of the most brilliant minds we have in America—I believe he is really British in origin—one of the most brilliant minds, whose writings I have admired and whose truthfulness is unchallenged and unrebuttable, Alexander Cockburn. This is in a column or series of paragraphs that he encloses from time to time in this magazine entitled "Beat the Devil." His perception on what has happened in shaping the delusions or the misperceptions with respect to what is going on in Central America and our responsibility for it is very sharp, very well delineated, and I think it will be revelatory to my colleagues who are interested in this issue.

While we sit here and have the President divert our attention from these other issues, we are about to really face the biggest challenge I have been talking about single-handedly in this whole Congress, the development of the European monetary system, the European currency unit.

There are reasons why we are facing again a rising rate of interest, which always is the most insidious enemy or army a country can have occupying its land. And there is a connection between this obsession on the part of the President to divert the attention of the American people from the problems he has not even as a matter of fact wanted to address, much less comment upon, and what is happening over here. And since the announcement at the Bonn summit in 1979, Jimmy Carter being President then, there was one last line in the communique that said, "We agree in principle to the evolving nature of the European monetary system, EMS, and the European currency unit, the ECU."

When Mr. Reagan went to Germany, again to Bonn, for that economic summit meeting in May 1985, just 2 years ago, we would have thought that he went there just to lay a wreath of flowers in a Nazi cemetery, but he was there for the purpose of being told—and this is something we did not have reported to the American people—that this system of currency, this system of monetary alignments, was in place, fleshed out, and it was going to be used.

We can flail all we want against the Japanese, we can invoke all the sanctions and let the consumer pay the price, but the Japanese hold the stick and West Germany holds the stick. The 6 or 10 communities in Europe today have more gold reserves than the United States. Japan 2 months ago for the first time made use of the European monetary system and the European currency unit. Both of these are in place in order to supplant the dollar as a reserve unit in the world.

What that means to us, I say to my fellow colleagues, is that that is the real threat. These diversions in the New World, as shameful as they are, are not the issue. The President has never tried diplomacy with respect to Latin America generally or Central America principally—never once. He has opted from the beginning for military intervention, and that is supposed to take away the attention of the American people from his total failures in these other areas which go to the heart of the economic wellbeing of our country, of our economic freedom. All the Japanese have to do, no matter how many trade restrictions and embargoes we have, is thumb their nose and actually say, "Hey! You had better play ball with us because we've got you by the throat now." And so can the European communities, and in fact they have done so. Our farm products no longer hold our balance favorably in our trade accounts. They are gone because of the inability given our interchanges throughout the world of currency. And that in turn leads to other things.

So here we are with a President trying to divert our attention by trying to say that he can do something with literally a bunch of gangsters known as the Contras, whose leadership cannot even get together with itself, as was revealed just a month and a half ago.

How in the world would they be received in Nicaragua if we were to try to pour them down the throats of the Nicaraguan people? Never. That is why they are hiding out in Honduras. They are not leading the revolution in Nicaragua because they are the representatives and the symbols of the regimes that were kicked out by the revolution in Nicaragua.

And let me say that I call it a glorious revolution. Regardless of what anybody else may call it, I call it a glorious revolution because it was an uprising of people that had been under the yoke of the worst kind of tyrant, the most corrupt form of human government in any part of the world. And who gave a hoot then about human rights? Where was Ronald Reagan worrying about human rights and freedom and democracy in Nicaragua?

□ 1740

Where were all the other leaders in our country? They were not to be heard from because they were jogging along with our equally powerful vested interests who had been the ones who have shaped the image of America in those countries.

When those people down there meet the American people, they love them; but what they see as reflecting the power of the Government, they do not like because it is associated with the despots they have detested, whose yoke they have thrown off and will never allow to be imposed again. Either we get on the side of the people or we continue as the aides and the allies and those in close brotherhood with the despots and the tyrants of this part of the world.

For 200 to 300 years those people have suffered, but not any longer. The world has shrunk.

I think evidence of our bankruptcy is the fact that for the first time in history four nations are inviting the Russian leader to visit them. He will soon be visiting them, beginning with Mexico, while they are rejecting invitations for Ronald Reagan. I think that is proof patent. That is something that should have us all considerably concerned.

Then these other issues that are obscured and nobody wants to confront. I am not proud of the fact that I am the only one in the Congress either on this side or on that side who has reported such a thing as the advent of the European currency unit, the European monetary system, and what its dimensions are and what its threats are and what the real significance is in a dire way to our country. I take no pride in that.

In fact, I am saddened. I deplore the fact that we cannot get our colleagues

who have leadership in this Congress and in the past Congresses to realize what a responsibility there is for us to be aware and to direct our efforts to confronting these emerging challengers to our standard of living, to our economic freedom and to our continued well-being.

Mr. Speaker, I include the following material previously referred to:

[From the Christian Science Monitor, Apr. 20, 1987]

Revelations about Honduran Role in Contra War Fuel Opposition

(By Wilson Ring)

Tegucigalpa, Honduras.—The continuing revelations of a Honduran role in secret United States policy in Central America are fueling internal opposition and could harm the country's budding democracy, according to some Honduran and foreign officials.

The former head of the Honduran military recently said on a US television news program that the Central Intelligence Agency had infiltrated Honduran security forces and bribed military and government officials to further US policy.

Retired Gen. Walter López Reyes, who led the Honduran military from March 1984 until February 1986, also claimed that "contra death squads" were responsible for the disapearance between 1982 and 1984 of 125 Hondurans who were considered subversives by the Honduran government. The contras are fighting to overthrow the Nicaraguan government.

Since the Iran-contra affair broke in the US last November, the details of Honduras' role in the contra effort have steadily come to light. According to international press reports, the Honduran Armed Forces have helped the contras get weapons and Honduran officials have been bribed to ensure their continued support of US efforts. Since US backing for the contras began in late 1981, the Nicaraguan rebels have maintained their base and logistical support network for military activities in Honduras.

"There are a lot of nervous military officers in Honduras," said Víctor Meza, a left-leaning political analyst here. "When [special prosecutor Lawrence] Walsh and the congressional commissions issue their reports, [they] will probably contain the names of the officers involved" in the corruption.

When local newspapers ran stories quoting General López as saying some military officers were corrupt, he retreated somewhat from the comments he had made on the US news show.

In a press conference, he said his remarks about the bribing of military and government officials were misinterpreted, but he stuck to his story about the CIA trying to infiltrate government agencies. But he refused to provide details, saying he would only give those directly to the armed forces.

Analysts debate whether López's charges are true. Most agree he is motivated by a desire to enter the Honduran political arena, and some feel that he wants to be the next civilian President.

True or not, two Honduran officials say, the charges sully the image of the government, particularly the military, which plays an important role in national affairs, domestically and internationally.

"It could be there are corrupt officers, but it is not the institution," said Col. Manuel Suárez, head Honduras' military public relation office. "The press always says these corrupt people are here, but they never say where. If they want to help, show us the proof."

Colonel Suárez said the Honduran Embassy in Washington would ask the news media for details, the names and evidence against the allegedly corrupt officials.

After the Tower Commission report on the Iran-contra affair was released in late February, the Honduran government asked the US to provide details of all Honduran connections, Suáez said. He says it has not yet received an answer.

The armed forces have named a commission to investigate the Honduran role in the Iran-contra affair, but Suáez said he did not know who was on the commission, what exactly it was investigating, nor when the report would be completed.

The revelations about Honduran participation in the contra effort are "another propaganda weapon being handed over to the growing anti-contra and anti-US mood in Honduras," said a Western diplomat in Tegucigalpa.

In an unusual move last month, several thousand demonstrators protested Honduran support for the contras. The diplomat said it was hard to gauge just what impact the opposition has on government policy and whether it could threaten current Honduran support for US policies.

He said the civilian government of President José Azcona Hoyo was trying to "ride out the storm" for three or four months. By then it may be clear whether or not the contras, fighting with $100 million in US aid, can threaten the Nicaraguan government. "Once it becomes self-evident if the contras can succeed, Washington will have to open up about long-term plans for the contras," the diplomat said, adding that that would take some pressure off the Honduran government.

Honduras, a country long known for political instability and military governments, returned to democratic rule just five years ago. A loss of faith in the government could jeopardize the maturation of the new democratic institutions.

"The institutionalization of the democratic process in Honduras requires confidence in the government," said Ricardo Maduro of the mainstream Nationalist party. "By weakening one institution [the military], it is weakening them all."

[From the Dallas Morning News, May 4, 1987]

Continue Contra Aid, Reagan Says

(Associated Press)

New York.—President Reagan, staking out a tough position on the eve of the Iran-contra hearings, said Sunday that cutting off aid to rebels in Nicaragua would give the Soviet Union a free hand in Central America and "one of their greatest foreign policy victories since World War II."

He warned that "delays and indecision here at home can only cause unnecessary suffering in Nicaragua, shake the confidence of the emerging democracies in the region and endanger our own security."

Reagan made his remarks on Ellis Island to the American Newspaper Publishers Association annual convention.

The president did not mention the hearings opening Tuesday on Capitol Hill on the secret arms sale to Iran and possible diversion of profits to the contras.

Instead, Reagan concentrated on the $105 million in aid the administration is seeking this year amid signs that Congress is increasingly skeptical about sending money to the contras.

Frank Carlucci, Reagan's national security adviser, said Reagan's theme was a diplomatic message. Asked whether the president's goal was still to make the Sandinistas say "uncle," Carlucci replied, "The goal is to make them say: 'democracy.' "

Reagan said the contras offer "the only political alternative to the dictatorship of the past and the communism of today," and he vowed:

"For as long as I am president, I have no intention of withdrawing our support of these efforts by the Nicaraguan people to gain their freedom and the right to choose their own national future."

[From the Nation, May 2, 1987]

Beat the Devil

(By Alexander Cockburn)

THE MARCH OF POWER

The odious annual ritual of the Pulitzer Prizes was unusually squalid this year, by reason of the award given to Charles Krauthammer for "commentary." If the Pulitzer board and its nominating jurors had decided to search out the journalist most supportive of the very abuses in government that the press has been denouncing since the start of the Iran/contra scandal, they surely would have come round to Krauthammer. His columns, both in The Washington Post and The New Republic, are distillations of the contempt for national and international law that has characterized the Reagan Administration. It was Krauthammer who came up with the label "the Reagan Doctrine" to dignify as "morally defensible" the acts of piracy and terror that he either urged upon the Administration or congratulated it for having undertaken. No journalist has called for attacks on Nicaragua more vehemently, and if a war crimes tribunal ever wished to indict a journalist as an accessory to the mutilation and murder of civilians there, it could do no better than Krauthammer.

Reagan and his people were mindful of Krauthammer's usefulness. It was not that he was able to weave compelling sophistries around their crude intentions. His was the simpler function of providing a public echo chamber for their base designs. Thus, Reagan and North and Shultz and Abrams could study Krauthammer's work, along with that of fellow choristers Fred Barnes and Morton Kondracke, and reassure themselves that, with Martin Peretz and his New Republic, they commanded a tactically important slice of what sociologists call the opinion-forming elite. And the White House knew how to nourish Krauthammer's self-esteem. Early in 1985 the President sent him a personal note applauding his abominable expressions of Reaganite philosophy on Agronsky & Co.

Why did the Pulitzer board honor Krauthammer? The selection of finalists demonstrates its shriveled perspective: a runner-up for commentary was another Washington Post columnist, Richard Cohen, best remembered in 1986 for his recommendation that jewelry store keepers lock out black men for fear of being robbed. This may not have perturbed the Pulitzer men and women, who also gave a prize to Jonathan Freedman of The Tribune in San Diego for editorials urging passage of the racist Immigration Reform and Control Act.

Although I refer to the men and women of the Pulitzer board, the ratio is fourteen to three in favor of men. The only woman to win an individual prize this year was the poet Rita Dove. (Alexandra Dibble of The Miami Herald shared a group award, as did thirteen women of the Akron Beacon Journal's fifty-member staff.) This leads one to conclude that women at newspapers rarely get the chance to work on stories likely to be submitted for a prize, or that the managerial level at newspapers is inhabited almost entirely by men, who are less likely to submit the work of women, or that the Pulitzer jurors and board are preponderantly male. None of those conclusions is contradictory of another. All are true. Likewise, the board awarded individual prizes to only two black people, Dove and the playwright August Wilson. (Four blacks were among the Akron paper's staff.) For every proposition above regarding the status of women in the newsroom, substitute the word "black"; for every reference there to men, read "white men." Again, none of those propositions is contradictory of another. All are true.

I await, without confidence, news of Roger Wilkins' resignation from the Pulitzer board in protest over the choce of Krauthammer and the sexist and racist imbalance. Since Wilkins himself admits he was appointed to the board in part because minorities were underrepresented, it is fair to ask him why he doesn't take a principled stand against the proceedings to which he lends his name—particularly because he is also identified with the Institute for Policy Studies and The Nation. He and his fellows have handed the Administration pleasant evidence that, in the last analysis, the press is on the President's side. And let them think carefully before saying that it is not the job of the board or the press to take sides. Neutral, and therefore complicit, in the face of sexism and racism in their own industry, are they also "value free" as they scrutinize Krauthammer's words? Let them reflect on William Hazlitt's description of George Canning, which—with the reservation that the word "clever" may be overstating the case—perfectly locates the relationship of journalism to power: "Clever men are the tools with which bad men work. The march of sophistry is devious: the march of power is one. Its means, its tools, its pretexts are various, and borrowed like the hues of the chameleon from any object that happens to be at hand: its object is ever the same, and deadly as the serpent's fang. It moves on to its end with crested majesty: erect, silent, with eyes sunk and fixed, undiverted by fear, unabashed by shame; and puny orators and patriot mountebanks play tricks before it to amuse the crowd, till it crushes the world in its monstrous folds."

PLAYING IN THE CROWD

In speaking of the uses to which clever men (and women) are put by bad ones, it would be unfair to go after The New Republic and omit consideration of The Nation. A few weeks ago the clever directorate here was keen to disseminate to the opinion formers an issue decorated with a column by Christopher Hitchens, flagged on the cover "Liberate 'La Prensa.'" Hitchens had elected to write an open letter to Nicaragua's Vice President, Sergio Ramirez, with a bit of fatherly advice about the need to let La Prensa's presses roll once more. There's something a bit chest-puffing about these open letters—clever people telling their readers that they are on a first-name basis with power and may expect to get an answer by return post. Reminding him of the chats they had enjoyed in the past, Hitchens assured Ramirez that "the Elliott Abramses of the world . . . hate me, and I hate them." Well, maybe they do, Christopher, but I'm not sure it is for you to say. Maybe, reading this open letter, they now hate you less.

There were a few odd things about Hitchens' open letter. For one, he prefaced his plea for La Prensa with a paragraph on Gorbachev's reforms. But how are those relevant, since the Soviet Union is not under attack or threat of invasion? The view that Nicaragua is under such threat was offered by Hitchens himself when he said in The Nation for February 28: "[The Administration] can admit defeat at the hands of Daniel Ortega and the F.S.L.N. or it can invade. Which option seems the least unlikely? It is hard to imagine U.S. troops landing in Nicaragua, unless you are a Nicaraguan who is more than sixty years of age. Is it not also difficult to imagine the Reaganites leaving office with the Sandinistas still in power?" If Hitchens believes this, he cannot argue that Nicaragua faces no real emergency and so should win brownie points with liberals in North America by reopening La Prensa. Therefore, he must think that even if there is a serious danger, it makes no difference to security whether La Prensa is operating or not.

Of course, one can argue that freedom of the press must be preserved at all costs, even if the press in question is paid for by the imminent invader and run by those urging invasion. That is a coherent position, but it holds Nicaragua to a more exacting standard than that for any other country. The editor of La Prensa went to Washington to push for invasion. The former editorial director, Pedro Joaquin Chamorro, is on the directorate of UNO, the political organization supposedly holding the disparate contra groups together. La Prensa was financed in part by the U.S. government, through the National Endowment for Democracy and Prodemca.

Hitchens's open letter would have had more resonance and less the air of the brownie-points-winning variety if he had volunteered to be ombudsman at a reopened La Prensa. He would then be in a position to balance the paper's notorious inability to report contra atrocities, as well as to adjudicate on charges that some of its stories were contrived to forment public fears about shortages and the like, and thus to destabilize the country. He would also be in a position to monitor whether the U.S. taxpayers were getting a bang out of their bucks in the form of something that could squeak in under the heading "free press," or something closer in spirit to the famous C.I.A. manual on subversion, which I don't think even Hitchens would counsel Ramirez to permit.

The position of the Sandinistas, as expressed recently by Daniel Ortega and Tómas Borge, is that the end of U.S. military aggression would mean the lifting of emergency decrees. Borge says La Prensa would then still be a mouthpiece of the United States, but no longer that of a country making war on Nicaragua. That is a reasonable position.

ANOTHER USEFUL TOOL

This brings us to an altogether more unwholesome piece of work. Lucia Annunziata's cover article on the Democrats and the Arias plan in The Nation for April 18 was grimly interesting for what it revealed about The Nation's political points of reference—in effect, its own relationship to power. The article's angle of vision was most emphatically not one of sympathy to a small nation trying to survive after six years' assault by a large one, or to the solidarity movement in the United States. On the contrary, the outlook and tendentious tone were those of Democratic cold war Washington, squeezed into the ideological parking space between Senators Dodd and Bradley.

Annunziata's theme was post-Reagan U.S. policy toward Central America, specifically the Arias plan, a ten-point initiative by the President of Costa Rica. The rhetoric suggested a Nicaragua being lured by sophisticated diplomacy toward "renewed democratic activity" and induced to "agree to respect U.S. national security interests in Central America." Someone reading only the opening portions of the article could be pardoned for concluding that its subject was the possible reduction in Sandinista tyranny. Nor would that view have been dispelled by Annunziata's later observation that other governments in the region may soon share the concern of U.S. Democrats about "the deterioration of democratic standards" in Nicaragua.

An uninformed reader would not know that prior to the Sandinista triumph there were no democratic standards in the country at all, or that Nicaragua, now willing to discuss the Arias plan, has in the past been ready to sign the contadora treaty to continue bilateral talks with the United States, to accept the good offices of the United Nations and the O.A.S., to go before the International Court of Justice and to accept international supervision of its borders. (By way of counterpoint, in 1985, Krauthammer wrote: "We did not need any of these agencies to help us decide on the nature of the Coard regime in Grenada. And we can debate the nature of the Duarte and Ortega regimes quite adequately without either advice or consent.")

Better-informed readers would laugh wryly at Annunziata's excited tidings that Elliott Abrams finds the Arias proposal "promising," and at her respectful reference to "the recent failure of Arturo Cruz to reform the contras military apparatus." They might also say that the point about the Arias plan is not whether the Sandinistas can be cajoled to accept provisions for "democratization," reconciliation and so forth, since Nicaragua's entire diplomacy has shown that is not a problem, but whether the United States will ever agree to stop exporting terror, by men, money or matériel. Annunziata did not point out that Jesse Helms, along with ninety-six of his colleagues, voted to support the Arias plan after having insured that the resolution's language made it absolutely clear that the Senate did not support the termination of military support for the contras. Indeed, the Arias plan is, as David MacMichael pointed out in Washington Report on the Hemisphere for April 15, regression from Contadora because it does not include that treaty's language on a halt to arms imports. He added that the plan has almost no chance of success.

So, regarding the relationship between cleverness and power, since the Reagan Administration began putting its $100 million to military use in terror and subversion in Nicaragua, The Nation has chiefly urged the reopening of La Prensa and the uses of Arias in "restoring" democracy in Nicaragua. This is the kind of cleverness power dearly appreciates.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ANNUNZIO (at the request of Mr. FOLEY), for today through May 31, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. KYL) to revise and extend their remarks and include extraneous material:)

Mr. SWINDALL, for 60 minutes, May 5, 6, and 7.

Mr. HERGER, for 10 minutes, today.

Mr. LUNGREN, for 5 minutes, May 5, 6, and 7.

Mr. BLAZ, for 60 minutes, on May 6.

(The following Members (at the request of Mr. DORGAN of North Dakota) to revise and extend their remarks and include extraneous material:)

Mr. MONTGOMERY, for 5 minutes, today.

Mr. DORGAN of North Dakota, for 30 minutes, today.

Mr. GONZALES, for 60 minutes, today.

Mr. LELAND, for 30 minutes, on May 5.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. KYL) and to include extraneous matter:)

Mr. KEMP in two instances.
Mr. LIGHTFOOT.
Mr. CRANE.
Mr. DELAY.
Mr. DENNY SMITH.
Mr. DREIER of California.
Mr. NIELSON of Utah.
Mr. BADHAM.
Mr. BROOMFIELD.
Mr. GALLO.
Mr. MCKINNEY.

(The following Members (at the request of Mr. DORGAN of North Dakota) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. LLOYD in five instances.
Mr. HAMILTON in 10 instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in 6 instances.
Mr. JONES of Tennessee in 10 instances.
Mr. BONER of Tennessee in five instances.
Mr. DE LA GARZA in 10 instances.
Mr. GAYDOS.
Ms. SLAUGHTER.
Ms. KAPTUR.
Mr. ASPIN.
Mr. MATSUI.
Mr. LANTOS.
Mr. EDWARDS of California.
Mr. MARTINEZ.
Mr. ACKERMAN in two instances.
Mr. TRAFICANT.
Mr. SMITH of Florida.
Mr. FAUNTROY.
Mr. FAZIO.
Mr. UDALL.
Mr. GUARINI.
Mr. FLORIO.
Mr. MORRISON of Connecticut.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 903. An act to extend certain protections under title 11 of the United States Code, the Bankruptcy Code.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 43 minutes p.m., the House adjourned until tomorrow, Tuesday, May 5, 1987, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1302. A letter from the Acting Secretary, Department of Agriculture, transmitting a draft of proposed legislation to amend the Rural Electrification Act of 1936, as amended; to the Committee on Agriculture.

1303. A letter from the Manager, Federal Crop Insurance Corporation, Department of Agriculture, transmitting a copy of "Report to Congress 1981-1986", reviewing the activities of the Corporation since the passage of the amendments of 1980; to the Committee on Agriculture.

1304. A letter from the Director, Office of Management and Budget, transmitting a draft of proposed legislation to prohibit the purchase of certain mortgages by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; to the Committee on Banking, Finance and Urban Affairs.

1305. A letter from the Executive Director, D.C. Retirement Board, transmitting copies of personal financial disclosure statements of the previous year by the Board members, pursuant to D.C. Code section 1-732, 1-734(a)(1)(A); to the Committee on the District of Columbia.

1306. A letter from the Assistant Secretary of Indian Affairs, Department of Interior, transmitting the Department's review of Phoenix and Sherman Indian High Schools; to the Committee on Education and Labor.

1307. A letter from the Chairman, National Commission on Libraries and Information Science, transmitting a report on the Commission's activities during fiscal year 1986, pursuant to 20 U.S.C. 1504; to the Committee on Education and Labor.

1308. A letter from the Chairman, Securities and Exchange Commission, transmitting the 1986 annual report on the activities of the Commission, pursuant to 15 U.S.C. 78w(b); to the Committee on Energy and Commerce.

1309. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a proposed memorandum of understanding with the Federal Republic of Germany for the cooperative production of the EX-31 guided missile weapon system [GMWS], (Transmittal No. 03-87), pursuant to 22 U.S.C. 2767(f); to the Committee on Foreign Affairs.

1310. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs; transmitting notification of terrorism related travel advisories for U.S. citizens traveling or residing in Turkey, pursuant to 22 U.S.C. 2656e; to the Committee on Foreign Affairs.

1311. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification of terrorism related travel advisories for U.S. citizens traveling or residing in Nicaragua, pursuant to 22 U.S.C. 2656e; to the Committee on Foreign Affairs.

1312. A letter from the Acting Assistant Attorney General for Administration, Department of Justice, transmitting notification of the proposed alteration of a Federal records system by the Federal Bureau of Investigation, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1313. A letter from the Chairman, Board of Governors, Federal Reserve System, transmitting the annual report of the Federal Open Market Committee's activities under the Freedom of Information Act during calendar year 1986, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

1314. A letter from the Administrator, General Services Administration, transmitting a report of interagency opportunities for consolidation of motor vehicles, related equipment, and facilities, pursuant to 40 U.S.C. 906; to the Committee on Government Operations.

1315. A letter from the Chairman, Federal Election Commission, transmitting a copy of the first biennial report on polling place accessibility in the 1986 general election; to the Committee on House Administration.

1316. A letter from the Deputy Associate Director for Royalty Management, Department of the Interior, transmitting notice of proposed refunds of offshore lease revenues in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1317. A letter from the Secretary of the Interior, transmitting a copy of an approved loan application from the Day Creek Water Project, San Bernardino, CA, pursuant to 43 U.S.C. 422d; to the Committee on Interior and Insular Affairs.

1318. A letter from the Secretary of the Interior, transmitting a copy of an approved application by the Upper Yampa Water Conservancy District, CO, for a loan under the Small Reclamation Projects Act, pursuant to 43 U.S.C. 422d; to the Committee on Interior and Insular Affairs.

1319. A letter from the Chief Immigration Judge, Executive Office for Immigration Review, Department of Justice, transmitting a report of the grants of suspension of deportation of certain aliens, pursuant to 43 U.S.C. 1254(c); to the Committee on the Judiciary.

1320. A letter from the Treasurer General, Daughters of the American Revolution, transmitting the Society's report and financial audit for the fiscal year ended February 28, 1987, pursuant to 36 U.S.C. 1101(20), 1103; to the Committee on the Judiciary.

1321. A letter from the Acting Assistant Attorney General, Office of Justice Programs, transmitting the annual report for justice programs, fiscal year 1986, pursuant to 42 U.S.C. 3712(b); to the Committee on the Judiciary.

1322. A letter from the Chairman, United States Sentencing Commission, transmitting amendments to the initial sentencing guidelines previously submitted to the Congress, pursuant to 28 U.S.C. 994(o); to the Committee on the Judiciary.

1323. A letter from the Executive Director, Federal Retirement Thrift Investment Board, transmitting a draft of proposed legislation to prevent the loss of interest earnings to Federal employees in the thrift savings plan which would otherwise result from a temporary suspension of the authority of the Secretary of the Treasury to issue public debt obligations to the plan; to the Committee on Post Office and Civil Service.

1324. A letter from the Special Counsel, U.S. Merit Systems Protection Board, transmitting a copy of the report of the Secretary of the Air Force on his investigation into allegations of violations of law and regulation, thereby creating a danger to public health in the handling of asbestos at Loring Air Force Base, ME, pursuant to 5 U.S.C. 1206(b)(5)(A); to the Committee on Post Office and Civil Service.

1325. A letter from the Executive Secretary, Department of Defense, transmitting the report on Department of Defense procurement from small and other business firms for October 1986 through February 1987, pursuant to 15 U.S.C. 639(d); to the Committee on Small Business.

1326. A letter from the Secretary of the Treasury, transmitting a request for action by the Congress on legislation to increase the public debt limit before May 15, 1987; to the Committee on Ways and Means.

1327. A letter from the Director, Office of Community Investment, Federal Home Loan Bank Board, transmitting the Board's annual report on the agency's efforts to prevent unfair and deceptive trade practices in the thrift industry, pursuant to 15 U.S.C. 57a(f)(6); jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

1328. A letter from the Comptroller General of the United States, General Accounting Office, transmitting the certification of the Defense Department's estimate of revenue to be deposited in the Panama Canal Commission Fund, pursuant to 22 U.S.C. 3712(c)(2); jointly, to the Committees on Government Operations and Merchant Marine and Fisheries.

1329. A letter from the Comptroller General of the United States, transmitting a copy of the report on the evaluation of the Immigration and Naturalization Service's [INS] trial preinspection program conducted at Shannon International Airport, Ireland; jointly, to the Committees on Government Operations and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FROST: Committee on Rules. House Resolution 154, a resolution providing for the consideration of H.R. 27, a bill to facilitate the provision of additional financial resources to the Federal Savings and Loan Insurance Corporation. (Rep. 100-77. Referred to the House Calendar.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 1941. A bill to repeal and amend certain sections of the Powerplant and Industrial Fuel Use Act of 1978; with amendments (Rep. 100-78. Referred to the Committee of the Whole House on the State of the Union.

Mr. DYMALLY: Committee on Post Office and Civil Service. H.R. 157. A bill to designate September 17, 1987, the bicentennial of the signing of the Constitution of the United States, as "Constitution Day", and to make such day a legal public holiday; with an amendment (Rep. 100-79. Referred to the Committee of the Whole House of the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FASCELL:

H.R. 2262. A bill to amend the Internal Revenue Code of 1986 to restore the deduction for interest on educational loans; to the Committee on Ways and Means.

By Mr. GRAY of Illinois:

H.R. 2263. A bill to direct the Secretary of the Army to transfer to the State of Illinois title to certain Federal lands in South Shores State Park, IL; to the Committee on Public Works and Transportation.

H.R. 2264. A bill to provide for review and approval of a lease agreement for recreational development of South Shores State Park, IL, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. McKINNEY:

H.R. 2265. A bill to amend the Immigration and Nationality Act with respect to the admission of certain Amerasian children; to the Committee on the Judiciary.

By Mr. SHARP (for himself (by request), Mr. Moorhead, Mr. Howard, Mr. Anderson, Mr. Hammerschmidt, and Mr. Shuster):

H.R. 2266. A bill to amend the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1988 and 1989, for other purposes; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

By Mr. TRAFICANT:

H.R. 2267. A bill to amend the Food Stamp Act of 1977 to exclude from income, for purposes of determining eligibility and benefits, certain funds used for textbooks, supplies, and transportation incidental to attending postsecondary institutions and schools of the handicapped; to the Committee on Agriculture.

H.R. 2268. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to ensure the future solvency of the pension benefit guaranty program for single-employer plans; jointly to the Committees on Education and Labor, and Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 306: Mr. Courter.

H.R. 567: Mr. Donnelly, Mr. Guarini, Mrs. Kennelly, Mr. Bateman, Mr. Garcia, Mr. Grant, Mr. Stenholm, Mr. Bilbray, Mr. Bryant, Mr. Ortiz, Mr. Holloway, Mr. DioGuardi, Mr. Pashayan, Mr. Valentine, Mr. Frost, Mr. Denny Smith, Mr. Shumway, Mr. Feighan, and Mr. DeWine.

H.R. 575: Mr. Stratton.

H.R. 779: Mr. Udall, Mr. Dymally, Mr. Hyde, Mr. Miller of California, Mr. Wilson, Ms. Oakar, Mr. Bilbray, Mr. Ackerman, and Mr. Solarz.

H.R. 975: Mr. Torres, Mr. Sunia, Mr. Waxman, Mrs. Collins, Ms. Oakar, Mr. Roe, Mr. Hoyer, Mr. Roybal, Ms. Slaughter of New York, Mr. Cardin, Mr. Dwyer of New Jersey, Mr. Studds, Mr. Mfume, Mr. Kennedy, and Mr. Bates.

H.R. 1078: Mr. Martinez, Mr. Morrison of Connecticut, Ms. Kaptur, Mr. Crockett, Mr. Bereuter, and Mr. Wilson.

H.R. 1082: Mr. Duncan, Mr. Hopkins, Mr. Flippo, Mr. Grandy, Mr. McDade, Mr. Coats, Mr. Bereuter, Mr. Tauzin, and Mr. Donald E. Lukens.

H.R. 1101: Mr. Dellums, Mr. Walgren, and Mr. Gaydos.

H.R. 1199: Mr. Mfume, Ms. Slaughter of New York, and Mr. Towns.

H.R. 1259: Mr. Cooper, Mr. Lent, Mr. Williams, Mr. Chappell, Mr. Dixon, Mr. Chandler, Mr. Dickinson, Mr. Rhodes, Mr. Watkins, Mr. Akaka, Mr. Jones of Tennessee, Mr. Udall, Mr. Dymally, Mr. Donnelly, Mr. Sabo, Mr. Applegate, Mr. McMillan of North Carolina, Mr. Mineta, Ms. Oakar, Mr. Levin of Michigan, Mr. Spence, Mr. Madigan, and Mr. Coleman of Missouri.

H.R. 1470: Mr. Dicks, Mr. Feighan, Mr. Sharp, and Mr. Jacobs.

H.R. 1506: Mr. Fauntroy and Mr. Solarz.

H.R. 1598: Mr. Nagle.

H.R. 1666: Mr. McMillan of North Carolina.

H.R. 1681: Mr. Lagomarsino.

H.R. 1682: Mr. Lagomarsino.

H.R. 1885: Mr. Rowland of Georgia, Mrs. Smith of Nebraska, Mr. Harris, and Mr. Martin of New York.

H.R. 1891: Mr. Fawell, Mr. Hughes, Mr. Jacobs, Mr. Craig, and Mr. Davis of Illinois.

H.R. 1941: Mr. DeLay.

H.R. 2200: Mr. Dorgan of North Dakota, Mr. Roemer, and Mr. Andrews.

H.R. 2248: Mr. Penny, Mr. Obey, and Mr. Chappell.

H.J. Res. 90: Mr. Panetta and Mr. Morrison of Connecticut.

H.J. Res. 91: Mr. Thomas of Georgia, Mr. Dymally, and Mr. Badham.

H.J. Res. 98: Mr. de Lugo and Mr. Valentine.

H.J. Res. 106: Mr. Lancaster, Mr. Atkins, Mr. Horton, and Mr. Wyden.

H.J. Res. 166: Mr. Ackerman, Mr. Badham, Mr. Bennett, Mr. Biaggi, Mr. Bosco, Mr. Brennan, Mr. Callahan, Mr. Courter, Mr. Dickinson, Mr. Early, Mr. Frank, Mr. Gilman, Mr. Holloway, Mr. Hughes, Mrs. Kennelly, Mr. Lehman of California, Mr. Lewis of Georgia, Mr. McMillen of Maryland, Mr. Morrison of Washington, Mr. Nichols, Ms. Oakar, Mr. Owens of Utah, Mr. Rangel, Mr. Stratton, Mr. Wise, Mr. Yates, and Mr. Young of Alaska.

H.J. Res. 224: Mr. Gephardt and Ms. Oakar.

H.J. Res. 229: Mr. Atkins, Mr. Fuster, Mr. Levine of California, and Mr. Towns.

H.J. Res. 249: Mr. Lagomarsino.

H.J. Res. 252: Mr. Akaka, Mr. Smith of Florida, Mr. Porter, Mr. Mrazek, Mr. Ackerman, Mr. Oberstar, Mr. Martinez, and Mr. Fascell.

H. Res. 68: Ms. Snowe.

H. Res. 140: Mr. Lagomarsino and Mr. Frenzel.

EXTENSIONS OF REMARKS

NEW IDEAS SPRING FROM AVIATION TRUST FUND ABUSE

HON. JIM LIGHTFOOT

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. LIGHTFOOT. Mr. Speaker, the Committee on Public Works and Transportation soon will mark up the airport and airway reauthorization legislation. No one in Congress needs to be told that there are serious problems confronting our national air transportation system.

The biased accounting practice that allows Members of this body to adopt a budget resolution which freezes aviation spending at a time when the aviation trust fund is operating on a $5-billion surplus is unconscionable. It is apparent, Mr. Speaker, that the air transportation system will only get worse as a result of the budget resolution passed by the House on April 9. We on the authorizing committee have the responsibility to find long-term, permanent solutions that will meet the growing demands of air travel in a deregulated environment. Our ability to meet these demands is greatly restricted by the artificial spending restraints under the unified budget. It's high time we restored some reason and fairness into this situation—either by removing the aviation trust fund from the unified budget or by returning the unspent tax dollars to those who contributed them.

In view of this body's apparent reluctance to take that approach, we on the authorizing committee are forced to consider proposals that are fundamentally different from the approach we have followed since 1970 when the aviation trust fund was established. On behalf of the Air Transport Association of America, I want to bring to my colleagues' attention one such proposal which is outlined in a letter received by the Subcommittee on Aviation. While I do not endorse their proposal, I do believe it is an option worthy of consideration.

AIR TRANSPORT ASSOCIATION
OF AMERICA,
Washington, DC, April 16, 1987.

Hon. JIM ROSS LIGHTFOOT,
U.S. House of Representatives, Washington, DC.

DEAR MR. LIGHTFOOT: The Public Works Committee soon will markup Airport and Airway reauthorization legislation significantly influencing the future of our national air transportation system.

During subcommittee hearings, the airlines again stated that the current Aviation Trust Fund concept and approach is inadequate to meet the nation's demand for a safe and efficient aviation system. The ability of the airlines to accommodate the burgeoning demand for air travel is in jeopardy. Fundamental structural changes are warranted.

There is a rising tide of public dissatisfaction about intolerable air traffic delays and lagging investment in airport and airway improvements. The Aviation Trust Fund has been rendered virtually useless by the Federal budget quagmire. House action taken April 9 on the first budget resolution for fiscal year 1988 underscores one of the major deficiencies of the current structure. At a time when it is vital that costly steps be undertaken to relieve system pressures, the House adopted aviation program spending at freeze levels. Never mind the urgency of the situation or the fact that there is a huge Aviation Trust Fund surplus. The House adopted a budget which will make the aviation situation even worse.

Adherence to traditional federal government budgetary and appropriations processes are impeding a quick, effective response to dramatically changing system needs. Until the necessary system changes are made to assure that needed safety and capacity programs will be funded and efficiently implemented, the problems will remain. Moreover, the traveling public, as well as the airline industry, will suffer the consequences of an inadequate, antiquated air transportation system.

A self-sustaining, user supported corporation wholly-owned by the federal government should be established to meet future requirements. Three objectives are essential. First, funding must be changed from the current slow and inefficient process to a user fee stream going directly to an air traffic control agency. Second, the agency must be freed from most civil service laws and regulations governing hiring, compensation and other terms and conditions of employment. Third, the corporation must have the authority to contract for facilities and equipment consistent with accepted commercial practice. Until these changes are made, the problems will only continue and worsen.

In order to meet pressing short-term requirements while structural changes are pursued, we would urge only a 2-year Trust Fund reauthorization. Such an approach would assure that we do not perpetuate the status quo for another five years, and the short duration would serve as a stimulus to find more permanent remedies to the frustrating problems that are of concern to you, other members of Congress and millions of air travelers.

As a member of the Public Works Committee you have a historic opportunity to help fashion reauthorization legislation that will assure continuation of the system's exemplary safety record and forge fundamental changes in the way the national air transportation system is structured, managed and operated.

Sincerely,

WILLIAM F. BOLGER,
President.

HONORING JULIAN GROW

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. ACKERMAN. Mr. Speaker, I rise today to pay tribute to a man recognized by his entire community as a successful businessman, an important civic leader and, most of all, a true friend.

Julian Grow, president of the Queens-Steinway Transit Co. of New York, will be honored on May 6, 1987 by the Queens Museum at its Annual Dinner Dance At Terrance On The Park.

That the highly regarded Queens Museum should choose to salute Julian Grow comes as no surprise to all those who've had the privilege of knowing him. "Julie" and his lovely wife of nearly 25 years, Myrna, have always found the time to get involved in their community, whether it's the Annual Queens Festival attracting thousands of New Yorkers or other prestigious neighborhood institutions and events.

Among the many activities for which he's known are his active membership in the Queens Heritage Corp., the Flushing Rotary, the board of directors of the Queens Symphony Orchestra, vice president of the Queens Office of Economic Development, Treasurer of the Mass Transit Operators of New York, and many, many more. His work in behalf of senior citizens, to whom he provides transportation assistance, is just one example of his service to the community.

Mr. Speaker, those of us who've known him for years marvel at how he always manages to do everything in a big way. Just recently, he set some sort of a Queens record by breaking his elbow in about a dozen places, give or take a chip or two.

We look forward to having him back completely in one piece, throwing himself into the thick of things with both feet and all his other limbs intact. Most of all, we're happy to honor this fine man and friend of ours as he continues to make his unique contributions to Queens and all of New York. If only he could have his most fervent wish come true—to bat cleanup for his beloved Mets—his life would be nearly ideal.

Mr. Speaker, I ask this body to join with me in noting the achievement of Julian Grow, and to join the salutes and honors he will receive this week from the Queens Museum. He's earned our admiration.

TRIBUTE TO ALBERT E. POLONSKY

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. LANTOS. Mr. Speaker, it is a great pleasure for me today to pay tribute to an outstanding citizen of Daly City, CA—Albert E. Polonsky. Albert has been a devoted public servant for many years. He is being honored on the occasion of his retirement, and I would like to call the attention of this House to his achievements.

Albert was born in San Francisco on July 1, 1921, and he was raised in that city. During World War II, Albert served in the U.S. Army in Italy, Germany, and France. When he returned from military service, he continued his studies at the University of San Francisco, where he received a B.S. degree in 1947. In 1949, he received his J.D. degree from the university's law school. Albert began to practice law in California in 1950, and in 1959, he was admitted to practice before the Supreme Court of the United States.

A resident of Daly City since 1954, Albert became a member of the personnel board of the city in 1957 and served in that position for 6 years. In 1964, he became a member of the city council of Daly City and was elected by his fellow councilmen to be mayor in April 1966. He resigned from the city council in December 1966 and was appointed city attorney on December 15, 1966. He continued to serve in that position until he resigned on December 30, 1986.

Albert and his wife Bernice have four children and two grandchildren. In addition to his public service, he also has served on the board of directors of Congregation Beth Sholom and has been associated with Congregation B'nai Israel since 1964.

Mr. Speaker, Albert Polonsky is a dedicated, committed, and public-spirited citizen. Daly City is fortunate, indeed, to have the benefit of his long service. I am delighted to join in paying tribute to him on the occasion of his retirement.

THE BUY AMERICAN AMENDMENTS OF 1987

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. TRAFICANT. Mr. Speaker, on April 29, I introduced H.R. 2226, the Buy American Amendments of 1987. This comprehensive procurement reform bill is designed to bring Federal procurement policies more in line with the current needs of American industry and American workers.

The Buy American Act was signed into law by President Herbert Hoover on March 3, 1933. It required the Federal Government to buy domestic goods and services whenever American resources are adequate in both quantity and quality. Conceptually, the Buy American Act is clear and simple. In practice, however, there have been a number of problems with its interpretation.

For example, the act does not apply to good purchased for use overseas; it permits the waiver of the act if the domestic cost is unreasonable, although no definition of unreasonable cost is provided. Additionally, State and local governments are not covered by domestic preference laws and regulations when spending Federal block grant moneys.

H.R. 2226 would make substantive changes in these and several other areas. First of all, it would define unreasonable cost as any American product exceeding a 10-percent cost differential. Second, when considering a contract bid from a labor surplus area, the cost differential could be as high as 15 percent. Third, the Buy American Act would apply to goods purchased for use overseas. Fourth, State and local governments would be subject to the provisions of the Buy American Act when spending Federal block grants, unless more stringent State or local laws are already in place. Finally, with respect to the Department of Defense and international agreements which the United States has with many of our allies—memorandums of understanding—H.R. 2226 would exempt any current agreements the United States has with our allies until the expiration of the current agreements and new negotiations are begun. This would give the United States and our allies time to analyze the impact of the Buy American Act on future MOU's and agreements.

I believe it is important for the Congress to take prompt action to correct some of the fundamental problems which still exist within our procurement system. I believe H.R. 2226 is a positive step in this direction and would hope my fellow colleagues will carefully review this legislation and pledge their support.

The complete text of H.R. 2226 follows:

H.R. 2226

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "Buy American Amendments of 1987".

(b) REFERENCES.—References in this Act to "the Act" are references to title III of the Act of March 3, 1933 (41 U.S.C. 10a et seq.), popularly known as the Buy American Act.

SEC. 2. DEFINITIONS.

Section 1 of the Act (41 U.S.C. 10c) is amended—

(1) by striking out the period at the end of subsection (b) and inserting a semicolon; and

(2) by adding at the end thereof the following:

"(c) The term 'manufactured in the United States' does not include any article, material, or supply which was assembled, in whole or in part, outside the United States;

"(d) A manufactured article, material, or supply shall not be considered to be manufactured 'substantially all' from articles, materials, or supplies mined, produced, or manufactured in the United States unless at least 50 per centum by value of the constituent elements in the article, material, or supply, are mined, produced, or manufactured (as the case may be) in the United States;

"(e) The cost of an article, material, or supply shall not be considered to be 'unreasonable' unless the cost of such article, material, or supply exceeds the cost of a competing article, material, or supply not mined, produced, or manufactured in the United States by 10 per centum or more. When the article, material, or supply is mined, produced, or manufactured in a labor surplus area (as designated by the President), the preceding sentence shall be applied by substituting '15 per centum' for '10 per centum';

(f) The term 'articles, materials, and supplies' includes research and development procured by contract by the United States.".

SEC. 3. APPLICABILITY TO PURCHASES FOR USE OVERSEAS.

Section 2 of the Act is amended by striking out the second sentence.

SEC. 4. APPLICABILITY TO STATE AND LOCAL GOVERNMENTS.

The Act is further amended—

(1) by redesignating sections 4 and 5 as sections 5 and 6, respectively; and

(2) by inserting after section 3 the following new section:

"SEC. 4. (a) With respect to the acquisition for public use of any article, material, or supply by a State or local government using funds made available by a Federal block grant program, the provisions of this Act shall apply as if such article, material, or supply was being acquired for public use by the United States. Nothing in this section shall supersede any requirement of State or local law that provides a greater degree of preference for articles, materials, and supplies mined, produced, or manufactured in the United States.

"(b) As used in this section, the term 'Federal block grant program' means a program which distributes block grant funds, as that term is described in section 1741(b)(1) of the Omnibus Budget Reconciliation Act of 1981.".

SEC. 5. APPLICABILITY TO DEPARTMENT OF DEFENSE.

The amendments made by this Act shall apply to any procurement by the Department of Defense, or any department or agency thereof, notwithstanding any item specific regulations or any waivers otherwise applicable to such procurement.

SEC. 6. DELAY IN APPLICATION TO MEMORANDUMS OF UNDERSTANDING WITH NATO COUNTRIES.

The amendments made by this Act shall take effect upon enactment, except that such amendments shall not prohibit acquisitions by the United States under any memorandum of understanding with any member country of the North Atlantic Treaty Organization if such memorandum is in effect on the date of enactment of this Act, until such memorandum expires or is renewed or amended.

OTTO GOLLON AND THE N.J. VFW: A WINNING TEAM

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. FLORIO. Mr. Speaker, there are few among the 1 million veterans of New Jersey who can rival Otto Gollon for dedication and tenacity. In the past year in which my friend has served as commander of the New Jersey State Veterans of Foreign Wars, that organization has witnessed many examples of this spirit. The following article describes the many accomplishments of Otto Gollon this year.

Mr. Speaker, I would be remiss if I did not mention the role which Otto played in my decision to introduce legislation to establish a memorial to those who served in the Korean war. That legislation, which has become law, will establish a national memorial here in Washington dedicated to the memory of those who served in Korea. Otto, a Korean war veteran, was instrumental in this effort and I nominated him to serve on the Korean War Memorial Advisory Board.

I am proud of Otto Gollon and his many accomplishments. It is an honor to serve as his representative in the First District of New Jersey.

The article follows:

[From the Sunday Star-Ledger, Apr. 26, 1987]

JERSEYAN OF THE WEEK—VFW CHIEF LEAVING A LEGACY OF ACCOMPLISHMENT

(By Bruce Bailey)

When Otto Gollon steps down as state commander of the Veterans of Foreign Wars in June, the Gloucester County resident will have established several marks, including one for VFW fund-raising and for construction of a nine-hole miniature golf course at the Vineland Memorial Soldiers Home.

But the 53-year-old resident of Wenonah, which is about a mile from the county center in Woodbury, is quick to credit his success to 372 VFW posts and auxiliaries in the state, was well as about 75,000 members who "are veterans working for veterans not so fortunate as themselves."

Gollon, who grew up in north Philadelphia, is a rare person who has the "street smarts" of an inner-city resident and the relaxed demeanor of a South Jersey resident whose social affairs are geared to VFW work and fun.

"Perhaps if I had not grown up in Philadelphia and had not worked for a printing firm in the heart of the city for 30 years, the idea for the miniature golf course would not have stuck in my head," he said.

"It actually was a joke when it was offered as a thought for my commander's project."

Gollon said when he was considering several ideas for his commander's project, a woman tossed out the idea of a miniature golf course at a veterans hospital or residential home.

"We all laughed, but the more I thought about it, the more I liked the idea," he said. "Now we are the first state on the East Coast to have such a VFW project, and we have drawn national attention from it."

The "joke" is about to become a reality, thanks to the work of Gollon and his state project chairman, Dennis Wall of Avenel, who has been in charge of coordinating all activities connected with raising funds for the golf course.

In addition to opening the golf course on June 21, Gollon and the state VFW plan to turn over to Gov. Thomas Kean and Joseph Gagno, superintendent of the Vineland home, the keys for a new van equipped with all that is needed to transport wheelchair-bound persons.

"Our VFW response to this project has been fantastic," Gollon said. "The theory of veterans working for veterans is one of the most perfect orders when you want to get something done."

Gollon, who served in the Korean war aboard the aircraft carrier Hornet, said the nine-hole course has been designed free of charge by the Lisiewski Group of Collingswood and was laid out to follow outlines of the initials VFW, AUX (auxiliaries) and MOC (Military Order of Cooties).

"It will be a concrete-base structure with Astro-type turf covering, hydraulic lifts to aid the wheelchairbound veterans and, best of all, it will be barrier-free," Gollon said.

The state commander, whose wife, Edna, and two children, Kenneth and Sherri, support his VFW activities even though it means he's away a lot, said the course will be set in a grove at the Vineland home, which already has recreational facilities.

Gollon pointed out the home has 300 patients, of whom at least 200 are confined to wheelchairs.

"There are probably many veterans who do not care for golf, but they will take part as spectators, I'm sure," Gollon said.

"The aisles between the holes are 10 feet wide and will permit two wheelchairs to pass at the same time and we anticipate the course can be used nine months out of the year."

Gollon said the course and the van will cost the VFW about $50,000 and to date, the campaign has raised about $51,000.

"That's pretty good for a commander's project," he said. "It marks the first time we have ever gone over the $40,000 mark."

Gollon said the MOC under Roger R. Shepherd, grand commander, and Alice Worthley, grand auxiliary president, and Edythe Savacool, state VFW auxiliary president, helped raise a considerable amount of the cash.

"The VFW posts themselves conducted special fund-raising events, held dances, bought project pins and had terrific nights for ethnic foods," Gollon said.

One of the big fund-raisers, though, was brought about by Bernie Mann, president of the New Jersey Nets professional basketball team at the Meadowlands Arena.

"They allowed us to sell $13 tickets for $10, and then we were able to keep $5 for each ticket sold," Gollon said.

"At halftime, Mann presented the VFW with a plaque and check for several thousand dollars. It was just a super night."

A number of golf tournaments were held during the past year by VFW posts to raise funds and one will be concluded today at the Fairton Golf Course in Vineland. The organization hopes the event, which has been sponsored by the Bridgeton VFW Post 1795, will raise at least $1,000 during its three days.

Gollon said all funds that don't go to paying for the van and golf course will be donated to the Vineland home for the purchase of equipment needed to care for veterans there.

"What is important is the fact the project did not cost the state or federal government one dime," Gollon said. "It is entirely the product of the VFW and the willingness of its members to work to aid fellow veterans."

Gollon pointed out state commanders also have the task of establishing VFW posts in New Jersey and he set another "first" in the state when he set up Teamster Memorial VFW Post in Collingswood.

"The post membership is made up entirely of teamsters—truckers and bus drivers—and makes it the first such unit in the state," Gollon said.

Gollon said he "will take credit when and where it is due but 99.9 percent of any commander's success rests with all our VFW members who are willing to work above and beyond the call of duty."

"That's what we in the VFW are all about," he said.

POEMS BY DR. CLINTON F. LARSON

HON. HOWARD C. NIELSON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. NIELSON of UTAH. Mr. Speaker, Dr. Clinton F. Larson is a professor emerith in English at Brigham Young University where he served also as poet in residence. He is also a neighbor of mine and I have long admired his poetry. I am inserting in the CONGRESSIONAL RECORD poems which relate to issues we are dealing with. Nuclear Winter, Washington Society and San Diego Naval Base will be placed in today and Astronaut Television Evangelist and Racial Federalism will be placed in a future CONGRESSIONAL RECORD.

NUCLEAR WINTER

The myrtle falls across the wall,
And the evening's darkness, like a shawl,
Wraps the light and holds it in,
After the firewinds of Fall.

Though sun will come, it withers fast,
Crumbling leaves as if the past
Had not been, and did not teem,
As if it was not meant to last

Beyond an image in the holy mind,
As if not meant to shape the wind
To wend around the rosy sun
Of flowering, nor quietly to find

A place of evergreen to flourish in.
The newer winter has come to spin
The sun around, and never warm.
The air is dry, and human skin

Crisps in nitrogen.

—Clinton F. Larson,

WASHINGTON SOCIETY

Receive the vestal anodyne.
You house yourself so humidly
You sporulate into mistletoe.
You flourish with what you know you know,
Munching syllables so timidly
You macerate them as you dine.

The dip you swinge upon a cracker
You tip into your synergy
Of lips for vitamin and calorie.
You keep the lucent Valerie
For her subtle wit and energy
For protocol and as a backer

Of your position on velleity
In office, so easily exquise.
Manoeuvering near the tigress
Of Occasion, you feel the press
Of fur. Speak sweetly and appease
Her freshly amid the consanguinity.

—Clinton F. Larson.

SAN DIEGO NAVAL BASE

See the aircraft carriers in the bay
Against the preternatural but essential dock
(the Ranger, the Constellation, the Kitty Hawk).
See Qadddafi ranging with his array
Of airy exocettes for the castastrophic day
Of puff-puff, boom where a naval wind-sock
Indicates direction. See the terrorists lock
Their gear on target. See them tense and pray
For their Jihad as they go hissing in
Across the waters, skipping like a rock
And sinking in below the water line.
One, two, three, and woosh! With a whine
Qaddafi vanishes while observer, taking stock,
Absents himself along an adjacent cay.
Feel free to mull what Admiral will say,
Maundering before the necessarie Subcommittee
And board of naval inquity, with exquisite piping.

—Clinton F. Larson.

DESIGNATION OF KENNYWOOD PARK AS A NATIONAL HISTORIC LANDMARK

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. GAYDOS. Mr. Speaker, I am proud and delighted to announce that the Kennywood Amusement Park in West Mifflin, PA, has been named a national historic landmark by the U.S. Department of the Interior. This park has delighted millions of residents of my district since it opened in 1898 and I am pleased that it has been selected for this historic designation.

Kennywood has a long and interesting history, and I would like to share some of it with my colleagues. I am including in the RECORD edited excerpts of the book, "Kennywood . . . Roller Coaster Capital of the World," by Charles J. Jacques, Jr. After reading it, I am sure some of you will be interested in personnally experiencing Kennywood. I invite you all to visit scenic western Pennsylvania to see the park and to meet the people who make up Pennsylvania's 20th Congressional District.

Kennywood, America's greatest traditional amusement park, has survived financial panics, a major depression, and five wars. The 89-year history of Kennywood's survival and prosperity is one of the most interesting stories in the annals of amusement park lore.

Kennywood was founded by the Monongahela Street Railway Company in 1898 as a small trolley park near Pittsburgh. At the turn of the century, Kennywood was engaged in a fierce battle for survival with about a dozen other parks in western Pennsylvania.

In 1906, the owners of the park leased and eventually sold it to the Kennywood Park Corporation, and it has operated the park ever since.

During the early 1910's two large roller coasters were built and both were succesful. Dancing, boating on the Kennywood lake, the fun house, rides, and pony track attracted many picnics to Kennywood. The park's remarkable ability to attract picnickers from large and small corporations, schools, ethnic social groups, fraternal and religious organizations, and labor unions helped Kennywood survive even the bad years.

Kennywood almost doubled in size during the 1920's. Perhaps the greatest rides added were three coasters which give Kennywood the name "Roller Coaster Capital." The park also added its huge 150 by 300 foot swimming pool in 1925. The park's Kiddie Land grew to eight rides by the end of the decade.

During the Second World War, people again had money to spend. The defense industries along the Monongahela Valley produced lots of smoke, soot, and money. During the war, the park could not add new rides, but it was able to buy a used ferris wheel and a miniature train, which is still in operation. Thousands of uniformed men and women were given complimentary tickets during the war.

After the war came the baby boom, which reached its peak in the 1950's. School picnics grew and many new rides were added to Kiddie Land.

The 1960's were the hardest period Kennywood had faced since the Great Depression. Although park revenues were satisfactory, new winds were blowing in the amusement park industry. They could be summed up in a single word—"Disneyland." All traditional amusement parks had trouble coping with theme parks and new super parks. Kennywood decided to spend the money necessary to stay competitive, and they built a new roller coaster and a miniature car course called "The Turnpike."

In the 1970's, the park continued to expand and modernize. The area around the lake was landscaped and beautified. A new island stage for Kennywood's free entertainment was built for the 1976 Bicentennial season. Major new rides were added and old favorites, including the carousel, were completely refurbished.

A new $2 million ride built in the 1980's helped Kennywood maintain its reputation as the Roller Coaster Capital.

The future of Kennywood lies in a carefully balanced equation of change and preservation of tradition. New rides, new attractions, and even more landscaping will be added, but many of the old wonderful traditions which make up Kennywood will survive.

HONORING NANCY AND STEVE BOYNORSKI

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. ACKERMAN. Mr. Speaker, I rise today to pay tribute to Nancy and Steve Boynorski, who will be honored for outstanding service to the community at the 30th annual dinner-dance of the Independence Democratic Club of Queens County, NY. This happy event will take place at Antun's Restaurant in Queens Village, on Sunday, May 31, 1987.

Nancy and Steve are being commended for their long and tireless efforts on behalf of the club and many other community and charitable organizations.

Steve Boynorski began his professional life at J.D. Frankel, a Wall Street brokerage house, and then became head of payroll and accounting for I. Miller Shoes. But duty to his city called, and Steve became one of New York's bravest—a firefighter. He quickly rose to the rank of lieutenant. During his 35-year career in the fire department, Steve won many honors and citations, including the Journal American Hero Fireman of the Month Award. Steve's achievements in protecting and safeguarding his city and his neighbors clearly reflect his courage and selfless attitude.

Since Steve's retirement from the fire department, he and Nancy have devoted themselves to numerous community activities. Their actions have vividly demonstrated their belief that it is the responsibility of Americans to take an active role in civic affairs. The Boynorksis are active members of the Queens Speech and Hearing Association, the Immaculate Conception Church, the East Queens Chapter of Deborah Hospital, United Jewish Appeal, and the Israel Bond Drive campaigns.

Steve has served as the chairman of the board of governors of the Independence Democratic Club, and was installed as the organization's president just this past April 23. Nancy has been the club's administrative vice president for many years. The Boynorskis have shared their active interest in politics and civic affairs, as they have shared the joys of their 47 years of marriage.

While Nancy and Steve have much to show for all their community involvements, they are also quite proud of their daughter. Dr. Marie Boynorski is the chief psychologist at the Sunrise Psychiatric Clinic, and is also in private practice in Great Neck, NY.

Mr. Speaker, it is men and women like Nancy and Steve Boynorski who make our open, participatory society work. Without them, we would be faced with disorganization and even anarchy. The Nancys and Steves of our country are the people who reach out and make certain that our neighborhoods work.

I call now on all my colleagues in the U.S. House of Representatives to join me in wishing the best of luck to Nancy and Steve Boynorski, as they are honored for their contributions to the Independence Democratic Club and to the entire Queens community.

TRIBUTE TO FORMER CONGRESSMAN GENE SNYDER

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. TRAFICANT. Mr. Speaker, today a ceremony is being held in Louisville, KY, to observe the naming of the Gene Snyder U.S. Courthouse and Customhouse on 601 West Broadway in Louisville. This structure is being named in honor of one of the most distinguished public servants in Kentucky's illustrious history: Congressman Gene Snyder.

I first came to Congress in 1985. As a freshman member of the House Public Works and Transportation Committee, I was fortunate enough to have the honor and privilege of working with Congressman Snyder, who served for so many years as the ranking minority member on that committee. Gene retired last year and all of us on the committee will miss his intelligence, honesty, and integrity.

Gene Snyder dedicated his life to public service. He has made an indelible mark on American history and on the people of Kentucky. It is not often that we get to honor those who have served so well. I am gratified to see that courthouse in Louisville named after Gene Snyder. Mr. Speaker, although I only got to work with Congressman Snyder 2 years on the Public Works and Transportation Committee, I learned a great deal from him and will always cherish the lessons he taught all of us through his fine example.

I would like to take this opportunity not only to pay tribute to Congressman Snyder, but to wish him and his family the best of luck and God's blessing in the years to come. I will always remember Gene Snyder as a man of honor, and a man dedicated to serving his constituents. Congratulations on this memorable day!

HONORING STATE ACADEMIC DECATHLON WINNERS

HON. TOM DeLAY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. DELAY. Mr. Speaker, I would like to take this opportunity to congratulate all the students, parents, and faculty of both John Foster Dulles High School and Clements High School in the Fort Bend Independent School District. Last month a team of students from each school participated in the State Academic Decathlon and distinguished themselves by placing first and second respectively in the competition. I would also like to further congratulate the team from John Foster Dulles High School for placing second in the National Academic Decathlon competition held in Irving, TX, on April 24 and 25.

This program, the United States Academic Decathlon, encompassing some 4,000 high schools nationwide, involves thousands of high school students striving to compete in the national finals. Each team consists of six students of different grade levels competing in six events: economics, mathematics, science, fine arts, language and literature, and social science. In addition, each student must present both a planned and impromptu speech, participate in an interview, and submit a written essay.

This program is exciting to not only the participating students and faculty advisors, but for the entire school and the general community as well. I can only feel pride and hope when I think of this academic event. I feel proud of all the people involved in making this program what it is: the pursuit of excellence. It was only a few years ago that the President's Commission on Excellence in Education examined the dismal state of American education and recommended that this Nation return to the "basics." This academic program exemplifies the desired direction of American education. It contributes to a reservoir of academic excellence vital to the future of this country.

The success of any democracy first depends on the quality of its citizens and this great Nation is no exception. We, the current generation, must cultivate the virtues and qualities which have led this Nation to its position of a world leader. These virtues and qualities are visible in this academic program—hard work, commitment, and sacrifice. It is reassuring to know that the leaders of tomorrow are being well prepared to assume their responsibilities to the United States and the world.

Again, I enthusiastically congratulate all the academic athletes involved, and their coaches as well.

Clements team, second in State competition: Doug Stout, Teja Ganti, Aparna Kulkarni, Scott Caffee, Kurt Peterson, Nilesh Dholakia, David Lauritzen, Jill Speaker, and David Dzierzanowski; coaches: Randy Wright and Pam Chandler.

Dulles team, first in State, second in national competition: Matt Pearson, Matthew Vossler, Joey Fulwiler, Ashkan Ghorbani, Jeffrey Calvert, Kyle Reed, Angelene Lee, Himanshu Sharma, and Anil Nair; coaches: Judy Matney and Marjorie Rector.

THE 175TH ANNIVERSARY OF THE CITY OF FROSTBURG

HON. BEVERLY B. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mrs. BYRON. Mr. Speaker, it gives me great pleasure today to recognize the city of Frostburg, MD, one of our Nation's small towns which has not only survived, but flourished in the last 175 years.

Frostburg owes its beginnings to this historic body of lawmakers. The national road, which winded through Garrett County was authorized by Congress in 1806. It was along this road that Josiah Frost bought a tract of land and had it divided into "town lots."

Josiah's son, Meshach, built the first home on lot No. 1 and brought his bride to it in June 1812. This signified the beginning of the town of Frostburg. By 1820, the original house had become Highland Hall, an inn, and the Post Office Department had identified the town as Frostburg.

Through the 19th century, Frostburg grew from a small settlement to a thriving community with the railroads superseding the national road in the 1840's. Frostburg became a commercial center for mining, maintaining itself through the varying prices of coal, and the fluctuating employment situation of the latter 19th century.

Education is a very important aspect of life in Frostburg. Before there were public schools, the town's citizens supported private schools for their children. In 1898, educational concern peaked and the citizens of Frostburg urged the State legislature to buy land in Frostburg for the purpose of establishing a normal school. The school was supported and built. When the existence of the school was threatened in the 1940's, the people of Frostburg rallied behind it. Today Frostburg State College boasts an enrollment of 3,800 students and is the most important industry in the community, employing over 500 people.

When you drive through Frostburg today, there still is an aspect of the city which will take you back to the early 19th century. I am proud to say that a large portion of the city has recently been declared a national historic district. There are several homes dating back to the days of the national road. Today these homes stand tall and majestic in their original beauty.

Over the last 175 years, Frostburg has grown and expanded, while still maintaining the special quality of life those first settlers brought to the mountains of western Maryland.

Therefore, Mr. Speaker, and fellow colleagues, as Representative from Maryland's Sixth District, it is with pleasure and pride, that I honor the town of Frostburg on its 175th anniversary. Thank you.

NATIONS AGREE TO PROTECT THE OZONE LAYER

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. EDWARDS of California. Mr. Speaker, as original cosponsor of H.R. 2036, the Stratospheric Ozone Protection Act of 1987, I applaud the 31 nations meeting in Geneva who agreed in principle to freeze and ultimately to reduce production and consumption of ozone depleting chemicals. This action is a major breakthrough in reaching an international agreement on protecting the ozone layer. It marks a shift in strategy by the European nations who up to this time have been very resistant to any kind of agreement which requires a limit on chlorofluorocarbons [CFC's]. CFC's are used as solvents, propellants in aerosals, refrigerants, and in plastic foams and fire extinguishers, and are the major culprits in the depletion of the ozone layer.

This agreement is a beginning; it is a recognition that we are destroying the chemical layer that protects life from harmful ultraviolet radiation. It is also a recognition that this is a global problem requiring all nations to work together to save a most vital resource, our protection from the Sun's cancerous rays.

The recent discovery of a massive hole in the ozone layer over Antarctica has left many scientists perplexed and deeply worried. And when the ever-so-careful scientific community is worried about an environmental problem, I know it is time for us to act.

I urge the United States to continue its leadership in this area and accept this proposal as an important first step. This agreement may not be all that the United States or H.R. 2036 is calling for, but it does send a strong signal to industry to speed-up development of substitutes for CFC's. Once substitutes are identified even the most stubborn countries will not have much on which to defend their position. It may only be an agreement in principle, but it is a very important principle.

AMERASIAN AMENDMENTS

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. McKINNEY. Mr. Speaker, today, I am very pleased to be introducing the Amerasian Amendments of 1987, a bill which makes important technical changes to the Amerasian Immigration Act of 1982. This humanitarian bill refines the previous legislation in accordance with the recommendations of the service agencies working to assist the Amerasian children.

The Amerasian Immigration Act of 1982 required that the United States acknowledge its responsibility to the children of American servicemen who were abandoned in Korea, Vietnam, Thailand, and Laos. Many of these children, because of their mixed parentage, have been treated as outcasts in their respective countries, where they face a life full of hatred and bitter discrimination. The Amerasian Immigration Act of 1982 provided a means for these unfortunate children to escape to the land of their fathers by allowing them to apply for permanent resident visas as sons and daughters of American citizens. Prior to the enactment of the Amerasian bill of 1982, these children were given no preferential treatment and, therefore, were only eligible to apply for visas under the sixth preference category of the immigration and Nationality Act, which generally is backlogged approximately 5 to 10 years.

The Amerasian bill of 1982 allows these children to apply for visas under the first preference category (unmarried sons and daughters of U.S. citizens) or fourth preference category (married sons and daughters of U.S. citizens) in an attempt to eliminate the waiting period. The bill also directs the Department of State to work closely with the field service agencies to assist the Amerasian children in documenting their parentage. In confirming U.S. parentage, Federal officials have been instructed to use every form of documentation available, including photographs, letters, proof of past financial support from the U.S. father, village records, or any other pertinent evidence which could prove paternity "beyond a reasonable doubt."

Unfortunately, while the Amerasian Immigration Act of 1982 has helped hundreds of Amerasians to come to this country, it is overly restrictive and is much less effective than originally intended. The Amerasian Amendments of 1987 would make the sponsorship requirements less burdensome in several respects. It would permit church groups and civic organizations to sponsor Amerasians, and it would reduce the sponsorship requirement from 5 to 2 years. Also, the 1987 amendments would expand the number of countries to include the Philippines, Japan, and Taiwan, would eliminate the cut off dates for the Amerasian's date of birth, and would permit the mother to accompany an Amerasian under the age of 18 to the United States when it is in the public interest or serves a humanitarian purpose.

The author, Pearl S. Buck very poignantly described the plight of half-American children in southeast Asia as "piteous, miserable, and hopeless." It is time that our country re-examine our commitment to properly assist children who by virtue of their American parentage, deserve a chance for a better life in the United States.

WORLD POPULATION AWARENESS WEEK

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. FAZIO. Mr. Speaker, H.J. Res. 148 designated the week beginning April 20, 1987, as "World Population Awareness Week." It is imperative that the United States, which has been the leading advocate of the universally recognized basic human right of couples to determine the size and spacing of their families, formally recognize the problems relating to intense world population growth.

Most importantly, rapid population growth causes or intensifies a wide range of grave problems in the developing world including environmental degradation, urban deterioration, unemployment, malnutrition, hunger, resource depletion, and economic stagnation. We must also remember the fact that some 500 million people in the developing world want and need family planning but do not have access or means to such services. Finally, in 1986, a total of 25 U.S. Governors proclaimed World Population Awareness Week in their States to call attention to the consequences of rapid population growth. It would be a serious neglect of responsibility if the U.S. Congress did not recognize their problem and help work toward finding workable solutions to the immense problems resulting from rapid population growth.

I am pleased to submit for the RECORD a letter written by California Gov. George Deukmejian, on behalf of World Population Awareness Week:

> On behalf of the State of California, it is my sincere pleasure to convey my warm regards to all observing World Population Awareness Week.
>
> The world in which we live is very diverse with sophisticated civilizations and primitive communities living on the same soil. As we continue to develop new technologies we are also challenged by the perpetuating life threatening problems of poverty, malnutrition, and disease. May this meaningful observance promote a better understanding of the needs of all the world's people and what we can do to meet those needs in the light of limited world resources.
>
> Please accept my best wishes for a most memorable observance.

A TRIBUTE TO NICHOLAS AIELLO

HON. BRUCE A. MORRISON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. MORRISON of Connecticut. Mr. Speaker, on May 2, 1987, I was pleased to join friends, relatives and colleagues at a testimonial dinner in New Haven, CT, to honor Nicholas Aiello, who is retiring after over 40 years of dedicated service to local 125, Amalgamated Clothing and Textile Workers Union.

At 67, Nick Aiello will still find time and energy to work on union concerns, political campaigns, and community service projects. This kind of dedication has made him a longtime leader in the greater New Haven community.

While still in high school at Hillhouse High in New Haven, Nick joined Local 125 and worked as a bundle boy at Murice Icittel. During World War II, he proudly served in the U.S. Navy from 1943 to 1946. When he returned to New Haven in 1946, he worked as a cutter and spreader at Elm City Shirt Co.

In 1954, Nick began organizing for ACTWU in the New England area and continued this successful role until 1965, when he was named business representative for Local 125. As Nick took on more and more responsibilities in his union, he also took on a leadership role in politics and served on the board of aldermen of the city of New Haven.

In addition to union and political work, Nick Aiello served his community on the Equal Opportunity Commission, the New Haven Housing Authority Board of Commissioners under two mayors, on the Red Cross executive board, and as a member of the Greater Community Council. The Connecticut State AFL–CIO, the New Haven Labor Council and the Community Labor Alliance have all been fortunate to have Nick's extraordinary energy while he served as executive officer.

In recent years, Nick has devoted special attention to organizing the retirees in his union. Under his guidance they have been key volunteers in political campaigns, including my own. They have also informed themselves on pending issues in Congress and organized lobbying and letter-writing efforts to advocate their views.

I have worked closely with Nick Aiello over the past 5 years. I owe a debt of gratitude to Nick for his loyalty, commitment, and unflagging energy. Nick Aiello has always been guided by the values of community, friendship, and family. He has given a great deal to all of us who live and work in the greater New Haven area; and I take great pride in sharing his accomplishments with my colleagues today.

THE UNITED STATES GAVE THE SOVIETS A TOPNOTCH ELECTRONIC ESPIONAGE POST ON MOUNT ALTO

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. BROOMFIELD. Mr. Speaker, the Soviet Union threatens the security of the United States by secretly intercepting United States diplomatic, military, and intelligence communications from Soviet diplomatic posts. The proposed new Soviet Embassy suite on Mount Alto—one of the highest points in Washington, DC—will improve the Soviets' capability for electronic spying on the United States. The time has come for the United States to safeguard its own security by taking the Mount Alto site away from the Soviets.

Mount Alto is a self-inflicted wound to the security of the United States. The May 1987, Washingtonian magazine, in an article entitled "The Secrets of Mount Alto," tells the sad story. I urge my colleagues to read it:

[From Washingtonian magazine, May 1987]

THE SECRETS OF MOUNT ALTO

(By Ronald Kessler)

During the building of their new Washington embassy atop Mount Alto above Georgetown, Soviet counterintelligence experts discovered electronic bugs in, among other places, a toilet partition delivered to the construction site. After that, the Soviets insisted on inspecting every inch of building material as it arrived.

Eight Soviets were assigned to observe construction. Nothing moved on the site without their approval. So that listening devices couldn't be mixed into concrete before it hardened, precast concrete was forbidden unless it was formed on the site under Soviet eyes. All structural steel was examined by X-ray, costing the Soviets $50,000 extra.

Windows and door frames were taken apart and put back together at a cost of $180,000. Instead of the usual thin marble slabs glued onto backing, the Soviets demanded two-inch-thick marble with no backing so bugs could not be hidden in the epoxy glue holding the two pieces together.

Meanwhile, under a reciprocal agreement, Americans in Moscow worked to construct a new American Embassy. Built of prefabricated parts assembled off-site, the unfinished building is so riddled with bugs that the embassy may never be usable.

The outcry from Congress and the White House over bugging at the new embassies has also focused attention on their relative locations. The American Embassy in Moscow is located on Moscow lowlands, the opposite of the high perch enjoyed by the Soviets here.

"It's a very desirable location," says a former National Security Agency official of the Soviet's Mount Alto site. "The higher the antenna, the more you can pick up. The benefit [of the Soviets' location] is access to any microwave link. You can record it and listen later."

Says a former high-ranking CIA official of the Mount Alto site: "It's the most serious, single institutional Soviet threat to the US."

The embassy affair involves a congressman who didn't want the Russians as his neighbors in Cleveland Park, Presidents from both parties who preferred not to upset the Soviets, and the same bureaucratic lassitude that allows the government to pay $640 for toilet seats.

Most of all, says a former FBI official, the embassy affair involves "stupidity."

At night, the new Soviet Embassy complex on Mount Alto looks like an abandoned spaceport, with its white marble buildings and mercury vapor lights that give off an unearthy glow. A self-enclosed mini-city of restaurants, hotels, offices, apartments, health clubs, and a car wash, the embassy is surrounded by twelve-foot-high, electronically operated gates scanned by infrared cameras.

The new Soviet Embassy sits 349 feet above sea level, one of the highest points in Washington. From their aerie, the Soviets have an unobstructed view of the Pentagon, State Department, White House, and the CIA. They can tune in to secret communications between Air Force One and the White House or between the Pentagon and the National Security Agency.

The Soviets can—and do—listen in on most microwave communications, which include most long-distance calls as well as facsimile and data transmission circuits. Using high-speed computers, they can hone in on calls of interest—ones placed between particular phone numbers, for example, or those mentioning "Trident" or "CIA." By briefly listening in on a sampling of calls, they can choose which ones to send to Moscow for transcription.

"I dare say they can hear our conversation if they want to," says a former member of the President's Intelligence Oversight Board, discussing Mount Alto with me over the phone.

In the long run, the US government's decision to give the Soviets the Mount Alto site may be more damaging to US security, according to intelligence sources, than the fact that the KGB temporarily had the run of the US Embassy in Moscow last year.

The struggle between Washington and Moscow to provide their diplomats, and spies, with suitable diplomatic quarters goes back to 1933, when the two countries established diplomatic relations and each wanted to build a large embassy in the other's country.

By 1963, the Soviets thought they had just the right site in Washington. It was the Bonnie Brae estate owned by Nathaniel H. Luttrell Jr., a Woodward & Lothrop heir, at 6036 Oregon Avenue, Northwest, near Rock Creek Park in Chevy Chase DC. But the property was zoned for residential use, and the idea of a Soviet Embassy didn't bring joy to Luttrell's neighbors. In 1964 they got a court ruling that blocked a zoning change.

We, meanwhile, were eager to move out of the old apartment house that served as our embassy on Ulitsa Chaykovskovo in central Moscow. The Soviets proposed that each country lease government-owned land for their embassies, a move that would obviate the objections of neighbors in Washington.

"To be fair to the Soviets, they did offer us some very good properties," recalls Malcolm Toon, a former American ambassador to the Soviet Union. He negotiated with the Soviets for the exchange of land, though the decision of where to place the American Embassy was left mainly to another American ambassador, Llewellyn Thompson. The State Department said no to some of the more attractive Moscow River locations and chose land behind the existing chancery because it was centrally located.

In Washington, the Veterans Administration in 1965 moved its hospital from Mount Alto to a larger site near what is now the Washington Hospital Center. The General Services Administration notified the State Department that the 12.8-acre plot above Georgetown was available. When the land was shown to the Soviets in 1966, they were not initially overjoyed; they worried about all the Wisconsin Avenue traffic and indicated they were looking for a quieter, more residential neighborhood.

Enter Richard W. Shear, a former Marine who describes his tastes as running to "young women and old whiskey." At 50 Shear, a real estate broker, retains his soldier's crew cut and hard body. Twenty years ago, working for the Weaver Brothers real estate firm, he was looking for a buyer for Tregaron, a magnificent red-brick mansion at 3100 Macomb Street, Northwest, Cleveland Park. Joseph E. Davies, a former American ambassador to Moscow and former husband of Marjorie Merriweather Post, had died, and Davies's three daughters were looking to sell it.

When he read about the State Department's plan to lease the Mount Alto site to the Soviets, Shear met with the Soviets at their 16th Street embassy and proposed they buy Tregaron instead.

After 30 meetings during a year of negotiations, the Soviets agreed in principle to buy Tregaron. The State Department was willing to appove the purchase. But Congressman John J. Rooney, a Brooklyn Democrat, lived at 3228 Woodley Road, just two blocks up the road from Tregaron's rear entrance at 3029 Klingle Road.

Crusty, pink-cheeked, and balding, Rooney headed the House Appropriations Subcommittee with jurisdiction over the State and Justice Departments' budgets. Delivering frequent tirades against "striped-pants entertaining," Rooney struck terror in the hearts of State officials.

Shear met with Rooney off the floor of the House. Their meeting was brief.

"I'd rather," the congressman said, according to Shear, "have a nigger living next to me than a Russian."

That was the end of Shear's efforts.

In October 1967, the Soviets accepted Mount Alto.

In Moscow, the search for space for an expanded American Embassy had taken on a new urgency. From the start, construction of both embassy compounds was to proceed simultaneously in both nations' capitals, and our State Department wanted to get locations approved quickly.

In a recent official briefing paper, the State Department maintained that US intelligence agencies had been asked for their comments on the proposed Mount Alto site and raised no objections.

"My recollection is we vetted this to the intelligence community," says Malcolm Toon, who had just returned from serving as American ambassador in Moscow and was then director of Soviet affairs at State. "While some said they would prefer another site, they said they could live with it."

Officials who were with the FBI, NSA, and CIA tell a different story.

"The NSA wasn't even given the privilege of commenting on it," says a former high-ranking NSA official. Even in the late 1960s, 80 percent of all long-distance calls traveled by microwave rather than wire. Because of the curvature of the earth, microwaves require repeaters every 28 miles, and the fact that the Soviets could easily intercept long-distance calls was well known.

Another former intelligence official says the CIA, NSA, and FBI each prepared studies critical of the Mount Alto site. Former CIA counterintelligence chief James J. Angleton says President Johnson's national-security adviser, McGeorge Bundy, made the key decision on Mount Alto. Neither Toon nor Dean Rusk, who was then Secretary of State, saw the Soviet site as a security problem. They still don't.

"All this Mickey Mouse stuff was not considered a central problem," says Rusk, "because the technology is such that it doesn't make that much difference. There are other ways of doing it—and I'm not going to get into it."

Rusk knows, as do American intelligence experts, that the Soviets listen to Washington communications from their seven other sites around town—from their scattered trade, military, and other embassy offices.

But FBI sources argue that while the Soviets eavesdrop and intercept from other locations, none gives them the range and access of Mount Alto. And as techniques for sorting massive data from electronic communications become more refined, the problems resulting from our handing Mount Alto to the Soviets may become clearer.

But the State Department wanted a new embassy in Moscow, and fast. Security didn't seem that much a factor. In 1969, just after President Nixon took office, the US signed the Embassy Sites Agreement, giving each country an 85-year lease on their respective sites.

In 1972 the Nixon administration and the Soviets signed a second agreement governing how the Mount Alto construction was to proceed.

Together with a Soviet architect, American architect John Carl Warnecke drew up plans for a Soviet Embassy of marble that would be built in two phases. Originally Warnecke wanted red marble, but the Soviets decided on white.

The first section, on the right of the complex as one looks at it from Wisconsin Avenue, is a living area with a school, social club, and swimming pool. The second phase, on the left of the complex, includes a two-story reception hall, an eight-story administration building, and a three-story consulate.

The reception building includes the ambassador's residence (the Soviet ambassador now lives above embassy offices at the Soviet Embassy on 16th Street between L and M Streets, Northwest), six reception rooms, banquet facilities, an auditorium, a greenhouse, two halls, and a banquet hall. The administration building houses the offices of embassy personnel. An underground level has parking for 62 cars and car-repair and car-wash facilities. The consulate has a projection room, conference library, offices, and visitor parking.

There are 160 units in the nine-story apartment building. They range in size from studios to two-bedrooms, plus twenty suites for visitors. There is parking for 85 cars. The apartments do not have private phones; Soviets living there must make calls from a community phone. Only Soviet journalists or very high-ranking diplomats can live outside the compound.

Adjoining the apartments is a two-story building that contains a club, a school with eight classrooms, medical facilities, a gym, and a pool.

The George Hyman Construction Company won the contract to build the first phase, completed in 1979, but it found the Soviets to be tough customers. Despite the fact that the Soviets always paid their bills quickly, the company declined to bid on the second phase, which was taken over by a Towson, Maryland, firm, Whiting-Turner Contracting Company.

When Sharon Credit heard that Whiting-Turner was going to build part of the new Soviet Embassy, she asked if the company needed an interpreter. Then 22, she had majored in Russian studies at the University of Pennsylvania and spent five months in Moscow as an exchange student. The daughter of an architect, she had worked as a clerk at the construction company for the previous four summers.

For the next two and a half years, Credit wore a hard hat and ran interference between the Soviets and Americans. Five feet, two inches tall and weighing only 98 pounds, she stood out on the site not only because she was the only woman in a group of 200 to 300 men, but because of her eating habits. While the construction crews brought lunch pails filled with hefty meat sandwiches, Credit ate yogurt or an apple. But appearances can be deceiving—she has a handshake like a trash compactor.

Credit was often in the middle of disputes between the Soviets and the Americans. For example, in addition to taking precautions against materials arriving on the site implanted with bugs, the Soviets insisted on being told at least a day in advance of the arrival of any supplies or materials. That led to scenes when deliveries arrived early or when the markings on the packing didn't quite match what the Soviets had been told to expect.

It was Credit's job to explain to the Soviets that "mortar" marked on bags was really the same as the "cement" they were expecting. Brand names had to be translated into generic names. And Credit had to explain carefully any slight deviations in procedures because of weather conditions or changed schedules before the Soviets would approve.

For the most part, the Soviets and Americans worked smoothly together. At the end of a particularly heated meeting, the Soviets broke out vodka. And they gave workers bottles of Stolichnaya for holidays.

The American workers were surprised that the Soviets were like everyone else. The Soviets asked the Americans where to find stereos and where to find women.

One day, a painter cleaning his brush painted a hammer and sickle on the wall, then painted over it. Within an hour, the Americans escorted him off the site, and he was never allowed back in.

"You could have gotten away with it anywhere else," says Robert Dunn, project manager for Howard P. Foley Company, the electrical contractor on the job. "On a sensitive job, it was a stupid thing to do. Every crew was schooled: 'This job is different.' "

The construction people didn't have their usual worries about protecting their equipment. When a young man broke into a Whiting-Turner trailer one night looking for calculators, Soviet security guards apprehended him and called the police, reportedly after beating the man up.

Conditions on the work site seemed to mirror U.S.-Soviet relations. Whenever an incident caused strain between the two countries internationally, the workers found that they were subjected to more security checks.

"It was a microcosm of the Cold War," says H. Russell Hanna Jr., a principal of EDAW Inc., which did the landscape design for the project. "The relationship would go from friendly to cool, from cool to friendly."

Every few weeks, a U.S. Army helicopter flew over the site to take photographs. When that happened, everyone looked upward. The result was that U.S. intelligence agencies got good pictures of them.

When the Mount Alto embassy was finished in May 1985, it had cost $65 million, or $119 a square foot. It was built on time and within one-half percent of the budget.

The American Embassy on Ulitsa Konyushkovskaya so far has cost $190 million, or $271 a square foot. The cost overrun has been $100 million, or 111 percent.

The Soviets got an embassy that is well built. Its roofs are warranted against leakage for ten years. The uncompleted American Embassy in Moscow leaks and is plagued by floods.

Although the Soviets were not supposed to be able to move into their new complex until the American compound in Moscow was completed, the State Department in 1980 bowed to requests from then-Soviet Ambassador Anatoly Dobrynin that some of his employees be able to occupy the living quarters on Mount Alto. In exchange, the Soviets made available to the American Embassy in Moscow some additional apartments, a warehouse, and a recreational area.

The State Department is hanging tough on the chancery, forbidding the Soviets to move into their new offices, which are ready for occupancy, until Americans can do the same in Moscow. Some sources claim that the Soviets are using parts of the office buildings in the project's second phase anyway.

Meanwhile, the static over the new embassies continues to increase. The debate about the embassies includes the suggestion that the Americans tear down their new structure in Moscow and begin again—and force the Soviets to relocate in Washington.

"The Nixon administration and others made political judgments to go ahead," says James E. Nolan Jr., director of the State Department's Office of Foreign Missions. "They could have abrogated. Even the fact that you signed an agreement doesn't mean you can't impose other restrictions—even revoke the agreement and take whatever consequences there are. You're always free to break it and pay the penalty.

"The intelligence [oversight] boards have opposed [the Mount Alto construction] under Nixon, Carter, Reagan, and probably Ford, too. But it's equally true that they have never made a case convincing enough to have a President change it."

Instead of forcing the move from Mount Alto, the Carter and Reagan administrations spent billions of dollars to install scrambler phones at federal agencies and lay underground cable.

But that does not really solve the problem for either the government or private citizens.

Inevitably, said a September report of the Senate Select Intelligence Committee, government employees and contractors working on secret projects discuss sensitive information on unsecured phones.

A Soviet Embassy spokesman sees the issue simply: "We were given this land by mutual agreement with the U.S. government."

Senator Daniel P. Moynihan, the New York Democrat, sees it equally simply: "We just got snookered."

UNITED BLACK FUND, INC. OF GREATER WASHINGTON, DC

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. FAUNTROY. Mr. Speaker, today I would like to call to the attention of my colleagues in the House of Representatives the life and work of Dr. Calvin W. Rolark, the founder and president of the United Black Fund, Inc., of Greater Washington, DC.

Over the years, my respect for and admiration of Dr. Rolark has grown because of his unwavering commitment to helping others. Under his dynamic leadership, the United Black Fund has provided financial assistance to nonprofit organizations that seek to improve the health, education and life opportunities of residents throughout the Washington metropolitan area. Though it is often the case that needs are many and resources few, the UBF has managed, because of its extraordinary endurance and unparalleled persistence, to support the agencies and programs which can most effectively utilize its funding.

On Thursday, June 3, 1987, the United Black Fund will hold its 15th annual victory luncheon in celebration of a successful United Way/United Black Fund Partnership Campaign.

At this time, I'd like to submit into the RECORD, an article from the Washington Post that highlights the very important contributions made by Dr. Rolark and the United Black Fund. Upon review of this article, I am sure my colleagues will join me in recognizing and supporting this community-based organization that for eighteen years has been opening doors that otherwise would remain closed. In a society such as ours, it is a sad truth that justice can only be achieved, for all people, through the goodwill of those with intelligence and influence. We must give thanks for the presence of the latter type of individual. We must give thanks for individuals such as Calvin Rolark and his dedicated staff.

[From the Washington Post, April 30, 1987]

18 YEARS OF MEETING UNMET NEEDS

(By Freddie A. Brown, Jr.)

When Calvin Rolark was just a young lad working on his family's farm in Texarkana, Tex., he knew he would be in the position one day to "help somebody," he said, but he didn't know exactly how.

At age 14 he landed a job selling insurance to residents in his community and found he had a knack for influencing people, Rolark said.

Now, 45 years later, he is president and founder of one of the largest, black-owned philanthropic organizations in the country.

The District-based United Black Fund Inc. has etched its place on the roster of non-profit grant-making groups. Established in 1969 under Rolark's leadership, the UBF provides general and emergency funding to 65 social service agencies and assists about 100 other agencies throughout the country.

It was the first black fund-raising group in the country to gain tax-exempt status, thus meeting the requirements to obtain federal and local payroll deductions privileges. The group secured that status after appealing a 1971 court decision that denied it the same privileges other large fund-raising groups were receiving.

UBF's budget has grown from $3,000, enough to fund two agencies, to more than $3 million in 1986, according to officials. With a full-time staff of 15 persons, the group is geared for its 18th year of what Rolark calls "an effort to meet unmet needs."

The fund's emblem of "unity" is mounted at the entrance of many social, religious and health organizations throughout the Washington area, symbolizing its impact and commitment to community enrichment and social welfare.

"If it is to be, it is up to me," said Rolark, who has adopted that slogan as his motto. That self-help philosophy serves as a motivator for Rolark, who said raising funds for underprivileged persons "is my mission in life."

Known for his community activ*** BAD MAG TAPE ***ism during the late 1960s, Rolark stepped forth to challenge several established fund-raising organizations for disproportionately distributing nationally solicited funds. Black organizations had received a smaller percentage of funds than other groups.

"My observations and records showed that blacks just weren't getting their fair share," he said.

Rolark said he decided to start an agency that would channel money specifically to black service organizations when in the late 1960s the Stoddard Baptist Home for the Elderly in Northwest did not receive financing it requested from the United Givers Fund, the forerunner of United Way.

"What we attempt to do is to get organizations started," he said. "Without us, some of them would have never received one dime. We fund groups that have no track record and help them get to the position where they can seek contracts and negotiate for money for themselves.

"You have to be interested in silver rights before you can get civil rights," said Rolark, who is also publisher of the Washington Informer, a black weekly newspaper. "We want to create a proper climate for businesses to do business by assisting the bread and butter groups, and by putting money back into the community."

The Rev. Joseph Rivers, president of the Orphan Foundation in Northwest, said "the consistent funding we've received from the United Black Fund definitely has been helpful because it provided the seed money for us to get started.

"Conceptually, I think charitable fund-raising groups are a worthwhile cause, but much of the burden of getting money still lies on the agencies, which takes away from time that should be spent on program development to benefit the community," said Rivers, a full-time volunteer. "Sometimes it can be very frustrating, and I think it's time to look at the current system and see where improvements can be made."

In 1975, UBF formed a "partnership relationship" with the United Way Campaign, whereby the two work together in soliciting funds from corporations, public and private institutions and individuals during their annual fund-raising drives. In addition to sharing sponsorship lists and business contacts, UBF receives 12.5 percent of all new monies raised.

"Working together with the United Black Fund has been mutually beneficial for both of us," said William Tull, newly appointed chairman of the 1987-88 United Way Campaign. "I see the idea of a unified effort as the way to get the lareest amount of funding in the most cost-efficient manner," he said.

Tull, who is president of the American Security Bank and has done volunteer work in the United Way for 14 years, said, "Just the fact that we help so many agencies that otherwise would not be able to raise money themselves has been a gratifying experience for me."

Rolark said that though the relationship with the United Way increases national awareness of UBF's efforts, "progress was not made without a struggle.

"What we are trying to impress upon blacks and whites is that we are carrying our own weight. For years, blacks have entrusted their money to white folks," Rolark said. "If we can't control our for-profit organizations, we should be able to control our not-for-profit organizations."

Rolark said that initially he and others working with the fund knew little about fund raising. "We found that one of the greatest problems was blacks being able to account for their money. We have proved that to be a myth with our clean track record over the past 18 years, and part of our job is to dispel myths about blacks and charitable organizations," he said.

Last month, a survey released by the Joint Center for Political Studies in the District examined the charitable behavior of blacks and whites. The report revealed that both groups "have similar patterns of giving when income differences are controlled."

The principal findings, compiled by Emmett D. Carson, a research associate at the center, indicated that blacks with incomes of less than $20,000, and between 30,000 and 35,000 "give more on an average to educational organizations than whites with similar incomes. Blacks with incomes of less than $20,000 also give greater amounts to international aid organizations than whites at the same level."

The report also states that about 75 percent of black charitable dollars go to personal churches and religious organizations, with less than 2 percent going toward political causes.

"We've got to use what we have . . . the pimps, prostitutes, the churches, whatever," Rolark said. "Black people are primarily consumers and not producers. We here at the fund are promoting economic security by ensuring that the control of dollars is in black hands."

For Rolark, those hands include the ones that are extended outside the United States. The International Black Fund was created to assist institutions and agencies concerned about health and economic development in black and poor communities throughout the world, Rolark said.

"If we don't take responsibility for ourselves, how do we expect anyone to be responsible to us?" he said. "It is up to us to help us in order to help others, and that's exactly what we are all about."

S.D.I. WOULD BE TERRIBLY COSTLY, FULL OF HOLES

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. PEASE. Mr. Speaker, since the House will be considering funding for the strategic arms initiative [SDI] as part of the Defense authorization bill this week, I wanted to make my colleagues aware of an op-ed article I recently wrote for the Akron Beacon Journal.

I've read and thought about this controversial program, and I've come to the strong conclusion that SDI, if ever deployed, would be the biggest boondoggle in our Nation's history. My view is that SDI simply won't stand up to any kind of reasonable, practical, objective analysis.

My article for the Akron Beacon Journal follows:

[From the Akron Beacon Journal, Apr. 8, 1987]

SDI WOULD BE TERRIBLY COSTLY, FULL OF HOLES

(By Representative Don J. Pease)

The debate over President Reagan's plan for a Strategic Defense Initiative is heating up in Congress, in no small part because of the rush the President and the Pentagon are suddenly in to get a limited version of the "star wars" system deployed within the next decade. The time has come to take a very critical look at this controversial program.

I've read and thought a lot about SDI. More and more, I'm coming to a strong conclusion. "Star wars"—if ever deployed—would be the biggest boondoggle in the history of our nation.

SDI can't possibly work as advertised. Proponents use TV commercials to picture it as an impenetrable umbrella that Soviet missiles would bounce off of harmlessly. Yet not even the most rabid SDI advocates claim that the "umbrella" could stop more than about 90 percent of incoming missiles. The Soviets have thousands of warheads; if only 100 got through, our cities would be in ruins.

SDI isn't even designed to deal with other sources of nuclear attack—manned bombers, low-flying cruise missiles, low-trajectory missiles launched from submarines or nuclear devices smuggled into the United States.

If the impossible dream occurred and SDI were 100 percent effective against intercontinental ballistic missiles, nuclear war would still be an ever-present threat.

Logic makes it easy to predict the Soviet response to our proceeding with SDI. The middle word of SDI is "defensive," but in truth, SDI would give the United States tremendous offensive capabilities.

The Soviet Union would have no choice but to try to match our SDI with one of its own. It is already doing some SDI-type research. But, technologically, the Soviet Union is inferior and would always lag behind in development of its own "star wars."

And that poses another danger. In the interim, the Soviet Union logically would have little choice but to greatly escalate manufacture of missiles in order to overwhelm our SDI with sheer numbers of missiles.

Put yourself in the shoes of the Soviets and see if that doesn't make sense as an imperative Soviet response to our SDI development.

A new nuclear arms race would be ignited with fatal consequences for our hopes for arms control.

SDI would be stupendously expensive at a time when U.S. fiscal budget deficits literally threaten our nation's economic health and mortgage the future of our children and grandchildren.

Controversy rages over the $25 billion cost of the B-1 bomber program. SDI is projected to cost 40 times as much—a trillion dollars. Who will pay the taxes to provide that $1 trillion, or will we add that, too, to the debt burden of our children?

President Reagan has asked Congress for $5.2 billion for SDI for next year. That's for early research and development. Construction and deployment would come long after President Reagan has left office at a cost of perhaps $100 billion per year.

The bottom line is that at astounding cost SDI would fall far short of safeguarding the United States and would leave us less, not more, secure from the fear of a nuclear holocaust.

The most common pro-SDI arguent I hear from ordinary citizens is this: "If the Soviets are so upset about SDI, then it must be good for the United States."

That argument forgets the reality that some things are bad for everybody—ourselves as well as our adversaries. SDI certainly falls into that category.

No doubt the Soviet Union fears SDI from a national security viewpoint. As noted earlier, SDI would give the United States significant offensive capabilities.

But I suspect the Soviets are equally concerned about the cost of their obligatory efforts to match and overwhelm SDI. That cost would doom the hopes of the current Soviet leaders to improve living standards for their people.

Here's an important point. As a totalitarian state, the Soviet Union can surely force that sacrifice upon its citizens if it needs to. In democratic America, will voters be willing to sacrifice their own purchasing power to the higher taxes necessary for SDI?

Other pro-SDI arguments I hear are that SDI is the kind of scientific and technological mountain that Americans like to climb just for the sake of the challenge; that civilian enterprises will benefit from SDI scientific spin-off as was the case with our man-on-the-moon project; and that defense firms holding SDI contracts will provide lots of jobs.

Common sense and a little sober reflection ought to tell us that even America can't afford to pursue every will-o-the-wisp; that spin-off benefits are far too costly if the primary purpose of a project is not sound; and that the manufacture of weapons is an inefficient way to create jobs unless the weapons are needed.

"Star wars" admittedly has superficial appeal as a general concept. But with $1 trillion of taxpayer money, we would not be building a general concept but rather an incredibly complex array of terrestial hardware. The truth is that SDI simply won't stand up to any kind of reasonable, practical, objective analysis.

WAS HE NORMAL? HUMAN? POOR HUMANITY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. KEMP. Mr. Speaker, I would like to bring to the attention of my colleagues the article by Nobel Laureate Elie Wiesel which appears in the current edition of Time magazine. Professor Wiesel predicts that the trial of Nazi Klaus Barbie in Lyons, France is likely to be the last great trial resulting from the Holocaust. Although the charges in this case are narrowly focused on one specific incident of "execution," where Barbie signed the arrest order for 41 children and 10 adults at a Jewish childrens' camp; the first step toward their ultimate death at Auschwitz, Professor Wiesel predicts that the defense will try to widen the scope of the case to address the moral issues of war in general and, more specifically, French activities during the German occupation in an attempt to obscure the real crime. I urge your attention to this article, and to the issue.

The article follows:

[From Time Magazine, May 11, 1985]

WAS HE NORMAL? HUMAN? POOR HUMANITY

(By Elie Wiesel)

I remember the nearsighted, balding man in his glass cage in Jerusalem. During the April-to-December trial in 1961, I listened to witnesses whose words and silences contained the tormented memory of an entire people. Yet I was not watching them. Most of the time I was watching the defendant. It was to see him that I had come to Israel, anxious to find out for myself if he was human, if there was any humanity in him. I had hoped to find myself in the presence of a disfigured creature, a monster whose unspeakable crimes would be clearly legible in his three-eyed face. I was disappointed: Adolf Eichmann seemed quite normal, a man like other men—he slept well, ate with good appetite, deliberated coolly, expressed himself clearly and was able to smile when he had to. The architect of the Final Solution was banal, just as Hannah Arendt had said.

Will the same now be said of Klaus Barbie, who was less important but whose work was no less cruel? Barbie's trial is bound to attract worldwide attention. People are already saying this will be the last great courtroom drama to result from the Holocaust. They may be right.

For even behind bars. Barbie throws a long shadow. From the day of his capture, there were whispers that retribution could bring political catastrophe: the prisoner knows too much about too many. His lawyer is Jacques Vergès, most recently the defender of the Arab terrorist Georges Ibrahim Abadallah, sentenced last February to life imprisonment by a French tribunal for complicity in the killings of two diplomats, one of them an American, and in the attempted murder of a third. With Vergès' help, Barbie is quite capable of turning the tables, of forcing a trial of France under the Occupation.

But despite these fears, there will be a Judgment Day. The official examination of Klaus Barbie begins on May 11 in Lyons, France. No one knows how the story will end. But we know now how it all began.

Barbie, who grew up in Trier, a small town in Germany, and dreamed of becoming a minister, first arrived in Lyons at the age of 28. He was assigned the task of fighting the Resistance and getting rid of the Jews. The young, dedicated Nazi excelled at his job. He is accused of having executed 4,000 people and deported 7,500 Jews. His career grew so bloodstained that he was dubbed the "Butcher of Lyons." Yet only a fragment of that past will be weighed in the deliberations: the accusation is primarily concerned with the 44 Jewish children who, along with their guardians, were arrested on his orders in the village of Izieu and then sent to the gas chambers of Auschwitz.

How can Barbie justify what was done to the children of Izieu? Here, the proofs of his crimes are beyond dispute: the Nazis hunters Beate and Serge Klarsfeld, the best known of his pursuers, have turned up a striking document: "This morning, the Jewish children's home, 'Children's Colony,' at Izieu has been removed. 41 children in all, aged 3 to 13, have been captured. Beyond that, the arrest of all the Jewish personnel has taken place, namely 10 individuals, among them 5 women. It was not possible to secure any money or other valuables. Transportation to Drancy will take place on 4/7/44." The arrest order is signed in the name of Klaus Barbie.

This trial represents an extraordinary victory for Beate Klarsfeld, who, as it happens, was born and raised in Germany. A victory over the forgetfulness, the willingness to compromise, the indifference that an overly politicized world has shown for too long toward escaped SS killers. A victory too over the governments that helped Barbie. It was the Klarsfelds who picked up his trail—he had disappeared for almost 40 years into the identity of a prosperous and peaceful businessman named Klaus Altmann living in Bolivia. They were the ones who managed to persuade François Mitterand's Socialist government to act, to induce the Bolivian government to expel "Altmann" so that he could be returned to the country of his crimes.

The former head of the Gestapo at Lyons re-entered France on Feb. 5, 1983. On orders from Minister of Justice Robert Badinter, he was locked in the same Montluc prison where his own victims had been subjected to maltreatment and torture. It is said he spent his first night in the very cell Badinter's father occupied before he was deported to Auschwitz, never to return.

How had Barbie eluded prosecution, not to say detection, for so long? For one thing, he had collaborated with the American Counter Intelligence Corps in postwar Europe, supplying information about Communist activities in Germany and Austria. The services of the CIC made it possible for him to flee to South America. (Most ironically, it was a young Jewish officer, 23-year-old Leo Hecht, who was ordered to provide him with his false travel documents.) For another, he had powerful friends throughout Europe. It is known that an international network existed after World War II to aid war criminals. No such escape system was ever created for their victims.

Will Barbie tell us how the network operated? Will he reveal the identity of his highly placed friends? If he does, other questions are certain to arise. The upper echelons of the CIC knew what Barbie had done; how could they reward him for it? Even in the first frosts of the cold war, was it really necessary to call upon individuals like the Butcher of Lyons? Where was honor in all this? And memory?

The French have even more to fear from the revelations or digression of their special prisoner. Ever since Marcel Ophuls's documentary "The Sorrow and the Pity" unreeled in Europe and America, people have stopped believing in the myth that France united to resist the occupying forces. On the contrary, France under Pétain fully collaborated with Hitler's Germany. It handed its Jews over to the Nazi executioners—76,000 were deported, few came back. French militia competed with the Gestapo for efficiency. French police organized the roundups. Will the nation be forced to remember its sins? Or will its citizens allow themselves to be manipulated by Barbie and Vergès, who will certainly try to show that even the Resistance was not blameless? That Jean Moulin, a leader of the Resistance who died under the hands of Barbie, was betrayed by his own comrades? In a different domain and on another level, there is some concern that the trial will conveniently and simplistically group the various victims together—dump them all into the same file: Jews and Resistance fighters, Jews and anti-Nazis, Jews and political prisoners. In other words, that the specific, the unique, even ontological aspect of the Jewish tragedy will be lost.

Vergès and Barbie will probably try to blur the distinctions. They may go further and remind France that the nation was itself guilty of torture and murder during the Algerian conflict. War is war, they may say. In war everything is allowed. As Barbie remarked to one journalist, "The point is to win. It doesn't matter how."

In fact, *The State of France v. Klaus Barbie* is not a matter of war. It is a matter of truth. In Lyons, Barbie will have to answer not for his war crimes but for his crimes against humanity. For these there is no statute of limitations.

He will have to explain, for example, why he condemned the Jewish children of Izieu. Listen to the words of one of those children, eleven-year-old Liliane Gerenstein, in a letter scrawled to God before she was taken on the road that led to the gas chambers: "It is thanks to You that I enjoyed a wonderful life before, that I was spoiled, that I had lovely things, things that others do not have. God? Bring back my parents, my poor parents, protect them (even more than myself) so that I may see them again as soon as possible. Have them come back one more time. Oh! I can say that I have had such a good mother, and such a good father! I have such faith in You that I thank You in advance." Of what was this child guilty?

No, Lyons will not provide a restaging of the Eichmann trial. Barbie did not make policy. He was only a regional executioner, a local hangman—he merely participated, did what he was told. His operations only extended to Lyons and its surroundings. Yet if Klaus Barbie was not "important," his trial is. It can serve a vital purpose, for future generations and for our own. Certain witnesses have to be heard; certain truths have to be uttered, repeated. Will they clarify the mystery of what happened? It does not seem possible. The determination of the killer to kill, the passivity of the bystander are likely to remain incomprehensible. There is something about this Event that eludes rational thought. Only those who were there know what it meant to be there. The others can, at best, come close to the gate. There they must stop. They will never see the fire. They will never witness the sight of children thrown into flames alive. They will never experience the fear of selections for the execution chambers. Knowledge can be shared; experience cannot. Surely not in matters related to Auschwitz.

Still, we must hear the testimonies, from the victims, and from Klaus Barbie himself. For in the end they may help us to understand the deeper motivations of a Nazi killer who chose to make himself the enemy of those children and who even now thinks of himself as innocent. Was he normal, like Eichmann? Human, perhaps?

Poor humanity.

ANTIDRUG EVENT IN FLORIDA

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. SMITH of Florida. Mr. Speaker, national Just Say No to Drugs Week is being observed May 10 through May 17. Broward and other Florida counties will be participating. However, it is receiving special attention in Dade County, FL.

During that week the Red Ribbon Just Say No to Drugs campaign will be held. The event, which originated in Dade County by the Red Ribbon Council, is designed to attack the demand side of drug abuse.

The highlight of the week will occur on May 13 when the Dade County area will be bathed in red ribbons. Additionally, events, such as rallies and parades, will be going on throughout the area in order to symbolize the importance of crippling the demand side of drug use. In Dade County alone, thousands of schoolchildren will be participating in related programs, such as essay and poster contests. In addition, 450 thousand Dade Countians will be wearing red ribbons, campaign buttons, and "just say no" tee shirts.

Mr. Speaker, I would like to commend Carole Masington for her leadership in the project. The community involvement shown by her and Informed Families of Dade County, which is coordinating the event, is to be applauded. The Nation's drug problem will be solved only when the citizens and leaders of our community take steps to stop the demand for illegal drugs. The Red Ribbons Just Say No to Drugs campaign, which will be held the week of May 10 through 17, with special observances on May 13, is a giant step in the direction of meeting this challenge.

A TRIBUTE TO ST. JOSEPH SCHOOL FOR THE BLIND

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. GUARINI. Mr. Speaker, on Friday, May 8, 1987, the Secaucus chapter of UNICO is having their annual dinner-dance for the benefit of St. Joseph's School for the Blind in Jersey City, at Vecchiarello's Caterers in Little Ferry, NJ.

At this function Secaucus UNICO, according to John Lanzillo, president, and the board of directors, will honor Mark Bendeck, the son-in-law of Rose and Frank Vecchiarello, for upholding the tradition of the Vecchiarello family who have donated the entire proceeds of the event each year to St. Joseph's School for the Blind in Jersey City.

Frank Vecchiarello and his wife, Rose, began their catering business in April 1957 and have just celebrated their 30th anniversary. After starting their business and being grateful to see their business flourish they began contributing whatever they could for the benefit of the blind. Soon their good fortune and generosity allowed them to begin running a yearly benefit for St. Joseph's School for the Blind.

In 1972 Mark Bendeck met Frank and Rose's daughter Marianne at a family picnic and they were married on September 3, 1978. Born in San Juan, PR, on September 3, 1951, the second of Dr. and Mrs. T.E. Bendeck's six children, he grew up in West Beach, FL. After graduation from high school he continued his education at Emory University and Florida Atlantic University where he received his B.S. degree in business administration.

Marianne Vecchiarello Bendeck and Mark Bendeck moved to New Jersey to manage her father's business. Frank and Rose Vecchiarello impressed upon their daughter and son-in-law their desire to continue this yearly benefit as long as Vecchiarello's remained in the family.

Mark has honored this request by not only continuing with the dinner but has constantly searched for new ways to increase the size of the donation. Although no accurate records exist, it is conservatively estimated Vecchiarello's has donated over the years at least $100,000 for the benefit of the blind.

Mark and Marianne Bendeck are the parents of a son, Frankie, born on March 30, 1980, a second son Markie, and most recently, a daughter, Alicia Leigh.

I am pleased to have this opportunity to thank the Vecchiarello family and Bendeck families for their continuous generosity as there have been absolutely no expenses whatsoever for food, entertainment, or facilities ever charged for this great cause.

I would like to take this opportunity to pay a tribute to the great work that the Sisters of St. Joseph of Peace have done since founding St. Joseph's School for the Blind in 1900 and moving it to its present location at 253 Baldwin Avenue, Jersey City, in 1927.

The school provided a regular educational program to an average and above average population of blind students, many of whom were full-time residents.

In the early 1960's, St. Joseph's School for the Blind began a program for multiple disabled, visually impaired children. With the passing of Public Law 94-142, the local school districts were given the main responsibility for placing multiply impaired children in the environments most proximate to their homes that were least restrictive. With increasing frequency, local school boards, unable to fulfill the mandates of Public Law 94-142 within their own currently existing special facilities turned to the well-established programs at St. Joseph's School for the Blind.

The classroom teacher is the central specialist responsible for the development and implementation of programs within the structured environment of the student's school day. The teacher, assisted by an aide, provides the planned experiences and instruction needed to increase student independence in areas such as: self-help skills, activities of daily living, socialization, recreation, motoric development, adaptive behavior, sensory, functional academics. The development of cognitive and conceptual goals related to the skills required to enable the students to increase their independence in all areas of human function are also the responsibility of the classroom teacher. The classroom teacher is part of a team of specialized service providers who assist the teacher within classroom settings and work individually with students in other appropriate surroundings.

The school was started in response to a need for special services heretofore not provided by another facility in the United States. The school continued to be a nonprofit, nonsectarian agency which accepted children from every race, creed, and national origin. It employed both religious sisters and lay personnel and continued to be administered by the Sisters of St. Joseph of Peace.

Today, the school serves students from New Jersey who are multiply disabled and severely visually impaired or blind. It accommodates students whose ages range from 3 to 21 years.

Parental involvement in the activities of the school is an essential component in the education of each student. Carefully selected volunteer workers also make valuable contributions. Local resources are utilized whenever possible to bring the students and community into closer touch. The school makes use of a nearby vocational center and a roller-skating rink. Lions Clubs and other service organizations provide money for services, materials, and equipment.

The school reaches out to the community in an effort to familiarize it to the needs of multiply impaired, blind people. St. Joseph's sponsors a structured program for educators, health-care professionals, student teachers, nurses, and other interested community members to sensitize them to the basic humanity as well as the special concerns of our school population.

For those who live there, St. Joseph's isn't just a school but a home away from home. For this reason each child is treated with warmth and understanding. Here the students work on a variety of skills to help them become more independent and self-reliant. They help prepare meals, wash their clothes, and practice daily living skills.

Socialization plays an important part of the resident's schedule. Through weekly excursions to local parks and zoos, the children are exposed to a different environment and sounds. They have also shared meals with some old and new friends. The residents have also become familiar faces at the nearby stores and malls, there they learn how to purchase things for themselves as well as others. Shopping is a beneficial part of the program to the children as well as the public. It helps the public realize these children are people and have certain likes and dislikes.

In these days of drastic Federal cutbacks and tax reform, the problems of financing operations such as St. Joseph's becomes increasingly difficult. It is for this reason that the magnanimous gestures of good will providing support and financial assistance given by the Vecchiarello and Bendeck families each year is of such deep significance.

I am sure that my colleagues wish to join me in this salute.

ORANGE COAST COLLEGE CELEBRATES 40TH ANNIVERSARY

HON. ROBERT E. BADHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. BADHAM. Mr. Speaker, when an institution serves its constituency well for 40 years and has a future even brighter than its spectacular past, it is deserving of special recognition.

Orange Coast College has directly touched the lives of nearly 40 percent of the 626,000 people who live in its service area. And indirectly the college has touched many other lives, as its former students have become leaders in commerce and government.

Since the Federal Government sold the Santa Ana Army Air Base to the college in 1946 for $1, the student body has grown from 533 to more than 25,000. The growth of Orange Coast College reflects our Nation's ever increasing emphasis on education. As we continue to move from an industrial to a technological society, Orange Coast College will undoubtedly continue to play an ever increasing role in the economic and social future of southern California.

It is more impressive that Orange Coast College leads all community colleges in California in the number of students who transfer to California State colleges and universities. That is a tribute to the dedication of the students and instructors at the college as well as to the ability and drive of the people of Orange County.

I'm pleased to join President Reagan in wishing Orange Coast College's students, staff, alumni, and friends the best on the occasion of the institution's 40th anniversary.

THE 55-MILE SPEED LIMIT FOR TRUCKS

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. FAZIO. Mr. Speaker, Mr. Randolph Bangham, president and CEO of Viking Freight, Inc. recently testified before the Surface Transportation Subcommittee of the House Public Works Committee on the need to maintain the 55 mph speed limit for trucks. His comments as to why we should retain that limit for trucks even though cars are allowed to go faster are most instructive. I am therefore inserting his remarks in the CONGRESSIONAL RECORD so that our colleagues may have the benefit of his views.

My name is Randolph C. Bangham. I am president and chief executive officer of Viking Freight, Inc., San Jose, CA. Viking Freight, Inc. is comprised of two principal subsidiaries, Viking Freight System, Inc. and VFS Transportation, Inc. Viking Freight System, Inc. is the larger of the two and is engaged in the transportation of less than truckload commodities throughout eight Western States—California, Oregon, Washington, Idaho, Utah, Nevada, Colorado and Arizona. My remarks today will be directed to the experience of this subsidiary. Our second unit, VFS transportation is a relatively new operation and is engaged in truckload transportation throughout the 48 contiguous states. Viking Freight System, Inc. is 21 years old and in that time has rapidly grown to become one of the largest for hire motor carriers in the Nation. Of Viking's 3,078 employees, 1,214 can be categorized as truck drivers. In 1987, we are forecasting revenues of approximately $182,000,000 and we will travel in excess of 50,000,000 miles on the Nation's streets and highways.

I appreciate the opportunity to express my views regarding the national speed limit policy. I represent only Viking Freight, however, my opinion closely coincides with that of the California Trucking Association. My company is proud of our safety programs and of the safety record we have compiled during our history. We are especially pleased with the improvement in our record of vehicular incidents and accidents during each of the last 5 years.

In 1986 we traveled 73,310 miles between avoidable incidents or accidents. This is a 50 percent improvement over 1982's 48,898 miles between events. More importantly, Department of Transportation reportable, or serious accidents were reduced to one every 3,867,105 miles traveled in 1986, a 437 percent improvement over 1982's record of one event every 719,509 miles traveled.

Our record clearly demonstrates that Viking is taking a role of leadership in safety at a time when our industry is being severely criticized for its deteriorating accident statistics.

I firmly believe that our success in reducing accidents is directly related to our commitment to the 55 mph speed limit. In April of 1981 we introduced a speed limit policy.

We also began specifying mechanical gearing on all additional and replacement trucks that limits top speed to 62 mph. Our actions were based not on "55" being the "law of the land", but on the reality that 55 would save lives and money. Our safety record since 1981 speaks for itself.

Clearly, speed increases the likelihood of, and exacerbates the severity of truck accidents. Let me quote from an accident investigation we commissioned failure analysis laboratories to perform after a major 1979 accident, involving a front tire blow-out on one of our tractor trailer combinations:

"Due to the inertial forces associated with increased speed, the controlability of a heavy vehicle is exponentially decreased as speed is increased.

When axle weights and coefficient of friction are added to this formula, the reduction in controlability of the vehicle becomes critical at speeds over 60 mph. This can determine the difference between a major accident or minor incident in the event of a front-end blow-out or sudden evasive action."

Had our driver in this situation been traveling at 55 instead of 65—70 he very probably would have maintained control of his vehicle. Instead he lost control and was eventually thrown through the windshield. He has completely recovered from his moderate injuries. The truck and the freight, however, were total losses. This accident should not have occurred. Accidents of this type are what led us to our policy. In my view, there is no acceptable reason for increasing the speed limit for trucks of three or more axles. To do so would not improve the efficiency of our industry but instead would cost millions of dollars in wasted fuel and accident damage, not to mention the cost in human lives. Numerous research projects have indicated that fuel usage by trucks traveling at 65 mph is at least 8 percent higher than at 55. While this may not seem critical at today's low fuel prices, it will become an important factor in the future when the fuel price pendulum again swings in the other direction.

I do not have a strong opinion regarding autos traveling at higher rates of speed on rural highways. While I have concerns about their safety, I believe that with the quality of today's highways and cars, the risk is minimized. Is a policy encompassing one speed limit for cars and another for trucks plausible? Certainly! For many years California restricted trucks to 55 mph while allowing 65 mph and even 70 mph for automobiles. The result was, trucks and cars were spread out. The "bunching" that often occurs when there is one speed limit was reduced and traffic flowed smoothly. A side benefit was that the highway patrol were often able to spot speeding trucks just by the fact that they were keeping up with the flow of traffic. This can only be accomplished when there is a differential in maximum speed laws.

In closing, regardless of your decision in the matter of automobile speeds, it is imperative that you preserve the 55 mph speed limit for trucks. In the West trucks can be 105 feet long weighing in excess of 50 tons. Restricting and enforcing their speed at 55 mph will improve their safety record.

WINNING THE WAR AGAINST DIABETES

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. LANTOS. Mr. Speaker, the third leading cause of death in the United States is diabetes. Today, I wish to share with you some of the grim realities of this illness, and urge your support for efforts to find a cure. Four recent visitors to my office—Jennifer Bloom, Mark Zwadaski, John Harris, and Thomas Brown—emphasized the urgency of providing funding for research and educating Americans about diabetes. Jennifer, Mark, John, and Thomas, seemingly healthy young people, are diabetics—each year they are joined by 600,000 more people who are diagnosed as having diabetes.

Diabetes is a disease in which the body either does not produce or properly use the hormone insulin which converts sugars and starches into energy. Although existing in many forms, the two principal types of the disease are adult onset and juvenile onset diabetes.

Adult onset diabetes develops in those over 40 years of age and it frequently strikes those who suffer from obesity. Although diet and exercise can help control it, oral medication, and sometimes insulin injections, are necessary. However, the symptoms of adult onset are difficult to detect and frequently it is only diagnosed when life-threatening complications develop, such as heart and kidney disease.

The most severe form of the disease, juvenile onset diabetes normally affects young children and adolescents, but it can strike at any age. Frequent, daily injections of insulin are necessary to sustain life. Since insulin is broken down in the bloodstream, these injections must be directly into the muscle—a very painful procedure.

Although diabetics are careful to eat a sugar-free diet, exercise, and take medication, complications frequently occur due to constantly high glucose levels in the blood. Diabetes is the No. 1 cause of new blindness in the United States. Sufferers are also vulnerable to heart disease and heart attacks. Kidney disease, often requiring dialysis, is common. Diabetics can also experience nerve damage or neuropathy, resulting in the loss of feeling in legs and feet. Circulation problems causing gangrene frequently lead to amputations. In addition, impotence is a common result of the disease.

No one knows what exactly triggers diabetes, but hereditary factors are important. Viral infections also seem to prompt the onset of the disease. Pregnant women are frequently affected by a temporary form of diabetes which poses potentially severe health risks to both the mother and her unborn baby.

Although no cure has yet been developed, research has produced advanced treatment techniques. Self-regulating insulin pumps and devices for monitoring blood-glucose levels are now available. Pancreas and islet cell transplants can stimulate the body's production of insulin, laser therapy helps prevent blindness, and a new range of oral medications are being developed.

One way in which we can help diabetics is by cosponsoring H.R. 1325. This legislation would make specially designed therapeutic shoes available to diabetics under the Medicare Program. These shoes stimulate curculation and would lead to considerable cost savings by reducing expensive and emotionally distressing amputations. The Congressional Budget Office estimates that savings will total $55 million over a 5-year period. H.R. 1325 is both compassionate and fiscally responsible.

I look forward to participating in National Diabetes Awareness Month in November. But educating both the public and the diabetic is a year-round necessity. The diabetic who understands his illness is better equipped to handle it. The public must know that through research and education we can discover the cure together.

CELEBRATING THE MINISTRY OF THE REVEREND HENRY C. GREGORY III

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. FAUNTROY. Mr. Speaker, it is with a sense of pride and admiration that I join with the citizenry of the District of Columbia and the members of the Shiloh Baptist Church in noting that Dr. Henry C. Gregory III will be celebrating his 14th anniversary of distinguished service as pastor of Shiloh Baptist Church in Washington, DC, May 21 through 24. Reverend Gregory is the fifth pastor of Shiloh Baptist Church which was first organized in 1863 and which now has a membership of nearly 6,000 persons. He has been instrumental in the establishment of several organizations and events at the church since beginning his tenure as pastor including: the building of a $5.5 million Family Life Center, the Shiloh Gospel Choir, which has appeared on national television and at the White House, the Male Youth Enhancement Program, the Men of Shiloh, the Women of Shiloh, and various community Outreach programs.

Active in community affairs, Reverend Gregory has served as chairman of the Theological Commission of the National Baptist Convention for more than a decade as well as serving in leadership roles for various other religious and national community organizations.

This year Reverend Gregory earned the AFL-CIO "Man of the Year Award" and received the Martin Luther King, Jr. Community Service Award for 1986.

Reverend Gregory was licensed at Shiloh and ordained at Bethany in Newark, NJ, and began his pastoral responsibilities at Shiloh Baptist Church—new site—in Fredericksburg, VA. He served as senior minister at Fifth Street Baptist Church in Richmond, VA. In addition, he has taught at Howard University and McCormick Theological Seminary in Chicago.

During his 25 years in the ministry, he has traveled extensively—preaching in India, Korea, and Scotland. He has been invited to undertake a preaching tour of New Zealand in 1988.

He is married to the former Muriel E. Edwards, J.D., and they are the parents of two children: Lisa Michelle, a student at Spellman College, and Henry Clayton IV, a student in D.C. Public Schools.

In conclusion, I join with all the citizens of the District of Columbia in offering congratulations to Reverend Gregory.

MAE RIPTON UTZ TO CELEBRATE 92D BIRTHDAY NEXT WEEK

HON. LOUISE M. SLAUGHTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Ms. SLAUGHTER of New York. Mr. Speaker, I ask my colleagues to join me in extending birthday greetings to a distinguished citizen of Rochester, NY. Mae Ripton Utz celebrates her 92d birthday next week in Rochester, NY. She was born at 72 Penn Street in Rochester, NY, on May 10, 1895. Her father, Michael Ripton, was native born and owned a civil engineering firm. Her mother Alice Tully Ripton, born in Ireland, was a housewife and mother of a large family of eight children.

Mae Ripton was educated at the Immaculate Conception Grammar School and West High School. At night, she studied business at the Mechanics Institute, forerunner of the Rochester Institute of Technology.

After leaving school, Mae Ripton joined her father's firm as a secretary and bookkeeper. The firm was founded in 1902 and was originally called Ripton & Murphy, but later was reorganized and renamed Michael H. Ripton & Son. Mae became the expeditor of the business in later years and assumed the office of vice president when the firm was again reorganized to become the Ripton Crushed Stone Corp.

On May 29, 1918, Mae married Henry Paul Utz of Rochester. Mr. Utz worked in his father's firm, Utz and Dunn Co., a handmade shoe manufacturing business. Mae was employed as an expeditor at the Rochester Button Co., and retired in October of 1960. Both Mae and Henry were known for their philanthropic activity throughout their lives, giving to church, civic, and family related causes. They were members of the Oak Hill Country Club and St. Thomas More Church. Mr. Utz died in 1967. Mrs. Utz resides at the Hurlbut Nursing Home in Rochester.

TRIBUTE TO THE HONORABLE ANTONIO B. WON PAT (MEMBER OF CONGRESS, 1973-85)

HON. FOFO I.F. SUNIA

OF AMERICAN SAMOA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. SUNIA. Mr. Speaker, it is with great sadness that I speak to you and the Members of this House today, for I come before you to pay tribute to a man whose life meant a great deal to a great many people.

Last Friday, May 1, the Honorable Antonio Borja Won Pat, a six-term member of this distinguished body, suddenly passed away. There is so much to say about this man, about what he did for the people he represented in Guam, that it is hard to decide where to begin.

Last week, Congress held hearings to consider several matters pertaining to Guam and the other U.S. territories. Although Mr. Won Pat left the House of Representatives in 1985, he was back in the Halls of Congress last week, monitoring the proceedings and offering his vast knowledge and experience. In short, he was here to help the people of Guam—just as he had been doing for over 40 years. The character and conviction of Tony Won Pat are wonderfully illuminated, I believe, by this demonstrated desire to serve in any capacity whatsoever.

To speak of Tony Won Pat's life, Mr. Speaker, is to recall the very history of Guam. Every major political accomplishment of the last quarter century in Guam bears Mr. Won Pat's valuable imprint. He worked tirelessly to promote the interests of his constituents, to ensure that their voices were heard from Guam's distant Pacific shores. From working to gain U.S. citizenship for Guamanians to winning funding for a national cemetary for Guam's war veterans to ensuring proper care for his territory's aged and sick, Tony Won Pat was a dedicated advocate for his people.

As a member of the American Pacific and a long-time friend and colleague of Mr. Won Pat, I feel a deep sense of loss today. He was so vibrant and so cheerful as he carried out his duties here in Congress. His small physical stature was in inverse proportion to the size of his heart and the strength of his love for Guam. I remember him fondly and vividly and find it hard to believe he is gone.

When you gain the kind of respect that Tony Won Pat did, you become known beyond the limits of your constituency. The entire Pacific region and those who worked in Washington on its behalf will mourn Tony Won Pat's passing. He was, in many ways, a beacon to follow in the pursuit of political growth and increased self-determination throughout the Pacific. He paved a path for future generations and let us all know that working for what you believed in would ultimately bring you the rewards you sought. His spirit, which created a legacy Guamanians can wear with pride, will sustain our future efforts and provide broad and powerful shoulders to lean on during trying times.

My heartfelt sympathy goes out to Tony Won Pat's family: his wife Tan Ana, his eight children and his numerous grandchildren and great-grandchildren. They, too, have lost a leader. My prayers are with them as they struggle to cope with the deep sadness that has overcome them.

Tony Won Pat has now returned to Guam. He will be remembered as a man of honor and a man of dignity—simple goals we should all aspire to. I will miss you, my friend.

SUPPORT FOR SOLIDARITY

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. UDALL. Mr. Speaker, today I joined with Representative KEMP in introducing House Joint Resolution 263 which would appropriate $1 million for the Polish trade union movement, Solidarity. In spite of the Polish Government's repeated attempts to crush it, Solidarity continues to embody the democratic aspirations of the Polish people.

Often we wring our hands and despair about not being able to assist our brothers and sisters whose governments deny them the basic rights and freedoms which we enjoy. Giving material aid to Solidarity would enable its members to strengthen their democratic organizational structures, purchase badly needed printing equipment and supplies, disseminate information, medically and legally assist people arrested and jailed, and those fired from their jobs for supporting Solidarity.

The brave members of the Solidarity movement deserve our encouragement and our messages of support. More than that, they deserve concrete assistance which will help them to continue their just struggle for basic human rights. The Solidarity movement has survived the repressive actions of the Polish Government but its fundamental goals have not yet been realized. Let us stand with the people of Poland who believe in human rights, democracy, and free trade unions. Let us not allow their pleas for help to go unanswered. Let us, as a nation, make a contribution to their future.

A RESPONSE TO SECRETARY BENNETT

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. DYSON. Mr. Speaker, Secretary of Education William J. Bennett recently commented on the poor financial state of many of our institutions of higher education. His explanation for this status was not that these institutions are underfunded, but rather that they are "under-accountable and underproductive."

A response to this uncalled for statement is obviously warranted. Mr. Douglass Cater, a professor at Washington College, a commendable institution in my district, has provided this important response. The article by Professor Cater recently appeared in the New York Times.

Mr. Speaker, for the benefit of my colleagues, I am inserting this article into the CONGRESSIONAL RECORD:

[From the New York Times, Monday, March 16, 1987]

TO SECRETARY BENNETT: WHAT GREED?

(By Douglass Cater)

CHESTERTOWN, Md.—Life for the college president becomes more exhilarating, to say the least, when the Secretary of Education chooses to serve as the chief scold of higher education.

Just when we are on the road again recruiting high school students for next autumn's freshman class, William J. Bennett renews his onslaught by declaring that higher education is not underfunded but is "under-accountable and underproductive." He accuses us of the sin of greed. Talk about hitting institution where it hurts!

Secretary Bennett does not differentiate between the large universities, which carry a lion's share of the nation's research, and the undergraduate colleges, which confine themselves mostly to teaching. Nor does he distinguish between the Ivy League and the rest of us in a nation with about 3,300 institutions of higher education.

Harvard and Hopkins and Haverford can speak for themselves. For them, undergirded by heavy endowments, hurricanes hardly ever happen. They can thumb their noses at Secretary Bennett and not have to lie awake nights.

Let me instead testify for the other colleges—about half the total, with enrollments of less than 2,500 and many flying that proud banner of organized knowledge, "the liberal arts."

Not long ago, we were considered an endangered species, caught in a cost squeeze that threatened either to change our mission or close our doors. Mr. Bennett, then head of the National Endowment for the Humanities, exhorted us to make greater efforts to teach ageless ideas and values.

He certainly did not suggest at that time, as he does, now, that Federal Government policy should "help make colleges and universities accountable to the prime beneficiaries of their services—the students." Instead, he seduced us with project grants that enabled us to eschew contemporary fads even though they might have been more popular and profitable.

Let us treat Washington College, which I head, as a case study. Founded in 1782, it is one of the nation's 10 oldest colleges. The Commander of the Continental Armies provided a founding gift of 50 guineas and gave written permission to use his name.

Washington College's original mission was not to train preachers in the earlier tradition of Harvard and Yale but to educate the new country's citizens—in the words of the founder, William Smith—for the "vital tasks of democracy."

This mission has placed us between the rock and hard place during stretches of our history. Our commitment to the liberal arts and the humanities has brought severe fluctuations of enrollments in periods when students—and their parents—have sought more bang for a buck from higher education.

We have maintained a fragile financial equilibrium and kept our doors open precisely because of the financial generosity that began with General Washington and that has been regularly renewed by alumni and friends as well as by corporate and foundation patrons.

Next year's students, according to the budget adopted at last month's trustees' meeting, will pay in tuition only 56 percent of the funds required to operate the college. With room and board added, they pay $2 out of every $3 for current expenditures. Not one cent goes for large capital expenses as we renovate old buildings and construct a new science laboratory center.

To meet long-overdue needs, I must saddle up, like my predecessor William Smith two centuries ago, and don the habit of the professional mendicant.

At the same time, I will draft a letter to students and parents reporting that once again Washington College has been obliged to raise its fees. Some will undoubtedly respond by quoting the Secretary of Education to indict me for at least one of the seven deadly sins.

Why don't we produce a more cost-effective budget? To ask this question is slightly equivalent to asking why Chopin did not pare his "Minute Waltz" to 50 seconds or so. Washington College, like peer institutions, holds the ancient ideal that genuine education cannot be reduced to assembly-line techniques.

It takes time and it takes teaching—labor-intensive teaching. We enlist 60 full-time professors for just over 800 students. Despite our best efforts, our average faculty salary is below the national average for independent college—less than $32,000 a year.

Is Washington College accountable? In 1982, the trustees commissioned a hard-nosed firm of financial analysts from Boston to prepare a five-year projection of revenues and costs. It showed that we were headed toward unmanageable deficits unless rigorous corrective measures were taken.

Last month, five years later, the board adopted a budget that will be stringently in balance for the year ahead. Countless college boards across this country, to my knowledge, have gone through similar experiences without benefit of Secretary Bennett's catcalls.

America's colleges are constantly being tested in the highly competitive marketplace of student recruitment. Yet we cannot do business as if we were for-profit corporations.

When our venerable buildings get old and obsolete, we cannot tear them down simply for efficiency's sake. We do not hire and fire faculty at will according to the latest lineup of course enrollments. Nor do we manufacture disposable products that lose a substantial portion of their value the minute they leave the showroom.

When Secretary of Education Bennett tells you that we are greedy, simply ask him one question: Where are we stashing the accumulations of our greed? when we manage to turn up a surplus dollar, our highest priority is to deposit it in the college endowment.

Thus, we prepare for that rainy day when students and parents and patrons may possibly begin to take the Secretary seriously.

A TRIBUTE TO DR. MARY SHAW SHORB

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. HOYER. Mr. Speaker, I rise today to honor a former employee of the Beltsville Agricultural Research Center and of the University of Maryland who will receive the first Distinguished Scientist Award from the Friends of Agricultural Research—Beltsville, Inc., on Wednesday, May 6, 1987. Dr. Mary Shaw Shorb, the first scientist to be so honored, deserves the gratitude of all Americans, and indeed of people throughout the world for her research contributions that were of critical importance in isolating and commercializing the antipernicious anemia factor, vitamin B_{12}, and for other major advances in the science of nutrition.

Until Dr. Shorb's singular contribution in 1947, pernicious anemia seriously afflicted 50,000 Americans each year. Indeed, Dr. Shorb's father-in-law had died of this disease. However in 1926 raw liver had been found to be an effective—albeit distasteful—treatment for pernicious anemia. After this discovery Merck & Co. and several other pharmaceutical firms had embarked upon the purification, isolation, and identification of the principle in liver responsible for its therapeutic effectiveness. These efforts by the pharmaceutical firms were blocked by lack of sufficient pernicious anemia patients for bioassays. Nevertheless a team of scientists at Merck & Co., in cooperation with Columbia University, College of Physicians and Surgeons, had been able to separate liver extracts into active and inactive fractions.

While working at the Beltsville Agricultural Research Center, Dr. Shorb had developed the hypothesis that the antipernicious anemia factor in liver might be the same factor that she found to be essential for supporting growth of the yogurt bacillus, *Lactobacillus lactis.* Dr. Shorb's concept was treated with skepticism by her supervisors at the Beltsville center and by several pharmaceutical firms. Moreover, her employment at the center was terminated in 1947 to make way for a World War II veteran; but she was granted an unpaid post in the Poultry Husbandry Department of the University of Maryland. Fortunately, Dr. Karl Folkers of Merck & Co. saw merit in Dr. Shorb's hypothesis that the growth response of the yogurt bacillus might be closely correlated to the response of a human patient with a blood disease.

Since Merck & Co. possessed partially purified liver extracts, come of which were clinically effective against pernicious anemia and some which were ineffective, it was possible to test Dr. Shorb's hypothesis. Merck provided $400 to the university in order to allow Dr. Shorb to evaluate the liver extracts in blind tests. In these tests Dr. Shorb proved that her hypothesis was valid. By using Dr. Shorb's bacterial bioassay, the Merck team was able within 3 months to isolate vitamin B_{12} in pure crystalline form. Thus Dr. Shorb's research was of critical importance in the discovery and commercial development of vitamin B_{12}. No other vitamin has been discovered subsequently. In addition to its use in preventing pernicious anemia, vitamin B_{12} is an essential ingredient in the rations of livestock and poultry.

Dr. Shorb, a resident of Beltsville, MD, was born in Wahpeton, ND, January 11, 1907. The Shorb's have two daughters, one son, seven grandchildren, and eight great-grandchildren. She received the Sc.D.—immunology—from Johns Hopkins University in 1933. Dr. Shorb retired from the University of Maryland in 1972. In March 1987 Dr. Shorb was inducted into the Maryland Women's Hall of Fame. In her honor, Merck & Co. established the Shorb Lectureship at the University of Maryland.

TAX FREEDOM DAY

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. DREIER. Mr. Speaker, on May 1 workers around the world celebrated May Day, the international workers holiday. But for the American worker, this year's May Day celebration doesn't begin until today. According to the Tax Foundation, May 4 is "Tax Freedom Day." This is the day that the average American worker fulfills his/her Federal, State, and local obligation to the tax man if every dollar earned since January 1 is withheld for tax purposes.

Unfortunately, the American taxpayer has little to celebrate about. According to the Tax Foundation, Tax Freedom Day has advanced 6 days since 1984, thereby wiping out completely the impact of the tax cuts enacted under the Economic Recovery Tax Act [ERTA] of 1981. Yet as Federal spending continues to skyrocket out of control, the leadership in Congress is looking for new and innovative ways to further increase the tax burden on the American worker. The goal, it appears, is to combine the Tax Freedom Day celebration with the Memorial Day holiday.

The increasing tax burden has not gone unnoticed. The county of Los Angeles recently approved a resolution declaring May 4 as Tax Freedom Day." The resolution contained the following statement:

> While Government has certain Constitutional responsibilities (e.g. National Defense, Public Education, Criminal Justice, Cultural and Recreational Services) to do for the people what they can't do for themselves, we must always strive for economy and efficiency through the elimination of fat and wasteful spending to lessen the burden on the taxpayer.

Those are words that Congress would do well to heed. Unfortunately, upon examination of the recently approved fiscal year 1988 budget resolution, fat and wasteful spending will continue to be the mainstay of the Federal budget for 1 more year.

I would like to submit for the RECORD two recent press releases from the Tax Foundation which declared May 4 as "Tax Freedom Day," and examines the American worker's ever growing tax bill. I urge my colleagues to take note of the near record tax burden on the American worker.

[Press release: A.M. Edition, April 15, 1987]

TAX FREEDOM DAY IS MAY 4

WASHINGTON, DC.—May 4 is Tax Freedom Day 1987. Economists at the Tax Foundation reckon it takes the average American from January 1 through May 3 to pay the tax collector, assuming every dollar in the paycheck is paid out for Federal, state and local government taxes from the first day of the year.

Researchers at the Washington-based tax watchdog organization annually calculate Tax Freedom Day as a way of showing how government dominates the economy. That presence is still growing, they say: Since 1984, the date has moved six days farther on in the calendar—from April 28 to May 4. Tax Freedom Day has advanced two days in just the past year, according to revisions based on updated government data. Tax Freedom Day, 1986, fell on May 2.

This year, the American taxpayer has returned to the same point he was at prior to passage of the Economic Recovery Tax Act of 1981 (ERTA). That legislation stopped the on-going rise of Federal taxes and Uncle Sam's tax take dropped slightly relative to time worked until 1985, when it rose again.

The full impact of ERTA's cuts were never felt. They were diminished by subsequent Congressional take-backs of business tax cuts in 1982 and 1984, higher excise taxes on gasoline and cigarettes, and hikes in payroll taxes instituted to restore the troubled Social Security system to solvency.

At the state-local levels, taxes have generally risen faster than incomes over the past seven years, taking up any slack taxpayers may otherwise have temporarily enjoyed from Federal cuts. The net result is that we are back where we were before ERTA—to a May 4 date for Tax Freedom Day.

The average taxpayer also pays more because of the economy's continuing recovery. Tax collections have risen along with the expanding economy and growing incomes of Americans, causing the flow of revenues to Federal, state and local treasuries to increase as well.

The Tax Foundation, Incorporated, is a nonprofit, nonpartisan research and public education organization founded in 1937 to monitor tax and fiscal activities at all levels of government. Its purpose is summed up in the motto: "Toward Better Government Through Citizen Understanding."

Selected year 1930-1987 year tax freedom day

1930	Feb. 13
1940	Mar. 8
1950	Apr. 3
1960	Apr. 17
1970	Apr. 28
1975	Apr. 28
1980	May 1
1981	May 4
1982	May 3
1983	Apr. 30
1984	Apr. 28
1985	May 1
1986 (b)	May 2
1987 (b)	May 4

(a) Revised. (b) Forecast.

[For release: A.M. edition, April 15, 1987.]

U.S. EARNER WORKS 2 HOURS, 43 MINUTES PER DAY TO PAY FEDERAL, STATE AND LOCAL TAXES

Washington, DC.—Taxes will take a 2-hour, 43-minute bite from the average worker's 8-hour earnings in 1987. That's up from 2-hours, 39-minutes in 1986.

Federal taxes will claim 1 hour and 46 minutes of a worker's earnings, while state-local taxes preempt 57 minutes' worth of productive labor. The total tax bite from the workday is far ahead of the next most costly item, housing and household operation, which will require a worker to put in 1 hour and 27 minutes on the job, a minute less than in 1986. Third come food and tobacco, which will consume an hour's worth of work, the same time span as last year.

Researchers at the Tax Foundation detect only minor shifts in the allocation of a day's pay over the last year. Earning the money for the clothing budget will require 23 minutes on the job—the same as in 1986. Other items requiring the same time on the job this year as last include medical expenses (37 minutes), transportation (42 minutes), and recreation (21 minutes).

The higher tax bill this year means that less earning time is available for "miscellaneous" costs, a catch-all category comprising personal care, personal business, private education, religious and welfare activities, net foreign travel, and net savings. This year, the worker will have 3 minutes fewer in the daily 8 hours to work for these items.

The 2-hour, 43-minute tax bite means that today's total tax burden per 8-hour day for 1987 is exactly the same as it was in 1981 prior to the impact of "ERTA"—the Economic Recovery Tax Act of 1981. ERTA caused a drop in the Federal portion of the tax burden, lessening the work time required to cover taxes in 1982, 1983, and 1984. This year the cycle comes full course, as subsequent increases in Federal business and payroll taxes have eroded some of the gain from ERTA, and as the total tax take has increased apace with the economic rebound.

The Tax Foundation, Incorporated, is a nonprofit, nonpartisan research and public education organization founded in 1937 to monitor tax and fiscal activities at all levels of government. Its purpose is summed up in the motto: "Toward Better Government Through Citizen Understanding."

TAX BITE IN 8-HOUR DAY, 1980–1987

Item	1980	1981	1982	1983
Taxes	2:39	2:43	2:41	2:38
Federal	1:48	1:52	1:48	1:43
State and local	0:51	0:51	0:53	0:54
Food and tobacco	1:03	1:01	1:04	1:03
Housing and household operation	1:24	1:23	1:30	1:29
Clothing	0:19	0:18	0:19	0:19
Transportation	0:41	0:40	0:40	0:41
Medical care	0:32	0:33	0:37	0:38
Recreation	0:20	0:19	0:21	0:21
All other (a)	1:02	1:03	0:48	0:51
Tax Freedom Day	May 1	May 4	May 3	Apr. 30

Item	1984	1985	1986(b)	1987(c)
Taxes	2:36	2:39	2:39	2:43
Federal	1:42	1:44	1:44	1:46
State and local	0:54	0:55	0:55	0:57
Food and tobacco	1:04	1:00	1:00	1:00
Housing and household operation	1:31	1:27	1:28	1:27
Clothing	0:19	0:19	0:23	0:23
Transportation	0:43	0:41	0:42	0:42
Medical care	0:39	0:38	0:39	0:39
Recreation	0:22	0:21	0:21	0:21
All other (a)	0:46	0:55	0:48	0:45
Tax Freedom Day	Apr. 26	May 1	May 1	May 4

(a) Includes personal care, personal business, private education and research, religious and welfare activities, net foreign travel, and net savings.
(b) Revised. (c) Forecast.

Source: Tax Foundation derived from data supplied by U.S. Department of Commerce Bureau of Economic Analysis.

GATEWAY TECHNICAL INSTITUTE

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. ASPIN. Mr. Speaker, I rise today to pay tribute to Gateway Technical Institute in Kenosha, WI, the second oldest publicly funded vocational school in the country, now celebrating its 75th anniversary.

Wisconsin State legislation established vocational and adult education in 1911. One year later, in 1912, a State-approved vocational school opened in Kenosha. Dedicated to providing employment training for youths who had to leave high school between the ages of 14 and 16, the Kenosha Technical Institute trained students in the agricultural, industrial, and manual arts. In 1970 KTI, the predecessor of Gateway Technical Institute, became the first 2-year technical institute in the United States to be fully accredited by the North Central Association of Schools and Colleges.

My congressional district has truly benefitted from the work of the Gateway Technical Institute. Today 4,300 students are preparing for job entry or employment upgrading in more than 60 skill areas. In addition, the institution is providing technical assistance to area employers to help them bring their methods and procedures, as well as their employees, up to date with technical advances. Gateway is a vital part of the educational, training, and retraining network in southeastern Wisconsin.

I am pleased, Mr. Speaker, to recognize this institution in the U.S. Congress on the occasion of its 75th anniversary.

ESSEX COUNTY COUNTRY CLUB 100TH ANNIVERSARY

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. GALLO. Mr. Speaker, I'd like to join with my colleague, Mr. RODINO, in congratulating a group of our constituents on the 100th anniversary of the founding of the Essex County Country Club in West Orange, NJ.

As the fourth oldest private club in the Nation, Essex County has a long and distinguished history.

It was incorporated on May 26, 1887 in Orange, NJ, by members of the Essex Hunt and Essex County Toboggan Clubs. During the early years, the club fielded a polo team and held a hunt ball each October, the highlight of the fall social calendar.

By 1895, plans were drawn for a nine-hole golf course. By 1901, an 18-hole course was built on what is known as the First Mountain in West Orange.

In 1918, the club began the process of moving to its present location, a little over 1 mile from the original tract.

Through the years, the membership rolls have been distinguished by the presence of such figures as Thomas Edison, W. Emlen Roosevelt, Governor Charles Edison, and Senator Joseph Frelinghuysen.

Many of golf's greatest players, beginning with Bobby Jones, have tested their skills on the course, regarded as one of the best in our State.

This year Essex County will host the New Jersey State Open and the Metropolitan Golf Association's "Ike Championship," the most prestigious amateur event in the greater New York area.

These are part of a year long series of commemorative and charity events celebrating the club's centennial.

I want to congratulate my constituents on this unique event and to wish them even greater success in their second century.

TRIBUTE TO DR. AUSTIN J. GERBER

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. MATSUI. Mr. Speaker, it is with great pleasure that I rise today to pay tribute to Dr. Austin J. Gerber upon his retirement after his service to the California State University at Sacramento during the past 21 years. Dr. Gerber's hard work, dedication and compassion in a variety of capacities has earned him the respect and admiration of friends and colleagues throughout our community.

After serving in the U.S. Army for 16 years, and achieving the rank of lieutenant colonel, Dr. Gerber became a professor of labor law at the California State University at Sacramento. Subsequently, Dr. Gerber became dean of the school of business and public administration, and later, acting president of the California State University at Sacramento.

Dr. Gerber has also served our community by participating actively in various organizations. The Sacramento American Red Cross, the Private Industry Council of Sacramento, and the Job Training Partnership Act Committee which will succeed it, and the Rotary Club of Sacramento are only a few of the important organizations to which Dr. Gerber has devoted much of his own time and energy, and all the members of these and other organizations owe a great deal of their success to his efforts.

Mr. Speaker, it is impossible to adequately thank Dr. Gerber for his service to the community, but I would like to add my voice to those thanking him for his distinguished service and wishing him every success in the future.

TAX FREEDOM DAY IS MAY 4

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. DENNY SMITH. Mr. Speaker, I wanted to remind my colleagues that today, May 4, is Tax Freedom Day, 1987.

Today is the first day that American taxpayers are working for themselves—and not for the Government. That's right. Economists at the Tax Foundation calculate that it takes the average American worker from January 1 through May 3 to pay the tax collector—assuming every dollar in the paycheck is paid out for Federal, State, and local government taxes.

Since 1950, Tax Freedom Day has pushed ahead from April 3 to May 4—that's 1 more month of working to feed the Government, and 1 less month of working to feed your family.

Even worse news is the fact that we're now back to where we started before President Reagan took office. Through the tax reductions in the Economic Recovery Act of 1981, we were able to push the 1984 Tax Freedom Day back to April 28. Since then, however, Congress has taken back some of those tax cuts; it has passed higher excise taxes; it has hiked payroll taxes; and it has passed a confusing complex tax reform bill.

I continue to be amazed at the fact that there are those in Congress who are calling for still more tax increases. Apparently, they won't be content until Americans are working full time for the bureaucracy.

Tax Freedom Day serves as a reminder to all in Congress that Americans are already overtaxed, and that it's high time we let Americans work for themselves.

LUNCHEON HONORS CATHOLIC COMMISSION ON AGING

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. MARTINEZ. Mr. Speaker, I rise to salute the recipients of Catholic Commission on Aging of Los Angeles's Recognition of Service Awards. A luncheon, held at the Industry Hills and Sheraton Resort in the City of Industry, was given to honor those people who had given devoted service to the elderly.

Parishes in the Archdiocese were invited to choose a person to honor, with the committee of the commission selecting both an organization and an individual to honor.

One parishioner who was honored was Marge Le Venture of Our Lady of the Miraculous Medal Church in Montebello. Marge has served the elderly in many capacities: As a volunteer driver for Meals on Wheels; as a minister of communion to the sick and elderly; as a founder of the visiting program to the shut-in elderly in her church; and as a music minister for Mass at a Convalescent Hospital. She is also active in community affairs as a delegate to an outreach program at a local hospital, chair of the Montebello Arts and Culture Commission, and on the Older Persons Action Committee.

The commission's award for organizations was given to the Catholic Older Adults Service and Intervention System [OASIS], an outreach program for seniors. The commission's award for individuals went to Marge and Frank Donovan. They develop both Lay Organization Ministry to the Elderly [LOVE] and Caring Attitudes Regarding the Elderly [CARE]. These programs have trained thousands of volunteers in services to the elderly.

Present for the awards were Archbishop Roger Mahony of the Los Angeles Archdiocese, Rev. Bernard Castagnola LCSW, and Mrs. Lydia MacLovia.

LEGISLATIVE REVIEW ACTIVITY DURING THE 99TH CONGRESS OF THE COMMITTEE ON WAYS AND MEANS

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 4, 1987

Mr. ROSTENKOWSKI. Mr. Speaker, I am herewith transmitting, pursuant to the Rules of the House of Representatives, the report of the Committee on Ways and Means on its legislative review activity during the 99th Congress.

REPORT ON LEGISLATIVE REVIEW ACTIVITY DURING THE 99TH CONGRESS OF THE COMMITTEE ON WAYS AND MEANS

FOREWORD

Section 136 of the Legislative Reorganization Act of 1946, as originally enacted, provided for legislative review by standing committees of the House of Representatives of the execution of laws falling within the jurisdiction of such committees. The Legislative Reorganization Act of 1970 (Public Law 91-510) and Public Law 92-136 amended the 1946 provision to add the requirement that the jurisdictional standing committees of the House file in "each odd numbered year * * * not later than January 2 * * * a report on the activities of that committee * * * during the Congress ending at noon on January 3 of such year".

The full text of section 136 of the Legislative Reorganization Act of 1946 (2 U.S.C. 190d), as amended by the Legislative Reorganization Act of 1970 (Public Law 91-510) and Public Law 92-136 and by Public Law 93-344 is provided below:

"SEC. 136. (a) In order to assist the Congress in—

"(1) Its analysis, appraisal, and evaluation of the application, administration, and execution of the laws enacted by the Congress, and

"(2) Its formulation, consideration, and enactment of such modification of or changes in those laws, and of such additional legislation, as may be necessary or appropriate.

each standing committee of the Senate and the House of Representatives shall review and study, on a continuing basis, the application, administration, and execution of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee. Such committees may carry out the required analysis, appraisal, and evaluation themselves, or by contract, or may require a Government agency to do so and furnish a report thereon to the Congress. Such committees may rely on such techniques as pilot testing, analysis of costs in comparison with benefits, or provision for evaluation after a defined period of time.

"(b) In each odd-numbered year beginning on or after January 1, 1973, each standing committee of the Senate shall submit, not later than March 31, to the Senate, and each standing committee of the House shall submit, not later than January 2, to the House, a report on the activities of that committee under this section during the Congress ending at noon on January 3 of such year.

"(c) The preceding provisions of this section do not apply to the Committees on Appropriations and the Budget of the Senate and the Committees on Appropriations, the Budget, House Administration, Rules, and Standards of Official Conduct of the House."

The following report is submitted by the Committee on Ways and Means pursuant to the above provisions of law.

LEGISLATIVE JURISDICTION

The legislative jurisdiction of the Committee on Ways and Means during the 99th Congress was provided by rule X, clause 1 of the Rules of the House of Representatives, as follows:

(v) Committee on Ways and Means—

(1) Customs, collection districts, and ports of entry and delivery.

(2) Reciprocal trade agreements.

(3) Revenue measures generally.

(4) Revenue measures relating to the insular possessions.

(5) The bonded debt of the United States (subject to the last sentence of clause 4(g) of this rule.[1])

(6) The deposit of public moneys.

(7) Transportation of dutiable goods.

(8) Tax-exempt foundations and charitable trusts.

(9) National social security, except (A) health care and facilities programs that are supported from general revenues as opposed to payroll deductions and (B) work incentive programs.

In the 99th Congress, the Committee on Ways and Means has six standing subcommittees:

Subcommittee on Oversight;
Subcommittee on Social Security;
Subcommittee on Health;
Subcommittee on Trade;
Subcommittee on Public Assistance and Unemployment Compensation; and
Subcommittee on Select Revenue Measures.

Under Rule 4(6) of the Rules of the Committee on Ways and Means, the jurisdiction of the Subcommittee on Oversight:

"* * * includes all matters within the scope of the Committee but shall be limited to existing law and said oversight jurisdiction shall not be exclusive but shall be concurrent with that of the other subcommittees, and with respect to matters involving the Internal Revenue Code said concurrent jurisdiction shall be shared with the full Committee. Before undertaking any investigation or hearing the Chairman of the Subcommittee on Oversight shall confer with the Chairman of the full Committee and the Chairman of any other subcommittee having jurisdiction."

Pursuant to this provision of the committee's rules, each of the legislative subcommittees and the full committee have conducted oversight activities in their own areas of jurisdiction, while the Subcommittee on Oversight has provided special attention to particular areas of concern to the committee.

While the Committee on Ways and Means has always provided legislative review of the programs under its jurisdiction, largely through its tradition of frequent and extensive public hearings, the establishment of specific subcommittees in 1974, including the Subcommittee on Oversight, significantly increased the committee's legislative review capability. Accordingly, the legislative review activities of the committee and its subcommittees during the 99th Congress resulted in more efficient and effective administration of the laws and programs under the committee's jurisdiction.

The membership of the Committee on Ways and Means and its six subcommittees in the 99th Congress was as follows:

COMMITTEE ON WAYS AND MEANS

Dan Rostenkowski, Illinois, *Chairman*; Sam M. Gibbons, Florida; J.J. Pickle, Texas; Charles B. Rangel, New York; Fortney H. (Pete) Stark, California; James R. Jones, Oklahoma; Andy Jacobs, Jr., Indiana; Harold Ford, Tennessee; Ed Jenkins, Georgia; Richard A. Gephardt, Missouri; Thomas J. Downey, New York; Cecil (Cec) Heftel, Hawaii;[1] Wyche Fowler, Jr., Georgia; Frank J. Guarini, New Jersey; Marty Russo, Illinois; Don J. Pease, Ohio; Robert T. Matsui, California; Beryl Anthony, Jr., Arkansas; Ronnie G. Flippo, Alabama; Byron L. Dorgan, North Dakota; Barbara B. Kennelly, Connecticut; Brian J. Donnelly, Massachusetts; William J. Coyne, Pennsylvania; Michael A. Andrews, Texas;[2] John J. Duncan, Tennessee; Bill Archer, Texas; Guy Vander Jagt, Michigan; Philip M. Crane, Illinois; Bill Frenzel, Minnesota; Dick Schulze, Pennsylvania; Bill Gradison, Ohio; W. Henson Moore, Louisiana; Carroll A. Campbell, Jr., South Carolina; William M. Thomas, California; Raymond J. McGrath, New York; Hal Daub, Nebraska; Judd Gregg, New Hampshire.

[1] Resigned July 11, 1986.

[2] Assigned July 29, 1986.

SUBCOMMITTEE ON TRADE

Sam M. Gibbons, Florida, *Chairman*; Dan Rostenkowski, Illinois; Ed Jenkins, Georgia; Thomas J. Downey, New York; Don J. Pease, Ohio; Cecil (Cec) Heftel, Hawaii;[1] Marty Russo, Illinois; Richard A. Gephardt, Missouri; Frank J. Guarini, New Jersey; Robert T. Matsui, California;[2] Philip M. Crane, Illinois; Bill Archer, Texas; Guy Vander Jagt, Michigan; Bill Frenzel, Minnesota; Dick Schulze, Pennsylvania.

SUBCOMMITTEE ON OVERSIGHT

J.J. Pickle, Texas, *Chairman*; Frank J. Guarini, New Jersey; Beryl Anthony, Jr., Arkansas; Ronnie G. Flippo, Alabama; Byron L. Dorgan, North Dakota; Harold Ford, Tennessee; Cecil (CEC) Heftel, Hawaii[1]; James R. Jones, Oklahoma[2]; Dick Schulze, Pennsylvania; Bill Frenzel, Minnesota; William M. Thomas, California; Raymond J. McGrath, New York.

SUBCOMMITTEE ON SELECT REVENUE MEASURES

Charles B. Rangel, New York, *Chairman* Ronnie G. Flippo, Alabama; Byron L. Dorgan, North Dakota; Barbara B. Kennelly, Connecticut; Wyche Fowler, Jr., Georgia; Robert T. Matsui, California[3]; Beryl Anthony, Jr., Arkansas[3]; Michael A. Andrews, Texas[2]; Brian J. Donnelly, Massachusetts[2]; Guy Vander Jagt, Michigan; Carroll A. Campbell, Jr., South Carolina; William M. Thomas, California; Raymond J. McGrath, New York.

SUBCOMMITTEE ON HEALTH

Fortney H. (Pete) Stark, California, *Chairman*; Andy Jacobs, Jr., Indiana; Charles B. Rangel, New York; Brian J. Donnelly, Massachusetts; William J. Coyne, Pennsylvania; J.J. Pickle, Texas; James R. Jones, Oklahoma[3]; Beryl Anthony, Jr., Arkansas[2]; Bill Gradison, Ohio; W. Henson Moore, Louisiana; Hal Daub, Nebraska; Judd Gregg, New Hampshire.

SUBCOMMITTEE ON SOCIAL SECURITY

James R. Jones, Oklahoma, *Chairman*; Andy Jacobs, Jr., Indiana; Richard A. Gephardt, Missouri; Wyche Fowler, Jr., Georgia; Brian J. Donnelly, Massachusetts[3]; William J. Coyne, Pennsylvania; Sam M. Gibbons, Florida; Michael A. Andrews, Texas[2]; Bill Archer, Texas; Philip M. Crane, Illinois; Hal Daub, Nebraska; Judd Gregg, New Hampshire.

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION

Harold Ford, Tennessee, *Chairman*; Fortney H. (Pete) Stark, California; Don J. Pease, Ohio; Robert T. Matsui, California; Barbara B. Kennelly, Connecticut; Carroll A. Campbell, Jr., South Carolina; Bill Frenzel, Minnesota; Bill Gradison, Ohio.

[1] Resigned July 11, 1986.

[2] Assigned October 9, 1986.

[3] Resigned October 9, 1986.

The legislative review activities of the Committee and its Subcommittees in the 99th Congress in each major jurisdictional area are discussed below.

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[1] The last sentence of clause 4(g) requires the Committee on Ways and Means to include in its annual March 15 report to the Budget Committee a specific recommendation as to the appropriate level of the public debt which would then be set forth in the concurrent resolution on the budget and serve as the basis for an increase or decrease in the statutory limit on the debt.

THE INTERNAL REVENUE CODE

A. TAX REFORM AND TAX SIMPLIFICATION

In the 99th Congress, the Committee on Ways and Means completed action on H.R. 3838, the most comprehensive tax legislation since enactment of the Internal Revenue Code of 1954, after a year-long comprehensive review by the Committee and subcommittees in public hearings and markup sessions. As a result, the bill redesignates the 1954 Code as the Internal Revenue Code of 1986. The main purpose of the bill is to improve the fairness and economic efficiency of the prior tax system. The bill broadens the tax base and lowers tax rates, eliminates many tax shelters, restructures capital formation provisions, shifts a portion of the tax burden from individuals to corporations, and enacts a strengthened minimum tax. Over a 5-year period (fiscal 1986-1990), the bill is estimated to be revenue neutral. Below is an overall chronology of the legislative background in the 99th Congress of the revenue provisions of H.R. 3838, enacted into law as the Tax Reform Act of 1986 (Public Law 99-514).

1. House action

H.R. 3838 as originally reported: H.R. 3838 was introduced and ordered favorably reported on December 3, 1985, after extensive hearings and markup. The bill, entitled the "Tax Reform Act of 1985" (H. Rept. 99-426), was passed by the House of Representatives on December 17, 1985.

H.R 3838 Committee Hearings: The full Committee held 30 days of public hearings on comprehensive tax reform proposals. The Committee began public hearings on February 27, 1985. Committee hearings on tax reform issues continued on March 26; May 30; June 4, 5, 7, 11-14, 18, 20, 24-27; and July 8-12, 17, 19, 22, 25, 26, 29-31. A Committee hearing also was held on May 16, 1985, on proposed technical corrections to the Deficit Reduction Act of 1984 (H.R. 1800) and to the Retirement Equity Act of 1984 (H.R. 2100).

Included in the Committee's tax reform hearing consideration was the President's tax reform proposal made in May 1985 ("The President's Tax Reform Proposals to the Congress for Fairness, Growth, and Simplicity").

H.R. 3838 Subcommittee Hearings: Several Subcommittee hearings were held during 1985 that relate to subject matters included in H.R. 3838:

Subcommittee on Select Revenue Measures.—The Select Revenue Measures Subcommittee held hearings on the following areas: March 19—Targeted jobs tax credit; April 1, 2, 16—Acquisitions and mergers (with Oversight Subcommittee); April 25—Attorneys' fees; May 22—Carryover of net operating losses (NOLs); and June 6—Tax burdens of low-income wage earners. Based on the record developed by the Subcommittee and other information, modifications to each of those areas were subsequently enacted as part of the tax reform bill.

The Subcommittee continued hearing on miscellaneous bills on May 12 and May 19, 1986. The following bills were subsequently included in H.R. 3838: H.R. 724 (to allow property seized for the collection of taxes to be released to the property owner in certain cases); H.R. 1622 (to exclude from income the value of lodging located in the proximity of an educational institution and rented by the institution to its employees at costs); H.R. 1667 (to allow a deduction for certain freight forwarder operating authorities); H.R. 1733 (to allow an amortization deduction for bus operating rights based on a 60-month period); H.R. 4575 (to prevent the avoidance of certain pension requirements through the use of leased employees); H.R. 4596 (to make certain changes with respect to the Tax Court); part of H.R. 4597 (to make certain changes relating to the administration of the excise taxes on alcohol, tobacco, and firearms, and for other purposes); H.R. 3301 (to exempt from taxation corporations or trusts that acquire and manage real property for certain other exempt organizations); H.R. 4056 (to deny the benefits of section 911 to individuals who are in a foreign country in violation of an Executive Order); H.R. 4379 (to provide that nonrecognition of gain on the sale of a principal residence shall apply where one of the spouses who occupied the old residence dies before occupying the new residence); H.R. 4594 (to provide that certain amounts received by a qualified cooperative housing corporation in connection with the refinancing of indebtedness of such corporation shall not be subject to Federal income tax); and part of H.R. 4597 (to make certain changes relating to the administration of excise taxes on alcohol, tobacco, and firearms).

The following bills were discussed in the May 5 and May 12 public hearings but were not included in the tax reform bill: H.R. 64 (to allow employers a tax credit for hiring displaced homemakers); H.R. 2473 (to deny a deduction for amounts paid as restitution or other damages for violations of law involving fraud); H.R. 4578 (to provide that the full amount of excise taxes imposed on rum produced in the Virgin Islands shall be covered over to the Virgin Islands); part of H.R. 4597 (to make changes relating to the administration of the excise taxes on alcohol, tobacco, and firearms); H.R. 4603 (to provide that certain costs of a private foundation in removing hazardous substances shall be treated as qualifying distributions under Code Section 4942); H.R. 3139 (to exempt certain emergency medical transportation from excise tax on transportation by air); and H.R 4077 (to provide that the interest on an obligation issued to provide property for use by an electric utility is not exempt from tax if such utility fails to adhere to certain "take or pay agreements" entered into in connection with the proposed construction of certain nuclear electric generating facilities).

Subcommittee on Oversight.—In 1985, the Oversight Subcommittee held hearings for tax reform in the following areas: April 1, 2, 16 (with Select Revenue Measures Subcommittee)—Acquisitions and mergers; July 18, September 5, 6—Retirement income security (with Social Security Subcommittee); June 21 and August 1—Tax-exempt multifamily housing bonds; and September 20—High-income taxpayers and related partnership tax issues. [See also Money Laundering, below.] Based on the record developed by the Subcommittee and other information, modifications to each of those areas were subsequently enacted as part of the tax reform bill.

In 1986, the subcommittee held a hearing on tax reform in the following area: July 15—Evasion of gasoline excise taxes. [See also Tax Treatment of Pass Through Entities, below.] Based on the record developed by the Subcommittee, provisions, proposed by the Administration, imposing the gasoline tax on removal of gasoline stocks and additives from the refinery or manufacturing plant were enacted as part of the tax reform bill.

H.R. 3838 Committee Markup: The Committee conducted 26 days of markup on the tax reform bill: Beginning on September 18; continuing on September 26, 30; October 1-4, 7-9, 11, 15, 23, 25-27, November 6, 15-17, 19-23; and concluding on December 3 when the tax reform bill, H.R. 3838, was introduced and ordered favorably reported. There was also a Committee markup on technical corrections to 1984 tax legislation on September 27, which was included as a separate title XV to H.R. 3838.

2. Senate action

H.R. 3838: H.R. 3838 was ordered favorably reported by the Committee on Finance on May 6, 1986, with an amendment in the nature of a substitute, after almost a year-long comprehensive review in the 99th Congress by the Committee on Finance and Subcommittees in public hearings and markup consideration. The amended bill passed the Senate by voice vote on June 24, 1986 (S. Rept. 99-313).

H.R. 3838 Committee Hearings: The Full Committee held 36 days of public hearings on comprehensive tax reform proposals in 1985-1986. The Committee began public hearings on May 9, 1985. In 1985, Committee hearings on tax reform issues were held on June 11-13, 17-20, 25-27; July 9-11, 16-19, 24-25; September 24 and 26; and October 1-4 and 9-10. In 1986, Committee hearings were held on January 29-30; February 3-17; March 4; and April 21.

Included in the Committee's tax reform hearing consideration was the President's tax reform hearing proposal made in May 1985.

H.R. 3838 Subcommittee Hearings: Several Subcommittee hearings were held during 1985 and 1986 that related to subject matters included in H.R. 3838, as amended by the Committee on Finance.

Subcommittee on Savings Pensions, and Investment Policy.—The subcommittee held hearings on the following areas: September 9, 1985, Post-retirement health benefits; November 22, 1985, Targeted jobs tax credit extension; and January 28, 1986, Retirement Income Policy Act.

Subcommittee on Energy and Agricultural Taxation.—The subcommittee held a hearing on June 21, 1985, on the impact of taxation on energy policy.

Subcommittee on Health.—The subcommittee held a hearing on September 9, 1985, on the asbestos-related disease trust fund.

Subcommittee on Taxation and Debt Management.—The subcommittee held a hearing on January 31, 1986, on mortgage-backed securities.

H.R. 3838 Committee Markup: The Committee conducted 17 days of markup on the tax reform bill: beginning on March 19, 1986; continuing on March 24-26; April 8-10, 14-18, 22, 24, 28, and May 5; and concluding on May 6, when H.R. 3838, as amended, was ordered favorably reported by a unanimous vote (20-0). H.R. 3838 as amended passed the Senate on June 24, 1986 (voice) (S. Rept. 99-313).

3. Conference

H.R. 3838: On June 24, 1986, the Senate insisted on its amendments and asked for a conference. Conferees appointed were the following: Senators Packwood, Dole, Danforth, Chafee, Long, Bentsen, Matsunaga, Bradley, and Moynihan. On July 16, 1986, the House requested a Conference and appointed the following as conferees: Representatives Rostenkowski, Pickle, Rangel, Stark, Gephardt, Russo, Pease, Duncan, Archer, and Vander Jagt.

Conference was held on July 17, 18, 21 and August 16, 1986. The conferees filed a conference report on H.R. 3838 on September 18, 1986 (H. Report 99-841).

H.R. 3838 included the following provisions: Individual Income Tax Provisions (Title I), Capital Cost Provisions (Title II), Capital Gains and Losses (Title III), Agriculture, Timber, Energy and Natural Resources (Title IV), Tax Shelters; Interest Expense (Title V), Corporate Taxation (Title VI), Minimum Tax Provisions (Title VII), Accounting Provisions (Title VIII), Financial Institutions (Title IX), Insurance Products and Companies (Title X), Pensions and Deferred Compensation; Employee Benefits; ESOPs (Title XI), Foreign Tax Provisions (Title XII), Tax-Exempt Bonds (Title XIII), Trusts and Estates; Minor Children; Gift and Estate Taxes; Generation Skipping Transfer Tax (Title XIV), Compliance and Tax Administration (Title XV), Exempt and Nonprofit Organizations (Title XVI), Miscellaneous Provisions (Title XVII), and Technical Corrections (Title XVIII).

House-Senate Consideration of Conference Report: The Conference Report on H.R. 3838 was passed on September 25, 1986, by a vote of 292 yeas, 136 nays and 4 not voting in the House, and was passed on September 27, 1986, by a vote of 74 yeas, 23 nays, and 3 not voting in the Senate. A Concurrent Resolution (H. Con. Res. 395) to provide technical and clerical corrections to H.R. 3838 was passed by the House on September 25, 1986. The Senate then passed H. Con. Res. 395 on October 16, 1986. The House agreed to Senate amendments with amendments on October 17, 1986. Senate agreed to House amendments with amendments on October 17, 1986. House disagreed to Senate amendments October 18, 1986.

4. Enactment of H.R. 3838

H.R. 3939, the Tax Reform Act of 1986, was signed into law by President Reagan on October 22, 1986 (Public Law 99-514).

B. DEFICIT REDUCTION

H.R. 3500, the Omnibus Budget Reconciliation Act of 1985, passed the House on October 24, 1985. H.R. 3500 included budget reconciliation legislation reported from every committee in the House except the Committee on Ways and Means. The Ways and Means Committee's reconciliation legislation was included in H.R. 3128.

H.R. 3128, the Deficit Reduction Amendments of 1985, was reported to the House by the Committee on Ways and Means on July 31, 1985. The Committee held public hearings on June 19 and 20, 1985, and subsequently marked up the legislation on July 24, 1985. H.R. 3128 was sequentially referred to the Committees on Education and Labor and the Judiciary on July 31, 1985, for a period ending not later than September 11, 1985. The Committee on Energy and Commerce was discharged from consideration of the bill on September 11, 1985. H.R. 3128 passed the House on October 31, 1985. H.R. 3500 was joined with H.R. 3128 and became the Consolidated Omnibus Budget Reconciliation Act of 1985 (H.R. 3128).

H.R. 3128 passed the Senate amended on November 14, 1985. On December 5, 1985, the House agreed to the Senate amendment with an amendment substituting the text of both H.R. 3128 and H.R. 3500 as passed by the House.

The conference report on H.R. 3128 was filed on December 19, 1985. The Senate agreed to the conference report on December 19, 1985. The House rejected the conference report on December 19, 1985. On the same day, the House receded from its amendment and concurred in the Senate amendment with an amendment (deleting the Superfund provisions). On December 19, 1985, the Senate agreed to the House amendment with an amendment (reinstating the Superfund provisions). On December 20, 1985, the House disagreed to the Senate amendment. The Senate insisted on its amendment and asked for a new conference on December 20, 1985.

The conference agreement, which was rejected, included the following provisions within the jurisdiction of the Committee on Ways and Means: medicare, medicaid, and maternal and child health programs (Title IX), private health insurance programs (Title X), single employer plan termination insurance system amendments (Title XI), income security and related programs (Title XII), revenues, trade and related programs (Title XIII).

On March 6, 1986, the House receded from its disagreement to the Senate amendment and agreed to an amendment with an amendment (deletion of the Superfund provisions among numerous provisions). The Senate agreed to the House amendment with an amendment (relating to medicare, among numerous provisions) on March 14, 1986. On March 18, 1986, the House disagreed to the Senate amendment. The Senate insisted on its amendment on March 18, 1986. The House agreed to the Senate amendment on March 18, 1986. H.R. 3128 was signed into law on April 7, 1986 (Public Law 99-272).

H.R. 5300

H.R. 5300, the Omnibus Reconciliation Act of 1986, reduced the deficit pursuant to directives in the fiscal 1987 Budget Resolution (S. Con. Res. 120) and the targets in the Balanced Budget and Emergency Deficit Control Act (Gramm-Rudman). The Committee on Ways and Means held a public hearing July 22, 1986. The Committee also held a markup on July 22, 1986, and the recommendations were incorporated into Title X of H.R. 5300. H.R. 5300 passed the House September 24, 1986. A similar bill passed the Senate September 19, 1986 (S. Rept. 99-348). The House and Senate agreed to conference. The conference report was filed October 17, 1986 (H. Rept. 99-1012). The House and Senate agreed to the conference report on October 17, 1986, and it was signed into law October 21, 1986 (Public Law 99-509).

The provisions included in Public Law 99-509 within the jurisdiction of the Committee on Ways and Means are as follows: (1) Customs Service User Fee: an additional ad valorem fee of 0.5 percent of the value of commercial merchandise is imposed from December 1, 1986 through September 30, 1987. The fee is reduced to 0.2 percent thereafter; (2) Medicare: (with Energy and Commerce). The provisions limit the hospitals, and assure the prompt payment of all medicare bills. Savings also are provided in hospital capital payments, cataract surgery, clinical lab payments, nutrition supplies, and oxygen services. Costs are incurred by holding the inpatient hospital deductible to $500 in 1987 and in HMOS's, quality assurance, home health care, vision and occupational therapy, appeals, and Alzheimer's Disease; (3) Eliminate 3 percent COLA Trigger: Social Security and COLA's would be paid even if inflation drops below the current 3 percent trigger, as expected; (4) Penalty for not withholding: the penalty on businesses that fail to deposit withheld taxes is doubled to 10 percent; (5) IRS enforcement: an increase in IRS funding to the levels in the House-passed Treasury appropriations bill is mandated; and (6) Conrail: the Department of Transportation is directed to sell Conrail by public offering: provisions also deal with the taxation of lump-sum wage settlements.

C. WATER RESOURCES CONSERVATION, DEVELOPMENT, AND INFRASTRUCTURE IMPROVEMENT AND REHABILITATION

H.R. 6, the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act, was originally referred to the Committee on Public Works and Transportation. On August 1, 1985, H.R. 6 was reported with an amendment by the Committee on Public Works and Transportation. The bill was referred sequentially to various committees including the Committee on Ways and Means for consideration of such portions of the amendment as falls within their jurisdiction. The Committee on Ways and Means held a public hearing on H.R. 6 on September 5, 1985, and subsequently marked up the bill on September 18, 1985. H.R. 6 (Title 15) was reported with an amendment from the Committee on Ways and Means on September 23, 1985.

H.R. 6 passed the House on November 13, 1985. In the Senate, similar legislation (S. 1567) was reported by the Committee on Environment and Public Works on August 1, 1985. S. 1567 was referred to the Committee on Finance on October 10, 1985, and was reported to the Senate on January 8, 1986.

H.R. 6 passed the Senate as amended March 26, 1986. The House and Senate agreed to a conference and the conference report was filed in the House October 17, 1986 (H. Rept. 99-1013). It was signed into law November 17, 1986 (Public Law 99-662).

As agreed to, Public Law 99-662 imposes an excise tax of 0.04 percent of the value of cargo in the use of a U.S. harbor or channel by a commercial vessel for loading or unloading of commercial cargo. The port use tax would not apply to: (1) Ports deauthorized prior to 1985, or ports receiving no U.S. funds since 1977; (2) cargo the transportation of which is subject to the inland waterways fuel tax; (3) cargo shipped from the U.S. mainland to Alaska, Hawaii, or a U.S. possession for local use, cargo shipped from Alaska, Hawaii, or a U.S. possession to the U.S. mainland for local use (the tax applies to cargo shipped to or from a foreign country and to shipments of crude oil with respect to Alaska), or cargo loaded on a vessel in Alaska, Hawaii, or a U.S. possession and unloaded in the same State or possession; (4) shorthaul ferrying of passengers and vehicles between U.S. points or between the U.S. and Canada or Mexico (since the tax applies to passenger transportation); (5) fish or other aquatic animal life caught in voyage, if not previously landed on shore; (6) cargo shipped by the U.S. Government or Federal agencies; (7) de minimis transactions; and (8) certain bonded cargo entering the U.S. for transportation and direct exportation to a foreign country. The act provides for rebates of the U.S. portion of Saint Lawrence Seaway tolls to be paid out of the Trust Fund. The port use tax becomes effective on April 1, 1987.

The Act establishes a Harbor Maintenance Trust Fund in the Treasury to receive amounts equivalent to revenues from the port use and port maintenance charges and revenues from the U.S. portion of Saint Lawrence Seaway tolls. In addition, the

Trust Fund will earn interest on investments of any cash balance.

The Act increases the inland waterways fuel tax to 11 cents per gallon on January 1, 1990, to 13 cents per gallon on January 1, 1991, to 15 cents per gallon on January 1, 1992, to 17 cents per gallon on January 1, 1994, and 20 cents per gallon on January 1, 1995, and thereafter. The Tennessee-Tombigbee is added to covered waterways. The Inland Waterways Trust Fund statutory language is placed in the Internal Revenue Code.

D. CONTEMPORANEOUS RECORDKEEPING REQUIREMENTS

H.R. 1869, a bill to repeal the contemporaneous recordkeeping requirements added by the Deficit Reduction Act of 1984, was reported to the House by the Committee on Ways and Means on April 2, 1985, and passed the House without amendment on the same day. The Committee held a public hearing on H.R. 1869 on March 5, 1985.

H.R. 1869 passed the Senate amended on April 3, 1985. On May 7, 1985, the conference report was filed. It was agreed to in the House on May 8, 1985, and in the Senate on May 16, 1985. It was signed into public law on May 24, 1985 (Public Law 99-44).

The provision in the conference agreement are as follows: (1) The word "contemporaneous" is repealed as if never enacted; (2) the substantiation of automobile deduction means that the taxpayer must have adequate records or sufficient evidence corroborating the taxpayer's own statement. An employee need not keep separate records if the employer has a specifically defined policy limiting personal use; (3) information to be requested on taxpayer's returns is the same as present law, but adds a written corroboration requirement; (4) the return-preparers penalty and the IRS temporary regulations on recordkeeping are repealed; (5) delivery trucks, buses, marked police and fire vehicles, ambulances, hearses, and any vehicle designed to carry cargo with a loaded gross vehicle weight of over 14,000 pounds, and certain buses, utility repair trucks, moving vans and other vehicles using a de minimis amount for personal purposes are excluded from the recordkeeping requirements. The Secretary of the Treasury shall issue regulations to carry out the provisions of the act no later than October 1, 1985; (6) income tax witholding for vehicle fringe benefits are optional, allowing the employer either to include the imputed income on an employee's W-2, or withhold on whatever basis the employer finds to be most convenient. H.R. 1869 is made revenue neutral by reducing the amount of investment tax credit and depreciation for luxury automobiles. These reductions are generally effective on April 2, 1985. In addition, the present law automobile inflation adjustment was deferred until January 1, 1986.

E. TAX TREATMENT OF IMPUTED INTEREST ON DEFERRED PAYMENT SALES OF PROPERTY

H.R. 2475 was reported to the House by the Committee on Ways and Means on May 14, 1985, and passed the House on May 21, 1985. The Committee held public hearing on H.R. 2475 on April 24, 1985.

H.R. 2475 was reported to the Senate by the Committee on Finance on June 13, 1985 and passed the Senate with amendments on June 26, 1985. The conference report was filed on August 1, 1985, and was passed by the House on that date. The Senate passed the conference report on October 1, 1985. H. R. 2475 was signed into law on October 11, 1985. (Public Law 99-121).

The conference agreement provides that the rate used to test the adequacy of stated interest on the first $2.8 million of seller financing is the lesser of 9 percent or 100 percent of the Applicable Federal Rate (AFR). The test rate for seller financed amounts over $2.8 million is 100 percent of the AFR. The 9 percent rate is not available for new property eligible for the investment tax credit. Any seller financing provided in connection with a sale-leaseback transaction must use a test rate of 110 percent of the AFR. The $2.8 million threshold amount will be indexed for inflation beginning after 1989. The AFR is to be determined on a monthly basis. Both parties are generally required to account for interest in seller-financed transactions under the accrual method of accounting. If the seller-financing amount is $2 million or less, both parties may elect to account for interest on the note under the cash method. The $2 million amount will be indexed for inflation after 1989. This election is not available if the seller is either a dealer selling property in the ordinary course of business or an accrual basis taxpayer. If the election to use the cash method is made, any person who assumes the buyer's debt also must report interest on the debt on the cash method, and any person who is the transferee of the seller's note would report interest on the note in accordance with its normal accounting method.

These imputed interest rules do not apply to any loans assumed after June 30, 1985. For this purpose, the issuance of wrap-around debt is not treated as an assumption. Certain existing New York State "work-out agreements" for low-income housing are treated as an assumption. Further, for a loan by an employer to an employee to purchase a principal residence in connection with a job-related transfer, the AFR is the rate in effect on the date the purchase contract becomes binding.

The imputed interest provisions generally apply to sales or exchanges after June 30, 1985. H.R. 2475 also lengthens the recovery period for real property (other than low-income housing) from 18 years to 19 years, effective for property placed in service after May 8, 1985. The longer recovery period does not apply to property placed in service after May 8, 1985, where there was a binding contract to acquire the property, or construction was begun on the property before May 9, 1985, as long as the property is placed in service before January 1, 1987. The changes in the required term of a lease necessary to qualify for the rehabilitation credit shall not apply to leases entered into before May 22, 1985, but only if the lessee signed the lease before May 17, 1985.

H.R. 2475 also provides that loans of $90,000 or less made by a taxpayer age 65 or older to a "continuing care facility" pursuant to a "continuing care contract", are exempt from the below-market loan rules enacted in the Tax Reform Act of 1984 and treated as advance payments of fees, and not loans. Certain other elderly care centers are also exempt.

F. TAX TREATMENT OF PASSTHROUGH ENTITIES

The Subcommittee on Select Revenue Measures began a series of hearings designed to study the current law treatment of the various passthrough entities established or facilitated by the Internal Revenue Code. The first hearing was June 9, 1986, with invited witnesses only, the purpose of which was to explore a broad overview of the policy issues in the area of taxation of passthrough entities. The Subcommittee developed a substantial record for its consideration in the next Congress.

REIT's, RIC's, REMIC's, and Business Development Companies

The Select Revenue Measures Subcommittee held a second hearing on June 10, 1986, to discuss certain specific passthrough areas, including Regulated Investment Companies (RIC's) (H.R. 3397), Real Estate Investment Trusts (REIT's) (H.R. 2571), Business Development Companies (H.R. 1658), and Real Estate Mortgage Investment Conduits (REMIC's) (H.R. 4448).

Based on the record developed by the Select Revenue Measures Subcommittee and other information, changes to the tax treatment of business development companies, RIC's and REIT's were included in H.R. 3838, and REMIC legislation was formulated for the tax reform bill. Also, the Subcommittee developed a substantial record for consideration by the Subcommittee in the next Congress.

High-Income Taxpayers and Related Partnership Tax Issues

On September 20, 1985, the Subcommittee on Oversight held a hearing on high-income individuals who pay little or no income tax and the use of partnerships to reduce individual's tax liabilities.

The Subcommittee examined: (1) The types of tax shelters used and deductions claimed by high-income taxpayers to avoid paying taxes; and (2) the growth in recent years of partnerships and the impact of partnership losses on high-income taxpayers. Testimony was received from the Department of the Treasury based on the results of its study and analyses of the subject, as requested by the subcommittee. Based on the testimony received at the hearing and other information, provisions were enacted in H.R. 3838 that restrict deductibility of losses from tax shelter activity.

G. TAX ASPECTS OF ACQUISITIONS AND MERGERS

The Subcommittees on Oversight and Select Revenue Measures held hearings on April 1, 2, and 16, 1985 on the tax aspects of acquisitions and mergers.

The hearings focused on (1) the degree to which the Tax Code influences acquisition and merger decisions by providing tax benefits upon a change in ownership of a corporation that would not be available absent the change; (2) the availability of loss carryovers and other tax attributes following an acquisition, and the ability of a purchaser corporation to step-up the basis of the acquired corporation's assets for purposes of depreciation and depletion deductions, with only limited "recapture" income being taxed to the acquired corporation; (3) the role of other tax provisions that, while they may not be available only in a merger or acquisition situation, may have an effect on corporate acquisitions, including consideration of the deductibility of interest on debt used to finance leveraged buyouts and other acquisitions, and the use of installment obligations and ESOP's in connection with acquisitions; and (4) the economic impact of acquisitions and mergers, including their effects on productivity, employment, and technological advance.

Based on the record developed at the hearing and other information, various corporate provisions were subsequently enacted as part of H.R. 3838, including those pertaining to net operating loss carryovers, the allocation of the purchase price in certain asset acquisitions, and the repeal of the doctrine in *General Utilities & Operating Company v. Helvering,* 296 U.S. 200 (1935), which had allowed certain sales to be tax-free at the entity level.

H. TAX-EXEMPT MULTI-FAMILY RENTAL HOUSING BONDS

The Subcommittee on Oversight held two days of public hearings on June 21 and August 1, 1985 to review the restrictions for multi-family residential rental property applicable to tax-exempt industrial development bonds (IDB's). In addition to seeking information on issues surrounding present law rules governing the use of tax-exempt IDB's for multi-family residential rental projects, the Subcommittee also sought information on the following issues: (1) Any revenue loss from tax-exempt IDB's and the percentage of new multi-family rental housing units financed with these bonds; (2) the impact that IDB's have on housing for lower-income persons and the demographic characteristics of tenants; and (3) the physical characteristics of projects financed with IDB's.

Based on the record developed by the Subcommittee plus other information, provisions modifying the multi-family rental housing bond rules were enacted as part of H.R. 3838.

I. MONEY LAUNDERING OPERATIONS

The Subcommittee on Oversight conducted a hearing on September 12, 1985, on money laundering operations and the enforcement role of the Department of the Treasury. "Money laundering" is a process by which one conceals the existence, illegal source, or application of income, and then disguises that income to make it appear legitimate. Although normally associated with narcotics trafficking, money laundering specialists also work with abusive tax shelter promoters, illegal tax protestors, organized crime figures, and everyday business people trying to hide untaxed income.

The Subcommittee examined (1) how much money is being laundered and how the operations are structured; (2) the extent to which money laundering operations involve illegal and legal source funds, and the extent to which financial institutions are participating in these operations; and (3) whether present law rules and penalties, reporting requirements, and information sharing agreements are sufficient to deal with the problem.

Based on the record developed by the Subcommittee, provisions to combat money laundering were enacted as part of H.R. 3838 and in the Anti-Drug Abuse and Control Act of 1986 (Public Law 99-570).

J. TAX-EXEMPT STATUS OF PRIVATE SCHOOLS

The Subcommittee on Oversight held hearings on November 1, 1985, and April 28, 1986, to examine the granting of tax-exempt status by the Internal Revenue Service to the Prince Edward Academy in Farmville, Virginia, and other private educational institutions that had been denied tax-exempt status based on their policies of racial discrimination.

The Subcommittee examined present law regarding the tax exemption of private schools, and current IRS administrative guidelines for granting, denying and revoking such tax exemptions. Testimony was received during the hearings from the IRS, representatives of the Prince Edward Academy and the Virginia NAACP, and other invited and public witnesses. As a result of the hearings, an action plan was developed by the IRS that identifies specific steps to be taken to improve examination cases. Also, the IRS revised its guidelines concerning the handling of cases where there is evidence of prior racial discriminatory operations by a private school.

K. CARIBBEAN BASIN INITIATIVE

The Subcommittee on Oversight held hearings on February 25 and 27, 1986 to evaluate the impact and effectiveness of the Caribbean Basin Initiative (CBI), a 12-year trade and economic development program with the Caribbean Basin countries which authorizes preferential trade and tax measures for Caribbean Basin countries and territories (Public Law 98-67).

The Subcommittee examined: (1) The progress made as a result of enacting the CBI after two years of experience; (2) the results of negotiation of tax information exchange agreements with the CBI countries; and (3) whether legislative changes are needed to improve the effectiveness of the CBI. The Subcommittee developed a substantial record for future consideration by the Committee on Ways and Means.

L. COSTS AND AVAILABILITY OF LIABILITY INSURANCE

The Subcommittee on Oversight held hearings on March 13, 17, 24, and April 28, 1986, concerning the costs and availability of liability insurance.

The Subcommittee discussion centered on the following: (1) Why the cost of liability insurance has increased dramatically in recent years; (2) the extent to which liability insurance has become unavailable to certain segments of the economy; (3) whether tort reform is necessary to increase the availability of liability insurance; and (4) the current use of self-insurance by U.S. firms. The Subcommittee developed a substantial record for future consideration by the Committee on Ways and Means.

M. ART ADVISORY PANEL

The Subcommittee on Oversight held a hearing on June 3, 1986, to review the IRS' Art Advisory Panel and related issues involving charitable contribution deductions of overvalued artwork.

The Subcommittee considered the IRS' ability to administer the Federal tax rules governing contribution and valuation of artwork, the role of the Art Advisory Panel in this process, the extent to which overvaluation of donated artwork continues to be a compliance program, the involvement of such charitable deductions in tax shelter schemes, the problem of undervaluation of artwork in estate and gift tax cases, and the impact of current tax penalty provisions. The Subcommittee developed a substantial record to consider recommendations for strengthening the program for handling overvaluation abuses in the area of contributions of artwork for future consideration by the Committee on Ways and Means.

N. PENSION PLAN UNDERFUNDING

On June 24, 1986, the Subcommittee on Oversight and the Subcommittee on Social Security held a joint hearing concerning the underfunding of single-employer private pension plans and its effect on the viability of the Federal Pension Plan Insurance program. The purpose of the hearing was to identify the causes and impact of underfunding on Pension Benefit Guaranty Corporation (PBGC) plans and beneficiaries, and to consider the effectiveness of the 1985 reform measures. The Subcommittee developed a substantial record for future consideration by the Committee on Ways and Means.

O. EVASION OF GASOLINE EXCISE TAX

On July 15, 1986, the Subcommittee on Oversight held a public hearing to ascertain the scope and significance of the evasion of Federal gasoline excise taxes. The purpose of the hearing was to develop a record for consideration by the Committee on Ways and Means on the evasion of the excise tax on gasoline. The Subcommittee examined the extent of Federal revenue loss and the enforcement efforts of various Federal agencies. Testimony was received from the Department of Justice, the Department of the Treasury, the Internal Revenue Service, the Federal Highway Administration, and several State tax departments and industry representatives. Based on the hearing record, the Administration proposed that the incidence of the gasoline excise tax be changed to the point of removal of gasoline, stocks, and additives, from the refinery or manufacturing plant. This proposal was enacted as part of the Tax Reform Act of 1986, effective January 1, 1988.

P. IRS OPERATIONS AND BUDGET

The Subcommittee on Oversight held hearings regarding the operations and budget of the Internal Revenue Service as follows: (1) On March 11, 1985, to review the tax payment posting problems in the IRS Philadelphia Service Center; (2) on April 29, 1985, to review the Administration's fiscal year 1986 budget proposals relating to the IRS; (3) on June 21 and December 16, 1985, to review tax refund delays, specifically the 1985 tax return filing results and to resolve 1985 filing season problems, and to improve its operations for the 1986 filing season; (4) on September 19, 1985, to review the use of limited tax refund offsets to collect nontax Federal debts as a result of the Deficit Reduction Act of 1984 (Public Law 98-369), and to monitor Treasury regulations implementing this program for a 2-year period, on a limited basis, with selected agencies; (5) on March 4, 1986, to determine the current status of the 1986 tax return filing season, including computer equipment, command center and other communications improvements, computer tape controls, quality initiatives taxpayer service, and staffing; and (6) on May 12, 1986 to review the fiscal year 1987 budget proposals of the Administration.

LEGISLATIVE REVIEW OF TRUST FUNDS

A. SUPERFUND

Title IV of H.R. 2817, legislation to amend the Comprehensive Environmental Response, Compensation and Liability Act of 1980, was referred to the Committee on Ways and Means upon introduction. The Committee held a public hearing on May 9, 1985, and subsequently marked up H.R. 2817, on October 18, 1985. On October 28, 1985, the Committee on Ways and Means reported H.R. 2817, as amended, to the House of Representatives (H. Rept. 99-253, Part 2). On December 10, 1985, H.R. 2817 passed the House by a record vote of 391 yeas, 33 nays. Under a separate vote, the House agreed to a Downey amendment substituting a different tax title. Pursuant to the rule under which H.R. 2817 was being considered, the House agreed to Senate amendments to the text of H.R. 2005 and adding House amendments consisting of language of H.R. 2817 as passed by the House.

Consequently, Superfund legislation was included in H.R. 2005, which has been entitled the "Social Security Minor and Technical Changes Act of 1985," when it originally passed the House of Representatives. H.R.

2005 passed the Senate as amended September 26, 1985. The House and Senate agreed to a conference on February 7, 1986.

The conference agreement was filed in the House on October 3, 1986 (H. Rept. 99-962) and passed the Senate on October 3, 1986. The House passed the conference agreement on October 8, 1986. H.R. 2005 was signed into law October 17, 1986 (Public Law 99-499).

The revenue provisions provide $8.5 billion in Superfund revenues over 5 years, including $2.75 billion from a petroleum tax of 8.2 cents per barrel on domestic crude oil ($1.25 billion) and 11.7 cents per barrel on imported petroleum products including imported crude oil ($1.50 billion); a tax on chemical feedstocks imposed on the prior law list of taxable substances at prior rates ($1.4 billion); and $2.5 billion from a new environmental tax of $12 per $10,000 corporate alternative minimum taxable income (there is an exception for alternative minimum taxable income below $2 million). Special rules are provided for xylene and certain other chemicals, and there is a tax on imported chemical derivatives and a credit for exported chemical derivatives. General revenue provides $1.25 billion ($250 million of general revenue appropriations authorized for the Superfund of each of fiscal years 1987-1991) and interest and recoveries estimated to raise $.3 billion each. The Post-Closure Liability Trust Fund and tax were repealed retroactively. The agreement also provides for a Leaking Underground Storage Tank (LUST) Trust Fund funded by a tax on fuels of 0.1 cent per gallon for 5 years to raise $500 million.

The conference agreement deletes natural resource damage and assessment claims as a Superfund expenditure purpose. Advances to the Superfund may not exceed tax revenues for the following 24 months. All advances must be repaid by December 31, 1991. The Superfund trust fund provisions are effective on January 1, 1987.

B. HIGHWAY TRUST FUND

H.R. 3129, the Surface Transportation and Uniform Relocation Assistance Act of 1986, was amended by the Committee on Ways and Means on July 22, 1986, concerning the provisions within its jurisdiction. It passed the House on August 15, 1986, and passed the Senate as amended on September 24, 1986. The House and Senate agreed to a conference. The tax provisions agreed to in the House are as follows: (1) 5-year extension of present law highway-related excise taxes and exemptions through September 30, 1993; (2) 5-year extension of authority to spend from the Highway Trust Fund (through September 30, 1993), and updating of the trust fund statute to reflect the trust fund authorization purposes in H.R. 3129 as reported by the Committee on Public Works and Transportation; (3) a provision which requires the Treasury Department, in consultation with the Department of Justice, the Federal Highway Administration, State highway administrators, and industry representatives, to submit to the Congress a report no later than December 31, 1986, on the extent to which the Federal gasoline tax is being evaded and an assessment of what administrative options and changes, including enforcement and audit, as well as legislative proposals may be appropriate. In addition, the Committee requested information on the extent to which other Federal excise taxes, such as (but not limited to) diesel fuel, aviation fuel, tobacco, and alcoholic beverages, are being evaded or not collected. The Treasury Department is encouraged to address the gasoline excise tax issue first and to submit information thereon as soon as possible; (4) a provision which reduces the 9-cents-per-gallon exemption for neat methanol and ethanol fuels to 6 cents per gallon, as provided in H.R. 3838, the Tax Reform Act of 1985, as passed by the House, and the Senate amendment thereto; and (5) a technical correction provision, as included in H.R. 3838, providing a full refund of 15 cents per gallon of the diesel fuel tax for school buses. A conference report was never filed.

C. INLAND WATERWAYS TRUST FUND

Refer to Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation (H.R. 6), listed above.

EXPIRING PROVISIONS

The Committee continued to review expiring provisions in the tax law. In 1985, several bills addressed the extensions of expiring provisions on a temporary basis: H.R. 3918 (P.L. 99-181), H.R. 3981 (P.L. 99-189), H.R. 3992, and H.R. 4006 (P.L. 99-201).

In 1986, the following expiring tax provisions were incorporated in H.R. 3838: incremental research tax credit, targeted jobs tax credit, attorneys' fees, moratorium on the Tax Reform Act of 1976 net operating loss carryover rules, moratorium on Code section 861 research allocation rule, rules for spouses of Vietnam MIA's, moratorium on faculty housing regulations, barriers to the handicapped, residential solar energy tax credit, business energy tax credits, credit for fuels from nonconventional sources, neat alcohol fuels and taxicab fuels tax exemption, exclusions for education assistance programs, qualified group legal plans, and dependent care assistance programs. The cigarette excise tax was made permanent at 16 cents per pack in the budget reconciliation bill (H.R. 5300). The following provisions expired: residential and geothermal energy tax credits.

SUBCOMMITTEE ON TRADE

Tariff, trade, and customs laws

The 99th Congress had been an active Congress for the Subcommittee on Trade in terms of both oversight and legislation. Members of the Subcommittee and the trade staff, through formal briefings and informal meetings, were in constant touch with agencies in relation to the administration of statutes and programs under jurisdiction of the Subcommittee. Throughout the 99th Congress, Members and staff also met with private sector representatives (business, labor, and consumers interests) and foreign delegations (government and private) on trade issues of concern to the Subcommittee. In addition to responsibility for multilateral and bilateral trade negotiations and agreements, the Subcommittee on Trade exercises oversight and legislative jurisdiction in the areas of customs and customs administration, the U.S. International Trade Commission, unfair trade practices, import relief trade matters, trade adjustment assistance, and special trade-related problems involving market access (including statistical programs involving exports, imports, and domestic production) generally and with respect to particular industries, trade with developing countries, operations of multinational corporations, and East-West trade.

As a result of the increased focus on trade matters by the Committee on Ways and Means during the 99th Congress and in anticipation of major trade legislation in the 100th Congress, the staff prepared for the use of the Committee a document entitled, "Overview and Compilation of U.S. Trade Statute," to provide a description of the provisions, operation, and background of existing U.S. foreign trade laws and programs, as well as the text of the current statutory provisions.

A. TRADE POLICY AND TRADE AGREEMENTS OVERSIGHT

Subcommittee members and the trade staff have maintained close and continual oversight of the implementation of international trade agreements by the United States and by foreign governments, and of continuing developments in trade policy and administration of the trade statutes.

The Subcommittee has received frequent briefings by representatives of the Executive branch having responsibility in the trade area. Members and staff have continued bipartisan visits to Geneva to attend meetings under the auspices of the General Agreement on Tariffs and Trade (GATT), to meet with foreign delegations, and to maintain close liaison with the U.S. Trade Representative's Office in Geneva. Oversight visits have also been made to key GATT member capitals and to Brussels for meetings with officials of the European Communities and the Customs Cooperation Council (CCC). Individual Members also attended the GATT Ministerial-level to the U.S. delegation to launch a new Round of multilateral trade negotiations.

Further, staff also continues to attend meetings of the private sector advisory committees representing industry, agriculture, labor, and consumers, to provide advice to the Executive branch on trade agreement implementation and current trade policy issues. The Subcommittee, through its annual review under the Budget Act, seeks to ensure that the President's budget requests for the Office of the U.S. Trade Representative, the Department of Commerce, the U.S. Customs Service, and the U.S. International Trade Commission are adequate for these agencies to carry out their statutory trade functions.

During the 99th Congress the Subcommittee on Trade conducted an extensive fact-finding mission through the countries of East and South Asia between August 1 and 24, 1985, for the purpose of reviewing bilateral and regional economic and trade issues. Nine members of the full Committee also participated. The primary purpose of the mission was to examine opportunities for improving commerce and trade with our Asian trading partners.

During the visits to Canada, Japan, China, India, Nepal, Thailand, and Hong Kong, the delegation visited twelve cities, conducted seven press conferences, and participated in over fifty meetings and official functions. In each capital, the delegation held constructive and frank talks with heads of government, parliamentary leaders, key trade officials, resident U.S. business representatives, and U.S. Embassy personnel. In addition, the delegation toured factories, development zones, and port facilities in several countries in order to view firsthand their production techniques and industrial capacity. The visit was accorded a great of importance by foreign leaders and media in each country.

Members and staff prepared extensively prior to departure for the mission. In addition to numerous briefings by Administration officials and consultation with Asian Ambassadors and diplomats, the Subcommittee held a public hearing on trade with

Pacific Rim countries on July 18, 1985. Testimony was received from the U.S. Trade Representative and the Secretary of Commerce, as well as from U.S. business leaders with direct business experience in Asia.

In addition to, or in conjunction with specific legislation cited below, the Subcommittee also held hearings on the following subjects as part of its oversight activities:

Fiscal year 1986 authorizations for the U.S. Customs Service, ITC, and USTR, and trade recommendations for March 15 report to Budget Committee.

Japanese voluntary restraints on auto exports to the United States.

Current conditions in the textile and apparel industries.

Trade adjustment assistance.

Natural resource subsidies.

Trade Emergency and Export Promotion Act.

Certain tariff and trade bills.

Trade policy agenda and outlook for 1986.

Telecommunications Trade Act of 1985.

Trade reform legislation.

MFN trading status for the Socialist Republic of Romania, the Hungarian People's Republic, and the People's Republic of China.

Requirements of the manufacturing clause of the copyright law.

International Drug Enforcement Act.

United States in the international economy.

Results of the GATT Ministerial meeting held in Punta del Este, Uruguay.

B. TRADE REFORM LEGISLATION

The most intensive legislative activity of the Subcommittee on Trade during the 99th Congress was development of a bill, H.R. 4750, the Comprehensive Trade Policy Reform Act of 1986, introduced by Chairman Rostenkowski and other Committee on Ways and Means cosponsors, and reported to the House on May 6, 1986. This bill subsequently was incorporated as Titles I, II, and VIII of H.R. 4800, the "Trade and International Economic Policy Reform Act of 1986" which passed the House on May 22, 1986.

The bill was developed after the Subcommittee held 8 days of hearings with Administration and private sector witnesses on the operation of the basic trade statutes, proposals for administrative and legislative improvements, and the need for additional authorities.

Based on the hearing material and subsequent consultations between Members, staff, and private sector interests, the Subcommittee developed under the leadership of Chairman Gibbons legislation during the spring of 1986 focusing on extensive amendments to strengthen all the trade statutes providing U.S. industry and workers relief from injurious foreign unfair trade practices or injurious import competition. The bill also provided the President extended trade agreement authorities to achieve various objectives in multilateral or bilateral negotiations, including telecommunications products and services and intellectual property rights.

C. OTHER LEGISLTIVE ACTIVITY

In addition to omnibus trade reform legislation, the Subcommittee on Trade and full Committee on Ways and Means reported the following trade legislation in the 99th Congress:

1. Textile and Apparel Trade Enforcement Act of 1985

H.R. 1562 established permanent quotas by statutory formula with few product exemptions on textile and apparel imports from all countries except Canada and the European Community; imposed 8-year global quotas on nonrubber footwear imports: mandated the President to negotiate voluntary production restraint agreements with major copper producing countries; required study and reports on foreign labor practices.

The Committee reported the bill on September 30, 1985, which passed the House on October 10, 1985, and the Senate on November 13, 1985. The attempt to override the Presidential veto of the bill failed in the House on August 6, 1986.

2. Telecommunications Trade Act of 1986

H.R. 3131, sequentially referred from the Committee on Energy and Commerce and reported by the Committee on Ways and Means April 15, 1986, in the form of a substitute, set forth negotiating objectives and provided trade agreement authorities for achieving more open foreign markets for international trade in telecommunications products and services. These provision were incorporated as Title II of H.R. 4800, which passed the House on May 22, 1986.

3. Trade Adjustment Assistance Reform and Extension Act of 1986

Sections 13001-13009 of H.R. 3128, the Consolidated Omnibus Budget Reconciliation Act of 1985, reauthorized worker and firm TAA programs for 6 years until September 30, 1991; various amendments further emphasized worker job search and training and eliminated financial assistance to firms. The legislation was enacted on April 7, 1986.

4. Customs user fees

Fees for customs processing of passengers, vessels, aircraft, and vehicles were included in the Consolidated Omnibus Budget Reconciliation Act of 1985 (H.R. 3128), reported by the Committee on Ways and Means on July 31, 1985, and enacted on April 7, 1986. Additional fees for the processing of formal merchandise entries were incorporated in the Omnibus Budget Reconciliation Act of 1986 (H.R. 5300) which was enacted on October 16, 1986.

5. Customs authorization

A total authorization level of $772,141,000 was approved for the U.S. Customs Service of fiscal year 1986 as part of the Consolidated Omnibus Budget Reconciliation Act of 1985. This amount was increased to $1,001,180,000 for fiscal year 1987 by the Omnibus Budget Reconciliation Act of 1986.

6. Customs Enforcement Act of 1986

The Customs Enforcement Act of 1986 was developed in Subcommittee and reported by the full Committee as H.R. 5410 on August 15, 1986, to make a number of amendments to the Tariff Act of 1930 to strengthen Customs' enforcement capabilities to detect and apprehend smugglers and to interdict narcotics. It also gave the President authority to take trade actions against "uncooperative drug source nations." The Act was incorporated in the comprehensive "Anti-Drug Abuse Act of 1986" H.R. 5484 as amended), enacted on October 27, 1986.

7. Anti-Apartheid Act of 1986

H.R. 4868, as reported by the Committee on Ways and Means on June 16, 1986, included among broader sanctions against South Africa the prohibition of imports of uranium ore and oxide, coal, iron and steel, textiles, military articles, agricultural products and food, suger, and products of South African parastatal organizations. Congress overrode a Presidential veto of more comprehensive import sanctions passed by the House and Senate and enacted on October 2, 1986.

8. Grey market autos and mirror certification

After receiving sequential referral from the Committee on Energy and Commerce on sections 6 and 7 of the Motor Vehicle Safety Authorization Act of 1986 (H.R. 2248), the Committee favorably reported such provisions with amendments on September 29, 1986. Section 6 provided a mechanism for the safe conversion of imported "grey market vehicles" so that they meet U.S. safety standards; section 7 is directed at the Japanese practice of not allowing U.S. automobile companies to "self-certify" that their vehicles meet Japanese safety standards. In the absence of a declaration that such self-certification is acceptable in Japan, section 7 would require a certification system for imported Japanese cars in the U.S. which is similar to that accorded in Japan to U.S. exported cars. This bill died in conference and did not become law.

9. Compact of Free Association Between the United States and the Government of Palau

H.J. Res 625 reported by the Committee on Ways and Means on September 29, 1986, included among the economic benefits granted by the United States under the Compact duty-free treatment of all imports from Palau which meet specific rule-of-origin requirements and do not exceed "competitive need" limits, except for certain statutory product exclusions and a duty-free quota on canned tuna.

10. Miscellaneous tariff and trade legislation

During each session of the Congress, the Subcommittee on Trade holds public hearings and reports to the full Committee on Ways and Means miscellaneous tariff and trade bills proposing temporary duty reductions, suspensions of duties, or changes in classification relating to individual products or import entries. These bills are carefully considered in light of compelling circumstances of inadequate domestic supply, unusually demanding conditions, or long-run changes in market conditions warranting special legislation. The legislative activity devoted to miscellaneous bills provides an important oversight tool for reviewing the tariff system and its impact on individual competitive situations.

During the 99th Congress, the Subcommittee favorably reported over 60 miscellaneous tariff bills which were incorporated as Title VIII of H.R. 4800, which passed the House on May 22, 1986.

In the closing days of the Congress, the House passed an omnibus miscellaneous tariff bill (H.R. 5686), which contained a number of noncontroversial provisions from Title VIII of H.R. 4800 as well as additional noncontroversial provisions introduced subsequent to House passage of H.R. 4800, providing for permanent duty-free entry, suspension of duties, and classification changes on a number of products. No action was taken in the Senate.

SUBCOMMITTEE ON HEALTH

Many changes and refinements to Medicare part A and part B were enacted during the 99th Congress. Much of this legislation provided refinements to the Medicare part A prospective payment system provided for in the Social Security Amendments of 1983, Public Law 98-21. Also enacted were various changes and limitations in the method of reimbursement under part B. In addition, new

Medicare benefits were introduced and current benefits expanded. Furthermore, legislation was enacted to insure continued access to employer-based health insurance for those who would otherwise have lost coverage. During the 99th Congress, the Subcommittee on Health conducted 14 hearings to provide it background information on legislative initiatives pending before the Subcommittee.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), Public Law 99-272, extended the transition to national DRG rates for all prospective payment system (PPS) hospitals, except those located in the State of Oregon. Therefore, the 3-year transition period, during which a declining portion of the total prospective payment will be based on a hospital's historical costs and an increasing portion will be based on a combination of regional and national rates, was increased to 4 years. Other major changes under part A in Public Law 99-272 included revision of the hospital wage index, a reduction in the indirect teaching adjustment, and a limitation on the direct medical education payments under PPS. As a result of insufficient action by the Secretary of Health and Human Services to effectively compensate hospitals serving a disproportionate share of low-income patients, COBRA provided for additional payment amounts to hospitals serving this type of population meeting certain criteria.

In response to concerns surrounding the denial of medical care to patients in emergency situations, Public Law 99-272 placed certain responsibilities on Medicare participating hospitals with emergency departments to provide a medical screening examination and treatment for any individual with a medical emergency.

COBRA extended the freeze on payments to, and charges of, non-participating physicians through December 31, 1986. During the month of April, physicians were able to change their participation status. Participating physicians received a 4.15 percent prevailing charge increase effective May 1. Future participation cycles will begin in January beginning in 1987.

Furthermore, COBRA provided that Medicare coverage would be extended on a mandatory basis to all new State and local government employees hired on or after March 31, 1986. States would be permitted to extend Medicare coverage (without extending coverage under Social Security cash benefits) to those hired prior to April 1986 by voluntary agreement with the Secretary.

Other major provisions in Public Law 99-272 included: repealing the sunset provision thereby making the hospice benefit a permanent part of the Medicare program; provided for at least five demonstration programs to determine whether and how it would be cost effective to include preventive services in the Medicare program; and provided a limitation on the part A penalty for late enrollment.

Public Law 99-272 included a provision which requires employers with 20 or more employees, who maintain an employer provided group health plan, to allow certain employees and their family members to remain in the group health plan at their own expense when they would have otherwise lost their coverage. Employees, voluntarily or involuntarily terminated, may continue in the health plan, at the employee's cost of no more than 102 percent of the applicable premium for up to 18 months, while widowed, divorced, and legally separated spouses and dependents may continue for up to 3 years.

The Omnibus Budget Reconciliation Act of 1986 (OBRA), Public Law 99-509, provided for refinements and adjustments to the Medicare program, with special emphasis to payments under part A. Capital related payments for prospective payment (PPS) hospitals, except sole community hospitals, would be reduced by an increasing percentage for fiscal years 1987 through 1989. With some ajustments applied, hospitals located in Puerto Rico will be included in PPS. Several provisions were adopted that would increase hospital payments to rural hospitals. Provisions providing for an improvement in the classification and payment system to better account for severity of illness and case complexity were also included. Except for certain hospitals receiving disproportionate share payments, periodic interim payments (PIP) to PPS hospitals would be eliminated. The legislation provided that 95 percent of all "clean" Medicare claims submitted for both parts A and B are required to be paid within 30 days after receipt by the intermediaries and carriers. Major improvements relating to the quality of care, including requiring a notice of hospital discharge rights for beneficiaries, and the development of a uniform needs assessment instrument to evaluate the need for post-hospital care were also part of Public Law 509.

Public Law 99-509 provided all physicians under part B a 3.2 percent prevailing charge update in January 1987. The differential established in Public Law 99-272 between the prevailing charges of a participating and nonparticipating physician will become permanent. Maximum allowable actual charge limits for nonparticipating physicians were established for a 4 year period. In addition, OBRA places limits on payments to and charges of physicians performing surgical and anesthesia services connected with cataract surgery. The Secretary is authorized to establish payment levels for other procedures, under the inherent reasonableness authority with specified criteria applied, based on considerations other than the actual, customary and prevailing charge.

Several changes in the End State Renal Disease Program were made: the number of networks was reduced to no less than 17 and funded through a 50 cent reduction of facility rate payments. Their responsibilities were increased to include medical review of the facilities. A National Registry is to be established and standards for reuse of dialysis filters are mandated. In addition, immunosuppressive drugs furnished to a transplant patient within 1 year of a transplant are now covered.

Other major provisions included in Public Law 99-509 were: Medicare participating health maintenance organizations amendments; revised and expanded coverage to services furnished by certified registered nurse anesthetists and physician assistants; and vision care and occupational therapy services were expanded. In response to the large increase in the Medicare part A deductible, Congress set the calendar year 1987 deductible at $520. Without intervention, the deductible would have increased to $572 in 1987 from $492 in 1986.

SUBCOMMITTEE ON SOCIAL SECURITY

During the 99th Congress the Committee approved several legislative changes in the Social Security program. The majority of these revisions were incorporated in two major pieces of deficit reduction legislation, the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272) and the Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509). Through its Subcommittee on Social Security, the Committee conducted substantial oversight of the management and the administration of the Social Security retirement and disability programs.

With respect to legislation, the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272) included a variety of minor and technical legislative changes that the Committee had originally approved in the form of H.R. 2005. Additionally, Public Law 99-272 contained provisions to: (a) Exempt wages paid retired Federal judges performing active duty for the purposes of the FICA taxation and the Social Security earning limitation; and (b) to protect certain Social Security beneficiaries who receive overpayments through the electronic direct deposit system.

The Omnibus Budget Reconciliation Act of 1986 (Public Law 99-509) included two significant Social Security provisions developed and approved by the Committee. The first eliminated the requirement that the annual rise in the Consumer Price Index must exceed 3 percent in order for a cost-of-living adjustment to be paid to Social Security beneficiaries. Under the new law, a cost-of-living adjustment will be paid in any year in which there is a measurable increase in consumer inflation. Second, Public Law 99-509 removes from the States the responsibility for collecting and depositing with the Federal Government Social Security contributions on behalf of their political subdivisions. All State and local entities will now deposit their Social Security contributions directly to the Federal Government on a time schedule that parallels the treatment of private employers.

The Emergency Deficit Reduction and Balanced Budget Act of 1985 (Public Law 99-177) contained a provision to remove the receipts and disbursements of the Social Security trust funds from the unified budget, and to prohibit consideration of legislative changes in Social Security as part of the congressional budget process. Removing the Social Security trust funds from the unified budget was the subject of Subcommittee on Social Security hearings in early 1985, and the provision contained in Public Law 99-177 parallels in certain respects legislation the Subcommittee had approved on September 19, 1985, as part of H.R. 3470.

Following extensive hearings held by the Subcommittee on Social Security, the Committee reported H.R. 5050, legislation to establish the Social Security Administration as an independent agency and to prohibit the Secretary of the Treasury from disinvesting the Social Security trust funds as a means of circumventing the statutory limit on the public debt. The independent agency proposal was a result of a review conducted by the Subcommittee on Social Security in both the 98th and 99th Congresses of alternative proposals to fundamentally reorganize the administration of Social Security to restore continuity, stability, and excellence to the management of the program. The disinvestment provisions resulted from an oversight investigation undertaken by the Subcommittee on Social Security in the fall of 1985 that determined the Secretary of the Treasury had unilaterally cancelled bonds issued to the Social Security trust funds as a method of extending the amount of time the Treasury could continue to operate without incurring debt in excess of the statutory ceiling. H.R. 5050 passed the House by a vote of 401 to 0 on July 22, 1986, but was not considered by the Senate before the adjournment of the 99th Congress.

During the 99th Congress the Subcommittee on Social Security held several hearings regarding the quality of service the Social Security Administration provides to the public. The Subcommittee hearings particularly focused on the effects on public service that would result from the closure of substantial numbers of agency field offices as well as the ramifications of major reductions in overall agency staffing levels. In addition, the Subcommittee held hearings on the Administration's progress in implementing the major changes made by the Social Security Disability Benefits Reform Act of 1984 (Public Law 98-460) and current problems related to the hearings and appeals process in the disability program.

In conjunction with the Subcommittee on Oversight, the Subcommittee on Social Security began in the 99th Congress a major review of retirement income security in the United States. A number of hearings were held in this area, both on the broad question of the adequacy of Federal retirement income policies as well as on more specific issues, such as the problem of private pension plan underfunding. This review covers a wide range of cross-cutting issues and has potential implications for many programs under the jurisdiction of the Committee, including Social Security and the many provisions in the Internal Revenue Code that encourage private pension, savings, and deferred compensation arrangements.

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION

The Subcommittee on Public Assistance and Unemployment Compensation has legislative and oversight responsibility over the following programs authorized by the Social Security Act: (1) Aid to Families with Dependent Children (AFDC); (2) Child Support Enforcement (CSE); (3) Supplemental Security Income (SSI); (4) Social Services (Title XX); (5) Child Welfare, Foster Care and Adoption Assistance; (6) Unemployment Compensation (UC); and (7) Railroad Unemployment Compensation. In addition, the Subcommittee has legislative responsibility for the Federal Unemployment Tax Act (FUTA) under Chapter 23 of the Internal Revenue Code.

In the 99th Congress, the Subcommittee pursued its legislative and oversight responsiblities pertaining to the public assistance and unemployment compensation programs under its jurisdiction and considered President Reagan's budget reduction proposals. Oversight activities were almost always related to specific legislation and/or budget reduction proposals. In the following sections, the hearings held by the Subcommittee and the legislative action taken are breifly described.

A. AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) AND CHILD SUPPORT ENFORCEMENT (CSE)

Hearings.—On April 25, 1985, the Subcommittee held a hearing on State requests for "good faith" waivers of fiscal disallowances for erroneous payments in the AFDC program during Fiscal Year 1981 (Serial 99-13).

On April 30, 1985, the Subcommittee held a hearing on poverty and hunger in America which included a field visit in Washington, DC (Serial 99-4).

On May 7, 1985, the Subcommittee held a hearing on teenage pregnancy issues and their implications for the AFDC program. The hearing focused on the degree to which teenage parents become dependent on welfare programs for support and suggestions for solving this problem (Serial 99-33).

On May 22, 1985, the Subcommittee held a hearing on children in poverty. The purpose of the hearing was to provide Members with a briefing on the report, "Children in Poverty," prepared by the Congressional Budget Office and the Congressional Research Service for the Subcommittee (Serial 99-18).

On June 21, 1985, the Subcommittee held a hearing on amendments to the AFDC quality control program. The focus of the hearing was the need to reform the AFDC quality control program (Serial 99-17).

On February 18, 1986, the Subcommittee held a second hearing on the issue of teenage pregnancy. This hearing focused on pregnancy among black teenagers and included viewing the Bill Moyers television special. "The Vanishing Family Crisis in Black America" (Serial 99-60).

On February 27, 1986, the Subcommittee held a hearing on the President's AFDC work proposals and the White House Domestic Policy Council evaluation of Federal welfare programs (Serial 99-67).

On March 13, March 20, April 22, May 22 and June 17, 1986, the Subcommittee held a series of hearings on work, education and training opportunities for welfare recipients. Testimony was received from a variety of witnesses including State, localities, labor, business, recipients and advocates (Serial 99-91).

On June 9, 1986, the Subcommittee held a hearing, in Memphis, Tennessee, on poverty in the South and southern States; programs designed to break the cycle of poverty (Serial 99-94).

On December 12, 1986, the Subcommittee held a hearing, in New York, New York, on the use of emergency assistance funds for the acquisition of temporary and permanent housing for homeless families.

Legislation.—In April of 1986, the Congress enacted the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272). The Act includes the following AFDC amendments:

1. *AFDC quality control:* Prohibits collection of AFDC fiscal sanctions for 2 years after enactment. During the 2 year moratorium, the Department of Health and Human Services and the National Academy of Sciences are to conduct a study to determine how best to operate the quality control system to improve administration and obtain reasonable data on which to base fiscal sanctions.

2. *Recovery of excess funding for incomplete automated AFDC systems:* Requires the Secretary of Health and Human Services to recover 40 percent of the amounts spent on automated systems from any State that fails to implement the system by the implementation date established in the approved planning document.

3. *Counting certain payments to Indians as income:* Directs the General Accounting Office to conduct a study of the extent, size, nature and frequency of payments to Indians from various funds which are based on their status as a member of an Indian tribe or organization.

4. *Third-party liability collections (AFDC eligibility):* Requires the assignment of rights to medical support to the State as a condition of AFDC eligibility.

In October of 1986, Congress enacted H.R. 5300, the Omnibus Budget Reconciliation Act of 1986 (P.L. 99-409). The Act includes the following AFDC and CSE amendments:

1. *Targeting the use of the income and eligibility verification system:* Clarifies that the system is to be targeted to those uses which are likely to be most productive.

2. *Annual calculation of the Federal percentage of AFDC expenditures:* For fiscal year 1987 only, restores the biennial calculation of the Federal percentage for States that lost funds in the shift to an annual calculation.

3. *Retroactive modification of child support arrearages:* Prohibits modification of arrearages prior to notifying the custodial parent.

In November of 1986, the Immigration Reform and Control Act of 1985 was enacted, Public Law 99-603. The Act provides that newly legalized aliens will be disqualified from the receipt of AFDC for a period of five years from the date they acquire legal status under the Act.

In October of 1986, Public Law 99-507 was enacted. The bill provided for greater outreach efforts on the part of the AFDC and SSI programs to assure that benefits were made available to eligible homeless persons.

B. SUPPLEMENTAL SECURITY INCOME (SSI)

Hearings.—On September 17, 1986, the Subcommittee held a hearing on proposals to improve the SSI program. The hearing focused on H.R. 5595 (Serial 99-88).

Legislation.—In April of 1986, the Congress enacted the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272). The Act includes the following SSI amendments:

1. *Amendments relating to State supplementation under the SSI program:* Establishes an additional method for determining compliance with the "pass-through" requirement.

2. *Preservation of benefit status for disabled widows and widowers:* Permits those who lost SSI benefits because of 1983 changes in the actuarial reduction formula to apply for protection and to be deemed to be receiving SSI benefits for purposes of Medicaid eligibility.

In November of 1986, the Employment Opportunities for Disabled Americans Act was enacted (P.L. 99-643). The Act contains the following amendments:

1. *Section 1619 of the Supplemental Security Income program was made permanent:* Section 1619 provides for the continuation of eligibility for cash benefits and/or Medicaid for disabled SSI recipients who are able to work in spite of the continuation of their impairments.

2. *Repeal of SSI-Trial Work Period and Extended Period of Eligibility Provisions:* The current law's provision for a nine month Trial Work Period and 15 month Extended Period of Eligibility would be repealed effective July 1, 1987.

3. *Reinstatement to SSI or Section 1619 status if in a 12 month "suspended eligibility status":* Provides that an individual who becomes ineligible for SSI or for assistance under Section 1619 can be reinstated without a new determination of disability if such reinstatement is within 12 months of leaving SSI or 1619 status. Effective July 1, 1987.

4. *Movement from Section 1619(b) medicaid only status to cash benefit status:* An individual who has been eligible for Medicaid only under Section 1619(b) will be eligible to move to cash benefit status under SSI or 1619(a) without a new determination of disability. Effective July 1, 1987.

5. Medical condition reviews.—A review to determine that an individual continues to have the disabling impairment will be required within 12 months of becoming eligible under 1619. Individuals with higher earnings, i.e., above the SSI earned income disregard breakeven point, will be required to have a medical review related to medical

improvement when they move to cash benefit status and when reinstated from the suspended eligibility status. Effective July 1, 1987.

6. Required continuation of medicaid for certain SSI recipients who lose SSI eligibility.—The Act will require States to continue Medicaid coverage for those individuals who lose their eligibility for SSI when their income increases because they become newly eligible for social security benefits as an adult disabled child or because of an increase in their benefits as an adult disabled child.

The legislation also requires States who have chosen to not provide Medicaid for all SSI recipients (209(b) option) to continue Medicaid coverage for those SSI recipients who were eligible for Medicaid under a State's more restrictive criteria beginning with the time the individual becomes eligible under Section 1619. Effective July 1, 1987.

7. Payment of benefits due deceased recipients.—The legislation provides for payment of benefits on behalf of a deceased SSI recipient to an ineligible spouse of a deceased recipient and to the parent of disabled or blind child who has died. The old law provided for such payments only in the case of a spouse who was also eligible for SSI. Effective May, 1986.

8. Treatment of certain couples in medical institutions.—Provides that a State would not be required to apply the SSI rule that considers members of a couple sharing a room in a medical institution as two eligible SSI individuals instead of a SSI couple if such a rule would disadvantage either member of a couple in determining eligibility under other State programs under the Social Security Act.

C. TITLE XX SOCIAL SERVICES, CHILD WELFARE, FOSTER CARE AND ADOPTION ASSISTANCE

Hearings.—On September 19, 1985, the Subcommittee held a hearing on amendments to the foster care and adoption assistance programs (Serial 99-54).

Legislation.—In April of 1986, the Congress enacted the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272). The Act includes the following foster care and adoption assistance amendments:

1. Provisions relating to Medicaid coverage under the adoption assistance and foster care programs: Removes the need for an actual adoption assistance payment to be made for the adopted child to be deemed eligible for Medicaid. Provides that children with an adoption assistance agreement or in foster care under title IV-E are eligible for Medicaid in the State in which the child resides. Provides for Medicaid eligibility if an adoption assistance agreement is in effect, whether or not a final adoption decree has been issued.

2. Extension of ceiling on AFDC foster care funds and of State authoriy to transfer funds to child welfare services. Extends, through fiscal year 1987, the ceilings on AFDC foster care funds when annual child welfare services appropriations equal at least $266 million. Also extends formulas for calculating each State's ceiling and authority to transfer unused foster care funds to child welfare services.

3. Extension of authority for AFDC foster care payments on behalf of children placed in foster care under a voluntary placement agreement. Extends this authority through Fiscal Year 1987.

4. Independent living initiatives. Authorizes $45 million each for fiscal year 1987 and 1988 for State entitlement programs to help AFDC foster care children age 16 and over prepare for independent living.

In October of 1986, the Tax Reform Act of 1986 was enacted, Public Law 99-514. The Act repealed the itemized deduction for adoption expenses and amended Title IV-E of the Social Security Act to allow for Federal matching of State reimbursement of nonrecurring expenses in the adoption of special needs children. The Act also eliminated the requirement for detailed recordkeeping as a condition for obtaining the exclusion from income of foster care payments.

D. UNEMPLOYMENT COMPENSATION

Hearings.—On February 20, 21 and 26, 1985, the Subcommittee held a series of hearings on extension of the Federal supplemental compensation program (Serial 99-5).

On March 18, 1986, the Subcommittee held a hearing on alternative uses of the Unemployment Compensation Trust Funds to assist dislocated workers (Serial 99-89).

On June 24, 1986, the Subcommittee held a hearing on the extended unemployment compensation program (Serial 99-90).

Legislation.—In April of 1985, Congress enacted H.R. 1866, legislation to phase out the Federal supplemental compensation program. (P.L. 99-15) The Act made FSC payable for weeks of unemployment beginning after April 6, 1985, only to those people who received FSC for the week of March 31, 1985, through April 6, 1985. Individuals who received FSC for that week were allowed to collect the remainder of their FSC entitlement. The remaining weeks had to be collected in consecutive weeks.

In April of 1986, the Congress enacted the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272). The Act includes the following unemployment compensation amendments:

1. Supplemental unemployment compensation benefits for certain individuals: Allows certain individuals in the State of Pennsylvania to collect the remainder of their FSC benefits, notwithstanding the requirement in Public Law 99-15, that such benefits be collected in consecutive weeks.

2. Recovery of overpayments: Allows reciprocal withholding of overpaid unemployment benefits regardless of the funding source.

In October of 1986, the Congress enacted H.R. 5679 (P.L. 99-595), which extended for five years the exclusion from Federal unemployment tax of wages paid to certain alien farmworkers.

E. RAILROAD UNEMPLOYMENT COMPENSATION

Hearings.—On July 15, 1985 the Subcommittee held a hearing on the railroad unemployment insurance program. The purpose of the hearing was to review the recommendations of the Railroad Unemployment Compensation Committee (Serial 99-54).

Legislation.—In September of 1985, Congress enacted H.R. 3452, which extended, through November 14, 1985, the authority for the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account. (P.L. 99-107).

In December of 1985, Congress enacted H.R. 3918, which extended, through December 18, 1985, the authority for the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account. (P.L. 99-181).

In December of 1985, Congress enacted H.R. 4006, which extended, through March 15, 1986, the authority for the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account. (P.L. 99-201).

The Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law 99-272, permanently extended the authority of the Railroad Retirement Account and established a repayment tax of 3.5 percent in the event that such loans are not repaid in the year in which they are made.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, May 5, 1987, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 6

9:30 a.m.

Agriculture, Nutrition, and Forestry

Business meeting, to mark up S. 512, Agricultural Competitiveness and Trade Act of 1987.

SR-332

Appropriations

Labor, Health and Human Services, Education, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Health and Human Services.

SD-138

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the U.S. Supreme Court, and for the Department of Justice, focusing on the Federal Bureau of Investigation, Drug Enforcement Administration, and the U.S. Marshals Service.

S-146, Capitol

Budget

To hold hearings on U.S. access to Japanese financial markets.

SD-608

Energy and Natural Resources

Business meeting, to resume markup of S. 748, Price-Anderson Act Amend-

ments Act of 1987, and other pending calendar business.
SD-366

Finance
Business meeting, to continue markup of S. 490, Omnibus Trade Act of 1987.
SD-215

10:00 a.m.
Appropriations
Military Construction Subcommittee
To resume hearings in open and closed session on proposed budget estimates for fiscal year 1988 for military construction programs, focusing on defense agencies.
SD-192

Judiciary
To hold hearings to review competitiveness and antitrust issues.
SD-226

Labor and Human Resources
Business meeting, to consider proposed legislation authorizing funds for the National Science Foundation, S. 538, Economic Dislocation and Workers Adjustments Assistance Act, S. 557, Civil Rights Restoration Act of 1987, S. 406, Education for Competitive America Act, and pending nominations.
SD-430

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SR-325

1:00 p.m.
Environment and Public Works
Nuclear Regulation Subcommittee
To hold hearings on proposed legislation authorizing funds for the Nuclear Regulatory Commission.
SD-406

2:00 p.m.
Appropriations
Energy and Water Development Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for energy and water development programs, focusing on nuclear fission, uranium enrichment, and nuclear waste management.
SD-192

Armed Services
Strategic Forces and Nuclear Deterrence Subcommittee
To hold joint hearings with the Committee on Governmental Affairs' Subcommittee on Oversight of Government Management to examine the need for and operation of a strategic defense initiative institution.
SD-342

Commerce, Science, and Transportation
Foreign Commerce and Tourism Subcommittee
To hold hearings on proposed legislation authorizing funds for the U.S. Travel and Tourism Administration, Department of Commerce.
SR-253

Finance
Business meeting, to continue markup of S. 490, Omnibus Trade Act of 1987.
SD-215

Governmental Affairs
Oversight of Governmental Management Subcommittee
To hold joint hearings with the Committee on Armed Services' Subcommittee on Strategic Forces and Nuclear Deterrence to examine the need for and operation of a strategic defense initiative institution.
SD-342

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SR-325

2:30 p.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Health and Human Services.
SD-138

5:30 p.m.
Banking, Housing, and Urban Affairs
Business meeting, to mark up proposed legislation to amend the Export Administration Act of 1979, to amend the Bank Export Services Act of 1982, to enhance the competitiveness of U.S. exports in world trade, to provide for long-term exchange rate stability, to increase bank safety and soundness, and to alleviate the international debt crisis, and to consider the nominations of Edward W. Kelley, Jr., of Texas, to be a Member of the Board of Governors of the Federal Reserve System and Carl D. Covitz, of California, to be Under Secretary of Housing and Urban Development.
SD-538

MAY 7

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for fossil energy, and clean coal technology programs.
SD-192

Rules and Administration
Business meeting, to consider proposed committee requests for supplemental funding for fiscal year ending September 30, 1987, S. Con. Res. 53, to authorize the reprinting of Senate Report 100-9, 100th Congress, 1st Session, H. Con. Res. 91, to authorize the 1987 Special Olympics Torch Relay to be run through the Capitol Grounds, and other pending committee business.
SR-301

9:30 a.m.
Agriculture, Nutrition, and Forestry
Business meeting, to mark up S. 512, Agricultural Competitiveness and Trade Act of 1987.
SR-332

Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Health and Human Services.
SD-124

Environment and Public Works
Nuclear Regulation Subcommittee
To hold hearings on emergency planning.
SD-406

Finance
Business meeting, to continue markup of S. 490, Omnibus Trade Act of 1987.
SD-215

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the District of Columbia.
S-128, Capitol

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1988 for the Immigration and Naturalization Service, Department of Justice.
S-146, Capitol

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Federal Aviation Administration, and the General Accounting Office (FAA operations).
SD-138

Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on H.R. 191 and S. 261, bills to authorize the establishment of a Peace Garden on a site to be selected by the Secretary of the Interior, and S. 451, to authorize a study to determine the appropriate minimum altitude for aircraft flying over national park system units.
SD-366

Judiciary
To continue hearings to review competitiveness and antitrust issues.
SD-226

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To resume hearings on S. 373, authorizing funds for programs of the Elementary and Secondary Education Act.
SD-430

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SR-325

2:00 p.m.
Energy and Natural Resources
To resume hearings on S. 839, to authorize the Secretary of Energy to enter into incentive agreements with certain States and affected Indian tribes concerning the storage and disposal of high-level radioactive waste and spent nuclear fuel.
SD-366

Finance
Business meeting, to continue markup of S. 490, Omnibus Trade Act of 1987.
SD-215

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SR-325

2:30 p.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Health and Human Services.
SD-124

MAY 8

9:30 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Health and Human Services, and Department of Education.
SD-192

Energy and Natural Resources
Research and Development Subcommittee
To resume hearings on proposals to restructure the Department of Energy's uranium enrichment program.
SD-366

Joint Economic
To hold hearings to review the employment/unemployment statistics for April.
SD-628

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development, and independent agencies.
SD-124

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Federal Aviation Administration of the Department of Transportation, and the General Accounting Office (R, E&D, F&E, Airport Grants).
SD-138

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SR-325

2:00 p.m.
Select on Secret Military Assistance to Iran and Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
SR-325

MAY 11

10:00 a.m.
Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Legal Services Corporation.
S-146, Capitol

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearing with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 12

9:00 a.m.
Judiciary
Technology and the Law Subcommittee
To hold hearings to review legal issues that arise when color is added to films originally produced, sold, and distributed in black and white.
SD-628

9:30 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Defense, focusing on the Army budget.
SD-192

10:00 a.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for certain export financing programs.
S-126, Capitol

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Board for International Broadcasting, and the Equal Employment Opportunity Commission.
S-146, Capitol

Small Business
To hold hearings to review the results of a survey conducted by the Committee on Graduates of the Small Business Administration's Minority Business Development Program under section 8(a) of the Small Business Act.
SR-428A

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To resume hearings on proposed legislation authorizing funds for the Hazardous Materials Transportation Act.
SR-253

Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on S. 84, authorizing funds for the Land and Water Conservation fund, and S. 735, relating to the distribution of revenues received under the Land and Water Conservation Fund Act.
SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 13

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

10:00 a.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for foreign assistance programs.
S-126, Capitol

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988, to receive public testimony on certain programs of the Departments of Commerce, Justice, State, the Judiciary, and related agencies.
S-146, Capitol

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Transportation and related agencies.
SD-138

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Commerce, Science, and Transportation
To hold hearings in conjuction with the National Ocean Policy Study on proposed legislation authorizing funds for the National Oceanic and Atmospheric Administration, focusing on ocean and coastal programs.
SR-253

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran

on matters relating to the Iran/Contra affair.

2172 Rayburn Building

MAY 14

9:00 a.m.

Governmental Affairs

Federal Services, Post Office, and Civil Service Subcommittee

To hold joint hearings with the House Committee on the Post Office and Civil Service's Subcommittee on Census and Population to review the 1990 census questionnaire.

SD-342

9:30 a.m.

Veterans' Affairs

Business meeting, to consider proposed legislation providing employment assistance to veterans, and proposed legislation approving VA construction of major medical facilities.

SR-418

10:00 a.m.

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Transportation and related agencies.

SD-138

Commerce, Science, and Transportation

Business meeting, to consider pending calendar business.

SR-253

Energy and Natural Resources

Public Lands, National Parks and Forests Subcommittee

To resume hearings on S. 84, authorizing funds for the land and water conservation fund, and S. 735, relating to the distribution of revenues received under the Land and Water Conservation Fund Act.

SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

MAY 15

9:30 a.m.

Commerce, Science, and Transportation

Communications Subcommittee

To hold hearings on S. 506, Digital Audio Recorder Act.

SR-253

Governmental Affairs

Oversight of Government Management Subcommittee

To hold hearings to examine activities of the Food Safety and Inspection Service of the Department of Agriculture.

SD-342

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Department of Housing and Urban Development, and independent agencies.

SD-124

MAY 18

2:00 p.m.

Commerce, Science, and Transportation

To hold hearings on pending nominations for the Board of Directors of the Corporation for Public Broadcasting.

SR-253

Energy and Natural Resources

To hold hearings on proposed legislation to expand the Clean Coal Technology Program.

SD-366

MAY 19

10:00 a.m.

Commerce, Science, and Transportation

To hold hearings in conjunction with the National Ocean Policy Study on proposed legislation authorizing funds for the National Oceanic and Atmospheric Administration, focusing on atmosphere and satellite programs.

SR-253

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To resume joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

May 20

9:30 a.m.

Agriculture, Nutrition, and Forestry

To resume oversight hearings on the implementation of the Federal Insecticide, Fungicide, and Rodenticide Act, focusing on pesticide residues in domestic and imported food.

SR-332

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

Veterans' Affairs

To hold hearings on S. 6, Veterans' Health Care Improvement Act, S. 216, to increase the per diem rates paid to States for providing care to veterans in State homes, S. 631, to improve the procedures for the procurement of medical and pharmaceutical supplies by the VA, S. 713, to facilitate the recruitment of registered nurses by the VA, proposed Veterans Administration Health Personnel Recruitment and Retention Act of 1987, and other related proposals, and proposed legislation approving VA construction of major medical facilities.

SR-418

10:00 a.m.

Appropriations

Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1988 for the Judicial Conference, Commission on the Bicentennial of the Constitution, U.S. Sentencing Commission, and the State Justice Institute.

S-146, Capitol

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

MAY 21

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affairs.

SR-325

2:00 p.m.

Energy and Natural Resources

Public Lands, National Parks and Forests Subcommittee

To hold hearings on H.R. 799, to designate a segment of the Kings River, California, as a wild and scenic river, and H.R. 626, to convey certain Federal public lands in Cherokee, DeKalb and Etowah Counties, Alabama, to any trustee who will convey such lands to the current owners of record.

SD-366

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

SR-325

MAY 27

10:00 a.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To resume joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

2:00 p.m.

Select on Secret Military Assistance to Iran and the Nicaraguan Opposition

To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.

2172 Rayburn Building

MAY 28

10:00 a.m.
Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

MAY 29

10:00 a.m.
Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

2:00 p.m.
Select on Secret Military Assistance to Iran and the Nicaraguan Opposition
To continue joint hearings with the House Select Committee to Investigate Covert Arms Transactions with Iran on matters relating to the Iran/Contra affair.
2172 Rayburn Building

JUNE 2

9:30 a.m.
Energy and Natural Resources
To holding hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.
SD-366

JUNE 4

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
SR-253

Energy and Natural Resources
To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.
SD-366

JUNE 8

9:30 a.m.
Energy and Natural Resources
To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.
SD-366

JUNE 10

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 9, Service-Disabled Veterans' Benefits Improvement Act, S. 453, to improve the standards for determining whether a radiation-related disease is service-connected, proposed Veterans' Radiation Exposure Compensation Act of 1987, and other related proposals.
SR-418

JUNE 11

9:30 a.m.
Energy and Natural Resources
To resume hearings on oil and gas leasing in the coastal plain of the Arctic National Wildlife Refuge in Alaska.
SD-366

JUNE 23

10:00 a.m.
Appropriations
Foreign Operations Subcommittee
To holding hearings to review proposed budget estimates for fiscal year 1988 for the Department of State.
SD-192

JUNE 30

9:30 a.m.
Veterans' Affairs
Business meeting, to consider S. 9, Service-Disabled Veterans' Benefits Improvement Act, proposals providing VA compensation, pension, education assistance, home loan, and other related benefits, proposed legislation providing for disability payments based on nuclear-detonation radiation exposure, and proposed legislation relating to the administration of the VA loan guaranty program.
SR-418

CANCELLATIONS

MAY 7

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold oversight hearings on racial discrimination in the imposition of the death penalty.
SD-538

2:00 p.m.
Energy and Natural Resources
Research and Development Subcommittee
To hold hearings to review the status of the Department of Energy's defense materials production facilities.
SD-366